BRITISH AUTOMOTIVE HOLDING S.A.

STANDALONE FINANCIAL STATEMENTS FOR 2017

Warsaw, 28th March 2018

TABLE OF CONTENTS

STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January to 31 December 2017

in PLN thousand	Note	01.01.2017 - 31.12.2017	01.01.2016 31.12.2016
Continuing operations			
Sales revenue	6	4,230	4,288
Other operating income	7	3,101	918
Continuing operations revenue		**7,331**	**5,206**
Depreciation and amortisation		(4)	-
Materials and Energy		(14)	-
External services	12	(1,593)	(1,640)
Personnel expenses	9	(3,387)	(2,638)
Costs of merchandise and services sold		-	-
Other expenses	8	(1,002)	(716)
Investment profit	10	33,710	15,971
Profit from operating activities		**35,041**	**16,183**
Finance expenses	13	(15)	-
Profit before income tax for the period		**35,026**	**16,183**
Income tax	14	3,441	(1,494)
Net profit from continuing operations for the period		**38,467**	**14,689**
Discontinued operations			
Net profit (loss) from discontinued operations	31	23,368	(14,114)
Net profit for the period		**61,835**	**575**

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Rafał Suchan
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person responsible for financial accounting
from 01.12.2017

Beata Cukrowska
person responsible for financial accounting
until 30.11.2017

Warsaw, 28 March 2018

STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January to 31 December 2017

in PLN thousand	Note	01.01.2017 - 31.12.2017	01.01.2016 31.12.2016
Other comprehensive income		-	-
Total comprehensive income		**61,835**	**575**
Earnings per share from both continuing and discontinued operations			
Basic (PLN)	24	1.49	0.01
Diluted (PLN)	24	1.49	0.01
Earnings per share from continuing operations			
Basic (PLN)	24	0.93	0.35
Diluted (PLN)	24	0.93	0.35

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Warsaw, 28 March 2018

STATEMENT OF FINANCIAL POSITION

As of 31 December 2017

in PLN thousand	Note	**31.12.2017**	**31.12.2016**
ASSETS			
Non-current assets			
Property, plant and equipment	15	42	-
Intangible assets	16	297	-
Other long-term investments	18	62,420	42,122
Deferred tax assets	19	8,584	5,143
Total non-current assets		**71,343**	**47,265**
Current Assets			
Trade and other receivables	21	838	531
Cash and cash equivalents	22	506	1,691
Total current assets		**1,344**	**2,222**
Assets spinned off	31	-	376,629
Total assets		**72,687**	**426,116**

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Warsaw, 28 March 2018

STATEMENT OF FINANCIAL POSITION

As of 31 December 2017

in PLN thousand	Note	31.12.2017	31.12.2016
Equity and liabilities			
Equity			
Share capital	23	8,310	8,310
Supplementary capital		2,770	230,203
Retained earnings		54,929	575
Equity		**66,009**	**239,088**
Total equity		**66,009**	**239,088**
Liabilities			
Other liabilities	27	-	10
Total non-current liabilities		**-**	**10**
Bank loans	25	3,413	-
Trade and other payables	29	1,656	429
Deferred income	28	1,609	-
Total current liabilities		**6,678**	**429**
Total liabilities		**6,678**	**439**
Liabilities spinned off	31	-	186,589
Total equity and liabilities		**72,687**	**426,116**

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Warsaw, 28 March 2018

STATEMENT OF CASH FLOWS

For the period from 1 January to 31 December 2017

in PLN thousand	**01.01.2017 -31.12.2017**	**01.01.2016 -31.12.2016**
Cash flow from operating activities		
Net profit for the period	**61,835**	**575**
Adjustments:		
Depreciation	787	669
Revenues from interest	(6,701)	(4,775)
Revenues from shares in profit (dividends)	(59,306)	(29,909)
Profit on sale of investment property	(6,195)	-
Exchange rate differences	3,828	(2,730)
Change in fair value of investment property	-	(39)
Finance costs	11,310	10,255
Profit/loss on disposal of non-current assets	(90)	(105)
Income tax	(3,633)	646
Change in inventories	16,642	53,192
Change in trade and other receivables	2,456	6,584
Change in provisions and related assets	-	(41)
Change in short term liabilities and other excluding bank loans and lease agreements	106	(1,967)
Change in deferred income	997	(2,299)
Result on disposal of related parties	(16,720)	(76)
Costs of bonds' issue	440	718
Other	(288)	-
Net cash from operating activities	**5,468**	**30,698**
Including:		
Continued operations	17,475	**5,835**
Spinned off operations	(12,007)	24,863
Cash flows from investing activities		
Interest received	2,447	6,455
Dividends received	59,674	28,946
Proceeds from sale of property, plant and equipment and intangible assets	685	-
Sale of treasury shares	-	105
Purchase of intangible assets and property, plant and equipment	(885)	(1,152)
Proceeds from sale of investment property	9,000	(46)
Proceeds from sale of related entities	16,740	-
Cash contribution	(59)	(130)
Acquisition of financial assets	(21,005)	-
Loans granted	(101,672)	(110,367)
Repayment of loans granted	43,109	32,936
Net cash from investing activities	**8,034**	**(43,097)**
Including:		
Continued operations	**12,013**	**15,971**
Spinned off operations	(3,979)	(59,068)

Warsaw, 28 March 2018

Cash flows from financing activities		
Bonds issue	144,670	-
Bonds redemption at date of maturity	(26,650)	(28,397)
Loans received	29,865	4,030
Loans repaid	(10,865)	(14,907)
Dividend pay out to shareholders	(34,073)	(4,571)
Finance lease liabilities paid	(240)	(240)
Interest paid	(10,923)	(10,663)
Net cash from financing activities	**91,784**	**(54,748)**
Including:		
Continued operations	**(30,673)**	**(20,571)**
Spinned off operations	122,457	(34,177)
Net cash flow	**105,286**	**(67,147)**
Cash and cash equivalents at the beginning of the period	23,684	90,831
Cash and cash equivalents at the end of the period	**128,970**	**23,684**
Transfer of cash to Marvipol Development S.A.	(128,464)	
Cash and cash equivalents at the end of the period	**506**	**23,684**
Including:		
Continued operations	**506**	**1,691**
Spinned off operations		21,993
Restricted cash at the end of the period	**-**	**-**

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Warsaw, 28 March 2018

STATEMENT OF CHANGES IN EQUITY

For the period from 1 January to 31 December 2017

in PLN thousand	Note	Share capital	Supplementary capital	Reserve capitals	Treasury shares	Retained earnings	**Total equity**
Equity at 1 January 2016	23	**8,310**	**228,611**	**-**	**-**	**6,164**	**243,085**
Transfer to the supplementary capital		-	1,592	-	-	(1,592)	**-**
Part of 2015 year profit allocation for dividend pay out		-	-	-	-	(4,571)	**(4,571)**
Total income		-	-	-	-	575	**575**
Equity at 31 December 2016	23	**8,310**	**230,203**	**-**	**-**	**575**	**239,088**
Equity at 1 January 2017	23	**8,310**	**230,203**	**-**	**-**	**575**	**239,088**
Dividend pay out		-	(33,497)	-	-	(575)	**(34,072)**
Equity for Branch spin off		-	(193,936)	-	-	-	**(193,936)**
Financing of spin off with current results		-	-	-	-	(6,905)	**(6,905)**
Total income		-	-	-	-	61,835	**61,835**
Equity at 31 December 2017	23	**8,310**	**2,770**	**-**	**-**	**54,929**	**66,009**

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Warsaw, 28 March 2018

SUPPLEMENTARY INFORMATION AND EXPLANATIONS

1. General information on the Company

British Automotive Holding S.A. (hereinafter referred to as the "Company") is a joint stock company registered in Poland. The Company's seat is located in Warsaw 00-838, at 32 Prosta Street.

British Automotive Holding S.A. was registered in the National Court Register (KRS) on 15 February 2006 under the KRS number 0000250733 following transformation from the limited liability company Marvipol Sp. z o.o, which had commenced its operations in 1996 and had been entered into the KRS under the number 0000098833. The Company has been established for an indefinite period of time. On 30 November 2017 name of the Company changed from Marvipol S.A. to British Automotive Holding S.A.

The Company is involved in the following activities:

- financial holding activity,
- activities related to IT consultancy,
- other monetary intermediation,
- activities of central companies and holdings,
- accounting activities.

Until 30.11.2017 Company was also involved in development activities.

The financial statement is prepared for a period ended 31 December 2017. But, the statement of comprehensive income includes result on spinned off activity for the period from 01.01.2017 until 30.11.2017. Comparatives cover the period from 1 January 2016 to 31 December 2016.

2. Basis for preparation of the financial statements

The financial statements have been prepared in compliance with the International Financial Reporting Standards which had been approved by the European Union, hereinafter referred to as the "EU IFRS", and applying the same principles for the current and comparative periods.

The financial statements have been prepared thoroughly, in accordance with the IAS 1.

The financial statements were presented under the assumption that the Company will continue as a going concern during 12 months from the date of preparation of the present financial statements. Within the reporting period and until the day of preparation of the present financial statements there is no significant evidence indicating that the Company will not be able to continue its activities as a going concern.

Standards and Interpretations approved by the EU or awaiting for approval

Standards and interpretations applied for the first time in 2017

Accounting policies applied for the preparation of the present financial statements are consistent with those applied when preparing the entity's financial statements for the year ended 31 December 2016, with the exception of application of the following changes to standards and interpretations published by the International Accounting Standards Board and those approved by the European Union and applicable for the annual periods beginning on 1 January 2017 or later:

- Amendments to IAS 7 "Statement of Cash Flows" – Disclosure initiative (effective for annual periods beginning on or after 1 January 2017),
- Amendments to IAS 12 "Income Taxes" - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),
- Amendments resulting from the annual IFRS improvement project 2014-2016 (amendments to IFRS 1, 12 and 28 are effective for annual periods beginning on or after 1 January 2017).

Application of the above amendments to standards had no significant impact on the accounting policy applied by the Group and Consolidated Financial Statement for 2017.

Standards and Interpretations issued by IASB and adopted by the EU, but not yet entered into force.

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use in EU as at 31 December 2017 (the effective dates stated below is for IFRS in full):

- IFRS 15 and Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018),
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IFRS 4 "Insurance Contracts" – Applying IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts" (effective for annual periods beginning on or after 1 January 2018),
- Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018),
- Amendments resulting from the annual IFRS improvement project 2014-2016 (amendments to IFRS 1, 12 and 28 are effective for annual periods beginning on or after 1 January 2018).

The company decided that it will not take advantage of the possibility of earlier application of the above-mentioned changes to existing standards and the above new standards.

Standards and Interpretations issued by IASB but not yet adopted by the EU

- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016),
- IFRS 17 „Insurance Agreements" (effective for annual periods beginning on or after 1 January 2021),
- Amendments to IFRS 2 "Share-based Payments" - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IFRS 9 "Financial Instruments" - Characteristics of the prepayment option with negative offset (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or contribution of assets between an investor and its associate or joint venture (the process of adoption by the EU has been suspended for an indefinite period),
- Amendments to IFRS 19 "Employee Benefits" (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IAS 40 "Investment properties" – Transfers of investment property (effective for annual periods beginning on or after 1 January 2018),
- Changes resulting from the review of IFRS 2015-2017 (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 effective for annual periods beginning on or after 1 January 2019),
- Interpretation IFRIC 22 „ Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018),
- Interpretation IFRIC 23 „Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019),

The Management Board carried out an analysis of the impact of the implementation of new IFRS 16 "Leasing" standards, IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments" on the Company's financial statements. However, based on the verification, the Management Board stated that changes related to the introduction of new standards will not have a material impact on the financial position, results and scope of information presented in the Company's financial statements.

The Company anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Company in the period of initial application. .

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

According to the Group's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement", would not significantly impact the financial statements, if applied as at the balance sheet date.

a) Basis of measurement

The standalone financial statement have been prepared on the historical cost basis, with the exception of investment properties, which have been measured at their fair value. The methods used to measure fair values are discussed further in note 4.

b) Functional and presentation currency

Data in the financial statements is presented in Polish zloty (PLN), rounded to the nearest thousand. Polish zloty is the functional currency of the Company.

c) Use of judgements and estimates

The preparation of the financial statements in conformity with IRFS EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors, that are considered to be reasonable under given circumstances, and their results provide the basis for a judgment as to the carrying amount of assets and liabilities which does not directly result from other sources. Actual results may differ from the estimated value.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in reporting period and future period, if the revision affects both current and future period.

In particular, information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 15 – property, plant and equipment,
- Note 16 – intangible assets,
- Note 19 – deferred tax,
- Note 21 – trade receivables,

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the Company's financial statements.

a) Foreign currencies

i) Foreign currency transactions

Transactions in foreign currencies are translated to the Polish zloty at buying or the selling exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the average exchange rate of National Bank of Poland at that date. Exchange differences arising from settlement of transactions in foreign currencies and from the balance sheet measurement of cash assets and equity and liabilities expressed in foreign currencies are recognised in the consolidated statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical costs are translated using the average exchange rate of National Bank of Poland at the date of the transaction.

b) Financial instruments

i) Financial assets

Investments are recognised and derecognised on trade date where their purchase or sale is under a contract whose terms require delivery of the asset within the time frame established by the marketplace concerned, and they are initially measured at fair value, less transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets are classified into the following defined categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is measured at fair value through profit or loss. A financial asset is classified as held for trading if: it is acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than available-for-sale may be recognised initially at fair value through profit or loss if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses recognised in the statement of comprehensive income. The net gain or loss recognised in statement of comprehensive income incorporates any dividend or interest earned on the financial asset.

Held-to-maturity financial assets

Held-to-maturity investments and other financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available for sale financial assets

Unlisted shares and redeemable bonds held by the Group that are traded in an active market are classified as available-for-sale and are measured at fair value. Gains and losses arising from changes in fair value are recognised directly in equity, revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised directly in the statement of comprehensive income. Where the investment is derecognised or is determined to be impaired, the cumulative gain or loss previously accumulated in the revaluation reserve is transferred to the statement of comprehensive income for the given period. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the Group's right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. Change in fair value arising on the foreign exchange gains and losses resulting from the change of amortised historical cost of the monetary asset is recognised in the statement of comprehensive income. Other changes are recognised in equity.

Shares in subsidiaries

Shares in subsidiaries are presented at purchase price adjusted for subsequent impairment losses. In the case of impairment, the write-down is recognized in the profit and loss account in the item financial costs. In the case of reversing the write-off, its value is included in the financial revenues item. Subsidiaries are entities that the Company controls.

Loans and receivables

Loans and receivables are trade receivables, loans and other receivables with fixed or determinable payments that are not quoted in an active market. Such assets are measured at amortised cost using the effective interest method, less any impairment losses. Interest income is recognised using the effective interest rate, apart from short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

"A financial asset, other than at fair value through profit or loss, is assessed at each reporting date whether there is any objective evidence that a financial assets is impaired. A financial asset is considered to be impaired if, and only if objective evidence indicates that one or more events that occurred after the initial recognition of the asset have had negative effect on the estimated future cash flows of that asset. For unlisted equity investments classified as available for sale, a significant or prolonged decline in the fair value of the investment in an equity instrument below its cost is objective evidence of impairment. For certain categories of financial asset, such as trade receivables, assets that are determined that no objective evidence of impairment exists for and individually assessed financial asset are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables include the Group's past experience of collecting payments, an increase in the number of delayed payments past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all such financial assets, apart from trade receivables, which the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off adjusted the allowance account.

Changes in the carrying amount of the allowance account are recognised in the consolidated statement of comprehensive income under other income and other costs item.

With the exception of available-for-sale instruments, if, in a subsequent period, the impairment loss is reversed and the reversal can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity."

Reclassifications of financial assets

Available-for-sale financial assets can be subject to reclassification to:

- loans and receivables, if at the reclassification date these assets would comply with the definition of loans and receivables, and the entity has the positive intention and ability to hold those assets in the future or to maturity.

Financial assets at fair value through profit and loss, other than derivatives and assets measured at fair value according to measurement at fair value, can be reclassified under the following principles:

- Transferred to available-for-sale assets, if (a) the instrument is no longer held for purpose of selling or repurchasing in the near - term, (b) at the reclassification date these assets would comply with the definition of loans receivable and receivables; and (c) the entity has the positive intention and ability to hold those assets in the future or to maturity,
- If the instrument does not comply with the definition of loans and receivables, reclassification to available-for-sale assets or assets held to maturity is possible in rare circumstances understood as incidental situation which is evidenced by the entity and which is not expected to occur in the future or become regular.

Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification. Available-for-sale financial assets can also be subject to reclassification to assets held to maturity and vice versa.

Derecognition of financial assets

The Company derecognises a financial asset when and only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained share in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

ii) Financial liabilities and equity instruments issued by the Company

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Puttable financial instruments can be presented as equity when, and only when, they meet all of the following conditions:

- they entitle the holder to a pro rata share of the entity’s net assets in the event of the entity’s liquidation;
- the instrument is in the class of instruments that is subordinate to all other classes of instruments and all instruments in that class have identical features;
- the instrument does not have other features that would correspond to the definition of the "financial liability"; and
- the total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change

in the fair value of the recognised and unrecognised net assets of the entity over the life of the instrument (excluding any effects of the instrument). Profit or loss, or change in recognised net assets are measured to this end in conformity with appropriate IFRS. The entity cannot have other instruments that would significantly reduce or determine a fixed amount of refund for the owner of the puttable financial instrument.

Criteria of classification as "equity" of instruments that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity on liquidation are based on the same principles as those presented above, except for points (c) and (d) which do not apply. If a subsidiary issues this kind of instruments that are owned by entities, which do not have control over such subsidiary, and that were presented as equity in that company's financial statements, they are – in the consolidated financial statements – recognised as a liability, because such instrument will not be the most deeply subordinated instrument in the Group.

Compound financial instruments

"The liability component of a compound financial instruments issued by the Group is classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument that do not have an equity conversion option. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The principal component is measured by deducting the amount of the component liability from the fair value of the compound instrument as a whole. This is recognised and included in equity."

Financial guarantee contract

Financial guarantee contract are initially measured at their fair values and are subsequently measured at the higher of the two following amounts: the amount of the obligation under the contract, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Financial liabilities

A financial liability is categorised as either "financial liabilities at fair value through profit or loss" or as "other financial liabilities".

Financial liabilities at fair value through profit and loss

Financial liabilities are classified in this category when the financial liability is either held for trading or it is designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term;

- it is part of a portfolio of identified financial instruments that the Group manages together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative except for a derivative designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy and information about the group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are recognised at fair value, with any related gains or losses recognised in the statement of comprehensive income, including interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including loans and borrowings, are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or – where appropriate – a shorter period.

Derecognition of financial liabilities

The Company removes a financial liability when, and only when the obligation is discharged, cancelled or expires.

iii) Equity

Share capital

Share capital is recognised at a nominal value of registered shares, resulting from the Company’s statute and from the entry to the National Court Register.

Supplementary capital

According to the provisions of the code of commercial companies the Company is obliged to create supplementary capital for covering losses; at least 8% of the profit for the period is transferred to such supplementary capital until it reaches at least one third of the share capital. Surpluses received from the issue of shares above their nominal value and after covering of incremental costs directly attributable to the issue of ordinary shares are recognised in the supplementary capital.

The General Meeting of Shareholders decides on the use of the supplementary capital recognised in the financial statement, however the part of that capital amounting to one third of the share capital can only be used for covering losses.

Supplementary capital in the Company is formed by:

- profit write-offs,
- issue premium obtained from issue of shares less incremental costs directly attributable to the issue,
- surplus of the treasury shares selling price over their acquisition cost.

Reserve capitals

Reserve capitals are formed based on the statute. The General Meeting of Shareholders decides on the use of capital reserve.

Among others the Company recognises as reserve capitals the capital formed pursuant to the decision of General Meeting of Shareholders resulting from the repurchase of the share capital.

In the reserve capitals the Company also recognises the capital obtained from the issue of shares less issue costs until the registration of the share capital increase by the Register Court registers. Once the registration is complete, the nominal value of registered shares is recognised in the share capital, while surplus obtained from the issue of shares above their nominal value, remaining after covering the issue costs, is recognised as supplementary capital.

Treasury shares

Pursuant to the resolutions of the General Meeting of Shareholders the Company repurchased its own shares (treasury shares). Acquired treasury shares are measured at the amount of consideration paid and are recognised as a deduction from equity.

Total comprehensive income

Total comprehensive income is the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income comprises all components of profit and loss and of other comprehensive income.

Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by the other IFRS.

c) Property, plant and equipment

i) Own property, plant and equipment items

Items of property, plant and equipment are measured at cost of acquisition or manufacture less accumulated depreciation and accumulated impairment losses. The cost of acquisition is the purchase price of an asset and costs that are directly attributable to the acquisition of assets and to adopting the asset to the usable state, including costs of transportation, as well as costs of loading, unloading and storage. The cost of acquisition is reduced by discounts, rebated or similar items and recovered amounts.

The costs of manufacture of items of property, plant and equipment and items of property, plant and equipment under construction is comprised of all the costs which an entity incurred for the period of construction, assembly, preparation and improvement until the balance sheet date or the date of commissioning the asset for the use. If required the costs of manufacture includes also the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When an item of property, plant and equipment comprise individual and significant components with different useful life, they are accounted for as separate items of property, plant and equipment.

ii) Reclassification to investment property

Items of self-constructed property, plant and equipment produced with the aim of being used in the future as investment property are classified as property, plant and equipment, and recognised based on their manufacture cost until their reliable measurement is possible. At that date, the property becomes investment property and is measured at fair value. Any gain arising on measurement is recognised in the statement of comprehensive income.

iii) Subsequent costs

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the comprehensive income as an expense as incurred.

iv) Depreciation

Items of property, plant and equipment or their significant components are depreciated on a straight-line basis over the estimated useful lives considering the net realisable value of the rest of the fixed asset (residual value) upon liquidation. Land is not depreciated. The estimated useful lives for particular items of property, plant and equipment are as follows:

- Buildings and constructions 10 - 40 years,
- Plant and equipment 3 - 10 years,
- Means of transportation 5 years,

- Fixtures and fittings 5 - 7 years.

Depreciation methods, useful lives and residual values (unless non-significant) are reviewed by the Company at each reporting date and adjusted when appropriate.

d) Intangible assets

i) Intangible assets

Intangible assets acquired by the Group are recognized at cost less accumulated depreciation and impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the statement of comprehensive income as incurred.

iii) Depreciation

Intangible assets are amortised on a straight-line basis over their estimated useful lives, unless it is definite. Intangible assets having indefinite useful life are not depreciated, but they are subject to impairment testing at the end of each reporting period. Other intangible assets are depreciated from the date they are available for use. The estimated useful lives are as follows:

- Software – 2 years.

e) Investment property

Investment property is measured at cost on initial recognition, including transaction costs. Carrying amount of investment property includes the cost of replacement of an investment property component as it is incurred, provided that recognition criteria are met, and does not include costs of maintenance of such property.

Subsequent to initial recognition, investment property is measured at fair value. Any gain and loss arising from a change in the fair value is recognised in the statement of comprehensive income for the period in which it arises.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from disposal of investment property are recognized in profit or loss in the period of the retirement or disposal.

Transfers to investment property is made only when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. If an owner-occupied property becomes an investment property an entity apply the principles described under "Property, plant and equipment" up to the date of change in use.

For a transfer from inventories to investment property any differences between the fair values of the property at that date and its previous carrying amount is recognized in the statement of comprehensive income.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the properties deemed cost for subsequent accounting in accordance with IAS 16 or IAS 2 shall be its fair value at the date of change in use.

The treatment of transfers from inventories to investment property is consistent with the treatment of sales of inventories.

When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of comprehensive income.

f) Leased property, plant and equipment

Lease agreements in term of which the Company assumes substantially all of the risks and rewards of ownership are classified as finance lease. On initial recognition, the leased asset is measured at an amount equal to lower of its fair value and the present value of minimum lease payments, subsequently reduced by accumulated depreciation and impairment losses.

Other leases are operating leases. Apart from investment property, assets used under the operating lease are not recognised in the Group's balance sheet. Investment property held under the operating lease agreements is recognised in the balance sheet at its fair value.

g) Inventories

Inventories are measured at the lower of acquisition cost or cost of manufacture and net realisable value. The costs of purchase comprise the purchase price and other costs directly related to the purchase incurred in bringing the inventories to their present location and condition. In the case of finished goods and work in progress, the costs include expenses related with realisation of development projects. Project costs mainly include:

- right to perpetual lease of lands or lands, costs of construction relating to the works carried out by subcontractors in connection with construction of residential premises,
- capitalised costs including finance costs, planning and project costs, margins of general administration costs and other direct costs concerning projects.

Net realisable value is the estimated selling price in the ordinary course of business less the essential costs of completion and the estimated costs necessary to conclude the sale.

h) Impairment

i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of financial assets measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Carrying amount of the individually significant financial assets is tested for impairment at the end of each reporting date. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of comprehensive income. Impairment losses are reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment was recognised.

ii) Non-financial assets

The carrying amounts of non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets, that are not yet available for use, are tested annually for impairment.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the unit (group of units), and then to reduce the carrying amount of the other assets in the cash generating unit on a pro rata basis.

The recoverable amount of an asset or cash generating units is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Value in use for assets that do not generate independent cash inflows is estimated for the smallest identifiable cash-generating unit to which that assets are allocated. In case of assets, other than goodwill, impairment losses recognised in previous periods are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is reversed only to extent that the asset's carrying amount does not exceed the carrying amount that would have determined, less depreciation, if no impairment loss had been recognised.

i) Employee benefits

i) Defined contribution plans

According to the ruling regulations the Company is obliged to collect and allot contributions towards employee retirement benefits. These benefits, in accordance with IAS 19, constitute a state plan and are taken on the nature of the defined contribution plan. Considering the above, the Company’s liability for each period is estimated based on the amount of contributions to be paid for a given year.

ii) Short-term employee benefits

Short- term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. When the effect of the time value of money is of significant importance, provisions are determined by discounting the expected future cash flows at the pre-tax rate, which reflects present market assessment of the time value of money and the risk specific to the liability.

i) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

k) Revenue

i) Revenue from the sales of apartments and recognition of costs

Revenue from the sale of apartments is recognised in the statement of comprehensive income in accordance with IAS 18, i.e. when the significant risk and rewards of ownership have been transferred to buyer.

Pursuant to article 548 paragraph 1 of the Civil Code the risk of accidental loss or damage of a thing is transferred onto the buyer when the thing is delivered, irrespective of the moment in time when the buyer becomes that thing's owner. "Delivery of a thing" should be understood primarily as delivery within the meaning of article 348 of the Civil Code. Transfer of possession takes place through delivery of the thing. Delivery of the documents which allow to dispose of the thing, as well as delivery of the means which give actual control over the thing, is equivalent to the delivery of the thing.

Production costs of unsold apartments are recognised in the item "Inventories" as work in progress or as finished goods depending on the level of construction reached.

Production costs of apartments sold are recognised in the statement of comprehensive income in the costs by nature that is in the item "External services".

ii) Sale of goods

Revenue from the sale of goods is recognised at the fair value of the received payment, net of value of returns, discounts and rebates.

Revenue from the sale of goods is recognised in the statement of comprehensive income when the significant risk and rewards of ownership have been transferred to the customer. Revenue is not recognised, if there is significant uncertainty as to the flow of the economic benefits to the entity, reliable measurement of the costs incurred and the probability of return or the Company remains permanently involved in the management of the goods sold.

iii) Rendering of services

Revenue from services is recognized in the statement of comprehensive income after the service is completed as a deferred income.

iv) Rental income

Rental income from investment property is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

l) Lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense. Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term using effective interest method. Contingent payments are recognised by adjusting values of the minimum lease payments over the remaining lease period when the adjustment is confirmed.

m) Finance income and finance expenses

Finance income comprises interest income on funds invested and dividends income. Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date that the Company's right to receive payment is established.

Finance expenses include interest on debt. All interest costs are determined on the basis of the effective interest rate.

n) Income tax expense

Income tax recognised in the statement of comprehensive income comprises current and deferred tax. Current tax and deferred tax is recognized in statement of comprehensive income to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted at the reporting date and any adjustment to tax payable in respect of previous years. Deferred tax is calculated based on the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax liability is not recognised for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that is probable that they will not reverse in the foreseeable future. Temporary difference may not arise from initial recognition of goodwill, irrespective of tax consequences. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the temporary differences to be realised. Such reductions are adjusted upwards to the extent that it is probable that sufficient taxable profits will be available.

o) Earnings per share

The Company presents the basic and diluted earnings per share for ordinary shares. The basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by weighted average number of ordinary shares outstanding during the period. The diluted earnings per share – contrary to the index described above – takes into account in the calculation, apart from profit attributable to ordinary equity holders of the parent entity and average number of ordinary shares, also share options granted for employees and bonds convertible into shares..

p) Segment reporting

An operating segment is a distinguishable component of the Group that is engaged either in providing specific products or services (business segment) or in providing products or services within the particular economic environment (geographical segment), which is subject to risks and returns that are different from other segments. Basic Group’s reporting format is based on business segments.

q) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Investment property

The investment property portfolio is systematically measured by an external, independent property expert who has adequately recognised professional qualifications and recent experience in measuring, and in the location and category of the property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged between a willing buyer and seller in an arm's length transaction after the proper marketing wherein the parties had each acted knowledgeably, carefully and without compulsion.

ii) Non-derivative financial liabilities

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

4. Operating segments

As of 31.12.2017 the Company conducts a single operational activity (automotive) and therefore did not separate operating segments.

The business is related to the performance by British Automotive Holding S.A. (formerly: Marvipol S.A.) the position of the parent company in the British Automotive Holding S.A. Capital Group. (formerly: Marvipol S.A. Capital Group) and providing the following services within the Group:

- ownership supervision over subsidiaries,
- HR and payroll services for subsidiaries,
- keeping accounting books of subsidiaries,
- servicing subsidiaries in the IT area,
- management of subsidiaries.

Before the spin off, i.e. until 30.11.2017 the Company operated under following business segments:

- development activity (spinned off in 2017);
- automotive activity.

5. Operating segments (continued)

Operating segments according to IFRS 8

in PLN thousand	Automotive activities		Developer's activities		Total	
Continuing Operations	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Management of companies	3,666	3,666	-	-	3,666	3,666
Other revenues from sale of personnel and accounting services	564	622	-	-	564	622
Other operating revenues	3,101	918	-	-	3,101	918
Total revenues from continuing operations	7,331	5,206	-	-	7,331	5,206
Revenues from transactions between segments	-	-	-	-	-	-
Operating activity revenues	**7,331**	**5,206**	**-**	**-**	**7,331**	**5,206**

in PLN thousand	**Automotive activities**		**Developer's activities**		**Total**	
Continuing Operations	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Result of the segment	**1,331**	**212**	**-**	**-**	**1,331**	**212**
Unallocated costs	-	-	-	-	-	-
Profits from investments	-	-	-	-	33,710	15,971
Disposal of related parties	-	-	-	-	-	-
Results from operating activities	**-**	**-**	**-**	**-**	**35,041**	**16,183**
Net financial costs	-	-	-	-	(15)	-
Income tax expense	-	-	-	-	3,441	(1,494)
Net profit from continuing operations	-	-	-	-	**38,467**	**14,689**
Discontinued operations						
Profit (loss) on discontinued operations	-	-	23,368	(14,114)	23,368	(14,114)
Net profit	-	-	**-**	**-**	**61,835**	**575**
Other comprehensive income	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	**61,835**	**575**

Operating segments according to IFRS 8

in PLN thousand	Automotive activities		Developer's activities		Total	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Segment assets						
Segment assets	72,687	49,487	-	-	72,687	49,487
Spinned off assets	-	-	-	376,629	-	376,629
Total assets	**-**	**-**	**-**	**-**	**72,687**	**426,116**
Segment liabilities						
Segment liabilities	6,678	439	-	-	6,678	439
Spinned off liabilities	-	-	-	186,589	-	186,589
Total liabilities	**-**	**-**	**-**	**-**	**6,678**	**187,028**
Capital expenditure	358	-	527	1,154	885	1,154
Depreciation	4	-	783	669	787	669

6. Sales revenue

in PLN thousand	01.01.2017 - 31.12.2017	01.01.2016 -31.12.2016
Revenue from sale of apartments	10,966	46,068
Revenue from rental of property	152	159
Revenue from property management	555	680
Revenue from sale of personnel and accounting services	759	869
Revenue from sale of flat finish services	338	202
Revenue from support of investment process	2,585	3,258
Company management services	3,666	3,666
Revenue from sale of other services	267	387
	19,288	**55,289**
Including:		
Continued operations	**4,230**	**4,288**
Spinned off operations	15,058	51,001
Sales revenue	**19,288**	**55,289**

7. Other operating income

in PLN thousand	01.01.2017 - 31.12.2017	01.01.2016 -31.12.2016
Revenues from re-invoiced costs	387	169
Compensations and contractual penalties	41	-
Revenues from reversal of provisions	183	1,769
Revenues from sale of non-current non-financial assets	89	105
Reserves from interest received	-	82
Revenues from granting a guarantee	831	900
Revenue from the dissolution of share write-offs	501	-
Other operational revenues	1,821	233
Profit from land property disposal	276	-
	4,129	3,258
Including:		
Continued operations	**3,101**	**918**
Spinned off operations	1,028	2,340
Other operating income	**4,129**	**3,258**

8. Other expenses

in PLN thousand	Note	01.01.2017 - 31.12.2017	01.01.2016 -31.12.2016
Re-invoiced costs		(269)	(161)
Cost of space rental (operating lease)		(2,028)	(1,944)
Taxes and fees		(181)	(383)
Contributions to State Fund of Rehabilitation of Handicapped People		(23)	(26)
Other non-deductible representation costs		(105)	(422)
Cost of fees for perpetual usufruct of land		(18)	(54)
Costs beared after completion of investments		(634)	(642)
Insurance		(100)	(85)
Business trips expenses		(270)	(353)
Licensing fees		(285)	(1,173)
Costs of apartments finishing		(779)	(390)
Inventory write-offs		-	(4,350)
Receivables write-offs		(20)	(220)
Write-offs due to impairment of shares of subsidiaries		(213)	-
Other		(2,073)	(464)
		(6,998)	**(10,667)**

Including:		
Continued operations	**(1,002)**	**(716)**
Spinned off operations	(5,996)	(9,951)
Other expenses	**(6,998)**	**(10,667)**

9. Personnel expenses

in PLN thousand	Note	**01.01.2017 - 31.12.2017**	**01.01.2016 -31.12.2016**
Wages and salaries		(5,405)	(4,936)
Social security contributions		(913)	(1,031)
		(6,318)	**(5,967)**
Including:			
Continued operations		**(3,387)**	**(2,638)**
Spinned off operations		(2,931)	(3,329)
Personnel expenses		**(6,318)**	**(5,967)**

The average employment in continued activities in 2017 was 22 people, while in the spinned off activity – 38 people.

10. Investment profit

in PLN thousand	Note	**01.01.2017 - 31.12.2017**	**01.01.2016 -31.12.2016**
Interest income on loans granted		6,697	4,775
Balance sheet exchange differences		-	2,821
Interest income on bank deposits		205	187
Investment property valuation		-	39
Share in profits of related parties - partnership companies		6,196	-
Interest income on loans granted		59,306	29,909
		72,404	**37,731**
Including:			
Continued operations		**33,710**	**15,971**
Spinned off operations		38,694	21,760
Investment profit		**72,404**	**37,731**

11. Disposal of subsidiaries

in PLN thousand	Note	01.01.2017 - 31.12.2017	01.01.2016 -31.12.2016
Profit on disposal of shares in Prosta Tower Sp. z o.o.		-	6
Profit on disposal of shares in Marvipol Development 1 Sp. z o.o. SK		-	70
Profit on disposal of shares in PDC IC 60 Sp. z o.o.		7,315	-
Profit on disposal of shares in PDC IC 63 Sp. z o.o.		9,405	-
		16,720	**76**
Including:			
Continued operations		**-**	**-**
Spinned off operations		16,720	76
Disposal of subsidiaries		**16,720**	**76**

12. External services

in PLN thousand	Note	01.01.2017 - 31.12.2017	01.01.2016 -31.12.2016
Apartments construction costs		(10,765)	(51,010)
Other		(12,976)	(14,832)
		(23,741)	**(65,842)**
Including:			
Continued operations		**(1,593)**	**(1,640)**
Spinned off operations		(22,148)	(64,202)
External services		**(23,741)**	**(65,842)**

13. Financial expenses

in PLN thousand	Note	01.01.2017 - 31.12.2017	01.01.2016 -31.12.2016
Interest expense on bank credits, bonds and loans		(11,050)	(10,255)
Interest on finance leases		(24)	(19)
Bank credits commissions		(48)	(88)
Cost of bond service		(439)	(828)
Exchange differences		(4,231)	-
Other		(139)	(194)
		(15,931)	**(11,384)**

Including:		
Continued operations	**(15)**	**-**
Spinned off operations	(15,916)	(11,384)
Financial expenses	**(15,931)**	**(11,384)**

14. Income tax

Current tax expense

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 -31.12.2016**
Current income tax		
Income tax for current period	-	-
Deferred tax expense		
Recognition/reversal of temporary differences on discontinued operations	192	847
Recognition/reversal of temporary differences	3,441	(1,493)
Total income tax expense	**3,633**	**(646)**
Including:		
Continued operations	**3,441**	**(1,493)**
Spinned off operations	192	847
Income tax	**3,633**	(646)

Reconciliation of effective tax rate

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 -31.12.2016**
Net profit for the period	61,835	575
Total income tax expense	(3,633)	646
Taxable income (limited partnership)	-	7 569
(Loss)/Profit excluding income tax	**58,202**	**8,790**
Income tax using the Company's domestic tax rate	11,058	1,670
Dividends	(11,268)	(5,500)
Limited partnership's profit	-	(183)
Allowances	(4,451)	4,451
Differences in revenues and costs between tax and accounting records	148	208
Expired tax losses	880	-
	(3,633)	**646**

15. Property, plant and equipment

Gross book value of property, plant and equipment ***in PLN thousand***	**Plant and equipment**	**Means of transportation**	**Other non-current assets**	**Low value non-current assets**	**Under construction**	**Total**
Gross book value at 1 January 2016	**364**	**2,293**	**1,785**	**428**	**-**	**4,870**
Acquisition	-	899	26	-	-	925
Disposals	-	(468)	-	-	-	(468)
Gross book value at 31 December 2016	**364**	**2,724**	**1,811**	**428**	**-**	**5,327**
Gross book value at 1 January 2017	**364**	**2,724**	**1,811**	**428**	**-**	**5,327**
Acquisition	121	363	361	-	-	845
Disposal	-	(1,242)	-	(15)	-	(1,257)
Spin off of developer's activity	(409)	(1,845)	(2,100)	(367)		(4,721)
Gross book value at 31 December 2017	**76**	**-**	**72**	**46**	**-**	**194**

Accumulated depreciation and impairment losses ***in PLN thousand***	**Plant and equipment**	**Means of transportation**	**Other non-current assets**	**Low value non-current assets**	**Under construction**	**Total**
Accumulated depreciation and impairment losses at 1 January 2016	**(259)**	**(1,426)**	**(1,015)**	**(428)**	**-**	**(3,128)**
Depreciation for the period	(28)	(366)	(189)	-	-	(583)
Disposals	-	468	-	-	-	468
Accumulated depreciation and impairment losses at 31 December 2016	**(287)**	**(1,324)**	**(1,204)**	**(428)**	**-**	**(3,243)**

Accumulated depreciation and impairment losses at 1 January 2017	**(287)**	**(1,324)**	**(1,204)**	**(428)**	**-**	**(3,243)**
Depreciation for the period	(22)	(305)	(184)	-	-	(511)
Disposals	-	646	-	15	-	661
Spin off of development activities	275	983	1,316	367		2,941
Accumulated depreciation and impairment losses at 31 December 2017	**(34)**	**-**	**(72)**	**(46)**	**-**	**(152)**
Carrying amounts						
As at 1 January 2016	105	867	770	-	-	1,742
As at 31 December 2016	77	1,400	607	-	-	2,084
As at 1 January 2017	77	1,400	607	-	-	2,084
As at 31 December 2017	**42**	**-**	**-**	**-**	**-**	**42**

Leased property, plant and equipment

As of 31.12.2017 the net carrying amount of leased property, plant and equipment amounted to PLN 0 thou. (31 December 2016: PLN 655 thou. – concerns spinned off in 2017 activity).

Property, plant and equipment under construction

At the end of the reporting period property, plant and equipment amounted to PLN 0 thousand (31 December 2016: PLN 0 thousand).

Impairment loss

No impairment indicators were identified at the end of both current and previous reporting periods.

Collaterals

As of 31.12.2017 none of fixed assets were a collateral of Company's liabilities.

16. Intangible assets

in PLN thousand	Other	Advances for intangible assets	Total
Gross book value			
Gross book value at 1 January 2016	**458**	**-**	**458**
Acquisition	412	-	412
Liquidation	(35)	-	(35)
Gross book value at 31 December 2016	**835**	**-**	**835**
Gross book value at 1 January 2017	**835**	**-**	**835**
Acquisition	184	220	404
Spin off of developer's activity	(940)	-	(940)
Gross book value at 31 December 2017	**79**	**220**	**299**

in PLN thousand	Other	Advances for intangible assets	Total
Accumulated amortisation and impairment losses			
Accumulated amortisation and impairment losses at 1 January 2016:	**(344)**	**-**	**(344)**
Depreciation for the period	(86)	-	(86)
Liquidation	35	-	35
Accumulated amortisation and impairment losses at 31 December 2016	**(395)**	**-**	**(395)**
Accumulated amortisation and impairment losses at 1 January 2017	**(395)**	**-**	**(395)**
Acquisition	(276)	-	(276)
Spin off of developer's activity	669	-	669
Accumulated amortisation and impairment losses at 31 December 2017	**(2)**	**-**	**(2)**

in PLN thousand	Other	Advances for intangible assets	Total
Carrying amounts			
At 1 January 2016	114	-	114
At 31 December 2016	**440**	**-**	**440**
At 1 January 2017	440	-	440
At 31 December 2017	77	220	297

Amortisation of intangible assets

Amortisation charges of intangible assets are recognised in depreciation and amortisation costs.

17. Investment property

in PLN thousand	**31.12.2017**	**31.12.2016**
Net carrying amount at the beginning of the period	**2,805**	**2,766**
Change in fair value	-	39
Investment property sale	(2,805)	-
Transfer from inventory	561	-
Spin off of developer's activity	(561)	-
Net carrying amount at the end of the period	**-**	**2,805**
Including:		
Continued operations	**-**	**-**
Spinned off operations	-	2,805

Investment property owned by the Company were at 01.12.2017 spinned off as a part of development activity to Marvipol Development S.A.

18. Other long-term investments

in PLN thousand	**31.12.2017**	**31.12.2016**
Loans granted	-	163,580
Shares in related parties	62,420	168,692
	62,420	**332,272**
Including:		
Continued operations	**62,420**	**42,122**
Spinned off operations	-	290,150

Loans granted (capital and interests)

in PLN thousand	**31.12.2017**	**31.12.2016**
Loan to Prosta Tower Sp. z o.o.	-	6
Loan to Robo Wash S.A.	-	2,159
Loan to Marvipol Development Riviera Park Sp. z o.o. (previously Marvipol Development 3 Sp. z o.o.)	-	35,175
Loan to Marvipol Development 1 Sp. z o.o.	-	2
Loan to Marvipol Estate Sp. z o.o.	-	29,195
Loan to Marvipol Development Bemowo Residence Sp. z o.o. (previously Marvipol Development 2 Sp. z o.o.)	-	7,024
Loan to Marvipol w Apartments Sp. z o.o. (previously Projekt 03 Sp. z o.o.)	-	873
Loan to Riviera Park Sp. z o.o. (previously Projekt 04 Sp. z o.o.)	-	9
Loan to Marvipol Development Cascade Residence Sp. z o.o. (previously Marvipol Development 5 Sp. z o.o.)	-	11,011

Loan to Marvipol Development Topiel No 18 Sp. z o.o. (previously Marvipol Development 4 Sp. z o.o.; Projekt 08 Sp. z o.o.)	-	13,852
Loan to Projekt 06 Sp. z o.o.	-	15
Loan to Projekt 07 Sp. z o.o.	-	11,549
Loan to Marvipol Dwie Motławy Sp. z o.o. (previously Bemowo Residence Sp. z o.o.)	-	15
Loan to Riviera Park Sp. z o.o.	-	26
Loan to Marvipol Development Unique Tower Sp. o.o. (previously Projekt 09 Sp. z o.o.)	-	41
Loan to Projekt 010 Sp. z o.o.	-	32
PDC Industrial Center 60 Sp. z o.o.	-	33,732
PDC Industrial Center 63 Sp. z o.o.	-	18,810
Marvipol TM Sp. z o.o.	-	54
	-	**163,580**
Including:		
Continued operations	**-**	**-**
Spinned off operations	-	163,580

Loans owned by the Company were at 01.12.2017 spinned off as part of development activity to Marvipol Development S.A.

The Company owns shares in following related parties. Percentage breakdown of shares in each entity is presented in note 37.

Value of shares in related parties

in PLN thousand	**31.12.2017**	**31.12.2016**
Automotive - Continued operations		
British Automotive Polska S.A.	44,242	24,242
British Automotive Centrum Sp. z o.o.	7,168	7,168
British Automotive Gdańsk Sp. z o.o.	3,222	3,222
British Automotive Łódź Sp. z o.o.	6,471	6,471
AML Polska Sp. z o.o.	-	213
M Automotive Sp. z o.o.	803	803
British Automotive TM Sp. z o.o. (previously: Lotus Warszawa Sp. z o.o.)	504	3
Projekt 07 Sp. z o.o.	5	-
British Automotive Silesia Sp. z o.o.	5	-
Development - Spinned off operations		
Mokotów Park Sp. z o.o.	-	270
Prosta 32 Sp. z o.o.	-	25,931
Marvipol TM Sp. z o.o.	-	100,146
Marvipol Estate Sp. z o.o.	-	5

Marvipol Development Riviera Park Sp. z o. o. (previously Marvipol Development 3 Sp. z o.o.)	-	6
Marvipol Construction Sp. z o. o. (previously Central Park Ursynów 1 Sp. z o.o.)	-	6
Marvipol Development 1 Sp. z o.o.	-	6
Marvipol Development Bemowo Residence Sp. z o.o. (previously Marvipol Development 2 Sp. z o.o.)	-	5
Marvipol w Apartments Sp. z o.o. (previously Projekt 03 Sp. z o.o.)	-	5
Riviera Park Sp. z o.o.	-	5
Central Park Ursynów 2 Sp. z o.o.	-	5
Marvipol Development Cascade Residence Sp. z o.o. (previously Marvipol Development 5 Sp. z o.o.)	-	5
Marvipol Dwie Motławy Sp. z o.o. (previously Bemowo Residence Sp. z o.o.)	-	5
Projekt 06 Sp. z o.o.	-	5
Marvipol Development Topiel No 18 Sp. z o.o. (previously Marvipol Development 4 Sp. z o.o.)	-	-
Marvipol Development Unique Tower Sp. o.o. (previously Projekt 09 Sp. z o.o.)	-	5
Projekt 010 Sp. z o.o.	-	5
MVP Logistics S.A.	-	100
PDC Industrial Center 63 Sp. z o.o.	-	13
Projekt 07 Sp. z o.o.	-	5
	62,420	**168,660**
Including:		
Continued operations	**62,420**	**42,122**
Spinned off operations	-	126,538

The company verified the value of its shares in subsidiaries by comparing the value of shares with the value of net assets of these companies and analysing future profits and cash flows generated by these companies based on financial forecasts prepared by the Management Board.

As a result of the analysis, the Company determined that in the case of AML Polska Sp. z o. o. there were indications of permanent impairment of shares. As a result, an impairment loss of PLN 213 thousand was recognized in the statement of comprehensive income.

In addition, the Company determined that in the case of British Automotive TM Sp. z o.o. the premises for impairment have ceased and, as a result, the reversal of the impairment loss on shares in the amount of PLN 501 thousand is recognized in the statement of comprehensive income.

Shares in joint ventures

in PLN thousand	**31.12.2017**	**31.12.2016**
Projekt 888 Sp. z o.o.	-	25
PDC Industrial Center 60 Sp. z o.o.	-	7
	-	**32**

Including:		
Continued operations	**-**	**-**
Spinned off operations	-	32

Selected financial data of PDC Industrial Center 60 Sp. z o.o.

in PLN thousand	**31.12.2017**	**31.12.2016**
Percentage share in share capital	**0%**	**58%**
Non-current assets	**-**	**28,890**
including investment property	**-**	27,840
Current assets	**-**	**7,259**
including cash and cash equivalents	**-**	5,316
Long-term liabilities	**-**	**35,745**
Sales revenue	**-**	-
Profit from continued operations	**-**	**(56)**
Interest income	**-**	**57**
Interest expense	**-**	**-**
Income tax	**-**	**159**

Selected financial data of Projekt 888 Sp. z o.o.

in PLN thousand	**31.12.2017**	**31.12.2016**
Percentage share in share capital	**0%**	**50%**
Non-current assets	**-**	**-**
Current assets	**-**	**39**
including cash and cash equivalents	-	36
Long-term liabilities	**-**	**-**
Short-term liabilities	**-**	**2**
Sales revenue	**-**	**-**
Profit from continued operations	**-**	**(14)**
Interest income	**-**	**-**
Interest expense	**-**	**-**
Income tax	**-**	**-**

19. Deferred tax

Deferred tax assets and liabilities

Deferred tax assets and liabilities have been recognised for all temporary differences with reference to the following items of assets and liabilities:

in PLN thousand	Assets		Liabilities		Net	
	31.12.17	**31.12.16**	**31.12.17**	**31.12.16**	**31.12.17**	**31.12.16**
Property, plant and equipment	-	-	-	(32)	-	(32)
Investment properties	-	-	-	(1,839)	-	(1,839)
Interest on loans	-	116	-	(936)	-	(820)
Valuation of loan in foreign currency	-	17	-	(536)	-	(519)
Employee benefits	51	35	-	-	51	35
Deferred income	306	-	-	-	306	-
Provisions for costs of the period	7	202	-	-	7	202
Differences arising from a different moment of recognition of revenue and costs from the sale of apartments for accounting and tax purposes	-	744	-	(468)	-	276
Inventory allowances	-	2,019	-	-	-	2,019
Acquisition costs of shares in Prosta company	-	-	-	(3,445)	-	(3,445)
Interest on bonds and bank loans	-	406	-	(846)	-	(440)
Shares allowances	475	530	-	-	475	530
Receivables allowances	42	42	-	-	42	42
Tax loss	7,703	4,571	-	-	7,703	4,571
Deferred tax assets / (Deferred tax liabilities)	**8,584**	**8,682**	**-**	**(8,102)**	**8,584**	**580**
Set off of tax		(3,539)	-	3,539		-
Net tax assets/liabilities recognised in balance sheet	**8,584**	**5,143**	**-**	**(4,563)**	**8,584**	**580**

Changes in deferred tax balances during the period

in PLN thousand	**Balance at 31.12.2016**	Change in temporary differences	**Balance at 31.12.2017**
Property, plant and equipment	(32)	32	-
Investment properties	(1,839)	1,839	-
Interest on loans	(820)	820	-
Valuation of loan in foreign currency	(519)	519	-
Employee benefits	35	16	51
Deferred income	-	306	306
Provisions for costs of the period	202	(195)	7
Differences arising from a different moment of	276	(276)	-

recognition of revenue and costs from the sale of apartments for accounting and tax purposes			
Inventory allowances	2,019	(2,019)	-
Acquisition costs of shares in Prosta company	(3,445)	3,445	-
Interest on bonds and bank loans	(440)	440	-
Shares allowances	530	(55)	475
Receivables allowances	42	-	42
Tax loss	4,571	3,132	7,703
	580	**8,004**	**8,584**
Including:			
Continued operations	**5,143**	**3,441**	**8,584**
Spinned off operations	(4,564)	4,564	-

	Balance at 31.12.2017
Balance sheet change in deferred income tax assets and provisions	(8,004)
Including:	
state change recognized in the statement of comprehensive income - Continued operations	(3,441)
change in the state included in the statement of comprehensive income - Spinned off operations	(192)
spin off of development activities to Marvipol Development S.A.	(4,371)

20. Inventories

in PLN thousand	**31.12.2017**	**31.12.2016**
Work in progress	-	36,690
Finished goods	-	15,713
	-	**52,403**
Including:		
Continued operations	**-**	**-**
Spinned off operations	-	52,403

Inventories held by the Company were, on 01.12.2017 spinned off as part of the development activity to Marvipol Development S.A.

Inventory allowances

in PLN thousand	
Value as at 1 January 2016	**6,278**
Increase/Creation:	4,350
Allowance of Project Apartamenty Mokotów Park	785
Allowance of Project Hill Park I phase	3,565
Value as at 31 December 2016	**10,628**

Value as at 1 January 2017	**10,628**
Increase/Creation:	(10,628)
Usage of allowance of Project Hill Park I phase	(3,173)
Usage of allowance of Apartamenty Mokotów Park	(425)
Spin off development activity	(7,030)
Value as at 31 December 2017	**-**

21. Trade and other receivables

in PLN thousand	**31.12.2017**	**31.12.2016**
Trade receivables	527	1,200
Other receivables	309	5,874
Accruals	2	211
	838	**7,285**
Including:		
Continued operations	**838**	**531**
Spinned off operations	-	6,754

22. Cash and cash equivalents

in PLN thousand	**31.12.2017**	**31.12.2016**
Cash in hand	-	11
Cash in bank and in transit	506	23,673
Cash and cash equivalents recognised in balance sheet and statement of cash flows	**506**	**23,684**
Including:		
Continued operations	**506**	**1,691**
Spinned off operations	-	21,993

Cash in bank was kept on accounts available on demand, as well as on overnight and time deposits.

As at 31 December 2017 restricted cash, available with the consent of the bank under the relevant loan agreement, amounts to PLN 0 thousand. (as at 31 December 2016 – PLN 5 thou.).

23. Equity

Share capital

	31.12.2017	31.12.2016
Number of shares at the beginning of the period (fully paid)	41,551,852	41,551,852
Subscription of shares	-	-
Nominal value of 1 share (in PLN)	0.20	0.20
Number of shares at the end of the period (fully paid)	41,551,852	41,551,852
Nominal value of 1 share (in PLN)	0.20	0.20

Structure of share capital as at 31 December 2017

Shareholder	Number of shares held	Number of votes at the General Meeting of Shareholders	Value of shares	Interest in share capital	Voting rights at the General Meeting of Shareholders
Książek Holding Sp. z o.o.*	27,428,131	27,428,131	5,485,626	66.01%	66.01%
Towarzystwo Funduszy Inwestycyjnych PZU S.A.	2,148,771	2,148,771	429,754	5.17%	5.17%
Nationale-Nederlanden OFE	2,078,000	2,078,000	415,600	5.00%	5.00%
Mariusz Wojciech Książek	2,077,592	2,077,592	415,518	5.00%	5.00%
Other entities	7,819,358	7,819,358	1,563,872	18.82%	18.82%
	41,551,852	**41,551,852**	**8,310,370**	**100.00%**	**100.00%**

* A subsidiary of Mariusz Wojciech Książek.

24. Earnings per share

Basic earnings per share from continuing operations

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders of the Company in the following amounts:

In PLN thousand	31.12.2017	31.12.2016
profit for the period	38,467	14,689

and weighted average number of ordinary shares at the date of preparation of financial statements:

Weighted average number of ordinary shares

	31.12.2017	31.12.2016
Number of ordinary shares at the beginning of the period	41,551,852	41,551,852
Effect of shares issued	-	-
Number of shares at the end of the period (fully paid)	**41,551,852**	**41,551,852**
Weighted av. number of ordinary shares at the end of the period	**41,551,852**	**41,551,852**
Basic earnings per share	**0.93**	**0.35**

Diluted earnings per share from continuing operations

As at 31 December 2017 as well as at 31 December 2016 share diluting factors did not occur.

Basic earnings per share from discontinued operations

The calculation of basic earnings per share was made based on the net profit for the financial period attributable to ordinary shareholders of the Company in amounts:

in PLN thousand	31.12.2017	31.12.2016
Profit for the period	23,368	(14,114)

and weighted average number of ordinary shares at the date of preparation of financial statements:

Weighted av. number of ordinary shares at the end of the period

	31.12.2017	31.12.2016
Number of ordinary shares at the beginning of the period	41,551,852	41,551,852
Effect of shares issued	-	-
Number of shares at the end of the period (fully paid)	41,551,852	41,551,852
Weighted av. number of ordinary shares at the end of the period	**41,551,852**	**41,551,852**
Basic earnings per share	**0.56**	**(0.34)**

Diluted earnings per share from discontinued operations

As at 31 December 2017 as well as at 31 December 2016 share diluting factors did not occur.

25. Bank loans and borrowings

This note provides information about the Company's liabilities from bank credits and lease. Information about Company's exposure to foreign currency, as well as interest rate risk, is presented in note 30.

Credits and loans by kind

in PLN thousand	**31.12.2017**	**31.12.2016**
Bank credits total	**-**	**21,154**
Loans	**3,413**	**26,314**
Including:		
current loans and credits	3,413	-
non-current loans and credits	-	47,468
Including:		
Continued operations	**3,413**	**-**
Spinned off operations	-	47,468

Repayment schedule of loans and bank credits

in PLN thousand	**31.12.2017**	**31.12.2016**
less than one year	3,413	-
between one and three years	-	47,468
between three and five years	-	-
more than five years	-	-
Loans and credits total	**3,413**	**47,468**

Loans and bank credits by currency

in PLN thousand	**31.12.2017**	**31.12.2016**
in PLN	3,413	47,468
in foreign currencies	-	-
Loans and credits total	**3,413**	**47,468**

Interest rates of loans for each currency

	31.12.2017	**31.12.2016**
loans in PLN	**-**	**Wibor 3 M + 2.75%**

The Company has not infringed upon the terms of repayment of principal and interest instalments and did not break any other loan covenants that may result in accelerated repayment of liability.

The loan is subject to a fixed interest rate.

26. Bond liabilities

in PLN thousand	31.12.2017	31.12.2016
Bond liabilities at the beginning of the period	**127,759**	**155,672**
Proceeds from the issue of convertible bonds		-
Proceeds from the issue of ordinary bonds	146,080	-
Transaction costs	(1,410)	-
Net proceeds from the issue of bonds	**144,670**	**-**
Issue costs of shares and bonds settled over time	440	717
Accrued interests recognised in financial expenses	797	(233)
Bonds redemption	(26,650)	(28,397)
Spin off of development activity	(247,016)	-
Bond liabilities at the end of the period	**-**	**127,759**
Current	-	28,365
Non-current	-	99,394
	-	**127,759**
Including:		
Continued operations	**-**	**-**
Spinned off operations	-	127,759

Debt financial instruments by maturity

in PLN thousand	31.12.2017	31.12.2016
less than one year	-	28,365
between one and three years	-	75,394
between three and five years	-	24,000
more than five years	-	-
Bond liabilities	**-**	**127,759**

Bonds held by the Company were on 01.12.2017 spinned off as a part of development activities to Marvipol Development S.A.

27. Finance lease liabilities

Finance lease liabilities by maturity

in PLN thousand	**31.12.2017**	**31.12.2016**
less than one year	-	197
between one and three years	-	401
Finance lease liabilities	-	**598**
Including:		
Continued operations	**-**	**-**
Spinned off operations	-	598

28. Deferred income

Deferred income in 2017 concern mainly remuneration for granted sureties. In 2016 they were connected to prepayments for flats purchased by customers.

in PLN thousand	**31.12.2017**	**31.12.2016**
Investment Bielany Residence	-	8
Investment Hill Park Apartments	-	605
Other	1,609	
	1,609	**613**
Including:		
Continued operations	**1,609**	**-**
Spinned off operations	-	613

29. Trade and other payables

in PLN thousand	**31.12.2017**	**31.12.2016**
Trade payables	1,044	4,403
Security deposits - non-current	-	10
Security deposits – current	-	439
Other payables, accruals and deferred income	612	1,174
Total trade and other payables	**1,656**	**6,026**
Recognised as other non-current liabilities	-	10
Current trade and other payables	**1,656**	**6,016**
Including:		
Continued operations	**1,656**	**439**
Spinned off operations	-	5,587

Other payables include, among others, the Company's liabilities relating to retained security deposits, mainly from general contractors for particular development project.

30. Financial instruments

Aims and methods of financial risk management adopted by the Company

The Company manages all the elements of the financial risks described below, which could have a significant impact on its functioning in the future, putting in this process the greatest emphasis on the management of market risk, including interest rate risk as well as credit risk and liquidity risk. The purpose of liquidity management is to protect the Company against insolvency. This goal is achieved through the systematic projection of debt for 3 years, and then arrangement of appropriate financing. Exposure to credit risk and interest rate risk arises during the normal course of the Company. The company does not hedge against the risk of fluctuations in currency exchange rates.

Carrying amounts of long-term investments and trade receivables and other receivables depicts maximum credit risk.

Credit risk

There was no significant concentration of the credit risk as at the day of preparation of the financial statements.

The analysis of overdue trade receivables as at 31 December 2017 and 31 December 2016 was as follows:

		31.12.2016	
in PLN thousand	**Gross value**	**Allowance for bad debts**	**Net value**
Not overdue	1,311	190	1,121
Overdue by the following periods:			
0-180 days	79	-	79
180-360 days	-	-	-
more than 360 days	328	328	-
	1,718	**518**	**1,200**

		31.12.2017	
in PLN thousand	**Gross value**	**Allowance for bad debts**	**Net value**
Not overdue	527	-	527
Overdue by the following periods:			
0-180 days	-	-	-
180-360 days	-	-	-
more than 360 days	-	-	-
	527	**-**	**527**

The changes of the allowance for impairment in respect with trade and other receivables during 2017 and 2016 were as follows:

in PLN thousand	**31.12.2017**	**31.12.2016**
Opening balance	298	318
Change of allowance during the year	20	(20)
Spinned off development activity	(318)	-
Closing balance	**-**	**298**

Interest rate risk

The Company does not hedge against interest rest risk. Short-term receivables and liabilities are not exposed to the interest rate risk.

Financial instruments - Assets

Classification of financial instruments (assets)

in PLN thousand	**31.12.2017**	**31.12.2016**
Loans and receivables granted – related	527	162,146
Loan	-	161,421
Trade and other receivables	527	725
Loans and receivables granted – other	-	2,634
Loan	-	2,159
Trade and other receivables	-	475
Assets held to maturity	-	-
Hedge instruments with positive fair value	-	-
Cash	506	23,684
	1,033	**188,464**

Classification of financial instruments (liabilities)

in PLN thousand	**31.12.2017**	**31.12.2016**
Other financial liabilities	**4,457**	**180,677**
bank loans and borrowings	3,413	47,468
trade liabilities	1,044	4,403
Bonds	-	127,759
security deposits	-	449
Lease	-	598
Hedge instruments with negative fair value	-	-
	4,457	**180,677**

Interest rate sensitivity analysis of the Company

Change by 1 percentage point in interests rates would have changed profit before income tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain unchanged.

	31.12.2017		**31.12.2016**	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Floating interest rate instruments	**-**	**-**	**(1,726)**	**1,726**

The Company as of 31.12.2017 does not hold any instruments with variable interest rate.

Foreign exchange risk

The Company as of 31.12.2017 does not hold any receivables, liabilities or cash in foreign currencies.

In case of translation of receivables and liabilities denominated in foreign currency as at 31 December 2017 and 2016, change of value of a foreign currency against PLN by 5 % would result in the following change of profit before income tax:

	31.12.2017		**31.12.2016**	
in PLN thousand	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%
Payables and receivables denominated in EUR	-	-	4,087	(4,087)
			4,087	**(4,087)**

Liquidity risk

Financial liquidity is monitored in the Company on a daily basis. It concerns liquidity both in next few days as well as next few years.

The Management Board of British Automotive Polska S.A. assessed the anticipated liquidity situation of British Automotive Polska S.A. within the period of 12 months from the date of preparation of the present financial statements.

According to the Management Board, there is no significant risk to the Company activities within 12 months since the day of preparation of this financial statement. The Board is confident, that it will be able to provide for the Company necessary financial means for financial and trade liabilities servicing as well as undisturbed conducting of activities, including realization of development projects.

Methods and key assumptions in the determination of fair value of financial assets and liabilities valued at fair value

Fair value of financial assets and liabilities are close to their carrying amounts as at 31 December 2017 and 31 December 2016.

The fair value is an amount for which a given asset could be exchanged, and liability settled in an arm's length transaction between willing, well - informed parties.

Capital Management

The Company defines capital as the carrying amount of equities. The most important ratio used by the Company to monitor equities is Equity/Total assets ratio.

As at 31 December 2017 this ratio amounts to 90.80 % (31 December 2016: 56.10 %). The Company manages its capital to ensure that Company's entities will be able to continue as a going concern while maximising the returns for shareholders through optimisation of the debt and equity relation. The overall Company's strategy remains unchanged since 2008.

Moreover, the Company manages its equity in order to maintain a safe level of the equity and debt relation. Until the end of 2015 the Company did not pay out dividends to shareholders. In 2016 there was a dividend pay-out amounting to PLN 4,571 and in 2017 PLN 34,072.

31. Spinned off operations

In 2017, the process of the division of British Automotive Holding SA was completed. (formerly: Marvipol SA) ("Divided Company", "Company") made, in accordance with the agreement adopted and adopted on 31 August 2016 by the Management Board of British Automotive Holding S.A. and the Management Board of Marvipol Development S.A. with its registered office in Warsaw (the "Acquiring Company"), a division plan ("Demerger Plan"), in the mode of art. 529 § 1 point 4 of the Commercial Companies Code (division by separation), by transferring part of the assets of the Divided Company constituting an organized part of the enterprise functioning as Marvipol Spółka Akcyjna Branch in Warsaw ("Marvipol Branch"), i.e. the development activity, to the Acquiring Company.

In accordance with the Division Plan, the shareholders of the Divided Company in exchange for the transfer of part of the Divided Company's assets to the Acquiring Company in the form of the Marvipol Branch, would include 41,551,852 ordinary bearer shares of the Acquiring Company series C, with a nominal value of PLN 1 each and a total nominal value of PLN 41,551,852, issued in connection with the division of the Divided Company ("Spin-off Issue Shares"), while maintaining the exchange ratio: 1: 1, where there is 1 (one) share of the Acquiring Company for each share of the Divided Company.

In addition, in accordance with the Demerger Plan, the Acquiring Company undertook to take appropriate actions to introduce the previously issued shares of the Acquiring Company and the Spin-off Share Issue Shares for trading on the regulated market of the Warsaw Stock Exchange S.A. To this end, the Acquiring Company submitted to the Polish Financial Supervision Authority ("PFSA") in May 2017 an application for approval of the prospectus drawn up in connection with the application for admission to trading of the existing shares of the Acquiring Company ("Prospectus") on the regulated market, including with a request for its approval. Subsequently, in October 2017, the Acquiring

Company submitted to the KNF an information memorandum prepared in connection with the public offer and applying for admission to trading on the regulated market of the Spin-off Share Issue Shares ("Information Memorandum"), together with an application for its approval. The prospectus of the Acquiring Company was approved by KNF on 7 November 2017, and the Information Memorandum - on 8 November 2017 (later annexes No. 1-3 to the Prospectus and annexes No. 1-3 to the Information Memorandum were approved by the decisions of the PFSA accordingly on 16 November 2017, 6 December 2017 and 7 December 2017).

On 20 November 2017, the General Meeting of the Divided Company agreed to the Division of the Company Divided in accordance with the Division Plan. On the same day, the General Meeting of the Acquiring Company, inter alia consented to the Division of the Divided Company in accordance with the Division Plan and increase of the share capital of the Acquiring Company by way of the issue of the Spin-off Share Issue Shares.

The increase of the share capital of the Acquiring Company by way of the issue of the Spin-off Issue Shares was registered by the District Court for the Capital City of Warsaw in Warsaw on 1 December 2017. Thus, the Division of the Divided Company became effective and the development activity of the Marvipol Branch was formally separated from British Automotive Holding S.A. and formally part of Marvipol Development S.A. Existing shares and the Division Issue Shares of the Acquiring Company were introduced to trading on the regulated market on 19 December 2017.

As a consequence of the Division, the Divided Company continues its current activity consisting mainly of management of subsidiaries from the automotive industry.

In connection with the sub-division process and in accordance with IFRS 5, the Company decided to present in 2016 information regarding the Marvipol Branch as discontinued operations (intended for spin off), as presented in Note 31. The presentation and disclosure of information regarding discontinued operations is compliant with IFRS 5.

Result on spinned off operations

in PLN thousand	**Note**	**01.01.2017 - 30.11.2017**	**01.01.2016 -31.12.2016**
Spinned off operations			
Sales revenue	6	15,058	51,001
Other operating income	7	1,028	2,340
		16,086	**53,341**
Depreciation and amortisation		(783)	(669)
Materials and energy		(550)	(603)
External services	12	(22,148)	(64,202)
Personnel expenses	9	(2,931)	(3,329)
Other expenses	8	(5,996)	(9,951)
Investments profit	10	38,694	21,760
Subsidiaries disposal	11	16,720	76
Profit from operating activities		**39,092**	**(3,577)**

Finance expenses	*13*	(15,916)	(11,384)
Profit before income tax for the period		**23,176**	**(14,961)**
Income tax expense	*14*	192	847
Net profit from spinned off operations		**23,368**	**(14,114)**
Net profit for the period		**23,368**	**(14,114)**
Other comprehensive income		**-**	**-**
Total comprehensive income		**23,368**	**(14,114)**

Assets and liabilities spinned off

As of the day before the division, i.e. for 30 November 2017

in PLN thousand	**30.11.2017**	**31.12.2016**
Assets		
Non-current assets		
Property, plant and equipment	1,780	2,084
Intangible assets	270	440
Investment property	561	2,805
Loans granted	222,580	163,580
Other long-term investments	127,603	126,570
Total non-current assets	**352,794**	**295,479**
Current Assets		
Inventories	35,199	52,403
Trade and other receivables	3,620	6,754
Cash and cash equivalents	128,464	21,993
Total current assets	**167,283**	**81,150**
Total assets	**520,077**	**376,629**
Liabilities		
Bank loans	46,672	47,468
Finance lease liabilities	465	401
Bond liabilities	238,105	99,394
Deferred tax liability	4,371	4,564
Provisions	-	-
Total non-current liabilities	**289,613**	**151,827**

Finance lease liabilities	258	197
Bond liabilities	8,911	28,365
Trade and other payables	4,470	5,587
Deferred income	-	613
Bank loans	15,984	-
Total current liabilities	**29,623**	**34,762**
Total liabilities	**319,236**	**186,589**

Cash flows from operating activities	**(12,007)**	**24,863**
Cash flows from investment activities	**(3,979)**	**(59,068)**
Cash flows from financial activities	**122,457**	**(34,177)**

32. Operating lease

Lease agreements where the Company is a lessee

The future lease payments under non-cancellable lease agreements are as follows:

in PLN thousand	**31.12.2017**	**31.12.2016**
less than 1 year	102	1,925
between 1 and 5 years	-	9,247
more than 5 years	-	15,478
	102	**26,650**

The Company is a party to rental and lease agreements and pays charges relating to perpetual usufruct of lands classified as operating lease.

In the period ending 31 December 2017, rent payments in the amount of PLN 2,028 thousand was booked as other operating costs - costs of renting space/operating lease (31 December 2016: PLN 1,944 thou.).

Leasing payments due consist of perpetual usufruct payments in total amount of PLN 18 thousand in statement of comprehensive income as at 31 December 2017. In the same period of previous year, perpetual usufruct payments amounted in statement of comprehensive income to PLN 54 thousand.

33. Investment and contractual liabilities

As at 31 December 2017 the Company did not have any investment or contractual liabilities, because investments launched in previous years already ended, and new projects are currently in phase of planning.

34. Contingencies

Regulations regarding VAT, corporate income tax, personal income tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The applicable regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose significant penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with interest. The above circumstances mean that tax exposure is significantly greater in Poland than in countries that have a more established taxation system. Tax settlements may become subject to inspection by the tax authorities for a period of five years from the end of the calendar year in which tax payment was due. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities. The Company takes the position that there is no need to create provisions with reference to tax risk.

As of 15 July 2016, amendments to the Tax Code were introduced to take into account the provisions of the General Fraud Prevention Clause (GAAR). GAAR is to prevent the creation and use of artificial legal structures created to avoid payment of tax in Poland. GAAR defines tax avoidance as an activity carried out primarily to obtain a tax advantage that is contrary to the circumstances and subject to the provisions of the Tax Act. According to GAAR, such an activity does not result in a tax advantage if the method of operation was artificial. Any occurrence of (i) unjustified dividing of operations, (ii) engaging intermediary entities in the absence of economic or economic justification, (iii) mutually eliminating or compensating elements, and (iv) other activities with a similar effect to those previously mentioned may be treated as a prerequisite for existence artificial activities subject to the GAAR regulations. The new regulations will require much greater judgment in assessing the tax consequences of individual transactions. The GAAR clause should be applied to transactions made after its entry into force and to transactions that were carried out prior to the entry into force of the GAAR clause, but for which, after the date of entry into force, the benefits were or are still being achieved. The implementation of the aforementioned provisions will enable Polish tax inspection authorities to question legal arrangements and arrangements made by taxpayers, such as restructuring and reorganizing the group.

On 1 September 2017, British Automotive Holding S.A. granted a surety for Jaguar Land Rover Limited for liabilities of British Automotive Polska S.A. resulting from cooperation in the purchase of Jaguar and Land Rover products. The guarantee covers the obligation to pay any sums not paid as of their maturity by British Automotive Polska S.A. due to the sale of Jaguar and Land Rover products. The guarantee is valid from the day it is given until the date of expiry of the contract between British Automotive Polska S.A. a Jaguar Land Rover Limited or until the date on which any amounts due under this agreement will be transferred to British Automotive Polska S.A. paid, depending on which of these events will take place later. The amount of the guarantee is limited to the amounts due from British Automotive Polska S.A. in relation to Jaguar Land Rover Limited.

On 13 November 2017, British Automotive Holding SA granted a surety up to PLN 6,000 thou. British Automotive Centrum Sp. z o.o. in connection with the conclusion on 13 November 2017 between

British Automotive Centrum Sp. z o.o. and Bank Zachodni WBK S.A. credit agreements in the current account in the amount of PLN 4,000 thou.

On 13 November 2017, British Automotive Holding S.A. granted a surety up to PLN 7,500 thou. British Automotive Centrum Sp. z o.o. in connection with the conclusion on 13 November 2017 between British Automotive Centrum Sp. z o.o. and Bank Zachodni WBK S.A. investment loan agreements in the amount of PLN 5,000 thou. For the purpose of financing the refurbishment and reconstruction of the car dealership at 50 Waszyngtona Street.

35. Related party transactions

Remuneration of the Management Board

The Company pays remuneration to Board of Directors based on a service contract and remuneration for a function in the Management Board (nomination).

in PLN thousand	**01.01.2017 -31.12.2017**	**01.01.2016 -31.12.2016**
Mariusz Książek - President of the Management Board	2,856	4,035
Mariusz Poławski - Member of the Management Board	790	840
Jacek Bielecki – Director of the Branch until 1 August 2016	-	81
Ewa Zając – Director of the Branch from 1 August 2016	33	184
	3,679	**5,140**

Remuneration of the Supervisory Board

in PLN thousand	**01.01.2017 -31.12.2017**	**01.01.2016 -31.12.2016**
Aleksander Chłopecki	40	40
Wiesław Różacki	28	28
Wiesław Łatała	40	40
Krzysztof Brejdak	28	28
Andrzej Malinowski	-	-
	136	**136**

Other transactions with related parties

	Transaction value in the period:		**Balance outstanding as at:**	
Sale of products and services *(in PLN thousand)*	**01.01.2017 -31.12.2017**	**01.01.2016 -31.12.2016**	**31.12.2017**	**31.12.2016**
Subsidiaries, Including:	**32,108**	**9,242**	**525**	**721**
British Automotive Centrum Sp. z o.o.	1,536	1,021	127	101
British Automotive Polska S.A.	9,363	3,254	241	241

Sale of products and services *(in PLN thousand)*	Transaction value in the period: 01.01.2017 -31.12.2017	01.01.2016 -31.12.2016	Balance outstanding as at: 31.12.2017	31.12.2016
British Automotive Gdańsk Sp. z o.o.	261	265	27	27
British Automotive Łódź Sp. z o.o.	173	188	19	20
AML Polska Sp. z o.o.	67	47	5	5
M Automotive Sp. z o.o.	7	8	1	1
British Automotive TM Sp. z o.o.	27	28	3	4
*Gorc Sp. z o.o.**	353	415	23	43
British Automotive Silesia Sp. z o.o.	2	-	1	-
British Motor Club Sp. z o.o.	6	6	1	1
Projekt 07 Sp. z o.o.	11	11	1	1
Marvipol Development S.A.	62	-	70	-
Prosta Tower Sp. z o.o.	17	182	-	1
Mokotów Park Sp. z o.o.	10	11	-	1
Prosta 32 Sp. z o.o.	11	11	-	154
Marvipol TM Sp. z o.o.	41	158	-	5
Marvipol Development 1 Spółka z ograniczoną odpowiedzialnością Sp.k.	2,590	3,264	-	99
Marvipol Estate Sp. z o.o.	10	135	-	1
Marvipol Construction Sp. z o.o.	10	11	-	1
Central Park Ursynów 2 Sp. z o.o.	10	11	-	1
Marvipol Development Riviera Park Sp. z o.o.	10	86	-	1
Marvipol Development 1 Sp. z o.o.	7	6	-	1
Marvipol Development Bemowo Residence Sp. z o.o.	-	27	-	1
Marvipol w Apartments Sp. z o.o.	10	11	-	1
Marvipol Development Cascade Residence Sp. z o.o.	10	11	-	1
Riviera Park Sp. z o.o.	10	11	-	1
Projekt 06 Sp. z o.o.	10	11	-	1
Marvipol Development Topiel No 18 Sp. z o. o.	10	11	-	1
Marvipol Development Unique Tower Sp. z o.o.	697	11	-	1
Projekt 010 Sp. z o.o.	10	7	-	1
Marvipol Dwie Motławy Sp. z o.o.	10	11		1
Projekt 888 Sp. z o.o.	10	12	-	2
*Marvipol Logistics S.A.***	16,747	1	6	1
Other companies related to members of the Management Board	**17**	**74**	**2**	**4**
	32,125	**9,316**	**527**	**725**

*Gorc Sp. z o.o. (formerly: British Automotive Supply Sp. z o.o.) on 29.12.2017 has been sold out of the Group

** including sale of shares for PLN 16,736 thou.

Purchase of products and services *(in PLN thousand)*	**Transaction value in the period:** 01.01.2017 -31.12.2017	01.01.2016 -31.12.2016	**Balance outstanding as at:** 31.12.2017	31.12.2016
Subsidiaries, Including:	**737**	**4,507**	**196**	**148**
British Automotive Centrum Sp. z o.o.	47	742	-	-
British Automotive Polska S.A.	101	51	115	-
Prosta Tower Sp. z o.o.	65	1,844	-	7
Marvipol TM Sp. z o.o.	479	1,870	26	141
Marvipol Development S.A.	45	-	55	-
Other companies related to members of the Management Board and Supervisory Board	**1,054**	**482**	**718**	**150**
	1,791	**4,989**	**914**	**298**

Dividends received and shares in profits of limited partnership *(in PLN thousand)*	**Transaction value in the period:** 01.01.2017 -31.12.2017	01.01.2016 -31.12.2016	**Balance outstanding as at:** 31.12.2017	31.12.2016
M Automotive Sp. z o.o.	967	-	-	-
British Automotive Łódź Sp. z o.o.	-	114	-	-
British Automotive Polska S.A.	24,971	13,197	-	-
British Automotive Gdańsk Sp. z o.o.	-	614	-	-
Marvipol TM Sp. z o.o.	25,000	-	-	-
British Automotive Centrum Sp. z o.o.	7,750	2,046	-	-
Marvipol Property Sp. z o.o.	-	12,041	-	-
Central Park Ursynów 1 Sp. z o.o.	618	934	-	-
Marvipol Development 1 Spółka z ograniczoną odpowiedzialnością Sp.k.	-	963	-	963
	59,306	**29,909**	**-**	**963**

in PLN thousand	Balance outstanding 31.12.2016	Transaction value in the period						Balance outstanding 31.12.2017
		Borrowed	Repaid	Interest accrued	Interest paid	Valuation of loans in EUR	Spin off	
Loans received (capital and interest)								
Prosta 32 Sp. z o.o.	*1,977*	*-*	*1,465*	*57*	*568*	*-*	*1*	*-*
Marvipol Development 1 Spółka z ograniczoną odpowiedzialnością Sp.k.	*24,337*	*22,567*	*321*	*1,739*	*1,654*	*-*	*46,668*	*-*
Prosta Tower Sp. z o.o.	*-*	*1,398*	*1,409*	*5*	*5*	*11*	*-*	*-*
Marvipol TM Sp. z o.o.	*-*	*2,500*	*2,500*	*32*	*30*	*-*	*2*	*-*
British Automotive Polska S.A.	*-*	*3,400*	*-*	*13*	*-*	*-*	*-*	*3,413*
	26,314	**29,865**	**5,695**	**1,846**	**2,257**	**11**	**46,671**	**3,413**

in PLN thousand	Balance outstanding 31.12.2016	Transaction value in the period						Balance outstanding 31.12.2017
		Borrowed	Repaid	Interest accrued	Interest paid	Valuation of loans in EUR	Spin off	
Loans received (capital and interests)								
Prosta Tower Sp. z o.o.	*6*	*-*	*-*	*-*	*6*	*-*	*-*	*-*
Marvipol Development Riviera Park Sp. z o.o. (formerly: Marvipol Development 3 Sp. z o.o.)	*35,176*	*6,648*	*-*	*1,564*	*-*	*-*	*43,388*	*-*
Marvipol TM Sp. z o.o.	*54*	*-*	*50*	*-*	*4*	*-*	*-*	*-*
Marvipol Development 1 Sp. z o.o.	*2*	*-*	*-*	*-*	*2*	*-*	*-*	*-*
Marvipol Estate Sp. z o.o.	*29,194*	*20*	*27,046*	*600*	*1,697*	*(1,071)*	*-*	*-*
Marvipol Development Bemowo Residence Sp. z o.o.	*7,023*	*320*	*-*	*306*	*-*	*-*	*7,649*	*-*
Marvpolw Apartments Sp. z o.o. (formerly: Projekt 03 Sp. z o.o.)	*873*	*4,455*	*-*	*92*	*-*	*-*	*5,420*	*-*
Mokotów Park Sp. z o.o.	*-*	*17,000*	*-*	*108*	*-*	*-*	*17,108*	*-*

in PLN thousand	Balance outstanding 31.12.2016	Transaction value in the period						Balance outstanding 31.12.2017
		Borrowed	Repaid	Interest accrued	Interest paid	Valuation of loans in EUR	Spin off	
Loans received (capital and interests)								
Riviera Park Sp. z o.o.	*35*	*780*	*5*	*7*	*4*	*-*	*813*	*-*
Marvipol Development Cascade Residence sp. z o.o. (formerly: Marvipol Development 5 Sp. z o.o.)	*11,011*	*765*	*-*	*500*	*-*	*-*	*12,276*	*-*
Marvipol Development Topiel No 18 Sp. z o.o. (formerly: Marvipol Development 4 Sp. z o.o., Projekt 08 Sp. z o.o.)	*13,852*	*1,475*	*-*	*615*	*-*	*-*	*15,942*	*-*
Projekt 07 Sp. z o.o.	*11,549*	*3,030*	*14,400*	*455*	*634*	*-*	*-*	*-*
Projekt 06 Sp. z o.o.	*15*	*685*	*-*	*13*	*-*	*-*	*713*	*-*
Marvipol Dwie Motławy Sp. z o.o. (formerly: Bemowo Residence Sp. z o.o.)	*15*	*240*	*-*	*4*	*-*	*-*	*259*	*-*
Projekt 010 Sp. z o.o.	*32*	*40*	*-*	*2*	*-*	*-*	*74*	*-*
Marvipol Development Unique Tower Sp. z o.o. (formerly: Marvipol Development 6 Sp. z o.o., Projekt 09 Sp. z o.o.)	*41*	*20,425*	*-*	*617*	*-*	*-*	*21,083*	*-*
PDC Industrial Center 60 Sp. z o.o.	*33,731*	*4,495*	*-*	*979*	*-*	*(1,786)*	*37,419*	*-*
PDC Industrial Center 63 Sp. z o.o.	*18,811*	*1,396*	*1,413*	*500*	*-*	*(918)*	*18,376*	*-*
Marvipol Logistics S.A. (formerly: MVP Logistics S.A., Projekt 011 S.A.)	*-*	*33,900*	*-*	*226*	*-*	*-*	*34,126*	*-*
Marvipol Logistics S.A. (EUR)	*-*	*5,803*	*-*	*18*	*3*	*(41)*	*5,777*	*-*
Central Park Ursynów 2 Sp. z o.o.	*-*	*195*	*195*	*2*	*2*	*-*	*-*	
	161,420	**101,672**	**43,109**	**6,608**	**2,352**	**(3,816)**	**220,423**	**-**

36. Information on remuneration of the entity entitled to audit financial statements

On 6 June 2017 Supervisory Board of British Automotive Holding S.A. (formerly: Marvipol S.A.), acting based on par. 34 of the Company statute approved as an auditor CSWP Audyt Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa, seated in Warsaw, 00-336, 34 Kopernika Street, entered in the register of entities authorised to audit financial statements under number 3767.

An agreement with CSWP Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa on audit was concluded on 12 July 2017. Net remuneration for audit of standalone financial statements of British Automotive Holding S.A. for 2017 amounts to PLN 36 thousand.

Moreover in 2017 CSWP Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa provided to the Company other attestation services and for this received a remuneration in total amount of PLN 99 thousand, as well as other services for a total amount of PLN 10 thousand.

37. Subsidiaries

Entities form British Automotive Holding S.A. Capital Group

	Percentage of shares and rights to vote held by the Group	
Subsidiaries	**31.12.2017**	**31.12.2016**
Automotive		
British Automotive Polska S.A.	100%	100%
British Automotive Centrum Sp. z o.o.	100%	100%
British Automotive Gdańsk Sp. z o.o.	100%	100%
British Automotive Łódź Sp. z o.o.	100%	100%
British Automotive TM Sp. z o.o. (formerly: Lotus Warszawa Sp. z o.o.)	100%	100%
British Motor Club Sp. z o.o. [1)]	100%	100%
M Automotive Sp. z o.o.	100%	100%
AML Polska Sp. z o.o.	100%	100%
British Automotive Silesia Sp. z o.o.	100%	-
Projekt 07 Sp. z o.o. [2)]	100%	-

[1)] British Motor Club Sp. z o.o. - indirect 100% subsidiary (British Automotive Holding S.A. does not held any shares, 100 % of shares are held by British Automotive Polska S.A. – a 100% direct subsidiary of British Automotive Holding S.A.)

[2)] In accordance with the resolution of the Management Board of British Automotive Holding S.A. (formerly Marvipol S.A.) on 6 July 2017, the shares of Projekt 07 Sp. z o.o. were transferred from

Marvipol S.A. Branch in Warsaw (development activity) to Marvipol S.A. Headquarters (automotive activity).

	Percentage of shares and rights to vote held by the Group	
Subsidiaries	**31.12.2017**	**31.12.2016**
Development		
Mokotów Park Sp. z o.o.	-	100%
Prosta Tower Sp. z o.o.	-	100%
Prosta 32 Sp. z o.o.	-	100%
Marvipol TM Sp. z o.o.	-	100%
Marvipol Development 1 Spółka z ograniczoną odpowiedzialnością Sp.k.	-	100%
Marvipol Estate Sp. z o.o.	-	100%
Marvipol Development Riviera Park Sp. z o.o. (formerly: Marvipol Development 3 Sp. z o.o., formerly: Projekt 01 Sp. z o.o.)	-	100%
Marvipol Development 1 Sp. z o.o.	-	100%
Riviera Park Sp. z o.o.	-	100%
Marvipol Development Bemowo Residence Sp. z o.o. (formerly: Marvipol Development 2 Sp. z o.o.)	-	100%
Marvipol w Apartments Sp. z o.o. (formerly: Projekt 03 Sp. z o.o.)	-	100%
Marvipol Construction Sp. z o.o. (formerly: Central Park Ursynów 1 Sp. z o.o.)	-	100%
Central Park Ursynów 2 Sp. z o.o.	-	100%
Marvipol Development Cascade Residence Sp. z o.o. (formerly: Marvipol Development 5 Sp. z o.o.)	-	100%
Projekt 06 Sp. z o.o.	-	100%
Marvipol Development Topiel No 18 Sp. z o.o. (formerly: Marvipol Development 4 Sp. z o.o., Projekt 08 Sp. z o.o.)	-	100%
Marvipol Development Unique Tower Sp. z o.o. (formerly: Marvipol Development 6 Sp. z o.o., Projekt 09 Sp. z o.o.)	-	100%
Marvipol Dwie Motławy Sp. z o.o. (formerly: Bemowo Residence Sp. z o.o.)	-	100%
Projekt 010 Sp. z o.o.	-	100%
Marvipol Logistics S.A. (formerly: MVP Logistics S.A., Projekt 011 S.A.)	-	100%
Projekt 07 Sp. z o.o.	-	100%

38. Shareholder structure as at the date of publication

Shareholder	Number of shares held	Number of votes at the General Meeting	Value of shares	Interest in share capital	Voting rights at the General Meeting
Książek Holding Sp. z o.o.*	17,039,536	17,039,536	3,407,907	41.01%	41.01%
Towarzystwo Funduszy Inwestycyjnych PZU S.A.	2,481,596	2,481,596	496,319	5.97%	5.97%
Nationale-Nederlanden OFE	2,078,000	2,078,000	415,600	5.00%	5.00%
Mariusz Wojciech Książek	2,077,592	2,077,592	415,518	5.00%	5.00%
Other entities	17,875,128	17,875,128	3,575,026	43.02%	43.02%
	41,551,852	**41,551,852**	**8,310,370**	**100.00%**	**100.00%**

*A subsidiary of Mariusz Wojciech Książek

39. Major events during period of 1 January 2017 to 31 December 2017 and subsequent events.

On 28 April 2017 the Management Board of the Company passed a resolution concerning preparation of motion to Shareholders Meeting in order to set a dividend amount for year 2016 (details: current report No. 30/2017).

On 12 June 2017 Marvipol S.A. received a writing from shareholder possessing at least 1/20 of share capital of the Company, containing tender of projects of resolutions concerning issues included in agenda of Ordinary Shareholders Meeting scheduled on 30 June 2017 (details: current report No. 43/2017).

On 21 June 2017 the Management Board of the Company presented its position concerning projects of resolutions proposed by the shareholder on 12 June 2017 (details: current report No. 44/2017).

On 29 June 2017 Bondholders of Series S Bonds Meeting issued by Marvipol S.A., passed a resolution on changing Terms of Issue and a resolution on announcing a break in debate of Bondholders Meeting (details: current report No. 46/2017).

On 30 June 2017 the Management Board of Marvipol S.A. revised earlier recommendation concerning proposal of dividend pay-out by an Issuer (details: current report No. 47/2017).

On 30 June 2017 Ordinary Shareholders Meeting of Marvipol S.A. passed a resolution on dividend pay-out (details: current report No. 49/2017).

On 30 June 2017 British Automotive Polska S.A. – a subsidiary of the Company – issued a statement on the termination of the dealership and service agreement to the company MM Cars Sp. z o.o., Dealer of Jaguar and Land Rover brands in Katowice, with keeping a 24-month notice period (details: current report No. 51/2017).

On 4 July 2017 two framework agreements were concluded: by British Automotive Łódź Sp. z o.o. - a subsidiary of the Company - with Moonde GmbH based in Verden and by British Automotive Centrum Sp. z o.o. - a subsidiary of the Company - with Impac Rent UG with its registered office in Bonn, defining the commercial terms for the purchase of cars (details: current report No. 52/2017).

On 17 August 2017, the Company published the first notification to shareholders of Marvipol S.A on the intention to divide (details: current report no. 65/2017).

On 1 September 2017, the Company published the second notification to shareholders of Marvipol S.A on the intention to divide (details: current report no. 70/2017).

On 1 September 2017, the Company granted a guarantee for its subsidiary – British Automotive Polska S.A. (details: current report No. 71/2017).

On 20 October 2017, the Company concluded with the bondholders holding all series R bonds an agreement to change the terms of issue (details: current report No. 79/2017).

On 20 November 2017, the Extraordinary General Meeting of Marvipol SA was held. in the course of which a resolution was adopted to change the company's name from Marvipol S.A. at British Automotive Holding S.A. and a resolution on the division of the Company by transferring a part of the Company's assets to Marvipol Development S.A. The competent court made the entry of the abovementioned events to the register of entrepreneurs on 30 November and 1 December 2017 (details: current reports no. 88/2017, 90/2017, 93/2017 and 94/2017).

On 9 January 2018, the Management Board of the Company adopted a resolution regarding the change in the dividend policy of the Company (details: current report No. 7/2018).

On 12 January 2018, subsidiaries of British Automotive Polska S.A. and British Automotive Silesia Sp. z o.o. have concluded a package of contracts for the conduct of dealerships in Katowice (details: current report No. 11/2018).

On 15 January 2018, the composition of the Company's Management Board changed (details: current report No. 14/2018).

On 6 February 2018, British Automotive Polska S.A. received a signed documentation package regarding financing by mBank S.A. companies from the British Automotive Holding SA Capital Group. (details: current report No. 21/2018).

On 16 February 2018, British Automotive Polska S.A. received a signed by mBank S.A. and all companies from the British Automotive Holding SA Capital Group. Cash management agreement - so-called cash pooling (details: current report No. 23/2018).

On 14 March 2018, British Automotive Polska S.A. and Bank BGŻ BNP Paribas S.A. signed a Multi-Purpose Credit Line Agreement (details: current report No. 25/2018).

On 16 March 2018 British Automotive Polska S.A. signed with BGŻ BNP Paribas Faktoring S.A. and Bank BGŻ BNP Paribas S.A. a Factoring agreement (details: current report No. 26/2018).

Mariusz Książek
President of the Management Board

Mariusz Poławski
Member of the Management Board until 14.01.2018

Arkadiusz Miętkiewicz
Vice-president of the Management Board

Arkadiusz Rutkowski
Vice-president of the Management Board

Rafał Suchan
Member of the Management Board

Karolina Banaś
person responsible for financial accounting
from 01.12.2017

Beata Cukrowska
person responsible for financial accounting
until 30.11.2017

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