



**CONSOLIDATED
ANNUAL REPORT
2016**

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HYNEK SAGAN
Executive Officer



ANTONÍN HLAVSA
Executive Officer

Dear Business Partners, Dear Colleagues, Ladies and Gentlemen,

At this time last year, we presented you with the annual report for 2015, which we considered the most successful ever year for our operations on the fuels market in the Czech Republic.

The annual report for 2016 is, in comparison, an annual report for a year that has proved the most difficult for us due to the competitive battle on the Czech market. We have deliberately used the phrase “most difficult”, yet in the same breath would add that we consider 2016, just like 2015, to have been very successful, as even in such a difficult market environment we have succeeded in achieving profit levels seen in 2014. We cannot consider 2015 a comparison base, as in that year the competitive conditions for our company were, on the contrary, exceptionally and possibly even unrepeatably favourable.

As in the preceding year, this annual report has been prepared in a consolidated form and describes the companies included in the petroleum products division of the ARMEX group – meaning ARMEX Oil, s.r.o., TRANSCARGO, s.r.o. and DRACAR, a.s.

As we have already outlined, the fuels market in the Czech Republic in 2016 was impacted by a highly competitive market environment caused, on the one hand, by the expansive behaviour of the UNIPETROL RPA and SLOVNAFT refinery companies, and on the other by the frequently almost suicidal, but in any event uninformed, behaviour of smaller distributors.

We attribute the fact that even in such a market environment we achieved consolidated pre-tax profit of CZK 105 million to the unabated improvements in the professionalism of the key members of the management of the petroleum products division, and we would like to take this opportunity to express great satisfaction with the fact that since December 2016 our top management has been further strengthened by Ing. Josef Tomsa in the position of sales director at ARMEX Oil. With his

experience in both the domestic and international oil derivatives markets, deep technical and commercial knowledge and, last but not least, his human qualities and diligence, he has been helping our company rise to the very top of European fuels trading.

2017 has also been a challenging year, bringing with it a series of temporary and, as a rule, local increases in competition, with individual competitors to our division operating on the market with minimum margins or even making losses selling surpluses or volumes they are obligated to order from their suppliers under the threat of high sanctions.

However, we can consider as a positive development this year the fact that we have achieved standard market relations with large partners on the Czech oil market, such as the domestic refiner UNIPETROL RPA and the pipeline and storage network system operator ČEPRO. In the spring, we also added to our supplier portfolio for the first ever time BELOIL Polska – the main distributor for goods from Belarus refineries to the EU market.

We believe that the fuels market in Bohemia and Moravia will gradually stabilise, partly through the unavoidable exit of small and medium-sized distributors, for whom the market will no longer have room.

Our oil products division – as a strong yet also privately owned and flexible market player – will undoubtedly retain and strengthen its market positions, and continues to be ready to provide its customers with quality service unburdened by either the amateurism of the small distributors or the ossification of the large ones.

We wish you a great many working and personal successes in the remaining months of 2017.

Děčín, 5 August 2017



Hynek Sagan



Antonín Hlavsa



ARMEX Oil is an integral and essential part of the ARMEX group.

The ARMEX group, controlled by ARMEX HOLDING, a.s. and ARMEX GLOBAL, a.s., has been operating in wholesale and retail for many years. The original basic traded range was metallurgy products (fittings). The sales programme later changed to goods for plumbing and heating, chemical products and, at ARMEX Oil, to wholesale and retail sales of fuels.

A member of the ARMEX group, ARMEX HOLDING, a.s. is the owner of a real estate site in the Děčín 1 – Nové Město city district, which is constantly modernising, developing and expanding. From the character, frequency and stability of its tenants, it is clear that this site is one of the highest quality of its type in Northern Bohemia.

Since 2005, the ARMEX group has focused on electricity and gas distribution via ARMEX ENERGY, a.s., and on development and engineering activity in construction via ARMEX INVEST, s.r.o.

In addition to holding and managing its 50% interest in all the important business activities of the ARMEX group, ARMEX GLOBAL a.s. also focuses on real estate investments and,

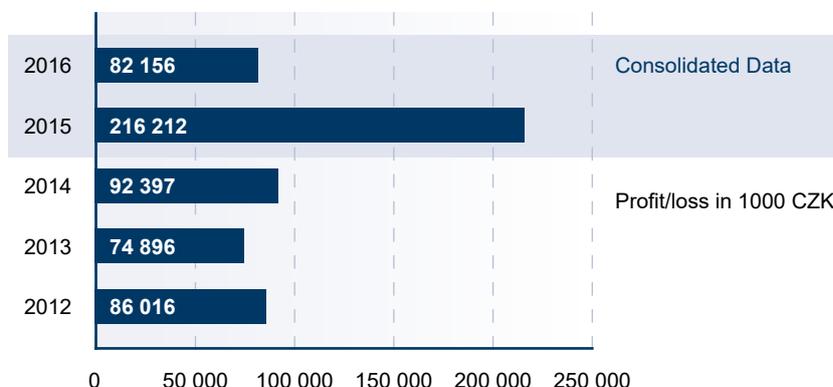
in addition to the construction of the unique and – in terms of its architectonics and quality – completely exceptional Děčín – Letná multifunctional villa, is preparing the important ARMEX GLOBAL LIVE CENTRUM project, through which it wants to, inter alia, improve the quality of life of the citizens of Děčín and revitalise the original premises of the state-owned company Desta – today a practically unused brownfield – located in the very centre of the city of Děčín.

Last year, the ARMEX group also commenced activities in innovation, applied research and start-ups, on the one hand by establishing its own subsidiary ARMEX Technologies, s.r.o., and on the other through planned entry into specific start-ups and start-up incubators.

ARMEX Oil comprises – within the ARMEX group – a consolidated petroleum products division composed of ARMEX Oil and the subsidiaries TRANSCARGO (which became part of the ARMEX concern in 2013 with ARMEX Oil having a 75% interest in its registered capital), and DRACAR CZ (in which ARMEX Oil acquired a 100% interest on 30 September 2015).

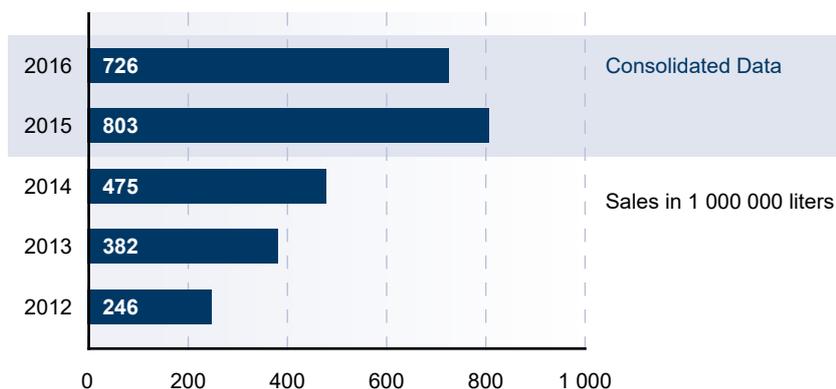
PROFIT/LOSS FOR THE PERIOD

ARMEX Oil, s.r.o.



SALES OF MINERAL OILS

ARMEX Oil, s.r.o.

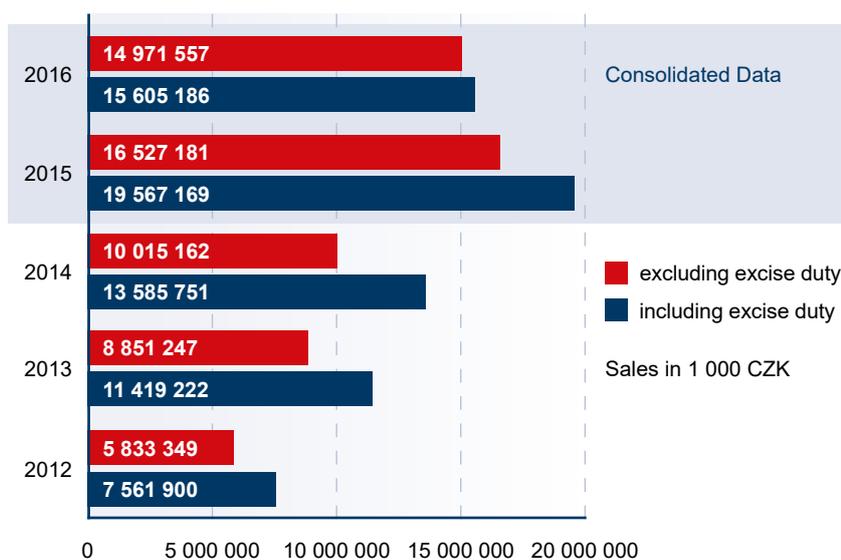


ARMEX Oil was founded in June 1999. The company's main activity is trading in petroleum products and selling them to consumers, mainly medium-sized businesses of both natural and legal persons. In addition to wholesale sales, in 2003 ARMEX Oil commenced building its own filling station network. Today, ARMEX Oil has a network of fifteen filling stations located primarily in strategically advantageous border areas. Filling station customers are both end users of fuels and entrepreneurs taking advantage of its bonus programmes and non-cash contracts. The company is working to further expand its filling station network both through purchasing them from their original owners and subsequently reconstructing them,

and also through finding suitable lands and building the stations itself. It also continuously improves the filling stations that are already an integral part of the filling station network both from the technical perspective and that of the information base, and also in terms of the management processes and emphasis on the quality of the services provided to customers. In 2016, ARMEX Oil purchased HUTIRA - KRÁLÍK, s.r.o., from which it acquired one already functional unattended filling station in Pardubice – Trnová, and also the know-how and related commercial and legal relationships essential for the creation of an extensive network of unattended filling stations.

SALES OF GOODS

ARMEX Oil, s.r.o.



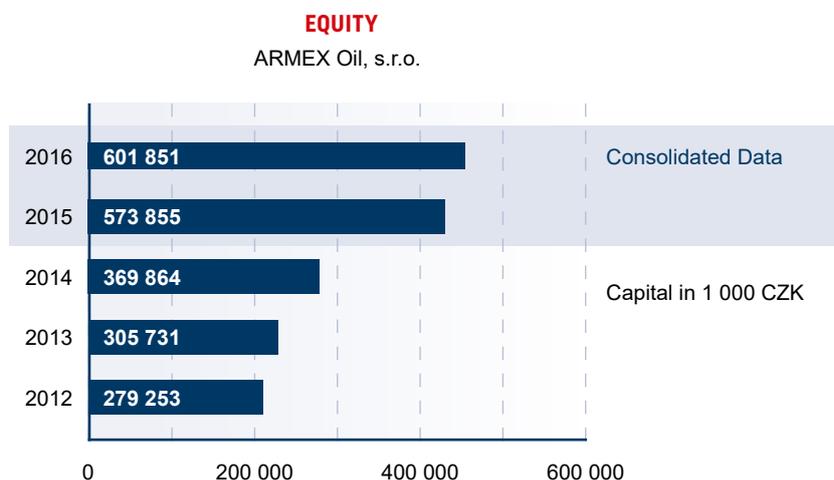
In June 2013, ARMEX Oil became a majority shareholder (75%) in TRANSCARGO. TRANSCARGO is a traditional distributor of fuels operating primarily in Moravia, with a turnover of over CZK 6 billion. Last September, ARMEX Oil acquired 100% of the shares of the Ostrava-based company DRACAR CZ, which distributes fuels mainly in the Moravian-Silesian Region and whose turnover in 2016 was CZK 2.8 billion.

In 2016, the petroleum products division of the ARMEX group sold a total of 726 million litres of petroleum products, and the consolidated revenues reached CZK 15 billion (CZK 15.6 billion taking into account excise duty).

The consolidated gross profit of the petroleum products division in 2016 was CZK 105 million, and the consolidated profit after tax was CZK 82 million.

ARMEX Oil revenues, taking into account excise tax, were CZK 14.9 billion in 2016 (2015 – CZK 16.8 billion). ARMEX Oil recorded a profit after tax of CZK 61.6 million in 2016.

From the perspective of the operation of its own as well as leased storage capacities, it is important to note that due to the competition from the nationwide state-owned storage and pipeline system managed by ČEPRO, a.s., the operation of any other storage facilities is very economically demanding yet remains essential because of the strategic plans of the division, in particular to protect against any future non-market behaviour by state-owned competitors to our company. The basic tax warehouse location for the division remains the Dobronín warehouse in the Vysočina Region. Last August, the Čelechovice na Hané warehouse was put into operation, intended primarily for the activities of TRANSCARGO. The storage capacities of the group are also supplemented by leased storage space in Skrochovice in the Moravian-Silesian Region.

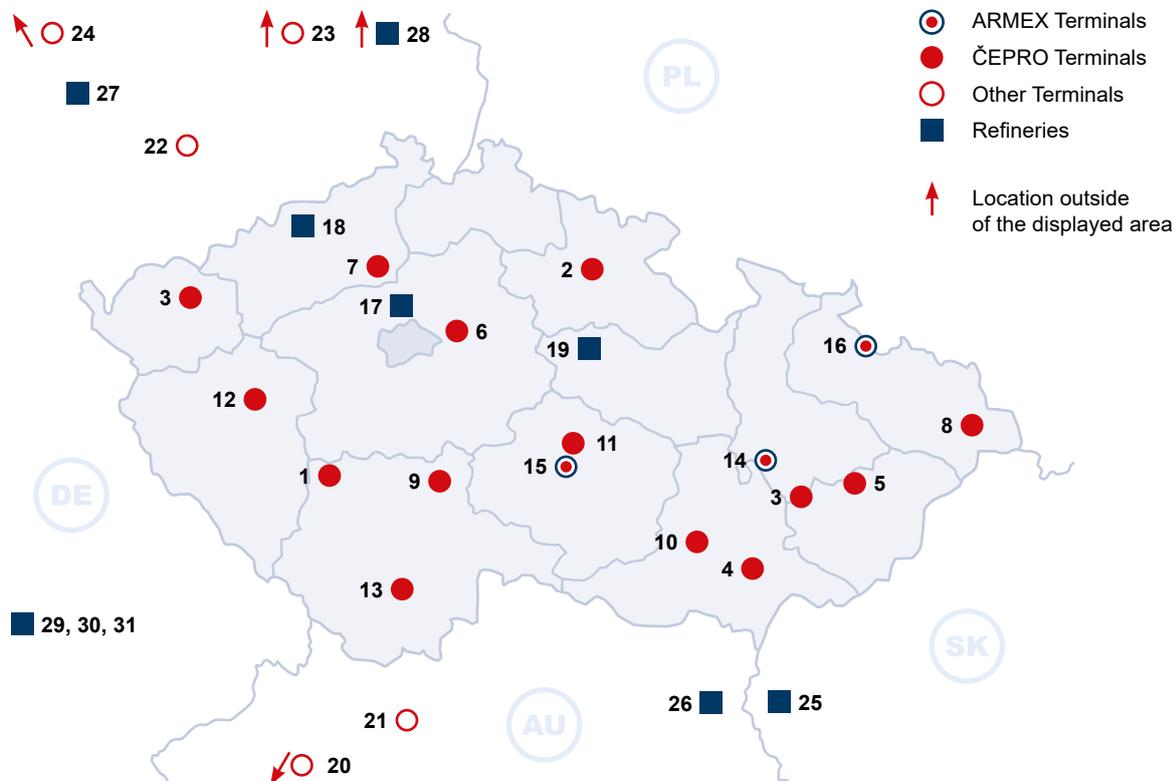


Regarding relations with fuel suppliers and the competitive environment in the non-retail segment for petroleum products in the Czech Republic, we must unfortunately consider 2016 as rather problematic. As a consequence of the changed pricing and regulatory arrangements for compliance in the area of air protection, all fuel distributors were forced to adapt to completely new market conditions. At the same time, however, it was essential for these distributors to conclude firm supplier contracts for at least part of the monthly traded quantities of fuels. These firm contracts had thus to be concluded based on estimates of very uncertain future market developments. Many competing distributors overestimated their fixed sales framework, and were subsequently forced to supply their fuels with a very low, zero or even negative margins. This resulted in considerable chaos on the market, which lasted until the autumn of last

year and unfortunately – in spite of significant efforts by large distributors, among which we rank the ARMEX group petroleum products division – some smaller distributors were unable to adapt to the new market conditions even by the date of preparation of this annual report.

One result of the intense work by the sales management of our division in the autumn of 2016 was the conclusion of agreements for 2017 that can be considered as standard relations between the largest private distributor of fuels and large players on the fuels market in the Czech Republic – UNIPETROL RPA as the sole domestic producer of fuels and ČEPRO operating a nationwide storage and pipeline system, supplemented by smaller import contracts with foreign partners – BP EUROPA SE and Beloil Polska Sp. z o.o.

Overview of Refineries and Terminals



CZECH REPUBLIC

ČEPRO Terminals

1. Bělčice
2. Cerekvice nad Bystřicí
3. Hájek
4. Klobouky u Brna
5. Loukov
6. Mstětice
7. Roudnice nad Labem
8. Sedlnice
9. Smyslov
10. Střelice
11. Šlapánov
12. Třemošná
13. Včelná

ARMEX Terminals

14. Čelechovice na Hané
15. Dobronín
16. Skrochovice

Refineries

17. Kralupy n. Vlt. - Česká rafinérská
18. Litvínov - Česká rafinérská
19. Pardubice

FOREIGN COUNTRIES

Terminals

20. Trieste (IT)
21. Sankt Valentine (AU) - OMV
22. Hartmannsdorf (DE) - Total
23. BHM Berlin (DE)
24. Oiltanking Hamburg (DE)

Refineries

25. Bratislava (SK) - Slovnaft
26. Schwechat (AU) - OMV
27. Leuna (DE) - Total
28. Stendell-Schwedt (DE)
29. Neustadt (DE)
30. Vohburg (DE)
31. Ingolstadt (DE)



Filling stations

In view of the absence of suitable opportunities to purchase or build its own filling stations, and the very high level of competition in the retail distribution of fuels in the Czech Republic, the work of our retail division focuses on the one hand on continuous improvement in the quality of the filling stations in technical and management terms to provide the highest possible standard of provided services, and on the other in searching for ways to supplement the range of goods and services with alternatives suitable for parallel provision at filling stations. One result of this is the implementation of the Best of Travel Free concept

at the Rumburk and Pomezí nad Ohří filling stations, through which we have expanded the regular retail range at these filling stations to include selected products for which there has historically been the highest demand at border crossing points, whether due to their exclusivity or their unusually low prices. Our company's retail division achieved sales of CZK 763 million in 2016 through the sale of over 34 million litres of fuels and the sale of dry goods worth over CZK 245 million. The gross profit of the retail division exceeded CZK 20 million.



Sponsoring

In the promotion of non-profit activities, our company focuses on a wide range of areas ranging from culture (Děčín City Theatre), through support for the ANO 2011 political movement, with which we share many opinions, massive support for the work of handicapped artists in the P + P o.s. Postižení postiženým association, to sport, which we consider a priority for our sponsorship activities. Our company primarily supports power sports that are philosophically in tune with our business and therefore, in addition to support for the Buggyra International Racing racing truck team, we are an important sponsor for the BC ARMEX Děčín boxing club. Our sponsorship activities are, inter alia, directed by patriotism and thus a significant part of our sponsorship contributions go to Děčín



and Northern Bohemia. One logical step in our sponsorship activities was thus the conclusion of a contract for the long-term support of the most successful Děčín-based sports club – the BK ARMEX Děčín basketball team – with the ARMEX group becoming its general partner in the autumn of 2015. According to the concluded contracts, the cooperation between the ARMEX group and BK ARMEX Děčín will last at least until mid-2020.

In this connection, we would like to note that the BK ARMEX Děčín basketball team came second in their league for the third consecutive time in the 2016/2017 season. Buggyra International Racing drivers have found success both in the European Truck

Racing Championship and off-road races like the Dakar Rally and the Silk Way Rally.

Lastly, we consider the implementation of 2 projects that significantly contribute towards improving the quality of life and the good name of the city of Děčín as an expression of our nationwide responsibility and generosity. The first of these projects, which is already in an advanced stage of implementation, is the revitalisation of the former Dosta grounds in the centre of Děčín 1, where a centre for sports, relaxation and housing called ARMEX GLOBAL LIVE CENTRUM will be constructed on an unused brownfield site. The second, even more ambitious, project is the reconstruction of the historically significant Maxičky hotel into the five-star Parkhotel with the concurrent restoration of the adjacent forest park and the provision of free natural bathing for the citizens of Maxičky and Děčín. We are cooperating in the implementation of this project and wish to continue cooperating with the Děčín Municipal Authority in the future, even if this cooperation is not always smooth.



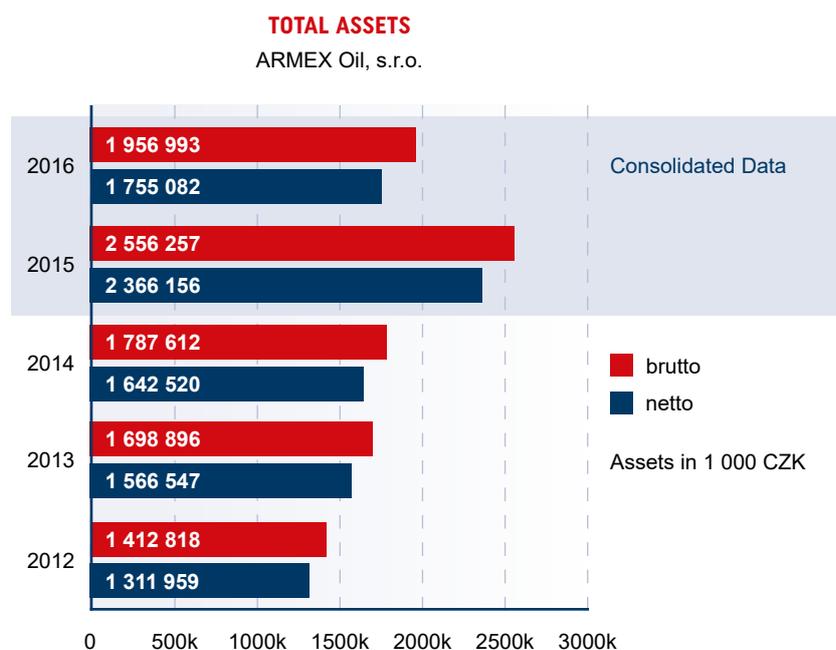
CONSOLIDATED BALANCE SHEET - ASSETS

Consolidated Financial Statements of ARMEX Oil, s.r.o.

Consolidated Balance Sheet - ASSETS (in thousands CZK)		Current accounting period			Past period
		Gross	Correction	Net	
	TOTAL ASSETS	1,956,993	201,911	1,755,082	2,366,156
A.	Receivables for subscribed capital	0	0	0	0
B.	Fixed assets	650,841	143,008	507,833	482,511
B. I.	Intangible assets	7,610	4,662	2,948	1,522
B. I. 1.	Research and development	0	0	0	0
B. I. 2.	Valuable rights (patents, copyrights, trademarks and brands)	6,762	4,172	2,590	787
B. I. 2. 1.	Software	6,762	4,172	2,590	787
B. I. 2. 2.	Other valuable rights	0	0	0	0
B. I. 3.	Goodwill	0	0	0	0
B. I. 4.	Other intangibles	490	490	0	0
B. I. 5.	Advances for intangible assets and Intangible assets under construction	358	0	358	735
B. I. 5. 1.	Advances for intangible assets	0	0	0	0
B. I. 5. 2.	Intangible assets under construction	358	0	358	735
B. II.	Tangible fixed assets	584,689	129,792	454,897	426,214
B. II. 1.	Land and Buildings	423,973	67,196	356,777	309,739
B. II. 1. 1.	Land	153,516	0	153,516	143,249
B. II. 1. 2.	Buildings and structures	270,457	67,196	203,261	166,490
B. II. 2.	Machinery, equipment, vehicles, fixtures and fittings	125,840	59,747	66,093	45,751
B. II. 3.	Valuation differences to acquired assets	22,854	2,544	20,310	6,816
B. II. 4.	Other tangible fixed assets	429	305	124	145
B. II. 4. 1.	Orchards and vineyards	0	0	0	0
B. II. 4. 2.	Livestock (herd and draught animals)	0	0	0	0
B. II. 4. 3.	Other tangible fixed assets	429	305	124	145
B. II. 5.	Advances for tangible fixed assets and Tangible fixed assets under construction	11,593	0	11,593	63,763
B. II. 5. 1.	Advances for tangible fixed assets	856	0	856	4,918
B. II. 5. 2.	Tangible fixed assets under construction	10,737	0	10,737	58,845

Consolidated Balance Sheet - ASSETS (in thousands CZK)		Current accounting period			Past period
		Gross	Correction	Net	
B. III.	Financial assets	58,542	8,554	49,988	54,775
B. III. 1.	Investments in subsidiaries	0	0	0	1,860
B. III. 1a	Active consolidation difference	58,542	8,554	49,988	52,915
B. III. 2.	Loans and borrowings to subsidiaries	0	0	0	0
B. III. 3.	Investments in associates	0	0	0	0
B. III. 4.	Loans and borrowings to associates	0	0	0	0
B. III. 5.	Other securities and investments	0	0	0	0
B. III. 6.	Other loans and borrowings	0	0	0	0
B. III. 7.	Other financial assets	0	0	0	0
B. III. 7. 1.	Other financial assets	0	0	0	0
B. III. 7. 2.	Advances for investments	0	0	0	0
C.	CURRENT ASSETS	1,303,406	58,903	1,244,503	1,878,373
C. I.	Inventories	130,199	0	130,199	167,960
C. I. 1.	Raw material	0	0	0	0
C. I. 2.	Workinprogress and semifinished products	0	0	0	0
C. I. 3.	Finished products and goods	130,199	0	130,199	155,326
C. I. 3. 1.	Finished products	0	0	0	0
C. I. 3. 2.	Goods	130,199	0	130,199	155,326
C. I. 4.	Animals	0	0	0	0
C. I. 5.	Prepayments on inventories	0	0	0	12,634
C. II.	Receivables	1,072,611	58,903	1,013,708	1,341,471
C. II. 1.	Longterm receivables	32,300	0	32,300	27
C. II. 1. 1.	Trade receivables	18,552	0	18,552	0
C. II. 1. 2.	Receivables from controlling entities	13,507	0	13,507	0
C. II. 1. 3.	Receivables from associates	0	0	0	0
C. II. 1. 4.	Deferred tax receivable	0	0	0	0
C. II. 1. 5	Other receivables	241	0	241	27
C. II. 1. 5. 1.	Receivables from partners, cooperative member and association members	0	0	0	0
C. II. 1. 5. 2.	Longterm advances	241	0	241	27
C. II. 1. 5. 3.	Estimated receivables	0	0	0	0
C. II. 1. 5. 4.	Other receivables	0	0	0	0
C. II. 2.	Short-term receivables	1,040,311	58,903	981,408	1,341,444
C. II. 2. 1.	Trade receivables	999,777	58,903	940,874	1,064,867
C. II. 2. 2.	Receivables from controlling entities	0	0	0	0

Consolidated Balance Sheet - ASSETS (in thousands CZK)		Current accounting period			Past period
		Gross	Correction	Net	
C. II. 2. 3.	Receivables from associates	0	0	0	0
C. II. 2. 4.	Other Receivables	40,534	0	40,534	276,577
C. II. 2. 4. 1.	Receivables from partners, cooperative member and association members	0	0	0	0
C. II. 2. 4. 2.	Social security and health insurance	0	0	0	0
C. II. 2. 4. 3.	Government tax receivables	33,580	0	33,580	41,685
C. II. 2. 4. 4.	Short-term advances	1,035	0	1,035	211,106
C. II. 2. 4. 5.	Estimated accrued revenues	183	0	183	2,209
C. II. 2. 4. 6.	Other receivables	5,736	0	5,736	21,577
C. III.	Current financial assets	0	0	0	0
C. III. 1.	Investments in subsidiaries	0	0	0	0
C. III. 2.	Other short-term financial assets	0	0	0	0
C. IV.	Cash and bank accounts	100,596	0	100,596	368,942
C. IV. 1.	Cash	3,928	0	3,928	10,205
C. IV. 2.	Bank accounts	96,668	0	96,668	358,737
D. I.	Prepayments and accrued income	2,746	0	2,746	5,272
D. I. 1.	Prepaid expenses	2,184	0	2,184	3,258
D. I. 2.	Complex prepaid expenses	0	0	0	0
D. I. 3.	Accrued income	562	0	562	2,014



CONSOLIDATED BALANCE SHEET - LIABILITIES

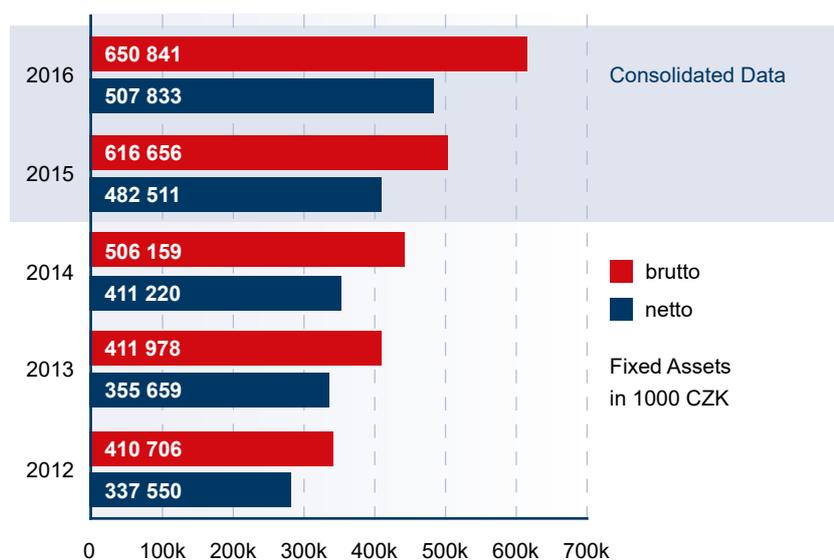
Consolidated Financial Statements of ARMEX Oil, s.r.o.

Consolidated Balance Sheet - LIABILITIES (in thousands CZK)		Current acc. period	Past acc. period
	TOTAL LIABILITIES AND EQUITY	1,755,082	2,366,156
A.	Equity	601,851	573,855
A. I.	Subscribed capital	478,871	333,525
A. I. 1.	Subscribed capital	458,871	324,625
A. I. 1a	Minority registered capital	20,000	8,900
A. I. 2.	Shares and commercial shares (-)	0	0
A. I. 3.	Changes in registered capital	0	0
A. II.	Capital funds	0	-3,340
A. II. 1.	Premium	0	0
A. II. 2.	Other capital funds	0	-3,340
A. II. 2. 1.	Other capital reserves	0	0
A. II. 2. 2.	Valuation differences from revaluation of assets and liabilities	0	-3,340
A. II. 2. 3.	Valuation differences from revaluation by transformation	0	0
A. II. 2. 4.	Differences in company transformation	0	0
A. II. 2. 5.	Differences from valuation company transformation by	0	0
A. III.	Revenue reserves	10,692	10,092
A. III. 1.	Other reserve fund	10,667	10,067
A. III. 1a	Minority reserve fund	25	25
A. III. 2.	Statutory and other reserve	0	0
A. IV.	Retained earnings	30,132	17,366
A. IV. 1.	Retained earnings of previous years	29,735	16,902
A. IV. 1a	Minority retained profit from past years	397	485
A. IV. 2.	Accumulated losses of previous years	0	0
A. IV. 3.	Other retained earnings	0	-21

Consolidated Balance Sheet - LIABILITIES (in thousands CZK)		Current acc. period	Past acc. period
A. V.	Profit / loss of current accounting period	82,156	216,212
A. V. 1	Earnings without effect of minority share	75,053	199,300
A. V. 2.	Minority share in earnings	7,103	16,912
A. VI.	Decided on advanced payment for dividends	0	0
B. + C.	Liabilities	1,151,685	1,791,431
B. I.	Provisions	0	3,774
B. I. 1.	Provisions for pensions and similar obligations	0	0
B. I. 2.	Provision for income tax	0	0
B. I. 3.	Provision according to special legal regulations	0	0
B. I. 4.	Others provisions	0	3,774
C.	Payables	1,151,685	1,787,657
C. I.	Long-term liabilities	95,784	50,219
C. I. 1.	Bonds issued	0	0
C. I. 1. 1.	Exchangable Bonds	0	0
C. I. 1. 2.	Other Bonds	0	0
C. I. 2.	Payables to banks	85,377	43,028
C. I. 3.	Long-term advances received	2,000	2,150
C. I. 4.	Trade payables	5,639	
C. I. 5.	Long-term promissory notes payable	0	0
C. I. 6.	Payables - controlling or controlled entity	0	0
C. I. 7.	Payables to associates	0	0
C. I. 8.	Deferred tax liabilities	2,768	2,126
C. I. 9.	Other payables	0	2,915
C. I. 9. 1.	Payables to partners	0	0
C. I. 9. 2.	Estimated payables	0	0
C. I. 9. 3.	Other payables	0	2,915
C. II.	SHORT-TERM LIABILITIES	1,055,901	1,737,438
C. II. 1.	Bonds issued	0	0
C. II. 1. 1.	Exchangable Bonds	0	0
C. II. 1. 2.	Other Bonds	0	0
C. II. 2	Payables to banks	428,070	406,102

Consolidated Balance Sheet - LIABILITIES (in thousands CZK)		Current acc. period	Past acc. period
C. II. 3.	Short-term advances received	0	2,418
C. II. 4.	Trade payables	262,452	88,977
C. II. 5.	Short-term notes payable	0	0
C. II. 6.	Payables - controlling or controlled entity	0	0
C. II. 7.	Payables to associates	0	0
C. II. 8.	Other payables	365,379	1,239,941
C. II. 8. 1.	Payables to partners	0	0
C. II. 8. 2.	Short-term borrowings	0	0
C. II. 8. 3.	Payables to employees	2,198	2,201
C. II. 8. 4.	Payables to social security and health insurance	1,270	1,219
C. II. 8. 5.	Government - tax payables and subsidies	359,831	1,209,021
C. II. 8. 6.	Estimated accrued items	1,646	26,403
C. II. 8. 7.	Other payables	434	1,097
D. I.	Accruals and deferred income	1,546	870
D. I. 1.	Accrued expenses	1,523	797
D. I. 2.	Deferred income	23	73

FIXED ASSETS
ARMEX Oil, s.r.o.



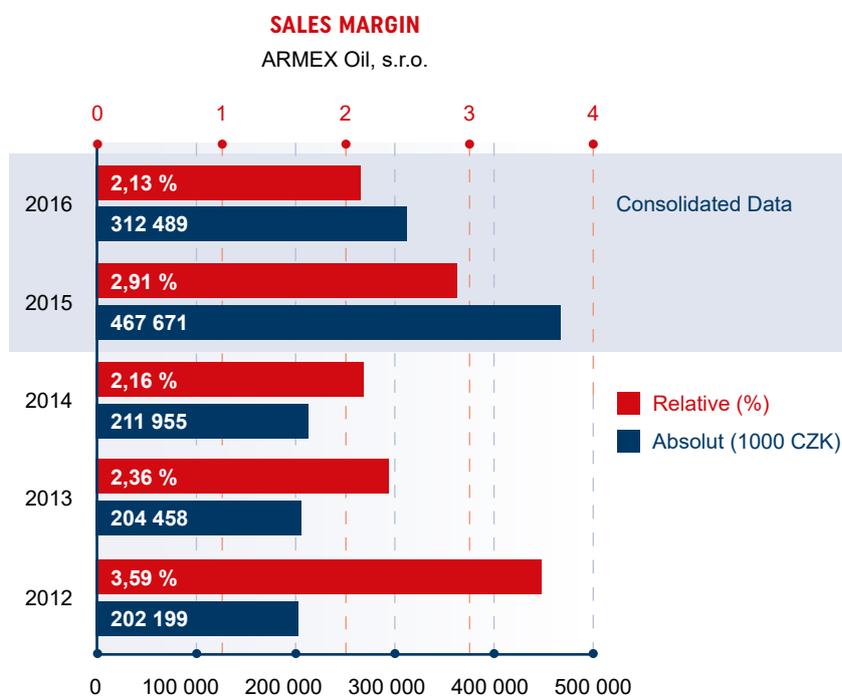
CONSOLIDATED PROFIT AND LOSS STATEMENT

Consolidated Financial Statements of ARMEX Oil, s.r.o.

CONSOLIDATED PROFIT AND LOSS STATEMENT (in thousands CZK)		Reality in acc. period	
		Current	Past
I.	Sales of goods and services	13,202	23,596
II.	Sales of goods	14,971,557	16,527,181
A.	Consumption from production	14,799,195	16,183,618
A. 1.	Costs of goods sold	14,659,068	16,059,510
A. 2.	Consumption of material and energy	20,207	20,006
A. 3.	Services	119,920	104,102
B.	Increase/decrease in finished goods and in work in progress	0	4,655
C.	Own work capitalized	0	-9
D.	Staff costs	47,093	43,290
D. 1.	Wages and salaries	34,999	32,297
D. 2.	Social security and health insurance costs and other costs	12,094	10,993
D. 2. 1.	Social security and health insurance costs	11,562	10,561
D. 2. 2.	Other social costs	532	432
E	Adjustment of values in operating activities	23,996	12,293
E. 1.	Adjustment of values of Intangible and tangible assets	21,048	20,853
E. 1. 1.	Adjustment of values of Intangible and tangible assets permanent	21,048	20,853
E. 1. 2.	Adjustment of values of Intangible and tangible assets temporary	0	0
E. 2.	Adjustment of values of inventories	0	-12,173
E. 3.	Adjustment of values of receivables	2,948	3,613
III.	Other operating income	70,692	66,809
III. 1.	Proceeds on sale of fixed assets	17,436	638
III. 2.	Proceeds on sale of material	127	66
III. 3.	Other operating income	53,129	66,105

CONSOLIDATED PROFIT AND LOSS STATEMENT (in thousands CZK)		Reality in acc. period	
		Current	Past
F.	Other operating expenses	48,102	77,796
F. 1.	Net book value of fixed assets sold	6,233	489
F. 2.	Net book value of material sold		
F. 3.	Taxes and fees relating to operating activities	845	6,068
F. 4.	Provisions and adjustments relating to operating activities and complex deferred expenses	-3,774	3,775
F. 5.	Other operating expenses	44,798	67,464
*	Profit/loss from operating activities	137,065	295,943
IV.	Revenues from longterm investments	5,416	0
IV. 1.	Revenues from investments in subsidiaries	5,416	0
IV. 2.	Other revenues from investments	0	0
G.	Expenses spend on investments sold	5,416	
V.	Revenues from other longterm investments	0	0
V. 1.	Revenues from other longterm investments in subsidiaries	0	0
V. 2.	Other revenues from longterm investments	0	0
H.	Expenses related to other longterm financial assets	0	0
VI.	Interest income and similar income	1,653	1,593
VI. 1.	Interest income and similar income in subsidiaries	593	0
VI. 2.	Other interest income and similar income	1,060	1,593
I.	Adjustments relating to financial activities	0	0
J	Interest expense and similar expenses	12,883	12,356
J. 1.	Interest expense and similar expenses in subsidiaries	0	0
J. 2.	Other interest expense and similar expenses	12,883	12,356
VII.	Other financial revenues	8,810	16,514
K.	Other financial expenses	26,996	30,131
Ka.	Clearance of positive consolidation difference	2,927	2,927
*	Profit/loss from financial activities	-32,343	-27,307

CONSOLIDATED PROFIT AND LOSS STATEMENT (in thousands CZK)		Reality in acc. period	
		Current	Past
**	Profit/loss before tax	104,722	268,636
L.	Income tax	22,566	52,424
L. 1.	Due	21,923	53,324
L. 2.	Deferred	643	-900
**	Profit/loss after tax	82,156	216,212
M.	Transfer of profit to partners (+/-)	0	0
***	Profit/loss for the period	82,156	216,212
N.	Earnings without effect of minority share	75,053	199,300
O.	Minority share in earnings	7,103	16,912
*	Netto turnover for the period	15,071,330	16,635,693



ANNEX TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements of ARMEX Oil, s.r.o.

ARMEX Oil, s.r.o., is obliged to compile consolidated financial statements for the period of the fiscal year 2016. ARMEX Oil, s.r.o. is a part of a consolidation entity consisting of its associates ARMEX HOLDING, a. s., and ARMEX GLOBAL a. s., which are, however, not obliged to compile consolidated financial statements due to the fact that criteria as to their size are not met.

The consolidated financial statements have been compiled in compliance with statutory provisions on consolidation, including but not limited to the Bookkeeping Act, Decree No. 500/2002 Coll., as amended (hereinafter referred to as the "Decree"), and Czech accounting standards.

1. CONSOLIDATING ACCOUNTING ENTITY (CAE)

Commercial Name:	ARMEX Oil, s.r.o.
Registered Office:	Mánesova 2022/13, Děčín VI-Letná, 405 02 Děčín, Czech Republic
Legal Form:	limited liability company
Identification No.:	25403460
Date of Incorporation:	4 June 1999
Subject of Activity:	Wholesale of liquid and fluid fuels and related products
File Number:	C 15492 kept by the Regional Court in Ústí nad Labem

2. CONSOLIDATION ENTITY

The consolidation is made using the method of full direct consolidation in compliance with Section 63 par. 1, Section 63 par. 3 a) and Section 63 par. 4 of the Decree.

The balancing day of the consolidation entity units does not differ and is identical with the date as of which the consolidated financial statements are compiled: 31 December 2016.

In 2003 and 2004, the consolidating accounting unit belonged under the consolidation entity of ARMEX HOLDING, a.s.,

and under the consolidation entity of ARMEX GROUP, s.r.o., during 2005 – 2014. However, the consolidation entity of ARMEX GROUP, s.r.o., has not been obliged to compile consolidated financial statements since 2014 due to the fact that it did not meet the criteria as to the size of the consolidation entity and, with regard to the fact that ARMEX GROUP, s.r.o., did not compile voluntary consolidated financial statements for the first time for 2015, the consolidating accounting unit was obliged to compile consolidated financial statements for 2015 and 2016.

Consolidation procedure

The consolidated balance sheet and profit and loss statement were compiled so that the individual lines of the closing statements as of 31 December 2016, i. e. the balance sheets and the profit and loss statements of all the companies belonging to the consolidation entity, were added up.

Afterwards, the acquisition price of financial investments (ownership interests) and related difference in valuation due to the valuation of the ownership interests of ARMEX Oil, s.r.o., were excluded by equivalence. In addition, the positive consolidation difference was recorded, calculated as the difference

between the acquisition value of the financial investment and 75% value of the equity of TRANSCARGO, s.r.o., as of the acquisition day and as the difference between the acquisition value of the financial investment and the value of the equity of DRACAR CZ s.r.o. as of the acquisition day. This consolidation difference amounts to CZK 58,542 thous. and the correction of the consolidation differences for 2013 to 2015 (the period between the acquisition dates and the beginning of the period for which these consolidated financial statements are compiled) amounts to CZK 5,627 thous. At the same time, the items of the equity of TRANSCARGO s.r.o. in the amount of 75 % and the items of the equity of DRACAR CZ, a. s. as of the acquisition day have been excluded.

As the next step, mutual relations among the accounting units of the consolidation entity that had material significance for the information value of the consolidated statements have been excluded from the consolidated statements.

In addition, minority shares in the individual items of the equity of TRANSCARGO, s.r.o., were calculated as of 31 December 2016

and recorded in the consolidated balance sheet. The minority shares in the economic results for 2016 of TRANSCARGO, s.r.o., have been reported in the consolidated profit and loss statement at the same time.

As the last step, the consolidation difference in the amount of 5 %, i. e. CZK 2,927 thous. was depreciated.

Based on the requirements of the amendment to the Bookkeeping Act and the Implementing Decree in force as of 1 January 2016, reporting of the items of the balance sheet and the profit and loss statement has been changed. In order to make sure that these items are comparable with the past accounting period, the items of the profit and loss statement for 2015 have been reclassified correspondingly. The company proceeded in compliance with the Czech Accounting Standard for Entrepreneurs No. 024 "Comparable period for the bookkeeping period started in 2016".

The accounting units included in the consolidation entity

Commercial name / ID No. / Registered office	Equity (thous. CZK) / Share of CAE in equity (%)	Consolidation method
ARMEX Oil, s.r.o. , ID No.: 25403460 Mánesova 2022/13, Děčín VI-Letná, 405 02 Děčín	396,000 / ---	Full consolidation in compliance with Section 63 par. 3 a) and par. 4 of the Decree
TRANSCARGO s.r.o. , ID No.: 65141261 Malý val 1580/17, 767 01 Kroměříž	80,000 / 75	Full consolidation in compliance with Section 63 par. 3 a) and par. 4 of the Decree
DRACAR CZ a.s. , ID No.: 26821397 Sadová 553/8, Moravská Ostrava, 702 00 Ostrava	72,000 / 100	Full consolidation in compliance with Section 63 par. 3 a) and par. 4 of the Decree



Employees and personal costs of the consolidation entity in 2016

Entity / item	Total employees	Including management	Total personnel expenses (thous. CZK)	Including management (thous. CZK)
ARMEX Oil, s.r.o.	42	1	26,362	3,042
TRANSCARGO, s.r.o.	17	1	10,720	2,070
DRACAR CZ, a. s.	9	2	4,511	2,457
Total	68	4	41,593	7,569

Employees and personal costs of the consolidation entity in 2015

Entity / item	Total employees	Including management	Total personnel expenses (thous. CZK)	Including management (thous. CZK)
ARMEX Oil, s.r.o.	44	1	29,691	2,030
TRANSCARGO, s.r.o.	13	1	11,217	2,629
DRACAR CZ, a. s.	11	2	8,140	3,003
Total	68	4	49,048	7,662

3. ACCOUNTING PROCEDURES

Valuation and keeping books of purchased stock

Valuation: acquisition price that includes:

- acquisition price
- acquisition costs (transport, customs duty, warehousing costs, others, weight increases for mineral oils)

Posting:

- method A in principle, method B is used for the sale of "dry" goods at petrol stations

The method used for posting losses:

- FIFO
- real acquisition prices

Valuation of the stock made by own production

Valuation with real costs of production that include:

- direct costs

Posting:

- method A

The method used for accounting losses:

- real acquisition prices

Valuation of fixed tangible and intangible assets made by own production

The accounting units of the consolidation entity do not create fixed assets by their own activities

Valuation of securities and ownership interests

securities and participations are recorded, with regard to accounting and tax regulations, at acquisition prices; financial investments are recalculated, as of the date of the financial statements, by equivalence to a corresponding entry to the accounts of other capital funds

Changes in valuation, depreciation and accounting procedures

There were no significant changes in the methods of valuation, depreciation and accounting procedures.

Adjustments to assets

Adjustments to assets are created, in principle, as tax-deductible adjustments to receivables in compliance with the Act on Provisions the accounting adjustments are created in case that assets are significantly overestimated due to the fact that they are not created and they are used including but not limited to irrecoverable debts and low-turnover stock

Depreciation

The depreciation plans for the accounting depreciation of **fixed tangible assets** are compiled by the accounting units of the consolidation entity so that they take the classification and the applicable depreciation period of assets in compliance with the Income Tax Act as the basis, however, one keeps books about depreciation with the accuracy of calendar months consequently; the depreciation starts as of the calendar month following the putting of the assets into use, the accounting units depreciate assets using straight-line depreciation, the accounting and tax depreciations are not equal

the depreciation plan for the accounting depreciation of **fixed intangible assets** are compiled by the accounting units

of the consolidation entity in compliance with Section 28 par. 2 of the Bookkeeping Act, while they start from the assumed period of use of long-term intangible assets, required updating, the value of the intangible assets and the impact of the value of assets on the financial statements, long-term intangible assets are depreciated using straight-line depreciation for the period of 36 months

Conversion of foreign currencies into Czech currency

When converting foreign currencies into Czech currency, the accounting units of the consolidation entity use the current daily rate of exchange published by the Czech National Bank as of the day of the accounting transaction or as of the day immediately preceding the accounting transaction.

Valuation of assets with real value

The valuation with real value is used, from among the companies of the consolidation entity, only by ARMEX Oil for the revaluation of financial investments by equivalence and for the revaluation of currency derivatives as of 31 December 2016.

4. COMPLEMENTARY INFORMATION ON THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS STATEMENT

REMUNERATION TO STATUTORY, MANAGEMENT AND SUPERVISORY BODIES (NOT RECALCULATED FIGURES)

Entity	Remuneration for year 2016 (thous. CZK)	Remuneration for year 2015 (thous. CZK)
ARMEX Oil, s.r.o.	0	0
TRANSCARGO s.r.o.	0	0
DRACAR CZ a.s.	0	0
Total	0	0

LOANS AND OTHER CLAIMS IN RESPECT OF STATUTORY, MANAGEMENT AND SUPERVISORY BODIES

Entity	Loans and other claims for year 2016 (thous. CZK)	Loans and other claims for year 2015 (thous. CZK)
ARMEX Oil, s.r.o.	0	0
TRANSCARGO s.r.o.	0	0
DRACAR CZ a.s.	0	0
Total	0	0

PROFIT/LOSS OF THE CONSOLIDATION ENTITY AND ITS DISTRIBUTION

2016 (profit/loss prior to consolidation adjustments)

Entity	Pre-tax profit/loss	Tax	Post-tax profit/loss
ARMEX Oil, s.r.o.	71,634	10,009	61,625
TRANSCARGO s.r.o.	35,103	6,692	28,411
DRACAR CZ a.s.	30,112	5,865	24,247
Celkem	136,849	22,566	114,283

2015 (profit/loss prior to consolidation adjustments)

Entity	Pre-tax profit/loss	Tax	Post-tax profit/loss
ARMEX Oil, s.r.o.	179,959	32,261	147,698
TRANSCARGO s.r.o.	83,585	15,938	67,647
DRACAR CZ a.s.	40,246	7,213	33,033
Celkem	303,790	55,412	248,378

PROFIT AND LOSS FROM THE SALE OF STOCK AND LOW-VALUE ASSETS AMONG THE ACCOUNTING UNITS OF THE CONSOLIDATION ENTITY

Following the decision to harmonize the operation of the tax stock of fuel in the concern in 2016, the technological equipment of the tax stock in Skrochovice of DRACAR CZ, a. s., was sold to ARMEX Oil, s.r.o., for a normal market price amounting to CZK 2,907,562.

The deliveries of stock among the accounting units of the consolidation entity by the companies, in which also TRANSCARGO, s.r.o., and DRACAR CZ, a. s., participated

marginally reached the gross margin of approx. 6 heller per 1 liter of fuel and ARMEX Oil, s.r.o. achieved the total gross margin in the sale to other accounting units in the consolidation entity CZK 29,267 thous.

The profit produced by the accounting units in transactions mentioned in this article is not taken into account when compiling the consolidated statements because its practical impact on the consolidated statements was absolutely marginal.

THE OVERVIEW OF SHARES AND FINANCIAL REVENUES FROM THEIR HOLDING

The consolidation entity consists of ARMEX Oil, s.r.o., the parent company, and TRANSCARGO, s.r.o., and DRACAR CZ, a. s., subsidiaries.

The subsidiaries do not own any stock, business shares or other form of interests in other legal entities.

ARMEX Oil, s.r.o., gained the revenues from dividends from TRANSCARGO, s.r.o., in the amount of CZK 16,500 thous. in 2015 and CZK 17,700 thous. in 2016. ARMEX Oil, s.r.o., received dividend from DRACAR CZ, a. s., only in 2016, in the amount of CZK 11,500 thous.



The financial investments of ARMEX Oil, s.r.o., and income resulting from them (in thous. CZK)

As of 31 December 2016	Book value	Nominal value	Share in equity (%)	Equity
TRANSCARGO, s.r.o.	78,966	26,700	75	35,600
DRACAR CZ, a. s.	85,641	72,000	100	72,000

Investments	Dividend for year 2016 (thous. CZK)	Dividend for year 2015 (thous. CZK)
TRANSCARGO s.r.o.	17,700	16,500
DRACAR CZ a.s.	11,500	0
Total	29,200	16,500

DEVELOPMENT OF THE EQUITY OF THE COMPANIES BEING PARTS OF THE CONSOLIDATION ENTITY

The development of the equity items for the individual accounting units being parts of the consolidation entity is documented in Annex 1 to the Schedule to the consolidated financial statements.

OVERVIEW OF CLAIMS AND OBLIGATIONS

2016 - Claims and obligations 180 days overdue (thous. CZK)

Entity / item	Receivables	Obligations
ARMEX Oil, s.r.o.	89,248	648
TRANSCARGO, s.r.o.	0	0
DRACAR CZ, a. s.	1,137	222
Total	90,385	870

2015 - Claims and obligations 180 days overdue (thous. CZK)

Entity / item	Receivables	Obligations
ARMEX Oil, s.r.o.	75,629	67
TRANSCARGO, s.r.o.	2,418	20
DRACAR CZ, a. s.	107	7
Total	78,154	94

The accounting units in the consolidation entity do not have any claims and obligations in respect of their related accounting units that would be overdue for more than 5 years.

estate, stock and receivables, cash collateral, by providing banks guarantees and insurance guarantees.

The accounting units have obligations in respect of third entities – including but not limited to banks, fuel suppliers and customs authorities, obligations secured in the form of a lien to real

VALUATION OF FINANCIAL INVESTMENTS BY EQUIVALENCE

ARMEX Oil, s.r.o., uses the equivalence method when valuating financial investments.

The increase of the financial investment account by CZK 16,355 thous. and CZK 23,056 thous. resulted from the valuation of financial investments by equivalence for ARMEX Oil, s.r.o., in 2016 resp. 2015.

AMOUNT OF OBLIGATIONS NOT INCLUDED IN THE CONSOLIDATED BALANCE SHEET

The accounting units of the consolidation entity did not have any obligations in the applicable accounting periods not included in their balance sheets and, consequently, such that are not included in the consolidated balance sheet; obligations

following from concluded lease agreements (installments due in the consequent accounting periods) are not deemed to be an item of obligations not included in the consolidated balance sheet.

COSTS OF THE STATUTORY AUDITOR

2016 - costs in 2016 for audits for 2015 (thous. CZK)

	ARMEX Oil	TRANSCARGO	DRACAR CZ
Mandatory audit	375	75	32
Other auditing services	0	0	0
Tax advising	0	0	0
Other non-auditing services	0	0	0



REPORT ON RELATIONS

in compliance with section 82 et seq. of the Act on Business Corporations

A. The structure of concern relations

ARMEX Oil (the compiler) is a part of the ARMEX concern of which structure is included at the end hereof.

Out of the entities together controlling the compiler and out of the entities controlled by the same controlling entities, the following entities had specific relations with the compiler:

1. ARMEX ENERGY, a.s.
2. ARMEX GROUP, s.r.o.
3. ARMEX HOLDING, a.s.
4. ARMEX INVEST, s.r.o.
5. DRACAR CZ a.s.
6. GLOBAL HOLDING, a.s.
7. Podnikatelský poradenský servis s.r.o.
8. TRANSCARGO s.r.o.
9. Hynek Sagan
10. Ing. Antonín Hlavsa

B. Task of the compiler in the concern

The compiler is a separate part of the ARMEX concern performing its main activity – the wholesale and retail distribution of fuels and, at the same time, it is a concern component taking the patronage over a part of a group of business corporations engaged in the trade of fuel.

The concern as a whole is not subject to uniform management, however, the compiler and its subsidiaries TRANSCARGO and DRACAR CZ proceed in a coordinated manner, in particular, in the purchase of tradeable fuels when the compiler purchases these fuels not only for its own needs but also for the needs of the subsidiaries and, consequently, it benefits from a more advantageous position in respect of its suppliers.

C. Method and means of control

In relation to the compiler, standard controlling tools are applied, i. e., in particular, business management by the compiler's executives and the decision-making of the General Meeting.

The compiler is controlled so that considerable autonomy is left upon it so that it could maximize its benefit for its associates.

D. Acting in favor of or at the initiative of the members of the concern

There are no actions that are taken, during the monitored period, at the initiative or in favor of the controlling entities or entities controlled by the same controlling entities.

E. Overview of legal relations and actions with the members of the concern

ARMEX ENERGY

The compiler provided to the related entity a short-term loan amounting to CZK 20 mil. in the period of February – March of the accounting period. The compiler charged interest to the related entity, for the granting of the loan, amounting to CZK 111,780.82.

Based on the applicable contracts, the related entity supplies electricity to the compiler with the annual expenses for the compiler amounting to CZK 3,058,808.36 (taking into account estimates, their clearing and supplies forming a part of the acquisition price of the fixed assets).

Based on a contract on technical assistance, CZK 600,000.00 was charged to the related entity for advisory services in the area of IT, business and management.

Based on the contracts on granting a security for the liabilities of the related entity in relation to banks and supplier of the related entity, the compiler charged the related entity the total amount of CZK 232,756.99 for granting the security.

The compiler provided to the related entity, on a retail basis, fuels, other goods tradable in a gas station shop and services provided in gas stations for the total amount of CZK 705,866.11 excl. VAT.

ARMEX GLOBAL

The compiler provided, based on a loan agreement dated 1 May 2011, a loan up to the total amount of CZK 26.2 mil. As of 31 December 2016, the current amount of the outstanding principal (not overdue) amounted to CZK 5.6 mil. Yield interest with the compiler amounting to CZK 593,738.89 relates to the loan granted in 2016.

The related entity decided, along with the compiler's associate ARMEX HOLDING, to pay out a share in profit and, therefore, the compiler paid out a share in profit amounting to CZK 25,800,000.00 to the related entity.

The compiler provided to the related entity, on a retail basis, fuels, other tradable in a gas station shop and services provided in gas stations for the total amount of CZK 74,991.32 excl. VAT.

The related entity rents, based on a rental agreement dated 20 December 2012, to the compiler a multifunctional villa in Decin 6 – Letna where the compiler placed its registered office and performs its business management there. The related entity charged to the compiler the total amount of CZK 2,763,219.35 excl. VAT for the rent and related services.

Based on an agreement in writing, the compiler was using, for its business activities, a car Aston Martin Vanquish leased from the owner by the related entity. The related entity charged to the compiler for this service CZK 559,848.80 in total.

The compiler transferred, based on a contract for the transfer of a business share, ½ of the business share in ARMEX INVEST, s.r.o., for a price corresponding with the evaluation of the business share in the compiler's books – CZK 2,708,250.00.

ARMEX HOLDING

The related entity decided, along with the compiler's associate ARMEX GLOBAL, to pay out a share in profit and, therefore, the compiler paid out a share in profit amounting to CZK 25,800,000.00 to the related entity.

As a part of the optimisation of costs, the related entity secures business insurance and telecommunication services for the compiler. The compiler reported, in relation to the above central purchases, the costs of insurance amounting to CZK 283,711.76 and the costs of telecommunication services in the amount of CZK 20,010.72.

The compiler provided to the related entity, on a retail basis, fuels, other goods tradable in a gas station shop and services provided in gas stations for the total amount of CZK 323,124.64 excl. VAT.

The related entity invoiced to the compiler promotional and representative expenses, including the share in the production of promotional items, and related expense in the accounting period amounts to CZK 1,796,518.05.

The related entity, based on rental agreements, rents to the compiler non-residential premises and lands, when the compiler incurred the costs of the rent amounting to CZK 2,064,978.20 in relation to the rental agreements, the amount of CZK 319,355.81 for related supplies of energies and in the amount of CZK 135,748.50 for technical assistance.

The related entity charged the compiler the costs of the activities of its employee that have the character of engineering and construction supervision and they form a part of the investment costs for the acquisition of the warehouse of fuels in Čelechovice na Hané in the amount of CZK 522,419.01 for the compiler.

The compiler transferred, based on a contract for the transfer of a business share, ½ of the business share in ARMEX INVEST, s.r.o., for a price corresponding with the evaluation of the business share in the compiler's books – CZK 2,708,250.00.

ARMEX INVEST

The related entity provided the compiler with professional construction and technical services for the amount of CZK 755,366.98 excl. VAT.

ARMEX TECHNOLOGIES

The compiler provided, based on an agreement, a loan to the related entity up to the total amount of CZK 2.49 mil. (balance as of 31 December 2016). Yield interest with the compiler amounting to CZK 45,005.56 relates to the granted loan in 2016.

DRACAR CZ

The compiler sold to the related entity, within the central purchase, fuel for the amount of CZK 2,543,975,740.60, including excise tax.

The compiler transferred to the related entity a penalty in the amount of CZK 60,723 for goods not taken paid to a third entity and incurred as a consequence of a failure to meet a binding purchase of the related entity.

The related entity assigned to the compiler a part of its receivable from a third entity for the price of assignment corresponding

with the nominal value of other assigned part of the receivable in the amount of CZK 605,480.

The compiler charged to the related entity the total amount of CZK 368,694.95 for the activities of its own IT department and the supplies of third entities in relation to the acquisition of the ESO9 information system and other services in the area of IT.

Based on the decision of the General Meeting, the compiler received a share in profit in the amount of CZK 11,500,000 from the related entity.

Following the decision to harmonize, within the concern, the operation of all tax warehouses of fuels within the compiler, the related entity sold the technological equipment of a tax warehouse in Skrochovice for a usual market price in the amount of CZK 2,907,562.

BUSINESS CONSULTING SERVICES

The related entity provided to the compiler the services of tax and financial consulting and charged the compiler for it the total amount of CZK 6,518,787.95 excl. VAT.

TRANSCARGO

The compiler sold to the related entity fuel for the amount of CZK 5,675,982,075.80, including excise tax.

The compiler charged the related entity the total amount of CZK 318,740.00 for the activities of its own IT department and the supplies of third entities in relation to the acquisition of the ESO9 information system and other services in the area of IT.

The compiler decided, along with Petr Vojtásek, an associate of the related entity, to pay out the share in profit and, consequently, it received the amount of CZK 17,700,000.00 as its share in profit from the related entity.

The compiler entered into an agreement, with the related entity, to operate a warehouse of fuels in Čelechovice na Hané (hereinafter referred to as the "warehouse"). The principle of the agreement is the holding of the warehouse by the compiler exclusively for the needs of the related entity, the operation of the warehouse by a related entity at the compiler's expense and the obligation of the related entity to purchase a certain guaranteed minimum amount of goods with an agreed additional charge from the compiler in the warehouse and to pay a financial set-off to the compiler for failure to meet an agreed minimum turnover, if applicable. Based on the above agreement, the related

entity charged the costs of the completion of the construction and operation of a warehouse (a part of the acquisition price of the fixed assets partially) in the amount of CZK 1,349,500.93 and, at the same time, the compiler charged the related entity, as the financial settlement for the failure to meet a guaranteed minimum quantity of goods taken in an accounting period, the amount of CZK 714,468.

HYNEK SAGAN

The related entity received a gross wage and non-pecuniary bonuses in the usual amount and extent for the performance of the statutory and management function for the compiler.

ING. ANTONÍN HLAVSA

The related entity received a gross wage in the usual amount for the performance of the statutory function for the compiler.

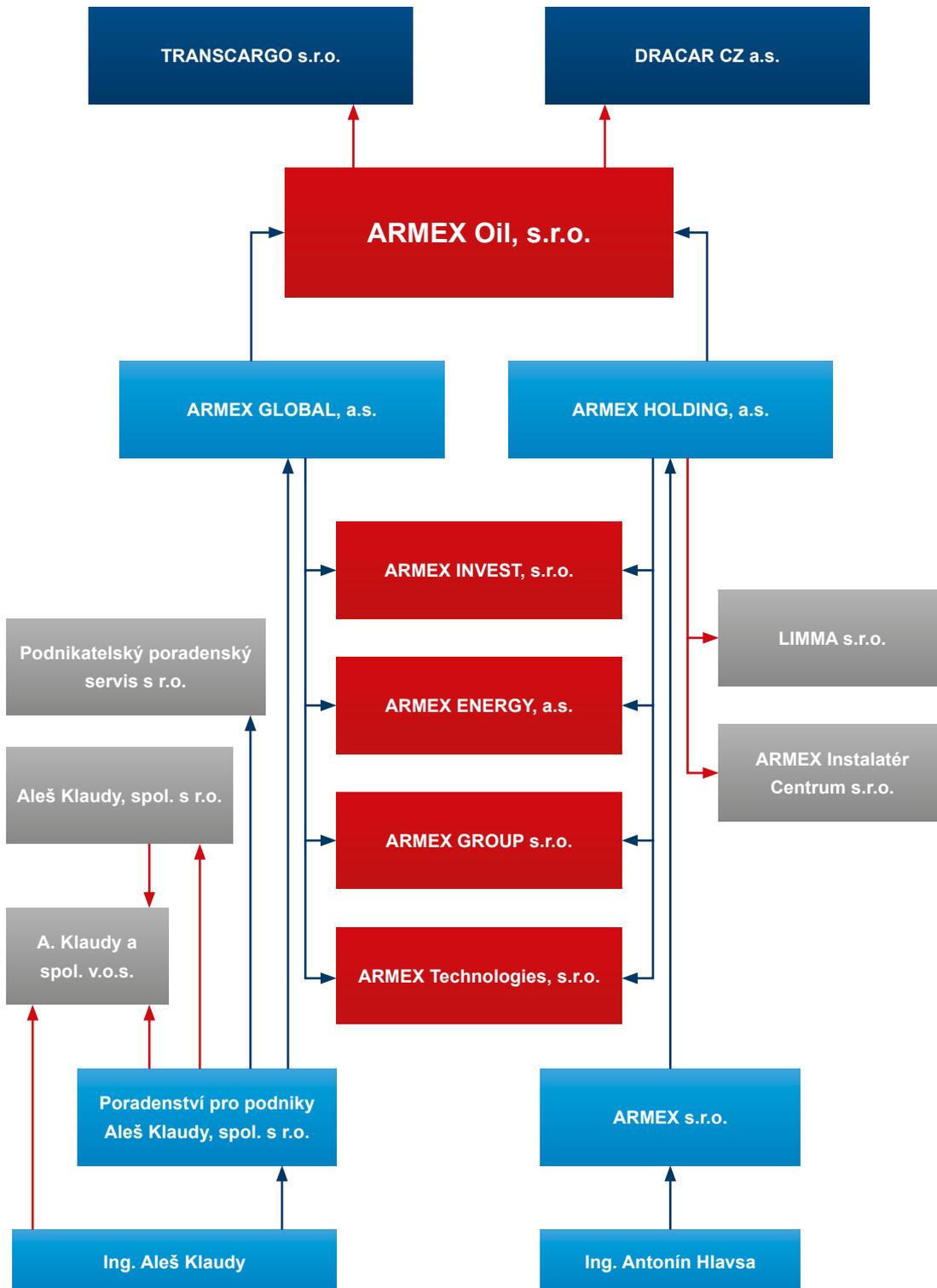
F. Origin of harm and its settlement

No harm has been caused to the compiler based on its control, which would have to be set off in the manner under Sections 71 and 72 of the Act on Business Corporations.

G. The evaluation of the extent of benefits and level of risks of relations inside the concern from the compiler's point of view

The fact that the compiler is a member of ARMEX, a strong national concern, brings significant advantages to it, in particular, when negotiating with state bodies, suppliers and financial institutions. The recruitment of employees is facilitated to the compiler by the interest of potential employees to work in a concern with a very known brand. The compiler faces no disadvantages or risks from the cooperation with the other members of the ARMEX concern.

SCHEME OF THE ARMEX CONCERN



INDEPENDENT AUDITOR'S REPORT

on the Consolidated Financial Statements of ARMEX Oil, s.r.o.

Accounting Entity Information

Company Name:	ARMEX Oil, s.r.o.
File No.:	C 15492 registered at Regional Court Ústí nad Labem
Registered Office:	Mánesova 2022/13, Děčín VI – Letná, 405 02 Děčín
Legal Form:	limited liability company
Registered on:	4 June 1999
Identification Number:	254 03 460
Line of Business:	see Business Register Statement
Statutory Body:	Executive Director: Ing. Antonín Hlavsa Executive Director: Hynek Sagan
Registered Capital:	CZK 396,000,000

Audit Execution

Statutory auditor:	ADL Audit s.r.o., auditor's license no. 561 Ing. Petr Dostál, MBA, auditor's license no. 1361
Partner auditing company:	ACT AUDIT, spol. s r.o., auditor's license no. 233
Audited Period:	1 January 2016 – 31 December 2016
Balance Sheet Day:	31 December 2016
Report Issue Date:	6 September 2017

Audit Subject Matter

In compliance with Act No. 93/2009 Coll. on auditors, and in compliance with International Standards and related application supplements of the Chamber of Auditors of the Czech Republic the auditor verifies, whether information stated in the financial statement provide a true and fair presentation of the subject matter of the accountancy.

Appendices

Complete Consolidated Balance Sheet as of 31 December 2016
Complete Consolidated Profit and Loss Statement as of 31 December 2016
Appendix for the 2016 Consolidated Financial Statements
Consolidated annual report for the 2016

Independent Auditor's Report to Limited Partners of ARMEX Oil, s.r.o

OPINION

We have audited the accompanying consolidated financial statements of ARMEX Oil, s.r.o. and its subsidiaries (hereinafter also the "Consolidation Group") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the consolidated balance sheet as of 31 December 2016, and the consolidated income statement, for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. For details of ARMEX Oil, s.r.o. and the Consolidation Group see Note 1 and 2 to the financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Consolidation Group as of 31 December 2016, and of its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

BASIS FOR OPINION

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Consolidation Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION IN THE ANNUAL REPORT

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Consolidated Annual Report other than the consolidated financial statements and auditor's report thereon. The Statutory Body of ARMEX Oil, s.r.o. is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Consolidation Group in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

RESPONSIBILITIES OF THE STATUTORY BODY OF ARMEX OIL, S.R.O. FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Statutory Body of ARMEX Oil, s.r.o. (hereinafter also the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Statutory Body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Statutory Body is responsible for assessing the Consolidation's Group ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Body either intends to liquidate the Consolidation Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above mentioned laws and regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidation's Group internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Body.
- Conclude on the appropriateness by the Statutory Body use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidation's Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidation Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence about the financial data of the entities included in the Consolidation Group and its business activities in order to formulate an opinion on the consolidated financial statements. We are responsible for overseeing and supervising the audit of the Consolidation Group. The auditor's opinion on the consolidated financial statements is our sole responsibility

We communicate with the Statutory Body among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on September 6, 2017

ADL Audit s.r.o.

Na Příkopě 859/22

110 00 Praha 1

auditor's license no. 561

Ing. Petr Dostál, MBA

auditor's license no. 1361

BALANCE SHEET - ASSETS

Financial Statements of ARMEX Oil, s.r.o.

Balance Sheet - ASSETS (in thousands CZK)		Current accounting period			Previous acc. period
		Gross	Adjustments	Net	
	TOTAL ASSETS	1,607,476	-186,409	1,421,067	1,884,367
A.	Receivables for subscribed capital	0	0	0	0
B.	Fixed assets	764,735	-128,533	636,202	585,772
B. I.	Intangible assets	6,851	-4,473	2,378	1,302
B. I. 1.	Research and development	0	0	0	0
B. I. 2.	Valuable rights (patents, copyrights, trademarks and brands)	6,317	-3,983	2,334	756
B. I. 2. 1.	Software	6,317	-3,983	2,334	756
B. I. 2. 2.	Other valuable rights	0	0	0	0
B. I. 3.	Goodwill	0	0	0	0
B. I. 4.	Other intangibles	490	-490	0	0
B. I. 5.	Advances for intangible assets and Intangible assets under construction	44	0	44	546
B. I. 5. 1.	Advances for intangible assets	0	0	0	0
B. I. 5. 2.	Intangible assets under construction	44	0	44	546
B. II.	Tangible fixed assets	576,922	-124,060	452,862	418,003
B. II. 1.	Land and Buildings	423,973	-67,196	356,777	309,716
B. II. 1. 1.	Land	153,516	0	153,516	143,249
B. II. 1. 2.	Buildings and structures	270,457	-67,196	203,261	166,467
B. II. 2.	Machinery, equipment, vehicles, fixtures and fittings	118,073	-54,015	64,058	37,654
B. II. 3.	Valuation differences to acquired assets	22,854	-2,544	20,310	6,816
B. II. 4.	Other tangible fixed assets	429	-305	124	145
B. II. 4. 1.	Orchards and vineyards	0	0	0	0
B. II. 4. 2.	Livestock (herd and draught animals)	0	0	0	0
B. II. 4. 3.	Other tangible fixed assets	429	-305	124	145
B. II. 5.	Advances for tangible fixed assets and Tangible fixed assets under construction	11,593	0	11,593	63,672
B. II. 5. 1.	Advances for tangible fixed assets	856	0	856	4,918
B. II. 5. 2.	Tangible fixed assets under construction	10,737	0	10,737	58,754

Balance Sheet - ASSETS (in thousands CZK)		Current accounting period			Previous acc. period
		Gross	Adjustments	Net	
B. III.	Financial assets	180,962	0	180,962	166,467
B. III. 1.	Investments in subsidiaries	180,962	0	180,962	166,467
B. III. 2.	Loans and borrowings to subsidiaries	0	0	0	0
B. III. 3.	Investments in associates	0	0	0	0
B. III. 4.	Loans and borrowings to associates	0	0	0	0
B. III. 5.	Other securities and investments	0	0	0	0
B. III. 6.	Other loans and borrowings	0	0	0	0
B. III. 7.	Other financial assets	0	0	0	0
B. III. 7. 1.	Other financial assets	0	0	0	0
B. III. 7. 2.	Advances for investments	0	0	0	0
C.	CURRENT ASSETS	840,385	-57,876	782,509	1,295,790
C. I.	Inventories	124,895	0	124,895	135,917
C. I. 1.	Raw material	0	0	0	0
C. I. 2.	Work-in-progress and semi-finished products	0	0	0	0
C. I. 3.	Finished products and goods	124,895	0	124,895	135,917
C. I. 3. 1.	Finished products	0	0	0	0
C. I. 3. 2.	Goods	124,895	0	124,895	135,917
C. I. 4.	Animals	0	0	0	0
C. I. 5.	Prepayments on inventories	0	0	0	0
C. II.	Receivables	647,880	-57,876	590,004	926,689
C. II. 1.	Long-term receivables	13,748	0	13,748	14,077
C. II. 1. 1.	Trade receivables	0	0	0	0
C. II. 1. 2.	Receivables from controlling entities	13,507	0	13,507	14,050
C. II. 1. 3.	Receivables from associates	0	0	0	0
C. II. 1. 4.	Deferred tax receivable	0	0	0	0
C. II. 1. 5.	Other receivables	241	0	241	27
C. II. 1. 5. 1.	Receivables from partners, cooperative member and association members	0	0	0	0
C. II. 1. 5. 2.	Long-term advances	241	0	241	27
C. II. 1. 5. 3.	Estimated receivables	0	0	0	0
C. II. 1. 5. 4.	Other receivables	0	0	0	0
C. II. 2.	Short-term receivables	634,132	-57,876	576,256	912,612
C. II. 2. 1.	Trade receivables	603,885	-57,876	546,009	673,163
C. II. 2. 2.	Receivables from controlling entities	0	0	0	0

Balance Sheet - ASSETS (in thousands CZK)		Current accounting period			Previous acc. period
		Gross	Adjustments	Net	
C. II. 2. 3.	Receivables from associates	0	0	0	0
C. II. 2. 4.	Other Receivables	30,247	0	30,247	239,449
C. II. 2. 4. 1.	Receivables from partners, cooperative member and association members	0	0	0	0
C. II. 2. 4. 2.	Social security and health insurance	0	0	0	0
C. II. 2. 4. 3.	Government - tax receivables	23,476	0	23,476	18,943
C. II. 2. 4. 4.	Short-term advances	887	0	887	211,006
C. II. 2. 4. 5.	Estimated accrued revenues	183	0	183	2,062
C. II. 2. 4. 6.	Other receivables	5,701	0	5,701	7,438
C. III.	Current financial assets	0	0	0	0
C. III. 1.	Investments in subsidiaries	0	0	0	0
C. III. 2.	Other short-term financial assets	0	0	0	0
C. IV.	Cash and bank accounts	67,610	0	67,610	233,184
C. IV. 1.	Cash	3,615	0	3,615	9,532
C. IV. 2.	Bank accounts	63,995	0	63,995	223,652
D. I.	Prepayments and accrued income	2,356	0	2,356	2,805
D. I. 1.	Prepaid expenses	1,794	0	1,794	2,805
D. I. 2.	Complex prepaid expenses	0	0	0	0
D. I. 3.	Accrued income	562	0	562	0



BALANCE SHEET - LIABILITIES

Financial Statements of ARMEX Oil, s.r.o.

Balance Sheet - LIABILITIES (in thousands CZK)		Current accounting period	Previous account. period
	TOTAL LIABILITIES AND EQUITY	1,421,067	1,884,367
A.	Equity	524,338	494,618
A. I.	Subscribed capital	396,000	298,000
A. I. 1.	Subscribed capital	396,000	298,000
A. I. 2.	Treasury shares	0	0
A. I. 3.	Changes in subscribed capital	0	0
A. II.	Share premium and capital reserves	54,487	34,792
A. II. 1.	Share premium	0	0
A. II. 2.	Capital reserves	54,487	34,792
A. II. 2. 1.	Other capital reserves	0	0
A. II. 2. 2.	Valuation differences from revaluation of assets and liabilities	54,487	34,792
A. II. 2. 3.	Valuation differences from revaluation by transformation	0	0
A. II. 2. 4.	Differences in company transformation	0	0
A. II. 2. 5.	Differences from valuation company transformation by	0	0
A. III.	Revenue reserves	10,000	10,000
A. III. 1.	Other reserve fund	10,000	10,000
A. III. 2.	Statutory and other reserve	0	0
A. IV.	Retained earnings	2,226	4,128
A. IV. 1.	Retained earnings of previous years	2,226	4,128
A. IV. 2.	Accumulated losses of previous years	0	0
A. IV. 3.	Other retained earnings	0	0
A. V.	Profit / loss of current accounting period	61,625	147,698
A. VI.	Decided on advanced payment for dividends	0	0

Balance Sheet - LIABILITIES (in thousands CZK)		Current accounting period	Previous account. period
B. + C.	Liabilities	895,286	1,389,676
B.	Provisions	0	3,774
B. 1.	Provisions for pensions and similar obligations	0	0
B. 2.	Provision for income tax	0	0
B. 3.	Provision according to special legal regulations	0	0
B. 4.	Others provisions	0	3,774
C.	Payables	895,286	1,385,902
C. I.	Long-term liabilities	95,646	46,838
C. I. 1.	Bonds issued	0	0
C. I. 1. 1.	Exchangeable Bonds	0	0
C. I. 1. 2.	Other Bonds	0	0
C. I. 2.	Payables to banks	85,377	43,028
C. I. 3.	Long-term advances received	2,000	2,150
C. I. 4.	Trade payables	5,639	0
C. I. 5.	Long-term promissory notes payable	0	0
C. I. 6.	Payables - controlling or controlled entity	0	0
C. I. 7.	Payables to associates	0	0
C. I. 8.	Deferred tax liabilities	2,630	1,660
C. I. 9.	Other payables	0	0
C. I. 9. 1.	Payables to partners	0	0
C. I. 9. 2.	Estimated payables	0	0
C. I. 9. 3.	Other payables	0	0
C. II.	SHORT-TERM LIABILITIES	799,640	1,339,064
C. II. 1.	Bonds issued	0	0
C. II. 1. 1.	Exchangeable Bonds	0	0
C. II. 1. 2.	Other Bonds	0	0
C. II. 2.	Payables to banks	171,967	168,116
C. II. 3.	Short-term advances received	5,360	48,175
C. II. 4.	Trade payables	258,902	68,020
C. II. 5.	Short-term notes payable	0	0
C. II. 6.	Payables - controlling or controlled entity	0	0
C. II. 7.	Payables to associates	0	0
C. II. 8.	Other payables	363,411	1,054,753
C. II. 8. 1.	Payables to partners	0	0

Balance Sheet - LIABILITIES (in thousands CZK)		Current accounting period	Previous account. period
C. II. 8. 2.	Short-term borrowings	0	0
C. II. 8. 3.	Payables to employees	1,401	1,209
C. II. 8. 4.	Payables to social security and health insurance	827	674
C. II. 8. 5.	Government - tax payables and subsidies	359,177	1,027,292
C. II. 8. 6.	Estimated accrued items	1,646	25,578
C. II. 8. 7.	Other payables	360	0
D. I.	Accruals and deferred income	1,443	73
D. I. 1.	Accrued expenses	1,420	73
D. I. 2.	Deferred income	23	0



PROFIT AND LOSS STATEMENT

Financial Statements of ARMEX Oil, s.r.o.

PROFIT AND LOSS STATEMENT (in thousands CZK)		Values in accounting period	
		Current	Previous
I.	Sales of goods and services	4,871	5,088
II.	Sales of goods	13,472,383	12,317,597
A.	Consumption from production	13,372,982	12,096,164
A. 1.	Costs of goods sold	13,281,406	12,002,845
A. 2.	Consumption of material and energy	10,088	11,207
A. 3.	Services	81,488	82,112
B.	Increase/decrease in finished goods and in work in progress	0	0
C.	Own work capitalized	0	0
D.	Staff costs	29,404	29,691
D. 1.	Wages and salaries	21,979	22,139
D. 2.	Social security and health insurance costs and other costs	7,425	7,552
D. 2. 1.	Social security and health insurance costs	7,210	7,319
D. 2. 2.	Other social costs	215	233
E	Adjustment of values in operating activities	21,667	24,513
E. 1.	Adjustment of values of Intangible and tangible assets	19,557	18,901
E. 1. 1.	Adjustment of values of Intangible and tangible assets - permanent	19,557	18,901
E. 1. 2.	Adjustment of values of Intangible and tangible assets - temporaly	0	0
E. 2.	Adjustment of values of inventories	0	0
E. 3.	Adjustment of values of receivables	2,110	5,612
III.	Other operating income	25,015	21,137
III. 1.	Proceeds on sale of fixed assets	2,350	81
III. 2.	Proceeds on sale of material	127	66
III. 3.	Other operating income	22,538	20,990

PROFIT AND LOSS STATEMENT (in thousands CZK)		Values in accounting period	
		Current	Previous
F.	Other operating expenses	10,966	11,674
F. 1.	Net book value of fixed assets sold	437	1
F. 2.	Net book value of material sold	0	0
F. 3.	Taxes and fees relating to operating activities	732	480
F. 4.	Provisions and adjustments relating to operating activities and complex deferred expenses	-3,774	3,775
F. 5.	Other operating expenses	13,571	7,418
*	Profit/loss from operating activities	67,250	181,78
IV.	Revenues from long-term investments	34,616	16,500
IV. 1.	Revenues from investments in subsidiaries	34,616	16,500
IV. 2.	Other revenues from investments	0	0
G.	Expenses spend on investments sold	5,416	0
V.	Revenues from other long-term investments	0	0
V. 1.	Revenues from other long-term investments in subsidiaries	0	0
V. 2.	Other revenues from long-term investments	0	0
H.	Expenses related to other long-term financial assets	0	0
VI.	Interest income and similar income	774	1,586
VI. 1.	Interest income and similar income in subsidiaries	593	1,243
VI. 2.	Other interest income and similar income	181	343
I.	Adjustments relating to financial activities	0	0
J	Interest expense and similar expenses	8,299	8,837
J. 1.	Interest expense and similar expenses in subsidiaries	0	0
J. 2.	Other interest expense and similar expenses	8,299	8,837
VII.	Other financial revenues	7,930	15,752
K.	Other financial expenses	25,221	26,822
*	Profit/loss from financial activities	4,384	-1,821

PROFIT AND LOSS STATEMENT (in thousands CZK)		Values in accounting period	
		Current	Previous
**	Profit/loss before tax	71,634	179,959
L.	Income tax	10,009	32,261
L. 1.	- Due	9,039	32,277
L. 2.	- Deferred	970	-16
**	Profit/loss after tax	61,625	147,698
M.	Transfer of profit to partners	0	0
***	Profit/loss for the period	61,625	147,698
*	Netto turnover for the period	13,545,589	12,377,660



CASH FLOW STATEMENTS

Financial Statements of ARMEX Oil, s.r.o.

CASH FLOW STATEMENTS (in thousands CZK)		Values in accounting period	
		Current	Previous
P.	Cash and cash equivalents at beginning of accounting period	233,184	242,867
	CASH FLOW FROM ORDINARY ACTIVITES		
Z	Profit/loss before taxation	71,634	179,959
A. 1.	Adjustments for non-cash transactions	-5,695	18,959
A. 1. 1.	Depreciation of fixed assets (except of net book value of fixed assets sold, depreciation of adjustment for assets acquisition (+/-))	19,557	18,901
A. 1. 2.	Change in adjustments, provisions	-1,664	9,387
A. 1. 3.	Profit/loss on disposal of fixed assets	-1,913	-80
A. 1. 4.	Dividends received	-29,200	-16,500
A. 1. 5.	Net interest expense (+) (except of capitalized interest) and interest income (-)	7,525	7,251
A. 1. 6.	Adjustments for other non-cash movements	0	0
A*	Net cash flow from operating activities before tax and changes in working capital	65,939	198,918
A. 2.	Change in non-financial items of working capital	-170,272	44,606
A. 2. 1.	Increase/decrease in trade and other receivables, including prepayments and accrued income (+/-)	335,024	-115,831
A. 2. 2.	Increase/decrease in trade payables, including accruals and deferred income (+/-)	-516,318	127,197
A. 2. 3.	Increase/decrease in inventories	11,022	33,240
A. 2. 4.	Increase/decrease in short-term financial assets not classified under cash and cash equivalents	0	0
A**	Net cash flow from operating activities before taxes	-104,333	243,524
A. 3.	Interest paid, excl. capitalized interests	-8,299	-8,837
A. 4.	Interest received (+)	774	1,586
A. 5.	Income tax on ordinary activities paid and additional assessments for past periods (including deposits and refunds) (-)	-30,775	-20,614
A. 7.	Profit-sharing and dividends received	29,200	16,500
A***	Net cash flow from operating activities	-113,433	232,159

CASH FLOW STATEMENTS (in thousands CZK)		Values in accounting period	
		Current	Previous
CASH FLOW FROM INVESTICION ACTIVITES			
B.1.	Costs associated with acquisition of fixed assets	-56,145	-170,398
B.2.	Proceeds on sales of fixed assets	7,766	81
B.3.	Loans and credits to related persons	0	0
B***	Net cash flow from investing activities	-48,379	-170,317
CASH FLOW FROM FINANTIAL ACTIVITES			
C.1.	Net effect of changes in long-term liabilities and short-term liabilities, belonging to the financial activities area, to cash and cash equivalents	47,838	25 525
C.2.	Net effect of changes in equity on cash and cash equivalents, share profits or possibly legal reserve incl. advances paid for this increase (+)	-51,600	-46,000
C.2.1.	Increase in cash and cash equivalents due to increases in registered capital, share premium, and capital reserves including advances paid. (+)	0	0
C.2.2.	Profit sharing and dividends paid to partners. (-)	0	0
C.2.3.	Other cash contributions from partners and shareholders (+)	0	0
C.2.4.	Loss covered by partners (+)	0	0
C.2.5.	Direct payments debited to reserves (-)	0	0
C.2.6.	Dividends paid and profit shares including withholding tax paid relating to these demands and including settlement with partners in partnership and general partners in limited partnerships	-51,600	-46,000
C***	Net cash from financing activities	-3,762	-71,525
F.	Net increase/decrease in cash and cash equivalents	-165,574	-9,683
R.	Cash and cash equivalents at end of period	67,610	233,184



CHANGES IN SHAREHOLDERS EQUITY

Financial Statements of ARMEX Oil, s.r.o.

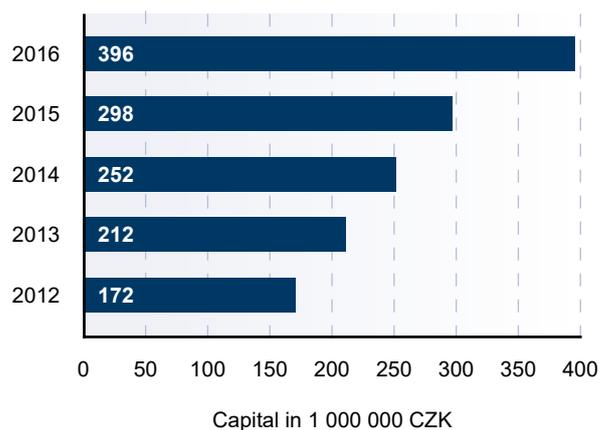
CHANGES IN SHAREHOLDERS EQUITY (in thousands CZK)		Values in accounting period	
		Current	Previous
A.	Subscribed capital in Companies register entered (411, 491)		
A. 1.	Opening balance	298,000	252,000
A. 2.	Increase	98,000	46,000
A. 3.	Decrease	0	0
A. 4.	Closing balance	396,000	298,000
B	Subscribed capital in companies register not entered (419)		
B. 1.	Opening balance	0	0
B. 2.	Increase	0	0
B. 3.	Decrease	0	0
B. 4.	Closing balance	0	0
C.	Subscribed capital (A. +/- B.) with account (-)252		
C. 1.	Opening balance A. +/- B.	298,000	252,000
C. 2.	Opening balance (-252)	0	0
C. 3.	Increase (-252)	0	0
C. 4.	Decrease (-252)	0	0
C. 5.	Closing balance (-252)	0	0
C. 6.	Closing balance A. +/- B. incl. 252	396,000	298,000
D	Share premium (412)		
D. 1.	Opening balance	0	0
D. 2.	Increase	0	0
D. 3.	Decrease	0	0
D. 4.	Closing balance	0	0
E	Capital reserves (413)		
E. 1.	Opening balance	0	0
E. 2.	Increase	0	0
E. 3.	Decrease	0	0

CHANGES IN SHAREHOLDERS EQUITY (in thousands CZK)		Values in accounting period	
		Current	Previous
E. 4.	Closing balance	0	0
F	Differences from revaluation not included in profit/loss (414, 416, 417 and 418)		
F. 1.	Opening balance	34,792	11,736
F. 2.	Increase	19,695	23,056
F. 3.	Decrease	0	0
F. 4.	Closing balance	54,487	34,792
G	Legal reserves (421, 422)		
G. 1.	Opening balance	10,000	10,000
G. 2.	Increase	0	0
G. 3.	Decrease	0	0
G. 4.	Closing balance	10,000	10,000
H	Other profit reserves (423, 427)		
H. 1.	Opening balance	0	0
H. 2.	Increase	0	0
H. 3.	Decrease	0	0
H. 4.	Closing balance	0	0
I	Credit from account periods (428 + credit 431)		
I. 1.	Opening balance	4,128	3,731
I. 2.	Increase	0	397
I. 3.	Decrease	1,902	0
I. 4.	Closing balance	2,226	4,128
J	Debit from account periods (429 + debit 431)		
J. 1.	Opening balance	0	0
J. 2.	Increase	0	0
J. 3.	Decrease	0	0
J. 4.	Closing balance	0	0
K	Other retained earnings of an previous account periods (426)		
K. 1.	Opening balance	0	0
K. 2.	Increase	0	0
K. 3.	Decrease	0	0
K. 4.	Closing balance	0	0

CHANGES IN SHAREHOLDERS EQUITY (in thousands CZK)		Values in accounting period	
		Current	Previous
L	Profit/loss for the period after tax		
L. 1.	Opening balance	147,698	92,397
L. 2.	Increase	61,625	147,698
L. 3.	Decrease	147,698	92,397
L. 4.	Closing balance	61,625	147,698
M	Advanced payment for dividends (432)		
M. 1.	Opening balance	0	0
M. 2.	Increase	0	0
M. 3.	Decrease	0	0
M. 4.	Closing balance	0	0
X	Equity in total		
X. 1.	Opening balance	494,618	369,864
X. 2.	Increase	179,320	217,151
X. 3.	Decrease	149,600	92,397
X. 4.	Closing balance	524,338	494,618

REGISTERED CAPITAL

ARMEX Oil, s.r.o.



NOTES TO THE FINANCIAL STATEMENTS

Financial Statements of ARMEX Oil, s.r.o.

1. COMPANY DESCRIPTION

Commercial Name:	ARMEX Oil, s.r.o.
Registered Office:	Mánesova 2022/13, Děčín VI-Letná, 405 02 Děčín, Czech Republic
Legal Form:	limited liability company
Identification No.:	25403460
Date of Incorporation:	4 June 1999
Subject of Activity:	Wholesale of liquid and fluid fuels and related products
File Number:	C 15492 kept by the Regional Court in Ústí nad Labem

ARMEX Oil, s.r.o. (hereinafter referred to as the “company”) is a limited liability company, which was established on 4 June 1999 and has its registered office in Děčín, Mánesova 2022/13, Děčín VI-Letná, 405 02, Czech Republic, Identification No. 25403460. The company is incorporated in the Companies Register of the Regional Court in Ústí nad Labem under file reference 15492, Section C.

The main objective of its activity is the wholesale and retail of mineral fuel and related products.

In 2016, there was a significant amendment to the entry in the Companies Register for the company, namely the increase of the company’s registered capital from CZK 298 mil. to CZK 396 mil., and, consequently, also the increase of the company associates’ absolute shares without no change of the proportions of shares.

The company is a parent company of the ARMEX Oil Group and the attached financial statements are prepared as individual. The consolidated financial statements in compliance with Czech accounting regulations will be prepared by the company after individual financial statements are prepared. The company does not prepare an individual annual report because its all requirements will be a part of the consolidated annual report prepared along with the consolidated financial statements.

These consolidated financial statements can be obtained in the collection of documents of the Companies Register and at the website of ARMEX Oil – www.armexoil.cz. The anticipated date when the consolidated financial statements for 2016 will be published is 31 August 2017.

2. BASIC FOUNDATIONS TO PREPARE FINANCIAL STATEMENTS

The enclosed individual (non-consolidated) financial statements have been prepared in compliance with the Act No. 563/1991 Coll., on bookkeeping, as amended (hereinafter referred to as the “Bookkeeping Act”) and the Implementing Decree No. 500/2002 Coll., by which some provisions of the Act No. 563/1991 Coll., on bookkeeping, as amended, are implemented for accounting units that are entrepreneurs keeping books in the system of double-entry bookkeeping, as amended, for years 2016 and 2015 (hereinafter referred to as the “Implementing Decree to the Bookkeeping Act”).

Based on the requirements of the amendment to the Bookkeeping Act and the Implementing Decree in force as of 1 January 2016, reporting of the items of the balance sheet and the profit and loss statement has been changed. In order to secure the comparability of these items with the past accounting period, the items of the balance sheet and the profit and loss statement for 2015 have been reclassified correspondingly. The company proceeded in compliance with the Czech Accounting Standard for Entrepreneurs No. 024 “Comparable period for the bookkeeping period started in 2016”.

3. GENERAL ACCOUNTING PRINCIPLES, ACCOUNTING METHODS AND THEIR CHANGES AND VARIATIONS

Evaluation methods that the company has used for the preparation of the financial statements for 2016 and 2015 are as follows:

a) Non-current intangible assets

Non-current intangible assets are evaluated at acquisition costs that contain the price of acquisition and costs related with the acquisition.

Non-current intangible assets above CZK 60 thous. are depreciated in expenses, in 2016 and 2015, based on the anticipated service life of the applicable assets.

Depreciation is calculated based on the price of acquisition and the anticipated service life of the applicable assets. The scheme of depreciation has been updated based on the expected service life of the assets in the course of the use of the non-current intangible assets.

b) Non-current tangible assets

Non-current tangible assets are evaluated at acquisition costs that include the price of acquisition, costs of transportation, customs duty and other costs related with the acquisition. Interests of a loan are not a part of the acquisition price.

Non-current tangible assets above CZK 40 thous. are depreciated, in 2016 and 2015, in expenses during their economic service life.

The costs of technical improvement of non-current tangible assets increase their price of acquisition. Repairs and maintenance are posted to expenses.

Depreciation is calculated based on the price of acquisition and the anticipated service life of the applicable assets. The scheme of depreciation has been updated based on the expected service life of the assets in the course of the use of the non-current tangible assets.

c) Financial resources

Financial resources include liquid valuables, cash on hand and cash in banks.

d) Inventories

Purchased inventories are evaluated in the prices of acquisition using the method A of posting inventories. The released inventories are evaluated using the FIFO method and using real

acquisition costs of the individual contingent of purchased fuel. The price of acquisition includes the cost of their acquisition, including costs related to the acquisition (the cost of transport, customs duty, commission, etc.).

e) Receivables

Receivables are evaluated at nominal value when they originate. Purchased receivables are evaluated at the price of acquisition. The evaluation of risk receivables is reduced through adjustments debited from expenses to their implementation value based on the age structure and individual assessment of the individual receivables.

Estimated receivables are evaluated based on professional estimations and calculations.

f) Equity

The company's equity is reported in the amount entered in the Companies Register of the regional court.

In compliance with the company's articles of incorporation, the company formed a legal reserve from profit in the amount of CZK 10,000 thous. The amount of the legal reserve is final.

g) Foreign resources

Non-current and current liabilities are reported at nominal values.

Estimated liabilities are evaluated based on professional estimations and calculations.

h) Foreign-exchange operations

Assets and liabilities acquired in a foreign currency are evaluated in Czech crowns at the rate of exchange valid as of the day when they originate and items having pecuniary character were evaluated, as of the balance day, at the rate of exchange valid as of 31 December published by the Czech National Bank.

Implemented and non-implemented foreign exchange gains and losses are posted in financial revenues or financial expenses of a current year.

i) Use of estimates

The preparation of financial statements requires from the company's management to use estimates and assumptions that affect the reported values of assets and liabilities as of the date of the financial statements and on the reported amount of revenues and expenses for the monitored period. The company's management determined these estimates and assumptions based on all relevant information available to them. Nevertheless, as follows from the substance of the estimate, real value can differ from these estimates in future.

j) Posting revenues and expenses

Revenues and expenses are posted as adjusted, i. e. in the period to which they relate in terms of facts and time.

k) Income tax

The cost of the income tax is calculated at an applicable tax rate from the accounting profit increased or decreased by permanently

or temporarily non-deductible expenses and non-taxed revenues (e. g. the formation and posting of other provisions and adjusting items, entertainment cost, difference between accounting and tax depreciation, etc.). In addition, items decreasing the tax base (gifts), tax-deductible items (tax loss, costs of the implementation of research and development projects) and income tax relief are taken into account.

Deferred tax liability reflects the tax impact of temporary differences between balance values of assets and liabilities from the point of view of bookkeeping and determination of the income tax base with regard to the implementation period.

l) Follow-up events

The impact of events that occurred between the balance day and the day when the financial statements are compiled is recorded in accounting statements in case that these events provided additional information about facts that existed as of the balance day.

4. NON-CURRENT ASSETS

The overview of the development and balance of non-current assets forms the notes hereto.

a) Non-current tangible and intangible assets

The aggregate amount of low-value intangible and tangible assets not mentioned in the balance sheet amounted, as of 31 December 2016 and 31 December 2015, CZK 12,325 thous. and CZK 11,548 thous. at acquisition prices.

The company reports a difference in the valuation of acquired assets in the amount of CZK 22,854 thous. in the balance sheet as of 31 December 2016. This value is made of the difference in valuation in the amount of CZK 8,701 thous. from the acquisition of a business from a subsidiary STEEL CARGO, s.r.o., in 2013 and, in addition, of the difference in valuation in the amount of CZK 14,153 thous. from the purchase of a plant from HUTIRA-KRÁLÍK, s.r.o.

Non-current assets (building, lands, machinery) in the balance-sheet value as of 31 December 2016 in the amount of CZK 245,204 thous. were pledged to cover loans and guarantee of financing banks.



b) Non-current financial assets

Controlled and managed companies and companies under significant influence as of 31 December 2016 (in thous. CZK):

Company's name Company's registered office	TRANSCARGO, s.r.o. Kroměříž	DRACAR CZ, a.s. Ostrava	ARMEX INVEST, s.r.o. Děčín
Share in %	75	100	In 2016, the business share was sold.
Equity	110,099	98,388	
Profit/loss of a current year	28,411	24,247	
Balance value of shares/share	82,574	98,388	
Dividend paid to the company in the accounting period	17,700	11,500	

Controlled and managed companies and companies under significant influence as of 31 December 2015 (in thous. CZK):

Company's name Company's registered office	TRANSCARGO, s.r.o. Kroměříž	DRACAR CZ, a.s. Ostrava	ARMEX INVEST, s.r.o. Děčín
Share in %	75	100	96
Equity	105,288	85,641	1,935
Profit/loss of a current year	67,647	33,033	177
Balance value of shares/share	78,966	85,641	1,860
Dividend paid to the company in the accounting period	16,500	0	0

5. RECEIVABLES

As of 31 December 2016, receivables overdue for more than 180 days amounted to CZK 89,248 thous. (as of 31 December 2015 CZK 75,629 thous.).

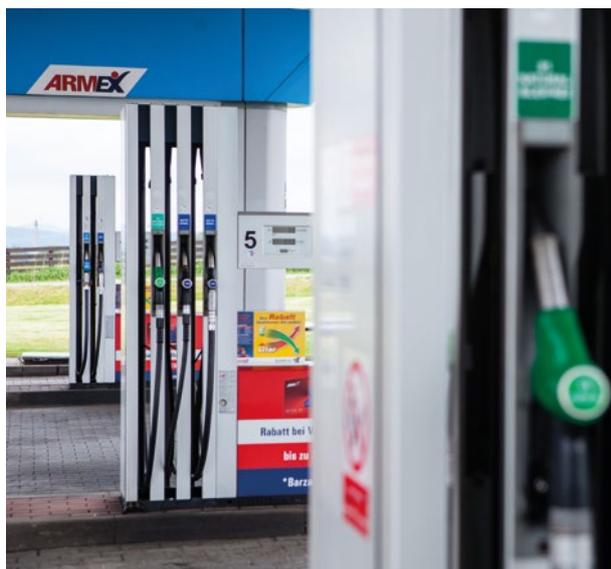
The company increased adjustments to receivables by CZK 2,110 thous. in 2016. The total amount of adjustments to receivables amounts to CZK 57,876 thous. as of 31 December 2016.

As of 31 December 2016, the company's receivables in the amount of CZK 765,440 thous. were charged with a right of lien to cover current loans and banking guarantees from Česká spořitelna, a.s., Československá obchodní banka, a.s., Raiffeisenbank, a.s., and Komerční banka, a.s.

The company's receivables covered under the right of lien amount to CZK 30,985 thous. as of 31 December 2016 (CZK 6,153 thous. as of 31 December 2015).

On C.II.2.4.3. of the balance sheet (state – tax receivables), an overpayment of corporate income tax in the amount

of CZK 9,070 thous. is reported and, in addition, unused VAT deduction in the amount of CZK 14,406 thous., which will be claimed in 2017.



6. CURRENT FINANCIAL ASSETS AND FINANCIAL RESOURCES

As of 31 December 2016, the company had the following balances of accounts with limited disposal (in thous. CZK):

- a special account in Československá obchodní banka with the balance of CZK 21,250 thous. as of 31 December 2016, with which the company cannot dispose and it is a security to the excise tax,
- a special account in ČS having the balance of CZK 21,006 thous. as of 31 December 2016 in the amount of CZK 21,006 thous. and it is a security to banking guarantees.

The company opened an overdraft account in Raiffeisenbank a.s., which allows it to draw a loan by the amount of CZK 100,000. As of 31 December 2016 and 31 December 2015, the negative balance (in compliance with the agreed credit limit of CZK 100,000)

amounted to CZK 5,620 thous. and CZK 42,580 thous. reported as a short-term bank credit in the balance sheet.

The company opened an overdraft account in Československá obchodní banka, a. s., which allows it to draw a loan by the amount of CZK 150,000. As of 31 December 2016 and 31 December 2015, the negative balance (in compliance with the agreed credit limit of CZK 100,000) amounted to CZK 59,082 thous. and CZK 6,273 thous. and a short-term bank credit are reported in the balance sheet.

The company opened an overdraft account in Česká spořitelna, a.s., which allows it to draw a loan by the amount of CZK 150,000. As of 31 December 2016 and 31 December 2015, the negative balance (in compliance with the agreed credit limit of CZK 150,000) amounted to CZK 69,896 thous. and CZK 91,084 thous.

7. EQUITY

The company has compiled an overview of movements in equity, which forms a part of the financial statements.

The company's equity consists of 2 business shares in the amount of 50% fully subscribed and repaid, having the nominal value of CZK 198,000 thous. of either of the shares.

In 2016, the company paid share in profit for 2015 in the total amount of CZK 51,600 thous. The share in profit for 2015 amounted to CZK 46,000 thous.

The company anticipates the payment of an amount corresponding with 50% of net profit for 2016 after taxation (CZK 61,625 thous.) in dividends to its associates and the remaining part of the net profit will be transferred to the account of undistributed profit for past years.

8. CURRENT AND NON-CURRENT LIABILITIES

As of 31 December 2016, liabilities overdue for more than 180 days amounted to CZK 648 thous. (CZK 67 thous. as of 31 December 2015).

Tax liabilities consist, in particular, in tax liability resulting from VAT for December 2016 and tax obligation from excise tax from mineral oils for the months of November and December 2016.

The company provided guarantee on behalf of ARMEX ENERGY a.s. towards ALPIQ ENERGY SE. The amount of security amounts to CZK 7,527 thous. as of 31 December 2016. This guarantee obligation is not reported in the balance sheet.

9. LIABILITIES TO CREDIT INSTITUTIONS, BANKING GUARANTEES

The company financed its needs in 2016 and 2015 through the following banking loans

Type	Framework	Balance as of 31 Dec. 2016	Balance as of 31 Dec. 2015
Investment loans	180,100	122,747	71,207
Overdraft loans	400,000	134,597	139,937

A short-term part of investment loans (due within 1 year as of the balance day) is reported in the liabilities in I. C.II.2.

The rate of interest for long-term (investment) loans amounts to 1,9% on average and 1.3% for short-term (overdraft) loans on average.

Costs of interest related to banking loans for 2016 and 2015 amounted to CZK 8,299 thous and CZK 8,837 thous.

The company secures its liabilities (except for liabilities in respect to banks) in the form of banking guarantees that were provided

in the amount of CZK 651,000 thous. as of 31 December 2015 (CZK 806,000 thous. as of 31 December 2015).

Future liabilities in respect of banks, if applicable, in case of a payment from banking guarantees are secured by the company's bills of exchange, cash collaterals, the pledges of real estate and the pledges of receivables. The company paid to banks CZK 10,953 thous. for provided banking guarantees for 2016.

10. INCOME TAX

Regular income tax for the accounting (taxation) period of the calendar year 2016 and 2015 amounts to CZK 9,039 and CZK 32,277 thous.

The company calculated the deferred tax from the difference of the tax and net book value of non-current assets, i. e. the resulting deferred tax liability amounted to CZK 2,630 thous. as of 31 December 2016 (and CZK 1,660 thous. as of 31 December 2015).



11. DERIVATIVES

The company has concluded two contracts on security derivatives, as of 31 December 2016, which it posted as derivatives for trading. As of 31 December 2016, the company posted a real value of the individual derivatives.

Forward	Contracting (nominal) value	Real value as of 31 December 2016
Sale of EUR 11,700 thous. EUR, date of settlement 22 September 2017	Rate of exchange 26.77	Loss CZK 1,111 thous.
Purchase of USD 4,600 thous., date of settlement 2 January 2017	Average rate of exchange 25.656	Profit CZK 751 thous.

12. REVENUES

The company's all sales for 2015 and 2016 were reached exclusively inland in the sale of goods and services.

	2016		2015	
	Inland	Foreign	Inland	Foreign
Activity 1 – retail	1,014,955	0	1,126,650	0
Activity 2 – wholesale	12,462,299	0	11,196,035	0
Total	13,477,254	0	12,322,685	0

13. PERSONNEL EXPENSES

The breakdown of personnel expenses (in thous. CZK)	2016		2015	
	Total number of employees	Incl. the members of management bodies	Total number of employees	Incl. the members of management bodies
Average number of employees	42	1	43	1
Labor costs	19,488	2,491	20,572	1,567
Social security and health insurance	6,659	551	6,856	463
Social expenses	215	0	233	0
Total personnel expenses	26,362	3,042	27,661	2,030

14. INFORMATION ABOUT TRANSACTIONS WITH RELATED ENTITIES

A detailed overview of loans, including interest rates, awarded guarantees, provided advance payments and other benefits provided to existing and former members of statutory bodies and management employees as of 31 December (in thous. CZK):

Statutory body	2016	2015
Advance payments	0	0
Loans	0	0
Guarantees	0	0
Other benefits	1,636	1,006

Other benefits consist in the free use of a manager's apartment in the company's registered office.

Current receivables from related entities as of 31 December (in thous. CZK):

Related entity	Maturity – type of claim	2016	2015
ARMEX HOLDING, a.s.	1/2017 – fuel + other goods and services in a gas station	13	17
ARMEX ENERGY, a.s.	1/2017 – fuel + other goods and services in a gas station	118	80
ARMEX INVEST, s.r.o.	1/2017 – fuel and other goods and services in a gas station	2	2
ARMEX GLOBAL a.s.	1/2017 – fuel and other goods and services in a gas station	15	4
DRACAR CZ a.s.	1/2017 – price settling-down	21,838	34,834

Non-current receivables from related entities as of 31 December (in thous. CZK):

Related entity	Maturity – type of claim	2016	2015
ARMEX GLOBAL a.s.	7/2022 – loan	5,600	14,050
ARMEX GLOBAL a.s.	12/2020 – the sale of a business share	2,708	x
ARMEX HOLDING, a.s.	12/2020 – the sale of a business share	2,708	x
ARMEX Technologies	7/2020 - loan	2,490	x

Non-current receivables from related entities are reported in assets on I. C.II.1.2. of the balance sheet. Also a comparable figure for past accounting period is reported for this figure. The value of these receivables was reported in the financial statements as of 31 December 2015 in I. C.II.2.4.6.

Current liabilities to related entities as of 31 December (in thous. CZK):

Spřízněná osoba	Datum splatnosti - druh nároku	2016	2015
ARMEX HOLDING, a.s.	1/2017 – engineering, techn. assistance, re-invoicing	69	87
ARMEX ENERGY, a.s.	1/2017 – el. energy	584	197
ARMEX INVEST, s.r.o.	1/2017 – engineering	43	178
ARMEX GLOBAL a.s.	1/2017 – re-invoicing services	136	219
TRANSCARGO s.r.o.	1/2017	208	0
TRANSCARGO s.r.o.	1/2017 – price setting-down	792	26,276
DRACAR CZ a.s.	1/2017	2	0

The company prepared a report on relations in compliance with Section 82 et seq. of the Business Corporations Act, which is attached to the company's annual report and which describes in detail transactions with related entities in 2016.

15. SIGNIFICANT ITEMS FROM THE PROFIT AND LOSS STATEMENT

The item of services includes, in particular, the costs of advertisement and promotion, rent, commission to commission agents – the operators of gas stations and advisory services.

Other operating revenues include, in particular, the revenues from contracting fines of customers and revenues from assigned receivables.

Other operating expenses include, in particular, the depreciation of assigned receivables and a fine imposed by the Office for the Protection of Competition due to the merger with TRANSCARGO s.r.o. earlier than this merger was permitted by the office.

The revenues from non-current financial assets include the revenues from the sale of a business share in a subsidiary and received share in profit from subsidiaries.

Other financial expenses include, in particular, foreign exchange losses and fees for providing banking guarantees.

Other financial revenues include, in particular, yield interests and foreign exchange gains.

16. GOING CONCERN PRINCIPLE

The financial statements as of 31 December 2016 was prepared on a going concern principle, i. e. based on an assumption that the company will continue working as a going concern for an unlimited duration. Therefore, the attached financial statements do not contain any modifications that could result from this uncertainty because the accounting unit is not aware

of any information as of the date when the financial statements were prepared that would indicate that the accounting unit may not be able to continue its activities without interruption and, as a consequence, the ability of the accounting unit to meet its liabilities would be endangered.

17. CASHFLOW STATEMENT

The company has compiled a cashflow statement, which forms a part of the financial statements. The cashflow statement was prepared using an indirect method.



INDEPENDENT AUDITOR'S REPORT

on the Financial Statements of ARMEX Oil, s.r.o.

Accounting Entity Information

Company Name:	ARMEX Oil, s.r.o.
File No.:	C 15492 registered at Regional Court Ústí nad Labem
Registered Office:	Mánesova 2022/13, Děčín VI – Letná, 405 02 Děčín
Legal Form:	limited liability company
Registered on:	4 June 1999
Identification Number (IČ):	254 03 460
Line of Business:	see Business Register Statement
Statutory Body:	Executive Director: Ing. Antonín Hlavsa Executive Director: Hynek Sagan
Registered Capital:	CZK 396,000,000

Audit Execution

Statutory auditor:	ADL Audit s.r.o., auditor's license no. 561 Ing. Petr Dostál, MBA, auditor's license no. 1361
Partner auditing company:	ACT AUDIT, spol. s r.o., auditor's license no. 233
Audited Period:	1 January 2016 - 31 December 2016
Balance Sheet Day:	31 December 2016
Report Issue Date:	30 June 2017

Audit Subject Matter

In compliance with Act No. 93/2009 Coll. on auditors, and in compliance with International Standards and related application supplements of the Chamber of Auditors of the Czech Republic the auditor verifies, whether information stated in the financial statement provide a true and fair presentation of the subject matter of the accountancy.

Appendices

Complete Balance Sheet as of 31 December 2016
Complete Profit and Loss Statement as of 31 December 2016
Appendix for the 2016 Financial Statement
Statement of changes in equity as of 31 December 2016
Statement of cash flows as of 31 December 2016
Annual Report for the 2016

Independent Auditor's Report to Limited Partners of ARMEX Oil, s.r.o.

OPINION

We have audited the accompanying financial statements of ARMEX Oil, s.r.o. (hereinafter also the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as of 31 December 2016, and the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of ARMEX Oil, s.r.o. as of 31 December 2016, and of its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

BASIS FOR OPINION

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION IN THE ANNUAL REPORT

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Body is responsible for the other information.

As stated in the 1st Appendix of the financial statement, ARMEX Oil, s.r.o. does not issue an annual report, because all relevant information will be included in a consolidated annual report. For this reason, our opinion on other information is not included in this auditor's report.

RESPONSIBILITIES OF THE COMPANY'S STATUTORY BODY

The Statutory Body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Statutory Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory Body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above mentioned laws and regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Body.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Body among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on June 30, 2016

ADL Audit s.r.o.
Na Příkopě 859/22
110 00 Praha 1
auditor's license no. 561

Ing. Petr Dostál, MBA
auditor's license no. 1361

TRANSCARGO

member of

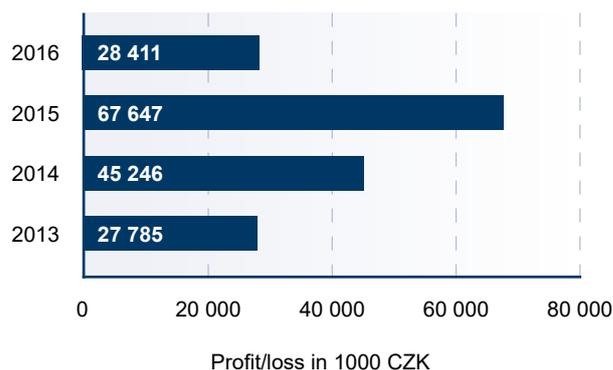


TRANSCARGO was founded and commenced its activities in 1996. The company has been operating for many years as a non-retail distributor of fuels, in particular on the Moravian market, while its customer base is made up of end consumers of fuels using the delivered fuels for their business.

The company's customer portfolio is composed primarily of financially strong, economically stable customers with large monthly orders of fuel. This is reflected on the one hand by the highly competitive environment in which the company carries out its business, and on the other in its practically zero credit risk, in spite of the considerable volumes of the company's business activities. TRANSCARGO is, despite the very competitive environment on its market, capable of performing excellently and continuously growing the volume of fuels sold, and is also increasingly focusing on the market of smaller customers – it balances the higher risk of business in this segment through rigorous work with hedging instruments.

PROFIT/LOSS FOR THE PERIOD

TRANSCARGO s.r.o.

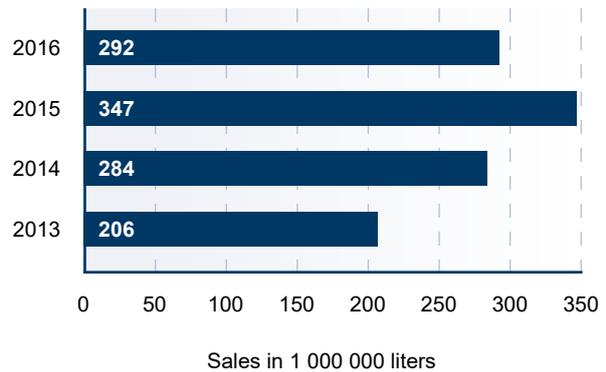


Since 2013, the company has been part of the petroleum products division of the ARMEX group, with the parent company being ARMEX Oil, s.r.o. The full significance of the synergy between the ARMEX group and the company was shown precisely in 2015 and 2016, when taking advantage of their common know-how and centralised fuels purchasing, the ARMEX group succeeded to significantly dominate the Moravian market through the company. The dominance of the ARMEX group petroleum products division on the Moravian market has been further strengthened by the acquisition of DRACAR CZ, a.s., based in Ostrava.

In 2016, the company recorded a total of 292 million litres of fuels traded. The company's revenues from sales of goods were CZK 6.1 billion in 2016.

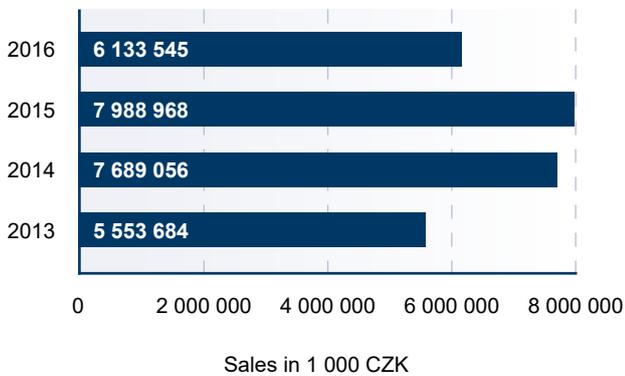
SALES OF MINERAL OILS

TRANSCARGO s.r.o.



SALES OF GOODS

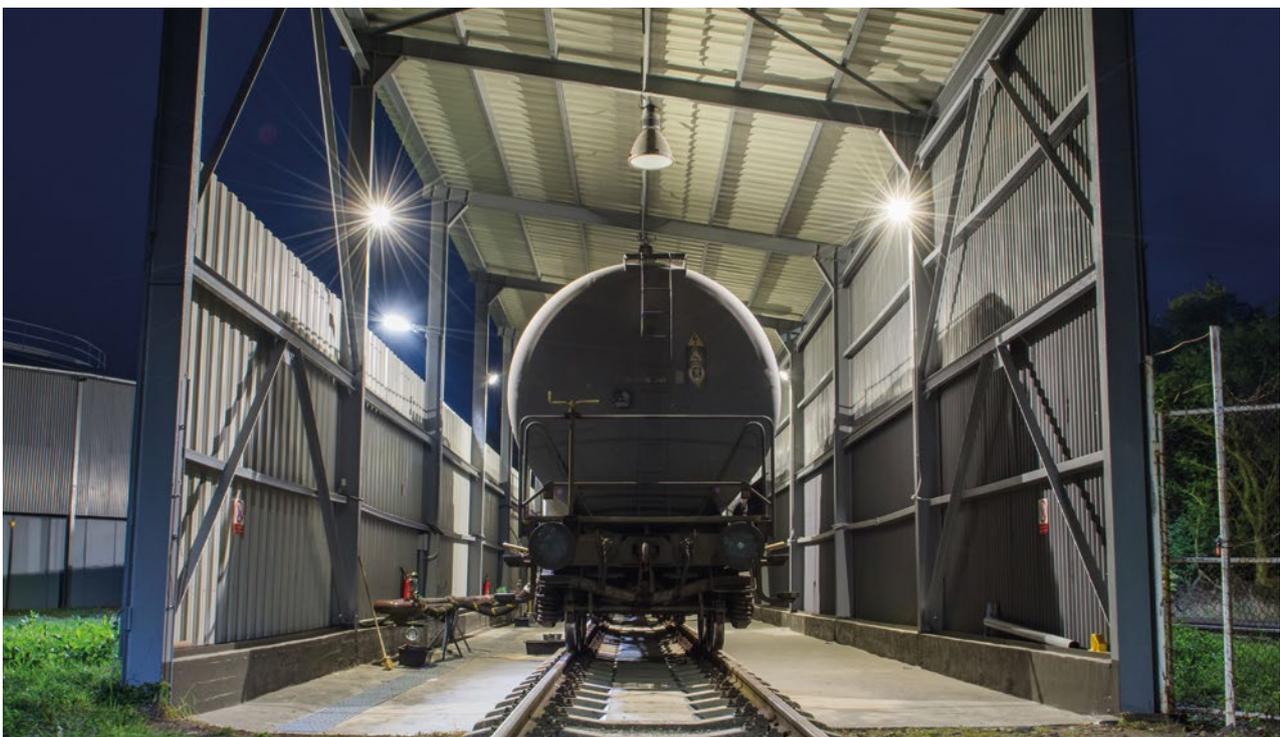
TRANSCARGO s.r.o.



The company's net profit was CZK 28.4 million in 2016.

From the perspective of the company's own operation, we can say that in 2016 the changes carried out in connection with the acquisition of the company by the ARMEX group and subsequently with the acquisition of the sister Northern Moravian company DRACAR resulted in the full stabilisation of the intra-concern relations and the connected internal processes in sales, logistics and administration.

The company complies with all legislation as well as best practices in environmental protection. Similarly, the company complies with all labour law legislation, and is developing smoothly in personnel terms.



BALANCE SHEET - ASSETS

Financial Statements of TRANSCARGO s.r.o.

Balance Sheet - ASSETS (in thousands CZK)		Current accounting period			Past period
		Gross	Adjustments	Net	
	TOTAL ASSETS	294,139	-2,540	291,599	325,149
A.	Receivables for subscribed capital	0	0	0	0
B.	Fixed assets	3,718	-2,540	1,178	1,676
B. I.	Intangible assets	498	-184	314	31
B. I. 1.	Research and development	0	0	0	0
B. I. 2.	Valuable rights (patents, copyrights, trademarks and brands)	184	-184	0	31
B. I. 2. 1.	Software	184	-184	0	31
B. I. 2. 2.	Other valuable rights	0	0	0	0
B. I. 3.	Goodwill	0	0	0	0
B. I. 4.	Other intangibles	0	0	0	0
B. I. 5.	Advances for intangible assets and Intangible assets under construction	314	0	314	0
B. I. 5. 1.	Advances for intangible assets	0	0	0	0
B. I. 5. 2.	Intangible assets under construction	314	0	314	0
B. II.	Tangible fixed assets	3,220	-2,356	864	1,645
B. II. 1.	Land and Buildings	0	0	0	0
B. II. 1. 1.	Land	0	0	0	0
B. II. 1. 2.	Buildings and structures	0	0	0	0
B. II. 2.	Machinery, equipment, vehicles, fixtures and fittings	3,220	-2,356	864	1,645
B. II. 3.	Valuation differences to acquired assets	0	0	0	0
B. II. 4.	Other tangible fixed assets	0	0	0	0
B. II. 4. 1.	Orchards and vineyards	0	0	0	0
B. II. 4. 2.	Livestock (herd and draught animals)	0	0	0	0
B. II. 4. 3.	Other tangible fixed assets	0	0	0	0
B. II. 5.	Advances for tangible fixed assets and Tangible fixed assets under construction	0	0	0	0
B. II. 5. 1.	Advances for tangible fixed assets	0	0	0	0
B. II. 5. 2.	Tangible fixed assets under construction	0	0	0	0

Balance Sheet - ASSETS (in thousands CZK)		Current accounting period			Past period
		Gross	Adjustments	Net	
B. III.	Financial assets	0	0	0	0
B. III. 1.	Investments in subsidiaries	0	0	0	0
B. III. 2.	Loans and borrowings to subsidiaries	0	0	0	0
B. III. 3.	Investments in associates	0	0	0	0
B. III. 4.	Loans and borrowings to associates	0	0	0	0
B. III. 5.	Other securities and investments	0	0	0	0
B. III. 6.	Other loans and borrowings	0	0	0	0
B. III. 7.	Other financial assets	0	0	0	0
B. III. 7. 1.	Other financial assets	0	0	0	0
B. III. 7. 2.	Advances for investments	0	0	0	0
C.	CURRENT ASSETS	290,144	0	290,144	321,368
C. I.	Inventories	7,934	0	7,934	52,321
C. I. 1.	Raw material	0	0	0	0
C. I. 2.	Work-in-progress and semi-finished products	0	0	0	0
C. I. 3.	Finished products and goods	1,232	0	1,232	866
C. I. 3. 1.	Finished products	0	0	0	0
C. I. 3. 2.	Goods	1,232	0	1,232	866
C. I. 4.	Animals	0	0	0	0
C. I. 5.	Prepayments on inventories	6,702	0	6,702	51,455
C. II.	Receivables	260,629	0	260,629	250,476
C. II. 1.	Long-term receivables	0	0	0	0
C. II. 1. 1.	Trade receivables	0	0	0	0
C. II. 1. 2.	Receivables from controlling entities	0	0	0	0
C. II. 1. 3.	Receivables from associates	0	0	0	0
C. II. 1. 4.	Deferred tax receivable	0	0	0	0
C. II. 1. 5.	Other receivables	0	0	0	0
C. II. 1. 5. 1.	Receivables from partners, cooperative member and association members	0	0	0	0
C. II. 1. 5. 2.	Long-term advances	0	0	0	0
C. II. 1. 5. 3.	Estimated receivables	0	0	0	0
C. II. 1. 5. 4.	Other receivables	0	0	0	0
C. II. 2.	Short-term receivables	260,629	0	260,629	250,476
C. II. 2. 1.	Trade receivables	250,770	0	250,770	227,728
C. II. 2. 2.	Receivables from controlling entities	0	0	0	0

Balance Sheet - ASSETS (in thousands CZK)		Current accounting period			Past period
		Gross	Adjustments	Net	
C. II. 2. 3.	Receivables from associates	0	0	0	0
C. II. 2. 4.	Other Receivables	9,859		9,859	22,748
C. II. 2. 4. 1.	Receivables from partners, cooperative member and association members	0	0	0	0
C. II. 2. 4. 2.	Social security and health insurance	0	0	0	0
C. II. 2. 4. 3.	Government - tax receivables	9,858	0	9,858	22,742
C. II. 2. 4. 4.	Short-term advances	1	0	1	6
C. II. 2. 4. 5.	Estimated accrued revenues	0	0	0	0
C. II. 2. 4. 6.	Other receivables	0	0	0	0
C. III.	Current financial assets	0	0	0	0
C. III. 1.	Investments in subsidiaries	0	0	0	0
C. III. 2.	Other short-term financial assets	0	0	0	0
C. IV.	Cash and bank accounts	21,581	0	21,581	18,571
C. IV. 1.	Cash	297	0	297	151
C. IV. 2.	Bank accounts	21,284	0	21,284	18,420
D. I.	Prepayments and accrued income	277	0	277	2,105
D. I. 1.	Prepaid expenses	277	0	277	105
D. I. 2.	Complex prepaid expenses	0	0	0	0
D. I. 3.	Accrued income	0	0	0	2,000



BALANCE SHEET - LIABILITIES

Financial Statements of TRANSCARGO s.r.o.

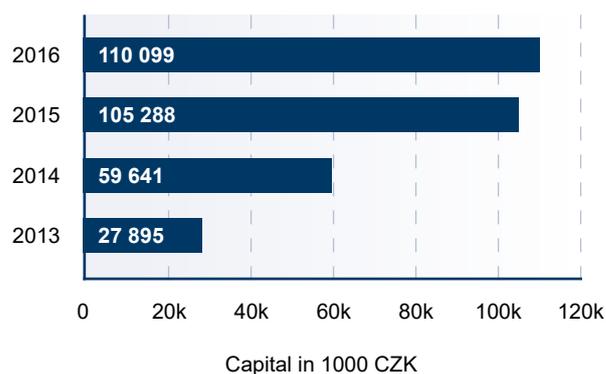
Balance Sheet - LIABILITIES (in thousands CZK)		Current accounting period	Previous account. period
	TOTAL LIABILITIES AND EQUITY	291,599	325,149
A.	Equity	110,099	105,288
A. I.	Subscribed capital	80,000	35,600
A. I. 1.	Subscribed capital	80,000	35,600
A. I. 2.	Treasury shares	0	0
A. I. 3.	Changes in subscribed capital	0	0
A. II.	Share premium and capital reserves	0	0
A. II. 1.	Share premium	0	0
A. II. 2.	Capital reserves	0	0
A. II. 2. 1.	Other capital reserves	0	0
A. II. 2. 2.	Valuation differences from revaluation of assets and liabilities	0	0
A. II. 2. 3.	Valuation differences from revaluation by transformation	0	0
A. II. 2. 4.	Differences in company transformation	0	0
A. II. 2. 5.	Differences from valuation company transformation by	0	0
A. III.	Revenue reserves	100	100
A. III. 1.	Other reserve fund	100	100
A. III. 2.	Statutory and other reserve	0	0
A. IV.	Retained earnings	1,588	1,941
A. IV. 1.	Retained earnings of previous years	1,588	1,941
A. IV. 2.	Accumulated losses of previous years	0	0
A. IV. 3.	Other retained earnings	0	0
A. V.	Profit / loss of current accounting period	28,411	67,647
A. VI.	Decided on advanced payment for dividends	0	0

Balance Sheet - LIABILITIES (in thousands CZK)		Current accounting period	Previous account. period
B. + C.	Liabilities	181,491	219,108
B.	Provisions	0	0
B. 1.	Provisions for pensions and similar obligations	0	0
B. 2.	Provision for income tax	0	0
B. 3.	Provision according to special legal regulations	0	0
B. 4.	Others provisions	0	0
C.	Payables	181,491	219,108
C. I.	Long-term liabilities	97	133
C. I. 1.	Bonds issued	0	0
C. I. 1. 1.	Exchangeable Bonds	0	0
C. I. 1. 2.	Other Bonds	0	0
C. I. 2.	Payables to banks	0	0
C. I. 3.	Long-term advances received	0	0
C. I. 4.	Trade payables	0	0
C. I. 5.	Long-term promissory notes payable	0	0
C. I. 6.	Payables - controlling or controlled entity	0	0
C. I. 7.	Payables to associates	0	0
C. I. 8.	Deferred tax liabilities	97	133
C. I. 9.	Other payables	0	0
C. I. 9. 1.	Payables to partners	0	0
C. I. 9. 2.	Estimated payables	0	0
C. I. 9. 3.	Other payables	0	0
C. II.	SHORT-TERM LIABILITIES	181,394	218,975
C. II. 1.	Bonds issued	0	0
C. II. 1. 1.	Exchangeable Bonds	0	0
C. II. 1. 2.	Other Bonds	0	0
C. II. 2.	Payables to banks	178,628	197,986
C. II. 3.	Short-term advances received	0	0
C. II. 4.	Trade payables	1,703	12,370
C. II. 5.	Short-term notes payable	0	0
C. II. 6.	Payables - controlling or controlled entity	0	0
C. II. 7.	Payables to associates	0	0
C. II. 8.	Other payables	1,063	8,619
C. II. 8. 1.	Payables to partners	0	0

Balance Sheet - LIABILITIES (in thousands CZK)		Current accounting period	Previous account. period
C. II. 8. 2.	Short-term borrowings	0	0
C. II. 8. 3.	Payables to employees	500	584
C. II. 8. 4.	Payables to social security and health insurance	260	299
C. II. 8. 5.	Government - tax payables and subsidies	303	7,646
C. II. 8. 6.	Estimated accrued items	0	90
C. II. 8. 7.	Other payables	0	0
D. I.	Accruals and deferred income	9	753
D. I. 1.	Accrued expenses	9	753
D. I. 2.	Deferred income	0	0

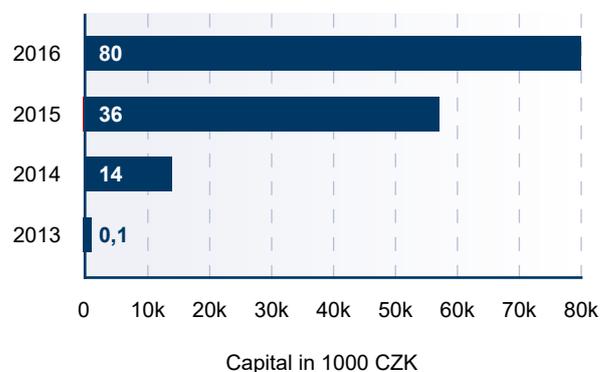
EQUITY

TRANSCARGO s.r.o.



REGISTERED CAPITAL

TRANSCARGO s.r.o.



PROFIT AND LOSS STATEMENT

Financial Statements of TRANSCARGO s.r.o.

PROFIT AND LOSS STATEMENT (in thousands CZK)		Values in accounting period	
		Current	Previous
I.	Sales of goods and services	0	0
II.	Sales of goods	6,133,545	7,988,968
A.	Consumption from production	6,084,044	7,889,516
A. 1.	Costs of goods sold	6,068,230	7,874,662
A. 2.	Consumption of material and energy	647	799
A. 3.	Services	15,167	14,055
B.	Increase/decrease in finished goods and in work in progress	0	0
C.	Own work capitalized	0	0
D.	Staff costs	10,720	11,217
D. 1.	Wages and salaries	7,938	8,414
D. 2.	Social security and health insurance costs and other costs	2,782	2,803
D. 2. 1.	Social security and health insurance costs	2,618	2,659
D. 2. 2.	Other social costs	164	144
E	Adjustment of values in operating activities	813	825
E. 1.	Adjustment of values of Intangible and tangible assets	813	825
E. 1. 1.	Adjustment of values of Intangible and tangible assets - permanent	813	825
E. 1. 2.	Adjustment of values of Intangible and tangible assets - temporaly	0	0
E. 2.	Adjustment of values of inventories	0	0
E. 3.	Adjustment of values of receivables	0	0
III.	Other operating income	790	4,427
III. 1.	Proceeds on sale of fixed assets	0	20
III. 2.	Proceeds on sale of material	0	0
III. 3.	Other operating income	790	4,407

PROFIT AND LOSS STATEMENT (in thousands CZK)		Values in accounting period	
		Current	Previous
F.	Other operating expenses	346	4,669
F. 1.	Net book value of fixed assets sold	0	18
F. 2.	Net book value of material sold	0	0
F. 3.	Taxes and fees relating to operating activities	28	9
F. 4.	Provisions and adjustments relating to operating activities and complex deferred expenses	0	0
F. 5.	Other operating expenses	318	4,642
*	Profit/loss from operating activities	38,412	87,168
IV.	Revenues from long-term investments	0	0
IV. 1.	Revenues from investments in subsidiaries	0	0
IV. 2.	Other revenues from investments	0	0
G.	Expenses spend on investments sold	0	0
V.	Revenues from other long-term investments	0	0
V. 1.	Revenues from other long-term investments in subsidiaries	0	0
V. 2.	Other revenues from long-term investments	0	0
H.	Expenses related to other long-term financial assets	0	0
VI.	Interest income and similar income	1	3
VI. 1.	Interest income and similar income in subsidiaries	0	0
VI. 2.	Other interest income and similar income	1	3
I.	Adjustments relating to financial activities	0	0
J	Interest expense and similar expenses	2,758	3,080
J. 1.	Interest expense and similar expenses in subsidiaries	0	0
J. 2.	Other interest expense and similar expenses	2,758	3,080
VII.	Other financial revenues	0	0
K.	Other financial expenses	552	506
*	Profit/loss from financial activities	-3,309	-3,583

PROFIT AND LOSS STATEMENT (in thousands CZK)		Values in accounting period	
		Current	Previous
**	Profit/loss before tax	35,103	83,585
L.	Income tax	6,692	15,938
L. 1.	- Due	6,727	15,928
L. 2.	- Deferred	-35	10
**	Profit/loss after tax	28,411	67,647
M.	Transfer of profit to partners	0	0
***	Profit/loss for the period	28,411	67,647
*	Netto turnover for the period	6,134,336	7,993,398



CASH FLOW STATEMENTS

Financial Statements of TRANSCARGO s.r.o.

CASH FLOW STATEMENTS (in thousands CZK)		Values in accounting period	
		Current	Previous
P.	Cash and cash equivalents at beginning of accounting period	18,571	84,102
	CASH FLOW FROM ORDINARY ACTIVITIES		
Z	Profit/loss before taxation	35,103	83,586
A. 1.	Adjustments for non-cash transactions	3,570	3,899
A. 1. 1.	Depreciation of fixed assets (except of net book value of fixed assets sold, depreciation of adjustment for assets acquisition (+/-))	813	825
A. 1. 2.	Change in adjustments, provisions	0	0
A. 1. 3.	Profit/loss on disposal of fixed assets	0	-3
A. 1. 4.	Dividends received	0	0
A. 1. 5.	Net interest expense (+) (except of capitalized interest) and interest income (-)	2,757	3,077
A. 1. 6.	Adjustments for other non-cash movements	0	0
A*	Net cash flow from operating activities before tax and changes in working capital	38,673	87,485
A. 2.	Change in non-financial items of working capital	11,808	-111,866
A. 2. 1.	Increase/decrease in trade and other receivables, including prepayments and accrued income (+/-)	-7,532	-37,310
A. 2. 2.	Increase/decrease in trade payables, including accruals and deferred income (+/-)	-24,255	-31,453
A. 2. 3.	Increase/decrease in inventories	43,595	-43,103
A. 2. 4.	Increase/decrease in short-term financial assets not classified under cash and cash equivalents	0	0
A**	Net cash flow from operating activities before taxes	50,481	-24,381
A. 3.	Interest paid, excl. capitalized interests	-2,758	-3,080
A. 4.	Interest received (+)	1	3
A. 5.	Income tax on ordinary activities paid and additional assessments for past periods (including deposits and refunds) (-)	-20,798	-15,938
A. 7.	Profit-sharing and dividends received	0	0
A***	Net cash flow from operating activities	26,926	-43,396

CASH FLOW STATEMENTS (in thousands CZK)		Values in accounting period	
		Current	Previous
CASH FLOW FROM INVESTICION ACTIVITES			
B.1.	Costs associated with acquisition of fixed assets	-316	-155
B.2.	Proceeds on sales of fixed assets	0	20
B.3.	Loans and credits to related persons	0	0
B***	Net cash flow from investing activities	-316	-135
CASH FLOW FROM FINANTIAL ACTIVITES			
C.1.	Net effect of changes in long-term liabilities and short-term liabilities, belonging to the financial activities area, to cash and cash equivalents	0	0
C.2.	Net effect of changes in equity on cash and cash equivalents, share profits or possibly legal reserve incl. advances paid for this increase (+)	-23,600	-22,000
C.2.1.	Increase in cash and cash equivalents due to increases in registered capital, share premium, and capital reserves including advances paid. (+)	0	0
C.2.2.	Profit sharing and dividends paid to partners. (-)	0	0
C.2.3.	Other cash contributions from partners and shareholders (+)	0	0
C.2.4.	Loss covered by partners (+)	0	0
C.2.5.	Direct payments debited to reserves (-)	0	0
C.2.6.	Dividends paid and profit shares including withholding tax paid relating to these demands and including settlement with partners in partnership and general partners in limited partnerships	-23,600	-22,000
C***	Net cash from financing activities	-23,600	-22,000
F.	Net increase/decrease in cash and cash equivalents	3,010	-65,531
R.	Cash and cash equivalents at end of period	21,581	18,571



CHANGES IN SHAREHOLDERS EQUITY

Financial Statements of TRANSCARGO s.r.o.

CHANGES IN SHAREHOLDERS EQUITY (in thousands CZK)		Values in accounting period	
		Current	Previous
A.	Subscribed capital in Companies register entered (411, 491)		
A. 1.	Opening balance	35,600	13,600
A. 2.	Increase	44,400	22,000
A. 3.	Decrease	0	0
A. 4.	Closing balance	80,000	35,600
B	Subscribed capital in companies register not entered (419)		
B. 1.	Opening balance	0	0
B. 2.	Increase	0	0
B. 3.	Decrease	0	0
B. 4.	Closing balance	0	0
C.	Subscribed capital (A. +/- B.) with account (-)252		
C. 1.	Opening balance A. +/- B.	35,600	13,600
C. 2.	Opening balance (-252)	0	0
C. 3.	Increase (-252)	0	0
C. 4.	Decrease (-252)	0	0
C. 5.	Closing balance (-252)	0	0
C. 6.	Closing balance A. +/- B. incl. 252	80,000	35,600
D	Share premium (412)		
D. 1.	Opening balance	0	0
D. 2.	Increase	0	0
D. 3.	Decrease	0	0
D. 4.	Closing balance	0	0
E	Capital reserves (413)		
E. 1.	Opening balance	0	0
E. 2.	Increase	0	0
E. 3.	Decrease	0	0

CHANGES IN SHAREHOLDERS EQUITY (in thousands CZK)		Values in accounting period	
		Current	Previous
E. 4.	Closing balance	0	0
F	Differences from revaluation not included in profit/loss (414, 416, 417 and 418)		
F. 1.	Opening balance	0	0
F. 2.	Increase	0	0
F. 3.	Decrease	0	0
F. 4.	Closing balance	0	0
G	Legal reserves (421, 422)		
G. 1.	Opening balance	100	100
G. 2.	Increase	0	0
G. 3.	Decrease	0	0
G. 4.	Closing balance	100	100
H	Other profit reserves (423, 427)		
H. 1.	Opening balance	0	0
H. 2.	Increase	0	0
H. 3.	Decrease	0	0
H. 4.	Closing balance	0	0
I	Credit from account periods (428 + credit 431)		
I. 1.	Opening balance	69,588	45,941
I. 2.	Increase	0	0
I. 3.	Decrease	68,000	44,000
I. 4.	Closing balance	1,588	1,941
J	Debit from account periods (429 + debit 431)		
J. 1.	Opening balance	0	0
J. 2.	Increase	0	0
J. 3.	Decrease	0	0
J. 4.	Closing balance	0	0
K	Other retained earnings of an previous account periods (426)		
K. 1.	Opening balance	0	0
K. 2.	Increase	0	0
K. 3.	Decrease	0	0
K. 4.	Closing balance	0	0

CHANGES IN SHAREHOLDERS EQUITY (in thousands CZK)		Values in accounting period	
		Current	Previous
L	Profit/loss for the period after tax		
L. 1.	Opening balance	0	0
L. 2.	Increase	28,411	67,647
L. 3.	Decrease	0	0
L. 4.	Closing balance	28,411	67,647
M	Advanced payment for dividends (432)		
M. 1.	Opening balance	0	0
M. 2.	Increase	0	0
M. 3.	Decrease	0	0
M. 4.	Closing balance	0	0
X	Equity in total		
X. 1.	Opening balance	105,288	59,641
X. 2.	Increase	72,811	89,647
X. 3.	Decrease	68,000	44,000
X. 4.	Closing balance	110,099	105,288



NOTES TO THE FINANCIAL STATEMENTS

Financial Statements of TRANSCARGO s.r.o.

1. COMPANY DESCRIPTION

Commercial Name:	TRANSCARGO s.r.o.
Registered Office:	Malý Val 1580/17, 767 01 Kroměříž, Czech Republic
Legal Form:	limited liability company
Identification No.:	651 41 261
Date of Incorporation:	14 May 1996
Subject of Activity:	Fuel distribution

TRANSCARGO s.r.o. (hereinafter referred to as the “company”) is a limited liability company, which was established on 14 May 1996 and has its registered office in Kroměříž, Czech Republic, Identification No. 65141261. The company is incorporated in the Companies Register of the Regional Court in Brno under file reference 80603, Section C.

The main objective of its activity is the activity of a fuel distributor.

The consolidated financial statements of a group of accounting units under which the company, as a consolidated accounting unit, belongs are prepared by ARMEX Oil, s.r.o., with the registered

office in Děčín. These consolidated financial statements can be obtained in the collection of documents of the Companies Register and at the website of ARMEX Oil – www.armexoil.cz. The anticipated date when the consolidated financial statements for 2016 will be published is 31 August 2017.

In 2016, there was a significant amendment to the entry in the Companies Register for the company, namely the increase of the company's registered capital from CZK 35.6 mil. to CZK 80 mil., and, consequently, also the increase of the company associates' absolute shares with no change of the proportions of shares.

2. BASIC FOUNDATIONS TO PREPARE FINANCIAL STATEMENTS

The enclosed individual (non-consolidated) financial statements have been prepared in compliance with the Act No. 563/1991 Coll., on bookkeeping, as amended (hereinafter referred to as the “Bookkeeping Act”) and the Implementing Decree No. 500/2002 Coll., by which some provisions of the Act No. 563/1991 Coll., on bookkeeping, as amended, are implemented for accounting units that are entrepreneurs keeping books in the system of double-entry bookkeeping, as amended, for years 2016 and 2015 (hereinafter referred to as the “Implementing Decree to the Bookkeeping Act”).

Based on the requirements of the amendment to the Bookkeeping Act and the Implementing Decree in force as of 1 January 2016, reporting of the items of the balance sheet and the profit and loss statement has been changed. In order to secure the comparability of these items with the past accounting period, the items of the balance sheet and the profit and loss statement for 2015 have been reclassified correspondingly. The company proceeded in compliance with the Czech Accounting Standard for Entrepreneurs No. 024 “Comparable period for the bookkeeping period started in 2016”.

3. GENERAL ACCOUNTING PRINCIPLES, ACCOUNTING METHODS AND THEIR CHANGES AND VARIATIONS

Evaluation methods that the company has used for the preparation of the financial statements for 2016 and 2015 are as follows:

a) Non-current intangible assets

Non-current intangible assets are evaluated at acquisition costs that contain the price of acquisition and costs related with the acquisition.

Non-current intangible assets above CZK 60 thous. are depreciated in expenses, in 2016 and 2015, based on the anticipated service life of the applicable assets.

Depreciation is calculated based on the price of acquisition and the anticipated service life of the applicable assets. The scheme of depreciation has been updated based on the expected service life of the assets in the course of the use of the non-current intangible assets.

b) Non-current tangible assets

Non-current tangible assets are evaluated at acquisition costs that include the price of acquisition, costs of transportation, customs duty and other costs related with the acquisition.

Non-current tangible assets above CZK 40 thous. are depreciated, in 2016 and 2015, in expenses during their economic service life.

The costs of technical improvement of non-current tangible assets increase their price of acquisition. Repairs and maintenance are posted to expenses.

Depreciation is calculated based on the price of acquisition and the anticipated service life of the applicable assets. The scheme of depreciation has been updated based on the expected service life of the assets in the course of the use of the non-current tangible assets.

c) Financial resources

Financial resources include liquid valuables, cash on hand and cash in banks.

d) Inventories

Purchased inventories are evaluated in the prices of acquisition using the method A of posting inventories. Released inventories

are evaluated at real prices of acquisition. The price of acquisition include the cost of their acquisition, including costs related to the acquisition (the cost of transport, customs duty, commission, etc.).

e) Receivables

Receivables are evaluated at nominal value when they originate. Purchased receivables are evaluated at the price of acquisition. The company does not form adjustments to receivables because the amount of receivables reported in the company's balance sheet as of the balance day and outstanding as of the date when the financial statements were compiled was absolutely insignificant and the company assumes reasonably that the receivables that have not been settled so far will be settled in the course of 2017.

Estimated receivables are evaluated based on professional estimations and calculations.

f) Equity

The company's equity is reported in the amount entered in the Companies Register of the regional court.

In compliance with the company's articles of incorporation, the company formed a legal reserve from profit in the amount of CZK 100 thous. The amount of the legal reserve is final.

g) Foreign resources

Non-current and current liabilities are reported at nominal values.

Current liabilities to credit institutions are reported at nominal value. The company has no non-current liabilities to credit institutions.

Estimated liabilities are evaluated based on professional estimations and calculations.

h) Foreign-exchange operations

Assets and liabilities acquired in a foreign currency are evaluated in Czech crowns at the rate of exchange valid as of the day

when they originate and items having pecuniary character were evaluated, as of the balance day, at the rate of exchange valid as of 31 December published by the Czech National Bank.

Implemented and non-implemented foreign exchange gains and losses are posted in financial revenues or financial expenses of a current year.

i) Use of estimates

The preparation of financial statements requires from the company's management to use estimates and assumptions that affect the reported values of assets and liabilities as of the date of the financial statements and on the reported amount of revenues and expenses for the monitored period. The company's management determined these estimates and assumptions based on all relevant information available to them. Nevertheless, as follows from the substance of the estimate, real values can differ from these estimates in future.

j) Posting revenues and expenses

Revenues and expenses are posted as adjusted, i. e. in the period to which they relate in terms of facts and time.

k) Income tax

The cost of the income tax is calculated at an applicable tax rate from the accounting profit increased or decreased by permanently or temporarily tax non-deductible expenses and non-taxed revenues (e. g. the formation and posting of other provisions and adjusting items, entertainment cost, difference between accounting and tax depreciation, etc.). In addition, items decreasing the tax base (gifts), tax-deductible items (tax loss, costs of the implementation of research and development projects) and income tax relief are taken into account.

Deferred tax liability reflects the tax impact of temporary differences between balance values of assets and liabilities from the point of view of bookkeeping and determination of the income tax base with regard to the implementation period.

l) Follow-up events

The impact of events that occurred between the balance day and the day when the financial statements are compiled is recorded in accounting statements in case that these events provided additional information about facts that existed as of the balance day.

4. NON-CURRENT ASSETS

The overview of the development and balance of non-current assets forms the notes hereto.

The aggregate amount of low-value intangible and tangible assets not mentioned in the balance sheet amounted,

as of 31 December 2016 and 31 December 2015, CZK 931 thous. and CZK 804 thous. at acquisition costs.

5. RECEIVABLES

As of 31 December 2016, receivables overdue for more than 30 days amounted to CZK 12,515 thous. (as of 31 December 2015, CZK 2,418).

As of 31 December 2016, the company's receivables in the amount of CZK 256,846 thous. were charged with the right of lien to cover short-term loans from ČSOB and Raiffeisenbank.

On I. 064 of the balance sheet (state – tax receivables), an overpayment of corporate income tax in the amount of CZK 6,548 thous. is reported as well as unused VAT deduction in the amount of CZK 3,310 thous., which will be claimed in 2017.

6. CURRENT FINANCIAL ASSETS AND FINANCIAL RESOURCES

As of 31 December 2015, the company had the following balances of accounts with limited disposal (in thous. CZK):

- a special account in Československá obchodní banka with the balance of CZK 5 mil. as of 31 December 2015, which represents a cash collateral to provided banking guarantees

The company opened an overdraft account in Raiffeisenbank a.s., which allows it to draw a loan by the amount of CZK 100,000. As of 31 December 2016 and 31 December 2015,

the negative balance (in compliance with the agreed credit limit of CZK 100,000) amounted to CZK 90,641 thous. and CZK 98,886 thous. and reported as a short-term bank credit in the balance sheet.

The company opened an overdraft account in Československá obchodní banka, a. s., in 2016, which allows it to draw a loan up to the amount of CZK 100,000. As of 31 December 2016, the negative balance (in compliance with the agreed credit limit of CZK 100,000) amounted to CZK 87,987 thous. and it is reported as a short-term bank credit in the balance sheet.

7. EQUITY

The company has compiled an overview of movements in equity, which forms a part of the financial statements.

The company's equity consists of 2 business shares fully subscribed and repaid, having the nominal value of CZK 60,000 thous. or CZK 20,000 thous., if applicable.

On 7 and 8 July 2016, the company paid share in profit for 2015 in total amount of CZK 23,600 thous. The share in profit for 2014 amounted to CZK 22,000 thous.

The company anticipates the payment of an amount corresponding to 50% of net profit for 2016 after taxation (CZK 28,411 thous.) in dividends to its associates and the remaining part of the net profit will be transferred to the account of undistributed profit for past years

8. LIABILITIES TO CREDIT INSTITUTIONS, BANKING GUARANTEES

Bank	Type	Framework 2016/2015	Balance 2016/2015	Interest rate	Security
ČSOB	revolving	xxx/100,000	xxx/99,100	Pribor + 1.55% p.a.	receivables
ČSOB	overdraft	100,000/xxx	87,987/xxx	Pribor + 1.4% p.a.	receivables
ČSOB	banking guarantee	20,000/20,000		1.25% p.a.	receivables
Raiffeisenbank	overdraft	120,000/100,000	90,641/98,886	Pribor + 1.35% p.a.	receivables

Costs of interest related to banking loans for 2016 and 2015 amounted to CZK 2,758 thous. and CZK 3,080 thous.

9. INCOME TAX

Regular income tax for the accounting (taxation) period of the calendar year 2016 and 2015 amounts to CZK 6,727,330 and CZK 15,927,700.

i. e. the resulting deferred tax liability amounted to CZK 132 thous. as of 31 December 2015 and CZK 97 thous. as of 31 December 2016.

The company calculated the deferred tax from the difference of the tax and net book value of non-current assets,

10. REVENUES

The company's all sales for 2015 and 2016 were reached inland exclusively in the sale of goods – fuel.

11. PERSONNEL EXPENSES

The breakdown of personnel expenses (in thous. CZK)	2016		2015	
	Total number of employees	Incl. the members of management bodies	Total number of employees	Incl. the members of management bodies
Average number of employees	17	1	13	1
Wages	7,938	1,595	8,414	2,068
Social security and health insurance	2,618	468	2,659	,550
Social expenses	164	11	144	11
Total personnel expenses	10,720	2,070	11,217	2,629

12. INFORMATION ABOUT TRANSACTIONS WITH RELATED ENTITIES

A detailed overview of loans, including interest rates, awarded guarantees, provided advance payments and other benefits provided to existing and former members of statutory bodies and management employees as of 31 December (in CZK thous.):

	Statutory body		Management workers	
	2016	2015	2016	2015
Advance payment	0	0	0	0
Loans	0	0	0	0
Guarantees	0	0	0	0
Other benefits	11	11	11	11

Further benefits include meal vouchers for 45% of their nominal value.

Current receivables from related entities as of 31 December (in CZK thous.):

Related entity	Maturity – type of claim	2016	2015
ARMEX Oil, s.r.o.	no maturity – advance payments for fuel	6,702	43,727
ARMEX Oil, s.r.o.	various – credit notes for warehousing, price settling-down	792	2,000
ARMEX Oil, s.r.o.	re-invoicing expenses – DS Čelechovice	208	xxx
DRACAR CZ, a.s.	various – fuel supplies	xxx	2,186
DRACAR CZ, a.s.	re-invoicing IT works	xxx	76

Current liabilities to related entities as of 31 December (in CZK thous.):

Related entity	Maturity – type of claim	2016	2015
Podnikatelský poradenský servis, s.r.o.	14 January 2017 – tax consultancy	5	1
ARMEX Oil, s.r.o.	Re-invoicing a cancellation fee	xxx	743
DRACAR CZ, a.s.	31 Jan 2017 – re-invoicing expenses – DS Čelechovice	42	0

The company prepared a report on relations in compliance with Section 82 et seq. of the Business Corporations Act, which is attached to the company's annual report and which describes in detail transactions with related entities in 2016.

13. SIGNIFICANT ITEMS FROM THE PROFIT AND LOSS STATEMENT

The item of services contains, in particular, the costs of agency services.

Other operating expenses include, in particular, the costs of gifts and insurance.

Other operating revenues include, in particular, revenues from re-invoicing expenses related to the operation of a warehouse in Čelechovice.

Other financial expenses include, in particular, fees for providing banking guarantees.

14. GOING CONCERN PRINCIPLE

The financial statements as of 31 December 2016 were prepared on a going concern principle, i. e. based on an assumption that the company will continue working as a going concern for an unlimited duration. Therefore, the attached financial statements do not contain any modifications that could result from this uncertainty because the accounting unit is not aware

of any information as of the date when the financial statements were prepared that would indicate that the accounting unit may not be able to continue its activities without interruption and, as a consequence, the ability of the accounting unit to meet its liabilities would be endangered.

15. CASHFLOW STATEMENT

The company has compiled a cashflow statement, which forms a part of the financial statements. The cashflow statement was prepared using an indirect method.

INDEPENDENT AUDITOR'S REPORT

on the Financial Statements of TRANSCARGO s.r.o.

Accounting Entity Information

Company Name:	TRANSCARGO s.r.o.
File No.:	C 80603 registered at Regional Court Brno
Registered Office:	Malý val 1580/17, 767 01 Kroměříž
Legal Form:	limited liability company
Registered on:	14 May 1996
Identification Number (IČ):	651 41 261
Line of Business:	see Business Register Statement
Statutory Body:	Executive Director: Antonín Hlavsa Executive Director: Hynek Sagan Executive Director: Petr Vojtásek
Registered Capital:	CZK 80,000,000

Audit Execution

Statutory auditor:	ADL Audit s.r.o., auditor's license no. 561 Ing. Petr Dostál, MBA, auditor's license no. 1361
Partner auditing company:	ACT AUDIT, spol. s r.o., auditor's license no. 233
Audited Period:	1 January 2016 - 31 December 2016
Balance Sheet Day:	31 December 2016
Report Issue Date:	26 June 2017

Audit Subject Matter

In compliance with Act No. 93/2009 Coll. on auditors, and in compliance with International Standards and related application supplements of the Chamber of Auditors of the Czech Republic the auditor verifies, whether information stated in the financial statement provide a true and fair presentation of the subject matter of the accountancy.

Appendices

Complete Balance Sheet as of 31 December 2016
Complete Profit and Loss Statement as of 31 December 2016
Appendix for the 2016 Financial Statement
Statement of changes in equity as of 31 December 2016
Statement of cash flows as of 31 December 2016
Annual Report for the 2016

Independent Auditor's Report to Limited Partners of TRANSCARGO s.r.o.

OPINION

We have audited the accompanying financial statements of TRANSCARGO s.r.o. (hereinafter also the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as of 31 December 2016, and the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of TRANSCARGO s.r.o. as of 31 December 2016, and of its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

BASIS FOR OPINION

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION IN THE ANNUAL REPORT

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal

requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

RESPONSIBILITIES OF THE COMPANY'S STATUTORY BODY

The Statutory Body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Statutory Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory Body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above mentioned laws and regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Body.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Body among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on June 26, 2017

ADL Audit s.r.o.
Na Příkopě 859/22
110 00 Praha 1
auditorské oprávnění č. 561

Ing. Petr Dostál, MBA
auditorské oprávnění č. 1361

DRACAR CZ was founded and commenced its activities in 2003. The company has been operating for many years as a non-retail distributor of fuels, in particular on the Northern Moravian market, while its customer base is made up of end consumers using the delivered fuels for their business.

The company has a stable customer portfolio base and reduces its credit risk by insuring its receivables, by continuously monitoring the economic state of its clients, and by carefully applying hedging to its receivables, including their consistent recovery.

Since 2015, the company has been part of the ARMEX group petroleum products division, while the parent company and sole

SALES OF GOODS DRACAR CZ a.s.

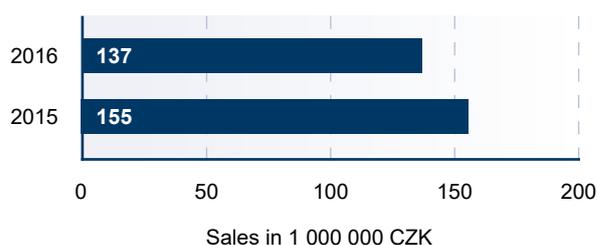


logistics and sales procedures, and also intra-concern relations, in particular with its sister company TRANSCARGO.

For 2017, the company anticipates stable development of its business activities with a modest growth in revenues together with the achievement of satisfactory margins.

The company complies with all legislation as well as best practices in environmental protection. Similarly, the company complies with all labour law legislation, and is developing smoothly in personnel terms.

SALES OF MINERAL OILS DRACAR CZ a.s.



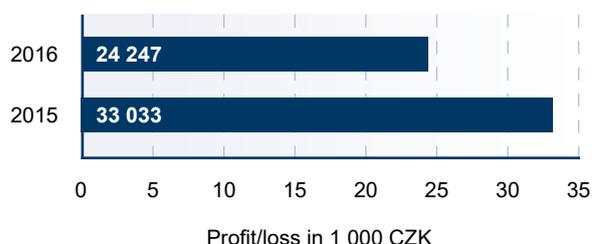
shareholder is ARMEX Oil, s.r.o. Together with its sister company TRANSCARGO, s.r.o., which has been part of the ARMEX group since 2013, the company is the most important distributor of fuels on the Moravian market.

In 2016, the company traded a total of 137 million litres of fuels. The company's revenues from sales of goods were CZK 2.8 billion in 2016.

The company's net profit was CZK 24.2 million in 2016.

In 2016, the company was stabilised in terms of both internal structure, administration, labour relations, the information base,

PROFIT/LOSS FOR THE PERIOD DRACAR CZ a.s.





BALANCE SHEET - ASSETS

Financial Statements of DRACAR CZ a.s.

Balance Sheet - ASSETS (in thousands CZK)		Current accounting period			Previous acc. period
		Gross	Adjustments	Net	
	TOTAL ASSETS	205,798	-4,408	201,390	352,601
A.	Receivables for subscribed capital	0	0	0	0
B.	Fixed assets	4,808	-3,381	1,427	6,755
B. I.	Intangible assets	261	-5	256	189
B. I. 1.	Research and development	0	0	0	0
B. I. 2.	Valuable rights (patents, copyrights, trademarks and brands)	261	-5	256	0
B. I. 2. 1.	Software	261	-5	256	0
B. I. 2. 2.	Other valuable rights	0	0	0	0
B. I. 3.	Goodwill	0	0	0	0
B. I. 4.	Other intangibles	0	0	0	0
B. I. 5.	Advances for intangible assets and Intangible assets under construction	0	0	0	189
B. I. 5. 1.	Advances for intangible assets	0	0	0	0
B. I. 5. 2.	Intangible assets under construction	0	0	0	189
B. II.	Tangible fixed assets	4,547	-3,376	1,171	6,566
B. II. 1.	Land and Buildings	0	0	0	23
B. II. 1. 1.	Land	0	0	0	0
B. II. 1. 2.	Buildings and structures	0	0	0	23
B. II. 2.	Machinery, equipment, vehicles, fixtures and fittings	4,547	-3,376	1,171	6,452
B. II. 3.	Valuation differences to acquired assets	0	0	0	0
B. II. 4.	Other tangible fixed assets	0	0	0	0
B. II. 4. 1.	Orchards and vineyards	0	0	0	0
B. II. 4. 2.	Livestock (herd and draught animals)	0	0	0	0
B. II. 4. 3.	Other tangible fixed assets	0	0	0	0
B. II. 5.	Advances for tangible fixed assets and Tangible fixed assets under construction	0	0	0	91
B. II. 5. 1.	Advances for tangible fixed assets	0	0	0	0
B. II. 5. 2.	Tangible fixed assets under construction	0	0	0	91

Balance Sheet - ASSETS (in thousands CZK)		Current accounting period			Previous acc. period
		Gross	Adjustments	Net	
B. III.	Financial assets	0	0	0	0
B. III. 1.	Investments in subsidiaries	0	0	0	0
B. III. 2.	Loans and borrowings to subsidiaries	0	0	0	0
B. III. 3.	Investments in associates	0	0	0	0
B. III. 4.	Loans and borrowings to associates	0	0	0	0
B. III. 5.	Other securities and investments	0	0	0	0
B. III. 6.	Other loans and borrowings	0	0	0	0
B. III. 7.	Other financial assets	0	0	0	0
B. III. 7. 1.	Other financial assets	0	0	0	0
B. III. 7. 2.	Advances for investments	0	0	0	0
C.	CURRENT ASSETS	200,877	-1,027	199,850	345,484
C. I.	Inventories	4,072	0	4,072	26,939
C. I. 1.	Raw material	0	0	0	0
C. I. 2.	Work-in-progress and semi-finished products	0	0	0	0
C. I. 3.	Finished products and goods	4,072	0	4,072	18,543
C. I. 3. 1.	Finished products	0	0	0	0
C. I. 3. 2.	Goods	4,072	0	4,072	18,543
C. I. 4.	Animals	0	0	0	0
C. I. 5.	Prepayments on inventories	0	0	0	18,396
C. II.	Receivables	185,400	-1,027	184,373	201,358
C. II. 1.	Long-term receivables	18,552	0	18,552	0
C. II. 1. 1.	Trade receivables	18,552	0	18,552	0
C. II. 1. 2.	Receivables from controlling entities	0	0	0	0
C. II. 1. 3.	Receivables from associates	0	0	0	0
C. II. 1. 4.	Deferred tax receivable	0	0	0	0
C. II. 1. 5.	Other receivables	0	0	0	0
C. II. 1. 5. 1.	Receivables from partners, cooperative member and association members	0	0	0	0
C. II. 1. 5. 2.	Long-term advances	0	0	0	0
C. II. 1. 5. 3.	Estimated receivables	0	0	0	0
C. II. 1. 5. 4.	Other receivables	0	0	0	0
C. II. 2.	Short-term receivables	166,848	-1,027	165,821	201,358
C. II. 2. 1.	Trade receivables	166,420	-1,027	165,393	201,028
C. II. 2. 2.	Receivables from controlling entities	0	0	0	0

Balance Sheet - ASSETS (in thousands CZK)		Current accounting period			Previous acc. period
		Gross	Adjustments	Net	
C. II. 2. 3.	Receivables from associates	0	0	0	0
C. II. 2. 4.	Other Receivables	428	0	428	330
C. II. 2. 4. 1.	Receivables from partners, cooperative member and association members	0	0	0	0
C. II. 2. 4. 2.	Social security and health insurance	0	0	0	0
C. II. 2. 4. 3.	Government - tax receivables	246	0	246	0
C. II. 2. 4. 4.	Short-term advances	147	0	147	94
C. II. 2. 4. 5.	Estimated accrued revenues	0	0	0	147
C. II. 2. 4. 6.	Other receivables	35	0	35	89
C. III.	Current financial assets	0	0	0	0
C. III. 1.	Investments in subsidiaries	0	0	0	0
C. III. 2.	Other short-term financial assets	0	0	0	0
C. IV.	Cash and bank accounts	11,405	0	11,405	117,187
C. IV. 1.	Cash	16	0	16	522
C. IV. 2.	Bank accounts	11,389	0	11,389	116,665
D. I.	Prepayments and accrued income	113	0	113	362
D. I. 1.	Prepaid expenses	113	0	113	348
D. I. 2.	Complex prepaid expenses	0	0	0	0
D. I. 3.	Accrued income	0	0	0	14



BALANCE SHEET - LIABILITIES

Financial Statements of DRACAR CZ a.s.

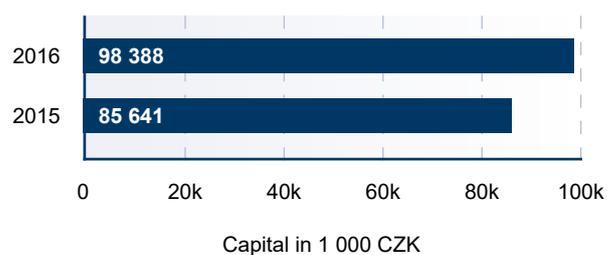
Balance Sheet - LIABILITIES (in thousands CZK)		Current accounting period	Previous account. period
	TOTAL LIABILITIES AND EQUITY	201,390	352,601
A.	Equity	98,388	85,641
A. I.	Subscribed capital	72,000	2,000
A. I. 1.	Subscribed capital	72,000	2,000
A. I. 2.	Treasury shares	0	0
A. I. 3.	Changes in subscribed capital	0	0
A. II.	Share premium and capital reserves	0	-17,987
A. II. 1.	Share premium	0	0
A. II. 2.	Capital reserves	0	-17,987
A. II. 2. 1.	Other capital reserves	0	0
A. II. 2. 2.	Valuation differences from revaluation of assets and liabilities	0	0
A. II. 2. 3.	Valuation differences from revaluation by transformation	0	-17,987
A. II. 2. 4.	Differences in company transformation	0	0
A. II. 2. 5.	Differences from valuation company transformation by	0	0
A. III.	Revenue reserves	1,000	400
A. III. 1.	Other reserve fund	1,000	400
A. III. 2.	Statutory and other reserve	0	0
A. IV.	Retained earnings	1,141	68,195
A. IV. 1.	Retained earnings of previous years	1,141	68,195
A. IV. 2.	Accumulated losses of previous years	0	0
A. IV. 3.	Other retained earnings	0	-21
A. V.	Profit / loss of current accounting period	24,247	33,033
A. VI.	Decided on advanced payment for dividends	0	0

Balance Sheet - LIABILITIES (in thousands CZK)		Current accounting period	Previous account. period
B. + C.	Liabilities	102,908	266,916
B.	Provisions	0	0
B. 1.	Provisions for pensions and similar obligations	0	0
B. 2.	Provision for income tax	0	0
B. 3.	Provision according to special legal regulations	0	0
B. 4.	Others provisions	0	0
C.	Payables	102,908	266,916
C. I.	Long-term liabilities	41	3,248
C. I. 1.	Bonds issued	0	0
C. I. 1. 1.	Exchangeable Bonds	0	0
C. I. 1. 2.	Other Bonds	0	0
C. I. 2.	Payables to banks	0	0
C. I. 3.	Long-term advances received	0	0
C. I. 4.	Trade payables	0	0
C. I. 5.	Long-term promissory notes payable	0	0
C. I. 6.	Payables - controlling or controlled entity	0	0
C. I. 7.	Payables to associates	0	0
C. I. 8.	Deferred tax liabilities	41	333
C. I. 9.	Other payables	0	2,915
C. I. 9. 1.	Payables to partners	0	0
C. I. 9. 2.	Estimated payables	0	0
C. I. 9. 3.	Other payables	0	2,915
C. II.	SHORT-TERM LIABILITIES	102,867	263,668
C. II. 1.	Bonds issued	0	0
C. II. 1. 1.	Exchangeable Bonds	0	0
C. II. 1. 2.	Other Bonds	0	0
C. II. 2.	Payables to banks	77,475	40,000
C. II. 3.	Short-term advances received	1,000	1,460
C. II. 4.	Trade payables	23,487	45,639
C. II. 5.	Short-term notes payable	0	0
C. II. 6.	Payables - controlling or controlled entity	0	0
C. II. 7.	Payables to associates	0	0
C. II. 8.	Other payables	905	176,569
C. II. 8. 1.	Payables to partners	0	0

Balance Sheet - LIABILITIES (in thousands CZK)		Current accounting period	Previous account. period
C. II. 8. 2.	Short-term borrowings	0	0
C. II. 8. 3.	Payables to employees	297	408
C. II. 8. 4.	Payables to social security and health insurance	183	246
C. II. 8. 5.	Government - tax payables and subsidies	351	174,083
C. II. 8. 6.	Estimated accrued items	0	735
C. II. 8. 7.	Other payables	74	1,097
D. I.	Accruals and deferred income	94	44
D. I. 1.	Accrued expenses	94	44
D. I. 2.	Deferred income	0	0

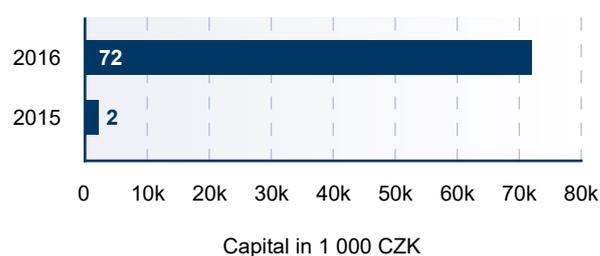
EQUITY

DRACAR CZ a.s.



REGISTERED CAPITAL

DRACAR CZ a.s.



PROFIT AND LOSS STATEMENT

Financial Statements of DRACAR CZ a.s.

PROFIT AND LOSS STATEMENT (in thousands CZK)		Values in accounting period	
		Current	Previous
I.	Sales of goods and services	8,331	243,010
II.	Sales of goods	2,806,215	3,306,970
A.	Consumption from production	2,782,755	3,380,263
A. 1.	Costs of goods sold	2,750,018	3,220,984
A. 2.	Consumption of material and energy	9,472	127,061
A. 3.	Services	23,265	32,218
B.	Increase/decrease in finished goods and in work in progress	0	-7
C.	Own work capitalized	0	-111
D.	Staff costs	6,969	8,140
D. 1.	Wages and salaries	5,082	5,966
D. 2.	Social security and health insurance costs and other costs	1,887	2,174
D. 2. 1.	Social security and health insurance costs	1,734	2,012
D. 2. 2.	Other social costs	153	162
E	Adjustment of values in operating activities	1,516	-17,174
E. 1.	Adjustment of values of Intangible and tangible assets	678	4,051
E. 1. 1.	Adjustment of values of Intangible and tangible assets - permanent	678	4,051
E. 1. 2.	Adjustment of values of Intangible and tangible assets - temporary	0	0
E. 2.	Adjustment of values of inventories	0	-12,498
E. 3.	Adjustment of values of receivables	838	-8,727
III.	Other operating income	44,887	45,876
III. 1.	Proceeds on sale of fixed assets	15,086	537
III. 2.	Proceeds on sale of material	0	0
III. 3.	Other operating income	29,801	45,339

PROFIT AND LOSS STATEMENT (in thousands CZK)		Values in accounting period	
		Current	Previous
F.	Other operating expenses	36,790	177,870
F. 1.	Net book value of fixed assets sold	5,796	470
F. 2.	Net book value of material sold	0	0
F. 3.	Taxes and fees relating to operating activities	85	111,625
F. 4.	Provisions and adjustments relating to operating activities and complex deferred expenses	0	0
F. 5.	Other operating expenses	30,909	65,775
*	Profit/loss from operating activities	31,403	46,875
IV.	Revenues from long-term investments	0	0
IV. 1.	Revenues from investments in subsidiaries	0	0
IV. 2.	Other revenues from investments	0	0
G.	Expenses spend on investments sold	0	0
V.	Revenues from other long-term investments	0	0
V. 1.	Revenues from other long-term investments in subsidiaries	0	0
V. 2.	Other revenues from long-term investments	0	0
H.	Expenses related to other long-term financial assets	0	0
VI.	Interest income and similar income	878	12
VI. 1.	Interest income and similar income in subsidiaries	0	0
VI. 2.	Other interest income and similar income	878	12
I.	Adjustments relating to financial activities	0	0
J	Interest expense and similar expenses	1,826	2,625
J. 1.	Interest expense and similar expenses in subsidiaries	0	0
J. 2.	Other interest expense and similar expenses	1,826	2,625
VII.	Other financial revenues	880	8,950
K.	Other financial expenses	1,223	12,966
*	Profit/loss from financial activities	-1,291	-6,629

PROFIT AND LOSS STATEMENT (in thousands CZK)		Values in accounting period	
		Current	Previous
**	Profit/loss before tax	30,112	40,246
L.	Income tax	5,865	7,213
L. 1.	- Due	6,157	8,107
L. 2.	- Deferred	-292	-894
**	Profit/loss after tax	24,247	33,033
M.	Transfer of profit to partners	0	0
***	Profit/loss for the period	24,247	33,033
*	Netto turnover for the period	2,861,191	3,604,818



CASH FLOW STATEMENTS

Financial Statements of DRACAR CZ a.s.

CASH FLOW STATEMENTS (in thousands CZK)		Values in accounting period	
		Current	Previous
P.	Cash and cash equivalents at beginning of accounting period	117,187	114,744
	CASH FLOW FROM ORDINARY ACTIVITES		
Z	Profit/loss before taxation	30,112	40,246
A. 1.	Adjustments for non-cash transactions	-6,826	-14,628
A. 1. 1.	Depreciation of fixed assets (except of net book value of fixed assets sold, depreciation of adjustment for assets acquisition (+/-))	678	4,051
A. 1. 2.	Change in adjustments, provisions	838	-21,225
A. 1. 3.	Profit/loss on disposal of fixed assets	-9,290	-67
A. 1. 4.	Dividends received	0	0
A. 1. 5.	Net interest expense (+) (except of capitalized interest) and interest income (-)	948	2,613
A. 1. 6.	Adjustments for other non-cash movements	0	0
A*	Net cash flow from operating activities before tax and changes in working capital	23,286	25,618
A. 2.	Change in non-financial items of working capital	-113,680	-11,773
A. 2. 1.	Increase/decrease in trade and other receivables, including prepayments and accrued income (+/-)	16,396	32,808
A. 2. 2.	Increase/decrease in trade payables, including accruals and deferred income (+/-)	-152,943	-68,776
A. 2. 3.	Increase/decrease in inventories	22,867	24,195
A. 2. 4.	Increase/decrease in short-term financial assets not classified under cash and cash equivalents		
A**	Net cash flow from operating activities before taxes	-90,394	13,845
A. 3.	Interest paid, excl. capitalized interests	-1,826	-2,625
A. 4.	Interest received (+)	878	12
A. 5.	Income tax on ordinary activities paid and additional assessments for past periods (including deposits and refunds) (-)	-13,965	-6,886
A. 7.	Profit-sharing and dividends received	0	0
A***	Net cash flow from operating activities	-105,307	4,346

CASH FLOW STATEMENTS (in thousands CZK)		Values in accounting period	
		Current	Previous
CASH FLOW FROM INVESTICION ACTIVITES			
B.1.	Costs associated with acquisition of fixed assets	1 146	-448
B.2.	Proceeds on sales of fixed assets	15,086	537
B.3.	Loans and credits to related persons	0	0
B***	Net cash flow from investing activities	13,940	89
CASH FLOW FROM FINANCIAL ACTIVITES			
C.1.	Net effect of changes in long-term liabilities and short-term liabilities, belonging to the financial activities area, to cash and cash equivalents	-2,915	-1,992
C.2.	Net effect of changes in equity on cash and cash equivalents, share profits or possibly legal reserve incl. advances paid for this increase (+)	-11,500	0
C.2.1.	Increase in cash and cash equivalents due to increases in registered capital, share premium, and capital reserves including advances paid. (+)	0	0
C.2.2.	Profit sharing and dividends paid to partners. (-)	0	0
C.2.3.	Other cash contributions from partners and shareholders (+)	0	0
C.2.4.	Loss covered by partners (+)	0	0
C.2.5.	Direct payments debited to reserves (-)	0	0
C.2.6.	Dividends paid and profit shares including withholding tax paid relating to these demands and including settlement with partners in partnership and general partners in limited partnerships	-11,500	0
C***	Net cash from financing activities	-14,415	-1,992
F.	Net increase/decrease in cash and cash equivalents	-105,782	2,443
R.	Cash and cash equivalents at end of period	11,405	117,187



CHANGES IN SHAREHOLDERS EQUITY

Financial Statements of DRACAR CZ a.s.

CHANGES IN SHAREHOLDERS EQUITY (in thousands CZK)		Values in accounting period	
		Current	Previous
A.	Subscribed capital in Companies register entered (411, 491)		
A. 1.	Opening balance	2,000	2,000
A. 2.	Increase	70,000	0
A. 3.	Decrease	0	0
A. 4.	Closing balance	72,000	2,000
B	Subscribed capital in companies register not entered (419)		
B. 1.	Opening balance	0	0
B. 2.	Increase	0	0
B. 3.	Decrease	0	0
B. 4.	Closing balance	0	0
C.	Subscribed capital (A. +/- B.) with account (-)252		
C. 1.	Opening balance A. +/- B.	2,000	2,000
C. 2.	Opening balance (-252)	0	0
C. 3.	Increase (-252)	0	0
C. 4.	Decrease (-252)	0	0
C. 5.	Closing balance (-252)	0	0
C. 6.	Closing balance A. +/- B. incl. 252	72,000	2,000
D	Share premium (412)		
D. 1.	Opening balance	0	0
D. 2.	Increase	0	0
D. 3.	Decrease	0	0
D. 4.	Closing balance	0	0
E	Capital reserves (413)		
E. 1.	Opening balance	0	0
E. 2.	Increase	0	0
E. 3.	Decrease	0	0

CHANGES IN SHAREHOLDERS EQUITY (in thousands CZK)		Values in accounting period	
		Current	Previous
E. 4.	Closing balance	0	0
F	Differences from revaluation not included in profit/loss (414, 416, 417 and 418)		
F. 1.	Opening balance	-17,987	-17,987
F. 2.	Increase	0	0
F. 3.	Decrease	-17,987	0
F. 4.	Closing balance	0	0
G	Legal reserves (421, 422)		
G. 1.	Opening balance	400	400
G. 2.	Increase	600	
G. 3.	Decrease	0	0
G. 4.	Closing balance	1,000	400
H	Other profit reserves (423, 427)		
H. 1.	Opening balance	0	0
H. 2.	Increase	0	0
H. 3.	Decrease	0	0
H. 4.	Closing balance	0	0
I	Credit from account periods (428 + credit 431)		
I. 1.	Opening balance	68,216	54,172
I. 2.	Increase	0	14,044
I. 3.	Decrease	67,075	0
I. 4.	Closing balance	1,141	68,216
J	Debit from account periods (429 + debit 431)		
J. 1.	Opening balance	0	0
J. 2.	Increase	0	0
J. 3.	Decrease	0	0
J. 4.	Closing balance	0	0
K	Other retained earnings of an previous account periods (426)		
K. 1.	Opening balance	-21	-17
K. 2.	Increase	0	0
K. 3.	Decrease	-21	4
K. 4.	Closing balance	0	-21

CHANGES IN SHAREHOLDERS EQUITY (in thousands CZK)		Values in accounting period	
		Current	Previous
L	Profit/loss for the period after tax		
L. 1.	Opening balance	33,033	14,044
L. 2.	Increase	24,247	33,033
L. 3.	Decrease	33,033	14,044
L. 4.	Closing balance	24,247	33,033
M	Advanced payment for dividends (432)		
M. 1.	Opening balance	0	0
M. 2.	Increase	0	0
M. 3.	Decrease	0	0
M. 4.	Closing balance	0	0
X	Equity in total		
X. 1.	Opening balance	85,641	52,612
X. 2.	Increase	94,847	47,077
X. 3.	Decrease	82,100	14,048
X. 4.	Closing balance	98,388	85,641



NOTES TO THE FINANCIAL STATEMENTS

Financial Statements of DRACAR CZ a.s.

1. COMPANY DESCRIPTION

Company Name:	DRACAR CZ a.s.
Registered Office:	Sadová 553/8, 702 00 Ostrava – Moravská Ostrava, Czech Republic
Legal Form:	joint-stock company
Identification No.:	26821397
Date of Incorporation:	13 November 2003
Subject of Activity:	Fuel distribution

DRACAR CZ a.s. (hereinafter referred to as the “company”) is a joint-stock company, established on 13 November 2003 and has its registered office at Ostrava, Sadová 553/8, Identification No. 26821397. The company is incorporated in the Companies Register of the Regional Court in Ostrava under file reference 3211, Section B.

The main objective of its activity is the activity of a fuel distributor.

The consolidated financial statements of a group of accounting units under which the company, as a consolidated accounting unit, belongs is prepared by ARMEX Oil, s.r.o., with the registered

office in Děčín. These consolidated financial statements can be obtained in the collection of documents of the Companies Register and at the website of ARMEX Oil – www.armexoil.cz. The anticipated date when the consolidated financial statements for 2016 will be published is 31 August 2017.

In 2016, there was a significant amendment to the entry in the Companies Register for the company, namely the increase of the company’s registered capital from CZK 2 mil. to CZK 72 mil. ARMEX OIL, s.r.o., is the sole shareholder.

2. BASIC FOUNDATIONS TO PREPARE FINANCIAL STATEMENTS

The enclosed individual (non-consolidated) financial statements have been prepared in compliance with the Act No. 563/1991 Coll., on bookkeeping, as amended (hereinafter referred to as the “Bookkeeping Act”) and the Implementing Decree No. 500/2002 Coll., by which some provisions of the Act No. 563/1991 Coll., on bookkeeping, as amended, are implemented for accounting units that are entrepreneurs keeping books in the system of double-entry bookkeeping, as amended, for years 2016 and 2015 (hereinafter referred to as the “Implementing Decree to the Act”).

The company is, in compliance with Section 1b of the Bookkeeping Act, classified among medium-sized accounting units.

Based on the requirements of the amendment to the Bookkeeping Act and the Implementing Decree in force as of 1 January 2016, reporting of the items of the balance sheet and the profit and loss statement has been changed. In order to secure the comparability of these items with past accounting period, the items of the balance sheet and the profit and loss statement for 2015 have been reclassified correspondingly. The company proceeded in compliance with the Czech Accounting Standard for Entrepreneurs No. 024 “Comparable period for the bookkeeping period started in 2016”.

3. GENERAL ACCOUNTING PRINCIPLES, ACCOUNTING METHODS AND THEIR CHANGES AND VARIATIONS

Evaluation methods that the company has used for the preparation of the financial statements for 2016 are as follows:

a) Non-current intangible assets

Non-current intangible assets are evaluated at acquisition costs that contain the price of acquisition and costs related with the acquisition.

Non-current intangible assets above CZK 60 thous. are depreciated in expenses based on the anticipated service life of the applicable assets.

Depreciation is calculated based on the price of acquisition and the anticipated service life of the applicable assets. The scheme of depreciation has been updated based on the expected service life of the assets in the course of the use of the non-current intangible assets.

b) Non-current tangible assets

Non-current tangible assets are evaluated at acquisition costs that include the price of acquisition, costs of transportation, customs duty and other costs related with the acquisition.

Non-current tangible assets above CZK 40 thous. are depreciated in expenses based on the anticipated service life.

The costs of technical improvement of non-current tangible assets increase their price of acquisition. Repairs and maintenance are posted to expenses.

Depreciation is calculated based on the price of acquisition and the anticipated service life of the applicable assets. The scheme of depreciation has been updated based on the expected service life of the assets in the course of the use of the non-current tangible assets.

c) Financial resources

Financial resources include liquid valuables, cash on hand and cash in banks.

d) Inventories

Purchased inventories are evaluated in the prices of acquisition using the method A of posting inventories. Released inventories

are evaluated at real prices of acquisition. The price of acquisition includes the cost of their acquisition, including costs related to the acquisition (the cost of transport, customs duty, commission, etc.).

e) Receivables

Receivables are evaluated at nominal value when they originate. Purchased receivables are evaluated at the price of acquisition. The company determines adjustments to risk receivables based on the age structure of receivables and own analysis of the solvency of its customers.

Estimated receivables are evaluated based on professional estimations and calculations.

f) Equity

The company's equity is reported in the amount entered in the Companies Register of the regional court.

The company forms a legal reserve from profit according to the company's articles of incorporation.

g) Foreign resources

Non-current and current liabilities are reported at nominal values.

Current liabilities to credit institutions are reported at nominal value. The company has no non-current liabilities to credit institutions.

Estimated liabilities are evaluated based on professional estimations and calculations.

h) Foreign-exchange operations

Assets and liabilities acquired in a foreign currency are prized in Czech crowns at the rate of exchange valid as of the day when they originate and items in a foreign currency were

prized, as of the balance day, at the rate of exchange valid as of 31 December published by the Czech National Bank.

Implemented and non-implemented foreign exchange gains and losses are posted in financial revenues or financial expenses of a current year.

i) Use of estimates

The preparation of financial statements requires from the company's management to use estimates and assumptions that affect the reported values of assets and liabilities as of the date of the financial statements and on the reported amount of revenues and expenses for the monitored period. The company's management determined these estimates and assumptions based on all relevant information available to them. Nevertheless, as follows from the substance of the estimate, real value can differ from these estimates in future.

j) Posting revenues and expenses

Revenues and expenses are posted as adjusted, i. e. in the period to which they relate in terms of facts and time.

k) Income tax

The cost of the income tax is calculated at an applicable tax rate from the accounting profit increased or decreased by permanently or temporarily non-deductible expenses and non-taxed revenues (e. g. the formation and posting of other provisions and adjusting items, entertainment cost, difference between accounting and tax depreciation, etc.). In addition, items decreasing the tax base (gifts), tax-deductible items (tax loss, costs of the implementation of research and development projects) and income tax relief are taken into account.

Deferred tax liability reflects the tax impact of temporary differences between balance values of assets and liabilities from the point of view of bookkeeping and determination of the income tax base with regard to the implementation period.

l) Follow-up events

The impact of events that occurred between the balance day and the day when the financial statements are compiled is recorded in accounting statements in case that these events provided additional information about facts that existed as of the balance day.

4. NON-CURRENT ASSETS

The overview of the development and balance of non-current assets forms the notes hereto.

5. RECEIVABLES

As of 31 December 2016, non-current receivables amount to CZK 18,552 thous. (CZK 0 as of 31 December 2015). It is a value of installments according to payment schedules mature after 31 December 2017.

As of 31 December 2016, current receivables from business relations amount to CZK 166,420 (CZK 201,218 thous. as of 31 December 2015). Including overdue liabilities, which amounted to CZK 54,455 thous. (CZK 66,376 thous. as of 31 December 2015). Receivables overdue for more than 30 day amounted to CZK 10,562 thous. as of 31 December 2016.

The company formed adjustments to receivables in the amount of CZK 838 thous. in 2016. The total amount of adjustments to receivables amounts to CZK 1,027 thous. as of 31 December 2016.

As of 31 December 2016, the company's receivables in the amount of CZK 148,693 thous. were charged with the right of lien to cover non-current loans from ČSOB and Raiffeisenbank.

Tax receivables from the state include a receivable from VAT and an overpayment of the road tax.

6. CURRENT FINANCIAL ASSETS AND FINANCIAL RESOURCES

The company opened an overdraft account in Raiffeisenbank a.s., which allows it to draw a loan by the amount of CZK 50,000. As of 31 December 2016, the negative balance (in compliance with the agreed credit limit of CZK 50,000) amounted to CZK 11,664 thous. and a short-term bank credit are reported in the balance sheet.

The company opened an overdraft account with Československá obchodní banka, a. s., in 2016, which allows it to draw a loan

up to the amount of CZK 75,000. As of 31 December 2016, the negative balance (in compliance with the agreed credit limit of CZK 75,000) amounted to CZK 65,811 thous. and a short-term bank credit is reported in the balance sheet.

7. EQUITY

The company has compiled an overview of movements in equity, which forms a part of the financial statements.

As of 31 December 2015, the value of the equity amounted to CZK 2,000 thous. In the course of 2016, the equity was increased to CZK 72,000 thous. The equity consists in 100 pieces of registered ordinary shares in a documentary form at the nominal value of CZK 720 thous.

The company has formed a legal reserve from profit. In 2016, the amount of CZK 600 thous. was attributed to the legal reserve from the profit for 2015. As of 31 December 2016, the value

of the legal reserve amounts to CZK 1,000 thous. and this value is final according to the articles of incorporation.

In 2016, the company paid dividends for 2015 in the total amount of CZK 11,500 thous.

The company anticipates the payment of an amount corresponding with 50% of net profit for 2016 after taxation (CZK 24,247 thous.) in dividends to its associates and the remaining part of the net profit will be transferred to the account of undistributed profit for past years.

8. LIABILITIES TO CREDIT INSTITUTIONS, BANKING GUARANTEES

Bank	Type	Framework 2016 (tis. Kč)	Balance 2016 (tis. Kč)	Interest rate	Security
ČSOB	overdraft	75,000	65,812	Pribor + 1.4% p.a.	Receivables from business relations, blank bill of exchange without an accommodation party
ČSOB	banking guarantee – a caution of a fuel distributor		20,000	1.9% p.a.	Receivables from business relations, blank bill of exchange without an accommodation party
Raiffeisenbank	overdraft	50,000	11,664	1 M Pribor + 1.75 % p.a.	Receivables from business relations, blank bill of exchange without an accommodation party

In the course of 2016, a revolving credit from ČSOB was settled and terminated and, in addition, a banking guarantee for excise tax was terminated.

Costs of interest related to banking loans for 2016 amounted to CZK 1,654 thous.

9. INCOME TAX

Regular income tax for the accounting (taxation) period of the calendar year 2016 amounts to CZK 6,157.

i. e. the resulting deferred tax liability amounts to CZK 41 thousand as of 31 December 2016

The company calculated the deferred tax from the difference of the tax and net book value of non-current assets,

10. REVENUES

All the company's sales in 2016 were gained inland.

11. PERSONNEL EXPENSES

The breakdown of personnel expenses (in thous. CZK)	2016		2015	
	Total number of employees	Incl. the members of management bodies	Total number of employees	Incl. the members of management bodies
Average number of employees	9	2	11	2
Wages	3,273	1,809	3,746	2,220
Social security and health insurance	1,118	615	1,259	753
Social expenses	120	33	132	30
Total personnel expenses	4,511	2,457	5,137	3,003

12. INFORMATION ABOUT TRANSACTIONS WITH RELATED ENTITIES

A detailed schedule of loans, including interest rates, awarded guarantees, provided advance payments and other advantages provided to existing and former members of statutory bodies and management employees as of 31 December (in thous. CZK):

The members of management bodies use advantages consisting in meal vouchers for 45 % of their nominal value for 2016 in the amount of CZK 23 thousand.

Current receivables from related entities as of 31 December 2016 (in thous. CZK):

Related entity	Maturity – type of claim	2016
ARMEX Oil, s.r.o.	1/2017 – re-invoicing expenses	2
TRANSCARGO s.r.o.	1/2017 – re-invoicing expenses – DS Čelechovice	42

Current liabilities to related entities as of 31 December 2016 (in thous. CZK):

Related entity	Maturity – type of claim	2016
Podnikatelský poradenský servis, s.r.o.	1/2017 – tax consultancy	10
ARMEX Oil, s.r.o.	Fuel deliveries	21,838

The company prepared a report on relations in compliance with Section 82 et seq. of the Business Corporations Act, which is attached to the company's annual report and which describes in detail transactions with related entities in 2016.

13. SIGNIFICANT ITEMS FROM THE PROFIT AND LOSS STATEMENT

The item of services includes, in particular, the costs of transportation services (the transportation of fuel to the customer) and the costs of agency services.

Other operating revenues include, in particular, revenues from the assignment of receivables.

Other operating expenses include, in particular, the costs of assigned receivables and the costs of insurance.

Other financial expenses include, in particular, fees for providing banking guarantees.

14. GOING CONCERN PRINCIPLE

The financial statements as of 31 December 2016 were prepared on a going concern principle, i. e. based on an assumption that the company will continue working as a concern for an unlimited duration. Therefore, the attached financial statements do not contain any modifications that could result from this uncertainty

because the accounting unit is not aware of any information as of the date when the financial statements were prepared that would indicate that the accounting unit may not be able to continue its activities without interruption and, as a consequence, the ability of the accounting unit to meet its liabilities would be endangered.

15. CASHFLOW OVERVIEW

The company has compiled a cashflow statement, which forms a part of the financial statements.

The cashflow statement was prepared using an indirect method

INDEPENDENT AUDITOR'S REPORT

on the Financial Statements of DRACAR CZ a.s.

Accounting Entity Information

Company Name:	DRACAR CZ a.s.
File No.:	B 3211 registered at Regional Court Ostrava
Registered Office:	Sadová 553/8, Moravská Ostrava, 702 00 Ostrava
Legal Form:	joint-stock company
Registered on:	13 November 2003
	Identification Number (IČ): 268 21 397
Line of Business:	see Business Register Statement
Statutory Body - Board	Chairman of the Board: Hynek Sagan Member of the Board: Ing. Libor Herber Member of the Board: Petr Kašík
Registered Capital:	CZK 72,000,000
Shares:	100 pcs of registered shares in writing in the nominal value of CZK 720,000

Audit Execution

Statutory auditor:	ADL Audit s.r.o., auditor's license no. 561 Ing. Petr Dostál, MBA, auditor's license no. 1361
Partner auditing company:	ACT AUDIT, spol. s r.o., auditor's license no. 233
Audited Period:	1 January 2016 - 31 December 2016
Balance Sheet Day:	31 December 2016
Report Issue Date:	30 June 2017

Audit Subject Matter

In compliance with Act No. 93/2009 Coll. on auditors, and in compliance with International Standards and related application supplements of the Chamber of Auditors of the Czech Republic the auditor verifies, whether information stated in the financial statement provide a true and fair presentation of the subject matter of the accountancy.

Appendices

Complete Balance Sheet as of 31 December 2016
Complete Profit and Loss Statement as of 31 December 2016
Appendix for the 2016 Financial Statement
Statement of changes in equity as of 31 December 2016
Statement of cash flows as of 31 December 2016
Annual Report for the 2016

Independent Auditor's Report to Shareholders of DRACAR CZ a.s.

OPINION

We have audited the accompanying financial statements of DRACAR CZ a.s. (hereinafter also the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as of 31 December 2016, and the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of DRACAR CZ a.s. as of 31 December 2016, and of its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

BASIS FOR OPINION

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION IN THE ANNUAL REPORT

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

RESPONSIBILITIES OF THE COMPANY'S BOARD OF DIRECTORS

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above mentioned laws and regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on June 30, 2017

ADL Audit s.r.o.
Na Příkopě 859/22
110 00 Praha 1
auditorské oprávnění č. 561

Ing. Petr Dostál, MBA
auditorské oprávnění č. 1361



A photograph of an industrial facility, likely a refinery or chemical plant, featuring a complex network of pipes, metal structures, and towers under a clear sky. The image is used as a background for a contact information overlay.

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