

29. Capital management

The objective of the LOTOS Group financial policy is to maintain long-term liquidity, while using an appropriate level of financial leverage to support the achievement of the principal objective of maximising the return on equity for shareholders.

This is achieved through constant effort to develop the desired capital structure at the Group level.

The LOTOS Group uses the debt to equity ratio, calculated as net debt to equity, to monitor its financing structure.

Net debt comprises bank and non-bank borrowings, notes and liabilities under finance leases less cash and cash equivalents and restricted cash earmarked for the implementation of the objectives of the issue of Grupa LOTOS S.A. Series D shares (see [Note 18](#) to the *Consolidated financial statements for 2015*). Equity includes equity attributable to owners of the Parent plus non-controlling interests.

	Note	Dec 31 2016	Dec 31 2015
Non-current liabilities			
Bank borrowings	23.1	3,769,785	4,197,008
Non-bank borrowings	23.2	69,366	80,966
Notes	23.3	-	-
Finance lease liabilities	23.4	141,386	176,486
Total		3,980,537	4,454,460
Current liabilities			
Bank borrowings	23.1	1,313,141	2,284,026
Non-bank borrowings	23.2	12,467	11,180
Notes	23.3	213,014	218,100
Finance lease liabilities	23.4	38,117	31,542
Total		1,576,739	2,544,848
Restricted cash – share issue objectives ⁽¹⁾	16	-	(438,329)
Cash and cash equivalents	18	(744,616)	(859,699)
Net debt		4,812,660	5,701,280
Equity attributable to owners of the Parent		8,610,786	7,712,060
Non-controlling interests		108	138
Total equity		8,610,894	7,712,198
Net debt to equity		0.56	0.74

⁽¹⁾ As at December 31st 2015, cash earmarked for the EFRA Project (see issue objectives in [Note 18](#) to the *Consolidated financial statements for 2015*).

The Notes to the consolidated financial statements are an integral part of the statements.
(This is a translation of a document originally issued in Polish)