



FINTEL ENERGIJA AD

**ANNUAL REPORT OF
FINTEL ENERGIJA A.D.
FOR THE YEAR 2018**

Belgrade, April 2019.

Pursuant to Articles 50 and 51 of the Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015 and 108/2016) and pursuant to Article 3 of the Rulebook on the Content, Form and Method of Publication of Annual, Half-Yearly and Quarterly Reports of Public Companies (RS Official Gazette, No. 14/2012, 5/2015 and 24/2017), Fintel Energija ad from Belgrade (registration number 20305266) hereby publishes the following:

ANNUAL REPORT OF FINTEL ENERGIJA A.D. FOR THE YEAR 2018

Content

- 1. FINANCIAL STATEMENTS OF THE FINTEL ENERGIJA A.D. (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement of Changes in Equity, Notes to Financial Statements)**
- 2. INDEPENDENT AUDITOR'S REPORT (complete report)**
- 3. ANNUAL BUSINESS REPORT (Note: Annual Business Report and Consolidated Annual Business Report are presented as a single report and these contain information of significance for the economic entity)**
- 4. STATEMENT BY THE PERSONS RESPONSIBLE FOR PREPARATION OF REPORTS**
- 5. DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF ANNUAL FINANCIAL STATEMENTS * (Note)**
- 6. DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES * (Note)**

**STAND-ALONE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2018**

FINTEL ENERGIJA AD, BEOGRAD

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ACCOUNTING OF THE REPUBLIC OF SERBIA

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STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE BALANCE SHEET

In RSD thousand

	AOP	Note	31 December 2018	31 December 2017
A. SUBSCRIBED CAPITAL UNPAID	0001		-	-
B. NON-CURRENT ASSETS (0003 + 0010 + 0019+ 0024 + 0034)	0002		16,169	16,014
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)	0003		-	-
1. Development investments	0004		-	-
2. Concessions, licenses, software and other rights	0005		-	-
3. Goodwill	0006		-	-
4. Other intangible assets	0007		-	-
5. Intangible assets under development	0008		-	-
6. Advances for intangible assets	0009		-	-
II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		-	-
1. Land	0011		-	-
2. Buildings	0012		-	-
3. Machinery and equipment	0013		82	-
4. Investment property	0014		-	-
5. Other property, plant and equipment	0015		-	-
6. Construction in progress	0016		-	-
7. Investments in leased PP&E	0017		-	-
8. Advances for PP&E	0018		-	-
III. BIOLOGICAL ASSETS (0020+0021+0022+0023)	0019		-	-
1. Forest farming	0020		-	-
2. Livestock	0021		-	-
3. Biological assets in production	0022		-	-
4. Advances for biological assets	0023		-	-
IV. LONG-TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		16,087	16,014
1. Investments in subsidiary	0025	8	16,087	16,014
2. Investments in joint ventures	0026		-	-
3. Investments in other legal entities and other available for sales financial assets	0027		-	-
4. Long term investments in parent and subsidiaries	0028		-	-
5. Long-term investments in other related parties	0029		-	-
6. Long-term investments – domestic	0030		-	-
7. Long-term investments – foreign	0031		-	-
8. Securities held to maturity	0032		-	-
9. Other long-term financial investments	0033		-	-
V. LONG-TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		-	-
1. Receivables from parent company and subsidiaries	0035		-	-
2. Receivables from other related parties	0036		-	-
3. Receivables from sale of goods on credit	0037		-	-
4. Receivables arising out of finance lease contracts	0038		-	-
5. Claims arising from guarantees	0039		-	-
6. Bad and doubtful receivables	0040		-	-
7. Other long-term receivables	0041		-	-
C. DEFERRED TAX ASSETS	0042		-	-

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2018	31 December 2017
D. CURRENT ASSETS				
(0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		1,745,087	503,793
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044		497	497
1. Materials, spare parts and tools	0045		-	-
2. Work in progress	0046		-	-
3. Finished goods	0047		-	-
4. Merchandise	0048		-	-
5. Assets held for sale	0049		-	-
6. Advances for inventory and services	0050		497	497
II. TRADE RECEIVABLES				
(0052+0053+0054+0055+0056+0057+0058)	0051		-	-
1. Domestic trade receivables - parents and subsidiaries	0052		-	-
2. Foreign trade receivables - parents and subsidiaries	0053		-	-
3. Domestic trade receivables - other related parties	0054		-	-
4. Foreign trade receivables - other related parties	0055		-	-
5. Trade receivables - domestic	0056		-	-
6. Trade receivables - foreign	0057		-	-
7. Other trade receivables	0058		-	-
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059		-	-
IV. OTHER RECEIVABLES	0060		4,396	-
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061		-	-
VI. SHORT TERM FINANCIAL INVESTMENTS				
(0063+0064+0065+0066+0067)	0062		1,530,737	446,219
1. Short-term loans and investments - parent companies and subsidiaries	0063	9	1,530,723	437,170
2. Short-term loans and investments - other related parties	0064		-	9,049
3. Short-term loans and investments - domestic	0065		-	-
4. Short-term loans and investments - foreign	0066		-	-
5. Other short-term loans and investments	0067		14	-
VII. CASH AND CASH EQUIVALENTS	0068	10	101,989	108
VIII. VALUE ADDED TAX	0069	11	8,086	1,277
IX. PREPAYMENTS AND ACCRUED INCOME	0070	11	99,381	55,692
E. TOTAL ASSETS (0001+0002+0042+0043)	0071		1,761,255	519,807
F. OFF-BALANCE SHEET ASSETS	0072	7	475,142	-
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401		522,294	-
I. EQUITY (0403+0404+0405+0406+0407+0408+0409+0410)	0402	12	685,294	3,825
1. Share capital	0403	12	4,057	3,825
	0404	12	-	-
2. Stakes of limited liability companies	0405		-	-
3. Stakes	0406		-	-
4. State owned capital	0407		-	-
5. Socially owned capital	0408		-	-
6. Stakes in cooperatives	0409	12	681,237	-
7. Share premium	0410		-	-
8. Other capital	0411		-	-
II. SUBSCRIBED CAPITAL UNPAID	0412		-	-
III. OWN SHARES	0413		-	-
IV. RESERVES				
V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT	0414		-	-
VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0415		-	-
VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0416		-	-
VIII. RETAINED EARNINGS (0418+0419)	0417		-	-
1. Retained earnings from previous years	0418		-	-
2. Retained earnings from current year	0419		-	-
IX. NON-CONTROLLING INTEREST	0420		-	-
X. LOSS (0422+0423)	0421	12	163,000	47,424
1. Loss from previous years	0422	12	47,424	11,389
2. Loss from current year	0423	12	115,576	36,035

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2018	31 December 2017
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		743,277	137,973
I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		-	-
1. Provisions for warranty claims	0426		-	-
2. Provision for environmental rehabilitation	0427		-	-
3. Provisions for restructuring costs	0428		-	-
4. Provisions for employee benefits	0429		-	-
5. Provisions for litigations	0430		-	-
6. Other long term provisions	0431		-	-
II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		743,277	137,973
1. Liabilities convertible to equity	0433		-	-
2. Liabilities to parent and subsidiaries	0434		-	-
3. Liabilities to other related parties	0435		-	-
4. Liabilities for issued long-term securities	0436		-	-
5. Long term borrowings – domestic	0437	13	743,277	137,973
6. Long-term borrowings – foreign	0438		-	-
7. Finance lease liabilities	0439		-	-
8. Other long-term liabilities	0440		-	-
C. DEFERRED TAX LIABILITIES 0441	0441		-	-
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		495,684	425,433
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		329,071	329,088
1. Short term borrowings from parent and subsidiaries	0444	14	329,071	329,088
2. Short term borrowings from other related parties	0445		-	-
3. Short-term loans and borrowings - domestic	0446		-	-
4. Short-term loans and borrowings - foreign	0447		-	-
5. Liabilities relating to current assets and held-for-sale assets attributable to discounted operations	0448		-	-
6. Other short term liabilities	0449		-	-
II. ADVANCES RECEIVED 0450	0450		-	-
III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)	0451		68,411	116
1. Trade payables - parent and subsidiaries - domestic	0452	15	411	-
2. Trade payables - parent and subsidiaries - foreign	0453	15	58,761	-
3. Trade payables - other related parties - domestic	0454		-	116
4. Trade payables - other related parties - foreign	0455		-	-
5. Trade payables – domestic	0456	15	9,239	-
6. Trade payables – foreign	0457		-	-
7. Other operating liabilities	0458		-	-
IV. OTHER SHORT-TERM LIABILITIES 0459	0459		7	-
V. LIABILITIES FOR VAT 0460	0460		-	-
VI. LIABILITIES FOR OTHER TAXES 0461	0461		-	44
VII. ACCRUED EXPENSES 0462	0462	16	98,195	96,185
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417- 0415-0414-0413-0411-0402)>=0=(0441+0424+0442- 0071)>=0	0463		-	43,599
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464		1,761,255	519,807
G. OFF-BALANCE SHEET LIABILITIES 0465	0465	7	475,142	-

Tiziano Giovannetti
Director

16 April 2019



The accompanying notes are an integral part of these Financial Statements.

STAND-ALONE FINANCIAL STATEMENTS

 STAND-ALONE INCOME STATEMENT
 In RSD thousand

	AOP	Note	Year ended 31 December	
			2018	2017
INCOME FROM REGULAR OPERATING ACTIVITIES				
A. OPERATING INCOME (1002+1009+1016+1017)	1001		-	-
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)	1002		-	-
1. Income from sales of goods to parent and subsidiaries on domestic market	1003		-	-
2. Income from sales of goods to parent and subsidiaries on foreign market	1004		-	-
3. Income from the sale of goods to other related parties on domestic market	1005		-	-
4. Income from the sale of goods to other related parties on foreign market	1006		-	-
5. Income from sale of goods on domestic market	1007		-	-
6. Income from sale of goods on foreign market	1008		-	-
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		-	-
1. Income from sales of products and services to parent and subsidiaries on domestic market	1010		-	-
2. Income from sales of products and services to parent and subsidiaries on foreign market	1011		-	-
3. Income from sales of products and services to other related parties on domestic market	1012		-	-
4. Income from sales of products and services to other related parties on foreign market	1013		-	-
5. Income from sales of products and services - domestic	1014		-	-
6. Income from sales of products and services - foreign	1015		-	-
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	1016		-	-
IV. OTHER OPERATING INCOME	1017		-	-
EXPENSES FROM REGULAR OPERATING ACTIVITIES				
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029)>=0	1018		38,076	30,961
I. COST OF GOODS SOLD	1019		-	-
II. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	1020		-	-
III. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1021		-	-
IV. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1022		-	-
V. COST OF MATERIAL	1023		80	-
VI. COST OF FUEL AND ENERGY	1024		-	-
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025		859	-
VIII. COST OF PRODUCTION SERVICES	1026		622	315
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027		-	-
X. COST OF LONG-TERM PROVISIONING	1028		-	-
XI. NON-PRODUCTION COSTS	1029	17	36,515	30,646
C. OPERATING GAIN (1001-1018)>=0	1030		-	-
D. OPERATING LOSS (1018-1001)>=0	1031		38,076	30,961
E. FINANCE INCOME (1033+1038+1039)	1032		46,348	35,213
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033		45,849	35,213
1. Finance income - parent company and subsidiaries	1034	18	45,743	35,213
2. Finance income - other related parties	1035	18	106	-
3. Share of profit of associates and joint ventures	1036		-	-
4. Other financial income	1037		-	-
II. INTEREST INCOME (from third parties)	1038		-	-
III. FOREIGN EXCHANGE GAINS (third parties)	1039	18	499	-

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE INCOME STATEMENT

In RSD thousand

	AOP	Note	Year ended	
			31 December 2018	2017
F. FINANCE EXPENSES (1041+1046+1047)	1040		126,295	37,362
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER				
FINANCIAL EXPENSES (1042+1043+1044+1045)	1041		26,647	34,616
1. Finance expense - parent company and subsidiaries	1042	19	20,458	34,424
2. Finance expense - other related parties	1043		29	192
3. Share of loss of associates and joint ventures	1044		-	-
4. Other financial expense	1045	19	6,160	-
II. INTEREST EXPENSE (from third parties)	1046	19	99,130	2,746
III. FOREIGN EXCHANGE LOSSES (third parties)	1047	19	518	-
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048		-	-
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049		79,947	2,149
I. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE				
THROUGH PROFIT AND LOSS	1050		-	-
J. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE				
THROUGH PROFIT AND LOSS	1051		-	-
K. OTHER INCOME	1052		2,943	2
L. OTHER EXPENSES	1053		496	-
M. OPERATING PROFIT BEFORE TAX				
(1030-1031+1048-1049+1050-1051+1052-1053)	1054		-	-
N. OPERATING LOSS BEFORE TAX				
(1031-1030+1049-1048+1051-1050+1053-1052)	1055		115,576	33,108
O. NET INCOME ATTRIBUTABLE TO DISCONTINUED				
OPERATIONS, EXPENSES ARISING FROM CHANGES IN				
ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD				
ERRORS	1056		-	-
P. NET LOSS ATTRIBUTABLE TO DISCONTINUED				
OPERATIONS, EXPENSES ARISING FROM CHANGES IN				
ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD				
ERRORS	1057		-	-
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058		-	-
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059		115,576	33,108
II. INCOME TAX				
I. CURRENT INCOME TAX	1060	20	-	2,927
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061		-	-
III. DEFERRED TAX INCOME FOR THE PERIOD	1062		-	-
S. PERSONAL INCOME PAID TO EMPLOYER	1063		-	-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064		-	-
V. NET LOSS (1059-1058+1060+1061-1062)	1065		115,576	36,035
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING				
INTERESTS	1066		-	-
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067		-	-
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING				
INTERESTS	1068		-	-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069		115,576	36,035
V. EARNINGS PER SHARE				
1. Basic earnings per share (in RSD)	1070	21	(4.36)	(1.44)
2. Diluted earnings per share (in RSD)	1071	21	(4.58)	(1.44)

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF OTHER COMPREHENSIVE INCOME In RSD thousand	AOP	Note	Year ended 31 December	
			2018	2017
A. NET PROFIT/(LOSS)				
I. PROFIT, NET (AOP 1064)	2001			-
II. LOSS, NET (AOP 1065)	2002		115,576	36,035
B. OTHER COMPREHENSIVE PROFIT OR LOSS				
<i>a) Items that will not be reclassified to profit or loss</i>				
1. Changes in the revaluation of intangible assets, property, plant and equipment				
a) increase in revaluation reserves	2003		-	-
b) decrease in revaluation reserves	2004		-	-
2. Actuarial gains (losses) of post-employment benefit obligations				
a) gains	2005		-	-
b) losses	2006		-	-
3. Gains and losses arising from equity investments				
a) gains	2007		-	-
b) losses	2008		-	-
4. Gains or losses arising from a share in the associate's other comprehensive profit or loss				
a) gains	2009		-	-
b) losses	2010		-	-
<i>b) Items that may be subsequently reclassified to profit or loss</i>				
1. Gains (losses) from currency translation differences				
a) gains	2011		-	-
b) losses	2012		-	-
2. Gains (losses) on investment hedging instruments in foreign business				
a) gains	2013		-	-
b) losses	2014		-	-
3. Gains and losses on cash flow hedges				
a) gains	2015		-	-
b) losses	2016		-	-
4. Gains (losses) from change in value of available-for-sale financial assets				
a) gains	2017		-	-
b) losses	2018		-	-
I. OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003+2005+2007+2009+2011+2013+2015+2017)- (2004+2006+2008+2010+2012+2014+2016+2018)>=0				
	2019			
II. OTHER COMPREHENSIVE LOSS BEFORE TAX (2004+2006+2008+2010+2012+2014+2016+2018)- (2003+2005+2007+2009+2009+2011+2013+2015+2017)>=0				
	2020		-	-
III. TAX ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD				
	2021		-	-
IV. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021)>=0				
	2022		-	-
V. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021)>=0				
	2023		-	-
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2022-2023)>=0				
	2024		-	-
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2023-2022)>=0				
	2025		115,576	36,035
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2027+2028)=AOP 2024>=0 или AOP 2025>0				
	2026		-	-
1. Attributable to shareholders	2027		115,576	36,035
2. Attributable to non-controlling interest	2028		-	-

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CASH FLOWS

In RSD thousand

	AOP	Note	Year ended	
			2018	2017
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Cash inflow from operating activities (1 to 3)	3001			809
1. Sales and advances received	3002			-
2. Interest from operating activities	3003			809
3. Other inflow from operating activities	3004			-
II. Cash outflow from operating activities (1 to 5)	3005		96,053	3,568
1. Payments and prepayments to suppliers	3006		893	964
2. Salaries, benefits and other personal expenses	3007		859	-
3. Interest paid	3008		94,301	296
4. Income tax paid	3009			2,308
5. Payments for other public revenues	3010			-
III. Net cash inflow from operating activities (I - II)	3011			
IV. Net cash outflow from operating activities (II - I)	3012		96,053	2,760
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Cash flows from investing activities (1 to 5)	3013			-
1. Sale of shares (net inflow)	3014			-
2. Proceeds from sale of intangible assets, property, plant and equipment	3015			-
3. Other financial investments (net inflow)	3016			-
4. Interest from investing activities	3017			-
5. Dividend received	3018			-
II. Cash outflow from investing activities (1 to 3)	3019		155	-
1. Acquisition of subsidiaries or other business (net outflow)	3020			-
2. Purchase of intangible assets, property, plant and equipment	3021		82	-
3. Other financial investments (net outflow)	3022		73	-
III. Net cash inflow from investing activities (I - II)	3023			-
IV. Net cash outflow from investing activities (II - I)	3024		155	-
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 5)	3025		1,878,161	137,973
1. Increase in share capital	3026		681,469	-
2. Proceeds from long-term borrowings (net inflow)	3027		1,196,692	137,973
3. Proceeds from short-term borrowings (net inflow)	3028			-
4. Other long-term liabilities	3029			-
5. Other short-term liabilities	3030			-
II. Cash outflow from financing activities (1 to 6)	3031		1,680,072	138,585
1. Purchase of own shares	3032			-
2. Repayment of long-term borrowings (net outflow)	3033		591,389	138,585
3. Repayment of short-term borrowings (net outflow)	3034		1,088,683	-
4. Repayment of other liabilities (net outflow)	3035			-
5. Financial lease	3036			-
6. Dividend distribution	3037			-
III. Net cash inflow from financing activities (I - II)	3038		198,089	-
IV. Net cash outflow from financing activities (II - I)	3039			612
D. TOTAL CASH INFLOW (3001+3013+3025)	3040		1,878,161	138,782
E. TOTAL CASH OUTFLOW (3005+3019+3031)	3041		1,776,280	142,153
F. NET CASH INFLOW (340-341)	3042		101,881	
G. NET CASH OUTFLOW (341-340)	3043			3,371
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3044		108	3,479
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	3045			-
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	3046			-
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3042-3043+3044+3045-3046)	3047		101,989	108

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY

In RSD thousand

	Equity components							Retained earnings (loss)
	AOP	Share capital	AOP	Reserves	AOP	Loss	AOP	
Balance as at 1 January 2016								
a) debit	4001	-	4037	-	4055	8,089	4091	-
b) credit	4002	817	4038	-	4056	-	4092	-
Adjustments of material errors and changes in accounting policies								
a) debit	4003	-	4039	-	4057	-	4093	-
b) credit	4004	-	4040	-	4058	-	4094	-
Restated opening balance as at 1 January 2016								
a) debit (1a+2a-26)>=0	4005	-	4041	-	4059	-	4095	-
6) credit (16-2a+26)>=0	4006	-	4042	-	4060	-	4096	-
Changes in period								
a) debit	4007	-	4043	-	4061	3,300	4097	-
b) credit	4008	-	4044	-	4062	-	4098	-
Balance as at 31 December 2016								
a) debit (3a+4a-46)>=0	4001	-	4037	-	4055	11,389	4091	-
6) credit (36-4a+46)>=0	4002	817	4038	-	4056	-	4092	-
Adjustments of material errors and changes in accounting policies								
a) debit	4003	-	4039	-	4057	-	4093	-
b) credit	4004	-	4040	-	4058	-	4094	-
Restated opening balance as at 1 January 2017								
a) debit (5a+6a-66)>=0	4005	-	4041	-	4059	-	4095	-
6) credit (56-6a+66)>=0	4006	-	4042	-	4060	-	4096	-
Changes in period								
a) debit	4007	-	4043	-	4061	36,035	4097	-
b) credit	4008	3,008	4044	-	4062	-	4098	-
Balance as at 31 December 2017								
a) debit (7a+8a-86)>=0	4009	-	4045	-	4063	47,424	4099	-
6) credit (76-8a+86)>=0	4010	3,825	4046	-	4064	-	4100	-

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Equity components							
	AOP	Share capital	AOP	Reserves	AOP	Loss	AOP	Retained earnings
Adjustments of material errors and changes in accounting policies								
a) debit	4011	-	4047	-	4065	-	4101	-
b) credit	4012	-	4048	-	4066	-	4102	-
Restated opening balance as at 1 January 2018								
a) debit (5a+6a-66)>=0	4013	-	4049	-	4067	-	4103	-
b) credit (5b-6a+66)>=0	4014	-	4050	-	4068	-	4104	-
Changes in period								
a) debit	4015	-	4051	-	4069	115,576	4105	-
b) credit	4016	681,469	4052	-	4070	-	4106	-
Balance as at 31 December 2018								
a) debit (7a+8a-86)>=0	4017	-	4053	-	4071	163,000	4107	-
b) credit (7b-8a+86)>=0	4018	685,294	4054	-	4072	-	4108	-

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

		<i>Other comprehensive income components</i>							
		AOP	Revaluation reserves	AOP	Actuarial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	AOP	Total Equity
Balance as at 1 January 2016									
a) debit	4109	-	4127	-	4217	-	-	4217	8,088
b) credit	4110	-	4128	-	4218	-	-	4235	817
Adjustments of material errors and changes in accounting policies									
a) debit	4111	-	4129	-	4219	-	-	-	-
b) credit	4112	-	4130	-	4220	-	-	4236	-
Restated opening balance as at 1 January 2016									
a) debit (1a+2a-26)>=0	4113	-	4131	-	4221	-	-	-	-
b) credit (16-2a+26)>=0	4114	-	4132	-	4222	-	-	4237	-
Changes in period									
a) debit	4115	-	4133	-	4223	-	-	-	3,300
b) credit	4116	-	4134	-	4224	-	-	4238	-
Balance as at 31 December 2016									
a) debit (3a+4a-46)>=0	4109	-	4127	-	4217	-	-	-	11,388
b) credit (36-4a+46)>=0	4110	-	4128	-	4218	-	-	4235	817
Adjustments of material errors and changes in accounting policies									
a) debit	4111	-	4129	-	4219	-	-	-	-
b) credit	4112	-	4130	-	4220	-	-	4236	-
Restated opening balance as at 1 January 2017									
a) debit (5a+6a-66)>=0	4113	-	4131	-	4221	-	-	-	-
b) credit (56-6a+66)>=0	4114	-	4132	-	4222	-	-	4237	-
Changes in period									
a) debit	4115	-	4133	-	4223	-	-	-	36,036
b) credit	4116	-	4134	-	4224	-	-	4238	3,008
Balance as at 31 December 2017									
a) debit (7a+8a-86)>=0	4117	-	4135	-	4225	-	-	-	47,424
b) credit (76-8a+86)>=0	4118	-	4136	-	4226	-	-	4239	3,825

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Other comprehensive income components

	AOP	Revaluation reserves	AOP	Acturial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	AOP	Total Equity
Adjustments of material errors and changes in accounting policies								
a) debit	4119	-	4137	-	4227	-	-	0
b) credit	4120	-	4138	-	4228	-	4240	0
Restated opening balance as at 1 January 2018								
a) debit (5a+6a-66)>=0	4121	-	4139	-	4229	-	-	0
b) credit (56-6a+66)>=0	4122	-	4140	-	4230	-	4241	0
Changes in period								
a) debit	4123	-	4141	-	4231	-	-	115,576
b) credit	4124	-	4142	-	4232	-	4242	681,469
Balance as at 31 December 2018								
a) debit (7a+8a-86)>=0	4125	-	4143	-	4233	-	-	163,000
b) credit (76-8a+86)>=0	4126	-	4144	-	4234	-	4243	685,294

**EXPLANATORY NOTES TO THE STAND-
ALONE FINANCIAL STATEMENTS 31
DECEMBER 2018**

(All amounts are in 000 RSD, unless otherwise stated)

1. General information

Fintel Energija A.D. (hereinafter the “**Company**” or “**Fintel Energija**”) is a Serbian holding leading independent renewable energy generator in Serbia. The Company through its subsidiaries acted as the pioneer in the Serbian wind business being the first ever to install and operate wind farms in the country.

The Company was incorporated as a closed joint stock company on 27 June 2007, under the business name PRIVREDNO DRUŠTVO ZA PROIZVODNJU ELEKTRIČNE ENERGIJE FINTEL ENERGIJA AD BEOGRAD, by the company FINTEL ENERGIJA GROUP S.P.A, registration number 02658620402, as the sole shareholder (hereinafter the “**Principal Shareholder**”). Fintel Energia Group S.p.A. is 86,22% owned by Hopafi Srl.

Fintel Energia's registered office is located at Bulevar Mihajla Pupina 115e, Beograd, Serbia.

At 31 December 2018, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand, consisting of 26,510,506 ordinary shares of RSD 0.153 each.

In 2018 the Company listed its shares on the stock market. The process of Initial Public Offering of the Company's shares ended on 30. October 2018, and during the offering period 1,510,506 shares were registered. Initial price on the stock market was RSD 500 per share.

The company's shares are traded on the organized market – Belgrade Stock Exchange. The symbol of the shares is FINT, and ISIN number is RSFINEE60549. The market capitalization of the Company as at 31 December 2018 is RSD 13,652,911 thousand. Fintel Energia Group SpA, the majority shareholder of the Company, is listed joint stock company under Italian law. It constitute a vertical operator in the integrated energy supply chain, which engages in the sale of electricity and natural gas in Italy and in the development and exploitation of renewable energy power plants (photovoltaic, wind and mini wind) in Italy and Serbia.

These stand-alone financial statements for the year ended 31 December 2018 have been approved on the 16 April 2019. The approved stand-alone financial statements may be amended based on the auditor's opinion, in accordance with legislation. The Company prepared these stand-alone financial statements based on and in accordance with the requirements of the laws and regulations of the Republic of Serbia where investments in subsidiaries in these stand-alone financial statements are stated as cost less any impairment. The company is the parent company of the Group, consisting of the following entities:

Naziv	Lokacija
Fintel Energija ad	Beograd (Srbija)
MK-Fintel Wind ad	Beograd (Srbija)
MK-Fintel Wind Holding doo	Beograd (Srbija)
Energobalkan doo	Beograd (Srbija)
Vetropark Ram doo	Beograd (Srbija)
Vetropark Kula doo	Beograd (Srbija)
Vetropark Dunav 3 doo	Beograd (Srbija)
Vetropark Dunav 1 doo	Beograd (Srbija)
Vetropark Torak doo	Beograd (Srbija)
Vetropark Košava 2 doo	Beograd (Srbija)
Fintel Russian Ventures ooo	Moskva (Rusija)

(All amounts are in 000 RSD, unless otherwise stated)

2. Summary of accounting policies and standards adopted

2.1 Basis of presentation

The Company has prepared these stand-alone financial statements in accordance with the Law on Accounting of the Republic of Serbia (the "Law"), published in Official Gazette 62/2013 and 30/2018, which requires full scope of International Financial Reporting Standards ("IFRS") to be applied as translated into Serbian up to 31 July 2013. The specific requirements of the Law result in departures from IFRS due to the fact that as only translated standards are adopted, these accounts do not reflect the impact of IFRS which have been issued since 31 July 2013. In addition the Law requires certain presentations and treatments of accounts and balances which results in the following additional departures from IFRS:

1. The financial statements are prepared in format prescribed by the Ministry of Finance of the Republic of Serbia, which does not comply with IAS 1 (revised) – "Presentation of Financial Statements" requirements and IAS 7 – "Statement of cash flows".
2. "Off-balance sheet assets and liabilities" are recorded on the face of the balance sheet (note 2.4). Such items do not meet the definition of either an asset or a liability under IFRS.
3. The decision of the Ministry of Finance of Republic of Serbia no. 401-00-896/2014-16 from 13 March 2014 ("Official Gazette of RS" no.35/2014) states that official standards are those official translations of International Accounting Standards (IAS) and International Standards of Financial Reporting (IFRS) issued by International Accounting Standards Board (IASB), as well as interpretations of standards issued by International Financial Reporting Interpretations Committee (IFRIC) up to 31 July 2013. Up to the date of the accompanying financial statements preparation, no amendments and supplements of existing standards, revised standards and new interpretations issued by IASB and IFRIC subsequent to 31 July, have been translated.

According to the above, and bearing in mind the potential material effects that the deviation of the accounting regulations of the Republic of Serbia from IFRSs and IASs can have on the reality and objectivity of the Group's consolidated financial statements, the accompanying consolidated financial statements cannot be considered as financial statements prepared in accordance with IFRS and IAS.

The preparation of stand-alone financial statements in conformity with Law on Accounting of the Republic of Serbia requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Going concern

The Company meets its day-to-day working capital requirements through its bank facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. Bearing in mind the foregoing, management considers that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its stand-alone financial statements. Further information on the Company's borrowings is given in Note 14.

(All amounts are in 000 RSD, unless otherwise stated)

2.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured and presented in Serbian dinars (RSD). Dinar represents the official reporting currency in the Republic of Serbia.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2.4 Significant accounting policies

Property, plant and equipment

Property, plant and equipment is stated at purchase cost less depreciation and impairment. Cost includes all costs necessary to bring an asset to working condition for its intended use. This cost is increased by the present value of the estimated cost of site clearance when there is a legal or constructive obligation to decommission the asset. The corresponding liability is recognised in provisions for risks and charges. The accounting treatment of revised estimates of these costs, of the time value of money and of the discount rate are indicated in the point on provisions for risks and charges.

Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are included in the cost of the asset only if the asset in question is a qualifying asset, i.e. one that necessarily takes a substantial period of time to get ready for its intended use or sale.

Costs incurred on ordinary and/or cyclical repairs and maintenance are recognised directly in profit or loss. Costs incurred for the expansion, modernisation or improvement of structural elements owned by the Company or used by third parties are capitalised to the extent that they meet the requirements for recognition as a separate asset or as part of an asset.

Depreciation is calculated on a straight line basis using rates that allow assets to be depreciated over their estimated useful lives. When a depreciable asset is composed of separately identifiable elements, the useful life of which differs significantly from the other component parts of the asset, depreciation is computed separately for each of these parts in accordance with the "component approach".

(All amounts are in 000 RSD, unless otherwise stated)

The useful life estimated by the Company for each category of property, plant and equipment is as follows:

	No. of years
Equipment	3

Property, plant and equipment held under finance leases, whereby substantially all of the risks and benefits of ownership are transferred to the Company, are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, inclusive of the amount payable to exercise the purchase option. The corresponding lease obligation is recognised under financial liabilities. Assets held under finance leases are depreciated by applying the policy and rates previously indicated for property, plant and equipment, except where the lease term is shorter than an asset's useful life and there is no reasonable certainty that the Company will obtain ownership at the end of the lease term; in this case, the depreciation period coincides with the lease term. Any gain on sale of an asset arising from a sale and leaseback transaction is deferred and amortised over the lease term.

Leasing arrangements, whereby the lessor retains substantially all the risks and rewards incidental to ownership of an asset, are accounted for as operating leases. Costs relating to operating leases are recognised in profit or loss on a straight-line basis over the lease term.

Other current and non-current assets, trade receivables and other receivables

On initial recognition, financial assets are measured at fair value and are classified in one of the following categories based on their nature and the purpose for which the investments were acquired:

- held-to-maturity investments;
- loans and receivables;
- available-for-sale financial assets; and
- financial assets at fair value through profit or loss.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired and the company that held them has transferred substantially all the risks and rewards of ownership.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which mainly relate to receivables due from customers or Group companies. Loans and receivables are classified in the statement of financial position as trade receivables and other receivables. These assets are measured at amortised cost, using the effective interest rate, less impairment. Impairment losses on receivables are recognised if there is objective evidence that the Company will not be able to recover the receivable due from the counterparty in accordance with contractual terms. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Company regarding the following loss events:

(All amounts are in 000 RSD, unless otherwise stated)

- significant financial difficulties on the part of the issuer or borrower;
- the existence of ongoing legal disputes with the debtor relating to a receivable;
- reasonable likelihood that the beneficiary will declare bankruptcy or other debt restructuring or insolvency procedures.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in profit or loss as "Allocations to provisions and impairment".

Receivables are stated in the financial statements net of the provision for doubtful debts.

Cash and cash equivalents

These include cash on hand, deposits held at call with banks or other financial institutions for current operations, post office current accounts and other cash equivalents, as well as investments with original maturities of three months or less. The components of cash and cash equivalents are measured at fair value and changes therein are recognised in profit or loss.

Off balance sheet assets/liabilities

Those include: assets held under leases, other than financial leases, consignment stock, material received from third parties for further processing and other assets not owned by the Company, as well as receivables/payables relating to collaterals received/given such as guarantees and other warrants.

Trade payables, financial and other payables

Trade payables, financial and other payables are recognised initially at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost using the effective interest method. If there is a change in estimated cash flow that can be reliably measured, the carrying amount of the liability is remeasured to reflect the change, based on the present value of the new estimated cash flow and on the initially determined internal rate. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are recognised on the trade date of the related transactions and are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired and when the company that had contracted the debt has transferred all of the risks and obligations related thereto.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. The amount recognised represents the best estimate of the expenditure required to settle the obligation. When the time value of money is significant and the settlement date of the obligations can be reliably estimated, the provisions are measured at the present value of the expected disbursement using a discount rate that reflects current market assessments of the time value of money and the risks specific

(All amounts are in 000 RSD, unless otherwise stated)

to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

If the liability relates to decommissioning and/or restoration of assets, the provision is recognised as an opposite entry to the asset to which it relates and the cost is recognised in the income statements via the depreciation of the asset to which the cost relates.

Changes in accounting estimates are reflected in the income statement in the year in which the change takes place, except for changes in expected decommissioning and clearance costs due to changes in timing and the use of economic resources necessary to discharge the obligation or resulting from a change in the discount rate.

Such changes are added to or deducted from the carrying amount of the assets to which they relate and are recognised as depreciation charges in income statement. If changes are added to an asset's carrying amount, an assessment is made as to whether the new carrying amount is likely to be fully recovered; if not, the carrying amount of the asset is reduced to take account of the unrecoverable amount and the loss arising from the reduction is recognised in the income statement.

If changes are deducted from an asset's carrying amount, the decrease is recognised as an opposite entry to the asset up to the amount of its carrying amount; any excess is recognised immediately in the income statement.

As regards estimation criteria adopted for the determination of the asset decommissioning and restoration provision, reference should be made to the paragraph on use of estimates.

Risks that could give rise to a probable liability are disclosed in the section on commitments and risks, but are not provided for.

A contingent liability that was separately recognised in the initial accounting for a business combination as a liability, is measured at the higher of the amount the liability would be recognised by applying the above policy for provisions for risks and charges and the present value of the initially determined liability.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and relates to the sale of goods and the rendering of services that constitute the Company's core business. Revenue is recorded net of returns, discounts, rebates and allowances and excluding value added tax.

Revenue is recognised to the extent that it can be reliably measured and it is probable that future economic benefits will flow to the Company.

Revenue arising from the sale of goods and finished products is recognised in the income statement upon the transfer to the customer of the risks and rewards of ownership of the product sold, which normally coincides with the shipment of the goods to the customer and their acceptance thereby.

Revenue arising from the rendering of services is recognised in the accounting period in which the services are rendered by reference to the stage of completion at the reporting date.

(All amounts are in 000 RSD, unless otherwise stated)

Revenue only includes economic benefits received or receivable flowing to the Company in their own name and on their own behalf. Consequently, consideration received on behalf of third parties is excluded from revenue.

Cost recognition

Costs are recognised when they relate to goods and services purchased or consumed in the period or by systematic allocation.

Finance income and costs

Finance income and costs are recognised on an accrual basis that takes account of the effective return/charge on related assets/liabilities.

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset, commencing from the date on which the Company companies start incurring the finance costs until the date on which the asset financed is ready for use.

Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case deferred tax liability is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Serbia, where the Company operates and generates taxable profit. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Related-party transactions

Related party transactions are conducted at arm's length, based on efficiency and cost-effectiveness criteria.

(All amounts are in 000 RSD, unless otherwise stated)

Dividends

Dividends to be distributed to the shareholders of the Parent Company are recognised as a liability in the financial statements in the period in which the distribution has been approved by the shareholders.

Earnings per share

The Company calculates and discloses the basic earnings per share. Basic earnings per share is calculated by dividing the net income that belongs to shareholders, the owners of ordinary shares of the Company, by the weighted average number of ordinary shares issued during the period.

3. Estimates and assumptions

The preparation of the stand-alone financial statements requires the directors to apply accounting policies and methods, which, in certain circumstances, are based on accounting assessments and estimates and which may also be based on past experience and on assumptions that are deemed to be reasonable and realistic. The use of such estimates and assumptions has an impact on the stand-alone financial statements, including the balance sheet, the income statement, the statement of comprehensive income and the statement of cash flows, as well as on related disclosures. The actual amounts of stand-alone financial statement components for which the aforementioned estimates and assumptions have been used may differ from the amounts reported in the financial statements that recognise the occurrence of the event linked to the estimate, because of the uncertainty of the assumptions and the conditions on which the estimates have been based.

A brief description is provided below of the key accounting policies used in the preparation of stand-alone financial statements.

Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment when impairment indicators exist, which is recognised by a write-down when there are indicators that suggest it may be difficult to recover the related net carrying amount. The verification of the existence of the aforementioned indicators requires subjective assessments to be made by directors, based on information available within the Company, on information sourced from the market and on past experience. Moreover, if it has been established that there may be a case of potential impairment, as well as the computation of estimates for the determination thereof depend on factors that may change over time and which may affect the assessments and estimates made by the directors.

Based on assessments made by Fintel Group Directors, there are no indicators of impairment of investments in subsidiaries.

Provisions

Other provisions for risks and charges relate mainly to probable liabilities for penalties and interest on overdue amounts payable to the tax authorities. Allocations to provisions are made based on a best estimate at the reporting date of costs likely to be incurred to settle the liability, after having sought legal opinion.

(All amounts are in 000 RSD, unless otherwise stated)

4. Financial risk management

The coordination and monitoring of key financial risks is carried out by the central treasury department of the Principal Shareholder Company, which provides guidelines for the management of various types of risk and for the use of financial instruments. The main features of Fintel's risk management policy are:

- central determination of operational risk management guidelines concerning market, liquidity and cash flow risks;
- monitoring of results achieved;
- diversification of commitments/obligations and of the product portfolio.

Credit risk

Credit risk represents the exposure to potential losses arising from the failure by commercial and financial counterparties to fulfil their contractual obligations.

The Company's maximum exposure to credit risk at 31 December 2018 and 2017 is the carrying amount of each class of assets indicated in the following table:

<i>RSD thousand</i>	31 December 2018	31 December 2017
Other receivables	4,396	-
Short-term loans and investments	1,530,723	446,219
Prepayments and accrued income	99,381	55,692
TOTAL	1,634,500	501,911

Prepayments and accrued income mainly refer to receivables from subsidiaries MK Fintel Wind ad and MK Fintel Wind Holding doo for interest, while Short-term loans and investments relate specifically to financing provided to the subsidiaries MK Fintel Wind ad and MK Fintel Wind Holding doo.

According to cash-flow projections of subsidiaries, those represent a low level of credit risk.

Liquidity risk

Liquidity risk is associated with the ability to meet the commitments arising from financial liabilities assumed by the Company. Prudent risk management of liquidity arising in the course of ordinary activities implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk is managed centrally by the Ultimate Parent, given that the administration department periodically monitors the Company's net cash/debt through the preparation of appropriate actual and forecast cash inflow and outflow reports. In this manner, the Company aims to ensure it has adequate cover for its financing needs, by accurately monitoring financing, credit facilities opened and utilisations thereof, in order to optimise its resources and manage any temporary liquidity surplus.

(All amounts are in 000 RSD, unless otherwise stated)

4. Financial risk management (continued)

The Company's objective is to establish a financing structure that, consistent with its business objectives, guarantees sufficient liquidity for the Company, minimises the related opportunity cost and maintains an equilibrium in terms of term to maturity and composition of the debt.

The following table provides a maturity analysis of liabilities at 31 December 2018 and 2017. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Company's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

At 31 December 2018				
<i>RSD thousand</i>	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	329,071	-	-	-
Bank loans	83,010	46,293	427,272	448,724
Trade payables	68,410	-	-	-
Total	480,491	46,293	427,272	448,724
At 31 December 2017				
<i>RSD thousand</i>	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	329,088	-	-	-
Bank loans	-	-	-	137,973
Trade payables	116	-	-	-
Total	329,204	-	-	137,973

An analysis of the financial liabilities by maturity shows an increase of payables due within 1 year at 31 December 2018 to those at the previous years end, mainly attributable to interests on bank loan received and trade payables for services rendered by the Parent Company.

Bank loans due beyond 5 years increased due to new loans taken out by the Company for Kosava phase I wind farm.

Accordingly, taking in account of the foregoing and as detailed in Note 2.1 above, of the fact that the shareholders have confirmed that they do not intend to request the repayment of the loan prior to the forthcoming year end it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

(All amounts are in 000 RSD, unless otherwise stated)

4. Financial risk management (continued)

Market risk

In the conduct of its operations, the Company is potentially exposed to the following market risks:

- risk of fluctuation in exchange rates;
- risk of fluctuation in interest rates.

These risks are essentially managed centrally by the Parent company Fintel Energija.

Risk of fluctuation in exchange rates

Exchange rate risk is linked to operations in currency other than the RSD. Fintel is exposed to the risk of fluctuation in exchange rates, given that it conducts business in Serbia through its subsidiaries, which are companies committed to the study, construction, development and management of wind farms and other projects in the field of renewables. The consequent impact is reflected in the statement of profit or loss of the subsidiaries.

Running an accounting sensitivity analysis, as at 31 December 2018, if the currency RSD had strengthened/weakened by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 45,575 thousand (2017: RSD 19,850 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Considering that revenues and loans of subsidiaries are in euro, this risk is partially mitigated and naturally hedged.

Risk of fluctuation in interest rates

The risk of fluctuation in interest rates to which Fintel is exposed originates from financial payables. Fixed rate debt exposes the Company to risk linked to changes in the fair value of the debt for their part linked to changes in the reference rate market. Floating rate debt exposes the Company to cash flow risk originating from the volatility of interest rates.

The Company's financial indebtedness consists of current bank debt, medium/long term loans granted by banks and lease liabilities.

As a result of the aforementioned hedging transactions, the impact of the expected change in interest rates in the coming twelve months is deemed to be insignificant in the context of the Company's financial statements.

Capital management risk

The Company's objective as far as capital risk management is concerned is mainly to safeguard business continuity in order to guarantee returns to shareholders and benefits to other stakeholders. Moreover, the Company aims to maintain an optimal capital structure in order to reduce the cost of borrowing.

The Company monitors its capital based on the ratio of net debt to net invested capital (gearing ratio). Net debt is calculated as total debt, including current and non-current loans and borrowings, plus net exposure to banks. Net invested capital is calculated as the sum of total equity and net debt.

(All amounts are in 000 RSD, unless otherwise stated)

4. Financial risk management (continued)

The gearing ratio at 31 December 2018 and 2017 is shown in the following table:

<i>RSD thousand</i>	12/31/2018	12/31/2017
<i>Non-current financial payables:</i>		
- Bank loans	743,277	137,973
<i>Current financial payables:</i>		
- Financial payables due to shareholders	329,071	329,088
Cash and cash equivalents	(101,990)	(108)
Net debt (A)	970,358	466,953
Equity (B)	685,294	(43,599)
Net capital employed (C=A+B)	1,757,541	423,355
Gearing ratio (A/C)	61.0%	110.3%

The gearing ratio has improved compared to prior years mainly due to the capital increase for IPO and admission of Company's common shares to trading on the regulated market, segment Prime Listing, organized and managed by Belgrade Stock Exchange.

5. Financial assets and liabilities by class

The following table shows the Company's financial assets and liabilities by class, with an indication of the corresponding fair value, at 31 December 2018 and 2017:

<i>RSD thousand</i>	At 31 December 2018						
	Financial assets and liabilities measured at fair value	Investments held to maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities carried at amortised cost	Total	Fair value
Receivables due from subsidiaries related parties	-	-	1,530,723	-	-	1,530,723	1,530,723
Cash and cash equivalents	-	-	101,990	-	-	101,990	101,990
Total	-	-	1,632,713	-	-	1,632,713	1,632,713
Financial payables	-	-	-	-	743,277	743,277	743,277
Financial payables due to shareholders	-	-	-	-	329,071	329,071	329,071
Trade payables	-	-	-	-	68,410	68,410	68,410
Total	-	-	-	-	1,140,758	1,140,758	1,140,758
<i>RSD thousand</i>	At 31 December 2017						
	Financial assets and liabilities measured at fair value	Investments held to maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities carried at amortised cost	Total	Fair value
Receivables due from subsidiaries related parties	-	-	446,219	-	-	446,219	446,219
Cash and cash equivalents	-	-	108	-	-	108	108
Total	-	-	446,327	-	-	446,327	446,327
Financial payables	-	-	-	-	137,973	137,973	137,973
Financial payables due to shareholders	-	-	-	-	329,088	329,088	329,088
Trade payables	-	-	-	-	116	116	116
Total	-	-	-	-	467,177	467,177	467,177

6. IFRS 8: segment information

Based on the fact that Company operates only in the wind renewable energy sector and operations are essentially in Serbia, hence there is only one reportable segment.

(All amounts are in 000 RSD, unless otherwise stated)

7. Information on guarantees issued, commitments and other contingent liabilities

a) Guarantees issued

Guarantees issued amount to RSD 475,142 thousand as of 31 December 2018. They have been issued in favor of Lenders of Kosava project phase I, for cost overrun during construction and till COD.

These guarantees have been classified as Off-balance sheet liabilities.

a) Other

There were no other contingent liabilities of the Company.

8. Investments in subsidiary

Investments in subsidiary is detailed as follow:

- RSD 16,009 thousand for 54% owned in of MK-Fintel Wind AD(RSD 16.009 thousand at 31 December 2017).
- RSD 5 thousand for 54% owned in of MK-Fintel Wind Holding Doo(RSD 5 thousand at 31 December 2017).
- RSD 72 thousand for 100% owned in of Fintel Russian Ventures ooo (company founded in 2018).

9. Short-term loans and investments – parent companies and subsidiaries

Short-term loans and investments to parents' companies and subsidiaries amount to RSD 1,530,723 thousand (RSD 437,170 thousand at 31 December 2017) and they only refer to financing provided to the subsidiaries MK-Fintel Wind AD (RSD 1,423,280 thousand at 31 December 2018) and MK-Fintel Wind Holding Doo (RSD 107,442 thousand at 31 December 2018).

Summary of given loans, with maturities in the following table:

Recipient of the loan	Amount 31.12.2018 EUR	Amount 31.12.2018 000 RSD	Maturity
MK Fintel Wind ad	1,158,300	136,905	2019
MK Fintel Wind ad	10,883,539	1,286,376	2019
MK Fintel Wind Holding d.o.o.	909,030	107,442	2019
Total	12,950,869	1,530,723	

10. Cash and cash equivalents

"Cash and cash equivalents" at 31 December 2017, 2016 and 2015 are detailed as follows:

	31 December 2018	31 December 2017
Current account		
- in dinars	101,932	22
- in foreign currency	57	86
Cash and cash equivalents	101,989	108

(All amounts are in 000 RSD, unless otherwise stated)

The fair value of cash and cash equivalents coincides with the carrying amount thereof.

For the purpose of the preparation of the statement of cash flows, investing and financing transactions that did not require the use of cash or cash equivalents have been excluded.

11. Other current assets

“Other current assets” of RSD 111,863 thousand at 31 December 2018 (RSD 56,969 thousand at 31 December 2017) are detailed in the following table:

<i>RSD thousand</i>	31 December 2018	31 December 2017
Value added tax	8,086	1,277
Prepayments and accrued income	99,381	55,692
Total	107,467	56,969

Prepayments and accrued income includes interests accrued during the years for the shareholder's loans to the subsidiaries. Accrued interest is due on payment by the end of 2019.

12. Equity

Equity at 31 December 2018 and 2017 is detailed in the following table:

<i>RSD thousand</i>	31 December 2018	31 December 2017
Share capital	4,057	3,825
Share premium	681,237	-
Loss from previous years	(47,424)	(11,389)
Loss from current year	(115,576)	(36,035)
TOTAL EQUITY	522,294	(43,599)

(All amounts are in 000 RSD, unless otherwise stated)

The equity components and changes therein are detailed below:

Share capital

As of 31 December 2018, the Company's fully subscribed and paid up share capital amounted to RSD 4,056,524 (RSD 3.825 thousand as at 31. december 2017) consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Share premium

At 31 December 2018, such Reserve includes the share premium resulting from the capital increase related to the IPO of the Company on the Prime Listing Segment of the Belgrade Stock Exchange. The share premium worths RSD 755,022 Thousands (equivalent to RSD 499,847 per each new share issued by the Company). Such value is reported net of the IPO related costs.

Retained earnings/(Losses)

These consist of earnings/(Losses) from previous years. They also include net profit/(losses) for the current year.

13. Long and short term loans and borrowings to external parties

Set out below are details of long and short term loans and borrowings at 31 December 2018 and 2017:

<i>RSD thousand</i>	31 December 2018	31 December 2017
Long term borrowings	743,277	137,973
Short-term loans and borrowings	-	-
Total	743,277	137,973

Details of bank loans outstanding at 31 December 2018 are summarised in the following table:

Beneficiary company	Creditor	Residual debt at 31.12.2018	Long term	Short term	Maturity
<i>(Amounts in RSD thousand)</i>					
Fintel Energija	AIK Bank	743,277	743,277	-	2024
		743,277	743,277	-	

(All amounts are in 000 RSD, unless otherwise stated)

14. Long and short term loans and borrowings from parent and subsidiaries

Loans and borrowings to parent and subsidiaries of RSD 329,071 thousand as at 31 December 2018 (RSD 329,088 thousand at 31 December 2017), mainly consist of revocable loans to be repaid to the Ultimate Parent company Fintel Enerģia Group Spa that were granted for the benefit of Fintel Enerģia. The loan of EUR 2,667,000 is interest bearing, interest is 6%. Other loans are non-interest bearing. The loans are due in 2019.

15. Trade payables

Trade payables amounted to RSD 68,410 thousand at 31 December 2018 consist mainly (RSD 58.761 thousand) of payables for invoice to be received from the Parent Company for management fee.

16. Accruals

Accruals amounted to RSD 98,195 thousand at 31 December 2018 consist mainly of interests on shareholders loan due to Fintel Enerģia Group SpA (RSD 82.427 thousand), accrued interests on financial loan.

17. Non-production costs

Non-production costs amount to RSD 36,515 thousand in 2018 (RSD 30,647 thousand in 2017) and relate to accounting services, management fee costs (invoices issued in according management fee contract), costs of ads and other media, web-site. The increase is mainly due to costs for IPO.

18. Finance income - parent company and subsidiaries

	2018	2017
Finance income - parent company and subsidiaries	45,743	35,213
Finance income - other related parties	106	-
Total	45,849	35,213

(All amounts are in 000 RSD, unless otherwise stated)

19. Finance expense – parent company and subsidiaries

	2018	2017
Finance expense - parent company and subsidiaries	20,458	34,424
Finance expense - other related parties	29	192
Other financial expense	6,161	-
INTEREST EXPENSE (from third parties)	99,130	2,746
FOREIGN EXCHANGE LOSSES (third parties)	518	-
Total	126,296	37,362

20. Income tax expense

Income tax expenses for the years ended 31 December 2018 and 2017 are detailed as follows:

	Year ended 31 December 2018	2017
Income tax for the year	-	2,927
Deferred income tax for the period (note 12)	-	-
Origination and reversal of temporary differences	-	-
	2,927	2,927

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Group's profits as follows:

	Year ended 31 December 2018	2017
Profit/(Loss) before tax	(115,576)	(33,108)
Tax calculated at domestic tax rates applicable to profits in the respective countries	-	-
<i>Tax effect on:</i>		
Revenues exempt from taxation	-	-
Expenses not deductible for tax purposes		
- Transfer pricing effect for interest expense	2,228	2,917
- Other expenses not deductible	-	11
Tax losses for which no deferred income tax asset was recognized (utilized recognised tax credit), net	-	-
Losses from subsidiaries	-	11,552
Other tax effects for reconciliation between accounting profit and tax expense	-	(1,224)
Adjustment in respect of prior years	-	-
	-	2,927
Effective income tax rate	0%	0%

The weighted average applicable tax rate was 0% (2017: 0%).

(All amounts are in 000 RSD, unless otherwise stated)

21. Earnings/(loss) per share

The basic result per share has gone from a loss per share of RSD 1.44 in 2017 to RSD 4.36 for the year ended 31 December 2018. It has been computed by dividing the Group's net result by the number of Fintel Energija shares outstanding in the years in question (number of shares outstanding of 26,511 thousand).

The diluted result per share has gone from a loss per share of RSD 1.44 in 2017 to RSD 4.58 for the year ended 31 December 2018. It has been computed by dividing the Group's net result by the average number of Fintel Energija shares outstanding in the years in question (average number of shares outstanding of 25,252 thousand).

22. Related party transactions

As previously indicated, the Company is a subsidiary of Fintel EnergiaGroup SpA,

A summary provided below of the Company's transactions with related parties in 2018 and 2017. All transactions with related parties are entered into at market value.

As of 31 December 2018 and 31 December 2017 the outstanding balances with related parties were as follows:

	At 31 December 2018			
<i>RSD thousand</i>	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
Short-term loans	-	-	1,530,723	1,530,723
Other current assets	-	-	99,381	99,381
Other current liabilities	(82,427)	-	-	(82,427)
Trade payables	(58,761)	-	(411)	(59,172)
Shareholder's loan	(329,071)	-	-	(329,071)
Total	(470,259)	-	1,629,693	1,159,434

	At 31 December 2017			
<i>RSD thousand</i>	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
Short-term loans	-	-	446,219	446,219
Other current assets	-	-	55,692	55,692
Other current liabilities	(123,422)	-	-	(123,422)
Shareholder's loan	(329,088)	-	-	(329,088)
Total	(452,509)	-	501,911	49,402

(All amounts are in 000 RSD, unless otherwise stated)

For the year ended 31 December 2018 and 2017 the following transaction occurred with related parties:

RSD thousand	At 31 December 2018				
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Other related parties	Total
Revenues	-	-	-	-	-
Selling, general and administrative expenses	(29,038)	-	-	-	(29,038)
Finance income	988	-	44,756	106	45,849
Finance expense	(18,918)	-	(1,540)	(29)	(20,458)
Total	(46,968)	-	43,215	77	(3,647)

RSD thousand	At 31 December 2017				
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Other related parties	Total
Revenues	-	-	-	-	-
Selling, general and administrative expenses	(29,879)	-	-	-	(29,879)
Finance income	-	-	18,945	-	18,945
Finance expense	(19,147)	-	-	-	(19,147)
Total	(49,026)	0	18,945	-	(30,081)

22. Related party transactions (continued)

Remuneration of Fintel's directors

Members of Board of Directors have not received any remuneration in 2018. Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries without any further remuneration.

23. Tax risk

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 December 2017.

24. Significant subsequent events

On February 5, 2019, the company Fintel Energy A.D. has established new SPVs for the development of new wind power plant construction projects: Lipar d.o.o. (10 MW), Lipar 2 d.o.o (10 MW) and Maestrале Ring d.o.o. (599.2 MW). The Maestrале Ring project will be the largest on-shore wind farm on the European continent.

Legal representative:

The person responsible for the preparation of consolidated financial statements:





INDEPENDENT AUDITOR'S REPORT

To the shareholders of FINTEL ENERGIJA a.d., Beograd

We have audited the accompanying financial statements of FINTEL ENERGIJA a.d., Beograd (hereinafter: the "Company") which comprise the balance sheet as of 31 December 2018 and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Law on Accounting and accounting regulation effective in the Republic of Serbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Law on Auditing and auditing regulation effective in the Republic of Serbia. This regulation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the Law on Accounting and accounting regulation effective in the Republic of Serbia.

Refer to the original signed
Serbian version

Refer to the original signed
Serbian version

Milivoje Nesovic
Licensed Auditor

PricewaterhouseCoopersd.o.o., Beograd

Belgrade, 18 April 2019

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This document is a translation from the original, which was prepared in Serbian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

**STAND-ALONE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2018**

FINTEL ENERGIJA AD, BEOGRAD

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ACCOUNTING OF THE REPUBLIC OF SERBIA

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STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE BALANCE SHEET

In RSD thousand

	AOP	Note	31 December 2018	31 December 2017
A. SUBSCRIBED CAPITAL UNPAID	0001		-	-
B. NON-CURRENT ASSETS (0003 + 0010 + 0019+ 0024 + 0034)	0002		16,169	16,014
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)	0003		-	-
1. Development investments	0004		-	-
2. Concessions, licenses, software and other rights	0005		-	-
3. Goodwill	0006		-	-
4. Other intangible assets	0007		-	-
5. Intangible assets under development	0008		-	-
6. Advances for intangible assets	0009		-	-
II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		-	-
1. Land	0011		-	-
2. Buildings	0012		-	-
3. Machinery and equipment	0013		82	-
4. Investment property	0014		-	-
5. Other property, plant and equipment	0015		-	-
6. Construction in progress	0016		-	-
7. Investments in leased PP&E	0017		-	-
8. Advances for PP&E	0018		-	-
III. BIOLOGICAL ASSETS (0020+0021+0022+0023)	0019		-	-
1. Forest farming	0020		-	-
2. Livestock	0021		-	-
3. Biological assets in production	0022		-	-
4. Advances for biological assets	0023		-	-
IV. LONG-TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		16,087	16,014
1. Investments in subsidiary	0025	8	16,087	16,014
2. Investments in joint ventures	0026		-	-
3. Investments in other legal entities and other available for sales financial assets	0027		-	-
4. Long term investments in parent and subsidiaries	0028		-	-
5. Long-term investments in other related parties	0029		-	-
6. Long-term investments – domestic	0030		-	-
7. Long-term investments – foreign	0031		-	-
8. Securities held to maturity	0032		-	-
9. Other long-term financial investments	0033		-	-
V. LONG-TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		-	-
1. Receivables from parent company and subsidiaries	0035		-	-
2. Receivables from other related parties	0036		-	-
3. Receivables from sale of goods on credit	0037		-	-
4. Receivables arising out of finance lease contracts	0038		-	-
5. Claims arising from guarantees	0039		-	-
6. Bad and doubtful receivables	0040		-	-
7. Other long-term receivables	0041		-	-
C. DEFERRED TAX ASSETS	0042		-	-

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2018	31 December 2017
D. CURRENT ASSETS				
(0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		1,745,087	503,793
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044		497	497
1. Materials, spare parts and tools	0045		-	-
2. Work in progress	0046		-	-
3. Finished goods	0047		-	-
4. Merchandise	0048		-	-
5. Assets held for sale	0049		-	-
6. Advances for inventory and services	0050		497	497
II. TRADE RECEIVABLES				
(0052+0053+0054+0055+0056+0057+0058)	0051		-	-
1. Domestic trade receivables - parents and subsidiaries	0052		-	-
2. Foreign trade receivables - parents and subsidiaries	0053		-	-
3. Domestic trade receivables - other related parties	0054		-	-
4. Foreign trade receivables - other related parties	0055		-	-
5. Trade receivables - domestic	0056		-	-
6. Trade receivables - foreign	0057		-	-
7. Other trade receivables	0058		-	-
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059		-	-
IV. OTHER RECEIVABLES	0060		4,396	-
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061		-	-
VI. SHORT TERM FINANCIAL INVESTMENTS				
(0063+0064+0065+0066+0067)	0062		1,530,737	446,219
1. Short-term loans and investments - parent companies and subsidiaries	0063	9	1,530,723	437,170
2. Short-term loans and investments - other related parties	0064		-	9,049
3. Short-term loans and investments - domestic	0065		-	-
4. Short-term loans and investments - foreign	0066		-	-
5. Other short-term loans and investments	0067		14	-
VII. CASH AND CASH EQUIVALENTS	0068	10	101,989	108
VIII. VALUE ADDED TAX	0069	11	8,086	1,277
IX. PREPAYMENTS AND ACCRUED INCOME	0070	11	99,381	55,692
E. TOTAL ASSETS (0001+0002+0042+0043)	0071		1,761,255	519,807
F. OFF-BALANCE SHEET ASSETS	0072	7	475,142	-
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401		522,294	-
I. EQUITY (0403+0404+0405+0406+0407+0408+0409+0410)	0402	12	685,294	3,825
1. Share capital	0403	12	4,057	3,825
	0404	12	-	-
2. Stakes of limited liability companies	0405		-	-
3. Stakes	0406		-	-
4. State owned capital	0407		-	-
5. Socially owned capital	0408		-	-
6. Stakes in cooperatives	0409	12	681,237	-
7. Share premium	0410		-	-
8. Other capital	0411		-	-
II. SUBSCRIBED CAPITAL UNPAID	0412		-	-
III. OWN SHARES	0413		-	-
IV. RESERVES	0414		-	-
V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT	0415		-	-
VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0416		-	-
VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0417		-	-
VIII. RETAINED EARNINGS (0418+0419)	0420		-	-
1. Retained earnings from previous years	0418		-	-
2. Retained earnings from current year	0419		-	-
IX. NON-CONTROLLING INTEREST	0421	12	163,000	47,424
X. LOSS (0422+0423)	0422	12	47,424	11,389
1. Loss from previous years	0423	12	115,576	36,035
2. Loss from current year				

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2018	31 December 2017
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		743,277	137,973
I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		-	-
1. Provisions for warranty claims	0426		-	-
2. Provision for environmental rehabilitation	0427		-	-
3. Provisions for restructuring costs	0428		-	-
4. Provisions for employee benefits	0429		-	-
5. Provisions for litigations	0430		-	-
6. Other long term provisions	0431		-	-
II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		743,277	137,973
1. Liabilities convertible to equity	0433		-	-
2. Liabilities to parent and subsidiaries	0434		-	-
3. Liabilities to other related parties	0435		-	-
4. Liabilities for issued long-term securities	0436		-	-
5. Long term borrowings – domestic	0437	13	743,277	137,973
6. Long-term borrowings – foreign	0438		-	-
7. Finance lease liabilities	0439		-	-
8. Other long-term liabilities	0440		-	-
C. DEFERRED TAX LIABILITIES 0441	0441		-	-
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		495,684	425,433
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		329,071	329,088
1. Short term borrowings from parent and subsidiaries	0444	14	329,071	329,088
2. Short term borrowings from other related parties	0445		-	-
3. Short-term loans and borrowings - domestic	0446		-	-
4. Short-term loans and borrowings - foreign	0447		-	-
5. Liabilities relating to current assets and held-for-sale assets attributable to discounted operations	0448		-	-
6. Other short term liabilities	0449		-	-
II. ADVANCES RECEIVED 0450	0450		-	-
III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)	0451		68,411	116
1. Trade payables - parent and subsidiaries - domestic	0452	15	411	-
2. Trade payables - parent and subsidiaries - foreign	0453	15	58,761	-
3. Trade payables - other related parties - domestic	0454		-	116
4. Trade payables - other related parties - foreign	0455		-	-
5. Trade payables – domestic	0456	15	9,239	-
6. Trade payables – foreign	0457		-	-
7. Other operating liabilities	0458		-	-
IV. OTHER SHORT-TERM LIABILITIES 0459	0459		7	-
V. LIABILITIES FOR VAT 0460	0460		-	-
VI. LIABILITIES FOR OTHER TAXES 0461	0461		-	44
VII. ACCRUED EXPENSES 0462	0462	16	98,195	96,185
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417- 0415-0414-0413-0411-0402)>=0=(0441+0424+0442- 0071)>=0	0463		-	43,599
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464		1,761,255	519,807
G. OFF-BALANCE SHEET LIABILITIES 0465	0465	7	475,142	-

Tiziano Giovannetti
Director

16 April 2019



The accompanying notes are an integral part of these Financial Statements.

STAND-ALONE FINANCIAL STATEMENTS

 STAND-ALONE INCOME STATEMENT
 In RSD thousand

	AOP	Note	Year ended 31 December	
			2018	2017
INCOME FROM REGULAR OPERATING ACTIVITIES				
A. OPERATING INCOME (1002+1009+1016+1017)	1001		-	-
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)	1002		-	-
1. Income from sales of goods to parent and subsidiaries on domestic market	1003		-	-
2. Income from sales of goods to parent and subsidiaries on foreign market	1004		-	-
3. Income from the sale of goods to other related parties on domestic market	1005		-	-
4. Income from the sale of goods to other related parties on foreign market	1006		-	-
5. Income from sale of goods on domestic market	1007		-	-
6. Income from sale of goods on foreign market	1008		-	-
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		-	-
1. Income from sales of products and services to parent and subsidiaries on domestic market	1010		-	-
2. Income from sales of products and services to parent and subsidiaries on foreign market	1011		-	-
3. Income from sales of products and services to other related parties on domestic market	1012		-	-
4. Income from sales of products and services to other related parties on foreign market	1013		-	-
5. Income from sales of products and services - domestic	1014		-	-
6. Income from sales of products and services - foreign	1015		-	-
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	1016		-	-
IV. OTHER OPERATING INCOME	1017		-	-
EXPENSES FROM REGULAR OPERATING ACTIVITIES				
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029)>=0	1018		38,076	30,961
I. COST OF GOODS SOLD	1019		-	-
II. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	1020		-	-
III. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1021		-	-
IV. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1022		-	-
V. COST OF MATERIAL	1023		80	-
VI. COST OF FUEL AND ENERGY	1024		-	-
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025		859	-
VIII. COST OF PRODUCTION SERVICES	1026		622	315
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027		-	-
X. COST OF LONG-TERM PROVISIONING	1028		-	-
XI. NON-PRODUCTION COSTS	1029	17	36,515	30,646
C. OPERATING GAIN (1001-1018)>=0	1030		-	-
D. OPERATING LOSS (1018-1001)>=0	1031		38,076	30,961
E. FINANCE INCOME (1033+1038+1039)	1032		46,348	35,213
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033		45,849	35,213
1. Finance income - parent company and subsidiaries	1034	18	45,743	35,213
2. Finance income - other related parties	1035	18	106	-
3. Share of profit of associates and joint ventures	1036		-	-
4. Other financial income	1037		-	-
II. INTEREST INCOME (from third parties)	1038		-	-
III. FOREIGN EXCHANGE GAINS (third parties)	1039	18	499	-

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE INCOME STATEMENT

In RSD thousand

	AOP	Note	Year ended	
			31 December 2018	2017
F. FINANCE EXPENSES (1041+1046+1047)	1040		126,295	37,362
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER				
FINANCIAL EXPENSES (1042+1043+1044+1045)	1041		26,647	34,616
1. Finance expense - parent company and subsidiaries	1042	19	20,458	34,424
2. Finance expense - other related parties	1043		29	192
3. Share of loss of associates and joint ventures	1044		-	-
4. Other financial expense	1045	19	6,160	-
II. INTEREST EXPENSE (from third parties)	1046	19	99,130	2,746
III. FOREIGN EXCHANGE LOSSES (third parties)	1047	19	518	-
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048		-	-
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049		79,947	2,149
I. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE				
THROUGH PROFIT AND LOSS	1050		-	-
J. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE				
THROUGH PROFIT AND LOSS	1051		-	-
K. OTHER INCOME	1052		2,943	2
L. OTHER EXPENSES	1053		496	-
M. OPERATING PROFIT BEFORE TAX				
(1030-1031+1048-1049+1050-1051+1052-1053)	1054		-	-
N. OPERATING LOSS BEFORE TAX				
(1031-1030+1049-1048+1051-1050+1053-1052)	1055		115,576	33,108
O. NET INCOME ATTRIBUTABLE TO DISCONTINUED				
OPERATIONS, EXPENSES ARISING FROM CHANGES IN				
ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD				
ERRORS	1056		-	-
P. NET LOSS ATTRIBUTABLE TO DISCONTINUED				
OPERATIONS, EXPENSES ARISING FROM CHANGES IN				
ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD				
ERRORS	1057		-	-
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058		-	-
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059		115,576	33,108
II. INCOME TAX				
I. CURRENT INCOME TAX	1060	20	-	2,927
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061		-	-
III. DEFERRED TAX INCOME FOR THE PERIOD	1062		-	-
S. PERSONAL INCOME PAID TO EMPLOYER	1063		-	-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064		-	-
V. NET LOSS (1059-1058+1060+1061-1062)	1065		115,576	36,035
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING				
INTERESTS	1066		-	-
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067		-	-
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING				
INTERESTS	1068		-	-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069		115,576	36,035
V. EARNINGS PER SHARE				
1. Basic earnings per share (in RSD)	1070	21	(4.36)	(1.44)
2. Diluted earnings per share (in RSD)	1071	21	(4.58)	(1.44)

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF OTHER COMPREHENSIVE INCOME In RSD thousand	AOP	Note	Year ended 31 December	
			2018	2017
A. NET PROFIT/(LOSS)				
I. PROFIT, NET (AOP 1064)	2001			-
II. LOSS, NET (AOP 1065)	2002		115,576	36,035
B. OTHER COMPREHENSIVE PROFIT OR LOSS				
<i>a) Items that will not be reclassified to profit or loss</i>				
1. Changes in the revaluation of intangible assets, property, plant and equipment				
a) increase in revaluation reserves	2003		-	-
b) decrease in revaluation reserves	2004		-	-
2. Actuarial gains (losses) of post-employment benefit obligations				
a) gains	2005		-	-
b) losses	2006		-	-
3. Gains and losses arising from equity investments				
a) gains	2007		-	-
b) losses	2008		-	-
4. Gains or losses arising from a share in the associate's other comprehensive profit or loss				
a) gains	2009		-	-
b) losses	2010		-	-
<i>b) Items that may be subsequently reclassified to profit or loss</i>				
1. Gains (losses) from currency translation differences				
a) gains	2011		-	-
b) losses	2012		-	-
2. Gains (losses) on investment hedging instruments in foreign business				
a) gains	2013		-	-
b) losses	2014		-	-
3. Gains and losses on cash flow hedges				
a) gains	2015		-	-
b) losses	2016		-	-
4. Gains (losses) from change in value of available-for-sale financial assets				
a) gains	2017		-	-
b) losses	2018		-	-
I. OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003+2005+2007+2009+2011+2013+2015+2017)- (2004+2006+2008+2010+2012+2014+2016+2018)>=0				
	2019			
II. OTHER COMPREHENSIVE LOSS BEFORE TAX (2004+2006+2008+2010+2012+2014+2016+2018)- (2003+2005+2007+2009+2009+2011+2013+2015+2017)>=0				
	2020		-	-
III. TAX ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD				
	2021		-	-
IV. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021)>=0				
	2022		-	-
V. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021)>=0				
	2023		-	-
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2022-2023)>=0				
	2024		-	-
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2023-2022)>=0				
	2025		115,576	36,035
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2027+2028)=AOP 2024>=0 или AOP 2025>0				
	2026		-	-
1. Attributable to shareholders	2027		115,576	36,035
2. Attributable to non-controlling interest	2028		-	-

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CASH FLOWS

In RSD thousand

	AOP	Note	Year ended	
			2018	2017
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Cash inflow from operating activities (1 to 3)	3001			809
1. Sales and advances received	3002			-
2. Interest from operating activities	3003			809
3. Other inflow from operating activities	3004			-
II. Cash outflow from operating activities (1 to 5)	3005		96,053	3,568
1. Payments and prepayments to suppliers	3006		893	964
2. Salaries, benefits and other personal expenses	3007		859	-
3. Interest paid	3008		94,301	296
4. Income tax paid	3009			2,308
5. Payments for other public revenues	3010			-
III. Net cash inflow from operating activities (I - II)	3011			
IV. Net cash outflow from operating activities (II - I)	3012		96,053	2,760
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Cash flows from investing activities (1 to 5)	3013			-
1. Sale of shares (net inflow)	3014			-
2. Proceeds from sale of intangible assets, property, plant and equipment	3015			-
3. Other financial investments (net inflow)	3016			-
4. Interest from investing activities	3017			-
5. Dividend received	3018			-
II. Cash outflow from investing activities (1 to 3)	3019		155	-
1. Acquisition of subsidiaries or other business (net outflow)	3020			-
2. Purchase of intangible assets, property, plant and equipment	3021		82	-
3. Other financial investments (net outflow)	3022		73	-
III. Net cash inflow from investing activities (I - II)	3023			-
IV. Net cash outflow from investing activities (II - I)	3024		155	-
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 5)	3025		1,878,161	137,973
1. Increase in share capital	3026		681,469	-
2. Proceeds from long-term borrowings (net inflow)	3027		1,196,692	137,973
3. Proceeds from short-term borrowings (net inflow)	3028			-
4. Other long-term liabilities	3029			-
5. Other short-term liabilities	3030			-
II. Cash outflow from financing activities (1 to 6)	3031		1,680,072	138,585
1. Purchase of own shares	3032			-
2. Repayment of long-term borrowings (net outflow)	3033		591,389	138,585
3. Repayment of short-term borrowings (net outflow)	3034		1,088,683	-
4. Repayment of other liabilities (net outflow)	3035			-
5. Financial lease	3036			-
6. Dividend distribution	3037			-
III. Net cash inflow from financing activities (I - II)	3038		198,089	-
IV. Net cash outflow from financing activities (II - I)	3039			612
D. TOTAL CASH INFLOW (3001+3013+3025)	3040		1,878,161	138,782
E. TOTAL CASH OUTFLOW (3005+3019+3031)	3041		1,776,280	142,153
F. NET CASH INFLOW (340-341)	3042		101,881	
G. NET CASH OUTFLOW (341-340)	3043			3,371
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3044		108	3,479
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	3045			-
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	3046			-
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3042-3043+3044+3045-3046)	3047		101,989	108

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY

In RSD thousand

		Equity components						
		Share capital	Reserves	Loss	Retained earnings			
AOP		AOP	AOP	AOP	AOP	AOP	(loss)	
Balance as at 1 January 2016								
4001	a) debit	-	4037	-	4055	8,089	4091	
4002	b) credit	817	4038	-	4056	-	4092	
Adjustments of material errors and changes in accounting policies								
4003	a) debit	-	4039	-	4057	-	4093	
4004	b) credit	-	4040	-	4058	-	4094	
Restated opening balance as at 1 January 2016								
4005	a) debit (1a+2a-26)>=0	-	4041	-	4059	-	4095	
4006	6) credit (16-2a+26)>=0	-	4042	-	4060	-	4096	
Changes in period								
4007	a) debit	-	4043	-	4061	3,300	4097	
4008	b) credit	-	4044	-	4062	-	4098	
Balance as at 31 December 2016								
4001	a) debit (3a+4a-46)>=0	-	4037	-	4055	11,389	4091	
4002	6) credit (36-4a+46)>=0	817	4038	-	4056	-	4092	
Adjustments of material errors and changes in accounting policies								
4003	a) debit	-	4039	-	4057	-	4093	
4004	b) credit	-	4040	-	4058	-	4094	
Restated opening balance as at 1 January 2017								
4005	a) debit (5a+6a-66)>=0	-	4041	-	4059	-	4095	
4006	6) credit (56-6a+66)>=0	-	4042	-	4060	-	4096	
Changes in period								
4007	a) debit	-	4043	-	4061	36,035	4097	
4008	b) credit	3,008	4044	-	4062	-	4098	
Balance as at 31 December 2017								
4009	a) debit (7a+8a-86)>=0	-	4045	-	4063	47,424	4099	
4010	6) credit (76-8a+86)>=0	3,825	4046	-	4064	-	4100	

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Equity components							Retained earnings
	AOP	Share capital	AOP	Reserves	AOP	Loss	AOP	
Adjustments of material errors and changes in accounting policies								
a) debit	4011	-	4047	-	4065	-	4101	-
b) credit	4012	-	4048	-	4066	-	4102	-
Restated opening balance as at 1 January 2018								
a) debit (5a+6a-66)>=0	4013	-	4049	-	4067	-	4103	-
b) credit (5b-6a+66)>=0	4014	-	4050	-	4068	-	4104	-
Changes in period								
a) debit	4015	-	4051	-	4069	115,576	4105	-
b) credit	4016	681,469	4052	-	4070	-	4106	-
Balance as at 31 December 2018								
a) debit (7a+8a-86)>=0	4017	-	4053	-	4071	163,000	4107	-
b) credit (7b-8a+86)>=0	4018	685,294	4054	-	4072	-	4108	-

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

		<i>Other comprehensive income components</i>							
		AOP	Revaluation reserves	AOP	Actuarial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	AOP	Total Equity
Balance as at 1 January 2016									
a) debit	4109	-	4127	-	4217	-	-	4217	8,088
b) credit	4110	-	4128	-	4218	-	-	4235	817
Adjustments of material errors and changes in accounting policies									
a) debit	4111	-	4129	-	4219	-	-	-	-
b) credit	4112	-	4130	-	4220	-	-	4236	-
Restated opening balance as at 1 January 2016									
a) debit (1a+2a-26)>=0	4113	-	4131	-	4221	-	-	-	-
b) credit (16-2a+26)>=0	4114	-	4132	-	4222	-	-	4237	-
Changes in period									
a) debit	4115	-	4133	-	4223	-	-	-	3,300
b) credit	4116	-	4134	-	4224	-	-	4238	-
Balance as at 31 December 2016									
a) debit (3a+4a-46)>=0	4109	-	4127	-	4217	-	-	-	11,388
b) credit (36-4a+46)>=0	4110	-	4128	-	4218	-	-	4235	817
Adjustments of material errors and changes in accounting policies									
a) debit	4111	-	4129	-	4219	-	-	-	-
b) credit	4112	-	4130	-	4220	-	-	4236	-
Restated opening balance as at 1 January 2017									
a) debit (5a+6a-66)>=0	4113	-	4131	-	4221	-	-	-	-
b) credit (56-6a+66)>=0	4114	-	4132	-	4222	-	-	4237	-
Changes in period									
a) debit	4115	-	4133	-	4223	-	-	-	36,036
b) credit	4116	-	4134	-	4224	-	-	4238	3,008
Balance as at 31 December 2017									
a) debit (7a+8a-86)>=0	4117	-	4135	-	4225	-	-	-	47,424
b) credit (76-8a+86)>=0	4118	-	4136	-	4226	-	-	4239	3,825

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Other comprehensive income components

	AOP	Revaluation reserves	AOP	Acturial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	AOP	Total Equity
Adjustments of material errors and changes in accounting policies								
a) debit	4119	-	4137	-	4227	-	-	0
b) credit	4120	-	4138	-	4228	-	4240	0
Restated opening balance as at 1 January 2018								
a) debit (5a+6a-66)>=0	4121	-	4139	-	4229	-	-	0
b) credit (56-6a+66)>=0	4122	-	4140	-	4230	-	4241	0
Changes in period								
a) debit	4123	-	4141	-	4231	-	-	115,576
b) credit	4124	-	4142	-	4232	-	4242	681,469
Balance as at 31 December 2018								
a) debit (7a+8a-86)>=0	4125	-	4143	-	4233	-	-	163,000
b) credit (76-8a+86)>=0	4126	-	4144	-	4234	-	4243	685,294

**EXPLANATORY NOTES TO THE STAND-
ALONE FINANCIAL STATEMENTS 31
DECEMBER 2018**

(All amounts are in 000 RSD, unless otherwise stated)

1. General information

Fintel Energija A.D. (hereinafter the “**Company**” or “**Fintel Energija**”) is a Serbian holding leading independent renewable energy generator in Serbia. The Company through its subsidiaries acted as the pioneer in the Serbian wind business being the first ever to install and operate wind farms in the country.

The Company was incorporated as a closed joint stock company on 27 June 2007, under the business name PRIVREDNO DRUŠTVO ZA PROIZVODNJU ELEKTRIČNE ENERGIJE FINTEL ENERGIJA AD BEOGRAD, by the company FINTEL ENERGIJA GROUP S.P.A, registration number 02658620402, as the sole shareholder (hereinafter the “**Principal Shareholder**”). Fintel Energia Group S.p.A. is 86,22% owned by Hopafi Srl.

Fintel Energia's registered office is located at Bulevar Mihajla Pupina 115e, Beograd, Serbia.

At 31 December 2018, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand, consisting of 26,510,506 ordinary shares of RSD 0.153 each.

In 2018 the Company listed its shares on the stock market. The process of Initial Public Offering of the Company's shares ended on 30. October 2018, and during the offering period 1,510,506 shares were registered. Initial price on the stock market was RSD 500 per share.

The company's shares are traded on the organized market – Belgrade Stock Exchange. The symbol of the shares is FINT, and ISIN number is RSFINEE60549. The market capitalization of the Company as at 31 December 2018 is RSD 13,652,911 thousand. Fintel Energia Group SpA, the majority shareholder of the Company, is listed joint stock company under Italian law. It constitute a vertical operator in the integrated energy supply chain, which engages in the sale of electricity and natural gas in Italy and in the development and exploitation of renewable energy power plants (photovoltaic, wind and mini wind) in Italy and Serbia.

These stand-alone financial statements for the year ended 31 December 2018 have been approved on the 16 April 2019. The approved stand-alone financial statements may be amended based on the auditor's opinion, in accordance with legislation. The Company prepared these stand-alone financial statements based on and in accordance with the requirements of the laws and regulations of the Republic of Serbia where investments in subsidiaries in these stand-alone financial statements are stated as cost less any impairment. The company is the parent company of the Group, consisting of the following entities:

Naziv	Lokacija
Fintel Energija ad	Beograd (Srbija)
MK-Fintel Wind ad	Beograd (Srbija)
MK-Fintel Wind Holding doo	Beograd (Srbija)
Energobalkan doo	Beograd (Srbija)
Vetropark Ram doo	Beograd (Srbija)
Vetropark Kula doo	Beograd (Srbija)
Vetropark Dunav 3 doo	Beograd (Srbija)
Vetropark Dunav 1 doo	Beograd (Srbija)
Vetropark Torak doo	Beograd (Srbija)
Vetropark Košava 2 doo	Beograd (Srbija)
Fintel Russian Ventures ooo	Moskva (Rusija)

(All amounts are in 000 RSD, unless otherwise stated)

2. Summary of accounting policies and standards adopted

2.1 Basis of presentation

The Company has prepared these stand-alone financial statements in accordance with the Law on Accounting of the Republic of Serbia (the "Law"), published in Official Gazette 62/2013 and 30/2018, which requires full scope of International Financial Reporting Standards ("IFRS") to be applied as translated into Serbian up to 31 July 2013. The specific requirements of the Law result in departures from IFRS due to the fact that as only translated standards are adopted, these accounts do not reflect the impact of IFRS which have been issued since 31 July 2013. In addition the Law requires certain presentations and treatments of accounts and balances which results in the following additional departures from IFRS:

1. The financial statements are prepared in format prescribed by the Ministry of Finance of the Republic of Serbia, which does not comply with IAS 1 (revised) – "Presentation of Financial Statements" requirements and IAS 7 – "Statement of cash flows".
2. "Off-balance sheet assets and liabilities" are recorded on the face of the balance sheet (note 2.4). Such items do not meet the definition of either an asset or a liability under IFRS.
3. The decision of the Ministry of Finance of Republic of Serbia no. 401-00-896/2014-16 from 13 March 2014 ("Official Gazette of RS" no.35/2014) states that official standards are those official translations of International Accounting Standards (IAS) and International Standards of Financial Reporting (IFRS) issued by International Accounting Standards Board (IASB), as well as interpretations of standards issued by International Financial Reporting Interpretations Committee (IFRIC) up to 31 July 2013. Up to the date of the accompanying financial statements preparation, no amendments and supplements of existing standards, revised standards and new interpretations issued by IASB and IFRIC subsequent to 31 July, have been translated.

According to the above, and bearing in mind the potential material effects that the deviation of the accounting regulations of the Republic of Serbia from IFRSs and IASs can have on the reality and objectivity of the Group's consolidated financial statements, the accompanying consolidated financial statements cannot be considered as financial statements prepared in accordance with IFRS and IAS.

The preparation of stand-alone financial statements in conformity with Law on Accounting of the Republic of Serbia requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Going concern

The Company meets its day-to-day working capital requirements through its bank facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. Bearing in mind the foregoing, management considers that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its stand-alone financial statements. Further information on the Company's borrowings is given in Note 14.

(All amounts are in 000 RSD, unless otherwise stated)

2.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured and presented in Serbian dinars (RSD). Dinar represents the official reporting currency in the Republic of Serbia.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2.4 Significant accounting policies

Property, plant and equipment

Property, plant and equipment is stated at purchase cost less depreciation and impairment. Cost includes all costs necessary to bring an asset to working condition for its intended use. This cost is increased by the present value of the estimated cost of site clearance when there is a legal or constructive obligation to decommission the asset. The corresponding liability is recognised in provisions for risks and charges. The accounting treatment of revised estimates of these costs, of the time value of money and of the discount rate are indicated in the point on provisions for risks and charges.

Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are included in the cost of the asset only if the asset in question is a qualifying asset, i.e. one that necessarily takes a substantial period of time to get ready for its intended use or sale.

Costs incurred on ordinary and/or cyclical repairs and maintenance are recognised directly in profit or loss. Costs incurred for the expansion, modernisation or improvement of structural elements owned by the Company or used by third parties are capitalised to the extent that they meet the requirements for recognition as a separate asset or as part of an asset.

Depreciation is calculated on a straight line basis using rates that allow assets to be depreciated over their estimated useful lives. When a depreciable asset is composed of separately identifiable elements, the useful life of which differs significantly from the other component parts of the asset, depreciation is computed separately for each of these parts in accordance with the "component approach".

(All amounts are in 000 RSD, unless otherwise stated)

The useful life estimated by the Company for each category of property, plant and equipment is as follows:

	No. of years
Equipment	3

Property, plant and equipment held under finance leases, whereby substantially all of the risks and benefits of ownership are transferred to the Company, are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, inclusive of the amount payable to exercise the purchase option. The corresponding lease obligation is recognised under financial liabilities. Assets held under finance leases are depreciated by applying the policy and rates previously indicated for property, plant and equipment, except where the lease term is shorter than an asset's useful life and there is no reasonable certainty that the Company will obtain ownership at the end of the lease term; in this case, the depreciation period coincides with the lease term. Any gain on sale of an asset arising from a sale and leaseback transaction is deferred and amortised over the lease term.

Leasing arrangements, whereby the lessor retains substantially all the risks and rewards incidental to ownership of an asset, are accounted for as operating leases. Costs relating to operating leases are recognised in profit or loss on a straight-line basis over the lease term.

Other current and non-current assets, trade receivables and other receivables

On initial recognition, financial assets are measured at fair value and are classified in one of the following categories based on their nature and the purpose for which the investments were acquired:

- held-to-maturity investments;
- loans and receivables;
- available-for-sale financial assets; and
- financial assets at fair value through profit or loss.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired and the company that held them has transferred substantially all the risks and rewards of ownership.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which mainly relate to receivables due from customers or Group companies. Loans and receivables are classified in the statement of financial position as trade receivables and other receivables. These assets are measured at amortised cost, using the effective interest rate, less impairment. Impairment losses on receivables are recognised if there is objective evidence that the Company will not be able to recover the receivable due from the counterparty in accordance with contractual terms. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Company regarding the following loss events:

(All amounts are in 000 RSD, unless otherwise stated)

- significant financial difficulties on the part of the issuer or borrower;
- the existence of ongoing legal disputes with the debtor relating to a receivable;
- reasonable likelihood that the beneficiary will declare bankruptcy or other debt restructuring or insolvency procedures.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in profit or loss as "Allocations to provisions and impairment".

Receivables are stated in the financial statements net of the provision for doubtful debts.

Cash and cash equivalents

These include cash on hand, deposits held at call with banks or other financial institutions for current operations, post office current accounts and other cash equivalents, as well as investments with original maturities of three months or less. The components of cash and cash equivalents are measured at fair value and changes therein are recognised in profit or loss.

Off balance sheet assets/liabilities

Those include: assets held under leases, other than financial leases, consignment stock, material received from third parties for further processing and other assets not owned by the Company, as well as receivables/payables relating to collaterals received/given such as guarantees and other warrants.

Trade payables, financial and other payables

Trade payables, financial and other payables are recognised initially at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost using the effective interest method. If there is a change in estimated cash flow that can be reliably measured, the carrying amount of the liability is remeasured to reflect the change, based on the present value of the new estimated cash flow and on the initially determined internal rate. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are recognised on the trade date of the related transactions and are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired and when the company that had contracted the debt has transferred all of the risks and obligations related thereto.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. The amount recognised represents the best estimate of the expenditure required to settle the obligation. When the time value of money is significant and the settlement date of the obligations can be reliably estimated, the provisions are measured at the present value of the expected disbursement using a discount rate that reflects current market assessments of the time value of money and the risks specific

(All amounts are in 000 RSD, unless otherwise stated)

to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

If the liability relates to decommissioning and/or restoration of assets, the provision is recognised as an opposite entry to the asset to which it relates and the cost is recognised in the income statements via the depreciation of the asset to which the cost relates.

Changes in accounting estimates are reflected in the income statement in the year in which the change takes place, except for changes in expected decommissioning and clearance costs due to changes in timing and the use of economic resources necessary to discharge the obligation or resulting from a change in the discount rate.

Such changes are added to or deducted from the carrying amount of the assets to which they relate and are recognised as depreciation charges in income statement. If changes are added to an asset's carrying amount, an assessment is made as to whether the new carrying amount is likely to be fully recovered; if not, the carrying amount of the asset is reduced to take account of the unrecoverable amount and the loss arising from the reduction is recognised in the income statement.

If changes are deducted from an asset's carrying amount, the decrease is recognised as an opposite entry to the asset up to the amount of its carrying amount; any excess is recognised immediately in the income statement.

As regards estimation criteria adopted for the determination of the asset decommissioning and restoration provision, reference should be made to the paragraph on use of estimates.

Risks that could give rise to a probable liability are disclosed in the section on commitments and risks, but are not provided for.

A contingent liability that was separately recognised in the initial accounting for a business combination as a liability, is measured at the higher of the amount the liability would be recognised by applying the above policy for provisions for risks and charges and the present value of the initially determined liability.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and relates to the sale of goods and the rendering of services that constitute the Company's core business. Revenue is recorded net of returns, discounts, rebates and allowances and excluding value added tax.

Revenue is recognised to the extent that it can be reliably measured and it is probable that future economic benefits will flow to the Company.

Revenue arising from the sale of goods and finished products is recognised in the income statement upon the transfer to the customer of the risks and rewards of ownership of the product sold, which normally coincides with the shipment of the goods to the customer and their acceptance thereby.

Revenue arising from the rendering of services is recognised in the accounting period in which the services are rendered by reference to the stage of completion at the reporting date.

(All amounts are in 000 RSD, unless otherwise stated)

Revenue only includes economic benefits received or receivable flowing to the Company in their own name and on their own behalf. Consequently, consideration received on behalf of third parties is excluded from revenue.

Cost recognition

Costs are recognised when they relate to goods and services purchased or consumed in the period or by systematic allocation.

Finance income and costs

Finance income and costs are recognised on an accrual basis that takes account of the effective return/charge on related assets/liabilities.

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset, commencing from the date on which the Company companies start incurring the finance costs until the date on which the asset financed is ready for use.

Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case deferred tax liability is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Serbia, where the Company operates and generates taxable profit. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Related-party transactions

Related party transactions are conducted at arm's length, based on efficiency and cost-effectiveness criteria.

(All amounts are in 000 RSD, unless otherwise stated)

Dividends

Dividends to be distributed to the shareholders of the Parent Company are recognised as a liability in the financial statements in the period in which the distribution has been approved by the shareholders.

Earnings per share

The Company calculates and discloses the basic earnings per share. Basic earnings per share is calculated by dividing the net income that belongs to shareholders, the owners of ordinary shares of the Company, by the weighted average number of ordinary shares issued during the period.

3. Estimates and assumptions

The preparation of the stand-alone financial statements requires the directors to apply accounting policies and methods, which, in certain circumstances, are based on accounting assessments and estimates and which may also be based on past experience and on assumptions that are deemed to be reasonable and realistic. The use of such estimates and assumptions has an impact on the stand-alone financial statements, including the balance sheet, the income statement, the statement of comprehensive income and the statement of cash flows, as well as on related disclosures. The actual amounts of stand-alone financial statement components for which the aforementioned estimates and assumptions have been used may differ from the amounts reported in the financial statements that recognise the occurrence of the event linked to the estimate, because of the uncertainty of the assumptions and the conditions on which the estimates have been based.

A brief description is provided below of the key accounting policies used in the preparation of stand-alone financial statements.

Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment when impairment indicators exist, which is recognised by a write-down when there are indicators that suggest it may be difficult to recover the related net carrying amount. The verification of the existence of the aforementioned indicators requires subjective assessments to be made by directors, based on information available within the Company, on information sourced from the market and on past experience. Moreover, if it has been established that there may be a case of potential impairment, as well as the computation of estimates for the determination thereof depend on factors that may change over time and which may affect the assessments and estimates made by the directors.

Based on assessments made by Fintel Group Directors, there are no indicators of impairment of investments in subsidiaries.

Provisions

Other provisions for risks and charges relate mainly to probable liabilities for penalties and interest on overdue amounts payable to the tax authorities. Allocations to provisions are made based on a best estimate at the reporting date of costs likely to be incurred to settle the liability, after having sought legal opinion.

(All amounts are in 000 RSD, unless otherwise stated)

4. Financial risk management

The coordination and monitoring of key financial risks is carried out by the central treasury department of the Principal Shareholder Company, which provides guidelines for the management of various types of risk and for the use of financial instruments. The main features of Fintel's risk management policy are:

- central determination of operational risk management guidelines concerning market, liquidity and cash flow risks;
- monitoring of results achieved;
- diversification of commitments/obligations and of the product portfolio.

Credit risk

Credit risk represents the exposure to potential losses arising from the failure by commercial and financial counterparties to fulfil their contractual obligations.

The Company's maximum exposure to credit risk at 31 December 2018 and 2017 is the carrying amount of each class of assets indicated in the following table:

<i>RSD thousand</i>	31 December 2018	31 December 2017
Other receivables	4,396	-
Short-term loans and investments	1,530,723	446,219
Prepayments and accrued income	99,381	55,692
TOTAL	1,634,500	501,911

Prepayments and accrued income mainly refer to receivables from subsidiaries MK Fintel Wind ad and MK Fintel Wind Holding doo for interest, while Short-term loans and investments relate specifically to financing provided to the subsidiaries MK Fintel Wind ad and MK Fintel Wind Holding doo.

According to cash-flow projections of subsidiaries, those represent a low level of credit risk.

Liquidity risk

Liquidity risk is associated with the ability to meet the commitments arising from financial liabilities assumed by the Company. Prudent risk management of liquidity arising in the course of ordinary activities implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk is managed centrally by the Ultimate Parent, given that the administration department periodically monitors the Company's net cash/debt through the preparation of appropriate actual and forecast cash inflow and outflow reports. In this manner, the Company aims to ensure it has adequate cover for its financing needs, by accurately monitoring financing, credit facilities opened and utilisations thereof, in order to optimise its resources and manage any temporary liquidity surplus.

(All amounts are in 000 RSD, unless otherwise stated)

4. Financial risk management (continued)

The Company's objective is to establish a financing structure that, consistent with its business objectives, guarantees sufficient liquidity for the Company, minimises the related opportunity cost and maintains an equilibrium in terms of term to maturity and composition of the debt.

The following table provides a maturity analysis of liabilities at 31 December 2018 and 2017. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Company's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

At 31 December 2018				
<i>RSD thousand</i>	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	329,071	-	-	-
Bank loans	83,010	46,293	427,272	448,724
Trade payables	68,410	-	-	-
Total	480,491	46,293	427,272	448,724
At 31 December 2017				
<i>RSD thousand</i>	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	329,088	-	-	-
Bank loans	-	-	-	137,973
Trade payables	116	-	-	-
Total	329,204	-	-	137,973

An analysis of the financial liabilities by maturity shows an increase of payables due within 1 year at 31 December 2018 to those at the previous years end, mainly attributable to interests on bank loan received and trade payables for services rendered by the Parent Company.

Bank loans due beyond 5 years increased due to new loans taken out by the Company for Kosava phase I wind farm.

Accordingly, taking in account of the foregoing and as detailed in Note 2.1 above, of the fact that the shareholders have confirmed that they do not intend to request the repayment of the loan prior to the forthcoming year end it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

(All amounts are in 000 RSD, unless otherwise stated)

4. Financial risk management (continued)

Market risk

In the conduct of its operations, the Company is potentially exposed to the following market risks:

- risk of fluctuation in exchange rates;
- risk of fluctuation in interest rates.

These risks are essentially managed centrally by the Parent company Fintel Energija.

Risk of fluctuation in exchange rates

Exchange rate risk is linked to operations in currency other than the RSD. Fintel is exposed to the risk of fluctuation in exchange rates, given that it conducts business in Serbia through its subsidiaries, which are companies committed to the study, construction, development and management of wind farms and other projects in the field of renewables. The consequent impact is reflected in the statement of profit or loss of the subsidiaries.

Running an accounting sensitivity analysis, as at 31 December 2018, if the currency RSD had strengthened/weakened by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 45,575 thousand (2017: RSD 19,850 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Considering that revenues and loans of subsidiaries are in euro, this risk is partially mitigated and naturally hedged.

Risk of fluctuation in interest rates

The risk of fluctuation in interest rates to which Fintel is exposed originates from financial payables. Fixed rate debt exposes the Company to risk linked to changes in the fair value of the debt for their part linked to changes in the reference rate market. Floating rate debt exposes the Company to cash flow risk originating from the volatility of interest rates.

The Company's financial indebtedness consists of current bank debt, medium/long term loans granted by banks and lease liabilities.

As a result of the aforementioned hedging transactions, the impact of the expected change in interest rates in the coming twelve months is deemed to be insignificant in the context of the Company's financial statements.

Capital management risk

The Company's objective as far as capital risk management is concerned is mainly to safeguard business continuity in order to guarantee returns to shareholders and benefits to other stakeholders. Moreover, the Company aims to maintain an optimal capital structure in order to reduce the cost of borrowing.

The Company monitors its capital based on the ratio of net debt to net invested capital (gearing ratio). Net debt is calculated as total debt, including current and non-current loans and borrowings, plus net exposure to banks. Net invested capital is calculated as the sum of total equity and net debt.

(All amounts are in 000 RSD, unless otherwise stated)

4. Financial risk management (continued)

The gearing ratio at 31 December 2018 and 2017 is shown in the following table:

<i>RSD thousand</i>	12/31/2018	12/31/2017
<i>Non-current financial payables:</i>		
- Bank loans	743,277	137,973
<i>Current financial payables:</i>		
- Financial payables due to shareholders	329,071	329,088
Cash and cash equivalents	(101,990)	(108)
Net debt (A)	970,358	466,953
Equity (B)	685,294	(43,599)
Net capital employed (C=A+B)	1,757,541	423,355
Gearing ratio (A/C)	61.0%	110.3%

The gearing ratio has improved compared to prior years mainly due to the capital increase for IPO and admission of Company's common shares to trading on the regulated market, segment Prime Listing, organized and managed by Belgrade Stock Exchange.

5. Financial assets and liabilities by class

The following table shows the Company's financial assets and liabilities by class, with an indication of the corresponding fair value, at 31 December 2018 and 2017:

<i>RSD thousand</i>	At 31 December 2018						
	Financial assets and liabilities measured at fair value	Investments held to maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities carried at amortised cost	Total	Fair value
Receivables due from subsidiaries related parties	-	-	1,530,723	-	-	1,530,723	1,530,723
Cash and cash equivalents	-	-	101,990	-	-	101,990	101,990
Total	-	-	1,632,713	-	-	1,632,713	1,632,713
Financial payables	-	-	-	-	743,277	743,277	743,277
Financial payables due to shareholders	-	-	-	-	329,071	329,071	329,071
Trade payables	-	-	-	-	68,410	68,410	68,410
Total	-	-	-	-	1,140,758	1,140,758	1,140,758
<i>RSD thousand</i>	At 31 December 2017						
	Financial assets and liabilities measured at fair value	Investments held to maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities carried at amortised cost	Total	Fair value
Receivables due from subsidiaries related parties	-	-	446,219	-	-	446,219	446,219
Cash and cash equivalents	-	-	108	-	-	108	108
Total	-	-	446,327	-	-	446,327	446,327
Financial payables	-	-	-	-	137,973	137,973	137,973
Financial payables due to shareholders	-	-	-	-	329,088	329,088	329,088
Trade payables	-	-	-	-	116	116	116
Total	-	-	-	-	467,177	467,177	467,177

6. IFRS 8: segment information

Based on the fact that Company operates only in the wind renewable energy sector and operations are essentially in Serbia, hence there is only one reportable segment.

(All amounts are in 000 RSD, unless otherwise stated)

7. Information on guarantees issued, commitments and other contingent liabilities

a) Guarantees issued

Guarantees issued amount to RSD 475,142 thousand as of 31 December 2018. They have been issued in favor of Lenders of Kosava project phase I, for cost overrun during construction and till COD.

These guarantees have been classified as Off-balance sheet liabilities.

a) Other

There were no other contingent liabilities of the Company.

8. Investments in subsidiary

Investments in subsidiary is detailed as follow:

- RSD 16,009 thousand for 54% owned in of MK-Fintel Wind AD(RSD 16.009 thousand at 31 December 2017).
- RSD 5 thousand for 54% owned in of MK-Fintel Wind Holding Doo(RSD 5 thousand at 31 December 2017).
- RSD 72 thousand for 100% owned in of Fintel Russian Ventures ooo (company founded in 2018).

9. Short-term loans and investments – parent companies and subsidiaries

Short-term loans and investments to parents' companies and subsidiaries amount to RSD 1,530,723 thousand (RSD 437,170 thousand at 31 December 2017) and they only refer to financing provided to the subsidiaries MK-Fintel Wind AD (RSD 1,423,280 thousand at 31 December 2018) and MK-Fintel Wind Holding Doo (RSD 107,442 thousand at 31 December 2018).

Summary of given loans, with maturities in the following table:

Recipient of the loan	Amount 31.12.2018 EUR	Amount 31.12.2018 000 RSD	Maturity
MK Fintel Wind ad	1,158,300	136,905	2019
MK Fintel Wind ad	10,883,539	1,286,376	2019
MK Fintel Wind Holding d.o.o.	909,030	107,442	2019
Total	12,950,869	1,530,723	

10. Cash and cash equivalents

"Cash and cash equivalents" at 31 December 2017, 2016 and 2015 are detailed as follows:

	31 December 2018	31 December 2017
Current account		
- in dinars	101,932	22
- in foreign currency	57	86
Cash and cash equivalents	101,989	108

(All amounts are in 000 RSD, unless otherwise stated)

The fair value of cash and cash equivalents coincides with the carrying amount thereof.

For the purpose of the preparation of the statement of cash flows, investing and financing transactions that did not require the use of cash or cash equivalents have been excluded.

11. Other current assets

“Other current assets” of RSD 111,863 thousand at 31 December 2018 (RSD 56,969 thousand at 31 December 2017) are detailed in the following table:

<i>RSD thousand</i>	31 December 2018	31 December 2017
Value added tax	8,086	1,277
Prepayments and accrued income	99,381	55,692
Total	107,467	56,969

Prepayments and accrued income includes interests accrued during the years for the shareholder's loans to the subsidiaries. Accrued interest is due on payment by the end of 2019.

12. Equity

Equity at 31 December 2018 and 2017 is detailed in the following table:

<i>RSD thousand</i>	31 December 2018	31 December 2017
Share capital	4,057	3,825
Share premium	681,237	-
Loss from previous years	(47,424)	(11,389)
Loss from current year	(115,576)	(36,035)
TOTAL EQUITY	522,294	(43,599)

(All amounts are in 000 RSD, unless otherwise stated)

The equity components and changes therein are detailed below:

Share capital

As of 31 December 2018, the Company's fully subscribed and paid up share capital amounted to RSD 4,056,524 (RSD 3.825 thousand as at 31. december 2017) consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Share premium

At 31 December 2018, such Reserve includes the share premium resulting from the capital increase related to the IPO of the Company on the Prime Listing Segment of the Belgrade Stock Exchange. The share premium worths RSD 755,022 Thousands (equivalent to RSD 499,847 per each new share issued by the Company). Such value is reported net of the IPO related costs.

Retained earnings/(Losses)

These consist of earnings/(Losses) from previous years. They also include net profit/(losses) for the current year.

13. Long and short term loans and borrowings to external parties

Set out below are details of long and short term loans and borrowings at 31 December 2018 and 2017:

<i>RSD thousand</i>	31 December 2018	31 December 2017
Long term borrowings	743,277	137,973
Short-term loans and borrowings	-	-
Total	743,277	137,973

Details of bank loans outstanding at 31 December 2018 are summarised in the following table:

Beneficiary company	Creditor	Residual debt at 31.12.2018	Long term	Short term	Maturity
<i>(Amounts in RSD thousand)</i>					
Fintel Energija	AIK Bank	743,277	743,277	-	2024
		743,277	743,277	-	

(All amounts are in 000 RSD, unless otherwise stated)

14. Long and short term loans and borrowings from parent and subsidiaries

Loans and borrowings to parent and subsidiaries of RSD 329,071 thousand as at 31 December 2018 (RSD 329,088 thousand at 31 December 2017), mainly consist of revocable loans to be repaid to the Ultimate Parent company Fintel Energia Group Spa that were granted for the benefit of Fintel Energija. The loan of EUR 2,667,000 is interest bearing, interest is 6%. Other loans are non-interest bearing. The loans are due in 2019.

15. Trade payables

Trade payables amounted to RSD 68,410 thousand at 31 December 2018 consist mainly (RSD 58.761 thousand) of payables for invoice to be received from the Parent Company for management fee.

16. Accruals

Accruals amounted to RSD 98,195 thousand at 31 December 2018 consist mainly of interests on shareholders loan due to Fintel Energia Group SpA (RSD 82.427 thousand), accrued interests on financial loan.

17. Non-production costs

Non-production costs amount to RSD 36,515 thousand in 2018 (RSD 30,647 thousand in 2017) and relate to accounting services, management fee costs (invoices issued in according management fee contract), costs of ads and other media, web-site. The increase is mainly due to costs for IPO.

18. Finance income - parent company and subsidiaries

	2018	2017
Finance income - parent company and subsidiaries	45,743	35,213
Finance income - other related parties	106	-
Total	45,849	35,213

(All amounts are in 000 RSD, unless otherwise stated)

19. Finance expense – parent company and subsidiaries

	2018	2017
Finance expense - parent company and subsidiaries	20,458	34,424
Finance expense - other related parties	29	192
Other financial expense	6,161	-
INTEREST EXPENSE (from third parties)	99,130	2,746
FOREIGN EXCHANGE LOSSES (third parties)	518	-
Total	126,296	37,362

20. Income tax expense

Income tax expenses for the years ended 31 December 2018 and 2017 are detailed as follows:

	Year ended 31 December 2018	2017
Income tax for the year	-	2,927
Deferred income tax for the period (note 12)	-	-
Origination and reversal of temporary differences	-	-
	2,927	2,927

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Group's profits as follows:

	Year ended 31 December 2018	2017
Profit/(Loss) before tax	(115,576)	(33,108)
Tax calculated at domestic tax rates applicable to profits in the respective countries	-	-
<i>Tax effect on:</i>		
Revenues exempt from taxation	-	-
Expenses not deductible for tax purposes		
- Transfer pricing effect for interest expense	2,228	2,917
- Other expenses not deductible	-	11
Tax losses for which no deferred income tax asset was recognized (utilized recognised tax credit), net	-	-
Losses from subsidiaries	-	11,552
Other tax effects for reconciliation between accounting profit and tax expense	-	(1,224)
Adjustment in respect of prior years	-	-
	-	2,927
Effective income tax rate	0%	0%

The weighted average applicable tax rate was 0% (2017: 0%).

(All amounts are in 000 RSD, unless otherwise stated)

21. Earnings/(loss) per share

The basic result per share has gone from a loss per share of RSD 1.44 in 2017 to RSD 4.36 for the year ended 31 December 2018. It has been computed by dividing the Group's net result by the number of Fintel Energija shares outstanding in the years in question (number of shares outstanding of 26,511 thousand).

The diluted result per share has gone from a loss per share of RSD 1.44 in 2017 to RSD 4.58 for the year ended 31 December 2018. It has been computed by dividing the Group's net result by the average number of Fintel Energija shares outstanding in the years in question (average number of shares outstanding of 25,252 thousand).

22. Related party transactions

As previously indicated, the Company is a subsidiary of Fintel EnergiaGroup SpA,

A summary provided below of the Company's transactions with related parties in 2018 and 2017. All transactions with related parties are entered into at market value.

As of 31 December 2018 and 31 December 2017 the outstanding balances with related parties were as follows:

	At 31 December 2018			
<i>RSD thousand</i>	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
Short-term loans	-	-	1,530,723	1,530,723
Other current assets	-	-	99,381	99,381
Other current liabilities	(82,427)	-	-	(82,427)
Trade payables	(58,761)	-	(411)	(59,172)
Shareholder's loan	(329,071)	-	-	(329,071)
Total	(470,259)	-	1,629,693	1,159,434

	At 31 December 2017			
<i>RSD thousand</i>	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
Short-term loans	-	-	446,219	446,219
Other current assets	-	-	55,692	55,692
Other current liabilities	(123,422)	-	-	(123,422)
Shareholder's loan	(329,088)	-	-	(329,088)
Total	(452,509)	-	501,911	49,402

(All amounts are in 000 RSD, unless otherwise stated)

For the year ended 31 December 2018 and 2017 the following transaction occurred with related parties:

RSD thousand	At 31 December 2018				
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Other related parties	Total
Revenues	-	-	-	-	-
Selling, general and administrative expenses	(29,038)	-	-	-	(29,038)
Finance income	988	-	44,756	106	45,849
Finance expense	(18,918)	-	(1,540)	(29)	(20,458)
Total	(46,968)	-	43,215	77	(3,647)

RSD thousand	At 31 December 2017				
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Other related parties	Total
Revenues	-	-	-	-	-
Selling, general and administrative expenses	(29,879)	-	-	-	(29,879)
Finance income	-	-	18,945	-	18,945
Finance expense	(19,147)	-	-	-	(19,147)
Total	(49,026)	0	18,945	-	(30,081)

22. Related party transactions (continued)

Remuneration of Fintel's directors

Members of Board of Directors have not received any remuneration in 2018. Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries without any further remuneration.

23. Tax risk

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 December 2017.

24. Significant subsequent events

On February 5, 2019, the company Fintel Energy A.D. has established new SPVs for the development of new wind power plant construction projects: Lipar d.o.o. (10 MW), Lipar 2 d.o.o (10 MW) and Maestrале Ring d.o.o. (599.2 MW). The Maestrале Ring project will be the largest on-shore wind farm on the European continent.

Legal representative:

The person responsible for the preparation of consolidated financial statements:





INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL REPORT

To the shareholders of FINTEL ENERGIJA a.d., Beograd

We have audited the consolidated financial statements of FINTEL ENERGIJA a.d., Beograd ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2018 disclosed in the consolidated annual report and issued the opinion dated 18 April 2019.

Report on consolidated annual report

We have verified that the other information included in the consolidated annual report of the Group for the year ended 31 December 2018 is consistent with the consolidated financial statements referred to above. Management is responsible for the accuracy of the consolidated annual report of the Group. Our responsibility is to express an opinion on the consistency of the consolidated annual report of the Group with the consolidated financial statements based on our verification procedures.

Auditor's responsibility

We conducted our verification procedures in accordance with the Law on Auditing and auditing regulation effective in the Republic of Serbia. This regulation requires that we plan and perform the verification procedures to obtain reasonable assurance about whether the other information included in the consolidated annual report which describes matters that are also presented in the consolidated financial statements is, in all material respects, consistent with the relevant consolidated financial statements. We believe that the verification procedures performed provide a reasonable basis for our opinion.

Opinion

In our opinion, the other information included in the consolidated annual report of the Group for the year ended 31 December 2018 is consistent, in all material respects, with the consolidated financial statements.

Refer to the original signed
Serbian version

Refer to the original signed
Serbian version

Milivoje Nešović
Licensed Auditor

PricewaterhouseCoopers d.o.o., Beograd

Belgrade, 18 April 2019

PricewaterhouseCoopers d.o.o., Omladinskih brigada 88a, 11070 Belgrade, Republic of Serbia
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This version of our report/ the accompanying documents is a translation from the original, which was prepared in Serbian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

**CONSOLIDATED ANNUAL BUSINESS
REPORT FOR THE YEAR ENDING 31
DECEMBER 2018**

FINTEL ENERGIJA AD

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1. Summary of the business activities and organizational structure

Identification data

Business name: PRIVREDNO DRUŠTVO ZA PROIZVODNJU ELEKTRIČNE ENERGIJE FINTEL ENERGIJA AD BEOGRAD

Seat: Belgrade

Address: Bulevar Mihaila Pupina 115e

Company Identification Number: 20305266

Tax Identification Number: 105058839

Date of incorporation: 27 June 2007

Persons authorized to represent: Tiziano Giovannetti

Website: www.fintelenergija.rs

Core business activity

Description and code of the core business activity: 3511 – Production of electrical energy.

Business activities

Fintel Energija A.D. (hereinafter the “**Company**” or “**Fintel Energija**”) and its subsidiaries (together, “**Fintel Group**” or the “**Group**”) is the leading independent renewable energy generator in Serbia. The Company and the Group acted as the pioneer in the Serbian wind business being the first ever to install and operate wind farms in the country. The Group sells its power output through offtake arrangements (Power Purchase Agreement or the “PPA”) to JP Elektroprivreda Srbije (“EPS”) and does not supply electricity directly to the retail customers.

Organizational structure

By aligning corporate bodies and documents with the Companies Law (“Official Gazette of the RS” no. 36/2011, 99/2011, 83/2014, - other law, and 5/2015) the Company has the following internal organizational structure: Shareholder Assembly (consisting of the only shareholder Finte Energia Group S.p.A.) and Board of Directors.

Subsidiaries

The Company act as a holding company of the following subsidiaries:

MK-Fintel Wind Holding d.o.o. za holding poslove Beograd, ID number 21280275, whereby the Company holds 53,99737% of the share capital (“**MK Fintel d.o.o.**”), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*,

Fintel Russian Ventures ooo, whereby the Company holds 99,00% of the share capital (“**Fintel Russian Ventures o.o.o.**”),

MK-Fintel Wind akcionarsko društvo Beograd, ID number 20392126, whereby the Company holds 53,99737% of the share capital ("**MK Fintel a.d.**"), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*, while MK-FIntel Wind Holdin d.o.o. holds 100% in the following subsidiaries, SPVs for other projects:

Vetropark Kula d.o.o. Beograd, ID number 20901659 – SPV established for the project wind farm Kula ("**Kula**"),

Energobalkan d.o.o. Beograd, ID number 20833122 – SPV established for the project wind farm Vetroparka La Piccolina ("**Energobalkan**"),

Vetropark Torak d.o.o. Beograd, ID number 21040339 ("**Torak**"),

Vetropark Košava 2 d.o.o. Beograd, ID number 21064742 ("**Košava 2**"),

Vetropark Ram d.o.o. Beograd, ID number 20927119 ("**Ram**"),

Vetropark Dunav 1 d.o.o. Beograd, ID number 20926392 ("**Dunav 1**"),

Vetropark Dunav 3 d.o.o. Beograd, ID number 20927089 ("**Dunav 3**").

Information about the management of the company

Members of Board of Directors:

- ✓ Claudio Nardone, predsednik
- ✓ Tiziano Giovannetti
- ✓ Luka Bjeković
- ✓ Paolo Martini
- ✓ Aleksandra Stojanovic

2. Presentation of development, financial position and activities of the legal entity, relevant financial information and non-financial indicators, personnel structure

Fintel Energija has a position of pioneer among independent producers of electrical energy form wind power in the territory of the Republic of Serbia. The total installed capacity of all wind turbines is 329 MW, of which 16.5 MW is held in the ownership of the Company (5,0%). Out of the total current quota for construction of wind farms under preferential conditions, which is 500 MW, Fintel has been granted the right to build wind farms of a total capacity of 84.5 MW (16.9%).

CONSOLIDATED ANNUAL BUSINESS REPORT

 CONSOLIDATED INCOME STATEMENT
 In RSD thousand

	AOP	Year ended 31 December 2018	2017
INCOME FROM REGULAR OPERATING ACTIVITIES			
A. OPERATING INCOME (1002+1009+1016+1017)	1001	450,305	496,683
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)	1002	-	-
1. Income from sales of goods to parent and subsidiaries on domestic market	1003	-	-
2. Income from sales of goods to parent and subsidiaries on foreign market	1004	-	-
3. Income from the sale of goods to other related parties on domestic market	1005	-	-
4. Income from the sale of goods to other related parties on foreign market	1006	-	-
5. Income from sale of goods on domestic market	1007	-	-
6. Income from sale of goods on foreign market	1008	-	-
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009	450,305	496,683
1. Income from sales of products and services to parent and subsidiaries on domestic market	1010	-	-
2. Income from sales of products and services to parent and subsidiaries on foreign market	1011	-	-
3. Income from sales of products and services to other related parties on domestic market	1012	-	-
4. Income from sales of products and services to other related parties on foreign market	1013	-	-
5. Income from sales of products and services – domestic	1014	450,305	496,683
6. Income from sales of products and services – foreign	1015	-	-
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	1016	-	-
IV. OTHER OPERATING INCOME	1017	-	-
EXPENSES FROM REGULAR OPERATING ACTIVITIES			
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029)>=0	1018	290,037	283,685
I. COST OF GOODS SOLD	1019	-	-
II. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	1020	-	-
III. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1021	-	-
IV. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1022	-	-
V. COST OF MATERIAL	1023	175	245
VI. COST OF FUEL AND ENERGY	1024	1,593	1,232
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025	10,374	6,338
VIII. COST OF PRODUCTION SERVICES	1026	51,302	50,780
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027	138,773	138,374
X. COST OF LONG-TERM PROVISIONING	1028	-	-
XI. NON-PRODUCTION COSTS	1029	87,820	86,716
C. OPERATING GAIN (1001-1018)>=0	1030	160,268	212,998
D. OPERATING LOSS (1018-1001)>=0	1031	-	-
E. FINANCE INCOME (1033+1038+1039)	1032	150,796	141,224
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033	4,908	61,505
1. Finance income - parent company and subsidiaries	1034	1,333	43,306
2. Finance income - other related parties	1035	3,575	18,199
3. Share of profit of associates and joint ventures	1036	-	-
4. Other financial income	1037	-	-
II. INTEREST INCOME (from third parties)	1038	134,474	1,140
III. FOREIGN EXCHANGE GAINS (third parties)	1039	11,414	78,579

CONSOLIDATED ANNUAL BUSINESS REPORT

 CONSOLIDATED INCOME STATEMENT
 In RSD thousand

	AOP	Year ended 31 December 2018	2017
F. FINANCE EXPENSES (1041+1046+1047)	1040	171,177	196,728
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041	34,637	65,935
1. Finance expense - parent company and subsidiaries	1042	18,904	51,765
2. Finance expense - other related parties	1043	14,438	14,170
3. Share of loss of associates and joint ventures	1044	-	-
4. Other financial expense	1045	1,295	-
II. INTEREST EXPENSE (from third parties)	1046	125,744	126,381
III. FOREIGN EXCHANGE LOSSES (third parties)	1047	10,796	4,412
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048	-	-
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049	20,381	55,504
I. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1050	-	-
J. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1051	-	-
K. OTHER INCOME	1052	2,927	920
L. OTHER EXPENSES	1053	7,082	8,646
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054	135,732	149,768
N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055	-	-
O. NET INCOME ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1056	-	-
P. NET LOSS ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1057	-	-
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058	135,732	149,768
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059	-	-
II. INCOME TAX			
I. CURRENT INCOME TAX	1060	33,037	45,273
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061	27,692	-
III. DEFERRED TAX INCOME FOR THE PERIOD	1062	-	8,416
S. PERSONAL INCOME PAID TO EMPLOYER	1063	-	-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064	75,003	112,910
V. NET LOSS (1059-1058+1060+1061-1062)	1065	-	-
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066	47,410	68,515
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067	27,593	44,395
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068	-	-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069	-	-
V. EARNINGS PER SHARE			
1. Basic earnings per share (in RSD)	1070	1.04	1.78
2. Diluted earnings per share (in RSD)	1071	1.09	1.78

CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED BALANCE SHEET

In RSD thousand

	AOP	31 December 2018	31 December 2017
A. SUBSCRIBED CAPITAL UNPAID	0001	-	-
B. NON-CURRENT ASSETS			
(0003 + 0010 + 0019+ 0024 + 0034)	0002	11,578,102	3,184,272
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)	0003	-	-
1. Development investments	0004	-	-
2. Concessions, licenses, software and other rights	0005	-	-
3. Goodwill	0006	-	-
4. Other intangible assets	0007	-	-
5. Intangible assets under development	0008	-	-
6. Advances for intangible assets	0009	-	-
II. PROPERTY, PLANT AND EQUIPMENT			
(0011+0012+0013+0014+0015+0016+0017+0018)	0010	11,479,992	3,053,952
1. Land	0011	26,269	27,048
2. Buildings	0012	487,366	514,804
3. Machinery and equipment	0013	1,912,477	2,023,562
4. Investment property	0014	-	-
5. Other property, plant and equipment	0015	-	-
6. Construction in progress	0016	3,157,688	225,732
7. Investments in leased PP&E	0017	-	-
8. Advances for PP&E	0018	5,896,192	262,806
III. BIOLOGICAL ASSETS (0020+0021+0022+0023)	0019	-	-
1. Forest farming	0020	-	-
2. Livestock	0021	-	-
3. Biological assets in production	0022	-	-
4. Advances for biological assets	0023	-	-
IV. LONG-TERM FINANCIAL INVESTMENTS			
(0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024	98,110	130,320
1. Investments in subsidiary	0025	-	-
2. Investments in joint ventures	0026	-	-
3. Investments in other legal entities and other available for sales financial assets	0027	-	-
4. Long term investments in parent and subsidiaries	0028	-	-
5. Long-term investments in other related parties	0029	-	-
6. Long-term investments – domestic	0030	-	-
7. Long-term investments – foreign	0031	-	-
8. Securities held to maturity	0032	-	-
9. Other long-term financial investments	0033	98,110	130,320
V. LONG-TERM RECEIVABLES			
(0035+0036+0037+0038+0039+0040+0041)	0034	-	-
1. Receivables from parent company and subsidiaries	0035	-	-
2. Receivables from other related parties	0036	-	-
3. Receivables from sale of goods on credit	0037	-	-
4. Receivables arising out of finance lease contracts	0038	-	-
5. Claims arising from guarantees	0039	-	-
6. Bad and doubtful receivables	0040	-	-
7. Other long-term receivables	0041	-	-
C. DEFERRED TAX ASSETS	0042	-	-

CONSOLIDATED BALANCE SHEET (CONTINUED)
 In RSD thousand

	AOP	31 December 2018	31 December 2017
D. CURRENT ASSETS			
(0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043	643,372	208,422
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044	749	497
1. Materials, spare parts and tools	0045	14	-
2. Work in progress	0046	-	-
3. Finished goods	0047	-	-
4. Merchandise	0048	-	-
5. Assets held for sale	0049	-	-
6. Advances for inventory and services	0050	735	497
II. TRADE RECEIVABLES			
(0052+0053+0054+0055+0056+0057+0058)	0051	420	-
1. Domestic trade receivables - parents and subsidiaries	0052	420	-
2. Foreign trade receivables - parents and subsidiaries	0053	-	-
3. Domestic trade receivables - other related parties	0054	-	-
4. Foreign trade receivables - other related parties	0055	-	-
5. Trade receivables - domestic	0056	-	-
6. Trade receivables - foreign	0057	-	-
7. Other trade receivables	0058	-	-
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059	-	-
IV. OTHER RECEIVABLES	0060	24,889	3,935
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061	-	-
VI. SHORT TERM FINANCIAL INVESTMENTS			
(0063+0064+0065+0066+0067)	0062	1,405	10,674
1. Short-term loans and investments - parent companies and subsidiaries	0063	-	-
2. Short-term loans and investments - other related parties	0064	-	10,674
3. Short-term loans and investments - domestic	0065	-	-
4. Short-term loans and investments - foreign	0066	-	-
5. Other short-term loans and investments	0067	1,405	-
VII. CASH AND CASH EQUIVALENTS	0068	537,552	102,755
VIII. VALUE ADDED TAX	0069	33,704	28,580
IX. PREPAYMENTS AND ACCRUED INCOME	0070	44,653	61,981
E. TOTAL ASSETS (0001+0002+0042+0043)	0071	12,221,474	3,392,694
F. OFF-BALANCE SHEET ASSETS			
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401	522,454	-
I. SHARE CAPITAL			
(0403+0404+0405+0406+0407+0408+0409+0410)	0402	685,294	3,825
1. Share capital	0403	4,057	3,825
2. Stakes of limited liability companies	0404	-	-
3. Stakes	0405	-	-
4. State owned capital	0406	-	-
5. Socially owned capital	0407	-	-
6. Stakes in cooperatives	0408	-	-
7. Share premium	0409	681,237	-
8. Other capital	0410	-	-
II. SUBSCRIBED CAPITAL UNPAID	0411	-	-
III. OWN SHARES	0412	-	-
IV. RESERVES	0413	-	-
V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT	0414	-	-
VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0415	-	-
VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0416	112,358	15,163
VIII. RETAINED EARNINGS (0418+0419)	0417	27,593	44,395
1. Retained earnings from previous years	0418	-	-
2. Retained earnings from current year	0419	27,593	44,395
IX. NON-CONTROLLING INTEREST	0420	(26,753)	8,611
X. LOSS (0422+0423)	0421	51,322	95,743

CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	31 December 2018	31 December 2017
1. Loss from previous years	0422	51,322	95,743
2. Loss from current year	0423	-	-
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424	8,746,628	1,839,751
I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425	-	-
1. Provisions for warranty claims	0426	-	-
2. Provision for environmental rehabilitation	0427	-	-
3. Provisions for restructuring costs	0428	-	-
4. Provisions for employee benefits	0429	-	-
5. Provisions for litigations	0430	-	-
6. Other long term provisions	0431	-	-
II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432	8,746,628	1,839,751
1. Liabilities convertible to equity	0433	-	-
2. Liabilities to parent and subsidiaries	0434	14,199	14,217
3. Liabilities to other related parties	0435	-	-
4. Liabilities for issued long-term securities	0436	-	-
5. Long term borrowings - domestic	0437	8,487,640	1,792,500
6. Long-term borrowings - foreign	0438	-	-
7. Finance lease liabilities	0439	-	-
8. Other long-term liabilities	0440	244,789	33,034
C. DEFERRED TAX LIABILITIES	0441	2,717	6,779
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442	2,949,675	1,600,238
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443	2,069,218	1,149,926
1. Short term borrowings from parent and subsidiaries	0444	482,243	482,619
2. Short term borrowings from other related parties	0445	1,445,035	513,822
3. Short-term loans and borrowings - domestic	0446	141,940	153,485
4. Short-term loans and borrowings - foreign	0447	-	-
5. Liabilities relating to current assets and held-for-sale assets attributable to discounted operations	0448	-	-
6. Other short term liabilities	0449	-	-
II. ADVANCES RECEIVED	0450	-	-
III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)	0451	523,186	109,509
1. Trade payables - parent and subsidiaries - domestic	0452	-	54,395
2. Trade payables - parent and subsidiaries - foreign	0453	58,761	-
3. Trade payables - other related parties - domestic	0454	286	3,975
4. Trade payables - other related parties - foreign	0455	-	-
5. Trade payables - domestic	0456	462,808	44,235
6. Trade payables - foreign	0457	1,331	6,904
7. Other operating liabilities	0458	-	-
IV. OTHER SHORT-TERM LIABILITIES	0459	85,426	57,771
V. LIABILITIES FOR VAT	0460	-	-
VI. LIABILITIES FOR OTHER TAXES	0461	97	41,876
VII. ACCRUED EXPENSES	0462	271,748	241,156
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417-0415- 0414-0413-0411-0402)>=0=(0441+0424+0442-0071)>=0	0463	-	54,075
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464	12,221,473	3,392,694
G. OFF-BALANCE SHEET LIABILITIES	0465	905,782	344,864

Financial Indicators

Return on assets (Profit Before Taxes / Assets): 1,11%

Business profits: 160,267 thousand of dinars

Level of indebtedness (Liabilities / Assets): 95,70%

Earnings per share: 1,04 dinars

Cash flows

During 2018, the Company realized net positive cash flows in the amount of 434,796 thousand dinars (2017: net outflow of -72,539 thousand of dinars) consisting of:

Net inflow from operating activities of 124,037 thousand dinars

Net outflow from investing activities of -8,120,823 thousand dinars

Net inflow from financial activities 8,431,582 thousand dinars

Personnel structure

The employees in the company have the appropriate qualifications, knowledge and experience necessary for the quality performance of the services provided by the Company. In addition to the Director, the Company has another 5 employees its subsidiaries who work on maintenance of existing wind farms.

3. Environmental protection

Fintel Energija contributes to environmental protection mainly through investing in construction of capacities for production of electrical energy from renewable sources (green energy). Construction of wind farms significantly reduces CO₂ emissions as one of the leading harmful factors that affect the environment.

4. Significant events after the end of the year

On February 5, 2019, the company Fintel Energy A.D. has established new SPVs for the development of new wind power plant construction projects: Lipar d.o.o. (10 MW), Lipar 2 d.o.o (10 MW) and Maestrale Ring d.o.o. (599.2 MW). The Maestrale Ring project will be the largest on-shore wind farm on the European continent.

5. Planned future development

As of November 2015, the Company has increased its production of electrical energy from wind of 16.5 MW, through the construction of two projects. The Company also has ongoing onshore wind farms development of 800 MW. The pipeline is being actively developed and projects are continuously progressed through the development and obtaining the appropriate regulatory consents. Projects are all developed in accordance with the "gateway" approval process, so the pace of development will depend on a number of internal and external factors. Out of the ongoing project, the project that has most advanced is Kosava Phase II - a project that obtained all licenses and that plans to have 19 turbines with capacity of up 79.8 MW, subject to turbine selection, which is estimated to become fully operational in the financial year 2021.

The growth of the Company's and Group's business will be driven primarily by the build of the Company's Development Pipeline Business, comprising approximately 800 MW of total capacity. Out of this amount, 267 MW is at an advanced development stage (building permits has been obtained for 127 MW, including 69 MW under construction and approximately 740 MW where planning applications will be soon submitted or were submitted already).

The Company is targeting in total between 180 MW and 230 MW of installed capacity through organic growth of its Wind Development Pipeline Business over the next three years. The Directors expect to finance approximately 80 or 90% of these investments through loans, while the remaining funds are to be financed through subordinated debt or Company's cash flow. It is the Director's intention to take a flexible approach to the development of the Company's Wind Development Pipeline Business, in order to deliver growth without compromising the Company's ability to pay out dividends in line with its dividend policy. Even though the focus of the Group is on organic growth, growth through acquisitions would be considered on an opportunistic basis.

The Group's plants in operation and projects in a development/authorisation phase as at the date of this document are:

PLANT	LOCATION		DESIGN	OWNED BY	CAPACITY [MW]	STATUS
LA PICCOLINA	Wind	Vrsac	Energogr. doo	Energobalkan doo	6.6	in operation
KULA	Wind	Kula	Energogr. doo	Vetropark Kula doo	9.9	in operation
KOSAVA phase I	Wind	Vrsac	Energogr. doo	MK Fintel Wind A.D.	69	under commissioning
KOSAVA phase II	Wind	Vrsac	Energogr. doo	MK Fintel Wind A.D.	54	under construction
RAM	Wind	Veliko Gradiste	Energogr. doo	Vetropark RAM doo	10	under construction
KULA 2	Wind	Kula	Energogr. doo	Vetropark Torak doo	10	under construction
LIPAR	Wind	Kula	Energogr. doo	Vetropark Lipar doo	10	under final phase of development
LIPAR 2	Wind	Kula	Energogr. doo	Vetropark Lipar 2 doo	10	under final phase of development
DUNAV 1	Wind	Veliko Gradiste	Energogr. doo	Vetropark DUNAV 1 doo	10	under final phase of development
DUNAV 3	Wind	Veliko Gradiste	Energogr. doo	Vetropark DUNAV 3 doo	10	under final phase of development
MAESTRALE RING	Wind	Subotica	Energogr. doo	Vetropark Maestrale Ring doo	599.2	under development
TORAK	Wind	Sombor	Energogr. doo	Project TORAK doo.	140	under development
KOSAVA 2	Wind	Vrsac	Energogr. doo	Vetropark KOSAVA 2 doo	9.9	under development
TOTAL					948.6	

6. Research and development

There are no program of research or development that are relevant for the operations of the Company.

There are no registered patents or licenses of the Company.

The Company manages, monitors and controls its generating power plants from 24/7 central control centre (the "Logistic Control Centre") at its head office in Belgrade. The Company has adopted a service model under which none of its plants is manned on a continued basis. The operating assets are managed by a team of four persons, the majority of whom operate remotely. These personnel execute a program preventive maintenance and ongoing operational tasks under the schedule set centrally by the Logistics Control Centre through the Vestas asset management software and respond to unscheduled breakdowns. The remote monitoring is based on the universally adopted SCADA system, which can be used across various generation technologies. This enables the Company to track, in real-time, turbine and generator performance, including faults, breakdowns and any other issues that might occur. Wind turbines can be remotely started and switched off from the Logistics Control Centre, avoiding the need to dispatch a technician on location if a minor fault occurs.

7. Subsidiaries

The Company act as a holding company of the following subsidiaries:

MK-Fintel Wind Holding d.o.o. za holding poslove Beograd, ID number 21280275, whereby the Company holds 53,99737% of the share capital ("**MK Fintel d.o.o.**"), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*,

Fintel Russian Ventures ooo, whereby the Company holds 99,00% of the share capital ("**Fintel Russian Ventures o.o.o.**"),

MK-Fintel Wind akcionarsko društvo Beograd, ID number 20392126, whereby the Company holds 53,99737% of the share capital ("**MK Fintel a.d.**"), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*, while MK-Fintel Wind Holdin d.o.o. holds 100% in the following subsidiaries, SPVs for other projects:

Vetropark Kula d.o.o. Beograd, ID number 20901659 – SPV established for the project wind farm Kula ("**Kula**"),

Energobalkan d.o.o. Beograd, ID number 20833122 – SPV established for the project wind farm Vetroparka La Piccolina ("**Energobalkan**"),

Vetropark Torak d.o.o. Beograd, ID number 21040339 ("**Torak**"),

Vetropark Košava 2 d.o.o. Beograd, ID number 21064742 ("**Košava 2**"),

Vetropark Ram d.o.o. Beograd, ID number 20927119 ("**Ram**"),

Vetropark Dunav 1 d.o.o. Beograd, ID number 20926392 ("**Dunav 1**"),

Vetropark Dunav 3 d.o.o. Beograd, ID number 20927089 ("**Dunav 3**").

8. Goals and policies in connection with managing financial risks, credit risks, liquidity risk and market risk

The coordination and monitoring of key financial risks is carried out by the central treasury department of the Principal Shareholder Company, which provides guidelines for the management of various types of risk and for the use of financial instruments. The main features of Fintel Group's risk management policy are:

- central determination of operational risk management guidelines concerning market, liquidity and cash flow risks;
- monitoring of results achieved;
- diversification of commitments/obligations and of the product portfolio.

Credit risk

Credit risk represents the exposure to potential losses arising from the failure by commercial and financial counterparties to fulfil their contractual obligations.

The Group's maximum exposure to credit risk at 31 December 2018 and 2017 is the carrying amount of each class of assets indicated in the following table:

	31 December 2018	31 December 2017
Other receivables	24,889	3,935
Short-term loans and investments	-	10,674
Prepayments and accrued income	44,653	61,981
TOTAL	69,542	76,590

Prepayments and accrued income mainly refer to receivables from EPS for electricity produced by wind farms, while Other receivables mainly relate to overpaid income taxes.

Those represent a low level of credit risk since most of the above mentioned receivables are towards the Serbian State, State owned company and related parties.

Based on the evaluation made by the sole Director, there is not any impairment for the above credits.

Liquidity risk

Liquidity risk is associated with the ability to meet the commitments arising from financial liabilities assumed by the Group. Prudent risk management of liquidity arising in the course of ordinary activities implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk is managed centrally by the Principal Shareholder, given that the administration department periodically monitors the Group's net cash/debt through the preparation of appropriate actual and forecast cash inflow and outflow reports. In this manner, the Group aims to ensure it has

adequate cover for its financing needs, by accurately monitoring financing, credit facilities opened and utilisations thereof, in order to optimise its resources and manage any temporary liquidity surplus.

The Group's objective is to establish a financing structure that, consistent with its business objectives, guarantees sufficient liquidity for the Group, minimises the related opportunity cost and maintains an equilibrium in terms of term to maturity and composition of the debt.

The following table provides a maturity analysis of liabilities at 31 December 2018 and 2017. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Group's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

At 31 December 2018				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	1,941,477	-	-	14,199
Bank loans	310,099	269,361	1,097,797	7,789,694
Trade payables	523,186	-	-	-
Total	2,774,761	269,361	1,097,797	7,803,893

At 31 December 2017				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	1,010,658	-	-	14,217
Bank loans	248,789	250,395	1,077,746	820,955
Trade payables	109,509	-	-	-
Total	1,368,957	250,395	1,077,746	835,172

An analysis of the financial liabilities by maturity shows an increase of payables due within 1 year and beyond 5 years as at 31 December 2018 compared to those at 2017, as a result of the following main changes:

- a. Increase in bank loans due to new loans for Kosava phase 1 plant.
- b. Increase in financial payables to shareholders due to new loans granted for the construction of wind farms in Serbia.

Accordingly, taking in account of the fact that the shareholders have confirmed that they do not intend to request the repayment of the loan prior to the forthcoming year end, as well as the liquid funds of RSD 635,661 thousand, it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

Market risk

In the conduct of its operations, the Group is potentially exposed to the following market risks:

- risk of fluctuation in exchange rates;
- risk of fluctuation in interest rates.

These risks are essentially managed centrally by the Parent company Fintel Energija.

Risk of fluctuation in exchange rates

Exchange rate risk is linked to operations in currency other than the RSD. Fintel Group is exposed to the risk of fluctuation in exchange rates, given that it conducts business in Serbia through its subsidiaries, which are companies committed to the study, construction, development and management of wind farms and other projects in the field of renewables. The Group has borrowings denominated in foreign currency mainly in EUR and USD which predominantly expose group to the foreign currency translation risk. Currency exposure arising from the borrowings is managed through the participation of the borrowing denominated in functional currency of the Group in the total credit portfolio.

As at 31 December 2018, if the currency RSD had strengthened/weakened by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 451,767 thousand (2017: RSD 125,657 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Risk of fluctuation in interest rates

The risk of fluctuation in interest rates to which Fintel Group is exposed originates from financial payables. Fixed rate debt exposes the Group to risk linked to changes in the fair value of the debt for their part linked to changes in the reference rate market. Floating rate debt exposes the Group to cash flow risk originating from the volatility of interest rates.

The Group's financial indebtedness consists of current bank debt, medium/long term loans granted by banks.

In order to hedge the risk of fluctuation in interest rates the subsidiaries Vetropark Kula and MK-Fintel Wind also entered into agreements for an interest rate cap with spread in relation to financing for the "Kula" and "Kosava phase I" wind power plants.

As a result of the aforementioned hedging transactions, the impact of the expected change in interest rates in the coming twelve months is deemed to be insignificant in the context of the Group's consolidated financial statements.

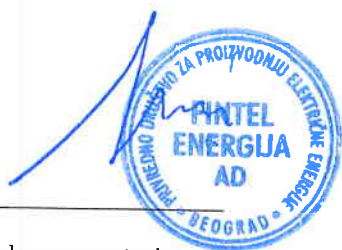
Capital management risk The Group's objective as far as capital risk management is concerned is mainly to safeguard business continuity in order to guarantee returns to shareholders and benefits to other stakeholders. Moreover, the Group aims to maintain an optimal capital structure in order to reduce the cost of borrowing.

The Group monitors its capital based on the ratio of net debt to net invested capital (gearing ratio). Net debt is calculated as total debt, including current and non-current loans and borrowings, plus net exposure to banks. Net invested capital is calculated as the sum of total equity and net debt.

The gearing ratio at 31 December 2018 and 2017 is shown in the following table:

<i>RSD thousand</i>	31 December 2018	31 December 2017
<i>Non-current financial payables:</i>		
- Financial payables due to shareholders	14,199	14,217
- Bank loans	8,487,640	1,792,500
<i>Current financial payables:</i>		
- Bank loans	141,940	153,485
- Financial payables due to shareholders	1,927,278	996,527
- Financial assets	(98,110)	(130,320)
Cash and cash equivalents	(537,552)	(102,755)
Net debt (A)	9,935,395	2,723,653
Equity (B)	522,454	(54,075)
Net capital employed (C=A+B)	10,457,849	2,669,493
Gearing ratio (A/C)	95,0%	102,0%

The gearing ratio has improved compared to prior years mainly due to the capital increase for IPO and admission of Company's common shares to trading on the regulated market, segment Prime Listing, organized and managed by Belgrade Stock Exchange.



Legal representative

STATEMENT ON CODE OF CORPORATE GOVERNANCE IMPLEMENTATION

Fintel Energija a.d. implements Code of Corporate Governance, adopted April 19, 2018. and the Code has been made publicly available on the Company's Internet page (www.fintelenergija.rs).

The Company's Code on Corporate Governance set out the principles of corporate practices and organizational culture that the principal holders of the corporate governance function of the Fintel Energija a.d. comply with, with regard to the shareholders' rights, corporate governance frameworks and methods, public relations and transparency of the Company's business operations. The main objective of this Code is to introduce good business practice in the field of corporate management, which should provide for the right balance between the influences exerted by the principal corporate governance holders, consistency of the control system and strengthening of shareholders' and investors' trust in the Company, all with the aim to achieve long-term development of the Company.

Relevant Company's bodies make a point of presenting the principles laid down in the Code in greater detail in other general acts of the Company.

In compliance with the Rules on Listing and Quotation of the Belgrade Stock Exchange, parallel with the disclosure of Annual Report, Fintel Energija a.d. delivers and the completed Questionnaire on Corporate Governance Practices and has agreed to its online publication on the internet page of the Belgrade Stock Exchange.

Fintel Energija a.d. Beograd

Legal representative



Tiziano Giovannetti



FINTEL ENERGIJA AD

STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

To the best of our knowledge, Annual Financial Statements of the Fintel Energija a.d. for 2018 were prepared in compliance with the relevant International Financial Reporting Standards and these present authentic and objective information about assets, liabilities, financial position and operations, profit and losses, cash flows and changes in equity of the Public Company, including those of the Companies included in the Statements.

Legal representative:

Fintel Energija a.d.

Director




Lizio Giovanni



FINTEL ENERGIJA AD

DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF COMPANY'S ANNUAL FINANCIAL STATEMENTS*

Note*:

Financial Statements of Fintel Energija a.d. for 2018 were approved on April 16, 2019 in the meeting of the Board of Director. At the moment when the Annual Report of the Company is published, it has not yet been adopted by the competent Company's body (Shareholders' Assembly). The Company shall publish the complete the Decision of the competent body on the adoption of Company's Annual Report at a later date.

DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES *

Note*:

Decisions on distribution of profit or coverage of losses of the Fintel Energija a.d. for 2018 shall be passed in the regular annual Shareholders' Assembly meeting..

A public company is legally obliged to prepare their annual financial statements, to disclose them and to deliver them to the Commission, and, providing that the securities of such company are admitted for trading, to deliver these Statements to teh regulated market or to the MTP four month after the end of each business year at the latest, and to ensure that the annual financial statements are available to the general public over the course of five years at the minimum from the date of its disclosure.

The Company shall be held responsible for the accurancy and veracity of data presented in the Annual Report.

Belgrade, April 2018

Legal representative:

Fintel Energija a.d.

Director



Tiziano Giovannetti