



FINTEL ENERGIJA AD

**CONSOLIDATED HALF-YEAR REPORT OF
FINTEL ENERGIJA A.D.
FOR PERIOD ENDED 30 JUNE 2019**

Belgrade, August 2019.

Pursuant to Article 52 of the Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015 and 108/2016) and pursuant to Article 5 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:

CONSOLIDATED HALF-YEAR REPORT OF FINTEL ENERGIJA A.D. FOR PERIOD ENDED 30 JUNE 2019

CONTENT

- 1. CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS OF FINTEL ENERGIJA A.D. FOR PERIOD ENDED 30 JUNE 2019 (Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Report on Other Income, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, Notes to Consolidated Half-Year Financial Statements)**

- 2. HALF-YEAR BUSINESS REPORT**

(Note: Business Report and Consolidated Business Report are presented as one report, containing information of significance for the economic overview)

- 3. STATEMENT BY THE PERSONS RESPONSIBLE FOR PREPARATION OF REPORTS**

**CONSOLIDATED HALF-YEAR FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30
JUNE 2019**

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF-YEAR BALANCE SHEET

In RSD thousand

	AOP	Note	30 June 2019 <i>(unaudited)</i>	31 December 2018
A. SUBSCRIBED CAPITAL UNPAID	0001		-	-
B. NON-CURRENT ASSETS (0003 + 0010 + 0019+ 0024 + 0034)	0002		12,555,056	11,578,102
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		12,495,220	11,479,992
1. Land	0011	5	40,145	26,269
2. Buildings	0012	5	473,647	487,366
3. Machinery and equipment	0013	5	1,857,021	1,912,477
4. Investment property	0014		-	-
5. Other property, plant and equipment	0015		-	-
6. Construction in progress	0016	5	4,118,398	3,157,688
7. Investments in leased PP&E	0017		-	-
8. Advances for PP&E	0018	5	6,006,009	5,896,192
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		59,836	98,110
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	6	59,836	98,110
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	7	37,476	-

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF-YEAR BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	30 June 2019 <i>(unaudited)</i>	31 December 2018
D. CURRENT ASSETS				
(0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		453,591	643,372
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044		8,980	749
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	8	8,980	735
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		17,628	24,889
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061		-	-
VI. SHORT TERM FINANCIAL INVESTMENTS				
(0063+0064+0065+0066+0067)	0062		950	1,405
1. Short-term loans and investments - parent companies and subsidiaries	0063		-	-
2. Short-term loans and investments - other related parties	0064		-	-
3. Short-term loans and investments - domestic	0065		-	-
4. Short-term loans and investments - foreign	0066		-	-
5. Other short-term loans and investments	0067		950	1,405
VII. CASH AND CASH EQUIVALENTS	0068	9	375,384	537,552
VIII. VALUE ADDED TAX	0069	10	33,775	33,704
IX. PREPAYMENTS AND ACCRUED INCOME	0070	10	16,875	44,653
E. TOTAL ASSETS (0001+0002+0042+0043)	0071		13,046,124	12,221,474
F. OFF-BALANCE SHEET ASSETS	0072	4	903,824	905,782
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401		300,727	522,454
I. SHARE CAPITAL				
(0403+0404+0405+0406+0407+0408+0409+0410)	0402		685,294	685,294
1. Share capital	0403	11	4,057	4,057
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	11	681,237	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	11	238,540	112,358
VIII. RETAINED EARNINGS (0418+0419)	0417		10,850	27,593
1. Retained earnings from previous years	0418		-	-
2. Retained earnings from current year	0419	11	10,850	27,593
IX. NON-CONTROLLING INTEREST	0420	11	(133,146)	(26,753)
X. LOSS (0422+0423)	0421		23,730	51,322
1. Loss from previous years	0422	11	23,730	51,322
2. Loss from current year	0423		-	-

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF-YEAR BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	30 June 2019 <i>(unaudited)</i>	31 December 2018
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		11,109,228	8,746,628
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		11,109,228	8,746,628
1. Liabilities convertible to equity	0433		-	-
2. Liabilities to parent and subsidiaries	0434	12	14,149	14,199
3. Liabilities to other related parties	0435	13	1,443,683	-
4. Liabilities for issued long-term securities	0436		-	-
5. Long term borrowings - domestic	0437	14	9,131,727	8,487,640
6. Long-term borrowings - foreign	0438		-	-
7. Finance lease liabilities	0439		-	-
8. Other long-term liabilities	0440	15	519,669	244,789
C. DEFERRED TAX LIABILITIES	0441		-	2,717
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		1,636,169	2,949,675
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		881,298	2,069,218
1. Short term borrowings from parent and subsidiaries	0444	12	481,082	482,243
2. Short term borrowings from other related parties	0445	13	-	1,445,035
3. Short-term loans and borrowings - domestic	0446	14	400,216	141,940
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	16	357,088	523,186
1. Trade payables - parent and subsidiaries - domestic	0452		-	-
2. Trade payables - parent and subsidiaries - foreign	0453		13,990	58,761
3. Trade payables - other related parties - domestic	0454		1,023	286
4. Trade payables - other related parties - foreign	0455		-	-
5. Trade payables - domestic	0456		342,074	462,808
6. Trade payables - foreign	0457		-	1,331
7. Other operating liabilities	0458		-	-
IV. OTHER SHORT-TERM LIABILITIES	0459		82,040	85,426
V. LIABILITIES FOR VAT	0460		-	-
VI. LIABILITIES FOR OTHER TAXES	0461		-	97
VII. ACCRUED EXPENSES	0462	17	315,742	271,748
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417- 0415-0414-0413-0411-0402)>=0=(0441+0424+0442- 0071)>=0	0463		-	-
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464		13,046,124	12,221,474
G. OFF-BALANCE SHEET LIABILITIES	0465	4	903,824	905,782

Tiziano Giovannetti

Director

12 August 2019



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

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF-YEAR INCOME STATEMENT

In RSD thousand

	AOP	Note	Six-month period ended	
			30 June 2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
INCOME FROM REGULAR OPERATING ACTIVITIES				
A. OPERATING INCOME (1002+1009+1016+1017)	1001		242,825	236,234
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		242,825	236,234
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	18	242,825	236,234
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		145,320	143,572
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		21	193
VI. COST OF FUEL AND ENERGY	1024		1,083	502
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025		10,209	3,526
VIII. COST OF PRODUCTION SERVICES	1026	19	22,429	25,072
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027	20	69,390	69,383
X. COST OF LONG-TERM PROVISIONING	1028		-	-
XI. NON-PRODUCTION COSTS	1029	21	42,189	44,897
C. OPERATING GAIN (1001-1018)>=0	1030		97,505	92,662
D. OPERATING LOSS (1018-1001)>=0	1031		-	-
E. FINANCE INCOME (1033+1038+1039)	1032		27,829	101,853
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033		4,858	14,869
1. Finance income - parent company and subsidiaries	1034	22	1,382	6,641
2. Finance income - other related parties	1035	22	3,476	8,228
3. Share of profit of associates and joint ventures	1036		-	-
4. Other financial income	1037		-	-
II. INTEREST INCOME (from third parties)	1038	22	296	80,893
III. FOREIGN EXCHANGE GAINS (third parties)	1039	22	22,676	6,091
F. FINANCE EXPENSES (1041+1046+1047)	1040		69,627	86,847

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF-YEAR INCOME STATEMENT

In RSD thousand

	AOP	Note	Six-month period ended	
			30 June 2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER				
FINANCIAL EXPENSES (1042+1043+1044+1045)	1041		12,915	28,831
1. Finance expense - parent company and subsidiaries	1042	23	9,432	20,750
2. Finance expense - other related parties	1043	23	3,482	8,081
3. Share of loss of associates and joint ventures	1044		-	-
4. Other financial expense	1045		-	-
II. INTEREST EXPENSE (from third parties)	1046	23	54,994	57,496
III. FOREIGN EXCHANGE LOSSES (third parties)	1047	23	1,719	520
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048		-	15,006
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049		41,798	-
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		250	2,943
L. OTHER EXPENSES	1053		612	3,369
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		55,345	107,242
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		55,345	107,242
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059		-	-
II. INCOME TAX				
I. CURRENT INCOME TAX	1060	24	19,330	20,060
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061	24	1,081	13,130
III. DEFERRED TAX INCOME FOR THE PERIOD	1062		-	-
S. PERSONAL INCOME PAID TO EMPLOYER	1063		-	-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064		34,934	74,053
V. NET LOSS (1059-1058+1060+1061-1062)	1065		-	-
III. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS				
I. NET INCOME ATTRIBUTABLE TO THE OWNER	1066	11	24,084	40,900
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067	11	10,850	33,153
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	25	0,41	1,33
2. Diluted earnings per share (in RSD)	1071	25	0,41	1,33

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF-YEAR STATEMENT OF OTHER COMPREHENSIVE INCOME In RSD thousand	Six-month period ended 30 June			
	AOP	Note	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
A. NET PROFIT/(LOSS)				
I. PROFIT, NET (AOP 1064)	2001		34,934	74,053
II. LOSS, NET (AOP 1065)	2002		-	-
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		12	-
3. Gains and losses on cash flow hedges				
a) gains	2015		-	214
b) losses	2016		233,648	-
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		-	214
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		233,660	-
III. TAX ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD	2021		-	-
IV. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021)>=0	2022		-	74,267
V. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021)>=0	2023		198,726	-
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2022-2023)>=0	2024		-	74,267
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2023-2022)>=0	2025		198,726	-
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2027+2028)=AOP 2024>=0 или AOP 2025>0	2026			
1. Attributable to shareholders	2027		(115,332)	33,269
2. Attributable to non-controlling interest	2028		(83,394)	40,998

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF-YEAR STATEMENT OF CASH FLOWS
In RSD thousand

	AOP	Note	Six-month period ended	
			30 June	
			2019	2018
			<i>(unaudited)</i>	<i>(unaudited)</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Cash inflow from operating activities (1 to 3)	3001		271,518	277,700
1. Sales and advances received	3002		271,518	277,700
2. Interest from operating activities	3003		-	-
3. Other inflow from operating activities	3004		-	-
II. Cash outflow from operating activities (1 to 5)	3005		206,536	216,171
1. Payments and prepayments to suppliers	3006		139,826	108,087
2. Salaries, benefits and other personal expenses	3007		10,209	3,526
3. Interest paid	3008		43,356	38,075
4. Income tax paid	3009		13,145	66,483
5. Payments for other public revenues	3010		-	-
III. Net cash inflow from operating activities (I - II)	3011		64,982	61,529
IV. Net cash outflow from operating activities (II - I)	3012		-	-
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Cash flows from investing activities (1 to 5)	3013		38,273	
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		38,273	
4. Interest from investing activities	3017		-	-
5. Dividend received	3018		-	-
II. Cash outflow from investing activities (1 to 3)	3019		1,147,425	1,689,939
1. Acquisition of subsidiaries or other business (net outflow)	3020		-	-
2. Purchase of intangible assets, property, plant and equipment	3021		1,147,425	1,689,939
3. Other financial investments (net outflow)	3022		-	-
III. Net cash inflow from investing activities (I - II)	3023		-	-
IV. Net cash outflow from investing activities (II - I)	3024		1,109,152	1,689,939
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 5)	3025		1,040,795	2,017,484
1. Increase in share capital	3026		-	-
2. Proceeds from long-term borrowings (net inflow)	3027		1,040,795	1,060,277
3. Proceeds from short-term borrowings (net inflow)	3028		-	957,207
4. Other long-term liabilities	3029		-	-
5. Other short-term liabilities	3030		-	-
II. Cash outflow from financing activities (1 to 6)	3031		158,792	83,291
1. Purchase of own shares	3032		-	-
2. Repayment of long-term borrowings (net outflow)	3033		129,264	83,291
3. Repayment of short-term borrowings (net outflow)	3034		6,527	-
4. Repayment of other liabilities (net outflow)	3035		-	-
5. Financial lease	3036		-	-
6. Dividend distribution	3037		23,001	-
III. Net cash inflow from financing activities (I - II)	3038		882,003	1,934,193
IV. Net cash outflow from financing activities (II - I)	3039		-	-
D. TOTAL CASH INFLOW (3001+3013+3025)	3040		1,350,586	2,295,185
E. TOTAL CASH OUTFLOW (3005+3019+3031)	3041		1,512,754	1,989,401
F. NET CASH INFLOW (340-341)	3042		-	305,783
G. NET CASH OUTFLOW (341-340)	3043		162,168	-
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3044		537,552	102,755
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		375,384	408,539

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF YEAR STATEMENT OF CHANGES IN EQUITY (unaudited)

RSD THOUSAND	Equity components							
	AOP	Share Capital	AOP	Reserves	AOP	Loss	AOP	Retained earnings
Balance as at 1 January 2018								
a) debit (3a+4a-4б)>=0	4001		4037		4055	95,742	4091	
б) credit (3б-4a+4б)>=0	4002	3,825	4038		4056		4092	44,395
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 2018								
a) debit (5a+6a-6б)>=0	4005		4041		4059		4095	
б) credit (5б-6a+6б)>=0	4006		4042		4060		4096	
Changes in period								
a) debit	4007		4043		4061		4097	44,395
b) credit	4008		4044		4062	44,422	4098	33,153
Balance as at 30 June 2018						51,321		
a) debit (7a+8a-8б)>=0								
б) credit (7б-8a+8б)>=0		3,825						33,153
Balance as at 1 January 2019								
a) debit (7a+8a-8б)>=0	4009		4045		4063	51,321	4099	
б) credit (7б-8a+8б)>=0	4010	685,294	4046		4064		4100	27,593
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 2019								
a) debit (5a+6a-6б)>=0	4013		4049		4067		4103	
б) credit (5б-6a+6б)>=0	4014		4050		4068		4104	
Changes in period								
a) debit	4015		4051		4069		4105	27,593
b) credit	4016		4052		4070	27,591	4106	10,850
Balance as at 30 June 2019						23,730		
a) debit (7a+8a-8б)>=0	4017		4053		4071		4107	
б) credit (7б-8a+8б)>=0	4018	685,294	4054		4072		4108	10,850

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF YEAR STATEMENT OF
CHANGES IN EQUITY (CONTINUED)
(unaudited)

RSD THOUSAND	Other comprehensive income components							Total Equity
	AOP	Revaluation reserves	AOP	Cash flow hedge gain/(loss)	AOP	Gains (losses) from currency translation reserve	AOP	
Balance as at 1 January 2018								
a) debit (3a+4a-4b)>=0	4109		4199	15,163	4217		4235	110,905
b) credit (3b-4a+4b)>=0	4110		4200		4218			48,220
Adjustments of material errors and changes in accounting policies								
a) debit	4111		4201		4219		4236	
b) credit	4112		4202		4220			
Restated opening balance as at 1 January 2018								
a) debit (5a+6a-6b)>=0	4113		4203		4221		4237	
b) credit (5b-6a+6b)>=0	4114		4204		4222			
Changes in period								
a) debit	4115		4205		4223		4238	44,395
b) credit	4116		4206	116	4224			77,691
Balance as at 30 June 2018								
a) debit (7a+8a-8b)>=0				15,047				66,368
b) credit (7b-8a+8b)>=0								36,978
Balance as at 1 January 2019								
a) debit (7a+8a-8b)>=0	4117		4207	112,358	4225		4239	163,679
b) credit (7b-8a+8b)>=0	4118		4208		4226			712,886
Adjustments of material errors and changes in accounting policies								
a) debit	4119		4209		4227		4240	
b) credit	4120		4210		4228			
Restated opening balance as at 1 January 2019								
a) debit (5a+6a-6b)>=0	4121		4211		4229		4241	
b) credit (5b-6a+6b)>=0	4122		4212		4230			
Changes in period								
a) debit	4123		4213	126,170	4231	12	4242	153,775
b) credit	4124		4214		4232			38,441
Balance as at 30 June 2019								
a) debit (7a+8a-8b)>=0	4125		4215	238,528	4233	12	4243	262,270
b) credit (7b-8a+8b)>=0	4126		4216		4234			696,144

**EXPLANATORY NOTES TO THE
CONSOLIDATED HALF-YEAR FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30
JUNE 2019**

FINTEL ENERGIJA AD, BEOGRAD

EXPLANATORY NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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

1. General information

Fintel Energija A.D., Beograd (hereinafter the “**Company**” or “**Fintel Energija**”) and its subsidiaries (together, “**Fintel Group**” or the “**Group**”) are 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.

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 foreign legal entity FINTEL ENERGIJA GROUP S.P.A, Italy registration number 02658620402, as the sole shareholder (hereinafter the “**Principal Shareholder**”). Fintel Energia Group S.p.A. is 86,22% owned by Hopafi Srl, (the “Ultimate Parent”)

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

At 30 June 2019, 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 30 June 2019 is RSD 14,633,799 thousand (unit price per share of RSD 552).

Fintel Energia Group SpA, the Principal Shareholder, 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 consolidated half-year financial statements for the period ended 30 June 2019 have been approved and authorized for issue by Director.

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

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

2. Summary of accounting policies and standards adopted

2.1 Basis of presentation

The Company maintains its books and records in accordance with accounting and taxation principles and practices mandated by Serbian legislation. The accompanying Interim Condensed Financial Statements were primarily derived from the Company's statutory books and records with adjustments and reclassifications made to present them in accordance with International Financial Reporting Standards (IFRS).

The Interim Condensed Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting. IAS 34 for interim financial reporting does not require all disclosures that would be necessarily required by IFRS.

The Company does not disclose information which would substantially duplicate the disclosures contained in its audited Financial Statements for 2018, such as significant accounting policies, significant estimates and judgements, financial risk disclosures or disclosures of financial line items, which have not changed significantly in amount or composition. Management of the Company believes that the disclosures in these Interim Condensed Financial Statements are adequate to make the information presented not misleading if these Interim Condensed Financial Statements are read in conjunction with the Company's Financial Statements for 2018.

Subsequent events occurring after 30 June 2019 were evaluated through 12 August 2019, the date these Interim Condensed Financial Statements were authorised for issue.

The results for the six month period ended 30 June 2019 are not necessarily indicative of the results expected for the full year. The Company as a whole is not subject to significant seasonal fluctuations.

2.2 Changes in significant accounting policies

Significant accounting policies, judgements and estimates applied while preparing these Interim Condensed Financial Statements are consistent with those applied during the preparation of Financial Statements as of and for the year ended 31 December 2018, except for those described in the Application of new IFRS paragraph.

2.3 Application of new IFRS

The following accounting standard having been endorsed by the European Union, are mandatorily applicable as from 1 January 2019:

- *IFRS 16 – Leases*, which replaces IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard provides a new definition of a lease and introduces a criterion based on control (right of use) over an asset in order to differentiate lease contracts from service contracts, identifying the following features: identification of the

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

asset, the right to replacement thereof, the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the underlying asset. The standard provides a single lessee recognition and measurement model, requiring lessees to recognise assets in the statement of financial position for all leases, including operating leases, along with corresponding lease liabilities as financial liabilities; an optional exemption exists for leases where the underlying asset has a low value and leases with a lease term of 12 months or less. Conversely, the standard has not introduced any significant change for lessors.

The Director has conducted analysis that would suggest that the adoption of this standard has not a significant impact on the Group's interim condensed financial statements.

2.4 New accounting standards

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on 1 January 2019 or later, and that the Company has not early adopted.

- *Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).* The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.
- *Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).* The amendments revise definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if there are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a "concentration test". The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets). The amendments are prospective and the Company will apply them and assess their impact from 1 January 2020.
- *Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).* The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if

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omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Company is currently assessing the impact of the amendments on its financial statements.

The following other new standards and pronouncements are not expected to have any material impact on the Company when adopted:

- IFRS 17 – Insurance Contracts (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

Unless otherwise described above, the new standards and interpretations are not expected to have significant impact on the Company's Interim Condensed Financial Statements.

2.5 Going concern

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

FINTEL ENERGIJA AD, BEOGRAD

EXPLANATORY NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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

2.6 Scope of consolidation

These Interim Condensed Financial Statements include the half-year financial statements for the period ended 30 June 2019 of the Fintel Energija and the half-year financial statements for the period ended 30 June 2019 of its subsidiaries. These financial statements have been appropriately adjusted, where necessary, in order to bring them into line with Law on Accounting of the Republic of Serbia. The companies included in the scope of consolidation are listed below:

Name	Share Capital (RSD '000)	Head office	30/06/2019 % held	31/12/2018 % held	
Fintel Energija ad	4,057	Belgrade (Serbia)	Parent Company		
MK-Fintel Wind ad	29,647	Belgrade (Serbia)	54%	54%	Direct
MK-Fintel Wind Holding doo	10	Belgrade (Serbia)	54%	54%	Direct
Energobalkan doo	360,513	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Ram doo	10	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Kula doo	314,032	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Dunav 3 doo	10	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Dunav 1 doo	10	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Torak doo	240	Belgrade(Serbia)	54%	54%	Indirect
Vetropark Košava 2 doo	2,680	Belgrade (Serbia)	54%	54%	Indirect
Fintel Russian Ventures ooo	72	Ulyanovsk (Russia)	100%	100%	Direct
Lipar doo	100	Belgrade (Serbia)	100%		Direct
Lipar 2 doo	100	Belgrade (Serbia)	100%		Direct
Maestrle Ring doo	100	Belgrade (Serbia)	100%		Direct
Project Torak doo	100	Belgrade (Serbia)	100%		Direct

During first half of 2019 Fintel Energy A.D. has established new SPVs for the development of new wind power plant construction projects: Lipar d.o.o., Lipar 2 d.o.o, Maestrle Ring d.o.o. and Project Torak d.o.o. The Maestrle Ring project will be the largest on-shore wind farm on the European continent.

2.7 Principles and methods of consolidation

Subsidiaries

Subsidiaries are deemed to be all businesses and entities for which the Group:

- Has power thereover, i.e. the Group has the ability to direct the relevant activities that significantly affect the Group's returns;

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

- Is exposed to variable returns from its involvement therewith;
- Exercises its power to obtain benefits from the activities thereof.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

The consolidation procedures applied are as stated below.

Assets and liabilities, income and expenses and other components of comprehensive income of the fully consolidated entity are included in the consolidated financial statements on a line-by-line basis; the carrying amount of the investment is eliminated against the corresponding portion of equity of each subsidiary.

Unrealised gains on transactions between consolidated entities are eliminated, as well as receivables, payables, income and expenses, guarantees, commitments and risks relating to transactions between consolidated entities. Intercompany losses are not eliminated as they are deemed to provide evidence of an impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

Business combinations between entities that are not under common control, whereby the Group obtains control of an entity, are accounted for using the acquisition method. The consideration transferred comprises the acquisition-date fair values of the assets acquired, the liabilities assumed, equity interests issued and any other directly attributable acquisition-related costs. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The difference between the consideration transferred and the fair value of the assets acquired and liabilities and contingent liabilities assumed, if positive, is recorded as goodwill, or, if negative, after having confirmed the correct fair value measurement of the assets acquired and liabilities and contingent liabilities assumed and the consideration transferred, is recognised directly in profit or loss as income.

Non-controlling interests in businesses acquired are initially measured at the proportionate share of the fair value of the recognised amounts of the acquiree's assets, liabilities and contingent liabilities.

The acquisition of further equity interests in subsidiaries and the sale of equity interests that do not result in a loss of control are deemed to be transactions between equity owners; as such, the accounting impact of these transactions is recognised directly in equity attributable to the Group.

The sale of controlling interests gives rise to the recognition in profit or loss of any gain (or loss) on disposal and of the accounting impact of the fair value measurement at the disposal date of any residual interest.

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

2.8 Foreign currency translation

Functional and presentation currency

Items included in the Interim condensed consolidated financial statements of the Group 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 half-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.

2.9 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 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.

Above mentioned Financial risk management procedures are consistent with those applied during the preparation of Financial Statements as of and for the year ended 31 December 2018.

3. IFRS 8: segment information

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

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
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(All amounts are in 000 RSD, unless otherwise stated)

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

A summary is provided below of guarantees issued by Fintel Group to third parties as well as the Group's commitments and other contingent liabilities.

a) Guarantees issued

Guarantees issued amount to RSD 903,824 thousand as of 30 June 2019 and RSD 905,782 thousand as of 31 December 2018 and refer to the 4P status for wind plants. They have been issued in favor of:

- Serbian Ministry of Energy and they will be returned at the obtaining of 3P status (RSD 343,232 thousand);
- Lenders of Kosava project phase I, for cost overrun during construction and till COD (RSD 474,007 thousand);
- Transmission System Operator in Republic of Serbia (RSD 86,585 thousand).

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

b) Other

There were no other contingent liabilities of the Group.

STATEMENT OF FINANCIAL POSITION

5. Property, plant and equipment

Movement table of PEE as at 30 June 2019 is presented in the table below:

<i>RSD thousand</i>	Half-year ended 30 June 2019									
	Opening historical cost	Opening accumulated depreciation	Opening net book amount	Additions	Depreciation and impairment	Disposals	Transfers	Closing historical cost	Closing accumulated depreciation	Closing net book amount
Land	26,268	-	26,268	13,877	-	-	-	40,145	-	40,145
Buildings	548,760	(61,394)	487,366	-	(13,719)	-	-	548,760	(75,113)	473,647
Machinery and equipment	2,170,505	(258,028)	1,912,476	214	(55,671)	-	-	2,170,719	(313,699)	1,857,021
Construction in progress	3,157,688	-	3,157,688	960,710	-	-	-	4,118,398	-	4,118,398
Advances for PP&E	5,896,192	-	5,896,192	109,817	-	-	-	6,006,010	-	6,006,010
Property, plant and equipment	11,799,413	(319,422)	11,479,991	1,084,618	(69,390)	-	-	12,884,032	(388,812)	12,495,220

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

Buildings include civil works such as foundation of the wind farms, access roads etc. Machinery and equipment mainly includes wind turbines and towers. They refer to the wind farms already in operation, "Kula" (9,9 MW) and "La Piccolina" (6,6 MW).

Construction in progress and advances for PP&E as at 30 June 2019, mainly relate to investment in construction of the "Kosava phase I" plant, for which the completion of the construction is expected for second half of 2019.

Wind plants owned by VP Kula and Energobalkan have been mortgaged in favour of Erste Bank and Unicredit Bank respectively. Net value of fixed assets for VP Kula as at 30 June 2019 is RSD 1,393,892 thousand, and for Energobalkan is RSD 953,348 thousand.

6. Other long-term financial investments

Other long-term financial investments in amount of RSD 59,836 thousand at 30 June 2019 (RSD 98,110 thousand at 31 December 2018) consisted entirely of non-current assets, relate to:

- Long-term deposits - restricted cash of RSD 38,553 thousand (RSD 76,826 thousand as of 31 December 2018) attributable to the subsidiary Vetropark Kula doo that has been deposited as collateral to Erste in accordance with the loan agreement to guarantee the repayment of the loan.
- Long-term deposits - restricted cash of RSD 21,275 thousand (RSD 21,275 thousand as of 31 December 2018) attributable to the subsidiary Energobalkan doo that has been deposited as collateral to Unicredit Serbia in accordance with the loan agreement to guarantee the repayment of the loan.

7. Deferred tax assets

Deferred tax assets amount to RSD 37,476 thousand at 30 June 2019 and they mainly include those on derivatives subscribed by subsidiaries MK-Fintel Wind and VP Kula.

8. Advance for inventory and services

Advance for inventory and services amounts to RSD 8,980 thousands at 30 June 2019 (RSD 735 thousand at 31 December 2018) and it refers to advances for services for project documentation and wind farm connection studies.

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EXPLANATORY NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
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9. Cash and cash equivalents

“Cash and cash equivalents” at 30 June 2019 and 31 December 2018 are detailed as follows:

	30 June 2019	31 December 2018
Current account		
- in dinars	197,692	216,471
- purpose account in dinars	161,380	19,846
- in foreign currency	2,843	3,077
- purpose account in foreign currency	13,469	298,158
Cash and cash equivalents	375.384	537.552

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.

10. Other current assets

“Other current assets” of RSD 50,650 thousand at 30 June 2019 (RSD 78,357 thousand at 31 December 2018) are detailed in the following table:

	30 June 2019	31 December 2018
Value added tax	33,775	33,704
Prepayments and accrued income	16,875	44,653
Total	50,650	78,357

The balance of Value added tax receivables mainly relates to refundable VAT coming from investments in PPE.

Prepayments and accrued income includes receivables from EPS for the production of electricity from the wind farms. The decrease in 2019 relates to the lower energy production for June in respect of December for both “Kula” and “La Piccolina” plants.

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11. Equity

Equity as at 30 June 2019 and 31 December 2018 is detailed in the following table:

	30 June 2019	31 December 2018
Share capital	4,057	4,057
Share premium	681,237	681,237
Other components of other comprehensive income	(238,540)	(112,358)
Retained earnings from current year	10,850	27,593
Loss from previous years	(23,730)	(51,322)
Equity attributable to the Group	433,873	549,207
Capital and reserves attributable to non-controlling interests	45,960	21,550
Other components of other comprehensive income	(203,190)	(95,712)
Profit (loss) for the year	24,084	47,410
Equity attributable to non-controlling interests	(133,146)	(26,752)
TOTAL EQUITY	300,727	522,454

The equity components and changes therein are detailed below:

Share capital

At 30 June 2019, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Shareholders' of the Company are detailed as follow:

Član	In thousand of dinars	% of ownership
Fintel Energia Group S.p.A.	3,825	94.30%
BDD M&V INVESTMENTS AD Beograd-ZBIRNI RAČUN	194	4.79%
SOCIETE GENERALE BANKA SRBIJA - KASTODI RN - FO	15	0.37%
Others	23	0.54%
Total	4,057	100.00%

Share premium

At 30 June 2019, 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 made in 2018. 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.

Other components of other comprehensive income

The reserve includes: a) hedging reserve (RSD 238,528 thousand) arising from the measurement, in accordance with applicable accounting standards (IFRS 9), of derivatives entered into by Group companies to hedge the risk of fluctuation in interest rates applied to loans for the construction of certain of the Group's wind power plants, b) currency translation reserve (RSD 12 thousand).

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

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

Retained earnings/(Losses) and other reserves arising on consolidation

These consist of losses and other reserves of subsidiaries and arising on consolidation. They also include net profit/(losses) for the current year.

Equity attributable to non-controlling interests

This arises from the consolidation of companies with non-controlling interests held by parties out with Fintel Group.

12. Liabilities to parent companies and subsidiaries

“Liabilities to parent companies and subsidiaries” at 30 June 2019 and 31 December 2018 are detailed as follows:

	30 June 2019	31 December 2018
Long-term loans	14,149	14,199
Short-term loans	481,082	482,243
Total	495,231	496,442

The overview of loans from Parent Company and years of maturity is shown in the following table:

Recipient	Lenders	Amount EUR	Amount in 000		Maturity
				RSD	
MK Fintel Wind Holding d.o.o.	Fintel Energia Group S.p.A	80,000	9,433		31.12.2020
MK Fintel Wind Holding d.o.o.	Fintel Energia Group S.p.A	30,000	3,537		31.12.2020
MK Fintel Wind Holding d.o.o.	Fintel Energia Group S.p.A	10,000	1,179		31.12.2020
MK Fintel Wind Holding d.o.o.	Fintel Energia Group S.p.A	1,296,000	152,814		31.12.2019
Fintel Energija a.d.	Fintel Energia Group S.p.A	2,667,000	314,472		31.12.2019
Fintel Energija a.d.	Fintel Energia Group S.p.A	117,154	13,814		31.12.2019
Total		4,200,154	495,249		

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13. Liabilities and short term loans and borrowings from other related parties

The balance amounts to RSD 1,443,683 thousand at 30 June 2019 (RSD 1,445,035 thousand at 31 December 2018) includes financial payables to MK Holding d.o.o., a non-controlling interest holder in subsidiaries: this amount consists of the non-controlling interest holder's share of shareholder loans granted to finance the construction of the wind farms in Serbia.

Receipt	Donor	Amount EUR	Amount 000 RSD	Maturity
MK Fintel Wind ad	MK Holding d.o.o.	899,700	106,086	2021
MK Fintel Wind ad	MK Holding d.o.o.	9,274,276	1,093,549	2021
MK Fintel Wind Holding d.o.o.	MK Holding d.o.o.	1,182,000	139,372	2021
MK Fintel Wind Holding d.o.o.	MK Holding d.o.o.	887,600	104,659	2021
Total		12,243,576	1,443,666	

At 31 December 2018 these loans were reclassified as short term loans while at 30 June 2019 they have been included in long term loans due to the new terms of the contracts.

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

Set out below are details of long and short term loans and borrowings at 30 June 2019 and 31 December 2018:

<i>RSD thousand</i>	30 June 2019	31 December 2018
Long term borrowings	9,131,727	8,487,640
Short-term loans and borrowings	400,216	141,940
Total	9,531,943	8,629,579

Details of bank loans outstanding at 30 June 2019 2018 are summarised in the following table:

Beneficiary company	Residual debt at 30 June 2019	Long term	Short term	Maturity
Vetropark Kula	905,661	813,469	92,192	2027
Energobalkan	541,508	491,844	49,664	2027
MK Fintel Wind	7,304,154	7,045,794	258,360	2030
Fintel Energija	780,620	780,620	-	2024
	9,531,943	9,131,727	400,216	

Loan of Vetropark Kula refers to the financing received in 2015 from Erste Bank for the development and construction of Kula wind farm. Its maturity is of 12 years and interest rate is variable plus spread, and ranges from EURIBOR 3,55%-4,00% per year.

Loan of Energobalkan refers to the financing received from Unicredit Bank for the development and construction of La Piccolina wind farm. Its maturity is of 9 years, and matures 1. December 2027 and interest rate is fixed, 4.5%.

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

Loan of MK Fintel Wind refers to the financing received from a pool of Banks including Erste Group Bank, Erste Bank Serbia, Austrian Development Bank (OoEb), Unicredit Serbia and Zagrebacka Banka, for the development and construction of Kosava phase I wind farm. Its maturity is of 12 years and interest rate is variable plus spread, ranging from 4.1%-4.5%. First draw down of the loan has been made in 2018.

Loan of Fintel Energija refers to the financing received from AIK Bank in 2017 for the development and construction of Kosava phase I wind farm. Its maturity is of 6 years and matures on July 2024 and interest rate is fixed.

15. Other long-term liabilities

Other long-term liabilities consist of the fair value measurement at the reporting date of the derivative pertaining to the subsidiary Vetropark Kula Doo (RSD 43,212 thousand and RSD 32,767 thousand at 30 June 2019 and 31 December 2018) and MK Fintel Wind (RSD 476,457 thousand and RSD 212,022 thousand at 30 June 2019 and 31 December 2018) used to hedge the interest rate risk arising from loan agreements entered into by the companies.

The derivative contract entered into in 2015 by Vetropark Kula is an interest rate swap with a term of 10 years and an initial notional of Euro 9,650 thousand.

The derivative contract entered into in 2018 by MK Fintel Wind is an interest rate swap with a term of 12 years and an initial notional of Euro 60,496 thousand.

16. Trade payables

Trade payables, which amounted to RSD 357,088 thousand as at 30 June 2019 and to RSD 523,186 as at 31 December 2018, consist mainly of payables arising from the construction of Kosava phase I, management fee from parent company and maintenance of the Kula and La Piccolina wind plants.

17. Accrued expenses

Accrued liabilities, which amounts to RSD 315,742 thousand at 30 June 2019 and to RSD 271,748 at 31 December 2018, consist mainly of interests on shareholders loan due to Fintel Energia Group SpA and MK Group and accrued interests on financial loans.

18. Sales of products and services

Sales of products and services amounts to RSD 242,825 thousand and RSD 236,234 thousand for the period ended 30 June 2019 and 30 June 2018 respectively.

Revenue only refers to FiT received by wind plants "La Piccolina" and "Kula".

The increase in revenue is attributable to the increase of FiT and to the increase of volume power produced from 20.907 MWh to 21.208 MWh in first half of 2019.

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

19. Cost of production services

It includes all costs arising from the purchase of services during first half of the year in the ordinary course of business. Details of cost of services for six-month period ended 30 June 2019 and 2018 are provided in the following table:

	Six-month period ended 30 June	
	2019	2018
Costs of ongoing maintenance services of wind farms	18,904	22,723
Costs of office space rent- Other related parties	1,615	1,364
Others	1,910	985
Cost of production services	22,429	25,072

20. Depreciation and amortisation

Depreciation and amortisation amounts to RSD 69,390 thousand (RSD 69,383 thousand for the period year ended 30 June 2018). The amount is aligned to that of the previous year and it refers to La Piccolina and Kula wind power plants.

21. Non-production costs

Non-production costs for six-month period ended 30 June 2019 and 2018 are detailed as follows:

	Six-month period ended 30 June	
	2019	2018
Consulting services	28,716	29,919
Property tax	5,120	4,844
Costs of fixed assets insurance	2,844	2,855
Costs of audit services	1,257	1,122
Other non production costs	865	2,570
Accounting services	708	927
Other non-material costs	2,679	2,660
Total	42,189	44,897

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

22. Finance income

Finance income for six-month period ended 30 June 2019 and 2018 are detailed as follows:

	Six-month period ended	
	2019	2018
Finance income – parent company	1,382	6,641
Finance income – other related parties	3,476	8,228
Interest income (from third parties)	296	80,893
Foreign exchange gains (third parties)	22,675	6,091
Total finance income	27,829	101,853

Finance income amounted to RSD 27,829 thousand for six-month period ended 30 June 2019 (RSD 101,853 thousand for six-month period ended 30 June 2018). The amount of 2018 mainly refers to the effects resulting from the renegotiation of the interest rate for the loan of VP Kula.

23. Finance expenses

Finance expenses for six-month period ended 30 June 2019 and 2018 are detailed as follows:

	Six-month period ended	
	2019	2018
Finance expense – parent company	9,432	20,750
Finance expense – other related parties	3,482	8,081
Other financial expense	54,994	57,496
Finance expense – third parties	1,719	520
Total finance expenses	69,627	86,847

Finance costs mainly include interests on shareholder's loans and interests on financing from Erste Bank, Unicredit Bank and AIK Bank.

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

24. Income tax expense

Income tax expenses for six-month period ended 30 June 2019 and 2018 are detailed as follows:

	Six-month period ended	
	30 June	
	2019	2018
Income tax for the year	19.330	20.060
Deferred income tax for the period	1,081	13,130
	20.411	33.190

The Group does not choose to consolidate for tax purpose and the losses of one group company are not available for the consolidated entity, which is why the losses of subsidiaries must be encountered as correction for the purpose of calculating the effective income tax rate.

25. Earnings/(loss) per share

The basic result per share has gone from an earning per share of RSD 1.33 for six-month period ended 30 June 2018 to RSD 0.41 for the period ended 30 June 2019. 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).

There were no dilutive effects at 30 June 2019. Accordingly, diluted earnings per share thus coincide with basic earnings per share.

26. Contingent liabilities and commitments

There are not any contingent liabilities and commitments.

27. Related party transactions

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

A summary is provided below of the Group's transactions with related parties at 30 June 2019 and 31 December 2018. All transactions with related parties are entered into at market value.

As of 30 June 2019 and 31 December 2018 the outstanding balances with related parties were as follows:

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FOR THE PERIOD ENDED 30 JUNE 2019

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

	At 30 June 2019		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Trade and other payables	(13,990)	-	(13,990)
Other current liabilities	(162,555)	-	(162,555)
Long term debt	(14,149)	-	(14,149)
Short term debt	(481,082)	-	(481,082)
Total	(671,777)	-	(671,777)

	At 31 December 2018		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Trade and other payables	(58,761)	-	(58,761)
Other current liabilities	(150,856)	-	(150,856)
Long term debt	(14,199)	-	(14,199)
Short term debt	(482,243)	-	(482,243)
Total	(706,059)	-	(706,059)

For six-month period ended 30 June 2019 and 2018 the following transactions occurred with related parties:

	Six-month period ended 30 June 2019		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(13,952)	-	(13,952)
Finance expense	(11,896)	-	(11,896)
Total	(25,848)	-	(25,848)

	Six-month period ended 30 June 2018		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(15,161)	-	(15,161)
Finance expense	(15,814)	-	(15,814)
Total	(30,975)	-	(30,975)

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

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

Remuneration of Fintel Group directors

Members of Board of Directors have not received any remuneration in six-month period ended 30 June 2019. Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries without any further remuneration.

28. Significant subsequent events

In July 2019 the construction of the 69 MW Kosava phase I wind farm has been completed ahead of schedule and the facility entered into the trial run period.

Beside time saving also cost savings were achieved. The Group expects to successfully complete the trial period and to enter into the feed-in tariff regime by the end of 2019 as forecasted.

Legal representative:

The person responsible for the preparation of consolidated half-year financial statements:



**CONSOLIDATED HALF-YEAR BUSINESS
REPORT FOR THE PERIOD ENDED 30 JUNE
2019**

FINTEL ENERGIJA AD

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FINTEL ENERGIJA AD BEOGRAD

CONSOLIDATED HALF-YEAR BUSINESS REPORT

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:

- Lipar d.o.o. Beograd, ID number 21452149 (“**Lipar**”), whereby the Company holds 100,00% of the share capital,
- Lipar 2 d.o.o. Beograd, ID number 21452122 (“**Lipar 2**”), whereby the Company holds 100,00% of the share capital,
- Maestrle Ring d.o.o. Beograd, ID number 21452068 (“**Maestrle Ring**”), whereby the Company holds 100,00% of the share capital,

FINTEL ENERGIJA AD BEOGRAD

CONSOLIDATED HALF-YEAR BUSINESS REPORT

- Project Torak d.o.o. Beograd, ID number 21459631 (“**Project Torak**”), whereby the Company holds 100,00% of the share capital,
- Fintel Russian Ventures ooo, whereby the Company holds 99,00% of the share capital (“**Fintel Russian Ventures o.o.o.**”),
- 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*,
- 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*.

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, President
- ✓ 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 in Serbia is 398 MW, of which 89.5 MW is held in the ownership of the Company (22,5%). 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 85.5 MW (17,1%).

FINTEL ENERGIJA AD BEOGRAD

CONSOLIDATED HALF-YEAR BUSINESS REPORT

CONSOLIDATED HALF-YEAR INCOME STATEMENT
In RSD thousand

	AOP	Six-month period ended	
		30 June 2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
INCOME FROM REGULAR OPERATING ACTIVITIES			
A. OPERATING INCOME (1002+1009+1016+1017)	1001	242,825	236,234
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)			
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	242,825	236,234
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	242,825	236,234
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			
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	21	193
VI. COST OF FUEL AND ENERGY	1024	1,083	502
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025	10,209	3,526
VIII. COST OF PRODUCTION SERVICES	1026	22,429	25,072
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027	69,390	69,383
X. COST OF LONG-TERM PROVISIONING	1028	-	-
XI. NON-PRODUCTION COSTS	1029	42,189	44,897
C. OPERATING GAIN (1001-1018)>=0	1030	97,505	92,662
D. OPERATING LOSS (1018-1001)>=0	1031	-	-
E. FINANCE INCOME (1033+1038+1039)	1032	27,829	101,853
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033	4,858	14,869
1. Finance income - parent company and subsidiaries	1034	1,382	6,641

FINTEL ENERGIJA AD BEOGRAD
CONSOLIDATED HALF-YEAR BUSINESS REPORT

CONSOLIDATED HALF-YEAR INCOME STATEMENT
 In RSD thousand

	AOP	Six-month period ended	
		2019	2018
		(unaudited)	(unaudited)
2. Finance income - other related parties	1035	3,476	8,228
3. Share of profit of associates and joint ventures	1036	-	-
4. Other financial income	1037	-	-
II. INTEREST INCOME (from third parties)	1038	296	80,893
III. FOREIGN EXCHANGE GAINS (third parties)	1039	22,676	6,091
F. FINANCE EXPENSES (1041+1046+1047)	1040	69,627	86,847
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041	12,915	28,831
1. Finance expense - parent company and subsidiaries	1042	9,432	20,750
2. Finance expense - other related parties	1043	3,482	8,081
3. Share of loss of associates and joint ventures	1044	-	-
4. Other financial expense	1045	-	-
II. INTEREST EXPENSE (from third parties)	1046	54,994	57,496
III. FOREIGN EXCHANGE LOSSES (third parties)	1047	1,719	520
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048	-	15,006
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049	41,798	-
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	250	2,943
L. OTHER EXPENSES	1053	612	3,369
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054	55,345	107,242
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	55,345	107,242
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059	-	-
II. INCOME TAX			
I. CURRENT INCOME TAX	1060	19,330	20,060
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061	1,081	13,130
III. DEFERRED TAX INCOME FOR THE PERIOD	1062	-	-
S. PERSONAL INCOME PAID TO EMPLOYER	1063	-	-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064	34,934	74,053
V. NET LOSS (1059-1058+1060+1061-1062)	1065	-	-
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066	24,084	40,900
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067	10,850	33,153
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	0,41	1,33
2. Diluted earnings per share (in RSD)	1071	0,41	1,33

FINTEL ENERGIJA AD BEOGRAD
CONSOLIDATED HALF-YEAR BUSINESS REPORT

CONSOLIDATED HALF-YEAR BALANCE SHEET

In RSD thousand

	AOP	30 June 2019 <i>(unaudited)</i>	31 December 2018
A. SUBSCRIBED CAPITAL UNPAID	0001	-	-
B. NON-CURRENT ASSETS (0003 + 0010 + 0019+ 0024 + 0034)	0002	12,555,056	11,578,102
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	12,495,220	11,479,992
1. Land	0011	40,145	26,269
2. Buildings	0012	473,647	487,366
3. Machinery and equipment	0013	1,857,021	1,912,477
4. Investment property	0014	-	-
5. Other property, plant and equipment	0015	-	-
6. Construction in progress	0016	4,118,398	3,157,688
7. Investments in leased PP&E	0017	-	-
8. Advances for PP&E	0018	6,006,009	5,896,192
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	59,836	98,110
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	59,836	98,110
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	37,476	-

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CONSOLIDATED HALF-YEAR BALANCE SHEET (CONTINUED)
In RSD thousand

	AOP	30 June 2019 <i>(unaudited)</i>	31 December 2018
D. CURRENT ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043	453,591	643,372
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044	8,980	749
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	8,980	735
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	17,628	24,889
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061	-	-
VI. SHORT TERM FINANCIAL INVESTMENTS (0063+0064+0065+0066+0067)	0062	950	1,405
1. Short-term loans and investments - parent companies and subsidiaries	0063	-	-
2. Short-term loans and investments - other related parties	0064	-	-
3. Short-term loans and investments - domestic	0065	-	-
4. Short-term loans and investments - foreign	0066	-	-
5. Other short-term loans and investments	0067	950	1,405
VII. CASH AND CASH EQUIVALENTS	0068	375,384	537,552
VIII. VALUE ADDED TAX	0069	33,775	33,704
IX. PREPAYMENTS AND ACCRUED INCOME	0070	16,875	44,653
E. TOTAL ASSETS (0001+0002+0042+0043)	0071	13,046,124	12,221,474
F. OFF-BALANCE SHEET ASSETS	0072	903,824	905,782
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401	300,727	522,454
I. SHARE CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402	685,294	685,294
1. Share capital	0403	4,057	4,057
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	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	238,540	112,358
VIII. RETAINED EARNINGS (0418+0419)	0417	10,850	27,593
1. Retained earnings from previous years	0418	-	-
2. Retained earnings from current year	0419	10,850	27,593
IX. NON-CONTROLLING INTEREST	0420	(133,146)	(26,753)
X. LOSS (0422+0423)	0421	23,730	51,322
1. Loss from previous years	0422	23,730	51,322
2. Loss from current year	0423	-	-
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424	11,109,228	8,746,628

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CONSOLIDATED HALF-YEAR BALANCE SHEET (CONTINUED)
In RSD thousand

	AOP	30 June 2019 <i>(unaudited)</i>	31 December 2018
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	11,109,228	8,746,628
1. Liabilities convertible to equity	0433	-	-
2. Liabilities to parent and subsidiaries	0434	14,149	14,199
3. Liabilities to other related parties	0435	1,443,683	-
4. Liabilities for issued long-term securities	0436	-	-
5. Long term borrowings - domestic	0437	9,131,727	8,487,640
6. Long-term borrowings - foreign	0438	-	-
7. Finance lease liabilities	0439	-	-
8. Other long-term liabilities	0440	519,669	244,789
C. DEFERRED TAX LIABILITIES	0441	-	2,717
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442	1,636,169	2,949,675
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443	881,298	2,069,218
1. Short term borrowings from parent and subsidiaries	0444	481,082	482,243
2. Short term borrowings from other related parties	0445	-	1,445,035
3. Short-term loans and borrowings - domestic	0446	400,216	141,940
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	357,088	523,186
1. Trade payables - parent and subsidiaries - domestic	0452	-	-
2. Trade payables - parent and subsidiaries - foreign	0453	13,990	58,761
3. Trade payables - other related parties - domestic	0454	1,023	286
4. Trade payables - other related parties - foreign	0455	-	-
5. Trade payables - domestic	0456	342,074	462,808
6. Trade payables - foreign	0457	-	1,331
7. Other operating liabilities	0458	-	-
IV. OTHER SHORT-TERM LIABILITIES	0459	82,040	85,426
V. LIABILITIES FOR VAT	0460	-	-
VI. LIABILITIES FOR OTHER TAXES	0461	-	97
VII. ACCRUED EXPENSES	0462	315,742	271,748
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)>=0=(0441+0424+0442-0071)>=0	0463	-	-
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464	13,046,124	12,221,474
G. OFF-BALANCE SHEET LIABILITIES	0465	903,824	905,782

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Financial Indicators

Key indicators from consolidated half-year financial statements are detailed as follow:

Ratios and KPI	30/06/2019	30/06/2018
Revenues	242.825	236.234
EBITDA (RSD thousands)	166.894	162.045
(Operating profit+Depreciation and amortization)		
Operating result (RSD thousands)	97.505	92.662
Earnings per share	0,41	1,33
Cash flows from operating activities (RSD thousands)	64.982	61.529
Investments (RSD thousands)	1.147.425	1.689.939
EBITDA per turbine (RSD thousands)	33.379	32.409
Net profit per turbine (RSD thousands)	11.069	21.448

Revenues for six-month period increased from RSD 236 million in 2018 to RSD 243 million in 2019 mainly due to the increase of FiT received by “Kula” and “La Piccolina” wind plants and the increase of volume power produced from 20.907 MWh to 21.208 MWh in first half of 2019. Compared to the same period of 2018, also EBITDA, business profit and cash flow from operating activities grew in first half of 2019 due primarily to higher achieved overall efficiency (lowering the operational costs) and better wind power production than 2018.

Earning per share decreased from RSD 1.33 per share to RSD 0.41 per share mainly due to lower finance income in first half of 2019 (finance income in 2018 included RSD 80 million resulting from the renegotiation of the interest rate for the loan of VP Kula).

Investments (RSD 1,147 million in first half of 2019) refer to the construction of the 69 MW “Kosava phase I”, that has been completed in July 2019. The Group expects to successfully complete the trial period and to enter into the feed-in tariff regime by the end of 2019 as forecasted.

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 period

In July 2019 the construction of the 69 MW Kosava phase I wind farm has been completed ahead of schedule and the facility entered into the trial run period.

Beside time saving also cost savings were achieved. The Group expects to successfully complete the trial period and to enter into the feed-in tariff regime by the end of 2019 as forecasted.

5. Planned future development

As of June 2019, the Group has increased its production of electrical energy from wind of 85.5 MW, through the construction of three projects, "Kula", "La Piccolina" and "Kosava phase I". The Group also has ongoing further onshore wind farms development of 861 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 15 turbines with capacity of up 51.8 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 861 MW of total capacity. Out of this amount, 112 MW is at an advanced development stage (building permits has been obtained for 62 MW, including 52 MW under construction) and approximately 749 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 Directors' 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:

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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	trial period
KOSAVA phase II	Wind	Vrsac	Energogr. doo	MK Fintel Wind A.D.	51,8	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					946.4	

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:

- Lipar d.o.o. Beograd, ID number 21452149 ("**Lipar**"), whereby the Company holds 100,00% of the share capital,
- Lipar 2 d.o.o. Beograd, ID number 21452122 ("**Lipar 2**"), whereby the Company holds 100,00% of the share capital,
- Maestrale Ring d.o.o. Beograd, ID number 21452068 ("**Maestrale Ring**"), whereby the Company holds 100,00% of the share capital,Project Torak d.o.o. Beograd, ID number 21459631 ("**Project Torak**"), whereby the Company holds 100,00% of the share capital,
- Fintel Russian Ventures ooo, whereby the Company holds 99,00% of the share capital ("**Fintel Russian Ventures o.o.o.**"),
- 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*,
- 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*.

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.

Above mentioned Financial risk management procedures are consistent with those applied during the preparation of Financial Statements as of and for the year ended 31 December 2018.

9. Related party transactions

As previously indicated, the Group is a subsidiary of Fintel EnergiGroup SpA,

A summary is provided below of the Group's transactions with related parties at 30 June 2019 and 31 December 2018. All transactions with related parties are entered into at market value.

As of 30 June 2019 and 31 December 2018 the outstanding balances with related parties were as follows:

	At 30 June 2019		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Trade and other payables	(13,990)	-	(13,990)
Other current liabilities	(162,555)	-	(162,555)
Long term debt	(14,149)	-	(14,149)
Short term debt	(481,082)	-	(481,082)
Total	(671,777)	-	(671,777)

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At 31 December 2018			
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Trade and other payables	(58,761)	-	(58,761)
Other current liabilities	(150,856)	-	(150,856)
Long term debt	(14,199)	-	(14,199)
Short term debt	(482,243)	-	(482,243)
Total	(706,059)	-	(706,059)

For six-month period ended 30 June 2019 and 2018 the following transactions occurred with related parties:

Six-month period ended 30 June 2019			
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(13,952)	-	(13,952)
Finance expense	(11,896)	-	(11,896)
Total	(25,848)	-	(25,848)

Six-month period ended 30 June 2018			
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(15,161)	-	(15,161)
Finance expense	(15,814)	-	(15,814)
Total	(30,975)	-	(30,975)

Remuneration of Fintel Group directors

Members of Board of Directors have not received any remuneration in six-month period ended 30 June 2019. Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries without any further remuneration.



 Legal representative





FINTEL ENERGIJA AD

STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

To the best of our knowledge, Consolidated Half-Year Financial Statements of the Fintel Energija a.d. Beograd for period ended 30 June 2019 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 Consolidated Statements.

In compliance with the Law on Capital Market (RS Official Gazette, No 31/2011, 112/2015 and 108/2016) we hereby declare that the financial statements in question have not been audited.

Legal representative:

Fintel Energija a.d.

Director



Tiziano Giovannetti