



FINTEL ENERGIJA AD

**QUARTERLY REPORT OF
FINTEL ENERGIJA A.D.
FOR THE FIRST QUARTER OF 2019**

Belgrade, May 2019.

Pursuant to Articles 52 and 53 of the Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015 and 108/2016) and pursuant to Article 4 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:

QUARTERLY REPORT OF FINTEL ENERGIJA A.D. FOR THE FIRST QUARTER OF 2019

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- 1. FINANCIAL STATEMENTS OF THE FINTEL ENERGIJA A.D. (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement of Changes in Equity, Notes to Financial Statements)**
- 2. BUSINESS REPORT FOR THE FIRST QUARTER OF 2019**
- 3. STATEMENT BY THE PERSONS RESPONSIBLE FOR PREPARATION OF REPORTS**

**QUARTERLY FINANCIAL STATEMENTS FOR THE
FIRST QUARTER 2019**

FINTEL ENERGIJA AD, BEOGRAD

QUARTERLY FINANCIAL STATEMENTS

BALANCE SHEET

RSD THOUSAND

	AOP	Note	31.03.2019	31.12.2018
A. SUBSCRIBED CAPITAL UNPAID	0001		-	-
B. NON-CURRENT ASSETS (0003 + 0010 + 0019+ 0024 + 0034)	0002		16,170	16,169
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		82	82
1. Land	0011			
2. Buildings	0012			
3. Machinery and equipment	0013		82	82
4. Investment property	0014			
5. Other property, plant and equipment	0015			
6. Construction in progress	0016			
7. Investments in leased PP&E	0017			
8. Advances for PP&E	0018			
III. BIOLOGICAL ASSETS (0020+0021+0022+0023)	0019		-	-
1. Forest farming	0020			
2. Livestock	0021			
3. Biological assets in production	0022			
4. Advances for biological assets	0023			
IV. LONG-TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		16,087	16,087
1. Investments in subsidiary	0025	6	16,087	16,087
2. Investments in joint ventures	0026			
3. Investments in other legal entities and other available for sales financial assets	0027			
4. Long term investments in parent and subsidiaries	0028			
5. Long-term investments in other related parties	0029			
6. Long-term investments – domestic	0030			
7. Long-term investments – foreign	0031			
8. Securities held to maturity	0032			
9. Other long-term financial investments	0033			
V. LONG-TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		-	-
1. Receivables from parent company and subsidiaries	0035			
2. Receivables from other related parties	0036			
3. Receivables from sale of goods on credit	0037			
4. Receivables arising out of finance lease contracts	0038			
5. Claims arising from guarantees	0039			
6. Bad and doubtful receivables	0040			
7. Other long-term receivables	0041			
C. DEFERRED TAX ASSETS	0042			

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

QUARTERLY FINANCIAL STATEMENTS

BALANCE SHEET (CONTINUED)

RSD THOUSAND	AOP	Note	31.03.2019	31.12.2018
D. CURRENT ASSETS	0043		1,738,078	1,745,086
(0044+0051+0059+0060+0061+0062+0068+0069+0070)				
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044		1,241	497
1. Materials, spare parts and tools	0045			
2. Work in progress	0046			
3. Finished goods	0047			
4. Merchandise	0048			
5. Assets held for sale	0049			
6. Advances for inventory and services	0050		1,241	497
II. TRADE RECEIVABLES (0052+0053+0054+0055+0056+0057+0058)	0051		-	-
1. Domestic trade receivables - parents and subsidiaries	0052			
2. Foreign trade receivables - parents and subsidiaries	0053			
3. Domestic trade receivables - other related parties	0054			
4. Foreign trade receivables - other related parties	0055			
5. Trade receivables – domestic	0056			
6. Trade receivables – foreign	0057			
7. Other trade receivables	0058			
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059			
IV. OTHER RECEIVABLES	0060	9	4,345	4,396
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061			
VI. SHORT TERM FINANCIAL INVESTMENTS (0063+0064+0065+0066+0067)	0062		1,546,766	1,530,737
1. Short-term loans and investments - parent companies and subsidiaries	0063	7	1,546,752	1,530,723
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		14	14
VII. CASH AND CASH EQUIVALENTS	0068	8	78,220	101,989
VIII. VALUE ADDED TAX	0069	9	8,125	8,086
IX. PREPAYMENTS AND ACCRUED INCOME	0070	9	99,381	99,381
E. TOTAL ASSETS (0001+0002+0042+0043)	0071		1,754,247	1,761,255
F. OFF-BALANCE SHEET ASSETS	0072		475,142	475,142
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401		540,118	522,294
I. EQUITY (0403+0404+0405+0406+0407+0408+0409+0410)	0402		685,294	685,294
1. Share capital	0403	10	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	10	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			
VIII. RETAINED EARNINGS (0418+0419)	0417		17,824	
1. Retained earnings from previous years	0418			
2. Retained earnings from current year	0419	10	17,824	
IX. NON-CONTROLLING INTEREST	0420			
X. LOSS (0422+0423)	0421		163,000	163,000
1. Loss from previous years	0422	10	163,000	47,424
1. Loss from current year	0423		-	115,576

QUARTERLY FINANCIAL STATEMENTS

BALANCE SHEET (CONTINUED)

	AOP	Note	31.03.2019	31.12.2018
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		765,359	743,277
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		765,359	743,277
1. Liabilities convertible to equity	0433			
2. Liabilities to parent and subsidiaries	0434			
3. Liabilities to other related parties	0435			
4. Liabilities for issued long-term securities	0436			
5. Long term borrowings - domestic	0437	11	765,359	743,277
6. Long-term borrowings - foreign	0438			
7. Finance lease liabilities	0439			
8. Other long-term liabilities	0440			
C. DEFERRED TAX LIABILITIES	0441			
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		448,770	495,684
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		329,071	329,071
1. Short term borrowings from parent and subsidiaries	0444	12	329,071	329,071
2. Short term borrowings from other related parties	0445			
3. Short-term loans and borrowings - domestic	0446			
4. Short-term loans and borrowings - foreign	0447			
5. Liabilities relating to current assets and held-for-sale assets attributable to discounted operations	0448			
6. Other short term liabilities	0449			
II. ADVANCES RECEIVED	0450			
III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)	0451		37,011	68,411
1. Trade payables - parent and subsidiaries - domestic	0452			411
2. Trade payables - parent and subsidiaries - foreign	0453	13	29,038	58,761
3. Trade payables - other related parties - domestic	0454			
4. Trade payables - other related parties - foreign	0455			
5. Trade payables - domestic	0456	13	7,973	9,239
6. Trade payables - foreign	0457			
7. Other operating liabilities	0458			
IV. OTHER SHORT-TERM LIABILITIES	0459		261	7
V. LIABILITIES FOR VAT	0460			
VI. LIABILITIES FOR OTHER TAXES	0461			
VII. ACCRUED EXPENSES	0462	14	82,427	98,195
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		1,754,247	1,761,255
G. OFF-BALANCE SHEET LIABILITIES	0465		475,142	475,142

Tiziano Giovannetti
 Director
 14 May 2019



QUARTERLY FINANCIAL STATEMENTS

INCOME STATEMENT

RSD THOUSAND	AOP	Note	01.01.-31.03.2019	01.01.-31.03.2018
INCOME FROM REGULAR OPERATING ACTIVITIES				
A. OPERATING INCOME (1002+1009+1016+1017)	1001		142	-
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)	1002		0	
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		0	-
1. Income from sales of products and services to parent and subsidiaries on domestic market	1010			
2. Income from sales of products and services to parent and subsidiaries on foreign market	1011			
3. Income from sales of products and services to other related parties on domestic market	1012			
4. Income from sales of products and services to other related parties on foreign market	1013			
5. Income from sales of products and services – domestic	1014			
6. Income from sales of products and services – foreign	1015			
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	1016			
IV. OTHER OPERATING INCOME	1017		142	
EXPENSES FROM REGULAR OPERATING ACTIVITIES				
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029)>=0	1018		1,826	477
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		16	
VI. COST OF FUEL AND ENERGY	1024			
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025		759	61
VIII. COST OF PRODUCTION SERVICES	1026		67	76
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027			
X. COST OF LONG-TERM PROVISIONING	1028			
XI. NON-PRODUCTION COSTS	1029	15	984	340
C. OPERATING GAIN (1001-1018)>=0	1030		0	-
D. OPERATING LOSS (1018-1001)>=0	1031		1,684	477

QUARTERLY FINANCIAL STATEMENTS

INCOME STATEMENT (CONTINUED)					
RSD THOUSAND	AOP	Note	01.01.-31.03.2019	01.01.-31.03.2018	
E. FINANCE INCOME (1033+1038+1039)	1032		27,033	61	
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033		26,999	58	
1. Finance income - parent company and subsidiaries	1034		26,999	58	
2. Finance income - other related parties	1035				
3. Share of profit of associates and joint ventures	1036				
4. Other financial income	1037				
II. INTEREST INCOME (from third parties)	1038				
III. FOREIGN EXCHANGE GAINS (third parties)	1039		34	3	
F. FINANCE EXPENSES (1041+1046+1047)	1040		7,525	1,354	
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041				
1. Finance expense - parent company and subsidiaries	1042				
2. Finance expense - other related parties	1043				
3. Share of loss of associates and joint ventures	1044				
4. Other financial expense	1045		1,187	9	
II. INTEREST EXPENSE (from third parties)	1046		6,282	1,336	
III. FOREIGN EXCHANGE LOSSES (third parties)	1047		56	9	
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048		19,508	-	
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049		0	1,293	
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				
L. OTHER EXPENSES	1053				
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		17,824	-	
N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		0	1,770	
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		17,824	-	
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059		0	1,770	
II. INCOME TAX					
I. CURRENT INCOME TAX	1060				
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061				
III. DEFERRED TAX INCOME FOR THE PERIOD	1062				
S. PERSONAL INCOME PAID TO EMPLOYER	1063				
T. NET PROFIT (1058-1059-1060-1061+1062)	1064		17,824	-	
V. NET LOSS (1059-1058+1060+1061-1062)	1065		0	1,770	
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066				
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067		17,824		
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068				
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069			1,770	
V. EARNINGS PER SHARE					
1. Basic earnings per share	1070		0.67	(0.07)	
2. Diluted earnings per share	1071		0.67	(0.07)	

QUARTERLY FINANCIAL STATEMENTS

STATEMENT OF OTHER COMPREHENSIVE INCOME				
RSD THOUSAND	AOP	Note	01.01.-31.03.2019	01.01.-31.03.2018
A. NET PROFIT/(LOSS)				
I. PROFIT, NET (AOP 1064)	2001		17,824	
II. LOSS, NET (AOP 1065)	2002			1,770
B. OTHER COMPREHENSIVE PROFIT OR LOSS				
<i>a) Items that will not be reclassified to profit or loss</i>				
1. Changes in the revaluation of intangible assets, property, plant and equipment				
a) increase in revaluation reserves	2003			
b) decrease in revaluation reserves	2004			
2. Actuarial gains (losses) of post employment benefit obligations				
a) gains	2005			
b) losses	2006			
3. Gains and losses arising from equity investments				
a) gains	2007			
b) losses	2008			
4. Gains or losses arising from a share in the associate's other comprehensive profit or loss				
a) gains	2009			
b) losses	2010			
<i>b) Items that may be subsequently reclassified to profit or loss</i>				
1. Gains (losses) from currency translation differences				
a) gains	2011			
b) losses	2012			
2. Gains (losses) on investment hedging instruments in foreign business				
a) gains	2013			
b) losses	2014			
3. Gains and losses on cash flow hedges				
a) gains	2015			
b) losses	2016			
4. Gains (losses) from change in value of available-for-sale financial assets				
a) gains	2017			
b) losses	2018			
I. OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003+2005+2007+2009+2011+2013+2015+2017)- (2004+2006+2008+2010+2012+2014+2016+2018)>=0	2019			
II. OTHER COMPREHENSIVE LOSS BEFORE TAX (2004+2006+2008+2010+2012+2014+2016+2018)- (2003+2005+2007+2009+2009+2011+2013+2015+2017)>=0	2020			
III. TAX ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD	2021			
IV. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021)>=0	2022			
V. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021)>=0	2023			
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2022-2023)>=0	2024		17,824	
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2023-2022)>=0	2025		-	1,770
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2027+2028)=AOP 2024>=0 или AOP 2025>0				
1. Attributable to shareholders	2027		17,824	1,770
2. Attributable to non-controlling interest	2028			

QUARTERLY FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
In RSD thousand

	AOP	Note	Period ended	
			2019	2018
			31 March	
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Cash inflow from operating activities (1 to 3)	3001		-	-
1. Sales and advances received	3002		-	-
2. Interest from operating activities	3003		-	-
3. Other inflow from operating activities	3004		-	-
II. Cash outflow from operating activities (1 to 5)	3005		5,046	5,126
1. Payments and prepayments to suppliers	3006		4,536	1,097
2. Salaries, benefits and other personal expenses	3007		510	35
3. Interest paid	3008		-	3,978
4. Income tax paid	3009		-	-
5. Payments for other public revenues	3010		-	16
III. Net cash inflow from operating activities (I - II)	3011			
IV. Net cash outflow from operating activities (II - I)	3012		5,046	5,126
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Cash flows from investing activities (1 to 5)	3013		26,999	-
1. Sale of shares (net inflow)	3014		-	-
2. Proceeds from sale of intangible assets, property, plant and equipment	3015		-	-
3. Other financial investments (net inflow)	3016		-	-
4. Interest from investing activities	3017		-	-
5. Dividend received	3018		26,999	-
II. Cash outflow from investing activities (1 to 3)	3019		0	-
1. Acquisition of subsidiaries or other business (net outflow)	3020		-	-
2. Purchase of intangible assets, property, plant and equipment	3021		-	-
3. Other financial investments (net outflow)	3022		0	-
III. Net cash inflow from investing activities (I - II)	3023		26,998	-
IV. Net cash outflow from investing activities (II - I)	3024		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 5)	3025		57,533	702,797
1. Increase in share capital	3026		-	-
2. Proceeds from long-term borrowings (net inflow)	3027		57,532	702,131
3. Proceeds from short-term borrowings (net inflow)	3028		-	665
4. Other long-term liabilities	3029		-	-
5. Other short-term liabilities	3030		-	-
II. Cash outflow from financing activities (1 to 6)	3031		103,254	696,370
1. Purchase of own shares	3032		-	-
2. Repayment of long-term borrowings (net outflow)	3033		35,451	-
3. Repayment of short-term borrowings (net outflow)	3034		67,803	696,370
4. Repayment of other liabilities (net outflow)	3035		-	-
5. Financial lease	3036		-	-
6. Dividend distribution	3037		-	-
III. Net cash inflow from financing activities (I - II)	3038		-	6,426
IV. Net cash outflow from financing activities (II - I)	3039		45,721	-
D. TOTAL CASH INFLOW (3001+3013+3025)	3040		84,531	702,797
E. TOTAL CASH OUTFLOW (3005+3019+3031)	3041		108,300	701,496
F. NET CASH INFLOW (3040-3041)	3042		-	1,300
G. NET CASH OUTFLOW (3041-3040)	3043		23,769	-
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3044		101,989	108
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 PERIOD (3042-3043+3044+3045-3046)	3047		78,220	1,408

QUARTERLY FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

RSD THOUSAND	Equity components							
	AOP	Share Capital	AOP	Reserves	AOP	Loss	AOP	Retained earnings
Balance as at 1 January 2017								
a) debit	4001		4037		4055	11,389	4091	
b) credit	4002	817	4038		4056	-	4092	
Adjustments of material errors and changes in accounting policies								
a) debit	4003		4039		4057		4093	
b) credit	4004		4040		4058		4094	
Restated opening balance as at 1 January 2017								
a) debit (1a+2a-26)>=0	4005		4041		4059	11,389	4095	
b) credit (16-2a+26)>=0	4006	817	4042		4060		4096	
Changes in period								
a) debit	4007		4043		4061	36,035	4097	0
b) credit	4008	3,008	4044		4062		4098	
Balance as at 31 December 2017								
a) debit (3a+4a-46)>=0	4009		4045		4063	47,424	4099	0
b) credit (36-4a+46)>=0	4010	3,825	4046		4064		4100	
Adjustments of material errors and changes in accounting policies								
a) debit	4011		4047		4065		4101	
b) credit	4012		4048		4066		4102	
Restated opening balance as at 1 January 2018								
a) debit (5a+6a-66)>=0	4013		4049		4067	47,424	4103	
b) credit (56-6a+66)>=0	4014	3,825	4050		4068		4104	
Changes in period								
a) debit	4015		4051		4069	115,576	4105	
b) credit	4016	681,469	4052		4070		4106	
Balance as at 31 December 2018								
a) debit (7a+8a-86)>=0	4017		4053		4071	163,000	4107	
b) credit (76-8a+86)>=0	4018	685,294	4054		4072	-	4108	
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-66)>=0	4013		4049		4067		4103	
b) credit (56-6a+66)>=0	4014	685,294	4050		4068		4104	
Changes in period								
a) debit	4015		4051		4069		4105	
b) credit	4016		4052		4070		4106	17,824
Balance as at 31 March 2019								
a) debit (7a+8a-86)>=0	4017		4053		4071	-	4107	
b) credit (76-8a+86)>=0	4018	685,294	4054		4072	-	4108	17,824

QUARTERLY FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY(CONTINUED)

RSD THOUSAND	<i>Other comprehensive income components</i>					Total Equity
	AOP	Revaluation reserves	AOP	Acturial gain/(loss)	AOP	
Balance as at 1 January 2017						
a) debit	4109		4127		4217	11,389
b) credit	4110		4128		4218	817
Adjustments of material errors and changes in accounting policies						
a) debit	4111		4129		4219	-
b) credit	4112		4130		4220	-
Restated opening balance as at 1 January 2017						
a) debit (1a+2a-2b)>=0	4113		4131		4221	-
b) credit (1b-2a+2b)>=0	4114		4132		4222	-
Changes in period						
a) debit	4115		4133		4223	36,035
b) credit	4116		4134		4224	3,008
Balance as at 31 December 2017						
a) debit (3a+4a-4b)>=0	4117		4135		4225	47,424
b) credit (3b-4a+4b)>=0	4118		4136		4226	3,825
Adjustments of material errors and changes in accounting policies						
a) debit	4119		4137		4227	-
b) credit	4120		4138		4228	-
Restated opening balance as at 1 January 2018						
a) debit (5a+6a-6b)>=0	4121		4139		4229	-
b) credit (5b-6a+6b)>=0	4122		4140		4230	-
Changes in period						
a) debit	4123		4141		4231	115,576
b) credit	4124		4142		4232	681,469
Balance as at 31 December 2018						
a) debit (7a+8a-8b)>=0	4125		4143		4233	163,000
b) credit (7b-8a+8b)>=0	4126		4144		4234	685,294
Adjustments of material errors and changes in accounting policies						
a) debit	4119		4137		4227	-
b) credit	4120		4138		4228	-
Restated opening balance as at 1 January 2019						
a) debit (5a+6a-6b)>=0	4121		4139		4229	163,000
b) credit (5b-6a+6b)>=0	4122		4140		4230	685,294
Changes in period						
a) debit	4123		4141		4231	-
b) credit	4124		4142		4232	17,824
Balance as at 31 March 2019						
a) debit (7a+8a-8b)>=0	4125		4143		4233	163,000
b) credit (7b-8a+8b)>=0	4126		4144		4234	703,118

**EXPLANATORY NOTES TO THE QUARTERLY
FINANCIAL STATEMENTS FOR THE PERIOD
FROM 1. JANUARY 2019 TO 31. MARCH
2019**

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

1. General information

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

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

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

At 31 March 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.

The company's shares are traded on the organized market – Belgrade Stock Exchange. The symbol of the shares is FINT, and ISIN number is RSFINEE60549. The market capitalization of the Company as at 31 March 2019 is RSD 13,652,911 thousand.

Fintel Energia Group SpA, the majority shareholder of the Company, is listed joint stock company under Italian law. It constitute a vertical operator in the integrated energy supply chain, which engages in the sale of electricity and natural gas in Italy and in the development and exploitation of renewable energy power plants (photovoltaic, wind and mini wind) in Italy and Serbia.

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

2. Summary of accounting policies and standards adopted

2.1 Basis of presentation

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

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

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

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

2.2 Going concern

The Company meets its day-to-day working capital requirements through its bank facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. Bearing in mind the foregoing, management considers that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. Further information on the Company's borrowings is given in Note 11.

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

2. Summary of accounting policies and standards adopted (Continued)

2.3 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

2.4 Significant accounting policies

The basic accounting policies applied in preparation of these financial statements, which were primarily based on the Rulebook on Accounting and Accounting Policies of the Company, are in line with the accounting policies applied in preparation of the financial statements for the year that ended on December 31, 2018, and were applied consistently to all the presented years, unless specified otherwise.

3. Estimates and assumptions

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

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

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

3. Estimates and assumptions (continued)

Impairment of investments in subsidiaries

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

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

Provisions

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

4. IFRS 8: segment information

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

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

a) Guarantees issued

Guarantees issued amount to RSD 475,142 thousand as of 31 March 2019. They have been issued in favor of Lenders of Kosava project phase I, for cost overrun during construction and till COD.

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

a) Other

There were no other contingent liabilities of the Company.

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
31 MARCH 2019

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

6. Investments in subsidiary

Investments in subsidiary is detailed as follow:

- RSD 16,009 thousand for 54% owned in of MK-Fintel Wind AD (RSD 16.009 thousand at 31 December 2018).
- RSD 5 thousand for 54% owned in of MK-Fintel Wind Holding Doo (RSD 5 thousand at 31 December 2018).
- RSD 73 thousand for 100% owned in of Fintel Russian Ventures ooo (RSD 73 thousand at 31 December 2018).

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

Short-term loans and investments to parents' companies and subsidiaries amount to RSD 1,546,752 thousand (RSD 1,530,723 thousand at 31 December 2018) and they only refer to financing provided to the subsidiaries MK-Fintel Wind AD (RSD 1,423,280 thousand at 31 March 2019), MK-Fintel Wind Holding Doo (RSD 108,718 thousand at 31 March 2019) and Vetropark Lipar Doo (RSD 14,754 thousand at 31 March 2019.).

8. Cash and cash equivalents

"Cash and cash equivalents" at 31 March 2019 and 31. December 2018 are detailed as follows:

<i>RSD thousand</i>	31 March 2019	31 December 2018
Cash and cash equivalent	78,220	101,990

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.

9. Other current assets

"Other current assets" of RSD 111,850 thousand at 31 March 2019 (RSD 111,863 thousand at 31 December 2018) are detailed in the following table:

<i>RSD thousand</i>	31 March 2019	31 December 2018
Other receivables	4,344	4,396
Value added tax	8,125	8,086
Prepayments and accrued income	99,381	99,381
Total	111,850	107,467

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

FINTEL ENERGIJA AD, BEOGRAD
 EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
 31 MARCH 2019

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

10. Equity

Equity at 31 March 2019 and 31. December 2018 is detailed in the following table:

<i>RSD thousand</i>	31 March 2019	31 December 2018
Share capital	4,057	4,057
Share premium	681,237	681,237
Retained earnings from current period	17,824	-
Loss from previous years	(163,000)	(47,424)
Loss from current year	-	(115,576)
TOTAL EQUITY	540,118	522,294

The equity components and changes therein are detailed below:

Share capital

As of 31 March 2019, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand (RSD 4,057 thousand as at 31. december 2018) consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Share premium

At 31 March 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. The share premium worths RSD 755,022 Thousands (equivalent to RSD 499,847 per each new share issued by the Company). Such value is reported net of the IPO related costs.

Retained earnings/(Losses)

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

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

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

<i>RSD thousand</i>	31 March 2019	31 December 2018
Long term borrowings	765,359	743,277
Short-term loans and borrowings	-	-
Total	765,359	743,277

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

11. Long and short term loans and borrowings to external parties (continued)

Details of bank loans outstanding at 31 March 2019 are summarised in the following table:

Beneficiary company	Creditor	Residual debt at 31.03.2019	Long term	Short term	Maturity
<i>(Amounts in RSD thousand)</i>					
Fintel Energija	AIK Bank	765,359	765,359	-	2024
		765,359	765,359	-	

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

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

13. Trade payables

Trade payables amounted to RSD 37,010 thousand at 31 March 2019 consist mainly (RSD 29,037 thousand) of payables for invoice to be received from the Parent Company for management fee.

14. Accruals

Accruals amounted to RSD 82,427 thousand at 31 March 2019 relate to interests on shareholders loan due to Fintel Energia Group Spa, accrued interests on financial loan.

15. Non-production costs

Non-production costs amount to RSD 984 thousand in first quarter of 2019 (RSD 340 thousand in first quarter of 2018) and relate to accounting services, management fee costs (invoices issued in according management fee contract), costs of ads and other media, web-site.

16. Earnings/(loss) per share

The basic result per share has gone from a loss per share of RSD 0.07 in first quarter of 2018 to profit per share of RSD 0.67 for the period ended 31 March 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).

The diluted result per share has gone from a loss per share of RSD 0.07 in first quarter of 2018 to profit per share of RSD 0.67 for the period ended 31 March 2019. It has been computed by dividing the Group's net result by the average number of Fintel Energija shares outstanding in the years in question (average number of shares outstanding of 26,511 thousand).

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
31 MARCH 2019

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

17. Related party transactions

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

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

<i>RSD thousand</i>	At 31 March 2019			
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
Short-term loans	-	-	1,546,752	1,546,752
Other current assets	-	-	99,381	99,381
Other current liabilities	(82,427)	-	-	(82,427)
Trade payables	(29,038)	-	-	(29,038)
Shareholder's loan	(329,071)	-	-	(329,071)
Total	(440,536)	-	1,646,133	1,205,597

<i>RSD thousand</i>	At 31 December 2018			
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
Short-term loans	-	-	1,530,723	1,531
Other current assets	-	-	99,381	99
Other current liabilities	(82,427)	-	-	(82,427)
Trade payables	(58,761)	-	(411)	(59,172)
Shareholder's loan	(329,071)	-	-	(329,071)
Total	(470,260)	-	1,629,693	1,159,433

Remuneration of Fintel's directors

Members of Board of Directors have not received any remuneration in first quarter 2019. Tiziano Giovannetti acts as sole director in of Fintel Energiija's subsidiaries without any further remuneration.

18. Tax risk

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 March 2019.

19. Significant subsequent events

There were no events occurring after the balance sheet date that could require a correction of the quarterly financial statements as at 31 March 2019, nor disclosure in the Notes to the quarterly financial statements of the Company.

Legal representative:

The person responsible for the preparation of consolidated financial statements:



**BUSINESS REPORT FOR THE FIRST
QUARTER OF 2019**

FINTEL ENERGIJA AD, BEOGRAD

Content

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BUSINESS REPORT FOR THE FIRST QUARTER OF 2019

1. Summary of the business activities***Identification data***

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

Seat: Belgrade

Address: Bulevar Mihajla 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.

2. Presentation of development, financial position and activities of the legal entity

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

An authentic overview of the Fintel Energija a.d. Beograd growth and business results, financial position and information of significance for the valuation of corporate assets is presented and explained in detail within the Notes to the Financial Statements for first quarter 2019.

2. Presentation of development, financial position and activities of the legal entity (continued)

Significant events for first quarter of 2019

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

3. Planned future development

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

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

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

4. 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.

4. Research and development (continued)

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.

5. Significant transactions with related parties

The representation of the Company's relations with related parties is presented in point 17 of the Notes to the Financial Statements for first quarter 2019.

In the first quarter of 2019, there were no significant transactions of the Company with related parties.

6. Description of the principal risks and uncertainties which the business of the Company is exposed

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.

In the conduct of its operations, Company and Group are potentially exposed to the following risks:

- Credit risk,
- Liquidity risk,
- Market risk.

Credit risk

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

Liquidity risk

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

6. Description of the principal risks and uncertainties which the business of the Company is exposed (continued)

Liquidity risk (continued)

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

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

Market risk

In the conduct of its operations, Company and Group are potentially exposed to the following market risks:

- risk of fluctuation in exchange rates,
- risk of fluctuation in interest rates

Risk of fluctuation in exchange rates

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

Risk of fluctuation in interest rates

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

Tiziano Giovannetti
Director





FINTEL ENERGIJA AD

STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

To the best of our knowledge, Financial Statements of the Fintel Energija a.d. for the first quarter of 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 Statements.

Legal representative:

Fintel Energija a.d.

Director



Tiziano Giovannetti