CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS REPORT FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015

FINTEL ENERGIJA AD

Contents

pwc

INDEPENDENT AUDITOR'S REPORT

To the Owner of Fintel Energija a.d.

We have audited the accompanying consolidated financial statements of Fintel Energija a.d. (the „Company") and its subsidiaries (the „Group"), which comprise the consolidated balance sheet as of 31 December 2017, 2016 and 2015 and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes equity and consolidated cash flow statement for the years then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2017, 2016 and 2015, and of its financial performance and its cash flows for the years then ended in accordance with the requirements of the Law on Accounting and accounting regulation effective in the Republic of Serbia.

PricewaterhouseCoopers d.o.o. Beograd pwc

Milivoje Nešović
Licensed Auditor

PricewaterhouseCoopers d.o.o., Beograd

Belgrade, 10 April 2018

CONSOLIDATED BALANCE SHEET
In RSD thousand

	AOP	Note	31 December 2017	31 December 2016	31 December 2015
A. SUBSCRIBED CAPITAL UNPAID	**0001**		-	-	-
B. NON-CURRENT ASSETS (0003 + 0010 + 0019+ 0024 + 0034)	**0002**		**3,184,272**	**2,896,346**	**1,960,642**
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**		**3,053,952**	**2,853,131**	**1,870,942**
1. Land	0011	8	27,048	21,462	21,462
2. Buildings	0012	8	514,804	542,242	-
3. Machinery and equipment	0013	8	2,023,562	2,132,805	242
4. Investment property	0014		-	-	-
5. Other property, plant and equipment	0015		-	-	-
6. Construction in progress	0016	8	225,732	148,341	713,571
7. Investments in leased PP&E	0017		-	-	-
8. Advances for PP&E	0018	8	262,805	8,281	1,135,667
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**		**130,320**	**43,215**	**89,699**
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	9	130,320	43,215	89,699
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. DEFFERED TAX ASSETS	**0042**		-	-	-

CONSOLIDATED BALANCE SHEET (CONTINUED)
In RSD thousand

	AOP	Note	31 December 2017	31 December 2016	31 December 2015
D. CURRENT ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	**0043**		**208,422**	**243,008**	**190,030**
I. INVENTORY (0045+0046+0047+0048+0049+0050)	**0044**		**497**	**680**	**568**
1. Materials, spare parts and tools	0045		-	-	-
2. Work in progress	0046		-	-	-
3. Finished goods	0047		-	-	-
4. Merchandise	0048		-	-	-
5. Assets held for sale	0049		-	-	-
6. Advances for inventory and services	0050		497	680	568
II. TRADE RECEIVABLES (0052+0053+0054+0055+0056+0057+0058)	**0051**		-	**445**	-
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		-	445	-
6. Trade receivables – foreign	0057		-	-	-
7. Other trade receivbles	0058		-	-	-
III. RECEIVABLES FROM SPECIFIC OPERATIONS	**0059**		-	-	-
IV. OTHER RECEIVABLES	**0060**		**3,935**	**87**	**159**
V. FINANCIAL ASSETS AT FAIR VALUE THROUGHT PROFIT OR LOSS	**0061**		-	-	-
VI. SHORT TERM FINANCIAL INVESTMENTS (0063+0064+0065+0066+0067)	**0062**		**10,674**	**11,431**	**780**
1. Short-term loans and investments - parent companies and subsidiaries	0063		-	-	-
2. Short-term loans and investments – other related parties	0064	10	10,674	11,431	780
3. Short-term loans and investments – domestic	0065		-	-	-
4. Short-term loans and investments – foreign	0066		-	-	-
5. Other short-term loans and investments	0067		-	-	-
VII. CASH AND CASH EQUIVALENTS	**0068**	**11**	**102,755**	**175,295**	**144,794**
VIII. VALUE ADDED TAX	**0069**	**12**	**28,580**	**26,890**	**43,316**
IX. PREPAYMENTS AND ACCRUED INCOME	**0070**	**12**	**61,981**	**28,181**	**413**
E. TOTAL ASSETS (0001+0002+0042+0043)	**0071**		**3,392,694**	**3,139,354**	**2,150,672**
F. OFF-BALANCE SHEET ASSETS	**0072**	**7**	**344,864**	**359,418**	**425,040**
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	**0401**		-	-	-
I. SHARE CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	**0402**		**3,825**	**817**	**817**
1. Share capital	0403	13	**3,825**	-	-
2. Stakes of limited liability companies	0404	13	-	**817**	**817**
3. Stakes	0405		-	-	-
4. State owned capital	0406		-	-	-
5. Socially owned capital	0407		-	-	-
6. Stakes in cooperatives	0408		-	-	-
7. Share premium	0409		-	-	-
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**	**13**	**15,163**	**23,938**	**12,451**
VIII. RETAINED EARNINGS (0418+0419)	**0417**	**13**	**44,395**	**22,225**	-
1. Retained earnings from previous years	0418		-	-	-
2. Retained earnings from current year	0419	13	44,395	22,225	-
IX. NON-CONTROLLING INTEREST	**0420**	**13**	**8,611**	**(67,379)**	**(79,337)**
X. LOSS (0422+0423)	**0421**	**13**	**95,743**	**117,967**	**117,967**
1. Loss from previous years	0422	13	95,743	117,967	70,003
2. Loss from current year	0423	13	-	-	47,964

CONSOLIDATED BALANCE SHEET (CONTINUED)
In RSD thousand

	AOP	Note	31 December 2017	31 December 2016	31 December 2015
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	**0424**		**1,839,751**	**1,950,661**	**1,164,111**
I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+4031)	**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**		**1,839,751**	**1,950,661**	**1,164,111**
1. Liabilities convertible to equity	0433		-	-	-
2. Liabilities to parent and subsidiaries	0434	14	14,217	14,817	14,595
3. Liabilities to other related parties	0435		-	-	-
4. Liabilities for issued long-term securities	0436		-	-	-
5. Long term borrowings - domestic	0437	16	1,792,500	1,883,692	1,122,390
6. Long-term borrowings - foreign	0438		-	-	-
7. Finance lease liabilities	0439		-	-	-
8. Other long-term liabilities	0440	17	33,034	52,152	27,127
C. DEFFERED TAX LIABILITIES	**0441**		**6,779**	**12,328**	**9,689**
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	**0442**		**1,600,238**	**1,362,607**	**1,185,810**
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	**0443**		**1,149,926**	**1,072,630**	**932,149**
1. Short term borrowings from parent and subsidiaries	0444	14	482,619	503,665	495,942
2. Short term borrowings from other related parties	0445	15	513,822	414,256	406,706
3. Short-term loans and borrowings - domestic	0446	16	153,485	154,709	29,501
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**	**18**	**109,509**	**29,475**	**139,791**
1. Trade payables - parent and subsidiaries - domestic	0452		54,395	22,000	-
2. Trade payables - parent and subsidiaries - foreign	0453		-	-	-
3. Trade payables - other related parties - domestic	0454		3,975	3,102	18,065
4. Trade payables - other related parties - foreign	0455		-	-	-
5. Trade payables - domestic	0456		44,235	4,361	121,714
6. Trade payables - foreign	0457		6,904	11	11
7. Other operating liabilities	0458		-	-	-
IV. OTHER SHORT-TERM LIABILITIES	**0459**		**57,771**	**71,292**	**37,476**
V. LIABILITIES FOR VAT	**0460**		-	-	-
VI. LIABILITIES FOR OTHER TAXES	**0461**		**41,876**	**9,774**	**788**
VII. ACCRUED EXPENSES	**0462**	**19**	**241,156**	**179,437**	**75,605**
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)>=0=(0441+0424+0442-0071)>=0	**0463**		**54,075**	**186,242**	**208,938**
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	**0464**		**3,392,694**	**3,139,354**	**2,150,672**
G. OFF-BALANCE SHEET LIABILITIES	**0465**	**7**	**344,864**	**359,418**	**425,040**

Tiziano Giovannetti
Director
5 April 2018

FINTEL ENERGIJA AD BEOGRAD

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

CONSOLIDATED INCOME STATEMENT
In RSD thousand

	AOP	Note	Year ended 31 December 2017	2016	2015
INCOME FROM REGULAR OPERATING ACTIVITIES					
A. OPERATING INCOME (1002+1009+1016+1017)	**1001**		**496,683**	**183,922**	**62**
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**		**496,683**	**183,922**	-
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	20	496,683	183,922	-
6. Income from sales of products and services – foreign	1015		-	-	-
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	**1016**		-	-	-
IV. OTHER OPERATING INCOME	**1017**		-	-	62
EXPENSES FROM REGULAR OPERATING ACTIVITIES			-	-	-
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029)>=0	**1018**	-	**283,685**	**128,213**	**23,434**
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		245	1,758	30
VI. COST OF FUEL AND ENERGY	1024		1,232	2,143	-
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025		6,338	1,129	3,051
VIII. COST OF PRODUCTION SERVICES	1026	21	50,780	30,727	2,852
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027	22	138,374	42,155	63
X. COST OF LONG-TERM PROVISIONING	1028		-	-	-
XI. NON-PRODUCTION COSTS	1029	23	86,716	50,302	17,438
C. OPERATING GAIN (1001-1018)>=0	**1030**		**212,998**	**55,708**	-
D. OPERATING LOSS (1018-1001)>=0	**1031**		-	-	**23,372**
E. FINANCE INCOME (1033+1038+1039)	**1032**		**141,224**	**9,796**	**22,131**
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033		61,505	7,557	8,929
1. Finance income - parent company and subsidiaries	1034	24	43,306	7,557	7,837
2. Finance income - other related parties	1035		18,199	-	1,092
3. Share of profit of associates and joint ventures	1036		-	-	-
4. Other financial income	1037		-	-	-
II. INTEREST INCOME (from third parties)	1038		1,140	329	253
III. FOREIGN EXCHANGE GAINS (third parties)	1039		78,579	1,909	12,950

CONSOLIDATED INCOME STATEMENT
In RSD thousand

	AOP	Note	Year ended 31 December 2017	2016	2015
F. FINANCE EXPENSES (1041+1046+1047)	**1040**		**196,729**	**124,949**	**67,452**
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041		65,935	61,097	56,018
1. Finance expense - parent company and subsidiaries	1042	25	51,765	48,145	42,742
2. Finance expense - other related parties	1043	25	14,170	6,176	2,204
3. Share of loss of associates and joint ventures	1044		-	-	-
4. Other financial expense	1045		-	6,777	11,073
II. INTEREST EXPENSE (from third parties)	1046	25	126,381	44,959	2
III. FOREIGN EXCHANGE LOSSES (third parties)	1047		4,412	18,893	11,432
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	**1048**		-	-	-
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	**1049**		**55,504**	**115,153**	**45,321**
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**	**26**	**920**	**122,387**	-
L. OTHER EXPENSES	**1053**	**27**	**8,646**	**5,971**	**642**
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	**1054**		**149,767**	**56,971**	-
N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	**1055**		-	-	**69,335**
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**		**149,767**	**56,971**	-
R. LOSS BEFORE TAX (1055-1054+1057-1056)	**1059**		-	-	**69,335**
II. INCOME TAX					
I. CURRENT INCOME TAX	1060	28	45,273	6,610	672
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061		-	6,393	14,736
III. DEFERRED TAX INCOME FOR THE PERIOD	1062	28	8,416	-	-
S. PERSONAL INCOME PAID TO EMPLOYER	**1063**		-	-	-
T. NET PROFIT (1058-1059-1060-1061+1062)	**1064**		**112,910**	**43,968**	-
V. NET LOSS (1059-1058+1060+1061-1062)	**1065**		-	-	**84,744**
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066		68,515	21,743	-
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067		44,395	22,225	-
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068		-	-	36,780
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069		-	-	47,964
V. EARNINGS PER SHARE					
1. Basic earnings per share (in RSD)	1070	29	1.78	0.89	(1.92)
2. Diluted earnings per share (in RSD)	1071	29	1.78	0.89	(1.92)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
In RSD thousand

	AOP	Note	2017	2016	2015
			Year ended 31 December		
A. NET PROFIT/(LOSS)					
I. PROFIT, NET (AOP 1064)	**2001**		**112,910**	**43,968**	-
II. LOSS, NET (AOP 1065)	**2002**		-	-	**84,744**
B. OTHER COMPREHENSIVE PROFIT OR LOSS					
a) Items that will not be reclassified to profit or loss					
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		-	-	-
b) Items that may be subsequently reclassified to profit or loss					
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		19,118	-	-
b) losses	2016		-	25,025	27,127
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		19,118	-	-
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		-	25,025	27,127
III. TAX ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD	2021		2,868	(3,754)	(4,069)
IV. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021)>=0	**2022**		**16,250**	-	-
V. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021)>=0	**2023**		-	**21,272**	**23,058**
C. TOTAL NET COMPREHENSIVE PROFIT					
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2022-2023)>=0	2024		129,160	22,696	-
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2023-2022)>=0	2025		-	-	107,801
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2027+2028)=AOP 2024>=0 или AOP 2025>0	**2026**				
1. Attributable to shareholders	2027		53,170	10,738	(60,415)
2. Attributable to non-controlling interest	2028		75,990	11,958	(47,387)

CONSOLIDATED STATEMENT OF CASH FLOWS
In RSD thousand

	AOP	Note	Year ended 31 December 2017	2016	2015
A. CASH FLOWS FROM OPERATING ACTIVITIES					
I. Cash inflow from operating activities (1 to 3)	**3001**		**469,823**	**386,377**	**5,738**
1. Sales and advances received	3002		462,322	156,627	
2. Interest from operating activities	3003		7,502	2,822	755
3. Other inflow from operating activities	3004			226,928	4,983
II. Cash outflow from operating activities (1 to 5)	**3005**		**235,447**	**95,875**	**65,599**
1. Payments and prepayments to suppliers	3006		91,915	69,625	51,408
2. Salaries, benefits and other personal expenses	3007		1,748	3,479	3,071
3. Interest paid	3008		132,121	21,480	11,121
4. Income tax paid	3009		9,663	1,291	
5. Payments for other public revenues	3010				
III. Net cash inflow from operating activities (I - II)	**3011**		**234,376**	**290,503**	
IV. Net cash outflow from operating activities (II - I)	**3012**				**59,862**
B. CASH FLOWS FROM INVESTING ACTIVITIES					
I. Cash flows from investing activities (1 to 5)	**3013**			**46,972**	
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			46,972	
4. Interest from investing activities	3017				
5. Dividend received	3018				
II. Cash outflow from investing activities (1 to 3)	**3019**		**407,467**	**1,129,413**	**1,496,922**
1. Acquisition of subsidiaries or other business (net outflow)	3020				
2. Purchase of intangible assets, property, plant and equipment	3021		317,697	1,129,413	1,420,165
3. Other financial investments (net outflow)	3022		89,770		76,757
III. Net cash inflow from investing activities (I - II)	**3023**				
IV. Net cash outflow from investing activities (II - I)	**3024**		**407,467**	**1,082,441**	**1,496,922**
C. CASH FLOWS FROM FINANCING ACTIVITIES					
I. Cash inflow from financing activities (1 to 5)	**3025**		**256,204**	**947,155**	**1,584,153**
1. Increase in share capital	3026				
2. Proceeds from long-term borrowings (net inflow)	3027		140,162	945,307	1,328,031
3. Proceeds from short-term borrowings (net inflow)	3028		116,043	1,848	256,122
4. Other long-term liabilities	3029				
5. Other short-term liabilities	3030				
II. Cash outflow from financing activities (1 to 6)	**3031**		**155,563**	**125,300**	**216,411**
1. Purchase of own shares	3032				
2. Repayment of long-term borrowings (net outflow)	3033		155,563	125,300	216,411
3. Repayment of short-term borrowings (net outflow)	3034				
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**		**100,551**	**821,855**	**1,367,743**
IV Net cash outflow from financing activities (II - I)	**3039**				
D. TOTAL CASH INFLOW (3001+3013+3025)	**3040**		**726,028**	**1,380,504**	**1,589,891**
E. TOTAL CASH OUTFLOW (3005+3019+3031)	**3041**		**798,567**	**1,350,587**	**1,778,932**
F. NET CASH INFLOW (340-341)	**3042**			**29,917**	
G. NET CASH OUTFLOW (341-340)	**3043**		**72,539**		**189,041**
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**3044**		**175,295**	**144,794**	**333,835**
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	**3045**			**584**	
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**		**102,755**	**175,295**	**144,794**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity components							
	AOP	Share capital	AOP	Reserves	AOP	Loss	AOP	Retained earnings (loss)
Balance as at 1 January 2015								
a) debit	4001	-	4037	-	4055	**70,033**	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 2015								
a) debit (1a+2a-2б)>=0	4005	-	4041	-	4059	-	4095	-
б) credit (1б-2a+2б)>=0	4006	-	4042	-	4060	-	4096	-
Changes in period								
a) debit	4007	-	4043	-	4061	47,964	4097	-
b) credit	4008	-	4044	-	4062	-	4098	-
Balance as at 31 December 2015								
a) debit (3a+4a-4б)>=0	4001	-	4037	-	4055	117,967	4091	-
б) credit (3б-4a+4б)>=0	4002	**817**	4038	-	4056	-	4092	-
Adjustments of material errors and changes in accounting policies								
a) debit	4003	-	4039	-	4057	-	4093	-
b) credit	4004	-	4040	-	4058	-	4094	-
Restated opening balance as at 1 January 2016								
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	-
b) credit	4008	-	4044	-	4062	-	4098	22,225
Balance as at 31 December 2016								
a) debit (7a+8a-8б)>=0	4009	-	4045	-	4063	**117,967**	4099	-
б) credit (7б-8a+8б)>=0	4010	**817**	4046	-	4064	-	4100	**22,225**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity components							
	AOP	Share capital	AOP	Reserves	AOP	Loss	AOP	Retained earnings
Adjustments of material errors and changes in accounting policies								
a) debit	4011	-	4047	-	4065	-	4101	-
b) credit	4012	-	4048	-	4066	-	4102	-
Restated opening balance as at 1 January 2017								
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	22,225
b) credit	4016	3,008	4052	-	4070	22,224	4106	44,395
Balance as at 31 December 2017								
a) debit (7a+8a-8б)>=0	4017	-	4053	-	4071	**95,743**	4107	-
б) credit (7б-8a+8б)>=0	4018	**3,825**	4054	-	4072	-	4108	**44,395**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY(CONTINUED)

		Other comprehensive income components						
	AOP	Revaluation reserves	AOP	Cash flow hedge gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	AOP	Total Equity
Balance as at 1 January 2015								
a) debit	4109	-	4199	-	4217	-		70,003
b) credit	**4110**	-	**4200**	-	**4218**	-	4235	**817**
Adjustments of material errors and changes in accounting policies								
a) debit	4111	-	4201		4219	-		-
b) credit	4112	-	4202		4220	-	4236	-
Restated opening balance as at 1 January 2015								
a) debit (1a+2a-2б)>=0	**4113**	-	**4203**		**4221**			-
b) credit (1б-2a+2б)>=0	**4114**	-	**4203**		**4222**	-	**4237**	-
Changes in period								
a) debit	4115	-	4205	12,451	4223	-		60,415
b) credit	4116	-	4206	-	4224	-	4238	-
Balance as at 31 December 2015								
a) debit (3a+4a-4б)>=0	**4109**	-	**4207**	**12,451**	**4217**	-		**130,418**
b) credit (3б-4a+4б)>=0	**4110**	-	**4208**	-	**4218**	-	**4239**	**817**
Adjustments of material errors and changes in accounting policies								
a) debit	4111	-	4209	-	4219	-		-
b) credit	4112	-	4210	-	4220	-	4240	-
Restated opening balance as at 1 January 2016								
a) debit (5a+6a-6б)>=0	**4113**	-	**4211**	-	**4221**	-		-
b) credit (5б-6a+6б)>=0	**4114**	-	**4212**	-	**4222**	-	**4241**	-
Changes in period								
a) debit	4115	-	4213	11,487	4223			11,487
b) credit	4116	-	4214	-	4224	-	4242	22,225
Balance as at 31 December 2016								
a) debit (7a+8a-8б)>=0	**4117**	-	**4215**	**23,938**	**4225**	-		**141,905**
б) credit (7б-8a+8б)>=0	**4118**	-	**4216**	-	**4226**	-	**4243**	**23,042**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY(CONTINUED)

	AOP	Revaluation reserves	AOP	Acturial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	AOP	Total Equity
				Other comprehensive income components				
Adjustments of material errors and changes in accounting policies								
a) debit	4119	-	4137	-	4227	-		-
b) credit	4120	-	4138	-	4228	-	4240	-
Restated opening balance as at 1 January 2017								
a) debit (5a+6a-6б)>=0	**4121**	-	**4139**	-	**4229**	-		-
b) credit (5б-6a+6б)>=0	**4122**	-	**4140**	-	**4230**	-	**4241**	-
Changes in period								
a) debit	4123	-	4141	-	4231	-		22,225
b) credit	4124	-	4142	8,775	4232	-	4242	78,402
Balance as at 31 December 2017								
a) debit (7a+8a-8б)>=0	**4125**	-	**4143**	**15,163**	**4233**	-		**110,906**
б) credit (7б-8a+8б)>=0	**4126**	-	**4144**	**-**	**4234**	-	**4243**	**48,221**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. General information

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.

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 ENERGIA 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, (the "Ultimate Parent")

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

At 31 December 2017, the Company's fully subscribed and paid up share capital amounted to RSD 3,825 thousand, consisting of 25,000,000 ordinary shares of RSD 0.153 each.

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 financial statements for the year ended 31 December 2017, 2016 and 2015 have been prepared by the Group's sole Director, which approved them on the 5 April 2018. The approved financial statements may be amended based on the auditor's opinion, in accordance with legislation.

2. Summary of accounting policies and standards adopted

Set out below are the main accounting policies and standards applied in the preparation of the Group's consolidated financial statements.

2.1 Basis of presentation

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

1. The financial statements are prepared in format prescribed by the Ministry of Finance of the Republic of Serbia, which does not comply with IAS 1 (revised) – "Presentation of Financial Statements" requirements and IAS 7 – "Statement of cash flows".
2. "Off-balance sheet assets and liabilities" are recorded on the face of the balance sheet (note 2.6). Such items do not meet the definition of either an asset or a liability under IFRS.
3. The decision of the Ministry of Finance of Republic of Serbia no. 401-00-896/2014-16 from 13 March 2014 ("Official Gazette of RS" no.35/2014) states that official standards are those official translations of International Accounting Standards (IAS) and International Standards of Financial Reporting (IFRS) issued by International Accounting Standards Board (IASB), as well as interpretations of standards issued by International Financial Reporting Interpretations Committee (IFRIC) up to 31 July 2013. Up to the date of the accompanying financial statements preparation, no amendments and supplements of existing standards, revised standards and new interpretations issued by IASB and IFRIC subsequent to 31 July, have been translated. The standards and interpretations for which there is no official translation in the Republic of Serbia are:

   - Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (issued in November 2013 and effective for annual periods beginning 1 July 2014),
   - Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below), Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014),
   - IFRS 9, "Financial Instruments" (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018),
   - IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016),
   - Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016),
   - Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016),
   - IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and

effective for the periods beginning on or after 1 January 2018),

- Agriculture: Bearer plants – Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016),
- Equity Method in Separate Financial Statements, Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016),
- 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),
- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016), Disclosure Initiative
- Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016),
- Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016),
- IFRS 16 "Leases" (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019),
- Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (issued on 19 January 2016 and effective for annual periods beginning on or after 1 January 2017),
- Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017),
- Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018),
- Amendments to IFRS 2, Share-based Payment (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018),
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach), Annual
- Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017 for amendments to IFRS 12, and on or after 1 January 2018 for amendments to IFRS 1 and IAS 28),
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018),
- Transfers of Investment Property - Amendments to IAS 40 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).
- IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019)
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28

(issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019.

- Annual Improvements to IFRSs 2015-2017 cycle – amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).

The preparation of 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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Going concern

The 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. After making enquiries, the directors have a reasonable expectation 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 consolidated financial statements. Further information on the Group's borrowings is given in Note 16.

2.3 Scope of consolidation and changes therein

These consolidated financial statements include the financial statements for the year ended 31 December 2017, 2016 and 2015 of the Fintel Energija and the financial statements for the year ended 31 December 2017, 2016 and 2015 of its subsidiaries, as approved by the sole Director. 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	31/12/2017 % held	31/12/2015 % held	31/12/2015 % held	
Fintel Energjia Doo	3.825	Belgrade (Serbia)	100%			
Mk-Fintel-Wind AD	29.647	Belgrade (Serbia)	54%	54%	54%	Direct
Mk-Fintel-Wind Holding Doo	10	Belgrade (Serbia)	54%			Direct
Energobalkan Doo	360.513	Belgrade (Serbia)	54%	54%	54%	Indirect
Vetropark Ram Doo	10	Belgrade (Serbia)	54%	54%	54%	Indirect
Vetropark Kula Doo	314.032	Belgrade (Serbia)	54%	54%	54%	Indirect
Vetropark Dunav 3 Doo	10	Belgrade (Serbia)	54%	54%	54%	Indirect
Vetropark Dunav 1 Doo	10	Belgrade (Serbia)	54%	54%	54%	Indirect
Vetropark Torak Doo	240	Belgrade (Serbia)	54%	54%	54%	Indirect
Vetropark Kosava 2 Doo	2.680	Belgrade (Serbia)	54%	54%	54%	Indirect

Except for the incorporation of MK- Fintel- Wind Holding Doo, there has been no change in the years in the scope of consolidation.

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

2.4 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;
- 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, consolidate 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.

2.5 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured and presented in Serbian dinars ("RSD") irrespective of whether the RSD is the Company's functional currency.

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.

2.6 Accounting policies

Property, plant and equipment

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

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

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

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

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

	No. of years
Buildings	20
Equipment	20

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

Land is not depreciated.

The residual values of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation begins when the assets are ready for their intended use as established by the directors (which coincides with the end of the test period).

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

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

Impairment of property, plant and equipment

At the end of each reporting period, property, plant and equipment not fully depreciated/amortised are tested for indicators of impairment. If any such indicators are identified, an estimate is computed of the recoverable amount of the asset and any write-down of the carrying amount is recognised in consolidated income statement. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use, which is the present value of the future cash flows expected to be derived from an asset. For assets that do not generate sufficiently independent cash flows, the recoverable amount is determined with reference to the cash-generating unit to which the assets belong. In determining value in use, expected future cash flows are discounted using a discount rate which reflects current market assessments of the time value of money and the risks specific to the business. An impairment loss is recognised in consolidated income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. When it is no longer necessary to maintain an impairment, the carrying value of the asset is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the net book value that the asset would have had if it had not been written down for impairment.

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

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

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

Purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired and the Group that held them has transferred substantially all the risks and rewards of ownership. The only case applicable to the Group, except for financial derivatives as detailed below, is loans and receivables.

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

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

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

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

Cash and cash equivalents

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

Off balance sheet assets/liabilities

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

Trade payables, financial and other payables

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

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

Provisions

Provisions for risks and charges are recorded for losses and charges of a specific nature, which are certain or likely to be incurred, but the amount of which or date of occurrence are not capable of being precisely determined. They are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. The amount recognised represents the best estimate of the expenditure required to settle the obligation. When the time value of money is significant and the settlement date of the obligations can be reliably estimated, the provisions are measured at the present value of the expected disbursement using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

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

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

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

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

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

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

Derivative financial instruments

The Group holds derivatives to hedge its exposure to the risk of fluctuations in interest rates.

Transactions, which, in accordance with risk management policies, meet the hedge accounting requirements of International Financial Reporting Standards are designated as hedging relationships (accounted for as indicated below), whereas those entered into with the intention of hedging, but which do not meet the hedge accounting requirements of International Financial Reporting Standards are classified as trading transactions. In this case, changes in fair value of derivatives are recognised in consolidated income statement in the period in which they arise. Fair value is determined by reference to an active market.

For accounting purposes, hedging transactions are classified as fair value hedges if they have been entered into to hedge the exposure to changes in the market value of the underlying assets or liabilities; or as cash flow hedges if they have been entered into to hedge the exposure to variability in cash flows arising from an existing asset or liability or a highly probable forecast transaction.

For derivatives classified as fair value hedges, which meet hedge accounting requirements, gains and losses arising from their measurement at market value are recognised in consolidated income statement. Gains and losses arising from the fair value measurement of the underlying hedged items are also recognised in consolidated income statement.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the equity reserve "cash flow hedging reserve". This reserve is subsequently reclassified to consolidated income statement in the periods when the hedged item affects consolidated income statement. The change in fair value attributable to the ineffective portion is recognised immediately in profit or loss. If the derivative instrument is sold and, accordingly, it no longer qualifies as an effective hedge of the exposure for which the transaction had been entered into, the portion of the "cash flow hedging reserve" relating thereto remains there until the underlying transaction affects consolidated income statement. When an envisaged transaction is no longer deemed probable, the corresponding portion of the cash flow hedging reserve is immediately reclassified to consolidated income statement.

Embedded derivatives present in financial assets/liabilities are separated and independently measured at fair value, except for cases whereby, as envisaged by IAS 39, the strike price of the derivative at the date it was entered into approximates the amount determined by the measurement of the asset/liability in question at amortised cost. In this case, the measurement of the embedded derivative is absorbed by that of the financial asset/liability.

Revenue

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

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

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

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

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

a) Revenue from the sale of electricity

Revenue from the sale of electricity mainly relates to the Feed in Tariff ("FiT") received for energy produced in the period, even though not yet billed, and has been determined by including data recorded on the basis of measurement received by EPS (the Serbian State Owned electricity supplier).

The FiT Mechanism is a system whereby a generator which has achieved the Privileged Power Producer Status or PPP, such as the Group, using Specified Renewable Technologies (Wind, Solar, Hydro, Biomass, Biogas) is eligible to receive a Feed In Tariff paid for generating power under a bi-lateral agreement (PPA or Power Purchase Agreement). The Serbian State Owned electricity supplier EPS is obliged to buy all power produced, metered and injected into the grid from renewable energy sources produced by PPPs such as the Group, for the duration of the FiT Mechanism (12 Years since the obtaining of the status of privileged electricity supplier).

Operating costs

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

Finance income and costs

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

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

Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized directly in equity, in which case deferred tax liability is also recognized in equity.
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Serbia, where the Group operates and generates taxable profit. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.
Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Related-party transactions

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

Dividends

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

Earnings per share

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

3. Estimates and assumptions

The preparation of the consolidated financial statements requires the directors to apply accounting policies and methods, which, in certain circumstances, are based on difficult and subjective 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 consolidated financial statements, including the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows, as well as on related disclosures. The actual amounts of financial statement components for which the aforementioned estimates and assumptions have been used may differ from the amounts reported in the consolidated 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 accounting policies, which, with respect to the Group, require greater subjectivity by the directors in the preparation of estimates and for which a change in the conditions underlying the assumptions used may have a significant impact on the amounts reported.

Impairment of assets

Property, plant and equipment and intangible assets with a finite useful life 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 Group companies, 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, Group management proceeds with the determination thereof by means of the use of appropriate valuation techniques. The correct identification of indicators of the existence 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 assets with a finite useful life.

Deferred tax assets

Deferred tax assets are recognised based on forecast future taxable income. The determination of forecast future taxable income for the purpose of the recognition of deferred tax assets depends on factors that may change over time and may significantly affect the recoverability of deferred tax assets.

Provisions for risks and charges

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

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

4. Financial risk management

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

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

Credit risk

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

The Group's maximum exposure to credit risk at 31 December 2017, 2016 and 2015 is the carrying amount of each class of assets indicated in the following table:

	31 December 2017	31 December 2016	31 December 2015
Advances for inventory and services	497	680	568
Trade receivables	-	445	-
Other receivables	3,935	87	159
Short-term loans and investments	10,674	11,431	780
Prepayments and accrued income	61,981	28,181	413
TOTAL	**77,087**	**40,823**	**1,920**

Prepayments and accrued income mainly refer to receivables from EPS for the power produced by wind farms, while Short-term loans and investments relate to financing provided to the related company Energogreen Doo.

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

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

Liquidity risk

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

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

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

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

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

The following table provides a maturity analysis of liabilities at 31 December 2017, 2016 and 2015. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Group's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

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

RSD thousand	At 31 December 2016			
	Less than 1 year	**1-2 years**	**2-5 years**	**Beyond 5 years**
Financial payables due to shareholders	932,737	-	-	14,817
Bank loans	269,992	265,825	1,228,989	865,534
Trade payables	29,475	-	-	-
Total	**1,232,204**	**265,825**	**1,228,989**	**880,350**

RSD thousand	At 31 December 2015			
	Less than 1 year	**1-2 years**	**2-5 years**	**Beyond 5 years**
Financial payables due to shareholders	902,648	-	-	14,595
Bank loans	135,572	141,428	424,283	813,210
Trade payables	139,791	-	-	-
Total	**1,192,605**	**141,428**	**424,283**	**827,805**

An analysis of the financial liabilities by maturity shows a substantial alignment of payables due within 1 year as at 31 December 2017 to those at the previous years end, as a result of the following main changes:

a. Increase in bank loans due to new loans received by the Fintel Energija for Kosava plant. The increase was partially compensated for the payment of the instalments due in 2017;
b. Increase in financial payables to shareholders due to new loans granted for the construction of wind farms in Serbia.

Accordingly, taking in account of the fact that the shareholders have confirmed that they do not intend to request the repayment of the loan prior to the forthcoming year end, as well as the liquid funds of RSD 233,075 thousand, it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

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

Market risk

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

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

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

Risk of fluctuation in exchange rates

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

As at 31 December 2017, if the currency had strengthened/weaken by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 125,657 thousand (2016: RSD 126,273 thousand, 2015: RSD 87,938 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Risk of fluctuation in interest rates

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

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

In order to hedge the risk of fluctuation in interest rates, during the course of 2015, the subsidiary Vetropark Kula also entered into an agreement for an interest rate cap with spread in relation to financing for the "Kula" wind power plant.

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

Capital risk

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

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

The gearing ratio at 31 December 2017, 2016 and 2015 is shown in the following table:

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

The gearing ratio has improved compared to prior years due to net profit of the year.

RSD thousand	31 December 2017	31 December 2016	31 December 2015
Non-current financial payables:			
- Financial payables due to shareholders	14,217	14,817	14,595
- Bank loans	1,792,500	1,883,692	1,122,390
Current financial payables:			
- Bank loans	153,485	154,709	29,501
- Financial payables due to shareholders	996,527	917,921	902,648
- Financial assets	(130,320)	(43,215)	(89,699)
Cash and cash equivalents	(102,755)	(175,295)	(144,794)
Net debt (A)	**2,723,653**	**2,752,629**	**1,834,641**
Equity (B)	**(54,075)**	**(186,242)**	**(208,938)**
Net capital employed (C=A+B)	**2,669,493**	**1,691,681**	**812,753**
Gearing ratio (A/C)	***102%***	***107.3%***	***112.9%***

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

5. Financial assets and liabilities by class

The following table shows the Group's financial assets and liabilities by class, with an indication of the corresponding fair value, at 31 December 2017, 2016 and 2015:

	At 31 December 2017						
RSD thousand	Financial assets and liabilities measured at fair value	Investments held to maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities carried at amortized cost	Total	Fair value
Receivables due from related parties			10,674			10,674	10,674
Financial investments			130,320			130,320	130,320
Trade receivables						0	0
Cash and cash equivalents			102,755			102,755	102,755
Total	-	-	**243,749**	-	-	**243,749**	**243,749**
Financial payables					1,945,985	1,945,985	1,945,985
Financial payables due to Shareholders					1,010,658	1,010,658	1,010,658
Trade payables					109,509	109,509	109,509
Derivative liabilities	33,034					33,034	33,034
Total	**33,034**	-	-	-	**3,066,152**	**3,099,186**	**3,099,186**

	At 31 December 2016						
RSD thousand	Financial assets and liabilities measured at fair value	Investments held to maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities carried at amortized cost	Total	Fair value
Receivables due from related parties			11,431			11,431	11,431
Financial investments			43,215			43,215	43,215
Trade receivables			445			445	445
Cash and cash equivalents			175,295			175,295	175,295
Total	**0**	**0**	**230,385**	**0**	**0**	**230,385**	**230,385**
Financial payables					2,038,402	2,038,402	2,038,402
Financial payables due to shareholders					932,737	932,737	932,737
Trade payables					29,475	29,475	29,475
Derivative liabilities	52,152					52,152	52,152
Total	**52,152**	**0**	**0**	**0**	**3,000,614**	**3,052,766**	**3,052,766**

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

	At 31 December 2015						
RSD thousand	Financial assets and liabilities measured at fair value	Investments held to maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities carried at amortized cost	Total	Fair value
Receivables due from related parties			780			780	780
Financial investments			89,699			89,699	89,699
Trade receivables			0			0	0
Cash and cash equivalents			144,794			144,794	144,794
Total	-	-	**235,273**	-	-	**235,273**	**235,273**
Financial payables					1,151,891	1,151,891	1,151,891
Financial payables due to shareholders					917,243	917,243	917,243
Trade payables					139,791	139,791	139,791
Derivative liabilities	27,127					27,127	27,127
Total	**27,127**	-	-	-	**2,208,924**	**2,236,051**	**2,236,051**

6. 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.

7. 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 344,864 thousand as of 31 December 2017, RSD 359,418 thousand as of 31 December 2016 and RSD 425,040 thousand as of 31 December 2015 and refer to the 4P status for wind plants. They have been issued in favor of the Serbian Ministry of Energy and they will be returned at the obtaining of 3P status.

These guarantees have been classified as Off-balance sheet liabilities

b) *Taxes*

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

There were no other material commitments and contingent liabilities of the Group

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

STATEMENT OF FINANCIAL POSITION

8. Property, plant and equipment

Movement table of PEE as at 31 December 2017, 2016 and 2015 is presented in the table below:

	Year ended 31 December 2017									
RSD thousand	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	21,462	-	21,462	5,586	-	-		27,048	-	27,048
Buildings	548,760	(6,518)	542,242		(27,438)	-	-	548,760	(33,956)	514,804
Machinery and equipment	2,168,561	(35,756)	2,132,805	888	(110,936)	-	805	2,170,254	(146,693)	2,023,562
Construction in progress	148,341	-	148,341	77,391	-	-		225,732	-	225,732
Advances for PP&E	8,281	-	8,281	255,451	-	(121)	(805)	262,806	-	262,806
Property, plant and equipment	**2,895,405**	**(42,274)**	**2,853,131**	**339,317**	**(138,374)**	**(121)**	**(0)**	**3,234,601**	**(180,649)**	**3,053,952**

	Year ended 31 December 2016									
RSD thousand	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	21,462	-	21,462		-	-		21,462	-	21,462
Buildings	-	-	-	122,780	(6,518)	-	425,980	548,760	(6,518)	542,242
Machinery and equipment	362	(120)	242	835,710	(35,636)	-	1,332,489	2,168,561	(35,756)	2,132,805
Construction in progress	713,571	-	713,571	18,143	-	-	(583,373)	148,341	-	148,341
Advances for PP&E	1,135,667	-	1,135,667	47,710	-	-	(1,175,096)	8,281	-	8,281
Property, plant and equipment	**1,871,062**	**(120)**	**1,870,942**	**1,024,343**	**(42,155)**	**0**	**0**	**2,895,405**	**(42,274)**	**2,853,131**

	Year ended 31 December 2015									
RSD thousand	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	21,462	-	21,462		-	-		21,462	-	21,462
Buildings	-	-	-		-	-		-	-	-
Machinery and equipment	362	(57)	305	-	(63)	-	-	362	(120)	242
Construction in progress	254,106	-	254,106	459,465	-	-		713,571	-	713,571
Advances for PP&E	1,856	-	1,856	1,133,811	-	-	-	1,135,667	-	1,135,667
Property, plant and equipment	**277,786**	**(57)**	**277,729**	**1,593,276**	**(63)**	**0**	**0**	**1,871,062**	**(120)**	**1,870,942**

(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. The additions for 2016 and 2015 mainly refer to the construction of "Kula" (9,9 MW) and "La Piccolina" (6,6 MW) for which the trial period commenced in February 2016 and August 2016, respectively, and which had previously been classified as assets under construction.

Construction in progress and advances for PP&E as at 31 December 2017, mainly relate to investment in construction of the "Kosava" plant. The completion of the construction for this plant is expected for 2019.

Capital expenditure incurred during 2017, 2016 and 2015 amounted respectively to RSD 339 million, RSD 1,024 million and RSD 1,593 million.

Wind plants owned by VP Kula and Energobalkan have been mortgaged in favour of Erste Bank and Unicredit Bank respectively.

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

9. Other long-term financial investments

Other long-term financial investments, which at 31 December 2017, 2016 and 2015 consisted entirely of non-current assets, relate to:

- restricted cash of RSD 77,007 thousand (RSD 12,347 thousand as of 31 December 2016 and RSD 59,292 as of 31 December 2015) 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.
- restricted cash of RSD 53,313 thousand (RSD 30,868 thousand as of 31 December 2016 and RSD 30,407 as of 31 December 2015)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.

10. Short-term loans and investments - other related parties

Short-term loans and investments amount to RSD 10,674 thousand (RSD 11,431 thousand at 31 December 2016 and RSD 780 thousand at 31 December 2015) and mainly relates to financing provided to the related party, Energogreen Doo.

11. Cash and cash equivalents

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

	31 December 2017	31 December 2016	31 December 2015
Cash and cash equivalent	**102,755**	**175,295**	**144,794**

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.

12. Other current assets

"Other current assets" of RSD 90,561 thousand at 31 December 2017 (RSD 55,070 thousand at 31 December 2016 and RSD 43,729 thousand at 31 December 2015) are detailed in the following table:

	31 December 2017	31 December 2016	31 December 2015
Value added tax	28,580	26,890	43,316
Prepayments and accrued income	61,981	28,181	413
Total	**90,561**	**55,070**	**43,729**

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

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 increase in 2017 relate to the fact that "Kula" and "La Piccolina" plants became fully operational in January 2017.

13. Equity

Consolidated equity as at 31 December 2017, 2016 and 2015 is detailed in the following table:

	31 December 2017	31 December 2016	31 December 2015
Share capital	3,825	-	-
Stakes of limited liability companies	-	817	817
Other componenents of other comprehnsive income	(15,163)	(23,938)	(12,451)
Retained earnings from previous years	-	-	-
Retained earnings from current year	44,395	22,225	-
Loss from previous years	(95,743)	(117,967)	(70,003)
Loss from current year	-	-	(47,964)
Equity attributable to the Group	**(62,685)**	**(118,863)**	**(129,601)**
Capital and reserves attributable to non-controlling interests	(46,988)	(68,731)	(31,951)
Other componenents of other comprehnsive income	(12,916)	(20,391)	(10,607)
Profit (loss) for the year	68,515	21,743	(36,780)
Equity attributable to non-controlling interests	**8,611**	**(67,379)**	**(79,337)**
TOTAL EQUITY	**(54,075)**	**(186,242)**	**(208,938)**

The equity components and changes therein are detailed below:

Share capital

At 31 December 2017, the Company's fully subscribed and paid up share capital amounted to RSD 3,825 thousand consisting of 25,000,000 ordinary shares with nominal value of RSD 0.153 each.

Other components of other comprehensive income

The hedging reserve arises from the measurement, in accordance with applicable accounting standards (IAS 39), 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.

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.

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

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

Borrowings of the Group (long and short term) in RSD 496,921 thousand as at 31 December 2017 (RSD 518,481 thousand at 31 December 2016 and RSD 510,537 thousand at 31 December 2015), mainly consist of revocable loans to be repaid to the Principal Shareholder company Fintel Energia Group Spa that were granted for the benefit of subsidiaries Fintel Energija and MK-Fintel Wind. The loans are interest bearing.

15. Long and short term loans and borrowings from other related parties

The balance as at 31 December 2017 amounts to RSD 513,822 thousand at 31 December 2017 (RSD 414,256 thousand at 31 December 2016 and RSD 406,706 thousand at 31 December 2015) includes financial payables to MK Group, 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.

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

Set out below are details of long and short term loans and borrowings at 31 December 2017, 2016 and 2015:

RSD thousand	**31 December 2017**	**31 December 2016**	**31 December 2015**
Long term borowings	1,792,500	1,883,692	1,122,390
Short-term loans and borrowings	153,485	154,709	29,501
Total	**1,945,985**	**2,038,402**	**1,151,891**

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

Details of bank loans outstanding at 31 December 2017 are summarised in the following table:

Beneficiary company	Residual debt at 31 December 2017	Long term	Short term	Maturity
Vetropark Kula	1,129,287	1,035,164	94,124	2026
Energobalkan	678,724	619,363	59,361	2021
Fintel Energija	137,973	137,973	-	2024
	1,945,985	**1,792,500**	**153,485**	

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.

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 6 years and interest rate is fixed. First draw down of the loan has been made in 2016.

Loan of Fintel Energija refers to the financing received from AIK Bank in 2017 for the development and construction of Kosva wind farm. Its maturity is of 6 years and interest rate is fixed.

17. 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 33,034 thousand, RSD 52,152 thousand and RSD 27,127 thousand respectively at 31 December 2017, 2016 and 2015) used to hedge the interest rate risk arising from loan agreement 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.

18. Trade payables

Trade payables, which amounted to RSD 109,509 thousand as at 31 December 2017, to RSD 29,475 as at 31 December 2016 and to RSD 139,791 thousand as at 31 December 2015, consist mainly of payables arising from the construction and maintenance of the wind plants.

19. Accrued expenses

Accrued liabilities, which amounts to RSD 241,156 thousand at 31 December 2017, to RSD 179,437 at 31 December 2016 and to RSD 75,605 thousand at 31 December 2015, consist mainly of interests on shareholders loan due to Fintel Energia Group SpA and MK Group and accrued interests on financial loan and invoice to be received from the Principal Shareholder for management fee.

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

20. Sales of products and services

Sales of products and services has increased from RSD 183,921 thousand for the year ended 31 December 2016 to RSD 496,683 thousand for the year ended 31 December 2017. Total revenue were zero in 2015 given that both wind farms were under construction.

Revenue only refers to FiT (equal to 94,7 €/Mwh in 2017) received by wind plants "La Piccolina" and "Kula".

The increase in revenue is attributable to the following factors:

- Increased in volume produced from 25.443 MWh in 2016 to 43.881MWh in 2017 due to the fact that both wind farms started with operations in March and July 2016 respectively;
- Higher FiT received in 2017. Based on the actual Serbian Law, during the "trial period" (period between the connection to the grid of the wind farm and obtaining of the privileged power producer status) wind farms receive half of the FiT. Kula and La Piccolina reached the PPP status in October 2016 and January 2017, respectively. After trial period a full FiT has was received.

21. Cost of production services

It includes all costs arising from the purchase of services during the year in the ordinary course of business. Details of cost of services for 2017, 2016 and 2015 are provided in the following table:

	2017	2016	2015
Costs of ongoing maintenance services	45,362	22,583	-
Costs of office space rent- Other related parties	2,767	1,602	1,305
Costs of other transportation services	1,595	1,625	-
Costs of gross salaries according to temporary service contract	-	3,892	-
Others	1,056	1,024	1,547
Cost of production services	**50,780**	**30,727**	**2,852**

The increase in cost of services is mainly attributable to increase in production plant maintenance following the start of operation in the year of the wind farms in Serbia.

22. Depreciation and amortisation

Depreciation and amortisation amounts to RSD 138,374 thousand (RSD 42,155 thousand for the year ended 31 December 2016 and RSD 63 for the year ended 31 December 2015). The increase mainly is due to the start of operation in 2016 of La Piccolina and Kula wind power plants.

23. Non-production costs

Non-production costs amount to RSD 86,716 thousand (RSD 50,302 thousand for the year ended 31 December 2016 and RSD 17.438 for the year ended 31 December 2015) and consist of cost for consulting, legal and administrative services, security and insurance premiums. The increase mainly is due to the start of operation in 2016 of La Piccolina and Kula wind power plants.

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

24. Finance income - parent company and subsidiaries

Finance income amounted to RSD 43,306 thousand for the year ended 31 December 2017 (RSD 7,557 thousand for the year ended 31 December 2016 and RSD 7,837 thousand for the year ended 31 December 2015) and consists of gain for the conversion at year end exchange rate RSD/Euro of shareholder' loans.

25. Finance costs

Finance costs for the years ended 31 December 2017, 2016 and 2015 are detailed as follows:

	2017	2016	2015
Finance expense – parent company and subsidiaries	51,765	48,145	42,742
Finance expense – other related parties	14,170	6,176	2,204
Other financial expense	-	6,777	11,073
Finance expense – third parties	126,381	44,959	2
Total finance costs	**192,316**	**106,056**	**56,020**

Finance costs mainly include interests on shareholder's loans and, losses from exchange rate differences and interests on financing from Erste bank, Unicredit Bank and AIK Bank.

The increase in finance costs is related to an increase in financing obtained in 2016 for the Kula and La Piccolina wind farms.

26. Other income

Other income decreased from RSD 122,387 thousand for the year ended 31 December 2016 to RSD 920 thousand in 2017. The 2016 item consisting of a penalty paid by Vestas (EPC contractor) for the late delivery of the "Kula" wind power plant and consequent lower production of electrical energy that impacted revenue generated by the plant.

27. Other expenses

Other expenses amount to RSD 8,646 thousand for the year ended 31 December 2016 (RSD 5,971 thousand in 2016 and RSD 642 thousand in 2015). They include expenditures for environmental protection, culture, health and education.

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

28. Income tax expense

Income tax expenses for the years ended 31 December 2017, 2016 and 2015 are detailed as follows:

	Year ended 31 December 2017	2016	2015
Income tax for the year	45,273	6,610	672
Deferred income tax for the period (note 12)	(8,416)	6,393	14,736
Origination and reversal of temporary differences	-	-	-
	36,857	**13,003**	**15,408**

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

	Year ended 31 December 2017	2016	2015
Profit before tax	**149,767**	**56,971**	**(69,335)**
Tax calculated at domestic tax rates applicable to profits in the respective countries	22,465	8,546	-
Tax effect on:			
Revenues exempt from taxation	-	-	-
Expenses not deductible for tax purposes			
- Transfer pricing effect for interest expense	4,058	4,022	2,911
- Other expenses not deductable	5	5	-
Tax losses for which no deferred income tax asset was recognised (utilized recognised tax credit), net	-	(12,287)	(1,622)
Losses from subsidiaries	11,552	11,124	15,553
Other tax effects for reconciliation between accounting profit and tax expense	(1,224)	1,594	(1,434)
Adjustment in respect of prior years	-	-	-
	36,857	13,003	15,408
Effective income tax rate	25%	23%	0%

The weighted average applicable tax rate was 25% (2016: 23%, 2015: 0%).

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.

29. Earnings/(loss) per share

The result per share has gone from a loss per share of RSD 1.92 in 2015 to an earning per share of RSD 0.89 and 1.78 for the years ended 31 December 2016 and 31 December 2017 respectively. It has been computed by dividing the Group's net result by the average number of Fintel Energija shares outstanding in the years in question (average number of shares outstanding of 25,000 thousand).

Fintel Energija was a limited company till November 2017, when it was transformed in a joint stock company. For this reason, earning/(loss) per share for all three years ended at 31 December 2017, 2016 and 2015 has been computed based on the shares existing as of 31 December 2017.

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

There were no dilutive effects for all three years. Accordingly, diluted earnings per share thus coincide with basic earnings per share.

30. Contingent liabilities and commitments

There are not any contingent liabilities and commitments.

31. 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 in 2017, 2016 and 2015. All transactions with related parties are entered into at market value.

As of 31 December 2017, 31 December 2016 and 31 December 2015 the outstanding balances with related parties were as follows:

	At 31 December 2017		
RSD thousand	Parent Company	Parent's subsidiaries and associates	Total
Short-term loans	-	10,674	10,674
Trade and other payables	(29,879)	(54,395)	(84,274)
Other current liabilities	(119,082)	-	(119,082)
Short-term debt and current portion of long-term debt	(482,619)	-	(482,619)
Long-term debt	(14,217)	-	(14,217)
Total	**(645,797)**	**(43,721)**	**(689,518)**

	At 31 December 2016		
RSD thousand	Parent Company	Parent's subsidiaries and associates	Total
Short-term loans	-	11,431	11,431
Trade and other payables	-	(53,378)	(53,378)
Other current liabilities	(90,448)	-	(90,448)
Short-term debt and current portion of long-term debt	(503,665)	-	(503,665)
Long-term debt	(14,817)	-	(14,817)
Total	**(608,929)**	**(41,947)**	**(650,876)**

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

	At 31 December 2015		
RSD thousand	Parent Company	Parent's subsidiaries and associates	Total
Short-term loans	-	780	780
Trade and other payables	-	(14,839)	(14,839)
Other current liabilities	(67,873)	-	(67,873)
Short-term debt and current portion of long-term debt	(495,942)	-	(495,942)
Long-term debt	(14,595)	-	(14,595)
Total	**(578,411)**	**(14,059)**	**(592,470)**

For the year ended 31 December 2017, 2016 and 2015 the following transaction occurred with related parties:

	At 31 December 2017		
RSD thousand	Parent Company	Parent's subsidiaries and associates	Total
Revenues	-	-	-
Other revenues	-	-	-
Selling, general and administrative expenses	-	(29,736)	(29,736)
Other income (expenses), net	-	-	-
Finance expense	(32,312)	-	(32,312)
Total	**(32,312)**	**(29,736)**	**(62,048)**

	At 31 December 2016		
RSD thousand	Parent Company	Parent's subsidiaries and associates	Total
Revenues	-	-	-
Other revenues	-	-	-
Selling, general and administrative expenses	-	(14,993)	(14,993)
Other income (expenses), net	-	-	-
Finance expense	(33,310)	-	(33,310)
Total	**(33,310)**	**(14,993)**	**(48,303)**

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

	At 31 December 2015		
RSD thousand	Parent Company	Parent's subsidiaries and associates	Total
Revenues	-	-	-
Other revenues	-	-	-
Selling, general and administrative expenses	-	-	-
Other income (expenses), net	-	-	-
Finance expense	(32,799)	-	(32,799)
Total	**(32,799)**	-	**(32,799)**

Remuneration of Fintel Group directors

There is only one representatives of the Company, namely Giovannetti Tiziano and not any remuneration payable to the Managing Director in 2017, 2016 and 2015. Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries without any further remuneration.

32. Significant subsequent events

On 27 February 2018 its Serbian subsidiary MK-Fintel Wind A.D. has reached the financial closing of a EUR 81.5 million facility for the completion of Kosava Phase I wind farm in Vrsac, Serbia. For the construction of the project, which started in July 2017, Fintel Energija A.D., serbian country holding of Fintel Energia Group S.p.A. had previously received a junior loan from AIK Banka.

The total investments amounts to Eur 117 million (out of which Eur 10,9 million have been invested during first quarter of 2018) while the portion of debt package amounts to Eur 81.5 million, which will be financed by loans from Erste Group Bank, Erste Bank Serbia, Austrian Development Bank (OoEb), Unicredit Serbia and Zagrebacka Banka.

Kosava Phase I consists of 69 MW, derived from 20 wind turbines of 3,45 MW each and the project is expected to become fully operational by the end of 2019.