



FINTEL ENERGIJA AD

**QUARTERLY REPORT OF
FINTEL ENERGIJA A.D.
FOR PERIOD ENDED 30 JUNE 2019**

Belgrade, August 2019.

Pursuant to Article 53 of the Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015 and 108/2016) and pursuant to Article 5 of the Rulebook on the Content, Form and Method of Publication of Annual, Half-Yearly and Quarterly Reports of Public Companies (RS Official Gazette, No. 14/2012, 5/2015 and 24/2017), Fintel Energija ad from Belgrade (registration number 20305266) hereby publishes the following:

QUARTERLY REPORT OF FINTEL ENERGIJA A.D. FOR PERIOD ENDED 30 JUNE 2019

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- 1. QUARTERLY FINANCIAL STATEMENTS OF FINTEL ENERGIJA A.D. FOR PERIOD ENDED 30 JUNE 2019 (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement of Changes in Equity, Notes to Quarterly Financial Statements)**
- 2. BUSINESS REPORT (Note Business Report and Consolidated Business Report are presented as a single report and these contain information of significance for the economic entity)**
- 3. STATEMENT BY THE PERSONS RESPONSIBLE FOR PREPARATION OF REPORT**

**QUARTERLY FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 30 JUNE 2019**

FINTEL ENERGIJA AD, BEOGRAD

STAND-ALONE QUARTERLY FINANCIAL STATEMENTS

STAND-ALONE QUARTERLY BALANCE SHEET

In RSD thousand

	AOP	Note	30 June 2019 <i>(unaudited)</i>	31 December 2018
A. SUBSCRIBED CAPITAL UNPAID	0001		-	-
B. NON-CURRENT ASSETS (0003 + 0010 + 0019+ 0024 + 0034)	0002		1,537,901	16,169
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)	0003		-	-
1. Development investments	0004		-	-
2. Concessions, licenses, software and other rights	0005		-	-
3. Goodwill	0006		-	-
4. Other intangible assets	0007		-	-
5. Intangible assets under development	0008		-	-
6. Advances for intangible assets	0009		-	-
II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		82	82
1. Land	0011		-	-
2. Buildings	0012		-	-
3. Machinery and equipment	0013		82	82
4. Investment property	0014		-	-
5. Other property, plant and equipment	0015		-	-
6. Construction in progress	0016		-	-
7. Investments in leased PP&E	0017		-	-
8. Advances for PP&E	0018		-	-
III. BIOLOGICAL ASSETS (0020+0021+0022+0023)	0019		-	-
1. Forest farming	0020		-	-
2. Livestock	0021		-	-
3. Biological assets in production	0022		-	-
4. Advances for biological assets	0023		-	-
IV. LONG-TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		1,537,819	16,087
1. Investments in subsidiary	0025	5	16,088	16,087
2. Investments in joint ventures	0026		-	-
3. Investments in other legal entities and other available for sales financial assets	0027		-	-
4. Long term investments in parent and subsidiaries	0028	6	1,521,731	-
5. Long-term investments in other related parties	0029		-	-
6. Long-term investments – domestic	0030		-	-
7. Long-term investments – foreign	0031		-	-
8. Securities held to maturity	0032		-	-
9. Other long-term financial investments	0033		-	-
V. LONG-TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		-	-
1. Receivables from parent company and subsidiaries	0035		-	-
2. Receivables from other related parties	0036		-	-
3. Receivables from sale of goods on credit	0037		-	-
4. Receivables arising out of finance lease contracts	0038		-	-
5. Claims arising from guarantees	0039		-	-
6. Bad and doubtful receivables	0040		-	-
7. Other long-term receivables	0041		-	-
C. DEFFERED TAX ASSETS	0042		-	-

STAND-ALONE QUARTERLY FINANCIAL STATEMENTS

STAND-ALONE QUARTERLY BALANCE SHEET (CONTINUED)


In RSD thousand

	AOP	Note	30 June 2019 <i>(unaudited)</i>	31 December 2018
D. CURRENT ASSETS	0043			
(0044+0051+0059+0060+0061+0062+0068+0069+0070)			200,209	1,745,086
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044		1,241	497
1. Materials, spare parts and tools	0045		-	-
2. Work in progress	0046		-	-
3. Finished goods	0047		-	-
4. Merchandise	0048		-	-
5. Assets held for sale	0049		-	-
6. Advances for inventory and services	0050		1,241	497
II. TRADE RECEIVABLES				
(0052+0053+0054+0055+0056+0057+0058)	0051			
1. Domestic trade receivables - parents and subsidiaries	0052		-	-
2. Foreign trade receivables - parents and subsidiaries	0053		-	-
3. Domestic trade receivables - other related parties	0054		-	-
4. Foreign trade receivables - other related parties	0055		-	-
5. Trade receivables - domestic	0056		-	-
6. Trade receivables - foreign	0057		-	-
7. Other trade receivables	0058		-	-
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059			
IV. OTHER RECEIVABLES	0060		4,344	4,396
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061			
VI. SHORT TERM FINANCIAL INVESTMENTS	0062		25,955	1,530,737
(0063+0064+0065+0066+0067)				
1. Short-term loans and investments - parent companies and subsidiaries	0063	7	25,941	1,530,723
2. Short-term loans and investments - other related parties	0064		-	-
3. Short-term loans and investments - domestic	0065		-	-
4. Short-term loans and investments - foreign	0066		-	-
5. Other short-term loans and investments	0067		14	14
VII. CASH AND CASH EQUIVALENTS	0068	8	40,726	101,989
VIII. VALUE ADDED TAX	0069	9	8,350	8,086
IX. PREPAYMENTS AND ACCRUED INCOME	0070	9	119,594	99,381
E. TOTAL ASSETS (0001+0002+0042+0043)	0071		1,738,109	1,761,255
F. OFF-BALANCE SHEET ASSETS	0072		474,007	475,142
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401		501,291	522,294
I. EQUITY (0403+0404+0405+0406+0407+0408+0409+0410)	0402		685,294	685,294
1. Share capital	0403	10	4,057	4,057
2. Stakes of limited liability companies	0404		-	-
3. Stakes	0405		-	-
4. State owned capital	0406		-	-
5. Socially owned capital	0407		-	-
6. Stakes in cooperatives	0408		-	-
7. Share premium	0409	10	681,237	681,237
8. Other capital	0410		-	-
II. SUBSCRIBED CAPITAL UNPAID	0411			
III. OWN SHARES	0412			
IV. RESERVES	0413			
V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT	0414			
VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0415			
VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0416			
VIII. RETAINED EARNINGS (0418+0419)	0417			
1. Retained earnings from previous years	0418		-	-
2. Retained earnings from current year	0419		-	-
IX. NON-CONTROLLING INTEREST	0420			
X. LOSS (0422+0423)	0421		184,003	163,000
1. Loss from previous years	0422	10	163,000	47,424
2. Loss from current year	0423	10	21,003	115,576
B. LONG-TERM PROVISIONS AND LIABILITIES	0424		780,620	743,277
(0425+0432)				
I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+4031)	0425			
1. Provisions for warranty claims	0426		-	-

STAND-ALONE QUARTERLY FINANCIAL STATEMENTS

STAND-ALONE QUARTERLY BALANCE SHEET (CONTINUED)
In RSD thousand

	AOP	Note	30 June 2019 <i>(unaudited)</i>	31 December 2018
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		780,620	743,277
1. Liabilities convertible to equity	0433		-	-
2. Liabilities to parent and subsidiaries	0434		-	-
3. Liabilities to other related parties	0435		-	-
4. Liabilities for issued long-term securities	0436		-	-
5. Long term borrowings – domestic	0437	11	780,620	743,277
6. Long-term borrowings – foreign	0438		-	-
7. Finance lease liabilities	0439		-	-
8. Other long-term liabilities	0440		-	-
C. DEFERRED TAX LIABILITIES	0441		-	-
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		456,199	495,684
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		328,294	329,071
1. Short term borrowings from parent and subsidiaries	0444	12	328,294	329,071
2. Short term borrowings from other related parties	0445		-	-
3. Short-term loans and borrowings - domestic	0446		-	-
4. Short-term loans and borrowings - foreign	0447		-	-
5. Liabilities relating to current assets and held-for-sale assets attributable to discounted operations	0448		-	-
6. Other short term liabilities	0449		-	-
II. ADVANCES RECEIVED	0450		-	-
III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)	0451		21,752	68,411
1. Trade payables - parent and subsidiaries - domestic	0452	13	-	411
2. Trade payables - parent and subsidiaries - foreign	0453	13	13,832	58,761
3. Trade payables - other related parties - domestic	0454		-	-
4. Trade payables - other related parties - foreign	0455		-	-
5. Trade payables – domestic	0456	13	7,920	9,239
6. Trade payables – foreign	0457		-	-
7. Other operating liabilities	0458		-	-
IV. OTHER SHORT-TERM LIABILITIES	0459		259	7
V. LIABILITIES FOR VAT	0460		-	-
VI. LIABILITIES FOR OTHER TAXES	0461		-	-
VII. ACCRUED EXPENSES	0462	14	105,893	98,195
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)>=0=(0441+0424+0442-0071)>=0	0463		-	-
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464		1,738,110	1,761,255
G. OFF-BALANCE SHEET LIABILITIES	0465	4	474,007	475,142


Tiziano Giovannetti
Director
12 August 2019



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

STAND-ALONE QUARTERLY FINANCIAL STATEMENTS

STAND-ALONE QUARTERLY INCOME STATEMENT
In RSD thousand

	AOP	Note	Three-month period ended		Six-month period ended	
			30 June		30 June	
			2019	2018	2019	2018
			(unaudited)	(unaudited)	(unaudited)	(unaudited)
INCOME FROM REGULAR OPERATING ACTIVITIES						
A. OPERATING INCOME (1002+1009+1016+1017)	1001		-	-	-	-
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)	1002		-	-	-	-
1. Income from sales of goods to parent and subsidiaries on domestic market	1003		-	-	-	-
2. Income from sales of goods to parent and subsidiaries on foreign market	1004		-	-	-	-
3. Income from the sale of goods to other related parties on domestic market	1005		-	-	-	-
4. Income from the sale of goods to other related parties on foreign market	1006		-	-	-	-
5. Income from sale of goods on domestic market	1007		-	-	-	-
6. Income from sale of goods on foreign market	1008		-	-	-	-
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		-	-	-	-
1. Income from sales of products and services to parent and subsidiaries on domestic market	1010		-	-	-	-
2. Income from sales of products and services to parent and subsidiaries on foreign market	1011		-	-	-	-
3. Income from sales of products and services to other related parties on domestic market	1012		-	-	-	-
4. Income from sales of products and services to other related parties on foreign market	1013		-	-	-	-
5. Income from sales of products and services - domestic	1014		-	-	-	-
6. Income from sales of products and services - foreign	1015		-	-	-	-
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	1016		-	-	-	-
IV. OTHER OPERATING INCOME	1017		-	-	142	-
EXPENSES FROM REGULAR OPERATING ACTIVITIES						
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029)>=0	1018		-	-	17,727	18,221
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		5	-	21	-
VI. COST OF FUEL AND ENERGY	1024		-	-	-	-
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025		812	74	1,571	135
VIII. COST OF PRODUCTION SERVICES	1026		69	336	136	412
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027		-	-	-	-
X. COST OF LONG-TERM PROVISIONING	1028		-	-	-	-
XI. NON-PRODUCTION COSTS	1029	15	15,015	17,334	15,999	17,674
C. OPERATING GAIN (1001-1018)>=0	1030		-	-	-	-
D. OPERATING LOSS (1018-1001)>=0	1031		15,901	17,744	17,585	18,221
E. FINANCE INCOME (1033+1038+1039)	1032		25,359	23,256	52,392	23,316
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033		23,193	23,133	50,191	23,191
1. Finance income - parent company and subsidiaries	1034	16	23,193	23,133	50,191	23,191
2. Finance income - other related parties	1035		-	-	-	-
3. Share of profit of associates and joint ventures	1036		-	-	-	-
4. Other financial income	1037		-	-	-	-
II. INTEREST INCOME (from third parties)	1038		-	-	-	-
III. FOREIGN EXCHANGE GAINS (third parties)	1039	16	2,166	123	2,200	126
F. FINANCE EXPENSES (1041+1046+1047)	1040		48,291	49,965	55,816	51,319

STAND-ALONE QUARTERLY FINANCIAL STATEMENTS

STAND-ALONE QUARTERLY INCOME STATEMENT
In RSD thousand

	AOP	Note	Three-month period ended		Six-month period ended	
			30 June		30 June	
			2019	2018	2019	2018
			(unaudited)	(unaudited)	(unaudited)	(unaudited)
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041		10,703	16,929	11,889	16,938
1. Finance expense - parent company and subsidiaries	1042	17	9,517	14,562	9,517	14,562
2. Finance expense - other related parties	1043		-	-	-	-
3. Share of loss of associates and joint ventures	1044		-	-	-	-
4. Other financial expense	1045	17	1,186	2,367	2,373	2,376
II. INTEREST EXPENSE (from third parties)	1046	17	33,442	32,967	39,725	34,303
III. FOREIGN EXCHANGE LOSSES (third parties)	1047	17	4,146	69	4,202	78
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048					
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049		22,932	26,709	3,424	28,002
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		6	2,943	6	2,943
L. OTHER EXPENSES	1053		-	496	-	496
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		-	-	-	-
N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		38,827	42,006	21,003	46,776
O. NET INCOME ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1056		-	-	-	-
P. NET LOSS ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1057		-	-	-	-
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058					
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059		38,827	42,006	21,003	43,776
II. INCOME TAX						
I. CURRENT INCOME TAX	1060		-	-	-	-
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061		-	-	-	-
III. DEFERRED TAX INCOME FOR THE PERIOD	1062		-	-	-	-
S. PERSONAL INCOME PAID TO EMPLOYER	1063		-	-	-	-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064		-	-	-	-
V. NET LOSS (1059-1058+1060+1061-1062)	1065	10	38,827	42,006	21,003	43,776
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066		-	-	-	-
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067		-	-	-	-
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068		-	-	-	-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069	10	38,827	42,006	21,003	43,776
V. EARNINGS PER SHARE						
1. Basic earnings per share (in RSD)	1070	18	(1.46)	(1.58)	(0.79)	(1.75)
2. Diluted earnings per share (in RSD)	1071	18	(1.46)	(1.58)	(0.79)	(1.75)

STAND-ALONE QUARTERLY FINANCIAL STATEMENTS

STAND-ALONE QUARTERLY STATEMENT OF OTHER COMPREHENSIVE INCOME In RSD thousand		Three-month period ended 30 June		Six-month period ended 30 June	
	AOP Note	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
A. NET PROFIT/(LOSS)					
I. PROFIT, NET (AOP 1064)	2001	-	-	-	-
II. LOSS, NET (AOP 1065)	2002	38,827	42,006	21,003	43,776
B. OTHER COMPREHENSIVE PROFIT OR LOSS					
<i>a) Items that will not be reclassified to profit or loss</i>					
1. Changes in the revaluation of intangible assets, property, plant and equipment					
a) increase in revaluation reserves	2003	-	-	-	-
b) decrease in revaluation reserves	2004	-	-	-	-
2. Actuarial gains (losses) of post-employment benefit obligations					
a) gains	2005	-	-	-	-
b) losses	2006	-	-	-	-
3. Gains and losses arising from equity investments					
a) gains	2007	-	-	-	-
b) losses	2008	-	-	-	-
4. Gains or losses arising from a share in the associate's other comprehensive profit or loss					
a) gains	2009	-	-	-	-
b) losses	2010	-	-	-	-
<i>b) Items that may be subsequently reclassified to profit or loss</i>					
1. Gains (losses) from currency translation differences					
a) gains	2011	-	-	-	-
b) losses	2012	-	-	-	-
2. Gains (losses) on investment hedging instruments in foreign business					
a) gains	2013	-	-	-	-
b) losses	2014	-	-	-	-
3. Gains and losses on cash flow hedges					
a) gains	2015	-	-	-	-
b) losses	2016	-	-	-	-
4. Gains (losses) from change in value of available-for-sale financial assets					
a) gains	2017	-	-	-	-
b) losses	2018	-	-	-	-
I. OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003+2005+2007+2009+2011+2013+2015+2017)- (2004+2006+2008+2010+2012+2014+2016+2018)>=0	2019	-	-	-	-
II. OTHER COMPREHENSIVE LOSS BEFORE TAX (2004+2006+2008+2010+2012+2014+2016+2018)- (2003+2005+2007+2009+2009+2011+2013+2015+2017)>=0	2020	-	-	-	-
III. TAX ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD	2021	-	-	-	-
IV. TOTAL NET COMPREHENSIVE PROFIT (2019-2020- 2021)>=0	2022	-	-	-	-
V. TOTAL NET COMPREHENSIVE LOSS (2020- 2019+2021)>=0	2023	-	-	-	-
C. TOTAL NET COMPREHENSIVE PROFIT					
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2022-2023)>=0	2024	-	-	-	-
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2023-2022)>=0	2025	38,827	42,006	21,003	43,776
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2027+2028)=AOP 2024>=0 или AOP 2025>0					
	2026	-	-	-	-
1. Attributable to shareholders	2027	38,827	42,006	21,003	43,776
2. Attributable to non-controlling interest	2028	-	-	-	-

STAND-ALONE QUARTERLY FINANCIAL STATEMENTS

STAND-ALONE QUARTERLY STATEMENT OF CASH FLOWS
In RSD thousand

	AOP	Note	Six-month period ended 30 June	
			2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Cash inflow from operating activities (1 to 3)	3001		-	-
1. Sales and advances received	3002		-	-
2. Interest from operating activities	3003		-	-
3. Other inflow from operating activities	3004		-	-
II. Cash outflow from operating activities (1 to 5)	3005		109,212	24,428
1. Payments and prepayments to suppliers	3006		63,369	5,657
2. Salaries, benefits and other personal expenses	3007		1,571	135
3. Interest paid	3008		44,272	18,636
4. Income tax paid	3009		-	-
5. Payments for other public revenues	3010		-	-
III. Net cash inflow from operating activities (I - II)	3011		-	-
IV. Net cash outflow from operating activities (II - I)	3012		109,212	24,428
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Cash flows from investing activities (1 to 5)	3013		29,324	1,871
1. Sale of shares (net inflow)	3014		-	-
2. Proceeds from sale of intangible assets, property, plant and equipment	3015		-	-
3. Other financial investments (net inflow)	3016		-	-
4. Interest from investing activities	3017		2,325	1,871
5. Dividend received	3018		26,999	-
II. Cash outflow from investing activities (1 to 3)	3019		20,599	1,084,013
1. Acquisition of subsidiaries or other business (net outflow)	3020		1	-
2. Purchase of intangible assets, property, plant and equipment	3021		-	-
3. Other financial investments (net outflow)	3022		20,597	1,084,013
III. Net cash inflow from investing activities (I - II)	3023		8,725	-
IV. Net cash outflow from investing activities (II - I)	3024		-	1,082,142
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 5)	3025		74,674	1,133,579
1. Increase in share capital	3026		-	-
2. Proceeds from long-term borrowings (net inflow)	3027		74,674	1,133,579
3. Proceeds from short-term borrowings (net inflow)	3028		-	-
4. Other long-term liabilities	3029		-	-
5. Other short-term liabilities	3030		-	-
II. Cash outflow from financing activities (1 to 6)	3031		35,451	-
1. Purchase of own shares	3032		-	-
2. Repayment of long-term borrowings (net outflow)	3033		35,451	-
3. Repayment of short-term borrowings (net outflow)	3034		-	-
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		39,223	1,133,579
IV. Net cash outflow from financing activities (II - I)	3039		-	-
D. TOTAL CASH INFLOW (3001+3013+3025)	3040		103,998	1,135,450
E. TOTAL CASH OUTFLOW (3005+3019+3031)	3041		165,262	1,108,441
F. NET CASH INFLOW (340-341)	3042		-	27,009
G. NET CASH OUTFLOW (341-340)	3043		61,264	-
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3044		101,990	108
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	3045		-	-
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	3046		-	-
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3042-3043+3044+3045-3046)	3047		40,726	27,116

STAND-ALONE QUARTERLY FINANCIAL STATEMENTS

STAND-ALONE QUARTERLY STATEMENT OF CHANGES IN EQUITY (unaudited)

RSD THOUSAND	Equity components							
	AOP	Share Capital	AOP	Reserves	AOP	Loss	AOP	Retained earnings
Balance as at 1 January 2018								
a) debit (3a+4a-4b)>=0	4001		4037		4055	47,424	4091	
b) credit (3b-4a+4b)>=0	4002	3,825	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 2018								
a) debit (5a+6a-6b)>=0	4005		4041		4059		4095	
b) credit (5b-6a+6b)>=0	4006		4042		4060		4096	
Changes in period								
a) debit	4007		4043		4061	43,776	4097	
b) credit	4008		4044		4062		4098	
Balance as at 30 June 2018								
a) debit (7a+8a-8b)>=0						91,200		
b) credit (7b-8a+8b)>=0		3,825						
Balance as at 1 January 2019								
a) debit (7a+8a-8b)>=0	4009		4045		4063	163,000	4099	
b) credit (7b-8a+8b)>=0	4010	685,294	4046		4064		4100	
Adjustments of material errors and changes in accounting policies								
a) debit	4011		4047		4065		4101	
b) credit	4012		4048		4066		4102	
Restated opening balance as at 1 January 2019								
a) debit (5a+6a-6b)>=0	4013		4049		4067		4103	
b) credit (5b-6a+6b)>=0	4014		4050		4068		4104	
Changes in period								
a) debit	4015		4051		4069	21,003	4105	
b) credit	4016		4052		4070		4106	
Balance as at 30 June 2019								
a) debit (7a+8a-8b)>=0	4017		4053		4071	184,003	4107	
b) credit (7b-8a+8b)>=0	4018	-	4054		4072	-	4108	

STAND-ALONE QUARTERLY FINANCIAL STATEMENTS

QUARTERLY STATEMENT OF CHANGES IN EQUITY
(CONTINUED)
(unaudited)

RSD THOUSAND	<i>Other comprehensive income components</i>				Total Equity
	AOP	Revaluation reserves	Actuarial gain/(loss)	Gains (losses) from change in value of available-for-sale financial assets	
Balance as at 1 January 2018					
a) debit (3a+4a-4b)>=0	4109		4127	4217	47,424
b) credit (3b-4a+4b)>=0	4110		4128	4218	3,825
Adjustments of material errors and changes in accounting policies					
a) debit	4111		4129	4219	-
b) credit	4112		4130	4220	-
Restated opening balance as at 1 January 2018					
a) debit (5a+6a-6b)>=0	4113		4131	4221	-
b) credit (5b-6a+6b)>=0	4114		4132	4222	-
Changes in period					
a) debit	4115		4133	4223	43,776
b) credit	4116		4134	4224	-
Balance as at 30 June 2018					91,200
a) debit (7a+8a-8b)>=0					3,825
b) credit (7b-8a+8b)>=0					
Balance as at 1 January 2019					163,000
a) debit (7a+8a-8b)>=0	4117		4135	4225	685,294
b) credit (7b-8a+8b)>=0	4118		4136	4226	
Adjustments of material errors and changes in accounting policies					
a) debit	4119		4137	4227	-
b) credit	4120		4138	4228	-
Restated opening balance as at 1 January 2019					
a) debit (5a+6a-6b)>=0	4121		4139	4229	-
b) credit (5b-6a+6b)>=0	4122		4140	4230	-
Changes in period					
a) debit	4123		4141	4231	21,003
b) credit	4124		4142	4232	-
Balance as at 30 June 2019					184,003
a) debit (7a+8a-8b)>=0	4125		4143	4233	685,294
b) credit (7b-8a+8b)>=0	4126		4144	4234	

**EXPLANATORY NOTES TO THE QUARTERLY
FINANCIAL STATEMENTS FOR THE PERIOD
ENDEND 30 JUNE 2019**

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

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

1. General information

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

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

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

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

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

The company's shares are traded on the organized market – Belgrade Stock Exchange. The symbol of the shares is FINT, and ISIN number is RSFINEE60549. The market capitalization of the Company as at 30 June 2019 is RSD 14,633,799 thousand (unit price per share of RSD 552). Fintel Energia Group SpA, the majority shareholder of the Company, is listed joint stock company under Italian law. It constitute a vertical operator in the integrated energy supply chain, which engages in the sale of electricity and natural gas in Italy and in the development and exploitation of renewable energy power plants (photovoltaic, wind and mini wind) in Italy and Serbia.

These stand-alone quarterly financial statements for the period ended 30 June 2019 have approved and authorized for issue by Director. The Company prepared these stand-alone financial statements based on and in accordance with the requirements of the laws and regulations of the Republic of Serbia where investments in subsidiaries in these stand-alone financial statements are stated as cost less any impairment.

FINTEL ENERGIJA AD, BEOGRAD

EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2019

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The company is the parent company of the Group, consisting of the following entities:

Company	City
Fintel Energija ad	Belgrade (Serbia)
MK-Fintel Wind ad	Belgrade (Serbia)
MK-Fintel Wind Holding doo	Belgrade (Serbia)
Energobalkan doo	Belgrade (Serbia)
Vetropark Ram doo	Belgrade (Serbia)
Vetropark Kula doo	Belgrade (Serbia)
Vetropark Dunav 3 doo	Belgrade (Serbia)
Vetropark Dunav 1 doo	Belgrade (Serbia)
Vetropark Torak doo	Belgrade (Serbia)
Vetropark Košava 2 doo	Belgrade (Serbia)
Fintel Russian Ventures ooo	Ulyanovsk (Russia)
Lipar doo	Belgrade (Serbia)
Lipar 2 doo	Belgrade (Serbia)
Maestrle Ring doo	Belgrade (Serbia)
Project Torak doo	Belgrade (Serbia)

2. Summary of accounting policies and standards adopted

2.1 Basis of presentation

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

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

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

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

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

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

2.2 Changes in significant accounting policies

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

2.3 Application of new IFRS

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

- *IFRS 16 – Leases*, which replaces IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases— Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard provides a new definition of a lease and introduces a criterion based on control (right of use) over an asset in order to differentiate lease contracts from service contracts, identifying the following features: identification of the asset, the right to replacement thereof, the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the underlying asset. The standard provides a single lessee recognition and measurement model, requiring lessees to recognise assets in the statement of financial position for all leases, including operating leases, along with corresponding lease liabilities as financial liabilities; an optional exemption exists for leases where the underlying asset has a low value and leases with a lease term of 12 months or less. Conversely, the standard has not introduced any significant change for lessors.

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

2.4 New accounting standards

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

- *Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020)*. The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.
- *Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020)*. The amendments revise definition of a business. A business must have inputs and a

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substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if there are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a "concentration test". The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets). The amendments are prospective and the Company will apply them and assess their impact from 1 January 2020.

- *Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).* The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Company is currently assessing the impact of the amendments on its financial statements.

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

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

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

2.5 Going concern

The Company meets its day-to-day working capital requirements through its bank facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. Bearing in mind the foregoing, management considers that the Company has adequate resources to

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continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its quarterly stand-alone financial statements. Further information on the Company's borrowings is given in Note 11.

2.6 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

3. IFRS 8: segment information

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

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

a) Guarantees issued

Guarantees issued amount to RSD 474,007 thousand as of 30 June 2019. They have been issued in favor of Lenders of Kosava project phase I, for cost overrun during construction and till COD.

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

a) Other

There were no other contingent liabilities of the Company.

FINTEL ENERGIJA AD, BEOGRAD
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FOR THE PERIOD ENDED 30 JUNE 2019

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

STATEMENT OF FINANCIAL POSITION

5. Investments in subsidiary

Investments in subsidiary is detailed as follow:

- RSD 16,009 thousand for 54% owned of MK-Fintel Wind AD (RSD 16.009 thousand at 31 December 2018).
- RSD 5 thousand for 54% owned of MK-Fintel Wind Holding Doo (RSD 5 thousand at 31 December 2018).
- RSD 72 thousand for 100% owned of Fintel Russian Ventures ooo (RSD 72 thousand at 31 December 2018).
- RSD 100 for 100% owned of Lipar Doo (company founded in 2019).
- RSD 100 for 100% owned of Lipar 2 Doo (company founded in 2019).
- RSD 100 for 100% owned of Maestrle Ring Doo (company founded in 2019).
- RSD 100 for 100% owned of Project Torak Doo (company founded in 2019).

6. Long-term financial investments in parents and subsidiaries

The balance amounts to RSD 1,521,731 thousand and they only refer to financing provided to the subsidiaries MK-Fintel Wind AD (RSD 1,419,879 thousand at 30 June 2019) and MK-Fintel Wind Holding Doo (RSD 101,852 thousand at 30 June 2019).

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

Recipient of the loan	Amount 30.06.2019 EUR	Amount 30.06.2019 000 RSD	Maturity
MK Fintel Wind ad	1,158,300	136,578	2021
MK Fintel Wind ad	10,883,539	1,283,301	2021
MK Fintel Wind Holding d.o.o.	863,800	101,852	2021
Total	12,905,639	1,521,731	

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

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

The balance amounts to RSD 25,941 thousand (RSD 1.530.723 thousand at 31 December 2018) and they refer to financing provided to the subsidiaries Lipar Doo (RSD 16,508 thousand at 30 June 2019), Lipar 2 Doo (RSD 1,179 thousand at 30 June 2019), Maestrle Ring Doo (RSD 4,127 thousand at 30 June 2019) and Project Torak Doo (RSD 4,127 thousand at 30 June 2019).

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
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(All amounts are in 000 RSD, unless otherwise stated)

8. Cash and cash equivalents

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

	30 June 2019	31 December 2018
Current account		
- in dinars	40,669	101,932
- in foreign currency	57	57
Cash and cash equivalents	40,726	101,989

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

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

9. Other current assets

“Other current assets” of RSD 127,944 thousand at 30 June 2019 (RSD 107,467 thousand at 31 December 2018) are detailed in the following table:

<i>RSD thousand</i>	30 June 2019	31 December 2018
Value added tax	8,350	8,086
Prepayments and accrued income	119,594	99,381
Total	127,944	107,467

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

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

10. Equity

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

<i>RSD thousand</i>	30 June 2019	31 December 2018
Share capital	4,057	4,057
Share premium	681,237	681,237
Loss from previous years	(163,000)	(47,424)
Loss from current year	(21,003)	(115,576)
TOTAL EQUITY	501,291	522,294

The equity components and changes therein are detailed below:

Share capital

As of 30 June 2019, the Company's fully subscribed and paid up share capital amounted to RSD 4,056,524 (RSD 4,056,524 as at 31 December 2018) consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Share premium

At 30 June 2019, such Reserve includes the share premium resulting from the capital increase related to the IPO of the Company on the Prime Listing Segment of the Belgrade Stock Exchange. The share premium worths RSD 755,022 Thousands (equivalent to RSD 499,847 per each new share issued by the Company). Such value is reported net of the IPO related costs.

Retained earnings/(Losses)

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

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

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

<i>RSD thousand</i>	30 June 2019	31 December 2018
Long term borrowings	780,620	743,277
Short-term loans and borrowings	-	-
Total	780,620	743,277

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

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

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

Beneficiary company	Creditor	Residual debt at 30.06.2019	Long term	Short term	Maturity
<i>(Amounts in RSD thousand)</i>					
Fintel Energija	AIK Bank	780,620	780,620	-	2024
		780,620	780,620	-	

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

Loans and borrowings to parent and subsidiaries of RSD 328,294 thousand as at 30 June 2019 (RSD 329,071 thousand at 31 December 2018), mainly consist of revocable loans to be repaid to the Ultimate Parent company Fintel Energia Group Spa that were granted for the benefit of Fintel Energija. The loan of EUR 2,667,000 is interest bearing, interest is 6%. Other loans are non-interest bearing. The loans are due in 2019.

13. Trade payables

Trade payables amounted to RSD 21,752 thousand at 30 June 2019 (RSD 68,411 thousand at 31 December 2018) consist mainly of payables for invoice to be received from the Parent Company for management fee services.

14. Accruals

Accruals amounted to RSD 105,893 thousand at 30 June 2019 (RSD 98,195 thousand at 31 December 2018) consist mainly of interests on shareholders loan due to Fintel Energia Group SpA (RSD 91.587 thousand) and accrued interests on financial loans with AIK Bank (RSD 14,306 thousand).

15. Non-production costs

Non-production costs amount to RSD 15,999 thousand for six-month ended 30 June 2019 (RSD 17,674 thousand for six-month ended 30 June 2018) and relate to accounting services and management fee costs (invoices issued in according management fee contract).

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

16. Finance income – parent company and subsidiaries

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

	Six-month ended	
	2019	30 June
		2018
Finance income - parent company and subsidiaries	50,191	23,191
Foreign exchange gains (third parties)	2,200	125
Total	52,392	23,316

For six-month period ended 30 June 2019, finance income include dividends from subsidiary MK-Fintel Wind Holding of RSD 26,999 thousand and interests from subsidiaries of RSD 22,090 thousand.

17. Finance expenses

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

	Six-month ended	
	2019	30 June
		2018
Finance expense - parent company and subsidiaries	9,517	14,562
Other financial expense	2,373	2,376
Interest expense (from third parties)	39,725	34,303
Foreign exchange losses (third parties)	4,202	78
Total	55,816	51,319

For six-month period ended 30 June 2019, finance expenses include interests from parent Company of RSD 9,357 thousand and interests from AIK Bank of RSD 39,725 thousand.

18. Earnings/(loss) per share

The basic result per share has gone from a loss per share of RSD 1.75 for six-month period ended 30 June 2018 to RSD 0.79 for the period ended 30 June 2019. It has been computed by dividing the Group's net result by the number of Fintel Energija shares outstanding in the years in question (number of shares outstanding of 26,511 thousand).

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

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

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

19. Related party transactions

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

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

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

	At 30 June 2019			
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
<i>RSD thousand</i>				
Loans	-	-	1,547,672	1,547,672
Other current assets	-	-	119,594	119,594
Other current liabilities	(91,587)	-	-	(91,587)
Trade payables	(13,832)	-	-	(13,832)
Shareholder's loan	(328,294)	-	-	(328,294)
Total	(433,713)	-	1,677,266	1,233,553

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

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

	Six-month period ended 30 June 2019		
	Parent Company	Subsidiaries	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(13,952)	-	(13,952)
Finance income	-	22,090	22,090
Dividends	-	26,999	26,999
Finance expense	(11,896)	-	(11,896)
Total	(25,848)	49,089	(23,241)

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

	Six-month period ended 30 June 2018		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(15,161)	-	(15,161)
Finance income	-	17,829	17,829
Dividends	-	-	-
Finance expense	(15,814)	-	(15,814)
Total	(30,975)	17,829	(13,146)

Remuneration of Fintel's directors

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

20. Significant subsequent events

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

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

Legal representative:

The person responsible for the preparation of stand alone quarterly financial statements:



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

FINTEL ENERGIJA AD

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FINTEL ENERGIJA AD BEOGRAD

CONSOLIDATED HALF-YEAR BUSINESS REPORT

1. Summary of the business activities and organizational structure

Identification data

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

Seat: Belgrade

Address: Bulevar Mihaila Pupina 115e

Company Identification Number: 20305266

Tax Identification Number: 105058839

Date of incorporation: 27 June 2007

Persons authorized to represent: Tiziano Giovannetti

Website: www.fintelenergija.rs

Core business activity

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

Business activities

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

Organizational structure

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

Subsidiaries

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

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

FINTEL ENERGIJA AD BEOGRAD

CONSOLIDATED HALF-YEAR BUSINESS REPORT

- Project Torak d.o.o. Beograd, ID number 21459631 (“**Project Torak**”), whereby the Company holds 100,00% of the share capital,
- Fintel Russian Ventures ooo, whereby the Company holds 99,00% of the share capital (“**Fintel Russian Ventures o.o.o.**”),
- MK-Fintel Wind Holding d.o.o. za holding poslove Beograd, ID number 21280275, whereby the Company holds 53,99737% of the share capital (“**MK Fintel d.o.o.**”), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*,
- MK-Fintel Wind akcionarsko društvo Beograd, ID number 20392126, whereby the Company holds 53,99737% of the share capital (“**MK Fintel a.d.**”), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*.

MK-Fintel Wind Holdin d.o.o. holds 100% in the following subsidiaries, SPVs for other projects:

- Vetropark Kula d.o.o. Beograd, ID number 20901659 – SPV established for the project wind farm Kula (“**Kula**”),
- Energobalkan d.o.o. Beograd, ID number 20833122 – SPV established for the project wind farm Vetroparka La Piccolina (“**Energobalkan**”),
- Vetropark Torak d.o.o. Beograd, ID number 21040339 (“**Torak**”),
- Vetropark Košava 2 d.o.o. Beograd, ID number 21064742 (“**Košava 2**”),
- Vetropark Ram d.o.o. Beograd, ID number 20927119 (“**Ram**”),
- Vetropark Dunav 1 d.o.o. Beograd, ID number 20926392 (“**Dunav 1**”),
- Vetropark Dunav 3 d.o.o. Beograd, ID number 20927089 (“**Dunav 3**”).

Information about the management of the company

Members of Board of Directors:

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

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

Fintel Energija has a position of pioneer among independent producers of electrical energy form wind power in the territory of the Republic of Serbia. The total installed capacity of all wind turbines in Serbia is 398 MW, of which 89.5 MW is held in the ownership of the Company (22,5%). Out of the total current quota for construction of wind farms under preferential conditions, which is 500 MW, Fintel has been granted the right to build wind farms of a total capacity of 85.5 MW (17,1%).

FINTEL ENERGIJA AD BEOGRAD

CONSOLIDATED HALF-YEAR BUSINESS REPORT

CONSOLIDATED HALF-YEAR INCOME STATEMENT
In RSD thousand

	AOP	Six-month period ended	
		30 June 2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
INCOME FROM REGULAR OPERATING ACTIVITIES			
A. OPERATING INCOME (1002+1009+1016+1017)	1001	242,825	236,234
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)			
1. Income from sales of goods to parent and subsidiaries on domestic market	1003	-	-
2. Income from sales of goods to parent and subsidiaries on foreign market	1004	-	-
3. Income from the sale of goods to other related parties on domestic market	1005	-	-
4. Income from the sale of goods to other related parties on foreign market	1006	-	-
5. Income from sale of goods on domestic market	1007	-	-
6. Income from sale of goods on foreign market	1008	-	-
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009	242,825	236,234
1. Income from sales of products and services to parent and subsidiaries on domestic market	1010	-	-
2. Income from sales of products and services to parent and subsidiaries on foreign market	1011	-	-
3. Income from sales of products and services to other related parties on domestic market	1012	-	-
4. Income from sales of products and services to other related parties on foreign market	1013	-	-
5. Income from sales of products and services – domestic	1014	242,825	236,234
6. Income from sales of products and services – foreign	1015	-	-
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	1016	-	-
IV. OTHER OPERATING INCOME	1017	-	-
EXPENSES FROM REGULAR OPERATING ACTIVITIES			
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029)>=0			
I. COST OF GOODS SOLD	1019	-	-
II. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	1020	-	-
III. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1021	-	-
IV. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1022	-	-
V. COST OF MATERIAL	1023	21	193
VI. COST OF FUEL AND ENERGY	1024	1,083	502
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025	10,209	3,526
VIII. COST OF PRODUCTION SERVICES	1026	22,429	25,072
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027	69,390	69,383
X. COST OF LONG-TERM PROVISIONING	1028	-	-
XI. NON-PRODUCTION COSTS	1029	42,189	44,897
C. OPERATING GAIN (1001-1018)>=0	1030	97,505	92,662
D. OPERATING LOSS (1018-1001)>=0	1031	-	-
E. FINANCE INCOME (1033+1038+1039)	1032	27,829	101,853
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033	4,858	14,869
1. Finance income - parent company and subsidiaries	1034	1,382	6,641

FINTEL ENERGIJA AD BEOGRAD
CONSOLIDATED HALF-YEAR BUSINESS REPORT

CONSOLIDATED HALF-YEAR INCOME STATEMENT
 In RSD thousand

	AOP	Six-month period ended	
		2019	2018
		(unaudited)	(unaudited)
2. Finance income - other related parties	1035	3,476	8,228
3. Share of profit of associates and joint ventures	1036	-	-
4. Other financial income	1037	-	-
II. INTEREST INCOME (from third parties)	1038	296	80,893
III. FOREIGN EXCHANGE GAINS (third parties)	1039	22,676	6,091
F. FINANCE EXPENSES (1041+1046+1047)	1040	69,627	86,847
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041	12,915	28,831
1. Finance expense - parent company and subsidiaries	1042	9,432	20,750
2. Finance expense - other related parties	1043	3,482	8,081
3. Share of loss of associates and joint ventures	1044	-	-
4. Other financial expense	1045	-	-
II. INTEREST EXPENSE (from third parties)	1046	54,994	57,496
III. FOREIGN EXCHANGE LOSSES (third parties)	1047	1,719	520
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048	-	15,006
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049	41,798	-
I. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1050	-	-
J. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1051	-	-
K. OTHER INCOME	1052	250	2,943
L. OTHER EXPENSES	1053	612	3,369
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054	55,345	107,242
N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055	-	-
O. NET INCOME ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1056	-	-
P. NET LOSS ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1057	-	-
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058	55,345	107,242
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059	-	-
II. INCOME TAX			
I. CURRENT INCOME TAX	1060	19,330	20,060
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061	1,081	13,130
III. DEFERRED TAX INCOME FOR THE PERIOD	1062	-	-
S. PERSONAL INCOME PAID TO EMPLOYER	1063	-	-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064	34,934	74,053
V. NET LOSS (1059-1058+1060+1061-1062)	1065	-	-
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066	24,084	40,900
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067	10,850	33,153
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068	-	-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069	-	-
V. EARNINGS PER SHARE			
1. Basic earnings per share (in RSD)	1070	0,41	1,33
2. Diluted earnings per share (in RSD)	1071	0,41	1,33

FINTEL ENERGIJA AD BEOGRAD
CONSOLIDATED HALF-YEAR BUSINESS REPORT

CONSOLIDATED HALF-YEAR BALANCE SHEET

In RSD thousand

	AOP	30 June 2019 <i>(unaudited)</i>	31 December 2018
A. SUBSCRIBED CAPITAL UNPAID	0001	-	-
B. NON-CURRENT ASSETS (0003 + 0010 + 0019+ 0024 + 0034)	0002	12,555,056	11,578,102
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)	0003	-	-
1. Development investments	0004	-	-
2. Concessions, licenses, software and other rights	0005	-	-
3. Goodwill	0006	-	-
4. Other intangible assets	0007	-	-
5. Intangible assets under development	0008	-	-
6. Advances for intangible assets	0009	-	-
II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010	12,495,220	11,479,992
1. Land	0011	40,145	26,269
2. Buildings	0012	473,647	487,366
3. Machinery and equipment	0013	1,857,021	1,912,477
4. Investment property	0014	-	-
5. Other property, plant and equipment	0015	-	-
6. Construction in progress	0016	4,118,398	3,157,688
7. Investments in leased PP&E	0017	-	-
8. Advances for PP&E	0018	6,006,009	5,896,192
III. BIOLOGICAL ASSETS (0020+0021+0022+0023)	0019	-	-
1. Forest farming	0020	-	-
2. Livestock	0021	-	-
3. Biological assets in production	0022	-	-
4. Advances for biological assets	0023	-	-
IV. LONG-TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024	59,836	98,110
1. Investments in subsidiary	0025	-	-
2. Investments in joint ventures	0026	-	-
3. Investments in other legal entities and other available for sales financial assets	0027	-	-
4. Long term investments in parent and subsidiaries	0028	-	-
5. Long-term investments in other related parties	0029	-	-
6. Long-term investments – domestic	0030	-	-
7. Long-term investments – foreign	0031	-	-
8. Securities held to maturity	0032	-	-
9. Other long-term financial investments	0033	59,836	98,110
V. LONG-TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034	-	-
1. Receivables from parent company and subsidiaries	0035	-	-
2. Receivables from other related parties	0036	-	-
3. Receivables from sale of goods on credit	0037	-	-
4. Receivables arising out of finance lease contracts	0038	-	-
5. Claims arising from guarantees	0039	-	-
6. Bad and doubtful receivables	0040	-	-
7. Other long-term receivables	0041	-	-
C. DEFERRED TAX ASSETS	0042	37,476	-

FINTEL ENERGIJA AD BEOGRAD

CONSOLIDATED HALF-YEAR BUSINESS REPORT

CONSOLIDATED HALF-YEAR BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	30 June 2019 <i>(unaudited)</i>	31 December 2018
D. CURRENT ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043	453,591	643,372
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044	8,980	749
1. Materials, spare parts and tools	0045	-	14
2. Work in progress	0046	-	-
3. Finished goods	0047	-	-
4. Merchandise	0048	-	-
5. Assets held for sale	0049	-	-
6. Advances for inventory and services	0050	8,980	735
II. TRADE RECEIVABLES (0052+0053+0054+0055+0056+0057+0058)	0051	-	420
1. Domestic trade receivables - parents and subsidiaries	0052	-	420
2. Foreign trade receivables - parents and subsidiaries	0053	-	-
3. Domestic trade receivables - other related parties	0054	-	-
4. Foreign trade receivables - other related parties	0055	-	-
5. Trade receivables - domestic	0056	-	-
6. Trade receivables - foreign	0057	-	-
7. Other trade receivables	0058	-	-
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059	-	-
IV. OTHER RECEIVABLES	0060	17,628	24,889
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061	-	-
VI. SHORT TERM FINANCIAL INVESTMENTS (0063+0064+0065+0066+0067)	0062	950	1,405
1. Short-term loans and investments - parent companies and subsidiaries	0063	-	-
2. Short-term loans and investments - other related parties	0064	-	-
3. Short-term loans and investments - domestic	0065	-	-
4. Short-term loans and investments - foreign	0066	-	-
5. Other short-term loans and investments	0067	950	1,405
VII. CASH AND CASH EQUIVALENTS	0068	375,384	537,552
VIII. VALUE ADDED TAX	0069	33,775	33,704
IX. PREPAYMENTS AND ACCRUED INCOME	0070	16,875	44,653
E. TOTAL ASSETS (0001+0002+0042+0043)	0071	13,046,124	12,221,474
F. OFF-BALANCE SHEET ASSETS	0072	903,824	905,782
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401	300,727	522,454
I. SHARE CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402	685,294	685,294
1. Share capital	0403	4,057	4,057
2. Stakes of limited liability companies	0404	-	-
3. Stakes	0405	-	-
4. State owned capital	0406	-	-
5. Socially owned capital	0407	-	-
6. Stakes in cooperatives	0408	-	-
7. Share premium	0409	681,237	681,237
8. Other capital	0410	-	-
II. SUBSCRIBED CAPITAL UNPAID	0411	-	-
III. OWN SHARES	0412	-	-
IV. RESERVES	0413	-	-
V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT	0414	-	-
VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0415	-	-
VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0416	238,540	112,358
VIII. RETAINED EARNINGS (0418+0419)	0417	10,850	27,593
1. Retained earnings from previous years	0418	-	-
2. Retained earnings from current year	0419	10,850	27,593
IX. NON-CONTROLLING INTEREST	0420	(133,146)	(26,753)
X. LOSS (0422+0423)	0421	23,730	51,322
1. Loss from previous years	0422	23,730	51,322
2. Loss from current year	0423	-	-
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424	11,109,228	8,746,628

FINTEL ENERGIJA AD BEOGRAD

CONSOLIDATED HALF-YEAR BUSINESS REPORT

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

	AOP	30 June 2019 <i>(unaudited)</i>	31 December 2018
I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425	-	-
1. Provisions for warranty claims	0426	-	-
2. Provision for environmental rehabilitation	0427	-	-
3. Provisions for restructuring costs	0428	-	-
4. Provisions for employee benefits	0429	-	-
5. Provisions for litigations	0430	-	-
6. Other long term provisions	0431	-	-
II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432	11,109,228	8,746,628
1. Liabilities convertible to equity	0433	-	-
2. Liabilities to parent and subsidiaries	0434	14,149	14,199
3. Liabilities to other related parties	0435	1,443,683	-
4. Liabilities for issued long-term securities	0436	-	-
5. Long term borrowings - domestic	0437	9,131,727	8,487,640
6. Long-term borrowings - foreign	0438	-	-
7. Finance lease liabilities	0439	-	-
8. Other long-term liabilities	0440	519,669	244,789
C. DEFERRED TAX LIABILITIES	0441	-	2,717
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442	1,636,169	2,949,675
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443	881,298	2,069,218
1. Short term borrowings from parent and subsidiaries	0444	481,082	482,243
2. Short term borrowings from other related parties	0445	-	1,445,035
3. Short-term loans and borrowings - domestic	0446	400,216	141,940
4. Short-term loans and borrowings - foreign	0447	-	-
5. Liabilities relating to current assets and held-for-sale assets attributable to discounted operations	0448	-	-
6. Other short term liabilities	0449	-	-
II. ADVANCES RECEIVED	0450	-	-
III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)	0451	357,088	523,186
1. Trade payables - parent and subsidiaries - domestic	0452	-	-
2. Trade payables - parent and subsidiaries - foreign	0453	13,990	58,761
3. Trade payables - other related parties - domestic	0454	1,023	286
4. Trade payables - other related parties - foreign	0455	-	-
5. Trade payables - domestic	0456	342,074	462,808
6. Trade payables - foreign	0457	-	1,331
7. Other operating liabilities	0458	-	-
IV. OTHER SHORT-TERM LIABILITIES	0459	82,040	85,426
V. LIABILITIES FOR VAT	0460	-	-
VI. LIABILITIES FOR OTHER TAXES	0461	-	97
VII. ACCRUED EXPENSES	0462	315,742	271,748
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)>=0=(0441+0424+0442-0071)>=0	0463	-	-
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464	13,046,124	12,221,474
G. OFF-BALANCE SHEET LIABILITIES	0465	903,824	905,782

FINTEL ENERGIJA AD BEOGRAD CONSOLIDATED HALF-YEAR BUSINESS REPORT

Financial Indicators

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

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

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

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

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

Personnel structure

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

3. Environmental protection

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

4. Significant events after the end of the period

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

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

5. Planned future development

As of June 2019, the Group has increased its production of electrical energy from wind of 85.5 MW, through the construction of three projects, "Kula", "La Piccolina" and "Kosava phase I". The Group also has ongoing further onshore wind farms development of 861 MW. The pipeline is being actively developed and projects are continuously progressed through the development and obtaining the appropriate regulatory consents. Projects are all developed in accordance with the "gateway" approval process, so the pace of development will depend on a number of internal and external factors. Out of the ongoing project, the project that has most advanced is Kosava Phase II - a project that obtained all licenses and that plans to have 15 turbines with capacity of up 51.8 MW, subject to turbine selection, which is estimated to become fully operational in the financial year 2021.

The growth of the Company's and Group's business will be driven primarily by the build of the Company's Development Pipeline Business, comprising approximately 861 MW of total capacity. Out of this amount, 112 MW is at an advanced development stage (building permits has been obtained for 62 MW, including 52 MW under construction) and approximately 749 MW where planning applications will be soon submitted or were submitted already).

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

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

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PLANT	LOCATION		DESIGN	OWNED BY	CAPACITY [MW]	STATUS
LA PICCOLINA	Wind	Vrsac	Energogr. doo	Energobalkan doo	6.6	in operation
KULA	Wind	Kula	Energogr. doo	Vetropark Kula doo	9.9	in operation
KOSAVA phase I	Wind	Vrsac	Energogr. doo	MK Fintel Wind A.D.	69	trial period
KOSAVA phase II	Wind	Vrsac	Energogr. doo	MK Fintel Wind A.D.	51,8	under construction
RAM	Wind	Veliko Gradiste	Energogr. doo	Vetropark RAM doo	10	under construction
KULA 2	Wind	Kula	Energogr. doo	Vetropark Torak doo	10	under construction
LIPAR	Wind	Kula	Energogr. doo	Vetropark Lipar doo	10	under final phase of development
LIPAR 2	Wind	Kula	Energogr. doo	Vetropark Lipar 2 doo	10	under final phase of development
DUNAV 1	Wind	Veliko Gradiste	Energogr. doo	Vetropark DUNAV 1 doo	10	under final phase of development
DUNAV 3	Wind	Veliko Gradiste	Energogr. doo	Vetropark DUNAV 3 doo	10	under final phase of development
MAESTRALE RING	Wind	Subotica	Energogr. doo	Vetropark Maestrале Ring doo	599.2	under development
TORAK	Wind	Sombor	Energogr. doo	Project TORAK doo.	140	under development
KOSAVA 2	Wind	Vrsac	Energogr. doo	Vetropark KOSAVA 2 doo	9.9	under development
TOTAL					946.4	

6. Research and development

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

There are no registered patents or licenses of the Company.

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

7. Subsidiaries

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

- Lipar d.o.o. Beograd, ID number 21452149 ("**Lipar**"), whereby the Company holds 100,00% of the share capital,
- Lipar 2 d.o.o. Beograd, ID number 21452122 ("**Lipar 2**"), whereby the Company holds 100,00% of the share capital,
- Maestrle Ring d.o.o. Beograd, ID number 21452068 ("**Maestrle Ring**"), whereby the Company holds 100,00% of the share capital,Project Torak d.o.o. Beograd, ID number 21459631 ("**Project Torak**"), whereby the Company holds 100,00% of the share capital,
- Fintel Russian Ventures ooo, whereby the Company holds 99,00% of the share capital ("**Fintel Russian Ventures o.o.o.**"),
- MK-Fintel Wind Holding d.o.o. za holding poslove Beograd, ID number 21280275, whereby the Company holds 53,99737% of the share capital ("**MK Fintel d.o.o.**"), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*,
- MK-Fintel Wind akcionarsko društvo Beograd, ID number 20392126, whereby the Company holds 53,99737% of the share capital ("**MK Fintel a.d.**", "."), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*.

MK-Fintel Wind Holdin d.o.o. holds 100% in the following subsidiaries, SPVs for other projects:

- Vetropark Kula d.o.o. Beograd, ID number 20901659 – SPV established for the project wind farm Kula ("**Kula**"),
- Energobalkan d.o.o. Beograd, ID number 20833122 – SPV established for the project wind farm Vetroparka La Piccolina ("**Energobalkan**"),
- Vetropark Torak d.o.o. Beograd, ID number 21040339 ("**Torak**"),
- Vetropark Košava 2 d.o.o. Beograd, ID number 21064742 ("**Košava 2**"),
- Vetropark Ram d.o.o. Beograd, ID number 20927119 ("**Ram**"),
- Vetropark Dunav 1 d.o.o. Beograd, ID number 20926392 ("**Dunav 1**"),
- Vetropark Dunav 3 d.o.o. Beograd, ID number 20927089 ("**Dunav 3**").

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

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

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

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

9. Related party transactions

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

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

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

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

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

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

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

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

Remuneration of Fintel Group directors

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



 Legal representative





FINTEL ENERGIJA AD

STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

To the best of our knowledge, Quarterly Financial Statements of the Fintel Energija a.d. for period ended 30 June 2019 were prepared in compliance with the relevant International Financial Reporting Standards and these present authentic and objective information about assets, liabilities, financial position and operations, profit and losses, cash flows and changes in equity of the Public Company, including those of the Companies included in the Statements.

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

Legal representative:

Fintel Energija a.d.

Director



Tiziano Giovannetti