Arca Investments, a.s.

Consolidated Financial Statements
for the Year Ended 31 December 2016

prepared in accordance with International
Financial Reporting Standards ("IFRS")
as adopted by European Union ("EU")

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Independent Auditor's Report

To the Shareholders, Supervisory Board and Board of Directors of Arca Investments, a.s.

Report on the Audit of the Consolidated Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Arca Investments, a.s. and its subsidiaries (together the "Group") as at 31 December 2016, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:
- the consolidated statement of financial position as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the section Auditor's responsibilities for the audit of the consolidated financial statements. We are independent of the Group in accordance with the Act on Statutory Audit No. 423/2013 Coll. and the Slovak Act on Accounting No. 431/2002, as amended (the "Act on Statutory audit") including Code of Ethics for Auditors, relevant for our audit of consolidated financial statements. We have fulfilled all our other ethical responsibilities in this respect.

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

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other requirements of law and regulations

Reporting on Information in the consolidated Annual Report

Management is responsible for the information in the consolidated Annual Report prepared in accordance with the Slovak Act on Accounting No. 431/2002, as amended. However, management did not prepare the consolidated Annual Report until the date of our opinion on the consolidated financial statements.

FS consulting, s.r.o.
License UDVA No. 342

Dr. Jaroslav Kašiak, CPA
License SKAU No. 923

Bratislava, 30 October 2017

Our report has been prepared in Slovak and English language. In all matters of interpretation of information, views or opinions, the Slovak language version of our report take precedence over the English language version.

(All amounts in Euro thousands unless otherwise stated)

Consolidated Statement of Financial Position

	Note	As at 31 December 2016	2015
Assets			
Non-current assets			
Financial assets at fair value through profit or loss	7	255 003	96 039
Property, plant and equipment		818	802
Intangible assets		195	268
Other assets		608	456
Total non-current assets		**256 624**	**97 565**
Current assets			
Financial assets at fair value through profit or loss	7	147 126	104 962
Loan receivables		18 548	15 476
Other assets		16 859	13 359
Trade and other receivables		7 088	8 522
Cash and cash equivalents (excluding bank overdrafts)		10 094	14 852
Total current assets		**199 715**	**157 171**
TOTAL ASSETS		**456 339**	**254 736**
EQUITY			
Equity attributable to owners of the parent			
Share capital		100	100
Other reserves		8 898	5 950
Retained earnings		34 353	7 014
Non-controlling interests		591	591
Total equity		**43 942**	**13 655**
LIABILITIES			
Non-current liabilities			
Borrowings	9	172 251	93 973
Other liabilities		8 025	3 204
		180 276	97 177
Current liabilities			
Borrowings	9	221 487	135 660
Other liabilities		7 964	5 291
Trade and other payables		2 670	2 953
		232 121	143 904
Total liabilities		**412 397**	**241 081**
TOTAL EQUITY ND LIABILITIES		**456 339**	**254 736**

(All amounts in Euro thousands unless otherwise stated)

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2016	2015
Dividend income		696	68
Other net changes in fair value of FVTPL	6	43 862	19 783
Total net income		**44 558**	**19 851**
Employee benefit expenses		-1 449	-1 270
Services		-5 996	-3 157
Other losses / gains – net		1 751	714
Total operating expenses		**-5 694**	**-3 713**
Operating gain		**38 864**	**16 138**
Interest expense, net	5, 8	-12 629	-8 933
Other income, net		1 512	2 262
Total other loss, net		**-11 117**	**-6 671**
Profit before tax		**27 747**	**9 467**
Income tax		-408	-249
Profit after tax		**27 339**	**9 218**
Other comprehensive income			
Other comprehensive income		2 948	-729
Net comprehensive gain		**30 287**	**8 489**

The consolidated financial statements were authorized for issue by the Board of Directors on 30 October 2017.

Ing. Rastislav Velič
Member of the Board of Directors

(All amounts in Euro thousands unless otherwise stated)

Consolidated Statement of Changes in Shareholders' Equity

	Attributable to equity holders of the company						
	Share capital	**Other reserves**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
Balance at 1 January 2015	**100**	**7 117**	**-438**	**-1 226**	**5 553**	**635**	**6 188**
Profit / (loss) for the period	-	-	-	9 218	9 218	-	9 218
Other comprehensive income	-	-	-729	-	-729	-	-729
Total comprehensive income	-	-	-729	9 218	8 489	-	8 489
Acquisition of non-controlling interest	-	-	-	44	44	-44	-
Other movement	-	-	-	-363	- 363	-659	-1 022
Balance at 31 December 2015	**100**	**7 117**	**-1 167**	**7 673**	**13 723**	**-68**	**13 655**
Balance at 1 January 2016	**100**	**7 117**	**-1 167**	**7 014**	**13 064**	**591**	**13 655**
Profit / (loss) for the period	-	-	-	27 339	27 339	-	27 339
Other comprehensive income	-	-	2 948	-	2 948	-	2 948
Total comprehensive income	-	-	2 948	27 339	30 287	-	30 287
Balance at 31 December 2016	**100**	**7 117**	**1 781**	**34 353**	**43 351**	**591**	**43 942**

(All amounts in Euro thousands unless otherwise stated)

Consolidated Statement of Cash Flows

	Year ended 31 December	
	2016	**2015**
Profit before tax	**27 747**	**9 467**
Adjustments		
Fair value revaluation	-31 121	-20 299
Exchange (gain)/losses on cash and cash equivalents	-36	-74
Decrease / (increase) in trade and other receivables	1 434	-855
Decrease / (increase) in trade and other payables	-283	-990
Loan receivables – proceeds	3 875	1 779
Loan receivables – providing	-6 947	-14 030
Decrease / (increase) in other assets	6 790	-8 822
Net increase / decrease in tangible and intangible assets	57	-41
Income tax	-408	-249
Investing in FVTPL	-170 007	-36 430
Net cash used in operating activities	**-168 899**	**-70 544**
Cash flows from financing activities		
Interest repaid on borrowings	-23 836	-14 274
Proceeds from issuance of bonds	57 904	31 606
Repayment of bonds	-10 696	-49 336
Proceeds from bank borrowings	67 040	49 596
Repayment of bank borrowings	-51 078	-7 924
Proceeds from bills of exchange	127 526	99 045
Repayment of bills of exchange	-18 108	-65 061
Proceeds from other loans	27 671	49 969
Repayment of other loans	-12 318	-23 161
Net cash used in financing activities	**164 105**	**70 460**
Net decrease / (increase) in cash and cash equivalents	**-4 794**	**-84**
Cash and cash equivalents at beginning of year	14 852	14 862
Exchange gains / (losses) on cash and cash equivalents	36	74
Cash and cash equivalents at end of period	**10 094**	**14 852**

(All amounts in Euro thousands unless otherwise stated)

Notes to the Consolidated Financial Statements

1. General information

The consolidated financial statements of Arca Investments, a.s. (the "Company") for the year ended 31 December 2016 were authorised for issue by the Board of Directors of the Company on 30 October 2017. The Company was established as a joint stock company and incorporated in the Commertial Register on 9 December 2005 (Commertial Register of the District Court Bratislava I, Section Sa, Insert No.: 3788/B).

The Company´s registered address and registration numbers are:
Arca Investments, a.s.
Plynárenská 7/A
821 09 Bratislava
Slovak Republic
Registration number: 35 975 041

The Company's business is principally conducted through twelve fully consolidated subsidiaries (the "Subsidiaries"); Arca Capital Slovakia, a.s., Arca Capital Bohemia, a.s., Arca Capital Ltd., Arca Capital (Cyprus) Ltd., ECAR GROUP, a.s., WINNER GROUP, a.s., BIOGAS-HOLDING, s. r. o., ACORD plus spol. s r. o., BIOTEC, s.r.o., ENWO s.r.o., BRQ Czech, a.s., Nova Green Finance, a. s. The Company and Subsidiaries together constitute the "Group".

The objectives of the Company are to generate significant medium-to long-term capital growth within rigorous risk management framework. The Company aims to deliver these objectives by investing in an investment portfolio of unlisted private company´s operating predominately in Energy, Financial services and Real Estate sector. Investments are made to provide financing to help start, develop or transform privately owned companies that demonstrate the potential for significant growth. In addition to providing financing, the Company may provide instructions, industry expertise or other assistance to help companies' growth their business. This comprises investment in companies at various financing stages – seed financing, venture capital, management/leveraged buyouts, mezzanine financing and distressed debt.

The structure of Company´s shareholders was at 31 December 2016 as follows:

	Share in registered capital		**Voting rights**
	Total €	**%**	**%**
Ing. Henrich Kiš	9 960	10,0	10,0
Ing. Peter Krištofovič	29 880	30,0	30,0
Ing. Pavol Krúpa	39 840	40,0	40,0
Ing. Rastislav Velič	19 920	20,0	20,0
Total	**99 600**	**100,0**	**100,0**

The Company´s statutory bodies were as follows:

Board of Directors:	**31 December 2016**	**31 December 2015**
Chairman	Ing. Pavol Krúpa – Chairman	Ing. Pavol Krúpa - Chairman
Members	Ing. Rastislav Velič	

Supervisory Board:	**31 December 2016**	**31 December 2015**
Chairman	Ing. Juraj Koník – Chairman	Ing. Ing. Juraj Koník – Chairman
Members	Oto Bachratý	Oto Bachratý
	Ing. Katarína Cvečková	Ing. Katarína Cvečková

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements has been prepared as at 31 December 2016 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). IFRS comprise standards and interpretations approved by the International Accounting Standard Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared under historical cost convention except for the Financial Assets and Financial Liabilities that are valued at fair value through profit or loss ("FVTPL").

The Company's financial statements have been prepared on the going concern basis. After review of the current available cash flow projections, including expected timing of investments and acquisitions and financing and given the nature of the Company and its investments, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The preparation of consolidated financial statements in compliance with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions in the process of applying the Group's accounting policies that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of reporting period and the reported amounts of revenues and expenses during the year. Actual results may differ from these estimates.

All amounts in the Notes are shown in thousands of Euros ("€"), unless stated otherwise.

2.2 Basis of consolidation

The consolidated financial statements comprise the balance sheet and income statement of the Company and its subsidiaries as at 31 December 2016.

Specifically, the Company controls an investee if and only if the Company has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

The Company meets the definition of an Investment Entity under IFRS 10 and consolidates subsidiaries as detailed below.

(All amounts in Euro thousands unless otherwise stated)

2.3 Investment entity and consolidation

A) Investment Entity

The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- the Company has obtained funds for the purpose of providing investors with professional investment management services;
- the Company's business purpose, which was communicated directly to the investors, is investing for capital appreciation and investment income; and
- the investments are measured and evaluated on a fair value basis.

B) Subsidiary

The Company has subsidiaries that provide investment-related services or activities to other parties and in line with the standard it shall consolidate those subsidiaries in accordance with IFRS 10. The following subsidiaries of the Company are consolidated:

	Country of incorporation	**% interest held in 2016**	**% interest held in 2015**	**Principal activity**
Entity				
Arca Capital Slovakia, a.s.	SK	100%	100%	Management company / FV*
Arca Capital Bohemia, a.s.	CZ	100%	100%	Management company
Arca Capital (Cyprus) Ltd.	CYP	99%	99%	Management company
Arca Capital Ltd.	UK	99%	99%	Management company
ECAR GROUP, a.s.	SK	100%	100%	Management company
WINNER GROUP, a.s.	SK	100%	100%	Management company
BIOGAS-HOLDING, s. r. o.	SK	90%	90%	Management company
ACORD plus spol. s r. o.	SK	50%	50%	Management company
BIOTEC, s. r. o.	SK	25,5%	25,5%	Management company
ENWO s.r.o.	SK	100%	100%	Management company
Nova Green Finance, a. s.	SK	100%	n/a	FV*
BRQ Czech, a.s.	CZ	100%	70%	Management company / FV*

* Funding vehicle

(All amounts in Euro thousands unless otherwise stated)

The Company also holds subsidiaries that are determined to be unconsolidated subsidiaries. Unconsolidated subsidiaries are measured at fair value through profit or loss. The following subsidiaries of the Company are measured at fair value through profit and loss and we are showing the Company percentage holding:

	Country of incorpo-ration	% interest held in 2016	% interest held in 2015	Principal activity
Subsidiaries				
ACS Kominárska, s.r.o.	SK	100%	100%	Real estate
ACS 2, s.r.o.	SK	100%	100%	Real estate
ACS 3, s.r.o.	SK	100%	100%	Real estate
ACS 4, s.r.o.	SK	100%	0%	Real estate
AGROSERVIS-SLUŽBY, s.r.o.	SK	74%	74%	Green energy
ARCA CAPITAL Slowakei Beteiligungs GmbH	AT	100%	0%	Green energy
Arca Capital Finance Group, a.s.	SK	100%	100%	Financial services
Arca Capital Ukraine	UA	100%	100%	Real estate
Arca Industry Ukraine, a. s.	UA	100%	0%	Real estate
Arca Realty	UA	100%	100%	Real estate
Arca Services, a. s.	SK	100%	0%	Real estate
Artesis Europe Limited	CY	66%	0%	Personal leasing
Auto Lamač spol. s r. o.	SK	51%	0%	Car dealership
AXONADE, s.r.o.	SK	100%	100%	Real estate
Bankers trust corporation a.s.	SK	63%	63%	Real estate
BGQ Czech a. s.	CZ	100%	100%	Real estate
BioElectricity, s. r. o.	SK	18%	18%	Green energy
BIOPLYN BIEROVCE 2 s. r. o.	SK	13%	13%	Green energy
Bioplyn Cetín, s.r.o.	SK	36%	36%	Green energy
Bioplyn Hont, s.r.o.	SK	45%	45%	Green energy
BIOPLYN HOROVCE 2, s. r. o.	SK	20%	20%	Green energy
BIOPLYN HOROVCE 3 s. r. o.	SK	25%	25%	Green energy
Bioplyn Horovce, s.r.o.	SK	48%	48%	Green energy
Bioplyn Ladzany, s.r.o.	SK	48%	50%	Green energy
Biotec energy servis, s. r. o.	SK	25%	12%	Green energy
Biotec electricity Doo	SRB	100%	100%	Green energy
Blackside, a.s.	SK	51%	51%	Debt recovery
BLUESIDE,a.s.	SK	100%	100%	Back office for Professional financial advisers
CARD - NET, a. s.	SK	90%	90%	IT
CES ePlatby a.s.	CZ	100%	0%	IT
Českomoravská investiční, a. s.	CZ	0%	57%	Investment vehicle
DELUVIS s. r. o.	SK	51%	51%	Professional financial advisers
EFIT Bohemia, a. s.	CZ	100%	0%	Real estate
Enprotech Power s.r.o.	SK	50%	50%	Heat production and distribution
Eskonta IIK	UA	0%	90%	Financial services
FG Financial Group, a.s.	CZ	100%	100%	Professional financial advisers
FG Financial Group - SK, a.s.	SK	100%	100%	Professional financial advisers
FG Financial Group, a.s.	CZ	100%	100%	Financial services
Fleet Servis, a.s.	CZ	100%	100%	Car dealership
GAINER, s. r. o.	SK	100%	100%	Real estate
CHILOE a.s.	SK	0%	100%	Green energy
Kennial, a. s.	CZ	100%	0%	Real estate
Lexus, s.r.o.	SK	72%	72%	Green energy
LIGHTPARK, s.r.o.	SK	67%	67%	Real estate
Logocentr Brovari	UA	18%	18%	Real estate
MediBox s. r. o.	SK	50%	50%	IT
NetSide Europe a. s.	CZ	100%	0%	Real estate
NFA Holding, a. s.	CZ	100%	100%	Real estate
NRE Kutil s.r.o.	CZ	100%	0%	Real estate
NRE Panorama s. r. o.	CZ	100%	0%	Real estate
NRE Smíchov Gate s. r. o.	CZ	100%	0%	Real estate
Ondrášovka a. s.	CZ	31%	31%	Mineral water
Pharma Services, s. r. o.	SK	100%	100%	Private equity
PIELD Invest, s. r. o.	SK	90%	90%	Real estate
Pollenza, s.r.o.	SK	71%	71%	Financial services
Private Consulting Group, s. r. o.	SK	100%	100%	Financial services

(All amounts in Euro thousands unless otherwise stated)

Riverland, s. r. o.	SK	100%	0%	Real estate
ROSLYN, a.s.	SK	30%	30%	Real estate
Silverside a.s.	SK	100%	100%	Financial services
SOMO spol. s r. o.	SK	100%	0%	Hospitality company
Solar Ketron, s.r.o.	SK	72%	72%	Green energy
TOP PELET, s.r.o.	SK	30%	30%	Green energy
TWINLOGY, s. r.o.	SK	100%	0%	Green energy
VIPPAP, a. s.	CZ	100%	0%	Real estate
VS Faktor Ztr.	HU	51%	0%	Financial services
YVEX, s.r.o.	SK	51%	51%	Hospitality
Železná studnička, a.s.	SK	90%	90%	Real estate

2.4 Foreign currency translation

(a) Functional and presentation currency

The primary activity of the Company is to invest in portfolio of unlisted debt and equity securities of unlisted private companies operating predominately in the Europe. The performance of the Company is measured and reported to investors in Euros. The Board of Directors considers the Euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Euros, which is also the Company's functional currency.

The presentation currency of the Group is the same as the functional currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the balance sheet date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within 'net foreign currency gains and losses on cash and cash equivalents'.

2.5 Financial assets and financial liabilities at fair value through profit or loss

(a) Classifications

The Group classifies its investments in debt and equity securities, loans, and derivatives, as financial assets or financial liabilities at fair value through profit or loss.

This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

(i) Financial assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

(ii) Financial assets and liabilities designated at fair value through profit or loss at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Group's documented investment strategy.

The Group's policy requires the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(b) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognized on the trade date – the date on which the Group commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.
Dividend income from financial assets at fair value through profit or loss is recognized in the statement of comprehensive income within dividend income when the Group's right to receive payments is established. Interest on debt securities and loans at fair value through profit or loss is recognized in the statement of comprehensive income within interest income based on the effective interest rate.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Group utilizes the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

If a significant movement in fair value occurs subsequent to the close of trading up to midnight in a particular stock exchange on the year end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Group's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(d) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.7 Loan receivables

Loan other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

As at December 31 December 2016 and 2015, the carrying amounts of loan receivables approximate their fair values.

2.8 Accrued income and other receivables

Accrued income and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

As at December 31 December 2016 and 2015, the carrying amounts of other receivables approximate their fair values.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

2.10 Borrowings

Borrowings are recognized at fair value net of transaction costs incurred. They are subsequently valued at amortized cost; any difference is recognized in the statement of comprehensive income over the period of the borrowing using the effective interest method.

As at December 31 December 2016 and 2015, the carrying amounts of borrowings approximate their fair values.

2.11 Accrued expenses and other payables

2.10 Accrued expenses and other payables are recognized initially at fair value and subsequently stated at amortized cost using the effective interest method.

As at December 31 December 2016 and 2015, the carrying amounts of 2.10 Accrued expenses and other payables approximate their fair values.

2.12 Share capital

The share capital of the Company at 31 December 2016 amounts to EUR 99 600 consisting of 30 issued and fully paid registered shares with a par value of EUR 3 320 each. Each share entitles the holder to participate in any distribution of income and capital.

2.13 Interest income and finance costs

Interest income and finance costs as well as other income and expenses are recognized in the statement of comprehensive income on a time-proportion basis.

2.14 Dividends

Dividends are recognized in the statement of comprehensive income when the Group's right to receive payments is established.

2.15 Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Income tax expense comprises current and deferred tax expense. Current and deferred tax expense are recognized in the statement of comprehensive income, except when they relate to items recognized directly to equity, in which case the tax is also recognized directly in equity. The Management of the Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Other taxes, other than income tax are recognized in operating expenses.

2.16 Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions.

(All amounts in Euro thousands unless otherwise stated)

3. Financial risk management

3.1 Financial risk factors

The objective of Company is to achieve medium to long-term capital growth through investing in a selection of unlisted private companies operating mainly in Central Europe.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk.

3.1.1 Market risk

(a) Price risk

The Group's investments are susceptible to market price risk arising from uncertainties about future values of those instruments. To manage the market price risk, the Group reviews the performance of the portfolio companies on a quarterly basis and is in regular contact with the management of the portfolio companies for business and operational matters. Results of these reviews are reported quarterly.

As at 31 December 2016, the fair value of financial assets through profit or loss at inception exposed to price risk were as follows:

	Equity securities	**Funds**	**Debt securities**	**Transferred claims**
Green energy	17 089	-	67 196	-
Hospitality	13 194	-	23 987	-
Mineral water	11 225	-	7 391	-
Personal leasing	19 236	-	5 854	-
Private equity	3 016	8 369	52 576	13 825
Real estate	9 486	-	57 141	-
	73 246	**8 369**	**214 145**	**13 825**

As at 31 December 2016, the fair value of financial assets held for trading exposed to price risk were as follow:

Country	**FV 2016**
SK	18 758
CZ	45 290
AT	27 238
GB	294
SLO	964
	92 544

As at 31 December 2015, the fair value of financial assets through profit or loss at inception exposed to price risk were as follows:

	Equity securities	**Funds**	**Debt securities**	**Transferred claims**
Green energy	7 235	-	36 024	-
Hospitality	9 836	-	16 364	-
Mineral water	7 849	-	-	-
Personal leasing	-	-	-	-
Private equity	4 697	652	6 437	39 865
Real estate	16 086	-	20 619	-
	45 703	**652**	**79 444**	**39 865**

As at 31 December 2015, the fair value of financial assets held for trading exposed to price risk were as follow:

Country	**FV 2015**
SK	-
CZ	32 250
AT	-
GB	2 123
SLO	963
	35 337

As at 31 December 2016 and 31 December 2015, the Group's market risk is affected by changes in the level or volatility of market rates, such as foreign exchange rates and interest rates, or prices, such as equity prices. Movements in foreign currency rates and interest rates are covered in paragraph (b) and (c) respectively.

(b) Foreign exchange risk

The Group holds assets (both monetary and non-monetary) denominated in currencies other than the functional currency (the Euro). It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to the changes in exchange rates. In accordance with the Group's policy, the management monitors the Group's currency- position, including monetary and non-monetary items, on a quarterly basis.

Foreign currency risk, as defined in IFRS 7 Financial instruments: Disclosures, arises as the value of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 Financial instruments: Disclosures considers the foreign exchange exposure relating to nonmonetary assets and liabilities to be a component of market price risk not foreign currency risk. However, the management monitors the exposure on all foreign currency-denominated assets and liabilities. The table below provides the analysis of foreign currency exposure between monetary and non-monetary items in order to meet the requirements of IFRS 7 Financial instruments: Disclosures.

The table below summarizes the Group's assets and liabilities, monetary and nonmonetary, which are denominated in a currency other than the Euro.

Amounts presented in equivalent amounts of Euro thousands with original currency as stated as of 31 Dec 2016:

	CZK	USD	HUF	GBP	CHF
Assets					
Monetary assets	42 822	54 339	1 353	-	-
Non-monetary assets	96 495	748	178	294	-
Liabilities					
Monetary liabilities	182 172	352	-	-	472
Non-monetary liabilities	-	-	-	-	-
Net FX position	**-42 855**	**54 736**	**1 531**	**294**	**-472**

Amounts presented in equivalent amounts of Euro thousands with original currency as stated as of 31 Dec 2015:

	CZK	USD	HUF	GBP	CHF
Assets					
Monetary assets	20 133	29 257	-	27	-
Non-monetary assets	21 067	1 917	-	2 123	-
Liabilities					
Monetary liabilities	105 198	411	-	1 893	-
Non-monetary liabilities	-	-	-	-	-
Net FX position	**-63 998**	**30 763**	**-**	**257**	**-**

(All amounts in Euro thousands unless otherwise stated)

(c) Interest rate risk

The Group is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

The Table below summarizes the Group's exposure to interest rate risks. It includes Group's assets and liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates. All debt instruments included in the category financial assets at fair value through profit or loss and all issued bonds and promissory notes have fixed interest rates. All loans accepted from banks have floating interest rates.

As at 31 December 2016

	Less than 1 year	Between 1 and 3 years	More than 3 years	No interest bearing	Total
Assets					
Property, plant, equipment	-	-	-	818	818
Intangible assets	-	-	-	195	195
FA at FVTPL – trading					
Equity securities	-	-	-	36 098	36 098
Funds	-	-	-	37 414	37 414
Debts securities	19 032	-	-	-	19 032
FA at FVTPL – at inception					
Equity securities	-	-	-	73 246	73 246
Funds	-	-	-	8 369	8 369
Loans	46 214	59 462	108 469	-	214 145
Transferred claims	-	10 216	3 609	-	13 825
Loan receivables	18 548	-	-	-	18 548
Trade and other receivables	7 088	-	-	-	7 088
Other assets	-	-	-	17 467	17 467
Cash at bank	10 094	-	-	-	10 094
Total assets	**100 976**	**69 678**	**112 078**	**173 607**	**456 339**

	Less than 1 year	Between 1 and 3 years	More than 3 years	No interest bearing	Total
Liabilities					
Bonds	22 690	45 039	17 950	-	85 679
Bills of exchange	170 261	-	-	-	170 261
Other loans	-	64 373	15	-	64 388
Loans from related parties	11 321	-	-	-	11 321
Bank loans	17 215	30 364	14 510	-	62 089
Trade and other payables	2 670	-	-	-	2 670
Other liabilities	15 989	-	-	-	15 989
Shareholders´ equity	-	-	-	43 942	43 942
Total liabilities & Equity	**240 146**	**139 776**	**32 475**	**43 942**	**456 339**

(All amounts in Euro thousands unless otherwise stated)

As at 31 December 2015

	Less than 1 year	Between 1 and 3 years	More than 3 years	No interest bearing	Total
Assets					
Property, plant, equipment	-	-	-	802	802
Intangible assets	-	-	-	268	268
FA at FVTPL – trading					
Equity securities	-	-	-	22 685	22 685
Funds	-	-	-	9 667	9 667
Debts securities	2 985	-	-	-	2 985
FA at FVTPL – at inception					
Equity securities	-	-	-	45 703	45 703
Funds	-	-	-	652	652
Loans	29 108	15 860	34 476	-	79 444
Transferred claims	39 865	-	-	-	39 865
Loan receivables	15 476	-	-	-	15 476
Trade and other receivables	8 522	-	-	-	8 522
Other assets	-			13 815	13 815
Cash at bank	14 853	-	-	-	14 853
Total assets	**110 809**	**15 860**	**34 476**	**93 592**	**254 736**

	Less than 1 year	Between 1 and 3 years	More than 3 years	No interest bearing	Total
Liabilities					
Bonds	11 811	10 617	19 987	-	42 414
Bills of exchange	73 072	-	-	-	73 072
Other loans	3 759	25 725	20 733	-	50 217
Loans from related parties	17 454	-	-	-	17 454
Bank loans	29 564	15 912	1 000	-	46 476
Trade and other payables	2 953	-	-	-	2 953
Other liabilities	5 291	3 204	-	-	8 495
Shareholders´ equity	-	-	-	13 655	13 655
Total liabilities & Equity	**143 903**	**55 457**	**41 720**	**13 655**	**254 736**

The Group has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Group invests, and the impact on the valuation that use interest rates as an input in the valuation model, such as the discounted cash flow models used in the valuation of unlisted investments. Therefore, the above sensitivity analysis may not indicate the total effect on the Group's equity attributable to the shareholders of future movements in interest rates.

(All amounts in Euro thousands unless otherwise stated)

3.1.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation. The Group is exposed to the risk of non-payment of debt instrument, other receivable balances or the interest due on loans given to portfolio companies.

All debt investments represent private debt investments executed in accordance with the investment objectives of the Group.

The Group assesses all counterparties for credit risk before contracting with them. The Group's maximum exposure to credit risk is detailed in the table below. The Group does not include any collateral or other credit risk enhancers, which may reduce the Group's exposures.

As at 31 December, the maximum exposure to credit risk is the carrying amounts of the respective financial assets set out below:

	2016	**2015**
Debt investments	247 002	122 294
Loan receivables	18 548	15 476
Trade and other receivables	7 088	8 522
Cash and cash equivalents	10 094	14 852
Other assets (monetary)	17 467	13 815
Total interest income	**300 199**	**174 959**

The Group provides loans to private companies, which are represented as debt instruments. No collateral is received from the underlying companies. The credit quality of these investments is based on the financial performance of the individual portfolio company. For those assets that are not past due, it si believed that the risk of default is low, and the capital repayments and interest payments will be made in accordance with the agreed terms and conditions. No terms or conditions have been renegotiated during the reporting period (2015: nil).

As at 31 December 2016, the financial assets held by the Group are not past due or impaired (2015: nil).

3.1.3 Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Group may periodically invest in equity, debt securities, loans at fair value, funds traded over the counter or that are not traded in an organized market and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value in order to meet significant unplanned liquidity requirements., or be able to respond to specific events such as deterioration in creditworthiness of any counterparty. As at 31 December 2016, the Group held 301 216 EUR in investments that is considered illiquid (2015: 165 012 EUR)

The Group manages its liquidity risk by maintaining cash levels to fund short-term operating expenses.

(All amounts in Euro thousands unless otherwise stated)

The following table illustrate the expected liquidity of assets held as at 31 December 2016:

	Less than 1 year	Between 1 and 3 years	More than 3 years	Total
Property, plant and equipment	-	-	818	818
Intangible assets	-	-	195	195
Financial assets held for trading				
Equity securities	36 098	-	-	36 098
Funds	37 414	-	-	37 414
Debts securities	19 032	-	-	19 032
Designated at fair value through profit or loss at inception				
Equity securities	-	-	73 246	73 246
Funds	8 369	-	-	8 369
Loans	46 214	59 462	108 469	214 145
Transferred claims	-	-	13 825	13 825
Loan receivables	18 548	-	-	18 548
Trade and other receivables	7 088	-	-	7 088
Other assets	16 859	-	608	17 467
Cash at bank	10 094	-	-	10 094
Total assets	**199 715**	**60 070**	**169 553**	**456 339**

The amounts in table are the contractual undiscounted cash flows.

The following table illustrate the expected liquidity of assets held as at 31 December 2015:

	Less than 1 year	Between 1 and 3 years	More than 3 years	Total
Property, plant and equipment	-	-	802	802
Intangible assets	-	-	268	268
Financial assets held for trading				
Equity securities	22 685	-	-	22 685
Funds	9 667	-	-	9 667
Debts securities	2 985	-	-	2 985
Designated at fair value through profit or loss at inception				
Equity securities	-	-	45 703	45 703
Funds	652	-	-	652
Loans	29 108	15 860	34 476	79 444
Transferred claims	39 865	-	-	39 865
Loan receivables	15 476	-	-	15 476
Trade and other receivables	8 522	-	-	8 522
Other assets	13 359	-	456	13 815
Cash at bank	14 852	-	-	14 852
Total assets	**157 171**	**15 860**	**81 705**	**254 736**

The amounts in table are the contractual undiscounted cash flows.

(All amounts in Euro thousands unless otherwise stated)

The table below analyses the Groups' financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. At present the Group has no immediate plans to exit any of its positions in its portfolio of investments.

As at 31 December 2016

	Less than 1 year	Between 1 and 3 years	More than 3 years	Total
Liabilities				
Bonds	22 690	45 039	17 950	85 679
Bills of exchange	170 261	-	-	170 261
Other loans	-	64 373	15	64 388
Loans from related parties	11 321	-	-	11 321
Bank loans	17 215	30 364	14 510	62 089
Other liabilities	7 964	8 025	-	15 989
Trade and other payables	2670	-	-	2 670
Shareholders´ equity	-	-	43 942	43 942
Total liabilities & Equity	**232 121**	**147 801**	**76 417**	**456 339**

As at 31 December 2015

	Less than 1 year	Between 1 and 3 years	More than 3 years	Total
Liabilities				
Bonds	11 811	10 617	19 987	42 414
Bills of exchange	73 072	-	-	73 072
Other loans	3 759	25 725	20 733	50 217
Loans from related parties	17 454	-	-	17 454
Bank loans	29 564	15 912	1 000	46 476
Other liabilities	5 291	3 204	-	8 495
Trade and other payables	2 953	-	-	2 953
Shareholders´ equity	-	-	13 655	13 655
Total liabilities & Equity	**143 904**	**55 458**	**55 375**	**254 736**

(All amounts in Euro thousands unless otherwise stated)

3.2 Capital risk management

The capital of the Group is represented by the equity attributable to the shareholders. The Group's objective when managing the capital is to safeguard the ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Group.

3.3 Fair value estimation

The Group is required to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs using in making the measurement. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Group's financial assets (by class) measured at fair value as at 31 December 2016.

All fair value measurements disclosed are recurring fair value measurements.

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets held for trading				
Equity securities	36 098		-	36 098
Funds	-	37 414	-	37 414
Debts securities	19 032	-	-	19 032
Designated at fair value through profit or loss at inception				
Equity securities	-	-	73 246	73 246
Funds	-	8 369	-	8 369
Loans	-	-	214 145	214 145
Transferred claims	-	-	13 825	13 825
	55 130	**45 783**	**301 216**	**402 129**

The following table analyses within the fair value hierarchy the Group's financial assets (by class) measured at fair value at 31 December 2015:

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets held for trading				
Equity securities	22 685	-	-	22 685
Funds	-	9 667	-	9 667
Debts securities	2 985	-	-	2 985
Designated at fair value through profit or loss at inception				
Equity securities	-	-	45 703	45 703
Funds	-	652	-	652
Loans	-	-	79 444	79 444
Transferred claims	-	-	39 865	39 865
	25 670	**10 319**	**165 012**	**201 001**

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Group does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Investments classified within Level 3 consist of private equity and private debt positions. The main inputs into Group's valuation models for these private equity and debt instruments include:

- For private equity valuation models – EBITDA multiples (based on budgeted EBITDA or most recent EBITDA achieved on rolling 12 months basis of the issuer and equivalent corresponding EBITDA multiples of comparable listed companies), quality of earnings assessment, assessment of 3rd party external debt, marketability discount, cost of capital adjustments and probabilities of defaults. The group also considers the original transaction prices, recent transactions in the same or similar instruments and completed thrird-party transactions in comparable companies' instruments and adjusts the model as deemed necessary.
- For private debt valuation models – discount rates, market risk premium adjustments to the discount rate, cost of capital and probabilities of default and cash flow forecasts. The Group also considers original transaction price, recent transactions in the same or similar instruments and completed third-party transactions in comparable instruments and adjusts the model as deemed necessary.

(All amounts in Euro thousands unless otherwise stated)

The following table summarizes the quantitative inputs and assumptions used for items categorized in Level 3 of fair value hierarchy as of December 31, 2016

	Fair value at 31 Dec 2016	Valuation Techniques	Unobservable Inputs	Ranges
Equity securities				
- Real estate	9 486	Net Rental Yield Calculation	Yield	5% - 7%
		Discounted cash flows	Discount Rate	5% - 10%
- Green energy	17 089	Discounted cash flows	Discount Rate	7% -10 %
- Personal leasing	19 236	Discounted cash flows	Discount Rate	5% - 10%
		Market Comparable Companies	EBITDA Multiple	6
- Hospitality	13 194	Third Party Pricing	N/A	N/A
		Discounted cash flows	Discount Rate	5% - 10%
- Mineral waters	11 225	Market Comparable Companies	EBITDA Multiple	6 - 9
		Discounted cash flows	Discount Rate	5% - 10%
- Private equity	3 016	Discounted Cash Flows	Discount Rate	5% - 10%
Total Equity Securities	73 246			
Loans at fair value				
- Real estate	57 141	Discounted cash flows	Discount Rate	5% - 10%
- Green energy	67 196	Discounted cash flows	Discount Rate	5% -10 %
- Personal leasing	5 854	Discounted cash flows	Discount Rate	5% - 10%
- Hospitality	23 987	Discounted cash flows	Discount Rate	5% - 10%
- Mineral waters	7 391	Discounted cash flows	Discount Rate	5% - 10%
- Private equity	52 576	Discounted cash flows	Discount Rate	5% - 10%
Total Loans at fair value	214 145			
Transferred claims				
- Private equity	13 825	Discounted cash flows	Discount Rate	5% - 10%
Total Transferred claims	13 825			

(All amounts in Euro thousands unless otherwise stated)

The following table summarizes the quantitative inputs and assumptions used for items categorized in Level 3 of fair value hierarchy as of December 31, 2015

	Fair value at 31 Dec 2015	Valuation Techniques	Unobservable Inputs	Ranges
Equity securities				
- Real estate	16 086	Net Rental Yield Calculation	Yield	5% - 7%
		Discounted cash flows	Discount Rate	5% - 10%
- Green energy	7 235	Discounted cash flows	Discount Rate	7% -10 %
- Personal leasing	-	Discounted cash flows	Discount Rate	5% - 10%
		Market Comparable Companies	EBITDA Multiple	6
- Hospitality	9 836	Third Party Pricing	N/A	N/A
		Discounted cash flows	Discount Rate	5% - 10%
- Mineral waters	7 849	Market Comparable Companies	EBITDA Multiple	6 - 9
		Discounted cash flows	Discount Rate	5% - 10%
- Private equity	4 697	Discounted Cash Flows	Discount Rate	5% - 10%
Total Equity Securities	45 703			
Loans at fair value				
- Real estate	20 619	Discounted cash flows	Discount Rate	5% - 10%
- Green energy	36 024	Discounted cash flows	Discount Rate	5% -10 %
- Personal leasing	-	Discounted cash flows	Discount Rate	5% - 10%
- Hospitality	16 364	Discounted cash flows	Discount Rate	5% - 10%
- Mineral waters	-	Discounted cash flows	Discount Rate	5% - 10%
- Private equity	6 437	Discounted cash flows	Discount Rate	5% - 10%
Total Loans at fair value	79 444			
Transferred claims				
- Private equity	39 865	Discounted cash flows	Discount Rate	5% - 10%
Total Transferred claims	39 865			

There were no transfers between levels for the year ended 31 December 2016 and 31 December 2015.

Transfers are deemed to have occurred between the levels when the underlying information or price used to value the asset or liability has become more or less dependent on observable market data, as set out before in distinguishing between the Level 1, Level 2 and Level 3 fair value hierarchy of the Group.

4. Critical accounting estimates and judgements

4.1 Critical accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities in the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.2 Fair value of investments not quoted in an active market

The fair values of securities that are not quoted in an active market are determined by using valuation techniques, primarily earnings multiples, discounted cash flows and recent comparable transactions. The models used to determine fair values are validated and periodically reviewed by the Group. The inputs in the earnings multiples models include observable data, such as earnings multiples of comparable companies to the relevant portfolio company, and unobservable data, such as forecast earnings for the portfolio company. In discounted cash flow models, unobservable inputs are the projected cash flows of the relevant portfolio company and the risk premium for liquidity and credit risk that are incorporated into the discount rate. However, the discount rates used for valuing equity securities are determined based on historic equity returns for other entities operating in the same industry for which market returns are observable. Management uses models to adjust the observed equity returns to reflect the actual debt/equity financing structure of the valued equity investment.

Models are calibrated by back-testing to actual results/exit prices achieved to ensure that outputs are reliable.

4.3 Functional currency

The Group considers the Euro to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Euro is the currency in which the Group measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors. This determination also considers the competitive environment in which the Group is compared to other European private equity funds.

4.4 Investment entity status

In determining the Company's status as an investment entity in accordance with IFRS 10, the Company considered the following:

a) The Company has multiple investors and co-investors. The co-investors are at the level of individual investments and not at level of Company, however, they indirectly provide funds through Arca Investments' subsidiaries and co-invest directly together with Company in specific projects. As such, Company obtain from co-investors and these investors are exposed to variable returns from particular investments.

The Company, directly or through certain subsidiaries, provides investment related services (e.g. managing risks, treasury and liquidity) and strategic advice to its investees. If needed the Company provides also financial support to the investee (e.g. a loan). The provision of investment-related services, either directly or through a subsidiary, is consistent with the definition of an investment entity as they are undertaken to maximize the investment return (capital appreciation and investment income from investees);

b) The Company's aim is to identify investment opportunities, invest solely or together with co-investors, enhance the value of investment and earn return on exit from the investment. The Company does not plan to hold its investments indefinitely; it holds them for limited period (usually 3-5 years); and

c) The Company evaluates its private equity investments' performance on a fair value basis, in accordance with the policies set out in these financial statements.

Although the Company met all three defining criteria, the Company's management has also assessed the business purpose of the Company, the investment strategies for the private equity investments, the nature of any earnings from the private equity investments and the fair value models. The Company's management made this assessment in order to determine whether any additional areas of judgement exist with respect to the typical characteristics of an investment entity versus those of the corporate entity.

(All amounts in Euro thousands unless otherwise stated)

5. Interest income

The following table presents the interest income for the periods:

	2016	2015
Cash and cash equivalents	-	1
Debt securities in fair value through profit of loss	111	-
Loans in fair value through profit of loss	9 612	4 707
Loan receivables	1 483	1 155
Total interest income	**11 206**	**5 863**

6. Other net changes in fair value on financial assets at fair value

The following table presents the realized and net change in unrealized gains/losses on financial assets at fair value through profit or loss held by Group and a reconciliation to Other net changes in fair value of financial assets through profit or loss in the Consolidated statement of comprehensive income:

	2016	2015
Other net changes in fair value on assets held for trading	15 777	2 888
Other net changes in FV on assets designated at FVTPL	28 085	16 895
Total gains	**43 862**	**19 783**

	2016	2015
Realized net gains on investments	36 395	299
Unrealized net gains on investments	7 467	19 484
Total net gains	**43 862**	**19 783**

7. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of the following:

	2016	2015
Financial assets held for trading		
Equity securities	36 098	22 685
Funds	37 414	9 667
Debt securities	19 032	2 985
	92 544	**35 337**
Designated at fair value through profit or loss at inception		
Equity securities	73 246	45 703
Funds	8 369	652
Loans	214 145	79 444
Transferred claims	13 825	39 865
	309 585	**165 664**
Total financial assets at fair value through profit or loss	**402 129**	**201 001**

(All amounts in Euro thousands unless otherwise stated)

The carrying amounts and fair value of the non-current borrowings are as follows:

	Cost		**Fair Value**	
	2016	**2015**	**2016**	**2015**
Financial assets held for trading				
Equity securities	35 927	13 535	36 098	22 685
Funds	30 577	9 144	37 414	9 667
	66 504	**22 679**	**73 512**	**32 352**
Designated at fair value through profit or loss at inception				
Equity securities	45 781	23 957	73 246	45 703
Funds	8 369	652	8 369	652
	54 150	**24 609**	**81 615**	**46 355**

	Carrying amount		**Fair Value**	
	2016	**2015**	**2016**	**2015**
Financial assets held for trading				
Debts securities	19 032	2 985	19 032	2 985
	19 032	**2 985**	**19 032**	**2 985**
Designated at fair value through profit or loss at inception				
Loans	214 145	79 444	214 145	79 444
Transferred claims	13 825	39 865	13 825	39 865
	227 970	**119 309**	**227 970**	**119 309**

(All amounts in Euro thousands unless otherwise stated)

8. Interest expense

The following table presents the interest expense for the periods:

	2016	2015
Bonds	4 705	4 967
Other loans	2 998	1 276
Bill of exchange	12 228	3 682
Bank borrowings	1 029	2 384
Loans from related parties	2 874	2 486
Total interest expense	**23 835**	**14 796**

9. Borrowings

The Group's borrowing facilities consist of the following:

	2016	2015
Non-current		
Bank borrowings	44 874	16 912
Bonds (a)	62 989	30 603
Other loans	64 388	46 458
	172 251	93 973
Current		
Bonds (a)	22 690	11 811
Other loans	-	3 759
Bank borrowings	17 215	29 564
Bill of exchange	170 261	73 072
Loans from related parties	11 321	17 454
	221 487	135 660
Total borrowings	**393 738**	**229 632**

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair Value	
	2016	2015	2016	2015
Bank borrowings	62 089	46 476	62 089	46 476
Bonds	85 678	42 415	85 678	42 415
Loans from related parties	11 321	17 454	11 321	17 454
Other loans	64 388	50 217	64 388	50 217
Bill of exchange	170 261	73 072	170 261	73 072
Total borrowings	**393 738**	**229 632**	**393 738**	**229 632**

(All amounts in Euro thousands unless otherwise stated)

(a) Bonds

	2016	2015
SK4120010927, Arca Capital Slovakia, 7% 12aug2020, EUR	26 184	19 987
SK4210000655, Arca Capital Slovakia, 8.5% 1jun2017, EUR	12 073	-
SK4120011925, NGF EUR 2026 I, 5.5%,27jul2026, EUR	11 519	-
SK4210000291, Arca Capital Slovakia, 8.5% 1jun2016, EUR	-	11 811
SK4120008855, Arca Capital Slovakia, 8.5% 13nov2017, EUR	10 617	10 617
SK4210000473, Arca Capital Slovakia, 9,4% 31dec2017, EUR	9 823	-
CZ0003515603, BRQ Czech 2017-2019, 8.5%, 27dec2019, EUR	9 032	-
SK4120011933, NGF EUR 2021 I, 5.00%, 27jul2021, EUR	4 309	-
SK4120011917, NGF CZK 2021 I, 5.00%, 27jul2021, CZK	2 121	-
Total Bonds	**85 678**	**42 415**

The Group issued 7% bonds (ISIN SK4120010927) at par value of EUR 19 464 ths. on 12 August 2015. The bonds mature at 12 August 2020 at their nominal value.

The Group issued 8,5% bonds (ISIN SK4210000655) at par value of EUR 11 500 ths. on 12 June 2016. The bonds mature at 1 June 2017 at their nominal value.

The Group issued 5,5% bonds (ISIN SK4120011925) at par value of EUR 11 257 ths. on 27 July 2016. The bonds mature at 27 July 2026 at their nominal value.

The Group issued 8,5% bonds (ISIN SK4210000291) at par value of EUR 11 250 ths. on 1 Juny 2015. The bonds mature at 1 Juny 2016 at their nominal value.

The Group issued 8,5% bonds (ISIN SK4120008855) at par value of EUR 10 500 ths. on 13 November 2012. The bonds mature at 13 November 2017 at their nominal value.

The Group issued 9,4% bonds (ISIN SK4210000473) at par value of EUR 9 000 ths. on 12 January 2016. The bonds mature at 31 December 2017 at their nominal value.

The Group issued 8,5% bonds (ISIN CZ0003515603) at par value of EUR 9 000 ths. on 25 December 2016. The bonds mature at 27 December 2019 at their nominal value.

The Group issued 5% bonds (ISIN SK4120011933) at par value of EUR 4 199 ths. on 27 July 2016. The bonds mature at 27 July 2021 at their nominal value.

The Group issued 5% bonds (ISIN SK4120011917) at par value of EUR 2 098 ths. on 27 July 2016. The bonds mature at 27 July 2021 at their nominal value.

10. Subsequent events

Nova Real Estate Finance, a. s. (the "Issuer"), an indirect Subsidiary of the Company, on 7 July 2017, has authorized to issue long term borrowings in the form of Zero coupon bonds for EUR 35 Mio maturing on 7 July 2027, at an original issue price 64,39% (yield 4,5%). The name of Bonds is NREF 2027 I, ISIN: SK4120013079. The bonds are unsecured and unsubordinated obligations of Issuer. The bonds are fully and unconditionally guaranteed, jointly and severally, by Arca Capital Slovakia and Issuer (the "Guarantors"). The guarantees are unsecured and unsubordinated obligations of the Guarantors.

Nova Real Estate Finance, a. s. (the "Issuer"), an indirect Subsidiary of the Company, on 29 September 2017, has authorized to issue long term borrowings in the form of Zero coupon bonds for CZK 300 Mio maturing on 29 September 2027, at an original issue price 64,39% (yield 4,5%). The name of Bonds is NREF CZK 2027 I, ISIN: SK4120013327. The bonds are unsecured and unsubordinated obligations of Issuer. The bonds are fully and unconditionally guaranteed, jointly and severally, by Arca Capital Slovakia and Issuer (the "Guarantors"). The guarantees are unsecured and unsubordinated obligations of the Guarantors.

Nova Real Estate Finance, a. s. (the "Issuer"), an indirect Subsidiary of the Company, on 29 September 2017, has authorized to issue long term borrowings in the form of Bonds for EUR 15 Mio maturing on 29 September 2027, at an original issue price 100,00% (annual coupon rate 5,5%). The name of Bonds is NREF 2027 II, ISIN: SK4120013335. The bonds are unsecured and unsubordinated obligations of Issuer. The bonds are fully and unconditionally guaranteed, jointly and severally, by Arca Capital Slovakia and Issuer (the "Guarantors"). The guarantees are unsecured and unsubordinated obligations of the Guarantors.

In September 2017 Arca Investments, a.s. entered into a binding agreement to acquire majority stake in the equity of Wiener Privatbank SE, a licensed bank based in Austria. The transaction, which is subject to approval by regulators, is expected to close in 2018.

Since the balance sheet date of 31 December 2016, there have been no material events that could impair the integrity of the information presented in the financial statements.

Prepared on:	Signature of statutory organ or physical person which is an accounting entity:	Signature of person responsible for financial statements:	Signature of person responsible for accounting:
30 October 2017	Ing. Rastislav Velič Member of the Board of Directors	Ing. Juraj Koník Financial manager	Ing. Juraj Koník Financial manager