Arca Investments, a.s.

Consolidated Financial Statements
for the Year Ended 31 December 2014

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

Table of Contents

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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 2014, 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 2014;
- 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.

FS consulting, s.r.o., Cintorínska 21, 811 08 Bratislava, Slovenská republika,
T: +421 (0) 2 206 025 96, www.fscon.eu, e-mail:office@fscon.eu

The company's ID (IČO) No. 44 733 780.
Tax Identification No. of FS consulting, s.r.o. (DIČ) 2022831360.
VAT Reg. No. of FS consulting, s.r.o. (IČ DPH) SK2022831360.
Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava I, pod vložkou č. 69811/B, oddiel: Sro.
The company is registered in the Commercial Register of Bratislava I District Court, ref. No. 69811/B, Section: Sro.

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.

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

Jaroslav Kašiak

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

		As at 31 December	
	Note	**2014**	**2013**
Assets			
Non-current assets			
Financial assets at fair value through profit or loss	7	96 655	78 375
Property, plant and equipment		760	291
Intangible assets		269	150
Other assets		478	936
Total non-current assets		**98 162**	**79 752**
Current assets			
Financial assets at fair value through profit or loss	7	47 617	46 585
Loan receivables		3 225	5 591
Other assets		1 344	703
Trade and other receivables		7 667	10 121
Cash and cash equivalents (excluding bank overdrafts)		14 862	2 096
Total current assets		**74 715**	**65 096**
TOTAL ASSETS		**172 877**	**144 848**
EQUITY			
Equity attributable to owners of the parent			
Share capital		100	100
Other reserves		6 679	7 549
Retained earnings		-1 226	-4 070
Non-controlling interests		635	93
Total equity		**6 188**	**3 672**
LIABILITIES			
Non-current liabilities			
Borrowings	9	67 523	111 642
Other liabilities		137	11
		67 660	111 653
Current liabilities			
Borrowings	9	91 650	25 073
Other liabilities		3 436	2 358
Trade and other payables		3 943	2 092
		99 029	29 523
Total liabilities		**166 689**	**141 176**
TOTAL EQUITY ND LIABILITIES		**172 877**	**144 848**

(All amounts in Euro thousands unless otherwise stated)

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2014	2013
Dividend income		7	80
Other net changes in fair value of financial assets at FVTPL	6	4 740	10 582
Total net income		**4 747**	**10 662**
Employee benefit expenses		-1 161	-756
Services		-3 516	-1 406
Other (losses) / gains – net		2 782	229
Total operating expenses		**-1 895**	**-1 933**
Operating gain		**2 852**	**8 729**
Interest expense, net	5,8	-5 642	-5 287
Other income, net		5 819	-222
Total other loss, net		**177**	**-5 509**
Profit before tax		**3 029**	**3 220**
Income tax		-185	-129
Profit after tax		**2 844**	**3 091**
Other comprehensive income			
Other comprehensive income		-870	416
Net comprehensive gain		**1 974**	**3 507**

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 2013	**100**	**7 117**	**16**	**-7 161**	**72**	**13**	**85**
Profit / (loss) for the period	-	-	-	3 091	3 091	-	3 091
Other comprehensive income	-	-	416	-	416	-	416
Total comprehensive income	-	-	416	3 091	3 507	-	3 507
Acquisition of subsidiary	-	-	-	-	-	80	80
Balance at 31 December 2013	**100**	**7 117**	**432**	**-4 070**	**3 579**	**93**	**3 672**
Balance at 1 January 2014	**100**	**7 117**	**432**	**-4 070**	**3 579**	**93**	**3 672**
Profit / (loss) for the period	-	-	-	2 844	2 844	-	2 844
Other comprehensive income	-	-	-870	-	-870	-	-870
Total comprehensive income	-	-	-870	2 844	1 974	-	1 974
Acquisition of subsidiary	-	-	-	-	-	542	542
Balance at 31 December 2014	**100**	**7 117**	**-438**	**-1 226**	**5 553**	**635**	**6 188**

(All amounts in Euro thousands unless otherwise stated)

Consolidated Statement of Cash Flows

	Year ended 31 December	
	2014	**2013**
Profit before tax	**3 029**	**3 220**
Adjustments		
Fair value revaluation	-1 829	-7 137
Exchange (gain)/losses on cash and cash equivalents	-24	35
Decrease / (increase) in trade and other receivables	2 454	-7 744
Decrease / (increase) in trade and other payables	1 851	-3 488
Loan receivables – proceeds	3 668	-
Loan receivables – providing	- 1 302	-5 059
Decrease / (increase) in other assets	717	-750
Net increase / decrease in tangible and intangible assets	-612	-141
Income tax	-185	-129
Investing in FVTPL	-17 483	-2 842
Net cash used in operating activities	**-9 716**	**-24 035**
Cash flows from financing activities		
Interest repaid on borrowings	-11 218	-9 516
Proceeds from issuance of bonds	21 692	30 196
Repayment of bonds	-952	-1 231
Proceeds from bank borrowings	114 720	8 042
Repayment of bank borrowings	-116 420	-12 433
Proceeds from bills of exchange	33 768	17 444
Repayment of bills of exchange	-10 454	-10 049
Proceeds from other loans	18 020	12 517
Repayment of other loans	-26 698	-11 676
Net cash used in financing activities	**22 458**	**23 294**
Net decrease / (increase) in cash and cash equivalents	**12 742**	**-741**
Cash and cash equivalents at beginning of year	2 096	2 872
Exchange gains / (losses) on cash and cash equivalents	24	-35
Cash and cash equivalents at end of period	**14 862**	**2 096**

(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 2014 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 eleven 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. 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 2014 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 2014**	**31 December 2013**
Chairman	Ing. Pavol Krúpa – Chairman	Ing. Pavol Krúpa - Chairman

Supervisory Board:	**31 December 2014**	**31 December 2013**
Chairman	Ing. Juraj Koník – Chairman	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 2014 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 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 2014.

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 2014**	**% interest held in 2013**	**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 Ltd.	UK	99%	99%	Management company
Arca Capital (Cyprus) Ltd.	CYP	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%	0%	Management company
ENWO s.r.o.	SK	100%	0%	Management company
BRQ Czech, a.s.	CZ	70%	0%	Management company

(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 direct 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	**% interes t held in 2014**	**% interest held in 2013**	**Principal activity**
Subsidiaries				
AGROSERVIS-SLUŽBY, s.r.o.	SK	74%	82%	Green energy
Arca Capital Ukraine	UA	100%	100%	Private equity
Arca Consulting, s. r. o.	SK	100%	100%	Private equity
Arca Realty	UA	100%	100%	Real estate
AXONADE, s.r.o.	SK	100%	100%	Real estate
Bankers trust corporation a.s.	SK	63%	63%	Real estate
BioElectricity, s. r. o.	SK	18%	0%	Green energy
BIOPLYN BIEROVCE 2 s. r. o.	SK	13%	0%	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%	0%	Green energy
BIOPLYN HOROVCE 3 s. r. o.	SK	25%	0%	Green energy
Bioplyn Horovce, s.r.o.	SK	48%	96%	Green energy
Bioplyn Ladzany, s.r.o.	SK	50%	100%	Green energy
CARD - NET, a. s.	SK	90%	90%	Private equity
Cresling, s. r. o.	SK	0%	100%	Real estate
Českomoravská investiční, a. s.	CZ	80%	80%	Private equity
DELUVIS s. r. o.	SK	51%	0%	Private equity
EPSOLAR s.r.o.	SK	100%	100%	Green energy
Eskonta IIK	UA	90%	0%	Real estate
FG Financial Group, a.s.	CZ	100%	0%	Service company
GAINER, s. r. o.	SK	50%	50%	Real estate
Geodézia Bratislava a. s.	SK	92%	12%	Private equity
HK Promotion, s.r.o.	SK	100%	100%	Green energy
Chiloe a. s.	CZ	100%	0%	Private equity
INMADE, s.r.o.	SK	100%	100%	Green energy
Lexus, s.r.o.	SK	54%	54%	Green energy
LIGHTPARK, s.r.o.	SK	67%	67%	Real estate
Logocentr Brovari	UA	8,4%	8,4%	Real estate
Ondrášovka a. s.	CZ	31%	31%	Mineral water
Ondrášovka Holding, a. s.	CZ	1%	1%	Mineral water
OVOKABLOSON a. s.	CZ	100%	0%	Private equity
Pharma Services, s. r. o.	CZ	100%	100%	Private equity
PIELD Invest, s. r. o.	SK	90%	90%	Real estate
Pollenza, s.r.o.	SK	51%	51%	Private equity
Pozitive energy, a. s.	CZ	100%	100%	Real estate
PV-projekt, s. r. o.	SK	0%	100%	Private equity
ROSLYN, s.r.o.	SK	30%	100%	Real estate
Solar Ketron, s.r.o.	SK	54%	54%	Green energy
SOLARIS One s.r.o.	SK	100%	100%	Green energy
Tecoma Travel Agency, s.r.o.	SK	100%	100%	Green energy
TOP PELET, s.r.o.	SK	30%	0%	Private equity
Ukrajina Nadiya	UA	5%	5%	Private equity
YVEX, s.r.o.	SK	51%	51%	Hospitality
Železná studnička, a.s.	SK	35%	1%	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 2014 and 2013, 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 2014 and 2013, 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 2014 and 2013, 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 2014 and 2013, 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 2014 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 2014, 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	17 840	-	29 346	-
Hospitality	1 331	-	9 857	-
Mineral water	8 802	-	77	-
Personal leasing	-	-	-	-
Private equity	4 260	3 192	6 388	27 198
Real estate	6 441	-	12 312	-
	38 674	**3 192**	**57 980**	**27 198**

As at 31 December 2014, the fair value of financial assets held for trading exposed to price risk were as follow:

Country	**FV 2014**
SK	-
CZ	17 227
AT	-
UK	-
SLO	-
	17 227

As at 31 December 2013, 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	12 209	-	6 273	-
Hospitality	1 331	-	7 107	-
Mineral water	10 802	-	-	-
Personal leasing	-	-	-	-
Private equity	2 792	3 089	13 756	8 264
Real estate	4 897	-	32 718	-
	32 030	**3 089**	**59 855**	**8 264**

As at 31 December 2013, the fair value of financial assets held for trading exposed to price risk were as follow:

Country	**FV 2013**
SK	3 033
CZ	18 690
AT	-
UK	-
SLO	-
	21 722

As at 31 December 2014 and 31 December 2013, 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 2014:

	CZK	USD	HUF	GBP	CHF
Assets					
Monetary assets	11 780	24 186	-	2	-
Non-monetary assets	17 167	1 734	-	-	-
Liabilities					
Monetary liabilities	84 786	85	-	-	-
Non-monetary liabilities	-	-	-	-	-
Net FX position	**-55 839**	**25 835**	**-**	**2**	**-**

Amounts presented in equivalent amounts of Euro thousands with original currency as stated as of 31 Dec 2013:

	CZK	USD	HUF	GBP	CHF
Assets					
Monetary assets	15 301	22 578	-	86	-
Non-monetary assets	16 064	1 821	-	-	-
Liabilities					
Monetary liabilities	55 309	313	-	-	-
Non-monetary liabilities	-	-	-	-	-
Net FX position	**-23 944**	**24 086**	**-**	**86**	**-**

(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 2014

	Less than 1 year	Between 1 and 3 years	More than 3 years	No interest bearing	Total
Assets					
Property, plant, equipment	-	-	-	760	760
Intangible assets	-	-	-	269	269
FA at FVTPL – trading					
Equity securities	-	-	-	17 079	17 079
Funds	-	-		37	37
Debts securities	111	-	-	-	111
FA at FVTPL – at inception					
Equity securities	-	-	-	38 675	38 675
Funds	-	-	-	3 192	3 192
Loans	-	7 899	50 081	-	57 980
Transferred claims	27 198	-	-	-	27 198
Loan receivables	3 225	-	-	-	3 225
Trade and other receivables	7 667	-	-	-	7 667
Other assets	-	-	-	1 822	1 822
Cash at bank	14 862	-	-	-	14 862
Total assets	**53 063**	**7 899**	**50 081**	**61 834**	**172 877**

	Less than 1 year	Between 1 and 3 years	More than 3 years	No interest bearing	Total
Liabilities					
Bonds	46 721	17 867	-	-	64 588
Bills of exchange	42 555	-	-	-	42 555
Other loans	-	34 814	3 680	-	38 494
Loans from related parties	2 374	-	-	-	2 374
Bank loans	-	11 162	-	-	11 162
Trade and other payables	3 943	-	-	-	3 943
Other liabilities	3 436	137	-	-	3 573
Shareholders´ equity	-	-	-	6 188	6 188
Total liabilities & Equity	**99 029**	**63 980**	**3 680**	**6 188**	**172 877**

(All amounts in Euro thousands unless otherwise stated)

As at 31 December 2013

	Less than 1 year	Between 1 and 3 years	More than 3 years	No interest bearing	Total
Assets					
Property, plant, equipment	-	-	-	291	291
Intangible assets	-	-	-	150	150
FA at FVTPL – trading					
Equity securities	-	-	-	18 541	18 541
Funds	-	-	-	36	36
Debts securities	3 145	-	-		3 145
FA at FVTPL – at inception					
Equity securities	-	-	-	32 030	32 030
Funds	-	-	-	3 089	3 089
Loans	13 510	9 518	36 827	-	59 855
Transferred claims	8 264	-	-	-	8 264
Loan receivables	5 591	-	-	-	5 591
Trade and other receivables	10 121	-	-	-	10 121
Other assets	1 639	-	-	-	1 639
Cash at bank	2 095	-	-	-	2 095
Total assets	**44 365**	**9 518**	**36 827**	**54 137**	**144 848**

	Less than 1 year	Between 1 and 3 years	More than 3 years	No interest bearing	Total
Liabilities					
Bonds	-	35 318	10 617	-	45 935
Bills of exchange	21 079	-	-	-	21 079
Other loans	3 355	30 001	19 001	-	52 357
Loans from related parties	640	-	-	-	640
Bank loans	-	16 706	-	-	16 706
Trade and other payables	2 092	-	-	-	2 092
Other liabilities	2 358	10	-	-	2 368
Shareholders´ equity	-	-	-	3 672	3 672
Total liabilities & Equity	**29 523**	**82 035**	**29 618**	**3 672**	**144 848**

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:

	2014	**2013**
Debt investments	85 289	71 264
Loan receivables	3 225	5 591
Trade and other receivables	7 667	10 121
Cash and cash equivalents	14 862	2 096
Other assets (monetary)	1 822	1 639
Total interest income	**112 865**	**90 711**

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 (2013: nil).

As at 31 December 2014, the financial assets held by the Group are not past due or impaired (2013: 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 2014, the Group held 123 853 EUR in investments that is considered illiquid (2013: 100 149 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 2014:

	Less than 1 year	Between 1 and 3 years	More than 3 years	Total
Property, plant and equipment	-	-	760	760
Intangible assets	-	-	269	269
Financial assets held for trading				
Equity securities	17 079	-	-	17 079
Funds	37	-	-	37
Debts securities	111	-	-	111
Designated at fair value through profit or loss at inception				
Equity securities	-	-	38 675	38 675
Funds	3 192	-	-	3 192
Loans	-	7 899	50 081	57 980
Transferred claims	27 198	-	-	27 198
Loan receivables	3 225	-	-	3 225
Trade and other receivables	7 667	-	-	7 667
Other assets	1 344	-	478	1 814
Cash at bank	14 862	-	-	14 862
Total assets	**74 715**	**7 899**	**90 263**	**172 877**

The amounts in table are the contractual undiscounted cash flows.

The following table illustrate the expected liquidity of assets held as at 31 December 2013:

	Less than 1 year	Between 1 and 3 years	More than 3 years	Total
Property, plant and equipment	-	-	291	291
Intangible assets	-	-	150	150
Financial assets held for trading				
Equity securities	18 541	-	-	18 541
Funds	36	-	-	36
Debts securities	3 145	-	-	3 145
Designated at fair value through profit or loss at inception				
Equity securities	-	-	32 030	32 030
Funds	3 089	-	-	3 089
Loans	13 510	9 518	36 827	59 855
Transferred claims	8 264	-	-	8 264
Loan receivables	5 591	-	-	5 591
Trade and other receivables	10 121	-	-	-
Other assets	703	-	936	936
Cash at bank	2 095	-	-	2 095
Total assets	**65 096**	**9 518**	**70 234**	**144 848**

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 2014

	Less than 1 year	Between 1 and 3 years	More than 3 years	Total
Liabilities				
Bonds	46 721	17 867	-	64 588
Bills of exchange	42 555	-	-	42 555
Other loans	-	34 814	3 680	38 494
Loans from related parties	2 374	-	-	2 374
Bank loans	-	11 162	-	11 162
Other liabilities	3 436	-	-	3 436
Trade and other payables	3 943	137	-	4 080
Shareholders´ equity	-	-	6 188	6 188
Total liabilities & Equity	**99 029**	**63 980**	**9 868**	**172 877**

As at 31 December 2013

	Less than 1 year	Between 1 and 3 years	More than 3 years	Total
Liabilities				
Bonds	-	35 318	10 617	45 935
Bills of exchange	21 079	-	-	21 079
Other loans	-	30 001	19 001	49 002
Loans from related parties	3 995	-	-	3 995
Bank loans	-	16 706	-	16 706
Other liabilities	2 357	-	-	2 357
Trade and other payables	2 092	10	-	2 102
Shareholders´ equity	-	-	3 672	3 672
Total liabilities & Equity	**29 523**	**80 035**	**33 290**	**144 848**

(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 2014.

All fair value measurements disclosed are recurring fair value measurements.

	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
Equity securities	17 079	-	-	17 079
Funds	-	37	-	37
Debts securities	111	-	-	111
Designated at fair value through profit or loss at inception				
Equity securities	-	-	38 675	38 675
Funds	-	3 192	-	3 192
Loans	-	-	57 980	57 980
Transferred claims	-	-	27 198	27 198
	17 190	**3 229**	**123 853**	**144 272**

The following table analyses within the fair value hierarchy the Group's financial assets (by class) measured at fair value at 31 December 2013:

	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
Equity securities	18 541	-	-	18 541
Funds	-	36	-	36
Debts securities	3 145	-	-	3 145
Designated at fair value through profit or loss at inception				
Equity securities	-	-	32 030	32 030
Funds	-	3 089	-	3 089
Loans	-	-	59 855	59 855
Transferred claims	-	-	8 264	8 264
	21 686	**3 125**	**100 149**	**124 960**

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, 2014

	Fair value at 31 Dec 2014	Valuation Techniques	Unobservable Inputs	Ranges
Equity securities				
- Real estate	6 441	Net Rental Yield Calculation	Yield	5% - 7%
		Discounted cash flows	Discount Rate	5% - 10%
- Green energy	17 840	Discounted cash flows	Discount Rate	7% -10 %
- Personal leasing	0	Discounted cash flows	Discount Rate	5% - 10%
		Market Comparable Companies	EBITDA Multiple	6
- Hospitality	1 331	Third Party Pricing	N/A	N/A
		Discounted cash flows	Discount Rate	5% - 10%
- Mineral waters	8 802	Market Comparable Companies	EBITDA Multiple	6 - 9
		Discounted cash flows	Discount Rate	5% - 10%
- Private equity	4 260	Discounted Cash Flows	Discount Rate	5% - 10%
Total Loans at fair value	38 675			
Equity securities				
- Real estate	12 312	Discounted cash flows	Discount Rate	5% - 10%
- Green energy	29 346	Discounted cash flows	Discount Rate	5% -10 %
- Personal leasing	0	Discounted cash flows	Discount Rate	5% - 10%
- Hospitality	9 857	Discounted cash flows	Discount Rate	5% - 10%
- Mineral waters	77	Discounted cash flows	Discount Rate	5% - 10%
- Private equity	6 388	Discounted cash flows	Discount Rate	5% - 10%
Total Loans at fair value	57 980			
Transferred claims				
- Private equity	27 198	Discounted cash flows	Discount Rate	5% - 10%
Total Transferred claims	27 198			

(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, 2013

	Fair value at 31 Dec 2013	Valuation Techniques	Unobservable Inputs	Ranges
Equity securities				
- Real estate	4 897	Net Rental Yield Calculation	Yield	5% - 7%
		Discounted cash flows	Discount Rate	5% - 10%
- Green energy	12 209	Discounted cash flows	Discount Rate	7% -10 %
- Personal leasing	0	Discounted cash flows	Discount Rate	5% - 10%
		Market Comparable Companies	EBITDA Multiple	6
- Hospitality	1 331	Third Party Pricing	N/A	N/A
		Discounted cash flows	Discount Rate	5% - 10%
- Mineral waters	10 802	Market Comparable Companies	EBITDA Multiple	6 - 9
		Discounted cash flows	Discount Rate	5% - 10%
- Private equity	2 792	Discounted Cash Flows	Discount Rate	5% - 10%
Total Equity Securities	32 030			
Loans at fair value				
- Real estate	32 718	Discounted cash flows	Discount Rate	5% - 10%
- Green energy	6 273	Discounted cash flows	Discount Rate	5% -10 %
- Personal leasing	0	Discounted cash flows	Discount Rate	5% - 10%
- Hospitality	7 107	Discounted cash flows	Discount Rate	5% - 10%
- Mineral waters	0	Discounted cash flows	Discount Rate	5% - 10%
- Private equity	13 756	Discounted cash flows	Discount Rate	5% - 10%
Total Loans at fair value	59 855			
Transferred claims				
- Private equity	8 264	Discounted cash flows	Discount Rate	5% - 10%
Total Transferred claims	8 264			

There were no transfers between levels for the year ended 31 December 2014 and 31 December 2013.

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:

	2014	2013
Debt securities in fair value through profit of loss	-	20
Loans in fair value through profit of loss	4 385	2 883
Loan receivables	1 190	1 324
Total interest income	**5 575**	**4 227**

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:

	2014	2013
Other net changes in fair value on assets held for trading	4 295	3 634
Other net changes in FV on assets designated at FVTPL	445	6 948
Total gains	**4 740**	**10 582**

	2014	2013
Realized net gains on investments	2 911	3 456
Unrealized net gains on investments	1 829	7 126
Total net gains	**4 740**	**10 582**

7. Financial assets at fair value through profit or loss

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

	2014	2013
Financial assets held for trading		
Equity securities	17 079	18 541
Funds	37	36
Debt securities	111	3 145
	17 227	**21 722**
Designated at fair value through profit or loss at inception		
Equity securities	38 675	32 030
Funds	3 192	3 089
Loans	57 980	59 855
Transferred claims	27 198	8 264
	127 045	**103 238**
Total financial assets at fair value through profit or loss	**144 272**	**124 960**

(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	
	2014	**2013**	**2014**	**2013**
Financial assets held for trading				
Equity securities	16 319	15 103	17 079	18 541
Funds	36	52	37	36
	16 355	**15 155**	**17 116**	**18 577**
Designated at fair value through profit or loss at inception				
Equity securities	24 452	17 699	38 675	32 030
Funds	3 192	3 192	3 192	3 089
	27 644	**20 891**	**41 867**	**35 119**

	Carrying amount		Fair Value	
	2014	**2013**	**2014**	**2013**
Financial assets held for trading				
Debts securities	111	3 145	111	3 145
	111	**3 145**	**111**	**3 145**
Designated at fair value through profit or loss at inception				
Loans	57 980	59 855	57 980	59 855
Transferred claims	27 198	8 264	27 198	8 264
	85 178	**68 119**	**85 178**	**68 119**

8. Interest expense

The following table presents the interest expense for the periods:

	2014	**2013**
Bonds	4 108	2 668
Other loans	3 397	4 013
Bill of exchange	1 838	1 098
Bank borrowings	1 643	1 479
Loans from related parties	23	256
Total interest expense	**11 217**	**9 514**

(All amounts in Euro thousands unless otherwise stated)

9. Borrowings

The Group's borrowing facilities consist of the following:

	2014	2013
Non-current		
Bank borrowings	11 162	16 706
Bonds (a)	17 867	45 935
Other loans	38 494	49 002
	67 523	111 643
Current		
Bonds (a)	46 721	-
Other loans	-	3 355
Bank borrowings	-	-
Bill of exchange	42 555	21 079
Loans from related parties	2 374	640
	91 650	25 073
Total borrowings	**159 173**	**136 716**

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

	Carrying amount		**Fair Value**	
	2014	**2013**	**2014**	**2013**
Bank borrowings	11 162	16 706	11 162	16 706
Bonds	64 588	45 935	64 588	45 935
Loans from related parties	2 374	640	2 374	640
Other loans	38 494	52 356	38 494	52 356
Bill of exchange	42 555	21 079	42 555	21 079
Total borrowings	**159 173**	**136 716**	**159 173**	**136 716**

(a) Bonds

(All amounts in Euro thousands unless otherwise stated)

	2014	2013
CZ0000000344, Arca Capital Slovakia, 8.0% 01jun2015, EUR	21 425	20 073
SK4120007519, Arca Capital Slovakia, 8.5% 22oct2015, EUR	15 244	15 244
SK4120008855, Arca Capital Slovakia, 8.5% 13nov2017, EUR	10 617	10 617
CZ0003511990, Arca Capital Slovakia, 10,00% 10dec2016, EUR	10 051	-
CZ0000000435, Arca Capital Slovakia, 9.4% 31dec2015, EUR	7 250	-
Total Bonds	**64 587**	**45 934**

The Group issued 8,0% bonds (ISIN CZ0000000344) at par value of EUR 19 016 ths. on 1 July 2013. The bonds mature at 1 June 2015 at their nominal value.

The Group issued 8.5% bonds (ISIN SK4120007519) at par value of EUR 15 000 ths. on 22 October 2010. The bonds mature at 22 Otober 2015 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 10,00% bonds (ISIN CZ0003511990) at par value of EUR 250 ths. on 10 December 2014. The bonds mature at 10 December 2016 at their nominal value.

The Group issued 9,4% bonds (ISIN CZ0000000435) at par value of EUR 7 250 ths. on 2 April 2014. The bonds mature at 31 December 2015 at their nominal value.

10. Subsequent events

These financial statements should be read in conjunction with the Company's audited annual financial statements 2015.

Since the balance sheet date of 31 December 2014, 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