Arca Capital Slovakia, a.s.

Consolidated Financial Statements
for the Year Ended 31 December 2017

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 Capital Slovakia, a.s.

Report on the Audit of the Consolidated Financial Statement

Our Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arca Capital Slovakia a.s. (the "Company") and its subsidiaries (together the "Group") as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

The consolidated financial statements of Arca Capital Slovakia, a.s. comprise the following:

- the Consolidated Statement of Financial Position as at 31 December 2017;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Shareholders´ 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 ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Emphasis of Matter

We draw attention to Note 2 to the financial statements which describes the Company´s reassessment to the investment entity. Our opinion is not qualified in respect of this matter.

The Company reassessed whether it meets the investment entity status on 1 January 2017. The Company made a change in investment entity status on 1 January 2017 – when become an investment entity. As result of the reassessment of status, the Company accounted for the effect of change in status from the date of the change in status. The cumulative-effect adjustment is included in net assets value on 1 January 2017. The major reason for that change in investment entity status was that the Company elected to measure and evaluate the performance of substantially all of its investments on fair value basis. The assessment of investment entity status is described in the note 4.4.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants issued by the International Federation of Accountants ("Code of Ethics") and other requirements of legislation that are relevant to our audit of the consolidated financial statements in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

No prohibited non-audit services referred to in Article 5 (1) of Regulation (EU} No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities were provided and we remained independent of the Group in conducting the audit.

In addition to the statutory audit services, we did not provide any other services to the Company or accounting entities controlled by the Company.

Our Audit Approach

How we tailored our group audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative consideration, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall group materiality	EUR 806 ths.
How we determined it	We based the materiality on a combination of two benchmarks, total assets and equity, total assets carrying 30% weight and equity carrying 70% weight.
Rationale for the materiality benchmark applied	The performance of the Group is most commonly measured by financial statement users based on the Group's assets and equity. We applied quantitative thresholds of approximately 1% to total assets and 1% to equity, which in our experience represent acceptable benchmarks.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Investment entity status	
Investment entity status is a critical estimate and involve considerable management judgement, as explained in more detail in Note 4.4 in the consolidated financial statements.	We have considered the definition and typical characteristics of an investment entity in order to confirm whether the Company should carry its investments at fair value through profit or loss. The Company provides investment management services to its investor. Its business purpose is to invest in debt and equity instruments for capital appreciation and investment income. It measures and evaluates the performance of its investments on a fair value basis. The company displays two of the four typical characteristics of investment entity. The Company holds multiple investments; only has one investor but in these circumstances that is not inconsistent with its overall business purpose and with the definition of an investment entity; does not have unrelated investors, because there is only one investor, but, again, in these circumstances this is not inconsistent with the definition of an investment entity; shares issued by the Company entitle the holder to a proportionate share of the net asset value of the Company. Two of the characteristics are not satisfied because the Company has a single investor. When examining all the facts and circumstances, however, the we concluded that it is an investment entity and that the failure to meet two of the typical characteristics is not inconsistent with the definition.
Valuation of Financial assets at fair value through profit or loss at inception	
The valuation of Financial assets at fair value through profit or loss at inceptions is a critical estimate and involves considerable management judgement, as explained in more detail in Note 4.2 in the consolidated financial statements.	Because the valuation of Financial assets at fair value through profit or loss at inception is not based on quoted prices in active markets, there is significant measurement uncertainty involved in this valuation. As a result, the valuation of these instruments was significant to our audit. The Company has determined in many cases that it is necessary to use an entity-developed model to value these instruments, due to their unique structure and terms. We challenged management's rationale for using an entity-developed model, and discussed this with management, and we concluded the use of such a model was appropriate. Our audit procedures also included, among others, testing management's controls related to the development and calibration of the model and confirming that management had determined it was not necessary to make any adjustments to the output of the model to reflect the assumptions that marketplace participants would use in similar circumstances.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the relevant financial reporting framework and with other identified applicable local law or other requirements, 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are 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, 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The statutory body is responsible for information disclosed in the annual report prepared under requirements of the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting"). Our qualified opinion on the consolidated financial statements stated above does not apply to other information in the annual report.

In connection with the audit of consolidated financial statements, our responsibility is to gain an understanding of the information disclosed in the annual report and consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audit of the consolidated financial statements, or otherwise appears to be materially misstated.

As at the issuance date of the auditor's report on the audit of consolidated financial statements, the annual report was not available to us.

When we obtain the annual report, we will evaluate whether the Group's annual report includes information whose disclosure is requirement under the Act on Accounting, and based on procedures performed during the audit of the consolidated financial statements, we will express an opinion on whether:

- Information disclosed in the annual report prepared for 2017 is consistent with the consolidated financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, we will disclose whether material misstatements were identified in the annual report based on our understanding of the Group and its position, obtained in the audit of consolidated financial statements.

Our appointment as independent auditor

We were first appointed as auditors of the Company by the General assembly on 31 March 2016. Our appointment has been renewed annually by General assembly representing a total period of uninterrupted engagement period of two years.

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

Dr. Jaroslav Kašiak, CPA
License SKAU No. 923

Bratislava, 30 August 2018

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 2017	2016
Assets			
Non-current assets			
Investment property	12	-	1 204
Financial assets at fair value through profit or loss	7	86 901	-
Property, plant and equipment	13	1 500	132 408
Intangible assets	14	121	23 949
Investments in joint ventures	15	-	4
Trade and other receivables	18	-	44 719
Deferred income tax assets	22	14	1 018
Other assets		1 585	-
Total non-current assets		**90 121**	**203 302**
Current assets			
Financial assets at fair value through profit or loss	7, 16	87 168	61 573
Loan receivables	9	10 719	-
Inventories	17	-	9 776
Other assets		4 271	-
Advance payments and other receivables	18	5 027	22 769
Cash and cash equivalents (excluding bank overdrafts)	19	24 616	15 853
Total current assets		**131 801**	**109 971**
TOTAL ASSETS		**221 922**	**313 273**
EQUITY			
Equity attributable to owners of the parent			
Share capital		996	996
Other reserves		1 418	1 395
Retained earnings		17 593	20 558
Non-controlling interests		-	7 621
Total equity		**20 007**	**30 570**
LIABILITIES			
Non-current liabilities			
Borrowings	10	160 505	183 122
Other liabilities	21	1	6 797
Deferred income tax liabilities	22	1 976	2 930
		162 482	192 849
Current liabilities			
Borrowings	10	35 791	62 573
Other liabilities		2 362	558
Trade and other payables	21	1 280	26 723
		39 433	89 854
Total liabilities		**201 915**	**282 703**
TOTAL EQUITY AND LIABILITIES		**221 922**	**313 273**

(All amounts in Euro thousands unless otherwise stated)

Consolidated Statement of Comprehensive Income

		Year ended 31 December	
	Note	**2017**	**2016**
Dividend income		-	-
Net gain on financial instruments designated at FVTPL	6	8 546	-
Finance income	23	-	17 612
Finance costs	23	-	-13 854
Revenues	24	-	14 228
Total		**8 546**	**17 986**
Employee benefit expenses	25	-630	-1 734
Services	25	-504	-5 787
Depreciation, amortisation	25	-	-3 421
Other losses / gains – net	25	385	-6 522
Total operating expenses		**-749**	**-17 464**
Operating gain		**7 797**	**522**
Interest expense, net	5, 8	-5 991	-
Other income, net		-1 020	-
Total other loss, net		**-7 011**	**-**
Profit before tax		**786**	**522**
Income tax	26	685	1 931
Profit after tax		**1 471**	**2 453**
Other comprehensive income			
Other comprehensive income		383	-
Net comprehensive gain		**1 854**	**2 453**
Profit attributable to:			
Owners of the parent		1 854	3 257
Non-controlling interests		-	-804
		1 854	2 453

The consolidated financial statements were authorized for issue by the Board of Directors on 30 August 2018.

Ing. Rastislav Velič
Chairman of the Board of Directors

Ing. Henrich Kiš
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 2016	**996**	**1 321**	**28**	**14 551**	**16 896**	**9 522**	**26 418**
Corrections of errors – borrowing cost	-	-	-	3 047	3 047	-	3 047
Corrected balance at 1 January 2016	**996**	**1 321**	**28**	**17 598**	**19 943**	**9 522**	**29 465**
Profit / (loss) for the period	-	-	-	3 257	3 257	-804	2 453
Other comprehensive income	-	-	-28	-	-28	-	-28
Total comprehensive income	-	-	-28	3 257	3 229	-804	2 425
Acquisition of non-controlling interest	-	-	-	-	-	-704	-704
Disposals of non-controlling interest	-	-	-	-	-	-393	-393
Allocation to other reserves	-	59	-	-59	-	-	-
Revaluation of securities	-	15	-	-	15	-	15
Other	-	-	-	-238	-238	-	-238
Balance at 31 December 2016	**996**	**1 395**	**-**	**20 558**	**22 949**	**7 621**	**30 570**
Balance at 1 January 2017	**996**	**1 395**	**-**	**20 558**	**22 949**	**7 621**	**30 570**
Cumulative-effect adjustment (Note 2)		-360		-4 436	-4 796	-7 621	-12 417
Balance at 1 January 2017 adjusted	**996**	**1 035**	**-**	**16 122**	**18 153**	**-**	**18 153**
Profit / (loss) for the period	-	-	-	1 471	1 471	-	1 471
Other comprehensive income	-	-	383	-	383	-	383
Total comprehensive income	-	-	383	1 471	1 854	-	1 854
Balance at 31 December 2017	**996**	**1 035**	**383**	**17 593**	**20 007**	**-**	**20 007**

(All amounts in Euro thousands unless otherwise stated)

Consolidated Statement of Cash Flows

	Year ended 31 December 2017	2016
Profit before tax	**786**	**522**
Adjustments		
Fair value revaluation	-1 700	-
Depreciation and amortisation	-	3 421
Exchange (gain)/losses on cash and cash equivalents	-35	-
Decrease / (increase) in trade and other receivables	-2 304	-10 070
Decrease / (increase) in trade and other payables	856	6 091
Loan receivables – proceeds	4 444	-
Loan receivables – providing	-7 021	-
Decrease / (increase) in other assets	-2 323	- 4 738
Net increase / decrease in tangible and intangible assets	-1 486	-
Income tax	685	-
Investing in FVTPL	13 526	-
Net cash used in operating activities	**5 428**	**-4 774**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	-	-85 066
Purchases of intangible assets	-	-16
Purchases of property, plant and equipment (PPE)	-	-9 197
Proceeds from sale of financial assets	-	24 412
Purchase of investment property	-	-
Intercompany borrowings granted	-	-21 016
Intercompany borrowings repaid	-	16 388
Net cash used in investing activities	**-**	**-74 495**
Cash flows from financing activities		
Interest repaid on borrowings	-11 071	-
Proceeds from issuance of bonds	104 790	48 475
Repayment of bonds	-45 600	-15 636
Proceeds from bank borrowings	21 539	47 599
Repayment of bank borrowings	-42 062	-18 422
Proceeds from promissory notes	18 999	-
Repayment of promissory notes	-14 661	-
Proceeds from financial lease liabilities	-	1 411
Repayment of financial lease liabilities	-	-1 753
Proceeds from other loans	43 895	-
Repayment of other loans	-63 457	-
Proceeds from loans to related parties	-	51 191
Repayment of loans to related parties	-	-28 195
Net cash used in financing activities	**12 372**	**84 670**
Net decrease / (increase) in cash and cash equivalents	**17 800**	**5 401**
Cash and cash equivalents at beginning of year	6 781	10 452
Exchange gains / (losses) on cash and cash equivalents	35	-
Cash and cash equivalents at end of period	**24 616**	**15 853**

(All amounts in Euro thousands unless otherwise stated)

Notes to the Consolidated Financial Statements

1. General information

The consolidated financial statements of Arca Capital Slovakia, a.s. (the "Company") for the year ended 31 December 2017 were authorised for issue by the Board of Directors of the Company on 30 August 2018. The Company was established as a joint stock company and incorporated in the Commertial Register on 30 October 2003 (Commertial Register of the District Court Bratislava I, Section Sa, Insert No.: 3202/B).

The Company´s registered address and registration numbers are:
Arca Capital Slovakia, a.s.
Plynárenská 7/A
821 09 Bratislava
Slovak Republic
Registration number: 35 868 856

The Company's business is principally conducted through six fully consolidated subsidiaries (the "Subsidiaries"); Arca Capital Slovakia, a.s., ECAR GROUP, a.s., WINNER GROUP, a.s., Nova Green Finance, a.s., Nova Real Estate Finance, a.s., BRQ Czech, a.s. The Company and Subsidiaries together constitute the "Group".

The objectives of the Group 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 sector and Real Estate. 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 2017 as follows:

	Share in registered capital		**Voting rights**
	ths. €	**%**	**%**
Arca Investments, a.s.	996	100,0	100,0
Total	**996**	**100,0**	**100,0**

The Company´s statutory bodies were as follows:

Board of Directors:	**31 December 2017**	**31 December 2016**
Chairman	Ing. Rastislav Velič – Chairman	Ing. Rastislav Velič - Chairman
Members	Ing. Henrich Kiš	Ing. Henrich Kiš

Supervisory Board:	**31 December 2017**	**31 December 2016**
Chairman	Ing. Pavol Krúpa	Ing. Pavol Krúpa – Chairman
Members	Ing. Juraj Koník	Ing. Juraj Koník
	Oto Bachratý	Oto Bachratý

The company is included in the consolidated financial statements of ultimate parent company Arca Investments, a.s., Plynárenská 7/A, 821 09 Bratislava, Slovak Republic. Ultimate beneficial owners as at 31 December 2017 are Ing. Henrich Kiš, Ing. Peter Krištofovič, Ing. Pavol Krúpa, Ing. Rastislav Velič.

2. Summary of significant accounting policies

The Company reassessed whether it meets the investment entity status on 1 January 2017. The Company made a change in investment entity status on 1 January 2017 – when become an investment entity. As result of the reassessment of status, the Company accounted for the effect of change in status from the date of the change in status. The cumulative-effect adjustment is included in net assets value on 1 January 2017. The major reason for that change in investment entity status was that the Company elected to measure and evaluate the performance of substantially all of its investments on fair value basis. The assessment of investment entity status is described in the note 4.4.

Principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The principal accounting policies applied to previous year (as at 31 December 2016) are presented in the Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

2.1 Basis of preparation

The consolidated financial statements have been prepared as at 31 December 2017 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.

(a) Standards and amendments to existing standards effective 1 January 2017

Amendments to IAS 7, 'Statement of Cash Flows' became effective for annual periods beginning on or after 1 January 2017. These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2017 that have a material effect on the consolidated financial statements of the Company.

(b) New standards, amendments and interpretations effective after 1 January 2017 and have not been early adopted

IFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for reporting periods beginning on or after 1 January 2018.

Classification and measurement of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognized at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

On adoption of IFRS 9 the Company's investment portfolio will continue to be classified as fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Company's consolidated financial statements.

In addition to the above, a number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the consolidated financial statements of the Company.

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 2017.

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.

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.

(All amounts in Euro thousands unless otherwise stated)

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 2017**	**% interest held in 2016**	**Principal activity**
Entity				
Arca Capital Slovakia, a.s.	SK	100%	100%	Management company / FV*
ECAR GROUP, a.s.	SK	100%	100%	Management company
WINNER GROUP, a.s.	SK	100%	100%	Management company
Nova Green Finance, a.s.	SK	100%	n/a	FV*
Nova Real Estate Finance, a.s.	SK	100%	n/a	FV*
BRQ Czech, a.s.	CZ	100%	100%	Management company / FV*

* Funding vehicle

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	**% interest held in 2017**	**% interest held in 2016**	**Principal activity**
Subsidiaries				
ACS Kominárska, s.r.o.	SK	100%	100%	Real estate
ACS 2, s.r.o.	SK	60%	60%	Real estate
ACS 3, s.r.o.	SK	100%	100%	Real estate
ACS 4, s.r.o.	SK	100%	0%	Real estate
ACS 5, s.r.o.	SK	100%	0%	Real estate
ARCA CAPITAL Slowakei Beteiligungs GmbH	AT	70%	100%	Green energy
ACORD plus spol. s r.o.	SK	50%	50%	Green energy
BIOGAS-HOLDING, s.r.o.	SK	85%	85%	Green energy
CARD - NET, a. s.	SK	90%	90%	IT
CNH Czech s.r.o.	CZ	100%	0%	Real estate
Delia Potraviny, s.r.o.	SK	80%	0%	Private equity
GAINER, s. r. o.	SK	100%	100%	Real estate
PIELD Invest, s. r. o.	SK	90%	90%	Real estate
Pollenza, s.r.o.	SK	71%	71%	Agriculture and primary production
ROSLYN, a.s.	SK	30%	30%	Real estate
TNO Czech, s.r.o.	CZ	100%	0%	Real estate
TWINLOGY, s. r.o.	SK	100%	100%	Green energy
YVEX, s.r.o.	SK	51%	51%	Hospitality
Železná studnička, a.s.	SK	35,14%	35,14%	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 2017 and 2016, 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 2017 and 2016, the carrying amounts of other receivables approximate their fair values.

2.9 Cash and cash equivalents

Cash and cash equivalents include 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 2017 and 2016, the carrying amounts of borrowings approximate their fair values.

2.11 Accrued expenses and other payables

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 2017 and 2016, the carrying amounts of accrued expenses and other payables approximate their fair values.

2.12 Share capital

The share capital of the Company at 31 December 2017 amounts to EUR 996 000 consisting of 300 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

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

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 2017, 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	4 081	-	19 139	-
Hospitality	8 505	-	6 668	-
Private equity	7 687	-	5 041	923
Real estate	3 993		20 677	
Management company	-	-	10 187	-
	24 266	**-**	**61 712**	**923**

As at 31 December 2017, the fair value of financial assets held for trading exposed to price risk were as follow:

Country	**FV 2017**
Czech Republic	42 188
Slovak Republic	44 980
	87 168

As at 31 December 2017, 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 recognized 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 December 2017:

	CZK
Assets	
Monetary assets	41 806
Non-monetary assets	409
Liabilities	
Monetary liabilities	27 733
Non-monetary liabilities	-
Net FX position	**14 482**

(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 2017

	Less than 1 year	Between 1 and 3 years	More than 3 years	No interest bearing	Total
Assets					
Property, plant, equipment	-	-	-	1 500	1 500
Intangible assets	-	-	-	121	121
FA at FVTPL – trading					
Equity securities	-	-	-	-	-
Funds	-	-	-	42 188	42 188
Debts securities	44 980	-	-	-	44 980
FA at FVTPL – at inception					
Equity securities	-	-	-	24 266	24 266
Funds	-	-	-	-	-
Loans	-	55 339	6 373	-	61 712
Transferred claims	-	923	-	-	923
Loan receivables	10 719	-	-	-	10 719
Advance payments and other receivables	5 027	-	-	-	5 027
Other assets	-	-	-	5 856	5 856
Deferred income tax asset	-	-	-	14	14
Cash at bank	24 616	-	-	-	24 616
Total assets	**85 342**	**56 262**	**6 373**	**73 945**	**221 922**

	Less than 1 year	Between 1 and 3 years	More than 3 years	No interest bearing	Total
Liabilities					
Bonds	19 224	34 502	85 073	-	138 799
Promissory notes	9 852	-	-	-	9 852
Other loans	-	5 329	-	-	5 329
Loans from related parties	225	10 357	17 504	-	28 086
Bank loans	6 490	7 740	-	-	14 230
Trade and other payables	1 280	-	-	-	1 280
Other liabilities	2 362	-	1	-	2 363
Deferred income tax liability	-	-	1 976	-	1 976
Shareholders´ equity	-	-	-	20 007	20 007
Total liabilities & Equity	**39 433**	**57 928**	**104 554**	**20 007**	**221 922**

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 2017 the maximum exposure to credit risk is the carrying amounts of the respective financial assets set out below:

	2017
Debt investments	107 615
Loan receivables	10 719
Trade and other receivables	5 027
Cash and cash equivalents	24 616
Other assets (monetary)	5 856
Total	**153 833**

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 is 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.

As at 31 December 2017, the financial assets held by the Group are not past due or impaired.

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 2017, the Group held 86 901 EUR in investments that is considered illiquid.

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 2017:

	Less than 1 year	Between 1 and 3 years	More than 3 years	Total
Property, plant and equipment	-	-	1 500	1 500
Intangible assets	-	-	121	121
Other assets	-	-	1 585	1 585
Deferred income tax asset	-	-	14	14
Financial assets held for trading				
Equity securities	-	-	-	-
Funds	42 188	-	-	42 188
Debts securities	44 980	-	-	44 980
Designated at fair value through profit or loss at inception				
Equity securities	-	-	24 266	24 266
Funds	-	-	-	-
Loans	-	55 339	6 373	61 712
Transferred claims	-	923	-	923
Loan receivables	10 719	-	-	10 719
Advance payments and other receivables	5 027	-	-	5 027
Other assets	4 271	-	-	4 271
Cash at bank	24 616	-	-	24 616
Total assets	**131 801**	**56 262**	**33 859**	**221 922**

The amounts in table are the contractual undiscounted cash flows.

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 2017

	Less than 1 year	Between 1 and 3 years	More than 3 years	Total
Liabilities				
Bonds	19 224	34 502	85 073	138 799
Promissory notes	9 852	-	-	9 852
Other loans	-	5 329	-	5 329
Loans from related parties	225	10 357	17 504	28 086
Bank loans	6 490	7 740	-	14 230
Trade and other payables	1 280	-	-	1 280
Other liabilities	2 362	-	1	2 363
Deferred income tax liability	-	-	1 976	1 976
Shareholders´ equity	-	-	20 007	20 007
Total liabilities & Equity	**39 433**	**57 928**	**124 561**	**221 922**

(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 2017.

All fair value measurements disclosed are recurring fair value measurements.

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets held for trading				
Equity securities	-		-	-
Funds	-	42 188	-	42 188
Debts securities	44 980	-	-	44 980
Designated at fair value through profit or loss at inception				
Equity securities	-	-	24 266	24 266
Funds	-	-	-	-
Loans	-	-	61 712	61 712
Transferred claims	-	-	923	923
	44 980	**42 188**	**86 901**	**174 069**

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 third-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 31 December 2017

	Fair value at 31 Dec 2017	Valuation Techniques	Unobservable Inputs	Ranges
Equity securities				
- Real estate	3 993	Net Rental Yield Calculation	Yield	5% - 7%
		Discounted cash flows	Discount Rate	5% - 10%
- Green energy	4 081	Discounted cash flows	Discount Rate	7% -10 %
- Hospitality	8 505	Third Party Pricing	N/A	N/A
		Discounted cash flows	Discount Rate	5% - 10%
- Private equity	7 687	Discounted Cash Flows	Discount Rate	5% - 10%
Total Equity Securities	24 266			
Loans at fair value				
- Real estate	20 677	Discounted cash flows	Discount Rate	5% - 10%
- Green energy	19 139	Discounted cash flows	Discount Rate	5% -10 %
- Hospitality	6 668	Discounted cash flows	Discount Rate	5% - 10%
- Private equity	5 041	Discounted cash flows	Discount Rate	5% - 10%
- Management company	10 187	Discounted cash flows	Discount Rate	5% - 10%
Total Loans at fair value	61 712			
Transferred claims				
- Private equity	923	Discounted cash flows	Discount Rate	5% - 10%
Total Transferred claims	923			

There were no transfers between levels for the year ended 31 December 2017.

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

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

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 one investor only and multiple co-investors. The co-investors are at the level of individual investments and not at level of Company, however, they indirectly provide funds through Group's subsidiaries and co-invest directly together with Company in specific projects. As such, Company obtains from co-investors and these investors are exposed to variable returns from particular investments.

The Company was formed by a single investor that represents or supports the interests of a wider group of multiple investors at a parent level.

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.

(All amounts in Euro thousands unless otherwise stated)

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.

The Company has one investor but in these circumstances that is not inconsistent with its overall business purpose and with definition of an investment entity.

The Company does not have unrelated investors, because there is only one investor; but, again, in these circumstances this is not inconsistent with the definition of an investment entity.

Two of the characteristics of investment entity status are not satisfied because the Company has a single investor, however, the Company concludes that it is an investment entity and that the failure to meet two of the typical characteristics is not inconsistent with the definition. It gives appropriate disclosure about its judgement under IFRS 12.

5. Interest income

The following table presents the interest income for the periods:

	2017	**2016**
Cash and cash equivalents	-	1
Debt securities in fair value through profit of loss	55	111
Loans in fair value through profit of loss	3 666	-
Loans from related parties	-	1 410
Loan receivables	1 359	2 109
Total interest income	**5 080**	**3 631**

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

6. Net gain on financial instruments

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:

	2017	**2016**
Other net changes in fair value on assets held for trading	2 245	-
Other net changes in FV on assets designated at FVTPL at incept.	6 301	-
Total gains	**8 546**	**-**

	2017	**2016**
Realized net gains on investments	7 399	-
Unrealized net gains on investments	1 147	-
Total net gains	**8 546**	**-**

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

(All amounts in Euro thousands unless otherwise stated)

7. Financial assets at fair value through profit or loss

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

	2017	2016
Financial assets held for trading		
Equity securities	-	43 506
Funds	42 188	-
Debt securities	44 980	18 067
	87 168	**61 573**
Designated at fair value through profit or loss at inception		
Equity securities	24 266	-
Funds	-	-
Loans	61 712	-
Transferred claims	923	-
	86 901	**-**
Total financial assets at fair value through profit or loss	**174 069**	**61 573**

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

8. Interest expense

The following table presents the interest expense for the periods:

	2017	2016
Bonds	6 848	4 705
Other loans	621	1 423
Promissory notes	599	4 854
Bank borrowings	1 538	861
Loans from related parties	1 465	985
Total interest expense	**11 071**	**12 828**

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

9. Loan Receivables

The Group's loan receivables consist of the following:

	2017
Loan receivables	
Loan portfolio	8 462
Related party	2 251
At 31 December 2017	**10 719**

(All amounts in Euro thousands unless otherwise stated)

10. Borrowings

The Group's borrowing facilities consist of the following:

	2017	2016
Non-current		
Bank borrowings	7 740	78 370
Bonds (a)	119 575	52 085
Loans from related parties	27 861	48 513
Financial lease liabilities	-	4 154
Other loans	5 329	-
	160 505	183 122
Current		
Bonds (a)	19 224	31 000
Other loans	-	11 139
Bank borrowings	6 490	20 029
Financial lease liabilities	-	405
Promissory notes	9 852	-
Loans from related parties	225	-
	35 791	62 573
Total borrowings	**196 296**	**245 695**

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

	Carrying amount		Fair Value	
	2017	2016	2017	2016
Bank borrowings	7 740	78 370	7 740	78 370
Bonds	119 575	52 085	119 575	52 085
Loans from related parties	27 861	48 513	27 861	49 483
Financial lease liabilities	-	4 154	-	4 154
Other loans	5 329	-	5 329	-
Total borrowings	**160 505**	**183 122**	**160 505**	**184 092**

The exposure of the Group´s borrowing to interest rate changes and the contractual re-pricing dates at the end of December 2016 were as follows:

	2016
6 months or less	-
6 – 12 months	62 573
1-5 years	49 784
Over 5 years	133 338
	245 695

(All amounts in Euro thousands unless otherwise stated)

(a) Bonds

	2017	2016
SK4120010927, Arca Capital Slovakia, 7% 12aug2020, EUR	26 184	26 184
SK4120011925, NGF EUR 2026 I, 5.5%,27jul2026, EUR	15 351	11 519
SK4210000473, Arca Capital Slovakia, 9,4% 2jan2018, EUR	9 839	9 823
CZ0003515603, BRQ Czech 2017-2019, 8.5%, 27dec2019, EUR	9 799	9 032
SK4120011933, NGF EUR 2021 I, 5.00%, 27jul2021, EUR	15 319	4 309
SK4120011917, NGF CZK 2021 I, 5.00%, 27jul2021, CZK	9 599	2 121
SK4210000960, Arca Capital Slovakia, 8,5%, 27Jun2018, EUR	6 824	-
SK4120013335, NREF 2027 II, 5,5%, 29Sep2027, EUR	15 210	-
SK4120013079, NREF 2027 I, 0%, 7Jul2027, EUR	23 024	-
SK4120013327, NREF CZK 2027 I, 0%, 29Sep2027, CZK	7 650	-
SK4120008855, Arca Capital Slovakia, 8,5% 13nov2017, EUR	-	10 617
SK4210000655, Arca Capital Slovakia, 8,5%, 12jun2017, EUR	-	12 073
Total Bonds	**138 799**	**85 678**

The Group issued 7% bonds (ISIN SK4120010927) at par value of EUR 25 500 ths. on 12 August 2015. The bonds mature at 12 August 2020 at their nominal value.

The Group issued 5,5% bonds (ISIN SK4120011925) at par value of EUR 15 000 ths. on 27 July 2016. The bonds mature at 27 July 2026 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 2 January 2018 at their nominal value.

The Group issued 8,5% bonds (ISIN CZ0003515603) at par value of EUR 9 002 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 15 000 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 9 399 ths. on 27 July 2016. The bonds mature at 27 July 2021 at their nominal value.

The Group issued 8,5% bonds (ISIN SK4210000960) at par value of EUR 6 500 ths. on 27 June 2017. The bonds mature at 27 June 2018 at their nominal value.

The Group issued 5,5% bonds (ISIN SK4120013335) at par value of EUR 15 000 ths. on 29 September 2017. The bonds mature at 29 September 2027 at their nominal value.

The Group issued zero coupon bonds (ISIN SK4120013079) at par value of EUR 35 000 ths. on 7 July 2017. The bonds mature at 7 July 2027.

The Group issued zero coupon bonds (ISIN SK4120013327) at par value of CZK 300 000 ths. on 29 September 2017. The bonds mature at 29 September 2027.

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

(All amounts in Euro thousands unless otherwise stated)

11. Segment information

The segment results for the year ended 31 December 2016 are as follows:

	Real estate	Energy	Investing	Unallocated	**Group**
Finance income	1 904	632	15 076	-	17 612
Finance costs	1 349	-9 016	-6 132	-55	-13 854
Sale of finished goods and merchandise	1 672	11 660	896	-	14 228
	4 925	**3 276**	**9 840**	**-55**	**17 986**

Inter-segment transfers of transactions are entered into under the normal commertial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of property, plant and equipment, trade and other receivables and loans to.

Segment liabilities comprise operating liabilities and borrowings.

Capital expenditures comprise additions to property, plant and equipment (note 13) and intangible assets (note 14).

The assets, liabilities and capital expenditures for the year ended 31 December 2016 are as follows:

	Real estate	Energy	Investing	Unallocated	**Group**
Assets	**73 057**	**118 647**	**121 110**	**459**	**313 273**
Joint venture	-	-	-	-	-
Capital expenditures	3 022	489	2 246	409	6 166
Liabilities	**15 492**	**93 548**	**172 881**	**782**	**282 703**

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

12. Investment property

	Total
At 1 January 2016	79 204
Disposals	-78 000
Net book amount	**1 204**

Following the adoption of IAS 40 revised investment property under construction have been transferred from property, plant and equipment to investment property at 1 January 2010 at their carrying amount. They have subsequently been measured at fair value at the reporting date. All fair value gains which arose prior to 1 January 2010, have been recognized in the profit for the year as fair value gains.

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

(All amounts in Euro thousands unless otherwise stated)

13. Property, plant and equipment

	Construction in progress	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Total
At 1 January 2016					
Cost of valuation					
Accumulated depreciation	14 243	40 057	21 323	13	75 636
Net book amount	-	-1 491	-12 360	-12	-13 863
	14 243	**38 566**	**8 963**	**1**	**61 773**
Opening net book amount	14 243	38 566	8 963	1	61 773
Corrections of errors	3 047	-	-	-	3 047
Corrected opening net book amount	17 290	38 566	8 963	1	64 820
Acquisition of subsidiary	1 828	38 670	24 609	-	65 107
Additions	6 150	-	-	-	6 150
Disposals	-	-45	-209	-	-254
Transfers	-443	2 043	-1 600	-	-
Depreciation charge	-	-1 935	-1 480	-	-3 415
Closing net book amount	**24 825**	**77 299**	**30 283**	**1**	**132 408**
At 31 December 2016					
Cost of valuation	24 825	94 939	73 730	3	193 497
Accumulated depreciation	-	-17 640	-43 447	-2	-61 089
Net book amount	**24 825**	**77 299**	**30 283**	**1**	**132 408**

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

(All amounts in Euro thousands unless otherwise stated)

14. Intangible assets

	Construction in progress	Software and other intangible assets	Goodwill	Total
At 1 January 2016				
Cost of valuation	1	5 008	1 459	6 468
Accumulated depreciation	-	-23	-	-23
Net book amount	**1**	**4 985**	**1 459**	**6 445**
Opening net book amount	1	4 985	1 459	6 445
Acquisition of subsidiary	-	12 985	6 974	19 959
Additions	16	-	-	16
Disposals	-	-2 465	-	-2465
Amortisation charge	-	-6	-	-6
Transfers	-16	16	-	-
Closing net book amount	**1**	**15 515**	**8 433**	**23 949**
At 31 December 2016				
Cost of valuation	1	15 556	8 433	23 990
Accumulated depreciation	-	-41	-	-41
Net book amount	**1**	**15 515**	**8 433**	**23 949**

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

15. Investments in joint ventures

	2016
At 1 January	2
Acquisition of joint ventures	-
Disposal joint venture	-
Share of loss / (profit)	2
At 31 December 2016	**4**

The Group's share of the results of its joint venture, all of which are unlisted, and its aggregated assets (including goodwill) and liabilities are as follows:

Name of entity	Country of incorporation	Assets	Liabilities	Revenues	Profit/ (Loss)	% of ownership interest
2016						
Enprotech Power	SK	107	95	582	4	50
At 31 December 2016		**107**	**95**	**582**	**4**	

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company

(All amounts in Euro thousands unless otherwise stated)

16. Financial assets

	2016
At fair value through profit or loss	
Equity securities	43 506
Debt securities	18 067
At 31 December 2016	**61 573**

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company

17. Inventories

	2016
Real estate	3 946
Raw material	5 830
At 31 December 2016	**9 776**

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

18. Trade and other receivabes

	2017	2016
Non-current		
Loans to related parties (a)	-	27 378
Other loans (b)	-	17 341
	-	44 719
Current		
Trade receivables	1 828	14 762
Other receivables including prepayments	912	5 821
Tax receivables (VAT)	23	1 044
Deferred expenses	139	626
Accrued revenues	-	516
Advance payments	2 125	-
	5 027	22 769
Total trade and other receivables	**5 027**	**67 488**

As at 31 December 2017 the Group does not recognise provision for impairment of trade receivables (2016: € 0 ths.).

The effective interest rates on non-current receivables were as follows:

	2017	2016
Loans to related parties	6,5-15%	6,5-15%
Other loans	10%	10%

(All amounts in Euro thousands unless otherwise stated)

The ageing analysis of loans is as follows:

	6 months or less	6 – 12 months	1 – 5 years	Over 5 years	**Total**
2016					
Loans to related parties	-	-	8 736	18 642	27 378
Other loans	-	-	17 341	-	17 341
	-	**-**	**26 077**	**18 642**	**44 719**

No provision was required as at 31 December 2016 for the loans to related parties and other loans.

The maximum exposure to credit risk at the reporting date is the fair value of the loans to related parties and other loans presented above. Loans to related parties and other loans are unsecured.

(a) Loans to related parties are denominated in the following currencies:

	2016
CZK	8 039
EUR	19 339
	27 378

(b) Other loans are denominated in the following currencies:

	2016
EUR	17 341
	17 341

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

19. Cash and cash equivalents

	2017	**2016**
Cash at bank and on hand	24 616	15 853
	24 616	**15 853**

At the reporting date the Group held cash at bank of € 24 604 ths. (2016: € 15 151 ths.). As at 31 December 2017 cash at bank earns approx. 0,05% p.a. (2016: 0,05% p.a.).

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

(All amounts in Euro thousands unless otherwise stated)

20. Share capital and other reserves

As at 31 December 2017 the total authorised number of ordinary shares was 300 (2016: 300) with a par value of € 3 320 per share (2016: € 3 320). All issued shares were fully paid.

At 31 December 2017 the legal reserve fund and other funds were of € 1 418 ths. (2016: € 1 395 ths.) Contributions to the legal reserve fund are made from net income after tax. The legal reserve fund may be used to cover losses of the Company and may not be distributed.

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

21. Trade and other payables

	2017	2016
Non-current		
Other liabilities	1	5 233
Grant (a)	-	1 564
Accrued expenses	-	-
Deferred revenues	-	-
	1	6 797
Current		
Trade payables	1 169	17 329
Other liabilities	1	5 590
Accrued expenses	-	3 489
Deferred revenues	-	99
Liabilities to employees	25	91
Social security and other taxes	17	63
VAT and other taxes and fees	6	62
Provisions for other liabilities and charges	62	-
	1 280	26 723
Total trade and other payables	**1 281**	**33 520**

(a) Grant

In 2009 the Group received a non-returnable financial grant from European Union of € 1 053 ths. to refinance investment into the splinter boiler house. The grant was initially recognized at fair value and subsequently is measured at amortised cost using the effective interest method over 20 years.

In 2013 the Group received a non-returnable financial grant from Agricultural Paying Agency of € 1 500 ths. to financing the construction of a biogas plant. The grant was initially recognized at fair value and subsequently is measured at amortised cost on the basis of an annual depreciation of the total value of the biogas plant.

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

(All amounts in Euro thousands unless otherwise stated)

22. Deferred income tax

	2017	2016
Deferred tax assets		
At beginning of the year	-1 018	-456
Deferred tax assets	1 004	-562
	-14	-1 018
Deferred tax liabilities		
At beginning of the year	2 930	4 459
Deferred tax liabilities	-954	-1 529
	1 976	2 930
Deferred tax liabilities (net)	**1 962**	**1 912**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	At 1 January 2017	Charged/ (credited) to the income statement	Charged/ (credited) directly to equity	At 31 December 2017
The movement on deferred income tax account	1 912	-1 021	1 071	1 962
	1 912	**-1 021**	**1 071**	**1 962**

	At 1 January 2016	Charged/ (credited) to the income statement	Charged/ (credited) directly to equity	At 31 December 2016
The movement on deferred income tax account	4 003	-2 175	84	1 912
	4 003	**-2 175**	**84**	**1 912**

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

23. Finance income and costs

	2016
Gain from a bargain purchase of subsidiaries	12 046
Gain from revaluation of securities	1 602
Share of profit of joint venture	2
Gain / loss from sales of shares and ownership	-901
Gain / loss from purchase of receivables	-
	12 749
Net foreign exchange losses/ (gains) – net	-125
	-125
Interest income	3 631
Interest expenses	-12 828
Other	331
	-8 866
	3 758

(All amounts in Euro thousands unless otherwise stated)

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

24. Revenue and other income

	2016
Revenue from green energy	8 898
Other	3 320
Sale of property	1 978
Sale of heating	32
	14 228

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

25. Expenses by nature

	2017	2016
Wages and salaries	464	1 266
Social security costs	166	468
	630	1 734
Depreciation and amortisation	-	3 421
	-	3 421
Services related to power plant	-	2 654
Business and economics services	109	1 121
Repair and maintenance	4	602
Rent	99	430
Project expenses	21	221
Audit	75	185
Transportation expenses	5	172
Legal services	50	126
Other expenses	67	92
Telecommunication costs	4	52
Services related to rent	5	47
Fees and commissions	63	40
Marketing	1	30
Advertisement costs	-	7
Post expenses	-	4
Training	-	3
Fees for guarding	-	1
Travel expenses	1	-
	504	5 787
Other operations (expenses) / revenues - net	-385	6 522
	-385	6 522
	749	**17 464**

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

(All amounts in Euro thousands unless otherwise stated)

26. Current income tax

	2017	2016
Current tax	336	244
	336	**244**

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

	2017	2016
Profit before tax	786	522
Theoretical income tax applicable to profit in Slovak Republic	165	115
Income not subject to tax	-20	-10
Expenses not deductible for tax purposes	215	205
Utilisation of previously unrecognized tax losses	-46	-
Effect of previously unrecognized income tax assets	-999	-2 241
Tax charge	**-685**	**-1 931**
Current tax	336	244
Deferred tax	-1 021	-2 175
Tax charge	**-685**	**-1 931**

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

27. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares (note 20).

	2017	2016
Profit / (loss) attributable to equity holders of the Company	1 864	3 257
Weighted average number of ordinary shares in issue	300	300
Net profit/loss per share (ths. EUR per share)	6,2	10,9

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

28. Contingent and other liabilities

Tax law
Certain areas of Slovak tax law have not been sufficiently tested in practice. As a result, there is some uncertainty as to how the tax authorities would apply them. The extent of this uncertainty cannot be quantified. It will be reduced only if legal precedents or official interpretations become available. The Group's management is not aware of any circumstances that may give rise to a future material expense in this respect. Fiscal periods remain open to review by the tax authorities for five years after the year in which the tax return is filed.

Capital commitments
As at 31 December 2017 the Group did not have any capital expenditure contracted.

The principal accounting policies applied to previous year (as at 31 December 2016) are presented in Consolidated Financial Statements for the Year Ended 31 December 2016 available for viewing at the headquarters of the Company.

(All amounts in Euro thousands unless otherwise stated)

29. Subsequent events

Nova Real Estate Finance, a. s. (the "Issuer"), a direct Subsidiary of the Company, on 31 January 2018 issued Bonds (ISIN: SK4120013731) in total nominal value of the issue up to EUR 10,000,000. Interest revenue from the Bonds shall consist of a fixed interest rate amounting to 5.00 % per annum. Interest revenues shall be paid annually and retroactively, always on January 31. The Bonds mature at 31 January 2023 at their nominal value. The name of bonds is "Bonds NREF 2023 I.", the Bonds are publicly offered, listed on the stock-exchange. Obligations from Bonds establish direct, general, with the exception of the Letter of Guarantee unsecured, unconditioned and non-subordinated obligations of the Issuer. Obligations resulting from the Bonds are secured by a guarantor´s representation of the guarantor, Arca Capital Slovakia, a.s., with its registered office at Plynárenská 7/A, 821 09 Bratislava, Slovak Republic, registered in the Commercial Register of the District Court of Bratislava I, Section: Sa, File No: 3202/B, Company ID: 35 868 856.

Nova Real Estate Finance, a. s. (the "Issuer"), a direct Subsidiary of the Company, on 03 April 2018 issued Zero coupon Bonds (ISIN: SK4120013921) in total nominal value of the issue up to EUR 15,000,000. There is no any fixed interest revenues bonded with the Zero coupon Bonds. Yield from the Zero coupon Bonds till the maturity is 4,50% per annum. The Bonds mature at 03 April 2028. The name of Zero coupon bonds is "Bonds NREF 2028 I.", the Bonds are publicly offered. Obligations from Zero coupon Bonds establish direct, general, with the exception of the Letter of Guarantee unsecured, unconditioned and non-subordinated obligations of the Issuer. Obligations resulting from the Zero coupon Bonds are secured by a guarantor´s representation of the guarantor, Arca Capital Slovakia, a.s., with its registered office at Plynárenská 7/A, 821 09 Bratislava, Slovak Republic, registered in the Commercial Register of the District Court of Bratislava I, Section: Sa, File No: 3202/B, Company ID: 35 868 856.

Arca Capital Slovakia, a. s. (the "Issuer"), on 1 June 2018 issued Bonds (ISIN: SK4210001380) in total nominal value of the issue up to EUR 5,500,000. Interest revenue from the Bonds shall consist of a fixed interest rate amounting to 8.50 % per annum. The Bonds mature at 1 June 2019 at their nominal value. Interest revenue shall be paid retroactively together with the nominal value of the Bonds.The name of Bonds is "Bond Arca Capital Slovakia", the Bonds are not publicly offered. Obligations from Bonds establish direct, general, unsecured, unconditioned and non-subordinated obligations of the Issuer.

Since the balance sheet date of 31 December 2017, 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 statutory organ or physical person which is an accounting entity:	Signature of person responsible for financial statements:	Signature of person responsible for accounting:
30 August 2018	Ing. Rastislav Velič Chairman of the Board of Directors	Ing. Henrich Kiš Member of the Board of Directors	Ing. Juraj Koník Financial manager	Ing. Juraj Koník Financial manager