DK Holding Investments, s.r.o.

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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I. General Part

DK Holding Investments, s.r.o.

Annual Report 2018

The consolidated annual report has been prepared for the year ended 31 December 2018 for the company DK Holding Investments, s.r.o. and its subsidiaries (together referred to as the “Group”).

BUSINESS DESCRIPTION

DK Holding Investments, s.r.o.:

- limited liability company
- established on 16 December 2015
- registered address Na poříčí 1079/3a, Nové Město, 110 00, Praha 1, Czech Republic
- identification number 04645740
- the main activity is holding shares in its subsidiary companies listed in detail in the chapter 1 of the Notes to the Consolidated Financial Statements

CONSOLIDATION OF THE GROUP [1]

Parent company (holding company):

DK Holding Investments, s.r.o.

Subsidiary companies:

- ENERGO-PRO Turkish Development, s.r.o. (subsidiary company Bilsev Enerji Üretim Ve Ticaret A.Ş.)
- ENERGO-PRO Hydro Development, s.r.o. (subsidiary company Murat Nehri Enerji Üretim A.Ş.)
- ENERGO-PRO Assets Turkey s.r.o.
- Berta Enerji Elektrik Üretim Sanayi Ticaret A.Ş
- Dolnolabské elektrárny, a.s.
- ENERGO-PRO Group (ENERGO-PRO a.s. Group companies)
- ENERGO-PRO MVE, s.r.o.
- ENERGO-PRO Industries, s.r.o. (Litostroj Power d.o.o. Group companies and ÇKD Litostroj Turkey Türbin Imalat Sanay ve Tic. A.Ş)
- PT ENERGO PRO INDONESIA
-

MANAGEMENT

As at 31 December 2018 the company DK Holding Investments, s.r.o. is represented by the Manager, Mr. Jaromir Tesar. The subsidiary companies within the Group are managed by its legal bodies according to the legal form of the entity and the local legislation.

SHARE CAPITAL STRUCTURE

The company DK Holding Investments, s.r.o. holds 100% of shares in all of its subsidiary companies, except for the following entities (and also as described in detail in the chapter 1 of the Notes of the Consolidated Financial Statements).

- Dolnolabské elektrárny a.s.

- PT ENERGO PRO INDONESIA

The sole owner of the company DK Holding Investments, s.r.o. is Mr. Jaromir Tesar.

The company has not acquired any own shares during calendar year 2018.

[1] The consolidated group is in detailed described in chapter 1 of the the Notes to the Consolidated Financial Statements

POST BALANCE SHEET EVENTS

Acquisition of EPT

In August 2018, between EPV and EPas an Agreement for the purchase and sale of 100% of the shares of EPT amounting to EUR 2 million (BGN 3,912 thousand) was concluded and EPV prepaid the full amount under the agreement in November 2018. In January 2019, preparation of the transfer of the temporary certificates, together with the transfer of all the rights and shares was made, and EPV became the owner of 100% of the capital of EPT.

Credit line for issuance of bank guarantees by Expressbank AD

In January 2019, a company of the EPV concluded a contract with Expressbank AD (formerly Societe Generale Expressbank AD) for a credit line for issuing bank guarantees with a limit of EUR 7.7 million (BGN 15 million). The maturity date is January 2, 2020. The applicable interest rate on the credit line is Reference rate in BGN plus 1.70% per annum, but not less than 1.70% per year. The credit line is secured by pledge on current and future funds on current accounts in Expressbank AD.

Overdraft credit from Raiffeisenbank EAD (Bulgaria)

In February 2019, a company from the EPV concluded with Raiffeisenbank (Bulgaria) EAD a contract for overdraft credit in the amount of EUR 15.3 million (BGN 30 million). The final repayment date is December 20, 2019. The applicable interest rate on the loan is Reference interest rate in BGN plus 1.45% per annum, but not less than 1.45% per year. The credit is unsecured. The co-debtor under the contract is EPV.

Bilsev loan guarantee

EPas had provided a guarantee and certain other undertakings to Akbank (Turkey) in connection with USD 166,000 thousand loan to Bilsev for the construction of the Karakurt dam and related HPP. As of 31 December 2018, USD 88,000 thousand was drawn under this credit facility. On 18 February 2019, Amended Finance Documents were signed with respect to Bilsev's credit facility as part of which, amongst other things, the amount of the facility was reduced to USD 141,000 thousand, DKHI provided a guarantee for the entire facility and the EPas guarantee was limited to USD 50,000 thousand. The Amended Finance Documents are now effective.

Litostroj Power d.o.o. revolving credit facility guarantee

EPas had issued a guarantee in favour of a club of banks in connection with a EUR 8,000 thousand revolving credit facility for Litostroj Power, d.o.o.. The guarantee was for 50% of the drawn amount. As of 31 December 2018, EUR 8,000 thousand was drawn under this facility. Since the date of issuance of the financial statements, the amount of this revolving credit facility has been reduced to EUR 4,000 thousand and the EPas guarantee increased to 100% of the drawn amount.

CURRENT YEAR RESULTS

The Group have achieved a satisfactory financial result in 2018. In the following years, the Group will continue to maintain a steady trend and remain strict in cost controlling costs and overseeing its investments.

As at 31 December 2018 the consolidated key performance figures of the Group are as following:

Consolidated FS's figures 2018	*EUR '000*
Income Statement	
Revenues	886,363
Earnings before financial expenses, taxes, depreciation and amortisation (EBITDA)[2]	128,163
Profit/(loss) for the year	(28,399)
Balance Sheet	
Total Assets	1,222,257
Total Equity	84,158

On 4 May 2018, the ENERGO – PRO a.s. issued Eurobonds (ISIN: XS1816296062) with a total face value of EUR 250 million, maturity of 6 years and a fixed coupon of 4.5% p.a. The bonds have been admitted to trading on the unregulated market of the Irish Stock Exchange (Euronext Dublin). The issue price of the bonds was 100% of the nominal value. The terms and conditions of these bonds are similar to the terms and conditions of the bonds issued on December 7, 2017. In respect of this on May 7, 2018 the ENERGO-PRO Georgia JSC has fully repaid the outstanding borrowings from local banks.

RESPONSIBILITIES OF THE MANAGEMENT

The Management confirms that appropriate accounting policies have been used and applied consistently and that reasonable and prudent judgements and valuation of assets, liabilities, revenues and expenses have been made in the preparation of the consolidated financial statements for the year ended 31 December 2018. The Management also confirms that applicable accounting standards have been followed.

RESEARCH AND DEVELOPMENT

The Group does not perform research and development activities.

ENVIROMENTAL PROTECTION

The Group makes significant efforts in health protection for its employees and environmental protection. Currently, the Group complies with all environmental protection standards set for this type of business. The companies within the Group are periodically monitored for compliance with the environmental standards of the countries in which it operates.

LABOUR RELATIONS

The Group complies with all legal regulations in the Czech Republic and the other countries in which it operates.

In Prague on 21 June 2019

Company Executive Director

Mr. Jaromir Tesar

[2] EBITDA is a non-GAAP measure in this Consolidated Statement of Comprehensive Income (there is no IFRS standard for EBITDA specification). The Group considers EBITDA to be an important indicator of its economic performance. EBITDA is calculated as total revenues minus certain operating expenses.

II. Audit Report

Deloitte Audit s.r.o.
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Italská 2581/67
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Czech Republic

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ID. No.: 49620592
Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

To the Partner of DK Holding Investments, s.r.o.

Having its registered office at: Na poříčí 1079/3a, Nové Město, 110 00 Praha 1

Opinion

We have audited the accompanying consolidated financial statements of DK Holding Investments, s.r.o. and its subsidiaries (The "Group") prepared on the basis of International Financial Reporting Standards as adopted by the EU, which comprise the consolidated statement of financial position as at 31 December 2018, and consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of DK Holding Investments, s.r.o. as at 31 December 2018, and of 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 EU.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Chapter 5, Paragraph "Prior period restatements and reclassifications" to the financial statements which describes the fact that comparative accounting period ending on 31 December 2017 was restated and therefore not correspond to the information contained in the financial statement prepared as of 31 December 2017. Our opinion is not modified in respect of this matter.

Other Information in the Consolidated Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Consolidated Annual Report other than the consolidated financial statements and auditor's report thereon. The Statutory Executive is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

Deloitte.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Statutory Executive for the Consolidated Financial Statements

The Statutory Executive is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as the Statutory Executive 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, the Statutory Executive 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 the Statutory Executive either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 ISAs 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 an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional scepticism 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 the the Statutory Executive.
- Conclude on the appropriateness of the Statutory Executives 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 the Statutory Executive 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.

In Prague on 21 June 2019

Audit firm:	Statutory auditor:
Deloitte Audit s.r.o. registration no. 079	Pavel Raštica registration no. 2180
Deloitte	Raštica

III. Consolidated Financial Statements Prepared in Accordance with International Financial Reporting Standards ("IFRS") as Adopted by European union ("EU") for the year Ended 31 December 2018

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Name of the Company:	**DK Holding Investments, s.r.o.**
Registered Office:	**Na poříčí 1079/3a, Nové Město, 110 00 Praha 1**
Legal Status:	**Limited Liability Company**
Corporate ID:	**046 45 740**

<u>Components of the Consolidated Financial Statements:</u>

Consolidated Statement of Financial Position

Consolidated Statement of Comprehensive Income

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

These consolidated financial statements were prepared on 21 June 2019.

Statutory body of the reporting entity:	Signature
① ENERGO-PRO DK Holding Investments s. r. o. Na poříčí 1079/3a, Nové Město, 110 00, Praha 1 Tel.: +420 222 310 245, Fax: +420 510 000 011 IČ: 04645740 DIČ: CZ04645740	

DK Holding Investments, s.r.o.

Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by European union ("EU") and
Independent Auditor's Report

As of and for the year ended 31 December 2018

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CONSOLIDATED FINANCIAL STATEMENTS

DK Holding Investments, s.r.o.
Consolidated Statement of Financial Position
Year ended 31 December 2018

(EUR'000)	Note	31 Dec 2018	31 Dec 2017 Restated	01 Jan 2017 Restated
ASSETS				
Non-current assets				
Property, plant and equipment	7	769,238	710,445	568,201
Prepayments for property, plant and equipment		18,192	29,946	20
Goodwill	8	77,158	80,239	85,654
Other intangible assets	9	49,197	63,711	75,573
Non-current financial assets	11	1,514	2,639	29,488
Deferred tax assets	28	7,678	1,717	418
Non-current portion of issued loans	10	283	35	132
Other non-current assets		22,643	29,237	4,864
Total non-current assets		**945,903**	**917,969**	**764,350**
Current assets				
Inventories	12	40,804	40,703	34,600
Trade and other receivables	13	133,344	133,966	132,191
Current income tax asset		3,824	1,252	4,442
Current portion of issued loans	10	287	2,542	2,969
Contract assets		2,431	3,536	1,529
Cash and cash equivalents	14	56,528	64,289	112,585
Other current assets	15	39,136	50,454	11,119
Total current assets		**276,354**	**296,742**	**299,435**
Total assets		**1,222,257**	**1,214,711**	**1,063,785**
EQUITY				
Authorised share capital		7	7	7
Additional paid-in capital		190,000	190,000	190,000
Translation reserve		(119,487)	(86,069)	(13,862)
Retained earnings (losses)	17	(7,944)	(21,517)	(156,463)
Equity attributable to the company's owners		**62,576**	**82,421**	**19,682**
Non-controlling interest	32	21,582	18,311	18,135
Total equity		**84,158**	**100,732**	**37,817**
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	28	5,471	8,083	11,089
Provisions	20	11,390	12,791	9,690
Borrowings	21	734,533	581,865	417,691
Non-current financial liabilities	18	41	130	295
Other non-current liabilities	19	12,112	54,865	57,066
Total non-current liabilities		**763,547**	**657,734**	**495,831**
Current liabilities				
Provisions	20	12,919	16,351	28,235
Trade and other payables	22	117,249	102,436	103,282
Income tax payable		1,135	4,573	4,295
Borrowings	21	15,124	91,202	172,242
Contract liabilities		20,261	24,221	619
Other liabilities to shareholder	23	188,038	195,743	187,923
Other current liabilities	23	19,826	21,719	33,541
Total current liabilities		**374,552**	**456,245**	**530,137**
Total liabilities		**1,138,099**	**1,113,979**	**1,025,968**
TOTAL LIABILITIES AND EQUITY		**1,222,257**	**1,214,711**	**1,063,785**

Approved for issue and signed on behalf of the Company by Executive Director on 21.6.2019.

Company Executive Director
Mr. Jaromir Tesar

(EUR'000)	Note	2018	2017 Restated
Revenue			
Sales of electricity in local markets		641,925	612,657
Cross border sales of electricity		36,840	25,701
Grid components of electricity sales price		133,709	175,531
Services and other		73,889	90,266
Total revenue		**886,363**	**904,155**
Other income	27	7,152	130,381
Changes in inventory of products and in work in progress		(14)	3,744
Capitalized own products and own services		12,546	1,354
Purchased power		(513,993)	(507,539)
Service expenses	24	(130,457)	(165,156)
Labour costs		(86,464)	(86,244)
Material expenses		(20,677)	(25,678)
Tax expenses		(4,002)	(5,428)
Other operating expenses	25	(22,291)	(17,843)
Earnings before financial expenses, taxes, depreciation and amortisation (EBITDA)		**128,163**	**231,746**
Depreciation and amortisation expense	7,9	(50,766)	(50,624)
Earnings before financial expenses and taxes (EBIT)		**77,397**	**181,122**
Finance income	26	2,996	3,989
Finance costs	26	(110,664)	(44,378)
Finance costs – net		**(107,668)**	**(40,389)**
Income before income tax (EBT)		**(30,271)**	**140,733**
Income tax	28	(7,146)	(7,480)
Deferred taxes	28	9,018	3,441
Total income tax expense		**1,872**	**(4,039)**
Profit/(loss) for the year		**(28,399)**	**136,694**
Profit/(loss) attributable to:			
- Owners of the company		(29,924)	135,398
- Non-controlling interest		1,525	1,296
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences			
Items that will not be reclassified to profit or loss:			
Actuarial loss		(33,454)	(72,247)
Gross amount		(52)	(456)
Tax effect		-	-
Net amount		(52)	(456)
Other comprehensive income/(loss)		**(33,506)**	**(72,703)**
Total comprehensive income/(loss)			
Total comprehensive income attributable to:			
- Owners of the company		(63,427)	62,718
- Non-controlling interest		1,522	1,273

Approved for issue and signed on behalf of the Company by Executive Director on 21.6.2019.

Company Executive Director
Mr. Jaromir Tesar

[1] EBITDA is a non-GAAP measure in this Consolidated Statement of Comprehensive Income (there is no IFRS standard for EBITDA specification). The Group considers EBITDA to be an important indicator of its economic performance. EBITDA is calculated as total revenues minus certain operating expenses, as shown above.

DK Holding Investments, s.r.o.
Consolidated Statement of Changes in Equity
Year ended 31 December 2018

(EUR'000)	Authorised ("Unpaid") share capital	Additional paid-in capital	Translation reserve	Retained earnings	Total equity attributable to the company's owners	Non-controlling interest	Total equity
1 January 2017 Restated	**7**	**190,000**	**(13,862)**	**(156,463)**	**19,682**	**18,135**	**37,817**
Net income for the period	-	-	-	135,398	135,398	1,296	136,694
Other comprehensive income	-	-	(72,247)	(433)	(72,680)	(23)	(72,703)
Comprehensive income for the period	-	-	(72,247)	134,965	62,718	1,273	63,991
Dividends payable to non-controlling interest	-	-	-	e-	-	-	(1,109)
Other changes in equity	-	-	40	(19)	21	12	33
31 December 2017 Restated	**7**	**190,000**	**(86,069)**	**(21,517)**	**82,421**	**18,311**	**100,732**
Effect of adoption of new accounting standards	-	-	-	21,586	21,586	1,749	23,335
1 January 2018 Restated	**7**	**190,000**	**(86,069)**	**69**	**104,007**	**20,060**	**124,067**
Net income for the period	-	-	-	(29,924)	(29,924)	(59,848)	(28,399)
Other comprehensive income	-	-	(33,454)	(49)	(33,503)	(33,552)	(33,506)
Comprehensive income for the period	-	-	(33,454)	(29,973)	(63,427)	(93,400)	(61,905)
De-recognition of liabilities arising from the acquisitions	-	-	-	21,978	21,978	-	21,978
Other changes in equity	-	-	36	(18)	18	-	18
31 December 2018	**7**	**190,000**	**(119,487)**	**14,034**	**62,576**	**76,610**	**84,158**

Approved for issue and signed on behalf of the Company by Executive Director on 21.6.2019.

Company Executive Director
Mr. Jaromir Tesar

DK Holding Investments, s.r.o.
Consolidated Statement of Cash Flow
Year ended 31 December 2018

(EUR'000)	Note	2018	2017 Restated
Profit/(loss) before income tax		**(30,271)**	**140,733**
Adjusted for:			
Depreciation and amortization expense	7,9	50,766	50,624
Unrealised currency translation losses/(gains)	26	44,342	(12,941)
Interest income	26	(141)	(786)
Interest and early payment expenses	26	56,272	38,618
Changes in provisions and impairment		1,244	(5,750)
Write off of trade and other receivables		809	2
Assets granted free of charge		(132)	(153)
Inventory surplus		77	(2,380)
(Gain)/Loss on disposal of property, plant and equipment		2,271	9,981
Gain from a bargain purchase (negative goodwill)		-	(122,763)
Inventory obsolescence expense		1,119	920
Other changes - difference in the rate of exchange etc.		8,596	24,532
Cash inflow from operating activities before changes in operating assets and liabilities		**134,952**	**120,637**
Movements in working capital			
Decrease/(increase) in inventories	12	(765)	(3,697)
Decrease /(increase) in trade accounts receivable	13	(7,159)	(15,116)
(Increase)/decrease in other current assets	15	18,681	(22,012)
Increase/(decrease) in trade and other payables	22	10,965	15,194
Increase/(decrease) in other liabilities	23	4,572	(377)
Cash outflow from operating activities before interest income received, interest expense paid and income tax paid		**161,246**	**94,629**
Interest received		301	1,713
Income tax paid		(12,301)	(10,248)
Net cash (outflow)/inflow from operating activities		**149,246**	**86,094**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash of entities acquired (-), Disposal of subsidiaries, net of cash of entities disposed	31	-	(65,010)
Purchases of property, plant and equipment and intangible assets	7,9	(164,523)	(126,422)
Proceeds from sale of property plant and equipment		72	80
Loans granted	10	(841)	(599)
Loans repaid	10	967	1,853
Net change in deposits granted	13	(4,109)	(19,847)
Proceeds from sale of bonds		-	24,803
Net cash outflow from investing activities		**(168,434)**	**(185,142)**
Cash flows from financing activities			
Proceeds from borrowings	21	141,795	313,024
Repayment of borrowings	21	(361,315)	(486,770)
Issued bonds		250,000	370,000
Call option of bonds		-	(111,549)
Interest paid		(19,053)	(32,844)
Dividends paid to non-controlling interest		-	(1,109)
Net cash used in financing activities		**11,427**	**50,752**
Net increase/(decrease) in cash and cash equivalents		**(7,761)**	**(48,296)**
Cash and cash equivalents at the beginning of the year	14	**64,289**	**112,585**
Cash and cash equivalents at the end of the year	14	**56,528**	**64,289**

Approved for issue and signed on behalf of the Company by Executive Director on 21.6.2019.

Company Executive Director
Mr. Jaromir Tesar

1. DK Holding Investments, s.r.o. Group and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") as of and for the year ended 31 December 2018 for DK Holding Investments, s.r.o. and its subsidiaries (together referred to as the "Group").

DK Holding Investments, s.r.o. ("the Company", "DKHI") is a limited liability company established on 16 December 2015.The registered address of the Company is Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic, identification number of the company is 04645740. The ultimate owner and the manager of the Company is Mr. Jaromir Tesar.

The Company is a parent company of the Group of companies, which comprises the following entities and their subsidiaries consolidated in these financial statements:

(i) ENERGO-PRO Industries, s.r.o. Group
(ii) ENERGO-PRO a.s. Group
(iii) Other subsidiaries of DKHI Group

(i) ENERGO-PRO Industries, s.r.o. Group ("EPI Group")

ENERGO-PRO Industries, s.r.o. Group is organised and managed based on territory markets in which it operates (Czech Republic, Slovenia, Canada, Turkey and other territories) and is focused on two major segments – design and production of energy and industrial equipment.

ENERGO-PRO Industries, s.r.o. ("EPI") EPI is a limited liability company established on 5 February 2014. The registered address is at Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. EP Industries is a parent company of Litostroj Power d.o.o. Group ("LP Group") and ÇKD Litostroj Turkey Türbin Imalat Sanay ve Tic. A.S. and directly owns 100% of shares in both entities.

ÇKD Litostroj Turkey Türbin Imalat Sanay ve Tic. A.Ş. ("CKDLT") is a joint stock company established in Turkey. The registered address of the company is Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Turkey. The company was created with the aim of establishing a local manufacturing facility in Turkey.
In April 2019, changed its name to "Litostroj Turkey Türbin Imalat Sanay ve Tic. A.Ş.".

LP Group activities are focused on two major segments – design and production of energy and industrial equipment. LP Group unifies these entities:

Litostroj Power d.o.o. ("LP") is a limited liability company established in Slovenia. The registered address of the company is at Litostrojska cesta 50, 1000 Ljubljana, Slovenia. The company is engaged in design, power plant engineering and manufacturing of power generation and industrial equipment through its own production capacity and R&D department.

ČKD Blansko Engineering, a.s. ("CBE") is a joint stock company established in the Czech Republic. The registered address of the company is at Čapkova 2357/5, 678 01 Blansko, Czech Republic. The CBE is among the leading Czech suppliers of technological equipment and provides a wide range of services for hydroelectric power plants. The CBE has its own hydraulic laboratory and it is a modern company that continues the long tradition of Blansko in the research, development, supply, erection and commissioning of the hydroelectric equipment. In January 2019 CBE changed its name to "Litostroj Enginneering a.s.".

Litostroj Hydro Inc. ("Hydro") is a limited liability company established in Canada. The registered address of the company is at Rue de Pacifiquie 45, Bromont, Quebec, Canada. The subsidiary informs the parent company of the Litostroj Power d.o.o. Group on the market situation, promotes the Litostroj Power d.o.o. Group's products, prepares offers and deals with the subcontractors.

The number of employees of ENERGO-PRO Industries, s.r.o. Group as of 31 December 2018 and 2017 was 600 and 577, respectively.

(ii) ENERGO-PRO a.s. Group ("EP Group")

ENERGO - PRO a.s. ("EPas") is a joint stock company established on 23 March 1995. The registered address is Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic and the identification number of EPas is 63217783. The main activities of the ENERGO - PRO a.s. Group ("EP Group") are power generation from HPP's, electricity distribution and power trading.

Name	Location	Share
ENERGO - PRO a.s.	Czechia	parent
MEGAWATT SERVIS s.r.o.	Czechia	100%
JSC Energo - Pro Georgia	Georgia	100%
JSC Energo - Pro Georgia Generation	Georgia	100%
OPPA JSC	Georgia	100%
ENERGO-PRO Bulgaria EAD	Bulgaria	100%
ENERGO-PRO Trading EAD	Bulgaria	100%
ENERGO-PRO VARNA EAD	Bulgaria	100%
Reşadiye Hamzali Elektrik Üretim Sanayi ve Ticaret A.Ş.	Turkey	100%
ENERGO-PRO Güney Elektrik Toptan Satiş Ithalat Ihracat ve Ticaret A.Ş.	Turkey	100%
ENERGO PRO İnşaat Şanyi ve Ticaret A.Ş. *	Turkey	100%

* former ENERGO-PRO Iyi Dere Elektrik Üretim Şanayi ve Ticaret A.Ş.

The ultimate holder of 100% of ENERGO-PRO a.s. shares is the entity DK Holding Investments, s.r.o..

The EP Group has established solid presence in Central and Eastern Europe, Black Sea region and the Caucasus:

- Hydro power operations in Bulgaria, Georgia and Turkey;
- Power distribution activities in Georgia and Bulgaria;
- Trading with the electricity on the European market;

The EP Group is organised and managed based on territory markets in which it operates (Bulgaria, Georgia, Turkey and international power trading). EP Group's business is conducted in a responsible way in order to achieve a solid financial return balanced with long-term growth and to fulfil our commitments to the community and the environment.

The EP Group has proven operational experience and know-how. The EP Group successfully implemented large-scale rehabilitation projects in last years. From electricity distribution the EP Group possess know-how in dealing with large numbers of customers, network planning and optimisation. In power trading the Group have solid experience in cross-border electricity trading and execution of large-scale trade contracts.

The EP Group has had exponential growth during the several past years and turned into a strong player in the acquisition and operation of plants above 100 megawatt (MW) of installed capacity. The EP Group continues to look for new investment opportunities, focusing on South-Eastern Europe and the Black Sea region.

List o Group´s power plants as of 31 December 2018 as follow:

Hydro power plants	Installed capacity (MW)
Bulgaria:	
Sandanska Bistritsa Cascade (3 HPPs[1])	56
Pirinska Bistritsa Cascade (2 HPPs[2])	50
Koprinka Cascade (2 HPPs[3])	29
Petrohan Cascade (3 HPPs[4])	17
Ogosta	5
Katunsti	3
Samoranovo	3
Karlukovo	2
Total Bulgaria	**166**
Georgia:	
Shaori-Tkibuli Cascade (2 HPPs[5])	120
Lajanuri	114
Gumati Cascade (2 HPPs[6])	70
Rioni	51
Zahesi	37
Iori Cascade (3 HHPs[7])	27
Chitakhevi	21
Atsi	18
Ortachala	18
Chkhori	6
Kinkisha	1
Total Georgia	**482**
Turkey:	
Hamzali	17
Aralik	12
Resadiye Cascade (3 HPPs[8])	66
Total Turkey	**95**
Gas power plants	
Georgia:	
Gardabani TPP	110
Total Georgia	**110**
Total hydro power plants	**743**
Total gas power plants	**110**
Total installed capacity (hydro + gas-fired plants)	**853**

[1] Sandanski HPP; Popina Laka HPP; Lilyanovo HPP

[2] Spanchevo HPP; Pirin HPP

[3] Koprinka HPP; Stara Zagora HPP

[4] Klisura HPP, Barzia HPP, Petrohan HPP

[5] Shaori HPP; Dzevrula HPP

[6] Gumati I HPP; Gumati II HPP

[7] Sioni HPP; Satskhenisi HPP; Martkopi HPP

[8] Resadiye I; Resadiye II; Resadiye III

The number of employees of the Group as of 31 December 2018 and 2017 was 8,971 and 8,843 respectively (including employees of ENERGO - PRO a.s. and MEGAWATT SERVIS s.r.o.).

Subsidiaries of EP Group:

JSC ENERGO-PRO Georgia ("EPG")

EPG was incorporated on 31 July 2006 and is domiciled in Georgia. EPG is a joint stock company limited by shares and was set up in accordance with Georgian legislation.

On 5 February 2007, EPG signed an agreement with the Government of Georgia for purchase of the assets of the hydro power plants and electricity distribution companies and obtained a 100% control over the assets of United Energy Distribution Company, Adjara Energy Distribution Company and six hydro power plants in Georgia.

The investment project of the Group in Georgia was implemented with the financial support of the Czech Export Bank (a state-owned Czech financial institution which is specialized in providing support for export activities and foreign investments of Czech companies) until the issue of the bonds in 2017.

EPG's principal business activity is distribution of electricity. EPG distributes electricity to all regions of Georgia except for capital city Tbilisi and covers 85% of the territory of Georgia. EPG serves over 1.2 million customers through its electricity distribution network.

EPG's registered address is No.19 Zurab Anjaparidze Str. 0186 Tbilisi, Georgia.

EPG is the parent company of the group of companies, which comprises the following entities and their subsidiaries consolidated in these financial statements:

		EPG's ownership interest	
Name	**Location**	**2018**	**2017**
LLC gPower	Georgia	100%	100%
LLC Zoti Hydro	Georgia	95%	95%

LLC gPower ("gPower") was incorporated on 16 November 2010 and is domiciled in Georgia. gPower signed an agreement with JSC Energy Invest to purchase its operating assets. These operating assets mainly comprise of four gas power turbines with the installed capacity of 110 megawatt and other assets required for electricity generation (Gas Turbine Power Station).

LLC gPower's principal business activity is provision of guaranteed capacity and generation of electricity. Guaranteed capacity insures stable and reliable functioning of unified electric energy system of Georgia. The period of standby mode and minimum volume of guaranteed capacity are regulated by the Government of Georgia, while tariffs are determined by Georgian National Energy and Water Supply Regulatory Commission ("GNERC").

gPower's registered address is No.19 Zurab Anjaparidze Str. 0186 Tbilisi, Georgia.

LLC Zoti Hydro ("Zoti") was established on 25 November 2008. Zoti's principal business activity is construction and operation of Hydro Power Plants. As of the end of 2018 Zoti was a dormant entity.

Zoti's registered address is No.19 Zurab Anjaparidze Str. 0186 Tbilisi, Georgia.

The number of employees of EPG as of 31 December 2018 and 2017 was 5,514 and 5,463 respectively.

JSC ENERGO-PRO Georgia Generation ("EPGG")

EPGG was incorporated on 23 December 2016 after the reorganization of EPG assets and is domiciled in Georgia. EPGG is a joint stock company limited by shares and was set up in accordance with the Georgian legislation.

EPGG's principal activity is generation of electricity via its portfolio of fifteen medium and small size hydro power plants with total installed capacity of 482 MW and annual production of 1 819 GWh.

EPGG's registered address is Zurab Anjaparidze st. 19, 0186 Tbilisi, Georgia.

Former subsidiary company JSC Zahesi merged with EPGG in 2018.

The number of employees of EPGG as at 31 December 2018 and 2017 was 468 and 465, respectively.

JSC OPPA ("OPPA")

OPPA is a joint stock company and was established on 19 March 2007. Since 7 March 2018, former Nova Technology JSC changed its name and was officially registered as a JSC OPPA.

OPPA provides a variety of services to companies, commercial establishments and consumers. Such services include maintenance of pay boxes, pay lines, connection of windows and java terminals and other related services. OPPA holds approximately half of the market share and is considered to be the leading company in the market.

As at December 31, 2018 OPPA is parent company in the following entity:

		2018
LLC OPPA Commerce	Georgia	100%

OPPA's registered address is 37 Uznadze Street, Tbilisi, Georgia.

OPPA established a subsidiary company LLC OPPA Commerce ("OPPA Commerce") in September 2018. Its main activity is optimization of commercial activities of OPPA. The registered address of OPPA Commerce is 37 Uznadze Street, Tbilisi, Georgia.

The number of employees of OPPA as at 31 December 2018 and 2017 was 299 and 251, respectively.

ENERGO-PRO Bulgaria EAD ("EPB")

EPB is a joint stock company established on 13 September 2000. The identification number of the company is 130368870. EPB is the biggest private producer of electricity from HPPs in Bulgaria. With a total installed capacity of 166 MW and average annual production of 505 GWh EPB is also the largest private generator of renewable energy in the country. Presently, EPB owns and operates fourteen HPPs. Ten of the plants are united in four cascades - Sandanska Bistritsa Cascade, Pirinska Bistritsa Cascade, Koprinka Cascade and Petrohan Cascade.

The registered address of the company is Floor 3, 2 Pozitano Sq., p.b. 1000 Sofia, Bulgaria,

EPB is the parent company of the group of companies, which comprises the following entities and their subsidiaries consolidated in these financial statements:

Name	Location	EPB's ownership interest 2018	EPB's ownership interest 2017
Pirinska Bistritsa Energia AD	Bulgaria	26.52% [1]	26.52%
Pirinska Bistritsa Kaskadi EAD	Bulgaria	100%	100%
Uveks - Pro EOOD	Bulgaria	100%	100%

[1] Pirinska Bistrica Kaskadi EAD holds 73,48 % of the entity's shares as at December 31, 2018 and December 31, 2017, respectively.

Pirinska Bistritsa Energia AD ("PBE") is duly registered by the Sofia City Court under company file No 10295/2000 with seat 2 Pozitano square, floor. 5, 1000 Sofia, Bulgaria, re-registered with the Commercial register of the Registry Agency. Its main activity is study, design, and construction, funding and operation of hydro power plants. PBE is licensed by the State Energy and Water Regulatory Commission. The period of the license is twenty years as of 10 May 2001. PBE is owner of two HPPs, united in one cascade. The plants are in the village of Gorno Spanchevo close to the village of Pirin.

Pirinska Bistritsa Kaskadi EAD ("PBK") is registered at 2 Pozitano Sq., Floor 5, Sofia 1000, Bulgaria and its main business is management and rent of HPP facilities. Due to EPB restructuring carried out in 2014 HPP facilities were contributed in kind into PBE capital. No special license is required for the rent of own assets.

Uveks Pro EOOD (“Uveks”) is registered at 2 Pozitano Sq., Floor 5, Sofia 1000, Bulgaria. The company was inactive as of 31 December 2018.

The number of employees of EPB as at 31 December 2018 and 2017 was 145 and 157, respectively.

ENERGO-PRO Trading EAD (“EPT”)

EPT was registered at the Registry Agency with UIC 201398872 on 26 January 2011, with its headquarters at 2 Pozitano Sq., Floor 5, Sofia 1000, Bulgaria. Its main activity is trade, import and export of electricity power, coordination of balancing groups, greenhouse gas emission allowance trading. EPT actively trades with electricity in Bulgaria as well as its neighboring countries.

The number of employees of EPT as at 31 December 2018 and 2017 was 9 and 8, respectively.

Reşadiye Hamzalı Elektrik Üretim San.ve Tic. A.Ş. (“RH”)

RH is a joint stock company established on 14 August 1986. The registered address of RH is Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Turkey. The main activities of RH involve operating HPPs and trading with electricity produced through those plants. The total installed capacity of RH’s HPPs is 95 MW and annual production is 423 GWh.

The number of employees of RH as of 31 December 2018 and 2017 was 99 and 96, respectively.

ENERGO-PRO Güney Elektrik Toptan Satış İth. İhr. ve Tic. A.Ş. (“EPTop”)

EPToptan was registered on 19 February 2010. The registered address of EPToptan is Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Turkey. Its activities are focused on trading with electricity in the Turkish energy market.

The number of employees of the EPToptan as of 31 December 2018 and 2017 was 4 and 7, respectively.

ENERGO PRO İnşaat Şanyi ve Ticaret A.Ş. (“EPInsaat”)

EPInsaat is a joint stock company established on 27 April 2017. In the first half of 2018, EPInsaat changed its business name from the former ENERGO-PRO Iyi Dere Elektrik Üretim Şanayi VE Ticaret A.Ş. to ENERGO PRO İnşaat Şanyi ve Ticaret A.Ş. The registered address of EPInsaat is Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Turkey.

The number of employees of the EPInsaat as of December 31, 2018 was 61.

ENERGO-PRO Varna EAD (“EPV”)

EPV was registered on June 12, 2012 in the Trade register to Registration Agency with UIK 202104220 and permanent address Varna, Varna Towers – E, 258 “Vladislav Varnenchik” Blvd.

On July 5, 2016, the parent company ENERGO-PRO VARNA EOOD has been transformed by changing the legal form into a single-shareholder joint-stock company (ENERGO-PRO Varna EAD), on the grounds of Art. 264, para. 1 of the Commerce Act with UIC 204146759. After the transformation, the registered capital of the company is in the amount of BGN 35,791,888 (18,300,102 EUR) divided into 35,791,888 ordinary dematerialized shares with a nominal value of BGN 1.

As at December 31, 2018 EPV directly owns shares in the following subsidiaries:

		EPV's ownership interest	
Name	**Location**	**2018**	**2017**
Electrodistribution North AD	Bulgaria	93.10%	93.10%
ENERGO-PRO Sales AD	Bulgaria	99.73%	99.73%
ENERGO-PRO Energy Services EOOD	Bulgaria	100.00%	100.00%

Electrodistribution North AD ("ElectroNorth") former ENERGO-PRO Grid AD, is registered in the Trade Register to the Registration Agency with EIK 104518621 with its permanent address at Varna, Varna Towers – E, 258 "Vladislav Varnenchik" Blvd. ElectroNorth distributes electricity by operating, maintaining and developing the electricity distribution network as well as the auxiliary facilities and networks and transmitting electricity along the grid. ElectroNorth has license L-138-07/13.08.2004, issued by the Energy and Water Regulations Commission (EWRC) - for the activity distribution of electricity, amended by Decision No I3-L-138 / 09.12.2013, with the rights and obligations deriving from the activity of "Coordinator of special balancing group for compensation of losses in the distribution network".

ENERGO-PRO Sales AD ("EPS") is registered in the Trade Register to the Registration Agency with EIK 103533691 with its permanent address Varna, Varna Towers – G, 258 "Vladislav Varnenchik" Blvd. EPS is engaged in the activity of electricity supply. EPS has a licence, issued by EWRC for the public supply of electricity for a self-contained area, amended by Decision No I1-L-139/ 09.12.2013, complemented with the rights and obligations deriving from the activity of the "coordinator of special balancing group" of household and non-household customers, group of producers of electricity from renewable sources and group of producers of electricity from cogeneration plants production and licence for the activity of delivery of electricity from the supplier of last resort.

ENERGO-PRO Energy Services EOOD ("EPES") is registered in the Trade Register to the Registration Agency with EIK 131512672 with its permanent address at Varna, Varna Towers – G, 258 "Vladislav Varnenchik" Blvd. EPES is engaged in trading with electricity, gas and other energy on the electricity market at freely negotiated prices. EPES has a license, issued by EWRC for electricity trade.

The number of employees of the MGW as of 31 December 2018 and 2017 was 40 and 36, respectively.

(iii) Other subsidiaries of DKHI Group

Dolnolabské elektrárny a.s. ("DEL") DEL is a joint stock company established on 15 May 2000. DEL is a company controlled by the shareholders Jaromír Tesař (62%), Petr Tesař (5%) and Jan Motlík (33%). The registered address of the company is at Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. The main activity of DEL is the operation of HPP Litoměřice on the Labe river in the Czech Republic.

ENERGO - PRO MVE, s.r.o. ("EPMVE") EPMVE is a limited liability company established on 11 January 2016. The registered address of the company is at Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. The main activity of EPMVE is operation of Brandýs nad Labem HPP on the river Labe in the Czech Republic.

ENERGO-PRO Turkish Development s.r.o. ("EPTD") is a limited liability company established on 6 October 2016 with registered address of Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. EPTD is a parent company of Turkish entity "Bilsev Enerji Üretim VE Ticaret A.S." which manages the project of dam and HPP Karakurt construction.

Berta Enerji Elektrik Üretim Sanay ve Tic. A.Ş. ("Berta") Berta is a joint stock company established on 11 May 2016 in Turkey. The registered address of the company is at Besa Kule, Çukurambar Mahallesi 1480. Sokak No:2/12 Çankaya / Ankara, Turkey. The main activity of Berta is greenfield assets project of 3 HPP's and dam development in Turkey on the river Berta.

ENERGO-PRO Hydro Development, s.r.o. ("EPHD") is a limited liability company established on 20 February 2017 with registered address of Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. EPHD is a parent company of Turkish entity "Murat Nehri Enerji Üretim A.Ş." which owns the project of Alpaslan Dam and HPP construction.

ENERGO-PRO Assets Turkey s.r.o. ("EPAT") is a limited liability company established on 28 March 2017 with registered address of Na poříčí 1079/3a, Nové Město, 110 00 Praha 1, Czech Republic. Currently, the company does not generate any results. As of the end of 2017 ENERGO-PRO Assets Turkey s.r.o. was a dormant entity.

PT ENERGO PRO Indonesia ("EP Indonesia") EP Indonesia is a joint stock company established on 10 August 2018 with registered address of Jl. Raya Karang Congok No. 8 Kel. Karang Satria, Indonesia. The company's main activity is investigation of the new hydropower project possibilities in the territory.

ENERGO-PRO Hydro Power Sarl („EPHP") EPHP was a limited liability company established on 13 May 2017 with in **Morocco.** In December 2018, EPHP was abolished.

1.1 Other related parties of DKHI Group

Terestra-Bulgaria EOOD is a limited liability company established in 2002 under Bulgarian legislation. The registered capital of the company is EUR 2,556 EUR (BGN 5,000). The company has one shareholder – Jaromir Tesar. The registered seat and the address of the company is at 100, G.S.Rakovski street, Sofia, Bulgaria. Identification number of the company is 130975347. The company's main activities according to its Articles of Incorporation are the production of electricity from HPPs and other.

TAKEDAKODON, s.r.o. is a limited liability company established on 28. January 2013 with registered address of Na poříčí 1079/3, Nové Město, 110 00 Praha 1, Czech Republic.

2. Summary of Significant Accounting Policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") under the historical cost convention.

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

Consolidated financial statements. Subsidiaries are those companies and other entities (including special purpose entities) in which the Group a) has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("gain from a bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued, and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from it carrying amount and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

Business combinations between entities under common control are considered to be out of scope of IFRS 3. Also related contingent consideration from acquisitions under common control is considered to be out of scope of IFRS 3 and IAS 37 was applied to measurement and recognition of the contingent consideration.

Purchases and sales of non-controlling interests. The Group applies the economic entity model to account for transactions with owners of non-controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity.

Disposals of subsidiaries. When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the EP Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

Financial instruments - key measurement terms. Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

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 best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity 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 for the asset or liability.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowances for expected impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest re-pricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Classification of financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The Company measures financial assets at amortised cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

• The contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The assessment of the company's business model was made as of the date of initial application of IFRS 9, 1 January 2018. All financial instruments and operations performed by the company are pointed to collect contractual cash flows from sales of electricity. This is a main objective and a regular activity for the company. Historically, the company has never sold its financial instruments. Based on the past experience all financial assets are held in order to collect contractual cash flows and are classified into first business model – Held to collect (H2C).

The company cash flows from trade and other receivables pass the SPPI test, because there are not any interest rates for these financial instruments. Issued loans also meet the criterion of solely payments of principal and interests, since all interest rates on issued loans are fixed.

Classification of financial liabilities. Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives and (b) other financial liabilities. Liabilities held for trading are carried at fair value with changes in value recognised in profit or loss for the year (as finance income or finance costs) in the period in which they arise. Other financial liabilities are carried at amortised cost.

Initial recognition of financial instruments. A financial liability is recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

De-recognition of financial assets. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Offsetting. Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Property, plant and equipment. Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is derecognised.

At each end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in profit or loss for the year within other operating income or expenses.

Depreciation. Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Land and buildings	20 – 100
Technical plant and machinery	25 – 45
Other plants, furniture and fixtures	3 – 6
Other fixed assets	5 – 25

The residual value of an asset is the estimated amount that the EP Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Operating leases. Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are charged to profit or loss for the year on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Goodwill. Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

Intangible assets. The Group's intangible assets other than goodwill have definite useful lives and primarily include electricity generation licenses acquired in business combinations. Acquired computer software is capitalised based on the costs incurred to acquire and bring it to use.

Development costs that are directly associated with identifiable and unique software controlled by the Group are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include staff costs of the software development team and an appropriate portion of relevant overheads.

All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

Intangible assets are amortised using the straight-line method over their useful lives:

	Useful lives in years
Electricity generation licenses	10 – 45 years
Customer lists	10 years
Software licences and software	1 – 7 years
Other operating licences	3 – 7 years

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

Income taxes. Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period with respect to tax law of each consolidated entity. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses. The Group´s liability for current tax is calculated as a sum of tax liability of each consolidated entity.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse, or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent thatit is probable that future taxable profit will be available against which the deductions can be utilised.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

Uncertain tax positions. The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Inventories. Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Trade and other receivables. Trade and other receivables are carried at amortised cost using the effective interest method.

Impairment of financial assets carried at amortised cost.
Until the entry into force of IFRS 9 (January 1, 2018), the Group determines the amount of the impairment loss on financial assets, based on the credit losses incurred, in accordance with the requirements of IAS 39 Financial Instruments: Recognition and Measurement, i.e. the difference between the asset's carrying amount and the present value of the expected future cash flows discounted at the original effective interest rate of the financial asset, with no future credit losses that have not been accrued.

With respect to the initial application of IFRS 9, the Group uses the expected credit loss model, according to which no impairment loss is required before credit losses are recognized.
IFRS 9 sets out two approaches for recognition of expected credit losses:

General approach:

- For financial instruments in respect of which the credit risk on a financial instrument has not increased significantly since initial recognition, the recognized the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses;
- For financial instruments in respect of which the credit risk on a financial instrument has increased significantly since initial recognition, the recognized the loss allowance for that financial instrument at an amount equal to lifetime expected credit losses.

Simplified approach:

- For all financial instruments, the recognized loss allowance should equal to lifetime expected credit losses.

With respect to impairment of trade receivables, the Group has used a provision matrix as well as its accumulated experience of credit losses on trade receivables in order to estimate the approximate lifetime expected credit losses of the financial assets.

Future cash flows attributable to a group of financial assets that are collectively measured for impairment are determined on the basis of historical information relating to financial assets with credit risk characteristics similar to those of the group of financial assets.

Assets that are individually impaired do not enter into an impairment group. Trade and other receivables that are subject to individual impairment are not subsequently included in the determination of impairment on a group of receivables.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group.

Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in non-current assets. The assigned receivables that were subsequently reclassified as a provided loan are presented by the Group as a part of the cash-flow from investing activities.

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note.

Value added tax. Output value added tax related to sales is payable to tax authorities upon delivery of the goods to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

Borrowings. Borrowings are carried at amortised cost using the effective interest method.

Capitalisation of borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at average funding cost on entity level (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest method.

Government grants. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are deducted from the carrying amount of the subsidised items. Government grants relating to costs are deferred and recognised in profit or loss for the year over the period necessary to match them with the costs that they are intended to compensate.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Foreign currency translation. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Czech Crown (CZK) and the Group's presentation currency is the EURO ("EUR"). EUR as the presentation currency is used because Group operates mainly inside Europe and the results presented in EUR are more comprehensible for financial institutions and business partners.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the National Banks (NB) of the country where each entity operates at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the NB are recognised in profit or loss. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

The currencies in which most of the transactions are denominated are:

EUR – Euro
CZK – Czech Crown
USD – US Dollar
BGN – Bulgarian Leva
GEL – Georgian Lari
TRY – Turkish Lira
CAD – Canadian Dollar

Loans between group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognised in the consolidated profit or loss.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); equity is translated at the historical rate; and all resulting exchange differences are recognised in equity (translation reserve) and other comprehensive income.

When control over a foreign operation is lost, the exchange differences recognised previously in other comprehensive income are reclassified to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Revenue recognition. Revenues include the fair value of consideration received or receivable payments or remuneration for goods and services sold in the normal course of business of the Group. Revenues were down from a net value-added tax.

The Group bases its estimates on historical results, taking into account the type of customer, type of transaction and the specifics of each agreement.

The Group has performed a detailed analysis of the contracts for all income flows and the impact of the application of IFRS 15 Revenue from Contracts with Customers effective from January 1, 2018, and is of the opinion that the new IFRS 15 does not affect the reporting of revenue, with the exception of accounting for grid components for electricity distribution and reporting of revenue from connection fees.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Revenue from sale of electricity

Domestic sale of electricity is recognised based on metered or estimated usage of power by customers and calculated according to the enacted tariffs. Export sale and transit of electricity is recognised based on metered transfer of power and calculated according to the contractual tariffs.

(b) Revenue from sales of services

Revenue from sales of services compromise of the following services:

- Connection fees - consists of charges received from customers and recognized immediately at the time of initial connection (without fixed period) to the electricity network system

- Other – such as charges to reconnect customers, checking of electrical devices and other.

Revenue from connection fees

Until initial application of IFRS 15, the Group recognizes the revenues from the fees for the connection of new consumers to the electricity grid on a deferred basis. The deferred income was subsequently released through the statement of comprehensive income on grounds of the useful lives of the underlying measurement devices installed at the customers' premises.

In respect with IFRS 15, the Group has reviewed the contracts concluded for connection of new customers to the electricity grid and considers that they are not in compliance with the IFRS 15 criteria for the transfer of control over services over the time and hence does not meet the obligation to implement and recognize revenue over time. The connection represents separate performance obligation satisfied in point of time (when connection to grid is provided) rather than over time (when subsequently the electricity is distributed to customer). In this respect, as of January 1, 2018, the Group recognizes immediately the revenues from the accession fees.

Sales of other services are recognized when the service is rendered.

(c) Revenue from sale of grid components for electricity distribution

Grid components in the electricity sale price defined by the Regulator comprise of transmission fee and access fee.

Some of the entities in the Group operate the gird and provide distribution directly (distribution companies), other entities do not provide distribution but sale (trading companies) but charge the end customers with both fees for distribution and for the distributed energy.

Until initial application of IFRS 15, the revenues of grid components in the electricity sales price are recognised in profit and loss on monthly basis after the measurement of electricity used by clients.

IFRS 15 specifies that when another party is involved in providing goods or services to a customer, the entity should determine whether the other party is acting as a principal or as an agent. The principal controls the promised goods or services before they are transferred to the client. When an entity acts as a principal, revenues are recognized as the gross amount of the consideration payable. By contrast, the agent only recognizes a commission or a fee.

IFRS 15 provides the following indications for the designation of an agent that is deemed not to control the goods or services before being transferred to the client.

The Group concludes that these indicators provide further evidence that it does not control the specified goods before they are transferred to the customers. As part of reaching that conclusion, the Group considers the following indicator:

- the supplier is primarily responsible for fulfilling the promise to provide the goods to the customer. The Group is neither obliged to provide the goods if the supplier fails to transfer the goods to the customer, nor responsible for the acceptability of the goods;

- the Group does not take inventory risk at any time before or after the goods are transferred to the customer. The Group does not commit itself to obtain the goods from the supplier before the goods are purchased by the customer and does not accept responsibility for any damaged or returned goods;

- the Group does not have discretion in establishing prices for the supplier's goods. The sales price is set by the supplier.

(d) Revenue from sale of grid components for electricity distribution

Revenue from customer contracts is recognized in the income statement on the basis of the terms of an individual sales contract with the buyer, namely when the control of the product and services is transferred to the buyer in an amount reflecting the compensation for which the company and the group considers it eligible for such products and services .

To recognize revenue from customer contracts, the model of five steps is used:
1. the definition of a contract with the buyer,
2. the definition of enforcement obligations in contracts,
3. the determination of the transaction price,
4. the allocation of the transaction price to the execution commitments and
5. recognition of revenue when the executing obligation is fulfilled.

In respect to the new IFRS 15, distribution companies of the Group who trade with electricity have reviewed the contracts concluded for grid components – transmission, access fee and the obligation for the public, and consider that they are acting as an agent. As of January 1, 2018, the Group do not report revenue and (costs) for grid components. There is no change in the accounting policy in the distribution company of the Group and it continues to recognize revenue from the sale of grid components in profit or loss on a monthly basis for the period to which they relate at gross amount.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies.

Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Estimated impairment of goodwill. The Group tests goodwill for impairment at least annually. The recoverable amounts of cash-generating units have been determined based on value-in-use or fair value less cost to sell calculations. These calculations require the use of estimates as further detailed in Note 8.

Initial recognition of related party transactions. In the normal course of business, the Group enters into transactions with its related parties. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 6.

Revenue from sale of electricity. Revenue from sale of electricity is recognised in profit or loss on a monthly basis after measuring the electricity provided to the customers. As the energy meters reading may not be carried out for all customers covering exactly the calendar month, the Group makes the calculation to accrue the revenue from energy supply for the period. Calculations consider past historical data about electricity supply and demand for the short term forecasted.

Impairment of accounts receivable. The Management has made an estimation of the volume and timing of expected future cash flows that relate to accounts receivable in the following groups: individually accounts, households and other small customers and receivables under litigation. Due to the inherent uncertainty in this assessment, actual results may differ from expected. The Group's management reviews the estimates from previous years and actual results of the previous year.

With regard to the initial application of IFRS 9, the Group has used its accumulated experience of credit losses and has taken into account current conditions and forecasts to reliably estimate the expected credit losses on its trade receivables.

Impairment of inventories. Management has estimated the inventory impairment by comparing the carrying amount and their probable net realizable value in assessing the moral and technical obsolescence of inventory items. Due to the inherent uncertainty of this assessment, actual results may differ from expected. Management reviews the estimates from previous years and the actual results of the previous year.

Provisions.

The Management uses significant accounting estimates and judgments in determining the amount of provisions (Note 20).

Grid access fee provision. As detailed in Note 20 the calculation of the provision is based on a methodology given by the Regulator, taking into account the estimated value of the respective assets and the electricity consumption of the supplied customers. It covers potential customer claims for compensations related to the past 3-year period.

There is uncertainty incorporated in the calculation of the grid fee provision about the number of customers that might claim this compensation and once claimed about the outcome of the court case. The Group has estimated for all facilities that it is aware they are in use, that it is more likely than not that the amounts will be claimed, and the customers will possibly win in court.

Provision for legal claims. Management assesses the risk of Company's losing legal claims. The estimates are updated periodically to reflect changes in all legal claims and circumstances in regard with them.

4. Adoption of New or Revised Standards and Interpretations

4.1 Initial application of new amendments to the existing standards and interpretation effective for the current reporting period

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers (and the related Clarifications);
- IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions;
- IAS 40 (amendments) Transfer of Investment Property;
- Annual Improvements to IFRS Standards 2014 – 2016 Cycle;
- Amendments to IAS 28 Investments in Associates and Joint Ventures;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 4 (amendments) - Insurance Contracts

The nature and effect of the significant changes as a result of adoption of these new accounting standards are described below.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group has adopted IFRS 15 effective from 1 January 2018 using modified retrospective method.

The nature of this adjustment is described below:

According to IFRS 15, in order for contract to exist, it must be probable that consideration can be collected, and customer has ability and intention to pay the consideration. Determining whether collectability is probable is a very important assessment under IFRS 15. If this criterion is not met, then revenue cannot be recognized (effectively precluding the use of the cash basis of accounting) and any consideration received is recorded as a liability. This has a significant impact on Group's financial statement, since the Group concluded that revenue from domestic sale of electricity to particular customers must not be recognized anymore and previously recognized trade receivables should be written off.

In accordance with new revenue standard requirements, the impact of total on the Group's statement of profit or loss and other comprehensive income and statement of financial position for the period ended as at 31 December 2018 were as follows.

Effect of adoption of all new accounting standards mentioned above is in the total amount of EUR 23,335 thousand as of 31 December 2018.

IFRS 4 Insurance Contracts

Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance contracts adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or at the earliest IFRIC 9 "Financial Instruments").

4.2 New Accounting Pronouncements

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 16 Leases[1];
- IFRS 17 Insurance Contracts[2];
- Amendments to IFRS 9 Prepayment Features with Negative Compensation[1];
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures[3];
- Annual Improvements to IFRS Standards 2015–2017 Cycle[1];
- Amendments to IAS 19 Employee Benefits[3];
- IFRIC 23 Uncertainty over Income Tax Treatments[4];
- IFRS 10 Consolidated Financial Statements and IAS 28 (amendments)[5].

[1] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
[2] Effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted.
[3] Effective for annual reporting periods beginning on or after 1 January 2019 retrospectively. Earlier application is permitted.
[4] Effective for annual periods beginning on or after 1 January 2019 with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.
[5] The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be 1 January 2019. The Group has chosen the modified retrospective application of IFRS 16 in accordance with IFRS 16 (b). Consequently, the Group will not restate the comparative information. The Group will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease.

IFRS 16 distinguishes leases and service contracts based on whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

The management of the Group does not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's financial statements.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 states that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The management of the Group does not anticipate that the application of the amendments to IFRS 9 will have a significant impact on the Group's financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle

The Annual Improvements include amendments to four Standards: Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs.

The amendments to IAS 12 clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

The amendments to IAS 23 clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted.

The management of the Group does not anticipate that the application of these amendments will have a significant impact on the Group's financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

• determine whether uncertain tax positions are assessed separately or as a group; and
• assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
– If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
– If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The management of the Group does not anticipate that the application of the amendments will have a significant impact on the Group's financial statements.

5. Prior period restatements and reclassifications

Prior period omissions and errors. The Group corrects prior period material omissions and errors retrospectively in the financial statements upon their discovery by restating the comparative amounts for the prior period presented in which the omission and error occurred and if the error occurred before the earlies prior period, then restating the opening balances of those respective assets, liabilities and equity for the earlier prior period.

Prior period reclassifications. Certain reclassifications have been made to the financial statements as at 31 December 2017 and as at 1 January 2017 to conform to the presentation as at 31 December 2018. Reclassifications have affected the consolidated statement of financial position for the year ended 31 December 2017 and 1 January 2017.

Management has identified and retrospectively corrected errors and made reclassifications in respect of the following line items of the statements of financial position:

(EUR'000)	As reported 31-Dec-17	Effect of restatement	As restated 31-Dec-17	As reported 01-Jan-17	Effect of restatement	As restated 01-Jan-17	Ref
Cash and cash equivalents	65,204	(915)	64,289	112,775	(190)	112,585	A
Trade and other receivables	142,975	(9,009)	133,966	131,868	323	132,191	A,E
Inventories	40,735	(32)	40,703	34,630	(30)	34,600	A,E
Contract assets	-	3,536	3,536	-	-	-	E
Other current assets	44,427	6,027	50,454	12,475	(1,356)	11,119	A,E
Property, plant and equipment	710,485	(40)	710,445	568,100	101	568,201	A,B,C
Intangible assets	63,848	(137)	63,711	75,714	(141)	75,573	A,B,C
Deferred tax assets	1,599	118	1,717	-	-	-	E
Trade and other payables	112,297	(9,861)	102,436	100,950	2,332	103,282	A,E
Short-term loans	92,118	(916)	91,202	174,421	(2,179)	172,242	A
Contract liabilities	-	24,221	24,221	-	-	-	E
Other current liabilities	33,989	(12,270)	21,719	34,182	(641)	33,541	A,E
Other non-current liabilities	-	8,083	8,083	40,979	16,087	57,066	A
Deferred tax liabilities	7,793	290	8,083		-		E
Income tax payable	3,474	1,099	4,573		-		D
Translation reserve	(85,322)	(747)	(86,069)	(14,025)	163	(13,862)	A,B,C,D
Retained Earnings	(5,544)	(15,973)	(21,517)	(140,146)	(16,317)	(156,463)	A,D

A. **EPG.** In 2018, the EPG's management has identified errors in respect of the revenue recognition under the electricity sale and purchase agreement between JSC Georgian Railway and EPG dated 27 September 2011. Based on the terms of the contract, it was agreed that tariff for JSC Georgian Railway should not be increased until 1 September 2016, despite the tariff growth by corresponding resolution of GNERC. In July 2015 GNERC increased tariffs for EPG. Respectively, starting from 1 September 2015 EPG presented invoices to JSC Georgian Railway considering increased tariffs.

B. **OPPA.** Technical overdraft should have been included in items short-term debt and cash in network was incorrectly classified in Cash and cash equivalents. As a consequence of the correction of the error Cash and cash equivalent balance for 31 December 2017 decreased and for 1 January 2017 increased as a net effect of the above-mentioned adjustments.

C. **OPPA.** Fully depreciated/amortized items of property, plant and equipment and intangible assets have been revalued in prior years, yet still maintaining that this was still cost model of accounting, which is a departure from IFRS. The management has reversed such upward valuation entries and recalculated property, plant and equipment and intangible assets based on the historical cost basis.

D. **DKHI.**

a) In 2017, the preliminary tax calculation for the Income Tax was reflected in DKHI's financial statements for the year 2017, the final income tax calculation was submitted in 2018. The difference between preliminary and final calculation was material and is represented by these restatements.

b) In 2017, the Company didn't recognise the foreign exchange rate differences arising from the unpaid additional capital obligation at the company Berta. This also applies to the charging of the relevant Income tax.

c) The management has identified an error in the discount factor of the liabilities arising from the acquisition of EPas (please see Other Non-Current Liabilities - Note 19). The Company decided to correct the discount rate used in the calculation and to restate the value of these liabilities in 2017. The effect of this correction was an increase of these Other Non-current Liabilities in the amount of EUR 13,705 thousand and a corresponding decrease in Retained Earnings (Losses).

E. **EPI. Litostroj Power Group**

a) correction of an error retroactively from contractual penalties on project Granfors. This correction had an impact on increase of items Contract assets and liabilities as well as increase of Deferred tax assets and liabilities.

b) correction of an error retroactively from the accounting change in Litostroj Hydro. This correction had an impact on increase of items Contract assets and liabilities and Other current assets. Decrease was reflected in items Other current liabilities, Trade and other payables and Trade and other receivables.

Management has identified and retrospectively corrected errors and made reclassifications in respect of the following line items of the statements of profit or loss and other comprehensive income for the year ended 31 December 2017. The restatements presented below are made by company OPPA (EP Group) and DKHI:

(EUR'000)	As reported Year ended 31 December 2017	Effect of restatement	As restated Year ended 31 December 2017	Reference
Revenue	903,529	626	904,155	(ii)
Other income	130,654	(273)	130,381	(ii)
Service expenses	(165,068)	(88)	(165,156)	(i)
Changes in inventory	4,005	(261)	3,744	(iii)
Labour costs	(86,209)	(35)	(86,244)	
Other operating expenses	(17,798)	(45)	(17,843)	(iii)
Depreciation and amortization	(50,718)	94	(50,624)	
Finance costs	(46,038)	1,660	(44,378)	(i),(iv)
Income tax	(6,418)	(1,062)	(7,480)	(i),(iv)
Total effect of restatement		616		
Other comprehensive income:				
of which: Currency translation differences	(71,337)	(910)	(72,247)	(iv)

(i) **OPPA.** Operating expenses were reclassified to Service expenses. Also, service has been increased due to the cut-off errors identified both for profit or loss for the year ended 31 December 2017 and 2016. Service expenses have been decreased as these related to 2016, while service expenses have been accrued in 2017, thus resulting in overall increase of service expenses. As the above-mentioned expenses were denominated in EUR, these have also affected the foreign exchange loss, which is part of finance costs. Apart from these service expenses has increased as a result of reclassification from income tax line.

(ii) **OPPA.** Revenue streams included in Other income was classified to Revenue.

(iii) **OPPA.** Cost of terminals and parts sold included in Other expenses was reclassified to Changes in inventory.

(iv) **DKHI.**

d) In 2017, the preliminary tax calculation for the Income Tax was reflected in DKHI's financial statements for the year 2017, the final income tax calculation was submitted in 2018. The difference between preliminary and final calculation was material and is represented by these restatements.

e) In 2017, the Company didn't recognise the foreign exchange rate differences arising from the unpaid additional capital obligation at the company Berta. This also applies to the charging of the relevant Income tax.

f) The management has identified an error in the discount factor of the liabilities arising from the acquisition of EPas (please see Other Non-Current Liabilities - Note 19). The Company decided to correct the discount rate used in the calculation. The effect of this correction was a decrease in Finance costs in the amount of EUR 503 thousand.

Restatements and reclassifications of the statement of financial position and statement of profit or loss and other comprehensive income did not have material impact on the statement of cash flows, except for reclassification of technical overdraft and cash in network as part of cash and cash equivalents as already described above.

6. Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 31 December 2018, the outstanding balances with related parties were as follows:

(EUR'000)	**Note**	**Shareholder**	**Entities under common control**
Other liabilities to shareholder	23	188,038	-
Long-term liabilities arising from the acquisition	19	0	

At 31 December 2017 - Restated, the outstanding balances with related parties were as follows:

(EUR'000)	**Note**	**Shareholder**	**Entities under common control**
Other liabilities to shareholder	23	195,743	-
Long-term liabilities arising from the acquisition	19	21,033	

In 2018, the Company derecognized 'Liability arising from the acquisition' owed to its 100% owner under the share purchase agreement pursuant to which the Company acquired the shares of EPas in 2016, as a result of an amendment of the share purchase agreement. This had the effect of increasing Retained Earnings (Losses) (Note 17) in the amount of EUR 21,978 thousand as of 31 December 2018.

7. Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

(EUR'000)	Land and Buildings	Technical plant and machinery	Other plant, furniture and fixtures	Assets under construction	Other fixed assets	Total
Cost or valuation						
1 January 2017 Restated	**158,135**	**636,889**	**18,856**	**39,560**	**11,055**	**864,495**
Additions - restated	4,146	16,051	3,634	78,938	4,682	107,451
Transfers	380	26,768	474	(25,789)	(1,834)	(1)
Disposals - restated	(263)	(1,177)	(718)	(6,962)	(208)	(9,328)
Reclassification	-	-	-	-	-	-
Reversal of impairment	27	-	-	-	-	27
Acquisitions through business combinations	6,754	14,555	184	130,826	1	152,320
Difference in rate of exchange - restated	(7,696)	(40,004)	(1,616)	(27,519)	(529)	(77,364)
31 December 2017 Restated	**161,483**	**653,082**	**20,814**	**189,054**	**13,167**	**1,037,600**
Reclassification	-	206	(206)	1,558	(1,417)	141
Additions (+)	462	16,100	2,751	153,339	2,287	174,939
Transfers (+/-)	1,459	37,222	823	(39,855)	351	-
Disposals (-)	(13)	(931)	(1,472)	(1,769)	(303)	(4,488)
Acquisition of subsidiaries (+)	-	-	-	-	-	-
Difference in rate of exchange	(4,257)	(16,130)	(108)	(50,066)	(20)	(70,581)
31 December 2018	**159,134**	**689,549**	**22,602**	**252,261**	**14,065**	**1,137,611**
Accumulated depreciation						
1 January 2017 Restated	**(39,790)**	**(239,319)**	**(12,303)**	**25**	**(4,907)**	**(296,294)**
Charge for the year - restated	(5,002)	(39,526)	(1,883)	(6)	(393)	(46,810)
Disposals - restated	41	846	585	5	24	1,501
Reclassification	-	-	-	-	-	-
Acquisitions through business combinations	-	(17)	(21)	-	-	(38)
Difference in rate of exchange - restated	2,175	11,511	752	2	46	14,486
31 December 2017 Restated	**(42,576)**	**(266,505)**	**(12,870)**	**26**	**(5,230)**	**(327,155)**
Reclassification	-	(181)	181	-	-	-
Charge for the year (-)	(4,567)	(39,842)	(2,280)	(10)	(729)	(47,428)
Disposals (+)	3	560	1,294	14	282	2,153
Impairment loss (-)/Reversal of impairment (+)	26	-	-	-	-	26
Difference in rate of exchange	(23)	4,050	5	-	(1)	4,031
31 December 2018	**(47,137)**	**(301,918)**	**(13,670)**	**30**	**(5,678)**	**(368,373)**
Net book value						
31 December 2017 Restated	**118,907**	**386,577**	**7,944**	**189,080**	**7,937**	**710,445**
31 December 2018	**111,997**	**387,631**	**8,932**	**252,291**	**8,387**	**769,238**

Assets under construction consist mainly of investments in projects for the construction of dams and HPPs in Turkey and reconstruction and rehabilitation projects within EPas Group.

8. Goodwill

Movements in goodwill arising on the acquisition of subsidiaries and change in the exchange rate are stated below:

(EUR'000)	31-Dec-17	Acquisitions/ Disposals	Exchange differences	Impairment loss	31-Dec-18
DK Holding Investments Group (i)	13,585	-	-	-	13,585
ENERGO-PRO Group (ii)	66,654	-	(3,081)	-	63,573
Total carrying amount	**80,239**	**-**	**(3,081)**	**-**	**77,158**

(EUR'000)	31-Dec-16	Acquisitions/ Disposals	Exchange differences	Impairment loss	31-Dec-17
DK Holding Investments Group	13,585	-	-	-	13,585
ENERGO-PRO Group	72,069	(13)	(5,402)	-	66,654
Total carrying amount	**85,654**	**(13)**	**(5,402)**	**-**	**80,239**

Goodwill tables above is comprising from:

(i) DK Holding Investments, s.r.o.

Berta Goodwill

(EUR'000)	2018	2017
Gross book value at 1 January	3,535	3,535
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**3,535**	**3,535**
Exchange differences	-	-
Gross book value at 31 December	3,535	3,535
Impairment loss	-	-
Carrying amount at 31 December	**3,535**	**3,535**

Allocation. Total goodwill is allocated to the Berta as a single cash-generating unit ("CGU") that is expected to benefit from the synergies of the respective business combinations.

Impairment test. The recoverable amount of CGU was determined based on value-in-use calculations. This calculation use cash flow projection based on financial forecasts prepared by management covering a ten-year period. Cash flows beyond the ten-year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the business sector of the economy in which the CGU operates.

Assumptions used for value-in-use calculation to which the recoverable amount is most sensitive were:

	2018	2017
Annual growth rate first ten years	0% p.a.	0% p.a.
Annual growth rate beyond ten years	1% p.a.	1% p.a.
Pre-tax discount rate	10% p.a.	11% p.a.

DEL Goodwill

(EUR'000)	2018	2017
Gross book value at 1 January	10,050	10,050
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**10,050**	**10,050**
Exchange differences	-	-
Gross book value at 31 December	10,050	10,050
Impairment loss	-	-
Carrying amount at 31 December	**10,050**	**10,050**

Allocation. Total goodwill is allocated to the DEL as a single CGU that is expected to benefit from the synergies of the respective business combinations.

Impairment test. The recoverable amount of CGU was determined based on value-in-use calculations. This calculation use cash flow projection based on financial forecasts prepared by management covering a fifteen-year period. Cash flows beyond the fifteen-year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the business sector of the economy in which the CGU operates.

Assumptions used for value-in-use calculation to which the recoverable amount is most sensitive were:

	2018	2017
Annual sales growth	2% p.a.	2% p.a.
Pre-tax discount rate	7.4% p.a.	7.4% p.a.

(ii) ENERGO – PRO Group

(a) EPGG Goodwill

(EUR'000)	2018	2017
Gross book value at 1 January	22,214	24,681
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**22,214**	**24,681**
Exchange differences	248	(2,467)
Gross book value at 31 December	22,462	22,214
Impairment loss	-	-
Carrying amount at 31 December	**22,462**	**22,214**

Allocation. Total goodwill is allocated to the EPGG Group as a single CGU that is expected to benefit from the synergies of the respective business combinations.

Impairment test. The recoverable amount of CGU was determined based on value-in-use calculation. This calculation use cash flow projection based on financial forecasts prepared by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the business sector of the economy in which the CGU operates.

Assumptions used for value-in-use calculation to which the recoverable amount is most sensitive were:

	2018	2017
Pre-tax discount rate	6% p.a.	18.87% p.a.
Annual sales growth	1% p.a.	1% p.a.
Pre-tax discount rate	16.5% p.a.	16.5% p.a.

b) EPG Goodwill

(EUR'000)	2018	2017
Gross book value at 1 January	456	507
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**456**	**507**
Exchange differences	5	(51)
Gross book value at 31 December	461	456
Impairment loss	-	-
Carrying amount at 31 December	**461**	**456**

Allocation. Total goodwill is allocated to the EPG Group as a single CGU that is expected to benefit from the synergies of the respective business combinations.

Impairment test. The recoverable amount of CGU was determined based on value-in-use calculation. This calculation use cash flow projection based on financial forecasts prepared by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the business sector of the economy in which the CGU operates.

Assumptions used for value-in-use calculation to which the recoverable amount is most sensitive were:

	2018	2017
Pre-tax discount rate	5.07% p.a.	7.48% p.a.
Annual sales growth	1% p.a.	1% p.a.
Pre-tax discount rate	16.5% p.a.	16.5% p.a.

(c) RH Goodwill

(EUR'000)	2018	2017
Gross book value at 1 January	13,286	16,171
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**13,286**	**16,171**
Exchange differences	(3,334)	(2,885)
Gross book value at 31 December	9,952	13,286
Impairment loss	-	-
Carrying amount at 31 December	**9,952**	**13,286**

Allocation. The goodwill was allocated to RH as a single cash-generating unit ("CGU") that is expected to benefit from the synergies of the respective business combinations.

Impairment test. The recoverable amount of the CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a forty-year period.

Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	2018	2017
Discount rate	24.5% p.a.	15.5% p.a.
Growth rate beyond forty years	0% p.a.	0% p.a.
Annual sales growth within the forty years	0% p.a.	0% p.a.

(d) EPB Goodwill

(EUR'000)	2018	2017
Gross book value at 1 January	24,862	24,874
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**24,862**	**24,874**
Acquisitions/Disposals	-	(13)
Exchange differences	-	1
Gross book value at 31 December	24,862	24,862
Impairment loss	-	-
Carrying amount at 31 December	**24,862**	**24,862**

Allocation. All goodwill is allocated to EPB as a single CGU that is expected to benefit from the synergies of the respective business combinations.

Impairment test. Annually in order to assess the reimbursable value of the goodwill formed upon acquisition of hydrotechnical and hydropower plants to the amount of EUR 24, 849 thousand (BGN 48,600 thousand), the EPB used an external assessor possessing the respective qualification and experience. Upon reporting the specifics of valued assets, a "value into use" was determined for the purposes of the assessment. The value into use is the current value of future cash flows, as expected from an asset or a unit generating cash flows. The value into use reflects reasonable and argument assumptions of EPB's Management regarding the economic conditions expected to be present during the remaining economic life of the asset. The income approach was applied in order to deduct the value into use of the manufacturing properties, machinery and installations together with their adjoining goodwill. The value into use was determined to EUR 87,197 thousand (BGN 170,542 thousand) (Level 3 of the fair value measurement). This amount, as set based on an income approach for deduction to the amount into use, maintains the value of the goodwill, and there was no depreciation identified.

(g) OPPA Goodwill

(EUR'000)	2018	2017
Gross book value at 1 January	5,836	5,836
Accumulated impairment losses at 1 January	-	-
Carrying amount at 1 January	**5,836**	**5,836**
Exchange differences	-	-
Gross book value at 31 December	5,836	5,836
Impairment loss	-	-
Carrying amount at 31 December	**5,836**	**5,836**

Allocation. All goodwill is allocated to OPPA as a single CGU that is expected to benefit from the synergies of the respective business combinations.

Impairment test. The recoverable amount of CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a three-year period.

9. Intangible Assets

(EUR'000)	Electricity generation licenses	Software	Customer list	R&D costs	Assets under construction	Other	Total
Cost or valuation 1 January 2018	**64,488**	**4,372**	**22,922**	**4,805**	**528**	**562**	**97,677**
Reclassification	(1)	-	-	-	(141)	1	(141)
Additions (+)	31	239	-	-	679	521	1,470
Transfers (+/-)	360	199	-	143	(774)	72	-
Disposals (-)	(47)	(9)	-	-	-	(12)	(68)
Acquisition of subsidiaries (+)	-	-	-	-	-	-	-
Difference in rate of exchange	(12,766)	3	(2)	(4)	(78)	(23)	(12,870)
31 December 2018	**52,065**	**4,804**	**22,920**	**4,944**	**214**	**1,121**	**86,068**
1 January 2018	**(14,076)**	**(2,162)**	**(14,647)**	**(2,729)**	**-**	**(352)**	**(33,966)**
Reclassification	-	-	-	-	-	-	-
Charge for the year (-)	(1,319)	(263)	(1,266)	(374)	-	(116)	(3,338)
Disposals (+)	51	-	-	-	-	9	60
Impairment loss (+/-)	-	-	(1,892)	-	-	-	(1,892)
Difference in rate of exchange	2,258	-	-	4	-	3	2,265
31 December 2018	**(13,086)**	**(2,425)**	**(17,805)**	**(3,099)**	**-**	**(456)**	**(36,871)**
Net Book Value 31 December 2018	**38,979**	**2,379**	**5,115**	**1,845**	**214**	**665**	**49,197**

(EUR'000)	Electricity generation licenses	Software	Customer list	Customer list	Assets under construction	Other	Total
Cost or valuation 1 January 2017 Restated	**77,295**	**2,496**	**22,922**	**4,524**	**-**	**507**	**107,744**
Reclassification	(1,811)	1,811	-	-	-	-	-
Additions - restated (+)	32	67	-	-	954	144	1,197
Transfers (+/-)	172	-	-	254	(426)	-	-
Disposals - restated (+)	(175)	-	-	-	-	(43)	(218)
Acquisition of subsidiaries (+)	-	99	-	-	-	-	99
Difference in rate of exchange - restated	(11,025)	(101)	-	27	-	(46)	(11,145)
31 December 2017 Restated	**64,488**	**4,372**	**22,922**	**4,805**	**528**	**562**	**97,677**
Accumulated depreciation 1 January 2017 Restated	**(14,353)**	**(1,722)**	**(13,382)**	**(2,330)**	**-**	**(384)**	**(32,171)**
Charge for the year - restated (-)	(1,638)	(473)	(1,265)	(373)	-	(20)	(3,769)
Disposals - restated (+)	174	-	-	-	-	26	200
Acquisition of subsidiaries (+)	-	-	-	-	-	-	-
Impairment loss (+/-)	-	-	-	-	-	-	-
Difference in rate of exchange - restated	1,741	33	-	(26)	-	26	1,774
31 December 2017	**(14,076)**	**(2,162)**	**(14,647)**	**(2,729)**	**-**	**(352)**	**(33,966)**
Net Book Value 31 December 2017 Restated	**50,412**	**2,210**	**8,275**	**2,076**	**528**	**210**	**63,711**

Assets under construction consists mainly of rehabilitation of electricity network and uninstalled equipment. Uninstalled equipment represents equipment and materials that are not yet put into use. Upon completion and installation assets are transferred to technical plant and machinery.

According to the provisions of IAS 36 at the end of each reporting period impairment test is carried out as to establish whether there is any indication that an individual asset of the intangible assets may be impaired. If there is any indication that an asset may be impaired, recoverable amount and the impairment loss shall be estimated for the individual asset. Based on this review impairment loss amounting to EUR 0 thousand is recognized as at 31 December 2018. (as at 31 December 2017: EUR 0 thousand).

10. Issued Loans

(EUR'000)	2018	2017
Non-current portion of issued loans:		
Other	283	35
Total non-current portion of issued loans	**283**	**35**
Current portion of issued loans:		
Terestra Bulgaria	192	1,717
Uveks Pro	-	1
Taurus Konsult OOD	93	346
Other	2	478
Total current portion of issued loans	**287**	**2,542**
Total issued loans	**570**	**2,577**

11. Non-current Financial Assets

(EUR'000)	2018	2017
Receivables from TEIAS (Turkey)	-	732
Restricted bank deposit (i)	1,184	1,577
Other	330	330
Total non-current financial assets	**1,514**	**2,639**

(i) The largest amount of this item is related to the bank deposit of RH and EP Toptan amounting to EUR 898 thousand, and EUR 25 thousand respectively, as at 31 December 2018 is pledged for the guarantee letters given to electricity distribution companies and to Energy Market Regulatory Authority(''EMRA'').

12. Inventories

(EUR'000)	2018	2017 Restated
Electrical equipment	3,615	2,710
Inventory related to installation of meters	513	371
Cables and wires	2,328	2,221
Tools and bolts	1,215	815
Meter boxes, cabinets and locks	60	121
Spare parts	835	707
Overalls and special clothes	390	433
Oil and lubricants	498	433
Poles	254	181
Prepayments for inventories	761	193
Inventory related to Paybox Installation	630	535
Scrap & Damaged Inventory	1,068	1,251
Work in progress	22,023	27,112
Material and raw material	1,829	2,339
Products and merchandise	2,288	706
Goods	12	-
Semi-finished Production Costs	1,150	-
Other	1,986	1,467
Less: provision for obsolete and slow-moving inventories	(651)	(892)
Total inventories	**40,804**	**40,703**

13. Trade and Other Receivables

(EUR'000)	2018	2017 Restated
Distribution to households	55,464	52,375
Distribution to commercial sector	65,363	68,852
Distribution to public sector	338	75
Receivables from export sales	2,068	2,046
Receivables from transmission	6,959	6,516
Short-term account receivable	9,685	11,508
Rent deposit	81	86
Other trade receivables	2,129	2,768
Less: provision for impairment	(15,815)	(15,955)
Total trade receivables	**126,272**	**128,271**
Guarantee deposits	6,504	4,940
Deposits granted	89	14
Restricted cash	93	121
Deposits granted	386	620
Total trade and other receivables	**133,344**	**133,966**

Movements in the impairment provision for trade and other receivables are as follows:

(EUR'000)	2018	2017
Provision for impairment at 1 January	15,955	15,961
Adjustment upon application of IFRS 9 and IFRS 15	(1,863)	-
Impairment charge	3,326	2,838
Reversal of impairment during the year	(1,177)	(2,111)
Amounts written off during the year as uncollectible	(420)	(156)
Exchange rate difference	(6)	(577)
Provision for impairment at 31 December	**15,815**	**15,955**

Analysis by credit quality of trade receivables is as follows:

(EUR'000)	2018	2017 Restated
Total neither past due not impaired:	**114,770**	**117,849**
Past due but not impaired		
- less than 30 days overdue	4,883	3,498
- 31 to 90 days overdue	2,279	3,017
- 91 to 180 days overdue	716	968
- over 181 days overdue	3,810	2,937
Total past due not impaired	**11,688**	**10,420**
Past due and impaired		
- current and impaired	32	-
- less than 30 days overdue	198	-
- 31 to 90 days overdue	660	496
- 91 to 180 days overdue	898	407
- over 181 days overdue	13,841	15,054
Total past due and impaired	**15,629**	**15,957**
Less: provision for impairment	(15,815)	(15,955)
Total trade receivables, net	**126,272**	**128,271**

14. Cash and Cash Equivalents

(EUR'000)	2018	2017 Restated
Cash on hand	62	59
Cash with banks:		
- CZK denominated	4,716	4,461
- BGN denominated	26,529	23,765
- GEL denominated	8,957	6,850
- TRY denominated	1,234	8,762
- USD denominated	1,512	3,739
- EUR denominated	13,395	35,289
- PLN denominated	3	16
- GBP denominated	1	-
- RON denominated	475	-
- RSD denominated	1	-
- HUF denominated	50	-
- CAD denominated	647	1,254
- BAM denominated	43	42
- CHF denominated	-	2
- EGP denominated	4	1
- HRK denominated	56	237
- INR denominated	1	4
- KES denominated	8	-
- MKD denominated	37	-
- NOK denominated	11	4
- SEK denominated	-	230
Cash in transit	-	-
Other cash and cash equivalents	-	-
Restricted cash (i)	**(1,214)**	**(20,426)**
Short term deposit	-	-
Total cash and cash equivalents	**56,528**	**64,289**

(i) Restricted cash represents blocked cash in the bank accounts as collateral on legal cases and collateral on issued bank guarantees in favour of third parties. Please see Note 15 for information about year-on-year movement.

15. Other Current Assets

(EUR'000)	2018	2017 Restated
Deferred value-added tax	9,777	4,089
Advances payments	21,069	20,850
Prepaid insurance	971	1,562
Impairment of other receivables	(28)	(13)
Security for stopped judgement execution	-	1,898
Prepaid tax	57	-
Deferred expenses	887	630
Unbilled income	-	62
VAT receivables	2,803	1,001
Tax receivables	143	4
Short-term upfront fee	340	318
Other post-issue costs	64	56
Blocked deposits (i)	93	18,725
Other	2,960	1,272
Total other current assets	**39,136**	**50,454**

(i) The largest volume of this amount represented a bank deposit of RH amounting to EUR 18,000 thousand as at 31 December 2017 which was pledged for the guarantee letters given to electricity distribution companies and to Energy Market Regulatory Authority (''EMRA''). A significant decline between 31 December 2017 and 31 December 2018 was caused mainly due the release of this deposit in the first quarter of 2018.

16. Share Capital

The company DK Holding Investments, s.r.o. has authorized share capital of EUR 7 thousand (CZK 200 thousand) as at 31 December 2018, and as at 31 December 2017.

17. Retained Earnings (Losses)

The Group recognises no restrictions apart of retained earnings according to the statutory financial statements is available for distribution subject to the legal reserve requirement and subject to restrictive covenants contained in the Terms and Conditions of the Bonds.

Retained Earnings (Losses) as of 31 December 2018 include EUR 21,978 thousand related to a de-recognition by the Company of 'Liability arising from the acquisition' owed to its 100% owner under the share purchase agreement pursuant to which the Company acquired the shares of EPas in 2016, as a result of an amendment of the share purchase agreement.

18. Non-current Financial Liabilities

(EUR'000)	2018	2017
Financial lease liabilities	41	130
Other	-	-
Total non-current financial liabilities	**41**	**130**

19. Other Non-current Liabilities

(EUR'000)	2018	2017 Restated
Deferred income from connection fees (i)	-	21,208
Government grants	78	129
Long-term operating liabilities associated with advances and collaterals (ii)	4,707	5,241
Long-term liabilities arising from the acquisition of the company EPas (iii)	7,327	28,044
Long-term accrued costs and deferred revenue	-	243
Total other non-current liabilities	**12,112**	**54,865**

(i) Deferred income represented income from connection fees for connecting new customers to the energy network in Bulgaria. This income was deferred, as the Group had the obligation to deliver this service over a period in the future. The deferred income was recognised in profit or loss over the useful life of the equipment.

A significant year-on-year movement is due to the application of new accounting policies – IFRS 15 and related impact which changed recognition from deferred to at the point of time, please see the Adoption of New or Revised Standards and Interpretations section (Note 4).

(ii) The amount contains Non-current operating liabilities associated with the long-term advances for the projects Khoda Afarin, Koyna and Piva at Litostroj Power Group.

(iii) The amount represents the obligation arising from the payment of the purchase price for the purchase of the share in EPas. This liability has a maturity date in 2026.

In 2018, the Company derecognized 'Liability arising from the acquisition' owed to its 100% owner under the share purchase agreement pursuant to which the Company acquired the shares of EPas in 2016, as a result of an amendment of the share purchase agreement. (Note 17)

20. Current and Non-current Provisions

Analysis of the provisions:

(EUR'000)	2018	2017 Restated
Non-current:		
Grid access fee provision (a)	5,698	6,680
Retirement benefits (e)	3,459	4,068
Provisions for guarantees (g)	1,663	1,885
Other non-current provisions (d)	570	158
Total non-current provisions	**11,390**	**12,791**
Current:		
Provision for liabilities for access to producer	-	49
Provisions for liabilities – energy effectiveness (c)	5	-
Legal claims (b)	10,509	9,880
Provision for restructuring (f)	1,366	-
Retirement benefits (e)	348	348
Other (d)	691	6,074
Total non-current provisions	**12,919**	**16,351**
Total provisions	**24,309**	**29,142**

The movement of the provisions is as follows:

(EUR'000)	Grid access fee	Legal claims	Provision for restructuring	Access to producer	Energy effectiveness	Retirement benefits	Provision for guarantees given	Other	Total
At 31 December 2017	**6,680**	**9,880**	**-**	**49**	**-**	**4,416**	**1,885**	**6,232**	**29,142**
Reclassification	-	-	-	-	-	-	(364)	612	248
Paid	-	(19)	-	-	-	(386)	(540)	(305)	(1,250)
Accrued	(16)	4,957	1,366	-	5	379	789	482	7,962
Financial expense	-	-	-	-	-	-	(2)	(2)	(4)
Reversed	(963)	(4,302)	-	(49)	-	(592)	(104)	(5,736)	(11,746)
Actuarial loss/ (profit)	-	-	-	-	-	38	-	-	38
Difference in rate of exchange	(3)	(7)	-	-	-	(48)	(1)	(22)	(81)
At 31 December 2018	**5,698**	**10,509**	**1,366**	**-**	**5**	**3,807**	**1,663**	**1,261**	**24,309**

(EUR'000)	Grid access fee	Legal claims	Provision for restructuring	Access to producer	Energy effectiveness	Retirement benefits	Provision for guarantees given	Other	Total
At 31 December 2016	**7,412**	**16,212**	**-**	**380**	**2,725**	**3,925**	**1,464**	**5,807**	**37,925**
Reclassification	-	-	-	-	-	-	-	-	-
Paid	-	(6,513)	-	-	-	(323)	(292)	(217)	(7,345)
Accrued	1	2,638	-	(42)	-	370	959	1,481	5,407
Financial expense	-	-	-	-	-	57	-	-	57
Reversed	(735)	(2,440)	-	(289)	(2,725)	-	(260)	(781)	(7,230)
Actuarial loss/ (profit)	-	-	-	-	-	427	-	-	427
Difference in rate of exchange	2	(17)	-	-	-	(40)	14	(58)	(99)
At 31 December 2017	**6,680**	**9,880**	**-**	**49**	**-**	**4,416**	**1,885**	**6,232**	**29,142**

(a) Grid access fee provision

Following the provisions of art.117, para 7 of Energy act, a provision has been made in order to cover potential future losses from the obligation to compensate the owners of certain grid assets for using their facilities to supply other customers with electricity.

The calculation of the provision is based on a methodology given by EWRC considering the estimated value of the respective assets and the electricity consumption of the supplied customers. EPV distributes electricity through its own and foreign facilities It covers potential customer claims for compensations related to the 3-year period.

(b) Provision for legal claims

Management assesses the risk of EPV's losing legal claims. EPV is exposed to risk of losing legal claims. The estimates are updated periodically to reflect changes in all legal claims and circumstances around them.

In 2012, a counterparty of EPV filed a claim for default of obligations under agreement for connection and lost profits for the period June 2010 - July 2012, and a complaint to the Commission for Protection of Competition. The total amount of claims is EUR 2,864 thousand (BGN 5,599 thousand), and statutory interest. Since in October 2015, the court rejected partially the claim in the amount of EUR 650 thousand (BGN 1,271 thousand), from the provision is released the relevant part.

In 2015, a major supplier filed a claim against a company from the Group for the cost of transportation for the period September 2012 - July 2013. The total claim is in the amount of EUR 2,361 thousand (BGN 4,618 thousand), including interest for delay until the date of filing claims. In December 2018, Supreme Cassation Court issued a decision in favour of the Company and the provision was fully released.

The Group considers that as at December 31, 2018, it has sufficient financial resources to settle its obligations under provisioned lawsuits amounted to EUR 9,385 thousand.

(c) Provision for energy effectiveness
A company of the EPV recognises a provision concerning the possibility of payment to Energy Efficiency Fund. Companies' obligations in relation to the implementation of the national energy efficiency targets are divided into periods, and at the end of 2016 the first period expired. The provision is based on the best estimate of the amount of the liability, concerning this part of the goals of saving for the current year, which is the least likely to be certified.

The assessment of the implementation of the national energy efficiency targets for the first period ending at the end in 2016, was expected to be released by the middle of 2017. Until the end of 2017, the company did not receive any comments on the submitted reports for 2016 and, respectively, from the SEDA no sanctions were imposed on the company of the Group. In this respect, Management acknowledges that the company has fulfilled its obligations for the first period expiring at the end of 2016 and considers that there is justification for a full release of the energy efficiency provision as at December 31, 2017.

As of December 31, 2018, two companies of the Group are included in the list of the companies obliged under the Energy Efficiency Act and are assigned individual targets for energy savings. The Group recognizes a provision in respect of its obligation to meet these individual targets. However, as of December 31, 2018, the Management cannot make a reliable estimate of the cost of certificates and there is no funding for the purchase of certificates in the regulatory framework. Therefore, the energy efficiency provision is accrued on the basis of the statutory minimum sanctions provided for in the Energy Act in the amount of EUR 2.6 thousand per company.

(d) Provision for other obligations
Provision for penalty, determined by Commission of the Protection of Competition ("CPC")
By decision of February 2012, the CPC has formed a proceeding under the Law on Protection of Competition (LPC) against the EPV, Energy System Operator and the National Electric Company, and imposed a property sanction amounting to EUR 529 thousand (BGN 1,035 thousand) in regard with connection of a producer to the distribution network. The provision is charged based on the decision of the CPC, which was appealed before the Supreme Administrative Court.

By decision of March 2013, the CPC has formed a proceeding against the EPV under LPC and imposed a property sanction amounting to EUR 136 thousand (BGN 266 thousand) in regard with connection of a producer to the distribution network. The provision is charged based on the decision of the CPC, which was appealed before the Supreme Administrative Court. By decision of May 2015, the Commission for Protection of Competition (CPC) has formed against the EPV proceeding under the Law on Protection of Competition and imposed a sanction in the amount of EUR 85 thousand (BGN 167 thousand) in relation to unreasonably high prices for using the Low Voltage pillar grid. The provision is created based on the decision of the CPC, which is appealed before the Supreme Administrative Court.

By decision of November 2015, the CPC initiated proceedings against the EPV under the Protection of Competition Act (PCA) and imposed a pecuniary penalty of EUR 7,378 thousand (BGN 14,423 thousand) in connection with violation of Article 21 of the PCA, resulting in abuse of a dominant and monopoly of the electricity market. Since the EPV believes the size of the penalty is excessive, it appeals before the Supreme Administrative Court claiming to be reduced its size to EUR 4,426 thousand (BGN 8,653 thousand). The provision is created to the claimed reduced amount of the penalty. By decision of June 26, 2018, the Supreme Administrative Court ruled that the EPV did not commit a violation of Article 21 of the LPC. The SAC's decision is final and cannot be appealed. Pursuant to the SAC's Decision, the provision is fully released.

(e) Retirement benefits
Benefits at retirement for illness

Amounts represent EPV Group's obligation as an employer regarding the payment of retirement benefits for illness. EPV Group estimated the expected cost of accumulating compensated leaves as additional amount that EPV Group expects to pay as a result of the unused entitlement that has accrued at the balance sheet date.

The principal actuarial assumptions are as follows:

	2018	**2017**
Discount rate	1.0%	1.4%
Future salary increase	0.0%	0.0%

To investigate better the dynamics of the employment leaves depending on the age, the employees are divided into five age Groups. For each of the age group, the turnover of personnel in the last years from 2002 to 2013 is studied. Based on research experience and the EPV Group's confirmed assumptions, in the actuary model have been defined the following degrees of withdrawal have been defined in the actuary model.

Personnel degree of withdrawal in age groups:

Age group	Degree of withdrawal
18 – 30	12.0%
31 – 40	8.0%
41 – 50	5.0%
51 – 60	2.0%
Over 60	0.0%

Interest rate for determining the discount factor

For the purpose of discounting is used effective annual interest rate in the amount of 1.00 % (2017: 1.4 %). It is based on the yield on government securities with a 10-year maturity in line with the recommendations of paragraph 83 of IAS 19. Given that the average time until retirement is more than 10 years, the actuary has determined the effective annual discount rate by extrapolation of the data for the effective annual yield of government bonds, the regulations of paragraph 86 of IAS 19.

Wage growth in the coming years

Assumptions about future wage growth in the Group are in accordance with the development plan of Group:

2019 – 0% compared to the level in 2018;
2020 – 2021 – 0% compared to the level in previous year;
2022 and the following – 1% compared to the level in previous year.

(f) Provision for restructuring

The Litostroj Power Group formed a reorganization provision in amount of EUR 1,366 thousand as at 31 December 2018. This provision was created based on the planned reorganization of the company for the payment of severances to employees in the year 2019.

Provisions for retirement benefits and jubilee benefits are formed for estimated liabilities for retirement and jubilee benefits as a result of long-term employee service, as at the balance sheet date, discounted to the present value. Provisions for jubilee and retirement bonuses in the parent company were created under the assumptions of 243 employees (236 on permanent employment contract), an estimated future long-term salary increase of 1.5 % per year, a nominal long-term interest rate of 1.0 %, a 16.1 % employer's contribution, and fluctuation of people calculated from the present fluctuation, realistic expectations of the owner for the future and experience in fluctuation i the Republic of Slovenia. The calculation was prepared by an authorized actuary.

g) Provisions for guarantees

The provisions for warranty guarantees for products sold are created based on experience and costs of complaints in the past and are disbursed during the warranty period of the respective project. The full amount of the provisions for guarantees is related to Litostroj Power Group.

21. Borrowings

Compliance with covenants. The Group is subject to certain covenants related to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default. The Group was in compliance with the covenants as of 31 December 2018.

(EUR'000)	2018	2017 Restated
Non-current portion of borrowings:		
Czech Export Bank (Czech Republic)	-	142,524
ZEL-En d.o.o. (Slovenia)	112	112
UniCredit Leasing d.o.o. (Slovenia)	73	242
Škofin s.r.o. (Czech Republic)	-	6
Essox s.r.o. (Czech Republic)	103	45
SID banka d.d. (Slovenia)	674	-
AKLease (Turkey)	792	-
Credit Guarantee Fund	1,835	-
AKBANK (Turkey) **(iv)**	76,633	48,487
Issued Bonds **(i)**	621,100	364,787
Unicredit Bank Czech Republic & Slovakia (Czech Republic) **(ii)**	23,492	25,644
Banka CREDITAS, a.s. (Czech Republic) **(iii)**	9,718	-
Other	1	18
Total non-current portion of borrowings	**734,533**	**581,865**
Current portion of borrowings:		
Czech Export Bank (Czech Republic)	-	26,839
TBC Bank (Georgia)	-	28,816
VTB Bank (Georgia)	-	8,499
IS Bank (Georgia)	-	3,430
Banque Nationale du Canada (Canada - Quebec)	171	197
Komerční banka a.s. (Czech Republic)	778	587
Unicredit Bank, s.p.a. (Italy)	-	1,786
AKBANK (Turkey) **(iv)**	1,343	45
Banka DSK EAD (Bulgaria)	-	831
Pasha Bank (Georgia)	-	4,004
PPF banka(Czech Republic)	-	10,013
Unicredit Bank Slovenija d.d. (Slovenia)	3,000	961
Unicredit Bank Czech Republic & Slovakia (Czech Republic) **(ii)**	4,968	2,961
Sberbank d.d. (Slovenia)	1,000	987
SKB d.d. (Slovenia)	1,000	987
Banka CREDITAS, a.s. (Czech Republic) **(iii)**	1,944	-
Unicredit Leasing d.o.o. (Slovenia)	171	175
IBM Slovenija d.d. (Slovenia)	-	12
Essox s.r.o. (Czech Republic)	34	13
Škofin s.r.o. (Czech Republic)	5	11
AKLease (Turkey)	158	-
Credit Guarantee Fund	517	-
Other	35	48
Total current portion of borrowings	**15,124**	**91,202**
Total borrowings	**749,657**	**673,067**

(i) Issued Bonds (EP Group)

(EUR '000)	2018	2017
4% Notes due 2022		
Principal	370,000	370,000
Accrued Interest	974	1,025
Unamortised initial costs associated with the bond issue	(4,897)	(6,238)
Carrying amount of 4% Notes due 2022	**366,077**	**364,787**
4.5% Notes due 2024		
Principal	250,000	-
Accrued Interest	7,428	-
Unamortised initial costs associated with the bond issue	(2,405)	-
Carrying amount of 4.5% Notes due 2024	**255,023**	-
Total carrying amount of issued bonds	**621,100**	**364,787**

On 7 December 2017, the Company issued first Eurobonds (ISIN: XS1731657141) with a total face value of EUR 370 million, maturity of 5 years and a fixed coupon of 4% p.a. The bonds have been admitted to trading on the unregulated market of the Irish Stock Exchange (Euronext Dublin). The issue price of the bonds was 100% of the nominal value.

The effective interest rate was calculated at 4.71%. The carrying value of these bonds as at 31 December 2018 was EUR 366,076 thousand (EUR 364,787 thousand as at 31 December 2017).

The bonds carry no pre-emption or exchange rights. The bonds are freely tradeable, and their transferability is not limited. The Company has the right to repay the bonds before their scheduled maturity date. The guarantors of this bond are EPV, EPG, EPGG and RH.

On 4 May 2018, the Company issued second Eurobonds (ISIN: XS1816296062) with a total face value of EUR 250 million, maturity of 6 years and a fixed coupon of 4.5% p.a. The bonds have been admitted to trading on the unregulated market of the Irish Stock Exchange (Euronext Dublin). The issue price of the bonds 100% of nominal value.

The effective interest rate was calculated at 4.68%. The carrying value of these bonds as at 31 December 2018 was EUR 255,023 thousand.

The bonds carry no pre-emption or exchange rights. The bonds are freely tradeable, and their transferability is not limited. The Company has the right to repay the bonds before their scheduled maturity date. The guarantors of this bond are EPV, EPG, EPGG and RH.

The terms and conditions of the bonds (including a detailed description of all covenants) are available at the registered office of the Company and on its website (www.energo -pro.com/en/pro-investory).

(ii) UniCredit Bank Czech Republic and Slovakia, a.s. (DEL)

Facility	Purpose	Credit limit (EUR ´000)	Credit balance 2018 (EUR ´000)	Maturity Date
Facility A2	Operational Financing	21,769	12,565	31-Dec-2027
Facility A3	Operational Financing	5,831	5,898	31-Dec-2028
Facility C	Operational Financing	3,887	3,887	31-Dec-2027
Facility D	Operational Financing	4,393	3,110	31-Dec-2023
Total		35,879	25,460	

(iii) Banka CREDITAS, a.s. (DKHI)

Facility	Purpose	Credit limit (EUR ´000)	Credit balance 2018 (EUR ´000)	Maturity Date
Loan Banka CREDITAS, a.s.	Operational Financing	11,662	11,662	June-2022

According to the loan agreement dated 21 June 2018 made between DKHI and Banka CREDITAS, a.s., in the case of fulfillment of specific financial covenants that are fulfilled by the company as at 31 December 2018, it is possible to repay this loan in regular instalments during the 3 following years from the June 2019.

(iv) AKBANK (Turkey)

Facility	Purpose	Credit limit (USD ´000)	Credit balance 2018 (EUR ´000)	Maturity Date
AKBANK	Construction Financing	166,000	77,976	December-2026

Based on the loan agreement, between AKBANK and Bilsev dated 29 June 2016, was provided a loan for the construction of the Karakurt dam and related HPP. In February 2019, the amount of facility was reduced from USD 166,000 thousand to USD 141,000 thousand (Note 34).

Note: Remaining loans not described above are primarily associated with the Litostroj Power Group. These credits are mainly used for operational financing. These credits are secured by mortgage on property, pledge of receivables and inventories of Litostroj Power Group (please find details in Note 29 in section Contingent Liabilities).

22. Trade and Other Payables

(EUR'000)	2018	2017 Restated
Trade payables	113,105	97,226
Deposits	19	2,294
Payables for joint participation	1,673	-
Other	2,452	2,916
Total trade and other payables	**117,249**	**102,436**

23. Other Current Liabilities and Other liabilities to shareholder

(EUR'000)	2018	2017 Restated
Taxes payable	6,050	2,783
Payable to personnel	8,371	8,495
Liabilities from social and health insurance	5	-
Prepayments for electricity	-	115
Deferred income from connection fees	-	5,050
Advances Received	42	15
Accrued costs and expenses	2,483	1,468
DSİ Accrual	99	-
Holdbacks	1,005	905
Other liabilities	1,771	2,888
Total other current liabilities	**19,826**	**21,719**

Other liabilities to the shareholder amounting to EUR 188,038 thousand in 2018 (2017: EUR 195,743 thousand) are liabilities to the owner of the company, Mr. Jaromir Tesar. Liabilities to the shareholder of the company have a flexible date of maturity, and their repayment is not planned in the following year 2019.

24. Service Expenses

(EUR'000)	2018	2017 Restated
Dispatch and transmission	(36,864)	(80,495)
Professional service fees	(16,497)	(9,428)
Repairs and maintenance	(5,343)	(6,903)
Security expense	(1,966)	(1,867)
Insurance	(5,479)	(4,122)
Interconnection charges for rights	(29)	(66)
Rent expense	(3,741)	(3,329)
Encashment fee	(2,025)	(2,059)
Commissions	(5,400)	(3,934)
Technological losses of electricity	(34,452)	(33,472)
Bank charges	(724)	(867)
Travel expenses	(1,002)	(1,329)
Hired workers	-	(2,203)
Transportation and forwarding	(1,415)	(1,247)
Production services	(9,288)	(7,807)
Telephone charges	(89)	(148)
Entertainment and promotion expenses	(299)	(358)
Non-manufacturing services, etc.	(925)	(1,119)
Other	(4,919)	(4,403)
Total service expenses	**(130,457)**	**(165,156)**

25. Other Operating Expenses

(EUR'000)	2018	2017 Restated
Business trip expenses	(7,969)	(7,205)
GNERC regulatory expense	(1,560)	(1,171)
Provision for impairment and bad debt write-off	(6,199)	(1,607)
Office supplies consumed	(274)	(130)
Provision for expenses	3,383	2,339
Court expenses	(865)	(3,107)
Provision for impairment and bad debt write-off of receivables for court cases	(1,465)	(787)
ESCO Service Fee	(529)	(515)
Impairment loss for IA	(1,892)	(52)
Penalties and fines	(2)	(2)
Inventory obsolescence expense and write-off	(217)	-
Donations	(12)	-
Duties	-	(1)
Student work	-	(36)
Cost of interest	-	(261)
Other services received	(50)	-
Other	(4,640)	(5,308)
Total other operating expenses	**(22,291)**	**(17,843)**

26. Finance Costs – Net

(EUR'000)	2018	2017 Restated
Interest expense from bank borrowings	(9,266)	(33,932)
Interest expense from deferred liability	-	(1,710)
Expenses related to early payment	(23,185)	-
Expenses related to bought back bonds	-	(1,648)
Unrealized fin. expenses related to bonds	-	(761)
Interest expense bonds	(23,821)	(4,685)
Fee from loans and other	(830)	(498)
FX balance on CIP account	(1,270)	-
Other finance costs	(405)	(342)
Realised Foreign exchange gains/(losses)	(7,545)	(13,743)
Unrealised Foreign exchange gains/(losses)	(44,342)	12,941
Finance costs	**(110,664)**	**(44,378)**
Interest income on issued loans	141	786
Interest income on cash and cash equivalents	181	137
Interest income on deposit account	360	-
Interest income - bonds	-	484
Gain on sale of bonds	-	45
Other financial income	2,314	2,537
Finance income	**2,996**	**3,989**
Net finance costs	**(107,668)**	**(40,389)**

27. Other Income

(EUR'000)	2018	2017 Restated
Surplus from inventory and PPE counts	738	3,245
Income from penalties and fines	584	434
Gains from bargain purchase (Note 30)	-	122,763
Income from insurance claims	162	830
Gains less losses on disposal of PPE and IA	68	59
Assets granted by third parties	21	-
Subsidies and grants	779	268
Rental income	59	-
Revenue from cancellation and disbursement of non-current provisions	1,244	452
Gain from the sale of inventories	1	22
Less: Loss from insurance claims	-	(14)
Other	3,496	2,322
Total other income	**7,152**	**130,381**

28. Income Taxes

(a) Components of income tax expense

The income tax expense comprises the following:

(EUR'000)	2018	2017 Restated
Current tax	(7,146)	(7,480)
Deferred tax	9,018	3,441
Income tax expense/income for the year	**1,872**	**(4,039)**

The reconciliation between the expected and actual taxation charge is provided below:

(EUR'000)	2018	2017 Restated
Profit before tax	(30,271)	140,733
Theoretical tax charge at statutory rate (i)	12,635	(7,294)
Tax rate (ii)	42%	5%
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income which is exempted from taxation	2,280	7,392
- Deduction of tax losses	498	400
- Imputed tax payables for commercial loss	90	85
- Non-deductible expenses	(5,122)	(4,277)
- Investment allowance used (previously unrecognised)	508	344
- Carry forward tax loss over which deferred income tax asset was not recognised	(3,021)	(1,051)
- Additional tax payments	(1,792)	-
- WHT paid in other countries	(176)	(185)
- Negative goodwill	(6)	(9)
- Lower / higher foreign tax rates	103	(15)
- The difference between the actual tax and the tax reserve in the prior period	-	-
- Deferred tax resulting from consolidation adjustments	-	608
- Effect of not recognised deferred tax asset	(4,342)	(33)
- Adjustments to deferred tax attributable to changes in tax rates and laws	217	(4)
Income tax expense for the year	**1,872**	**(4,039)**

(i) The theoretical tax charge at statutory rate was determined as the sum of all EP Group entities' theoretical tax charges at statutory rate, calculated for each EP Group entity as its profit / loss before tax multiplied by the applicable statutory tax rate.

(ii) The tax rate has been determined as the theoretical tax charge at statutory rate divided by profit before tax.

(b) Deferred taxes

Deferred income tax assets and liabilities are presented gross and amounts are as follows:

EUR'000	2018	2017
Deferred income tax assets:		
- Deferred income tax asset to be recovered after more than 12 months	7,126	1,421
- Deferred income tax asset to be recovered within 12 months	552	296
Deferred income tax assets	**7,678**	**1,717**
Deferred tax liabilities:		
- Deferred income tax liability to be recovered after more than 12 months	(5,348)	(7,797)
- Deferred income tax liability to be recovered within 12 months	(123)	(286)
Deferred tax liabilities	**(5,471)**	**(8,083)**
Net deferred income tax assets/(liabilities)	**2,207**	**(6,366)**

(c) Deferred taxes analysed by type of temporary difference

The movement in deferred income tax assets and liabilities during the year ended 31 December 2018, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(EUR'000)	1 Jan 2018	Business combinations / First-time application of IFRS 9 and 15	Charged/ (credited) to profit or loss	Exchange differences	31 Dec 2018
Tax effect of deductible temporary differences					
Property, plant and equipment & Intagible assets	(19,248)	-	1,733	2,634	(14,881)
Trade receivables	9	(9)	(57)	3	(54)
Borrowings	17	-	(77)	-	(60)
Other current assets	(224)	-	123	49	(52)
Deferred income	(290)	(16)	183	-	(123)
Other temporary differences	(249)	-	(23)	(4)	(276)
Total deferred tax liability	**(19,985)**	**(25)**	**1,882**	**2,682**	**(15,446)**

(EUR'000)	1 Jan 2018	Business combinations / First-time application of IFRS 9 and 15	Charged/ (credited) to profit or loss	Exchange differences	31 Dec 2018
Tax effect of deductible temporary differences					
Property, plant and equipment & Intagible assets	-	-	20	-	20
Inventories	27	-	328	(1)	354
Allowances for trade receivables	621	(92)	122	3	654
Trade and other payables	2	-	140	(8)	134
Deferred income	787	(665)	(118)	(1)	3
Provisions	2,714	(14)	(736)	(18)	1,946
Carry forwards tax losses	7,053	39	7,023	(1,966)	12,149
FX balance on CIP account	-	-	(1)	8	7
Unutilised investment incentives	1,898	-	508	(505)	1,901
Other temporary differences	517	6	(150)	112	485
Total deferred tax assets	**13,619**	**(726)**	**7,136**	**(2,376)**	**17,653**
Net deferred tax liability	**(6,366)**	**(751)**	**9,018**	**306**	**2,207**

The tax effects of the movements in the temporary differences for the year ended 31 December 2017 are:

(EUR'000)	1 Jan 2017	Disposals	Charged/ (credited) to profit or loss	Exchange differences	31 Dec 2017
Tax effect of deductible temporary differences					
Property, plant and equipment & Intangible assets	(23,166)	-	1,697	2,221	(19,248)
Trade receivables	9	-	-	-	9
Borrowings	41	-	(18)	(6)	17
Other current assets	(270)	-	(2)	48	(224)
Other temporary differences	(305)	-	9	47	(249)
Total deferred tax liability	**(23,691)**	**-**	**1,686**	**2,310**	**(19,695)**

(EUR'000)	1 Jan 2017	Disposals	Charged/ (credited) to profit or loss	Exchange differences	31 Dec 2017
Tax effect of deductible temporary differences					
Inventories	154	-	(131)	4	27
Allowances for trade receivables	1,153	-	(523)	(9)	621
Trade and other payables	2	-	-	-	2
Deferred income	860	-	(165)	-	695
Provisions	3,719	3	(993)	(15)	2,714
Carry forwards tax losses	4,771	-	3,343	(1,087)	7,027
Unutilised investment incentives	1,929	-	344	(375)	1,898
Other temporary differences	604	-	(127)	40	517
Total deferred tax assets	**13,192**	**3**	**1,748**	**(1,442)**	**13,501**
Net deferred tax liability	**(10,499)**	**3**	**3,434**	**868**	**(6,194)**

In the context of the Group's current structure, tax losses and current tax assets of different group companies may not be offset against current tax liabilities and taxable profits of other group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

In May 2016 the Georgian parliament adopted and the president signed into legislation changes to the corporate tax code, with changes applicable on 1 January 2017. The code is applicable for Georgian companies and permanent establishments (''PEs'') of nonresident companies, apart from certain financial institutions.

The previous profit tax regime, under which companies were subject to tax on their annual taxable profits, is now changed to a system where tax will have to be paid only if corporate profits are distributed.

The change has had an immediate impact on deferred tax of the companies as it abolishes temporary differences between a carrying amount of certain assets and liabilities for financial reporting purposes and their tax bases. Due to the changes of the tax legislation balance of deferred tax assets and liabilities attributable to previously recognized temporary differences arising from prior periods was fully written off in the statement of profit and loss.

29. Contingencies and Commitments

Legal proceedings

From time to time and in the normal course of business, claims against the Group may be initiated. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

EPas

EPas is in arbitration proceedings with the Republic of Bulgaria. EPas claims that the Republic of Bulgaria has violated its obligations arising out of the Agreement between the Czech Republic and the Republic of Bulgaria for the Promotion and Reciprocal Protection of Investments and the Energy Chart Treaty. EPas claims compensation of damage. The proceedings remain ongoing and a final arbitral award is unlikely to be expected until end-2019 at the earliest

EPB

As at 31 December 2018, a legal claim for EUR 1,259 thousand (BGN 2,462 thousand) related to liability - expenses for balancing power against the EPB was initiated from NEK EAD. This claim is contested by the EPB.

EPB initiated an arbitration claim against NEK EAD amounting to EUR 1,147 thousand (BGN 2,243 thousand) for damages due to illegal termination of contract for electrical energy purchase from Power Plants with 10 MW or more installed generating power.
EPB is plaintiff in other legal court trade cases with claims of financial interest amounting to
EUR 278 thousand (BGN 544 thousand) as at 31 December 2018.

Based on its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these interim condensed consolidated financial statements.

EPV

PPE without ownership documents
In regard with the separation of EDC Gorna Oryahovitsa (former name of Electro North) and EDC Varna (former name of EPS from the National Electricity Company (NEC) effected in 2000, the Companies from the EPV acquired certain land and buildings with insufficient ownership deeds. As at December 31, 2018 the EPV's net book value of such assets is EUR 1,486 thousand (as at December 31, 2017: EUR 1,532 thousand). The EPV's Companies are in process of acquiring of the necessary title deeds. In these financial statements no liabilities have been recognised in relation to these assets.

Litostroj Power Group

Actions for damages in a total value of EUR 26,100 thousand were filed against Litostroj Hydro. Based on attorneys' opinion, the company's management estimated that no conditions occurred that would require the legal claims to be recognized as provisions or liabilities in the Balance Sheet.

DEL

In accordance with the terms of the Works Contract No. 113-140-2 concluded with Metrostav, a.s. DEL register a claim under bank guarantee No. 1211175 issued by Raiffeisen Bank, a.s. on August 10, 2012 to the amount of EUR 35 thousand for securing the supplier's obligations for the warranty period of the work incl. removal of defects.

In accordance with the terms of the Contract of Works No. 113-140-C101 and its Appendices concluded with Metrostav, a.s . Dolnolabské elektrárny, a.s.. register a claim under Bank Guarantee No. 121529 issued by Raiffeisen Bank, a.s. on 26.9. 2012 for the amount of EUR 493 thousand for securing the supplier's obligations for the guarantee period, incl. removal of defects.

Tax legislation

Tax legislation is subject to varying interpretations, and changes, which can occur frequently in Bulgaria. Management’s interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities.

The current tax system in the Czech Republic was established in 1993. Since the Czech Republic's accession to the European Union on May 1, 2004, the system has undergone a continuous process of harmonization with European legislation. The Czech Republic also has a wide network of double taxation treaties with both EU and non-EU countries. These double taxation agreements are based on the OECD Model Tax Convention.

Taxation in Slovenia represents the integrity of the tax forms to be paid in order to meet fiscal and social objectives. Corporate income tax is levied on the taxable profit of private companies at a rate of 19 %. A general research and development (R&D) investment allowance is represented as a deduction from tax base of 100 % of the amount invested in internal R&D activities and purchase of R&D services, but not exceeding the amount of the tax base.
There is also an investment tax allowance – a deduction from the tax base of 40 % of the amount invested in equipment and intangibles, but only up to the amount of the tax base.

The tax authorities in Bulgaria may be taking a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the level and frequency of scrutiny by the tax authorities. In particular, it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed.

The taxation system in Georgia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of government bodies, which have the authority to impose severe fines, penalties and interest charges. Management believes that it has implemented internal controls to be in compliance with the TP legislation. Given that the practice of implementation of the Georgian transfer pricing rules has not yet developed, the impact of any challenge of the Group’s transfer prices cannot be reliably estimated however, it may be significant to the financial conditions and/or the overall operations of the Group.

These circumstances may create tax risks in Georgia that are substantially more significant than in many other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements and court decisions.

However, the interpretations of the relevant authorities could differ and the effect on this financial information, if the authorities were successful in enforcing their own interpretations, could be significant to the Group. Tax years remain open to review by the tax authorities for three years.

In Turkish direct taxation system; rights, burdens, ways of implementing mandates and carrying out duties along with principals of accrual are regulated by the Tax Procedure (TP) Law. This Law comprises procedural and formal provisions of all tax laws. Taxes, duties and charges, and the ones that belong to provincial private administrations and municipalities are within the scope of the Law. A corporate is a subject of income tax on its income and earnings. The rules concerning the taxation of corporations are contained in the Corporate Income Tax (CIT) based on the new CIT Law introduced in 2006. The corporate tax is levied on the income and earnings derived by corporations and corporate bodies. In other words, the CIT Law sets provisions and rules applicable to the income resulted from the activities of corporations and corporate bodies.

Management believes that it has implemented internal controls to be in compliance with TP legislation.

Management of RH has no information for any circumstances which may lead to tax payables in a significant amount.

Environmental matters

The enforcement of environmental regulation in each country where Group operates is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Contingent assets

RH
RH received guarantee letters amounting to EUR 3.7 thousand (TRY 25 thousand) as of 31 December 2018. Guarantee letters received are mainly cost of bilateral agreement related with wholesale energy sales agreements.

Litostroj Power Group

Guarantees received
The guarantees and counter-guarantees received represented advance guarantees, performance bonds and warranty guarantees to the benefit of Litostroj Power d.o.o. The guarantees received amounted to EUR 6,039 thousand as of 31 December 2018 (as of 31 December 2017: EUR 7,935 thousand).

Contingent liabilities

EPas
EPas had provided a guarantee and certain other undertakings to Akbank (Turkey) in connection with USD 166,000 thousand loan to Bilsev for the construction of the Karakurt dam and related HPP. As of 31 December 2018, USD 88,000 thousand was drawn under this credit facility. On 18 February 2019, Amended Finance Documents were signed with respect to Bilsev's credit facility as part of which, amongst other things, the amount of the facility was reduced to USD 141,000 thousand, DKHI provided a guarantee for the entire facility and the EPas guarantee was limited to USD 50,000 thousand. The Amended Finance Documents are now effective.

EPas had issued a guarantee in favour of a club of banks in connection with a EUR 8,000 thousand revolving credit facility for Litostroj Power, d.o.o.. The guarantee was for 50% of the drawn amount. As of 31 December 2018, EUR 8,000 thousand was drawn under this facility. Since the date of issuance of the financial statements, the amount of this revolving credit facility has been reduced to EUR 4,000 thousand and the EPas guarantee increased to 100% of the drawn amount.

EPT
Unicredit Bulbank AD has issued in name of EPT a bank guarantee to various subjects (IBEX EAD, ESO EAD) in amount EUR 2,396 thousand as of 31 December 2018.

RH
RH issued guarantee letters amounting to EUR 972 thousand: TRY 5,857 thousand (31 December 2017: EUR 4,876 thousand: TRY 22,021 thousand). Guarantee letters issued are mainly given to the Energy Market Regulatory Authority (''EMRA''), TEİAŞ and various electricity distribution institutions.

Litostroj Power Group

(EUR'000)	2018	2017
Guarantees given (i)	31,428	35,822
Securities given	5,087	7,657
Bills of exchange issued	581	704
Letters of credit (i)	2,604	6,752

Guarantees given

Guarantees given (bid bonds, advance guarantees, performance bonds, warranty guarantees, customs guarantees and guarantees for timely payments) were recognized by the parent company in the amount of EUR 26,963 thousand, by the company LP Hydro in the amount of EUR 674 thousand and by the company ČKD Blansko Engineering in the amount of EUR 3,791 thousand.

Securities given

Securities were issued to LP Hydro for the uninvoiced part of the projects due in 2019 and 2021.

Bills of exchange issued

On December 31, 2018 the parent company recognized bills of exchange issued in the total amount of EUR 581 thousand. (December 31, 2017: EUR 704 thousand)

Letters of credit

The letters of credit were disclosed by the parent company and represent framework loans intended for providing cover for projects in Canada and in Central America.

(i) Disclosure of collaterals to banks of Litostroj Power Group:

Litostroj Power d.o.o.

Agreement on the pledge inventory (supplies and equipment), has been established in order to guarantee the timely and full repayment of the secured obligations under the revolving facility agreement, in favor of UniCredit Bank Czech Republic and Slovakia, a.s., as Security Agent. Supplies and equipment comprises merchandise for sale, which is either (i) produced for sale (finished goods), or (ii) is in an intermediate stage of production (intermediate), or (iii) is a component intended to form, or (iv) which is used in the production process as a raw material, or (v) other materials or excipients, or (vi) is intended for self-consumption and certain equipment used by the company in the context of production or other activities.

Agreement on pledge of receivables is established with the purpose of securing the timely and full repayment of the secured obligations under the revolving facility agreement, in favor of UniCredit Bank Czech Republic and Slovakia, a.s., as a Security Agent. As collateral for the secured obligations the company establishes the insurance over claims against debtors and all secondary rights and claims arising from contracts or for them, including any due and unpaid principal or interest, every insurance instrument issued as collateral for receivables and every right derived from any other possible forms of insurance and secure the payment of receivables by the debtors.

Mortgage agreement is established with the purpose of security for timely and full repayment of the secured obligations under the revolving facility agreement, in favor of UniCredit Bank Czech Republic and Slovakia, a.s., as Security Agent. The obligations are secured by constituting and registration of the maximum mortgage of first rank on the pledged property - all property owned by the company.

Agreement on the Establishment of the bank accounts pledge is established in order to guarantee the timely and full repayment of the secured obligations under the revolving facility agreement, in favor of UniCredit Bank Czech Republic and Slovakia, as, as Security Agent, on company's open accounts and issued bills of exchange statements and bills of exchange for each bank account.

ČKD Blansko Engineering

Mortgage agreement is established with the purpose of security for timely and full repayment of the secured obligations under the revolving facility agreement, in favour of UniCredit Bank Czech Republic and Slovakia, a.s., as Security Agent. The obligations are secured by constituting and registration of the maximum mortgage of first or second rank on the pledged property - all property owned by the company.

Share Pledge Agreement is established in order to guarantee the timely and full repayment of the secured obligations under the revolving facility agreement, in favour of UniCredit Bank Czech Republic and Slovakia, a.s., as Security Agent. Obligations are secured by the establishment of a first order pledge on the entire (100%) equity share in the company ČKD Blansko Engineering a.s. The pledger is the owner of the company.

Agreement on pledge of receivables is established with the purpose of securing the timely and full repayment of the secured obligations under the revolving facility agreement, in favour of UniCredit Bank Czech Republic and Slovakia, a.s., as a Security Agent. As collateral for the secured obligations the company establishes the insurance over claims against debtors and all secondary rights and claims arising from contracts or for them, including any due and unpaid principal or interest, every insurance instrument issued as collateral for receivables and every right derived from any other possible forms of insurance and secure the payment of receivables by the debtors. This agreement is composed by Bank Account Receivables and Movables Agreement.

LP Hydro
Mortgage agreement (Deed of Hypotec), is established with the purpose of security for timely and full repayment of the secured obligations under the revolving facility agreement, in favor of UniCredit Bank Czech Republic and Slovakia, a.s., as Security Agent. The obligations are secured by constituting and registration of the maximum mortgage of second rank on the pledged property - all property owned by the company.

Commitments

EPV

Purchase of energy facilities
According to paragraph 4 of Closing decrees of the Energy law the Group is required within 8 years as from the coming into force of the Energy Law to purchase energy facilities, comprising elements of the transportation or distribution network, owned by individuals or legal entities. The deadline for the purchase of energy facilities which are owned by users expired in December 2015. Therefore, the Management has considered the application of IFRIC 4 and the corresponding existence of a financial leasing. Under IAS 17 the asset should be accounted for at the lower of fair value and the present value of the minimum lease payments and it is equal to zero.

The Management has assessed the fair value of energy facilities, which are owned by consumers, which as at December 31, 2018 amounted to EUR 13,977 thousand (December 31, 2017: EUR 15,328 thousand). The Management is unable to predict when energy facilities that are not redeemed by December 31, 2018 will be purchased.

As at December 31, 2018 a company from the EPV has entered into connection agreements for 723 connection facilities (December 31, 2017: 584 connection facilities) under which the counter party is obliged to build the facilities. The EPV has committed to purchase these facilities after they have been finished. The Management of the company is not able to reliably assess these capital commitments as it does not have information on the expected value of the facilities to be built. The average value of the connected facilities for the period 2018 - 2017 is EUR 32 thousand (2017 - 2016: BGN 39 thousand).

EPG & EPGG
Pursuant to the “Sale agreement of the assets of the hydro power plants and the electricity distribution companies” concluded between the Government of Georgia and EPG, EPGG has undertaken commitment to:

- Maintain 85% of the installed capacity of the purchased hydro power plants; and
- Procure provision of uninterrupted service to the respective customers.

In addition, EPG, EPGG has agreed to contribute an additional investment of:

- USD 40 million in rehabilitation of hydro power plants; and
-

Up to USD 100 million in the rehabilitation and modernisation of the distribution networks.

As of 31 December 2018, and 31 December 2017, EPG and EPGG was in compliance with the above undertaken commitments and made sufficient investments to be in compliance with the investment plan.

The EPG Group has guaranteed the following obligations: LLC SOCAR Gas Export – Import - The restricted bank deposit of USD 120 thousand as at 31 December 2018, USD 120 thousand as at 31 December 2017 is pledged according to the agreement between the EPG Group and LLC "SOCAR Gas Export - Import" for the purposes of securing payment for the supply of natural gas provided by LLC "SOCAR Gas Export - Import". According to the amendment dated 5 February 2018, the maturity date of the pledge was further prolonged to 9 March 2019.

According to SOCAR Gas Export-Import agreement #GP-01-12/19 dated Dec 5, 2018. From 06 March 2019 the EPG Group will not have restricted cash on LLC gPower accounts as the new guarantee is non-cash cover.

Operating lease

EPB

EPB has signed leased contract for office in Sofia. The rental rate varies over the time. The contract was signed in 2018 and cannot be cancelled, except for breach of its provision by either party.

Annual payments under this contract is as follow:

	Up to 1 year	between 2 and 5 years
Total annual rent	45	53

To secure the obligation of renting amount, EPB issued in favour of the landlord a bank guarantee of total value of EUR 9 thousand in 2018 (2017: EUR 9 thousand).

EPV

In November 2014, a company from the Group has entered into a lease agreement for offices in Varna. The rental price varies in different periods. In August 2017, the company entered into an annex to the office lease agreement, under which the term of the lease was extended until September 30, 2020.

Annual payments under this contract is as follow:

	Up to 1 year	between 2 and 5 years
Total annual rent	928	808

As at December 31, 2018, to secure the obligations of renting amount, EPV issued in favour of the landlord a bank guarantee of a total value of EUR 235 thousand (2017: EUR 235 thousand).

In November 2018, two companies from EPV has entered into a lease agreement for offices in Sofia. The rental price varies in different periods. The contract is concluded for a period up to November 12, 2023 and cannot be terminated except in violation of its provisions by one of the parties.

Annual payments under this contract is as follow:

	Up to 1 year	between 2 and 5 years
Total annual rent	303	1,211

To secure the obligations of renting amount, the companies from the EPV issued in favour of the landlord bank guarantees of a total value of EUR 52 thousand (BGN 102 thousand).

30. Business Combinations

2018

In the year 2018, no new acquisitions were realized.

2017

Acquisition in Turkey

In April 2017 the Group acquired HPP construction project. The fair value of assets acquired at the date of acquisition are set out below:

(EUR'000)	2017
Property, plant and equipment	137,123
Prepayments for property, plant and equipment	14,486
Intangible assets	8
Other non-current assets	20,806
Trade and other receivables	1
Current income tax asset	4
Cash and cash equivalents	7,621
Trade and other payables	(3)
Other current liabilities	(26)
Fair value of identifiable assets	**180,020**

The Group realized on this transaction bargain purchase gain amounting EUR 113,988 thousand with net cash outflow of EUR 58,411 thousand.

Acquisition in Georgia

In August 2017 EPG acquired the operating assets of JSC Kakheti Energy Distribution at a public auction. These operating assets comprise mainly of distribution network of the whole Kakheti region. As a result, EPG became the sole electricity distributor in Georgia outside of Tbilisi. JSC Kakheti Energy Distribution has operated in bankruptcy since 2011, managed by a representative of the National Bureau of Enforcement. The consideration of EUR 7,769 (GEL 22,000 thousand) was paid in August 2017, however the effective control over the business was obtained in September 2017.

In accordance with IFRS 3 these assets meet the definition of the business and the acquisition is within the scope of the standard.

Subsequent to the business combination the management hired an independent appraiser to determine the fair value of acquired assets. The fair value of the technical property (acquired assets) was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence and impairment. The fair value of assets was measured in accordance with IFRS 13 and was categorized into level 3 of the fair value hierarchy.

The fair value of assets acquired at the date of acquisition are set out below:

(EUR'000)	2017
Property, plant and equipment	15,159
Intangible assets	90
Inventory	125
Fair value of identifiable assets	15,374
Outflow of cash and cash equivalents on acquisition, net of taxes	**6,599**

Negative goodwill arising on acquisition:

(EUR'000)	2017
Consideration transferred	6,599
Less: fair value of identifiable net assets acquired	(15,374)
Bargain purchase gain	**(8,775)**

Net cash outflow on acquisition of operating assets:

(EUR'000)	2017
Consideration paid in cash	7,769
Less: value added tax recoverable	(1,170)
Net cash outflow	**6,599**

31. Transactions with Non-controlling

As at 31 December 2018, and as at 31 December 2017, the Company did not report any non-controlling interest transactions.

32. Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The uncertainties associated with the restart of the economy have had a profound impact on the business environment, both on the global and domestic markets. Constant changes in the international business environment and the internationalization of sales and production capacities increase our exposure to various types of risks. Risk management has gained additional importance in the new operating circumstances. It is becoming increasingly important for the company's long-term development and growth to identify and respond to potential threats by preparing corrective measures in advance to protect the company from potential and/or detected risks. Reducing our exposure to risks is a clear goal of the company. The assessment, prediction and management of risks in all business areas falls within the responsibility of all stakeholders within the company and is part of the everyday work process.

Business risks. Business risks comprise the risks associated with the capability of a company to create short- and long-term operating revenues, to control operating costs and expenses and operating liabilities and to maintain the value of its assets.

Our external risks are risks associated with macroeconomic developments in the key electricity markets and with unstable political situation on certain electricity markets. Diversifying our operations around the globe is thus a logical necessity and our way of managing the external risks. Because of slow recovery of the economy, we believe that our external risks are at a moderate level.

Investment risks are managed through economic planning, through careful planning and realization of investment projects and by monitoring the effects of investments. We assess our exposure to investment risks to be at a moderate level.

In recent times, our sales risks have been strongly associated with low electricity market prices and spreads, and with emerging new direct and indirect suppliers and providers of services, and new sales channels. This has resulted in increased competition for tendered projects. In addition, our sales risks are associated with the market strategy and firm negotiating position of major customers. We have managed these risks through adequate marketing activities and a great number of customers, by diversifying our products and services and by constant improving technical characteristics. We believe our exposure to technical risks to be moderate.

Asset and liability risks. Asset and liability risks pertain to the management of asset and transport risks and risks arising from liability for our activities. We systematically lower our key asset and liability risks by passing them on to insurance companies and business partners. In addition to property insurance (movable and immovable property), we also have combined liability insurance that covers general liability with extensions, product liability, employer's liability, and environmental liability. We believe that our exposure to asset and liability risks is not an issue.

Credit risk. Credit risk is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group. The Group's principal financial assets are bank balances, cash, trade receivables and issued loans. The credit risk on liquid funds is limited because the counterparties are banks with positive credit ratings (A to B). The risk on issued loans is limited because the main part consists from loans provided to the shareholders. Trade receivables include a large number of customers from various geographical and industry segments and Group considers the credit risk arising from the failure of one or more companies to pay as not significant, and within the manageable risk. The internal analysis of age structure of trade receivables shows no significant value of overdue receivables. For free customers, the Group assesses the credit quality of the customers by assessing the financial position of the customers, past experiences and other factors as a part of its credit risk management program.

(EUR'000)	**2018**	**2017 Restated**
Non-current financial assets (Note 11)		
- Restricted bank deposit	1,184	1,577
Other current assets (Note 15)		
- Restricted bank deposit	93	18,725
Trade and other receivables (Note 13)		
- Trade receivables	133,344	133,966
Issued loans (Note 10)		
- Loans issued	570	2,577
Cash and cash equivalents (Note 14)		
- Bank balances payable on demand	57,742	84,715
- Short-term deposit	-	-
- Restricted cash	(1,214)	(20,426)
Total	**191,719**	**221,134**

Several departments and processes are systematically and actively involved in the credit risk management process, and employees constantly monitor the performance and financial situation of individual business partners and take suitable measures to limit our exposure to them. Taking into consideration our business policy, we believe that the company is exposed to relatively moderate credit risk.

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant.

In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Insolvency risk. Insolvency risk is the risk of running into problems that will cause the company to be unable to settle its short-term and long-term liabilities. We manage our exposure to short-term insolvency risk by maintaining an active solvency management policy, carefully planning cash flows, managing costs to prevent mismatches of inflows and outflows, managing credit risk to ensure the prompt payment of receivables, matching the maturities of assets and liabilities, diversifying the maturities of liabilities and providing for credit lines that enable funds to be drawn down according to the needs. We assess the company's exposure to insolvency risk to be at a moderate level.

Currency risk. Currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. The Group undertakes certain transactions denominated in foreign currencies. The Group does not use in 2017 any derivatives to manage foreign currency risk exposure, at the same time the management of the Group is seeking to mitigate such risk by managing monetary assets and liabilities in foreign currencies at the Group level.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

	31 December 2018			31 December 2017		
(EUR'000)	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
USD *)	19,002	90,016	(71,014)	2,126	71,009	(68,883)
EUR	233,003	664,978	(431,975)	218,586	257,155	(38,569)
RON *)	570	-	570	370	12	358
TRY *)	4,512	3,138	1,374	28	0	28
GBP *)	1	-	1	-	-	-
CAD *)	1,345	5,365	(4,020)	4,093	3,729	364
Other currencies *)	5,002	5,236	(234)	6,700	6,594	106
Total	**263,435**	**768,733**	**(505,298)**	**231,903**	**338,499**	**(106,596)**

*) Denominated in EUR

The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant:

	31 December 2018	31 December 2017
(EUR'000)	Impact on profit or loss	Impact on profit or loss
US Dollar strengthening by 10%	(7,101)	(6,888)
US Dollar weakening by 10%	7,101	6,888
EURO strengthening by 10%	(43,198)	(3,857)
EURO weakening by 10%	43,198	3,857
RON strengthening by 10%	57	36
RON weakening by 10%	(57)	(36)
TRY strengthening by 10%	137	3
TRY weakening by 10%	(137)	(3)
CAD strengthening by 10%	(402)	36
CAD weakening by 10%	402	(36)
Other currencies strengthening by 10%	(23)	11
Other currencies weakening by 10%	23	(11)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the respective entity of the Group.

Interest rate risk. Interest rate risk is the risk that changes in floating interest rates will adversely impact the financial results of the Group. The Group does not use any derivatives to manage interest rate risk exposure, at the same time a certain proportion of the Group's financial assets and liabilities are at fixed rates and thus the risk is limited.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Management monitors monthly rolling forecasts of the Group's cash flows.

The Group seeks to maintain a stable funding base primarily consisting of borrowings. The Group's liquidity portfolio comprises cash and cash equivalents (Note 14). Management estimates that the liquidity portfolio of cash and bank deposits except for the restricted cash can be realised in cash within a day in order to meet unforeseen liquidity requirements.

The tables below show liabilities at 31 December 2018 and at 31 December 2017 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities at 31 December 2018 is as follows:

(EUR'000)	**Up to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Borrowings (Note 21)	12,586	40,113	75,825	**128,524**
Trade and other payables (Note 22)	117,249	-	-	**117,249**
Other non-current financial liabilities and Other non-current lialibities (Note 18, 19)	-	4,785	7,327	**12,112**
Other current liabilities (Note 23)	15,032	68	-	**15,100**
Issued Bonds (Note 21)	26,050	463,000	262,150	**751,200**
Total future payments, including future principal and interest payments	**170,917**	**507,966**	**345,302**	**1,024,185**

The maturity analysis of financial liabilities – Restated at 31 December 2017 is as follows:

(EUR'000)	**Up to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Borrowings (Note 21)	102,829	143,703	67,229	**313,761**
Trade and other payables (Note 22)	102,436	-	-	**102,436**
Other non-current financial liabilities and Other non-current lialibities (Note 18, 19)	21,337	5,484	28,044	**54,865**
Other current liabilities (Note 23)	33,989	-	-	**33,989**
Issued Bonds (Note 21)	14,800	429,200	-	**444,000**
Total future payments, including future principal and interest payments	**275,391**	**578,387**	**95,273**	**949,051**

Trade and other payables are payable within 3 months from the reporting period.

Capital management. Capital management is performed by the owners of the Group based on their requirements with respect to optimal capital structure of the Group. The Group only manages its capital structure with respect to legal requirements in the jurisdictions where the Group operates.

Management considers equity as presented in these consolidated financial statements, excluding non-controlling interest, as the Group's capital.

33. Fair Value of Financial Instruments

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Group has no financial instruments measured at fair value in the condensed consolidated statement of financial position. The fair value for the purposes of disclosure of the following financial instruments is assumed as reasonably close to their carrying value:

- Trade and other receivables;
- Cash and cash equivalents;
- Loans;
- Trade and other payables.

Issued Bonds
The fair value of bonds is based on the quoted market price for the same or similar issues or on the current rates available for bonds with the same maturity profile.

Carrying amounts and estimated fair values of financial instruments as at 31 December 2018, are as follows:

(EUR'000)	**Carrying amount**	**Fair Value**	Interest	**Total Fair Value**
4% Notes due 2022	366,077	356,623	973	**357,596**
4.5% Notes due 2024	255,023	226,942	7,428	**234,370**
Total	**621,100**	**583,566**	8,401	**591,967**

At the end of the year 2017 the fair value of issued bonds and their carrying amount were similar.

34. Events after the Reporting Period

Acquisition of EPT
In August 2018, between EPV and EPas an Agreement for the purchase and sale of 100% of the shares of EPT amounting to EUR 2 million (BGN 3,912 thousand) was concluded and EPV prepaid the full amount under the agreement in November 2018. In January 2019, preparation of the transfer of the temporary certificates, together with the transfer of all the rights and shares was made, and EPV became the owner of 100% of the capital of EPT.

Credit line for issuance of bank guarantees by Expressbank AD
In January 2019, a company of the EPV concluded a contract with Expressbank AD (formerly Societe Generale Expressbank AD) for a credit line for issuing bank guarantees with a limit of EUR 7.7 million (BGN 15 million). The maturity date is January 2, 2020. The applicable interest rate on the credit line is Reference rate in BGN plus 1.70% per annum, but not less than 1.70% per year. The credit line is secured by pledge on current and future funds on current accounts in Expressbank AD.

Overdraft credit from Raiffeisenbank EAD (Bulgaria)
In February 2019, a company from the EPV concluded with Raiffeisenbank (Bulgaria) EAD a contract for overdraft credit in the amount of EUR 15.3 million (BGN 30 million). The final repayment date is December 20, 2019. The applicable interest rate on the loan is Reference interest rate in BGN plus 1.45% per annum, but not less than 1.45% per year. The credit is unsecured. The co-debtor under the contract is EPV.

Bilsev loan guarantee (Note 29)
EPas had provided a guarantee and certain other undertakings to Akbank (Turkey) in connection with USD 166,000 thousand loan to Bilsev for the construction of the Karakurt dam and related HPP. As of 31 December 2018, USD 88,000 thousand was drawn under this credit facility. On 18 February 2019, Amended Finance Documents were signed with respect to Bilsev's credit facility as part of which, amongst other things, the amount of the facility was reduced to USD 141,000 thousand, DKHI provided a guarantee for the entire facility and the EPas guarantee was limited to USD 50,000 thousand. The Amended Finance Documents are now effective.

Litostroj Power d.o.o. revolving credit facility guarantee (Note 29)
EPas had issued a guarantee in favour of a club of banks in connection with a EUR 8,000 thousand revolving credit facility for Litostroj Power, d.o.o.. The guarantee was for 50% of the drawn amount. As of 31 December 2018, EUR 8,000 thousand was drawn under this facility. Since the date of issuance of the financial statements, the amount of this revolving credit facility has been reduced to EUR 4,000 thousand and the EPas guarantee increased to 100% of the drawn amount.

EP MVE
In February 2019, EP MVE concluded a loan agreement with Komercni banka a.s with a term credit facility in the amount of EUR 11 million (CZK 280 million). The maturity date is December 2033. The applicable interest rate on the credit facility is PRIBOR+ 1.40% per annum. The credit facility is secured by pledge of shares of EP MVE, pledge of tangible and intangible assets, receivables of EP MVE. The purpose of the credit facility is refinancing of investment costs related to the HPP Brandys and Labem.

DEL
In March 2019, DEL refinanced its existing loan with Unicredit Bank Czech and Slovakia, a.s. (Czech Republic) with a term credit facility in the amount of EUR 41 million (CZK 1,050 million). The maturity date is March 2029. The applicable interest rate on the credit facility is PRIBOR+ 1.75% per annum. This loan is secured by the pledge of DEL' shares, pledge of tangible and intangible assets, receivables of DEL. The purpose of the credit facility is refinancing existing debt and general corporate purposes.