E3

2018

ANNUAL

REPORT

Do not waste energy

BUSINESS REPORT

FINANCIAL REPORT

BUSINESS REPORT

1 INTRODUCTION

Dear all,

A steady rise in electricity prices, which continued in 2018, had increased the risk exposure on the electricity market. A brief drop in prices at the beginning of the year was followed by steady growth and by the end of the year, the base load prices of energy reached record levels. The reasons for such difficult market conditions are predominantly increased electricity consumption, unstable global politics, high prices of CO2 coupons and a higher share of electricity produced from renewable sources, the consequence of which is a rather unstable production. A specific feature of the electricity price movement in 2018 was also extreme volatility of the 24-hour price offer, as prices fluctuated from €2 to €3/MWh, causing major problems to traders when drawing up the offers and managing risk exposures. Business customers have experienced a rise in electricity already in 2017 and in 2018, the price increase spread also to the household consumption.

In terms of competition, the electricity market in Slovenia is extremely demanding both in the field of business and household consumption as each segment has its own specific characteristics that need to be considered. Moreover, each of the electricity providers designs and manages its own strategy, aiming to devise the most competitive offer to ensure success on the market. In addition to successful sales strategies, efficient risk management and proper management of the portfolio also have a major impact on the Company's performance.

In spite of unfavourable conditions in the electricity market, E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o. (hereinafter: E 3) continued its successful business operations in 2018, demonstrating that even under adverse market conditions it can manage its business processes and risks well and efficiently. The trend of increased sales of electricity has continued for the fourth consecutive year both in terms of business and household consumption. Our business customers have access to continuous information on the market situation, which is crucial when making decisions and advising customers on the most suitable purchase model. We realise that the foundation of our success is a comprehensive offer and optimum solution to our customers' energy needs. Thus, our household offer of electricity follows the needs of a modern society and sales packages tailored to individual lifestyles are crucial to our Company's success. Our goal is to foster close relations with our customers to be able to recognise and satisfy their needs to the highest degree possible. To this aim, we devote major attention to individual treatment of customers either through personal contact or through a professionally qualified contact centre. Large number of customers are using the e-commerce and have joined the "My E3 portal".

In the Production and Services Department, the Company continued its mission of increasing electricity generation from renewable sources and implementing measures that ensure efficient use of electricity. Hence, our activities were directed towards both: operation of existing facilities and construction of new ones. The renovation of the Majska Poljana boiler house was completed in 2018, as was majority of the work on the wood chippings dryer facility. In addition to these investments, the above mentioned department is the one having major responsibility for establishing a virtual power plant platform, which is an important strategic step forward for our Company.

The Research and Development Department continues its work in the international 3Smart project, which is one of the most important projects taking place in this field, and our participation is a confirmation of the high level of our knowledge and ambitions in this particular segment.

In collaboration with HSE and the Italian partner Adria Link, in 2018 the Company was involved in the drafting of documentation for the construction project of international cable ducts Dekani - Žavlje and Vrtojba - Redipuglia.

Considering the fact that in the field of energy certain projects can not be implemented overnight, we have devoted much of our attention and efforts to planning and drafting our long-term business strategy by setting out guidelines and activities that will ensure the achievement of the set goals.

To ensure smooth business operations, a business needs large amount of support from its support services, such as the IT, legal services, and those responsible for reporting and data processing. A new ERP system was implemented in 2018, as well as the new rules on personal data protection. Furthermore, at the request of the owner, the Company underwent a due diligence.

Of course, we shouldn’t forget that success of the Company depends primarily on its employees and we are promoting targeted, entrepreneurial thinking and activities of all employees, focussing on results, self-initiative and honesty, being mindful of the fact that mutual respect and effective communication between employees are the cornerstone of our day-to-day operation and cooperation.

E 3 has always been aware of its social responsibility and has invested considerable amount of its funds in the environment in which it operates. The Company supports sports, cultural, educational and other institutions, and contributes to the success of the wider community where it operates.

We are extremely proud of the fact that as a recognition of our strategy, we have been awarded the "Golden Credit Excellence" certificate for the third year in a row.

The management and employees of E 3 have set up ambitious goals for the next financial year, and continuous growth of the Company instils confidence and conviction that we can achieve even more and reach even higher. The foundations for the development of new products are solid and we are confident that we can meet the energy needs of our customers.

The future of the Company is focused on customer satisfaction. To achieve this, we need to develop new products and diversify our offer to meet various needs and expectations of our customers. Recognising our customer needs remains our core goal as it provides the basis for our competitive advantage in the long run. Equally important is our goal of meeting the expectations of other stakeholders of the Company such as the owner, suppliers, employees and the environment.

We fully comply with the commitments set out in our mission and follow the challenges of our vision. Innovation, entrepreneurship, care for the environment and employee education are our core values that we are faithfully pursuing in our daily work. We are a reliable partner that possesses relevant knowledge and experience and we supply electricity to every seventh household in Slovenia.

You are cordially invited to come and join our "energy".

Darko Pahor,
General Manager

2 MANAGEMENT RESPONSIBILITY STATEMENT

The management has approved the financial statements and business report for the year ended 31 December 2018 and the accompanying accounting policies and notes contained in the proposed Annual Report.

The Management is responsible for the preparation of the Annual Report that gives a true and fair presentation of the financial position of the Company and of its financial performance for the year ended 31 December 2018.

The Management confirms that the appropriate accounting policies were consistently applied, and that the accounting estimates were made under the principle of prudence and the diligence of a good manager. Furthermore, it confirms that the financial statements and notes thereto were prepared on a going concern basis and in accordance with the applicable Slovene legislation and Slovene Accounting Standards.

The Management is also responsible for the appropriate accounting system and adoption of measures to secure the assets, and to prevent and detect fraud and other irregularities and/or illegal acts.

The Company runs its operations in strict compliance with applicable laws and tax regulations, and the Management does not expect any significant liabilities in this respect.

Nova Gorica, 10 May 2019

Darko Pahor,
General Manager

3 CORPORATE GOVERNANCE DECLARATION

Pursuant to provisions of the fifth paragraph of Article 70 of the Companies Act (ZGD-1), E 3 issues the following corporate governance declaration for the period from 1 January to 31 December 2018.

REFERENCE TO THE APPLICABLE GOVERNANCE CODE

The Company has complied with the Corporate Governance Code for Companies with State Capital Investments since December 2014 (as amended in March 2016) and, since May 2016, also with the Corporate Governance Code for Non--Public Companies, issued jointly by the Ministry of Economic Development and Technology, the Chamber of Commerce and Industry of Slovenia and the Slovenian Directors' Association. The Slovenian Sovereign Holding Code is available at http://www.sdh.si; while the Corporate Governance Code for Non-Public companies can be found at https://www.gzs.si. The Company has not adopted its own Corporate Governance code and its corporate governance runs in accordance with the provisions of the Companies Act (ZGD-1) and of the aforementioned Codes.

DECLARATION OF COMPLIANCE WITH THE PROVISIONS OF THE CODE

In its operations, the Company complies with the above mentioned codes, their guiding principles and recommendations of the Slovenian Sovereign Holding.

DESCRIPTION OF THE MAIN FEATURES OF THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS ASSOCIATED WITH THE FINANCIAL REPORTING PROCESS

The Management is responsible for keeping relevant books of account and establishment and provision of internal control and internal accounting controls, for selection and application of adopted accounting policies and for safeguarding of the Company's property. The Management is also responsible for the adoption of appropriate measures for securing the Company's assets and for preventing and detecting fraud and other irregularities. The Company's internal control system is based on a three-line defence system (1. operational management or risk owners; 2. supervisory functions, including compliance of operations as risk managers; 3. internal audit responsible for providing independent assurances), and has been established with the aim of pursuing the following goals:

- accuracy, reliability and completeness of accounting records, and true and fair financial reporting,
- compliance with legislation and other regulations;
- efficiency and successful business performance.

The financial statement audit of the Company was performed by the auditing firm Ernst & Young d.o.o., Ljubljana. During the financial statement audit the external auditor cooperates with the Company's internal audit services. External and internal auditors report their findings to the Management Board, Supervisory Board and the Supervisory Board's Audit Committee of the parent Elektro Primorska.

The Management is well aware that each internal control system has its own limitations, and therefore it seeks to establish the most effective system of internal controls that will limit the occurrence of unexpected events in a cost-efficient manner.

Risks to which the Company is exposed and risk assessment mechanisms used are described in detail in Section "Risk management".

INFORMATION ON THE COMPOSITION AND OPERATION OF THE MANAGEMENT AND SUPERVISORY BODIES

Pursuant to provisions of Articles of Association of E 3, the Company is managed by its Director, who makes decisions independently and at his own risk.

Under the central management rules laid down in the Companies Act (ZGD-1), the Company has no Supervisory Board as the supervisory function is performed by the President of the Board of Directors of the parent Elektro Primorska. In addition, the General Meeting of Shareholders is represented by the President of the Board of Directors of Elektro Primorska.

OWNERSHIP STRUCTURE

E 3 was established in 2004 and recapitalised by division of the electricity procurement and sale sector from the parent Elektro Primorska.

Thus, the parent Elektro Primorska holds a 100 percent stake in the Company.

As at 31 December 2018, the Company's share capital amounts to €6.5 million.

4 REPORT ON TRANSACTIONS WITH THE CONTROLLING ENTITY

The controlling entity Elektro Primorska did not impose its influence on subsidiary E 3 to make it carry out an adverse legal transaction or to perform or omit an action to its detriment.

In the circumstances known to the Company at the time legal transactions were agreed with the parent Elektro Primorska, subsidiary E 3 received suitable payments for each legal transaction and was not disadvantaged as a result of transactions with its parent.

5 GENERAL DISCLOSURES

5.1 PRESENTATION OF THE COMPANY

The company E 3 ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o. was established on 15 November 2004.

The company name:	**E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o.**
Abbreviated name:	**E 3, d.o.o.**
The registered seat of the company:	**Erjavčeva ulica 24, 5000 Nova Gorica** telefon: **05 331 33 00**, faks: **05 331 33 05**
VAT ID number:	**SI17851262**
Company number:	**2010593000**
Business accounts are held at the following banks	**SI56 0475 0000 1868 368** (Nova KBM d.d.) **SI56 0294 5025 9665 734** (NLB d.d.) **SI56 0475 0000 1095 763** (Nova KBM d.d.) closed on 2 February 2018 **SI56 0510 0801 5653 755** (ABANKA d.d.) closed on 2 March 2018

The Company is registered in the register of Companies at the District Court in Nova Gorica under the number 1/04504/00.

Share capital:	**6.522.016,72 EUR**
Ownership share:	As the holder of a 100 percent interest in its subsidiary, the parent Elektro Primorska is the sole owner of E 3.
The Company representative:	Darko Pahor (appointed on 1 April 2013)

Associated company:	**KNEŠCA d.o.o.**
Ownership share:	E 3 holds a 47.27 percent stake in its subsidiary, while ten (10) natural persons hold the remaining 52.73 percent stake

5.2 COMPANY STRUCTURE

The company E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o. was established by Elektro Primorska primarily to meet the requirement for legal division of services of general economic interest from market activities and production. These legal requirements are laid down in Article 15 of Directive 2003/54/EC and Article 23b of the Energy Act.

Presently, E 3 is composed of the following major internal organisational units:

- **Department for Key Accounts Sales and Portfolio Management**, responsible for energy traiding and portfolio management;
- **Department for Household and small business Sales**, responsible for energy traiding;
- **Department for Production and Services**,engaged in electricity production from renewable sources and co-generation; supply of steam and hot water; supply of district heating as part of providing services of general economic interest, and activities promoting efficient use of energy.
- **General Services**, engaged in the provision of common services.

The Company has **its own research and development department**, engaged in research and development of new products.

5.3 HUMAN RESOURCES

TABLE 1: *Number of employees by level of education*

Title and level of professional education	At 31 Dec 2018
PhD (8/2)	0
Master of Science (8/1)	3
Specialisation according to higher professional study programs University programs (7)	8
Specialisation according to short-cycle higher education programs Higher professional study programs (6/2)	15
Short cycle higher education programs (6/1)	7
Secondary school (5)	15
Vocational school (4)	4
Unskilled workers (1)	1
TOTAL	**53**

As at 31 December 2018, E 3 employed 53 staff: 32 women and 21 men. The average number of staff employed in 2018 was 50 (2017: 46).

5.4 RISK MANAGEMENT

All the risks the Company is exposed to were re-assessed in 2018 and a new register of identified risks was compiled. Thus, we identified four groups of financial risks, two operational, three strategic and one regulatory risk. Based on the established methodology, we assessed the level of individual risk and designed appropriate risk mitigating measures.

Risks are managed systematically based on a comprehensive risk management policy developed within the internal EP working group and adopted at the level of the Elektro Primorska Group. Risks are managed based on the Integrated Risk Management methodology in cooperation with internal audit services who provide recommendations on the implementation of business processes.

One of the key tasks performed by the Company's management is identification, supervision and risk management in accordance with the Company's business strategy.

E 3 is exposed to risks in all areas of its business: in the production of electricity, its marketing and, accordingly, also in the financial field. Key risks identified are listed below.

FINANCIAL RISKS

Credit risk arises as a result of losses due to untimely fulfilment or even default on the part of customers of electricity. The Company mitigates credit risk by carefully checking the creditworthiness of its customers, by continuous monitoring and managing credit exposure to individual customers according to the set limits, and by close monitoring of outstanding receivables. To this aim, we have developed a special Customer Relationship Management system (CRM) for the monitoring of receivables, as means of improving our receivable recovery process. In order to reduce the risk involved, electricity sales to key customers are agreed in a contract that includes adequate collateral (bills or bank guarantees) and by taking out insurance policy as means of securing receivables due from certain key customers with the selected insurance institution. Risk management is associated not only with collateral, but mainly with precisely defined contractual terms and conditions of sale, which the Company enforces for all types of transactions. For this purpose, the Company has established receivable recovery process that identifies process owners and sets relevant thresholds for implementing certain measures within the recovery process. Credit risk assessment: medium.

Liquidity risk arises if the Company is unable to meet its financial obligations on maturity. As the Company ensures daily monitoring and planning of short- and long-term solvency through regular coordination and planning of its cash flows, the liquidity risk falls within the range of acceptable parameters and as such is manageable. Liqudity risk assessment: medium.

OPERATIONAL RISKS

In addition to the external risks arising from concluded contracts, the Company also manages internal risks arising from the Company's operations and its organisation.

Operational risk is present in all business operations carried out by the Company. The risk of a financial loss may arise due to inefficient information technology (IT risks), quality and control processes (business risks). These risks are mitigated by establishment of a system of controls, which are based on the principle that all the major operations are performed under control of at least two persons, by permanent improvements and upgrading of the information structure, and by automatic control of the individual stages of processes. In addition, the Company endeavours to mitigate the risk by precisely specifying all the processes, clearly defining the roles of individuals including their powers and responsibilities, and by adopting relevant manuals and policies. The most important means of operational risk mitigation are highly professional, experienced and motivated employees, who are expected to constantly acquire new knowledge and improve their existing skills, work dynamics, multidisciplinarity, teamwork and self-initiative. The provision of appropriate working conditions and environment should prevent potential loss of key employees, which is the essence of efficient HR risk management. Operational risk assessment: medium.

MARKET RISKS

The risks result from uncertain price movements on the domestic and foreign electricity markets, where the Company is present, and from the open position of its trading portfolio. An open position that is exposed to market risk arises when the aggregate quantity of electricity purchased at a fixed price over a given accounting period deviates from the quantities sold at a fixed price. In doing so, this risk is managed largely by ensuring that each sale has an appropriate purchase transaction, and vice versa. Market risk assessment: medium.

QUANTITATIVE RISKS

They arise on account of the difference between the reported (leased) and the actual quantity of electricity delivered and are identified as portfolio management risks. Quantitative risks stem from open agreements, that is, from all contracts with end customers and qualified producers. The contracts agreed with key end customers contain a safeguard to protect the Company in the event of under- or over- purchased quantity of electricity. The quantitative risks of the entire subgroup of assets are mitigated by balancing daily or monthly amounts of electricity sold through a settlement agreement concluded with Holding Slovenskih elektrarn, d.o.o. Quantitative risk assessment: medium.

LEGISLATIVE RISKS

Legislative risks result from changes in market rules or legislation on the Slovenian and foreign electricity markets, and may affect business results. Developments in the relevant legislation are monitored constantly to ensure prompt response to any potential changes by adjusting our trading and production activities. Legislative risk assessment: medium.

5.5 SUBSEQUENT EVENTS

No significant events occurred after the reporting date that could have an impact on the Company.

6 ELECTRICITY TRADING

6.1 ELECTRICITY PURCHASE

E 3 purchases electricity on the bilateral and daily markets from various electricity suppliers, while additional purchases of electricity are made directly from small power producers.

The Company has adopted a portfolio management policy that serves as means of limiting risks that may arise as a result of major and frequent price changes on the stock exchange. Majority of electricity (93 percent) was purchased under long-term agreements on the bilateral market in 2018, around 6 percent of electricity was purchased on the daily market and slightly more than one percent of electric power was bought from small producers.

In 2018, we focussed our time and efforts on improving our forecasting of electricity consumption and reducing the cost of deviations, which was reflected in a much reduced absolute forecast error.

The Company sells electricity to business and household customers and for this reason we have adopted two separate purchase strategies to achieve the planned margin and, of course, mitigate the risk. For customers with whom we have agreed contracts for an indefinite period, electricity is bought when prices are in line with our purchase strategy. For customers with whom we have concluded fixed-term contracts, however, most of the electricity is purchased at a time when these buyers agree to the supply of electricity.

Forward purchases for the financial year 2018 started in early 2015, and continued until 2017. In addition, some forward purchases were made also in 2018. Any shortfalls of quantities based on forward purchases were made up by purchases on the daily market.

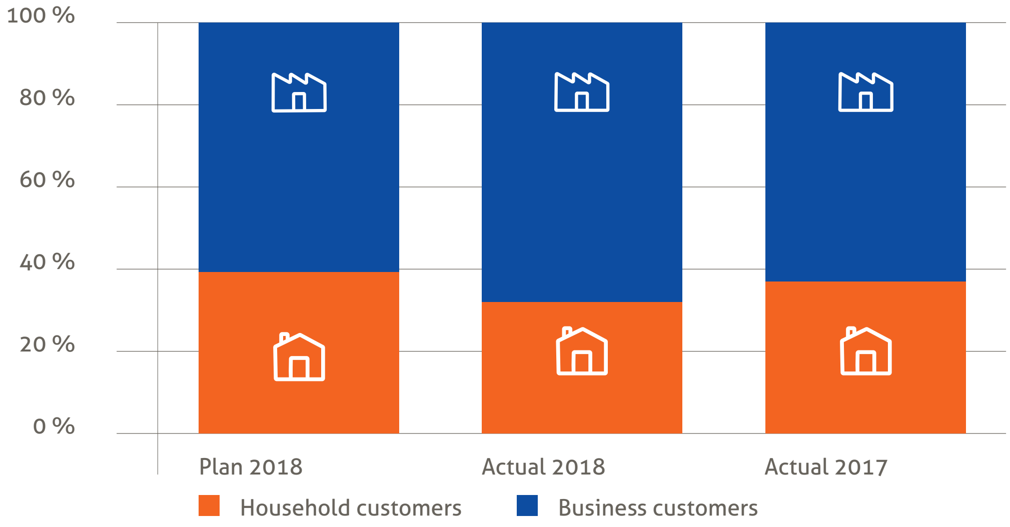
6.2 SALE OF ELECTRICITY

E 3 sold 1,580,641 MWh of electricity in 2018, up 6 percent on the plan and 17 percent more than in 2017.

TABLE 2: *Sale of electricity in MWh*

	Plan 2018	Actual 2018	Actual 2017	Index 2/1	Index 2/3
	1	2	3	4	5
Household customers	580,000	531,735	516,629	92	103
Business customers	911,000	1,048,906	834,616	115	126
TOTAL SALES	**1,491,000**	**1,580,641**	**1,351,245**	**106**	**117**

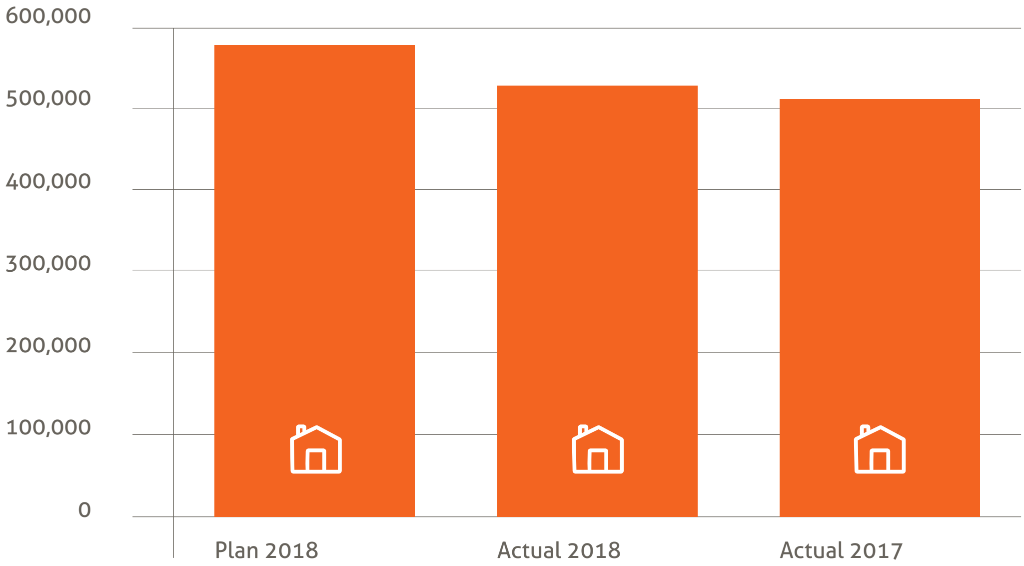
FIGURE 1: *Electricity sale by type of feed in MWh*



6.2.1 SALE OF ELECTRICITY TO HOUSEHOLDS

The increase in the prices of electricity sold to household customers in the autumn of 2018 was a direct result of the rise in electricity prices on the stock exchange. Despite a highly volatile market and fierce competition, we again gained new customers and significantly improved our market position. A total 531,735 MWh of electric power was sold to household customers, which is 3 percent more than in 2017 but 8 percent below the planned quantities.

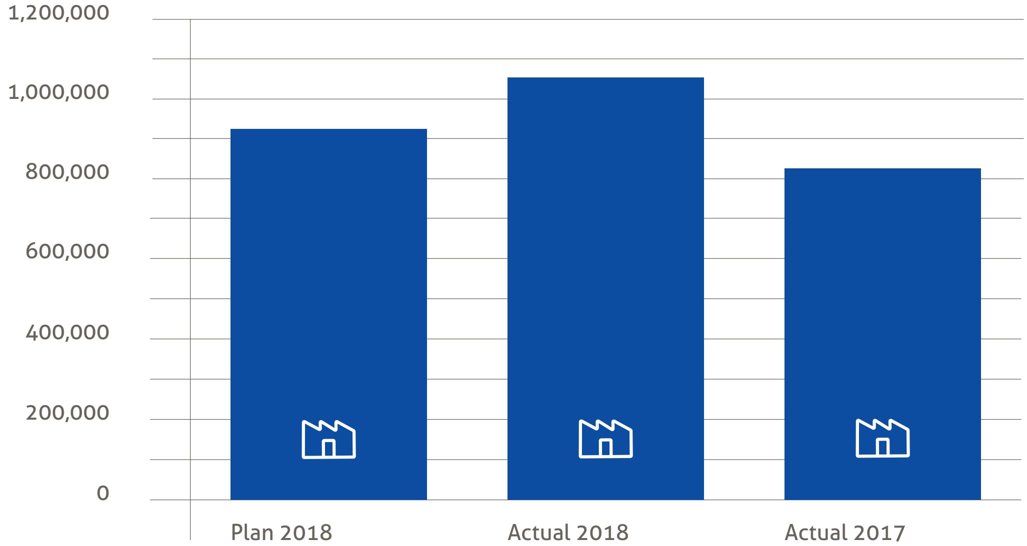
FIGURE 2: *Sale of electricity to households in MWh*



6.2.2 SALE OF ELECTRICITY TO BUSINESS CUSTOMERS

In 2018, 1,048,906 MWh of electricity was sold to business customers, up 15 percent on the plan and 26 percent more than in 2017. A significant increase in sales compared to the planned quantities is the result of the acquisition of new customers and the increase in the electricity sold on the Italian market.

FIGURE 3: *Sale of electricity to business customers in MWh*



6.3 SUMMARY OF ACTIVITIES CARRIED OUT IN THE YEAR UNDER REVIEW

Activities aimed at acquiring new and retaining existing customers carried out in 2018:

- These activities included continuation of a systematic processing of household and small business customers throughout Slovenia
- The "Spring Energy 2018" campaign
- Promotional and editorial efforts in all the Company's digital media - web site, as well as Facebook and LinkedIn social networking sites and YouTube
- "Feel the Energy of Springtime" marketing and communication campaign
- Various activities aimed at the acquisition of major business customers
- Organisation of internal training
- Development of advanced sale models for large business customers
- Complete implementation and integration of the portfolio management information system
- An upgrade of the portfolio management policy
- Drafting of our long-term business strategy

7 PRODUCTION AND SERVICES DIVISION

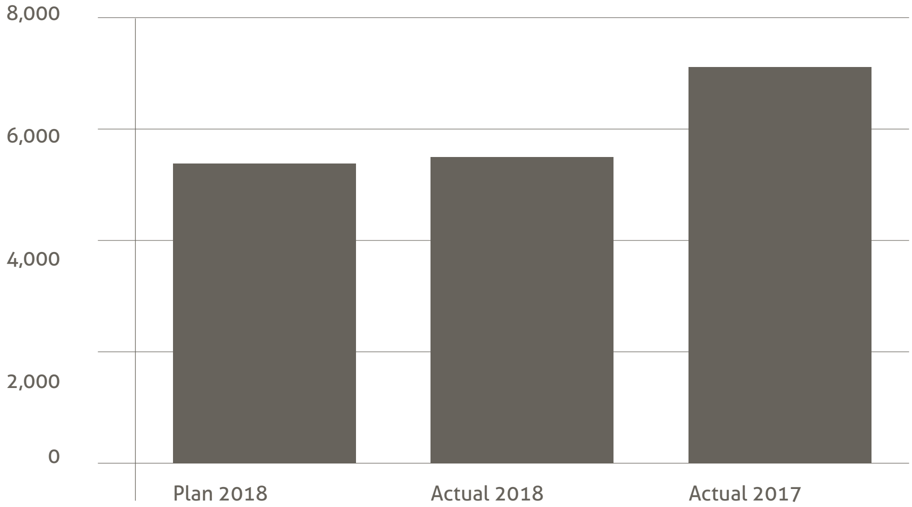
7.1 ELECTRIC POWER GENERATION

In 2018, we produced 5,461 MWh of electricity, 0.4 percent below the plan and a 24 percent reduction compared to the previous year.

The reason for the reduced production in comparison with 2017 is discontinuation of the SPTE MEBLO production unit, whose contract for the support scheme expired in 2018, and the unit's operation was discontinued as planned. Following our successful bid for the Eko Fund tender, the SPTE Meblo production unit will be refurbished in 2019 and production will resume in 2020.

All other production units achieved expected results with only slight deviations.

FIGURE 4: *Electric power generation in MWh*

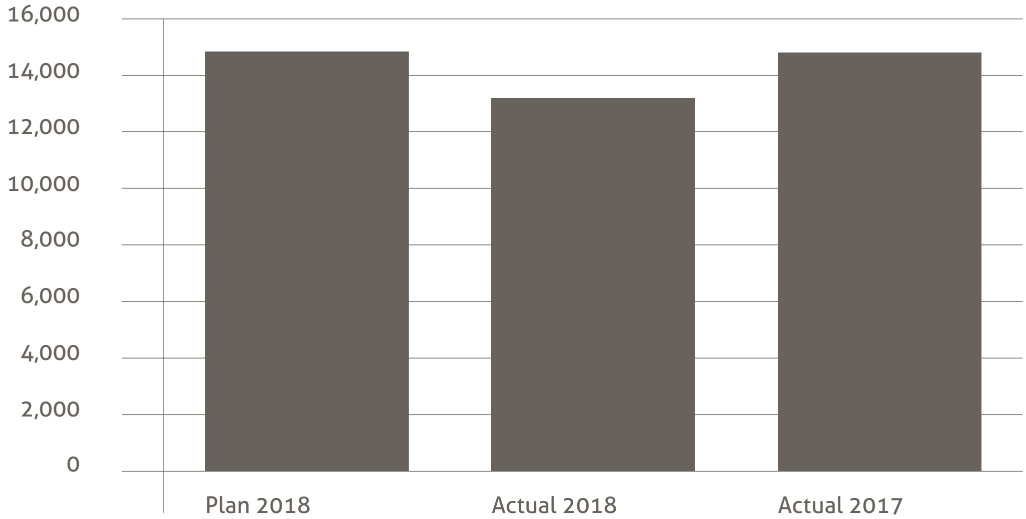


7.2 HEAT PRODUCTION

A total 13,277 MWh of heat was produced in 2018, which is in line with the plan but 10 percent below the previous year's production. A reduction in the production volume can be attributed to a drop in demand by our largest customer. The total heat output in 2018 was also influenced by the expiration of the contract for subsidies for the SPTE Meblo.

In 2018, we devoted much attention and efforts to acquiring new major network customers and thus, we expect a higher volume of production and, consequently, improved sales in the financial year 2019.

FIGURE 5: *Heat production in MWh*



7.3 SUMMARY OF ACTIVITIES CARRIED OUT IN THE YEAR UNDER REVIEW

- The Production and Services Department made a significant investment in the acquisition of land and landscaping work at the location of the boiler room at Majske poljane
- Activities associated with the construction of the warehouse and Meblo drying room
- Documentation was drafted for participation in the tender issued by the Energy Agency for registration of production facilities for generation of electricity from renewable energy sources and in high-efficiency co-generation of heat and power to enter the 2018 support scheme (SPTE KENOG)
- All production units underwent regular inspection and service
- Implementation of the energy saving program
- Reporting on the implementation of the energy saving program
- Reporting among other to the Energy Agency, the Eko Fund, and the Agency of the Republic of Slovenia for the Environment
- Purchase and establishment of a virtual power plant platform
- Technical upgrades of production units for the needs of the virtual power plant

8 RESEARCH AND DEVELOPMENT DEPARTMENT

The Research and Development Department focussed on projects in the field of smart grids and electromobility in 2018.

As part of the 3Smart project, activities and tasks continued on a joint project with Faculty of Electrical Engineering and Computer Science from Zagreb as the lead partner and other partners. These included research and study of the relevant legislation and the current situation in the field of smart grids and energy management in the Republic of Slovenia and the Czech Republic. As part of the project, majority of the test polygon in Idrija was set up in 2018. This included installation of temperature sensors in the classrooms of the primary school and the "Modra dvorana" in Idrija, the motor valves on the radiators of the primary school and the "Modra dvorana" in Idrija, water temperature sensors in the heating system, calorimeters, electricity meters for key consumers, a 30 kW solar power plant and 100 kW and 50 kW heat power co-generation unit. Currently work continues on software development and setting up a database for collection and analysis of all data collected from these devices, with the aim of efficient resource management and energy consumption in the primary school and the "Modra dvorana" in the town of Idrija. Two employees worked full-time on the 3SMART project, while five other members of staff contributed their expertise and skills as and when necessary.

In the field of electromobility, we monitored and ensured smooth operation of four charging stations owned by E 3. Activities began for acquisition of the fifth charging station, involving acquisition of either location or an existing charging station at a public car park in Fornače near the Piran sea resort. Currently the charging station is owned by SODO. However, since its technology is outdated and does not allow remote control and management, at the end of 2018, we began negotiations for the purchase of the site and subsequent replacement of the existing charging station with a more modern one.

9 PERFORMANCE RATIOS

In accordance with provisions of Slovene Accounting Standards (SAS), performance indicators are divided into the following groups of basic ratios:

- Financing state ratios
- Basic investment ratios
- Horizontal financial structure ratios
- Efficiency ratios
- Profitability ratios

THE BASIC RATIOS OF FINANCIAL STATE

These show the relationships between equity and liabilities and are used to identify the financing structure of assets, while at the same time they express the degree of the Company's financial independence.

No.	Description	2018	2017	2016	2015	2014	2013	2012
1.	**Equity financing rate** (equity/liabilities)	0.395	0.448	0.467	0.440	0.459	0.401	0.295
2.	**Long-term financing rate** equity. long-term liabilities and provisions/liabilities	0.428	0.493	0.517	0.494	0.466	0.416	0.323
3.	**Debt financing rate** debt/equity and liabilities	0.589	0.534	0.511	0.556	0.531	0.588	0.700

Financing indicators show the structure of the Company's financing and the level of its financial independence.

THE BASIC INVESTMENT RATIOS

These ratios show where the Company invested its assets and its structure of the assets in relation to such investments.

No.	Description	2018	2017	2016	2015	2014	2013	2012
1.	**Operating fixed assets rate** fixed assets/assets	0.184	0.219	0.236	0.263	0.232	0.238	0.252
2.	**Financial investment rate** long-term and short-term investments/assets	0.016	0.019	0.020	0.020	0.026	0.021	0.021
3.	**Long-term assets rate** fixed assets. long-term investments and long-term operating receivables/assets	0.203	0.242	0.256	0.283	0.256	0.259	0.275

BASIC RATIOS OF HORIZONTAL FINANCIAL STRUCTURE

These ratios show financing of the individual groups of assets, while liquidity ratios show the Company's ability to settle its short-term financial liabilities.

No.	Description	2018	2017	2016	2015	2014	2013	2012
1.	Equity to fixed assets ratio equity/fixed assets	2.145	2.043	1.977	1.678	1.981	1.685	1.170
2.	Acid test ratio liquid assets/short-term liabilities	0.069	0.078	0.092	0.025	0.051	0.083	0.023
3.	Quick ratio liquid assets+ short-term receivables/short-term liabilities	1.318	1.410	1.449	1.209	1.278	1.244	1.025
4.	Current ratio short-term assets/short-term liabilities	1.318	1.410	1.449	1.209	1.284	1.244	1.026

These ratios show financing of the individual groups of assets and the Company's ability to settle its short-term financial liabilities.

THE BASIC EFFICIENCY RATIOS

The operating efficiency ratio shows that the Company's operating result is positive.

No.	Description	2018	2017	2016	2015	2014	2013	2012
1.	Operating efficiency ratio operating revenue/operating expenses	1.005	0.999	1.018	1.019	1.009	1.045	0.980
2.	Total efficiency ratio revenue/expenses	1.007	1.001	1.020	1.019	1.012	1.045	0.980

THE BASIC PROFITABILITY RATIOS

Analysis of the profitability ratio shows how well the Company has performed.
Return on Assets Indicator (ROA) shows the share of the profits that the Company generates with its own funds.

No.	Description	2018	2017	2016	2015	2014	2013	2012
1.	Net profitability of assets net profit or loss/sales revenue	0.006	0.001	0.017	0.017	0.009	0.043	–0.016
2.	Net return on assets ratio (ROA) net profit or loss/average assets	0.014	0.003	0.037	0.037	0.018	0.105	–0.041
3.	Net return on equity ratio (ROE) net profit or loss/average equity (net of the net profit or loss for the financial year)	0.033	0.008	0.087	0.090	0.049	0.322	–0.138

9.1 FINANCIAL RATIOS

Financing state ratios show the share of equity. debt and deferred liabilities in the structure of all sources of financing. These ratios are particularly important when the Company is deciding on its long-term financing strategy (capital structure). High proportion of capital in financing and low level of short-term funding provide creditors the information on how safe their investment is.

Equity financing rate shows the share of equity financing in total assets. In 2018, the equity financing rate of 39.5 percent shows a decline of 5.5 percentage points compared to 2017. Despite the fact that the value of capital has increased compared to the previous year, the ratio is lower due to a large scale increase in short-term operating liabilities. Liabilities to providers of funds increased more in nominal terms than did the value of equity.

Debt financing rate shows the debt financing of the Company's assets. In 2018, the debt financing rate of 43 percent shows a reduction of 6 percentage points compared to 2017, which is primarily the result of a relatively small increase in the value of capital against the increase in short-term liabilities, primarily supplier payables.

Long-term financing ratio of 58.9 percent is up by 5.5 percentage points compared to 2017. This is due to a relatively high increase in liabilities (in particular supplier payables) and moderate increase in capital compared to the previous year.

9.2 INVESTMENT RATIOS

The investment ratios provide an important guideline for the Company when making decisions on its investment projects.

Operating fixed assets rate shows the share of fixed assets in total assets. In 2018, the share of fixed assets accounted for 18.4 percent of total assets, down 3.5 percentage points compared to 2017, due to the fact that the value of fixed assets decreased on account of depreciation, while an increase was recorded in other short-term assets.

Investment assets rate tells us the share of the Company's assets that are involved in the emergence of financial income. At the end of 2018, short-term and long-term investments accounted for 0.16 percent of the Company's assets, which is slightly less than in 2017.

Long-term investment rate shows the share of long-term assets in total assets, which at the end of 2018 stood at 20.3 percent, down 3.9 percentage points compared to 2017. The reason for this decline is a decrease in the fixed assets alongside an increase in short-term operating receivables.

9.3 HORIZONTAL FINANCIAL STRUCTURE RATIOS

Regarding the long-term financial balance, the Company monitors its horizontal financial structure ratios, the most important of which is the quick ratio, which shows the impact of the amount and structure of current assets against current liabilities.

Equity to fixed assets ratio shows the ratio between equity and fixed assets, which amounted to 2.15 in 2018, up 0.10 percentage point compared to 2017, as the result of a slight increase in capital on account of the 2018 profit and a reduction in the value of fixed assets.

Acid test ratio, quick and current ratios indicate the Company's solvency position.

Acid test ratio shows how many short-term liabilities the Company is able to **settle on a given day with its liquid assets**. At the end of 2018, the Company could settle 6.9 percent of its short-term liabilities with cash. Compared to 2017, the ratio fell by 0.9 percentage points due to an increase in the short-term liabilities.

Quick ratio shows the Company's ability to cover short-term **liabilities with cash and short-term receivables**. At the end of 2018, it stood at 1.32, a decline of 9 percentage points compared to 2017, on account of a relatively high growth in short-term liabilities (both operating and financial liabilities), rather than due to the increase in short-term receivables.

Current ratio expresses the coverage of short-term debts **with cash and other short-term assets, including inventories**. At the year-end, it stood at 1.32, down 9 percentage points compared to the previous year, due to a high increase in short-term liabilities (in particular payables to suppliers and banks) rather than an increase in short-term receivables (an increase in short-term trade receivables is lower than the increase in payables to suppliers and banks).

9.4 EFFICIENCY RATIOS

Operating efficiency ratio is the ratio between operating income and operating expenses and reflects the efficiency of the Company's operations, since the financial income and expenses and other revenues and expenses are excluded from the ratio calculation. In 2018, this ratio amounted to 1.005 which means that operating expenses exceeded operating revenues by 0.5 percent and the cost efficiency improved in comparison with the previous year by 0.6 percentage points.

Total efficiency ratio is the ratio between total revenue and total expenditure. The ratio reached 1.007 in 2018, up 0.6 percentage points compared to the previous year, reflecting an improvement in the overall efficiency. In 2018, the Company further improved its efficient use of available funds and achieved a slight increase in profitability.

9.5 PROFITABILITY RATIOS

Net profitability of revenues shows that the Company generated €0.55 of profit per each €100 of revenue, which is significantly more than in 2017, mainly on account of an increase in the net profit of the year along with an increase in net sales revenues compared to 2017.

Return on assets ratio (ROA) shows the share of profits that the Company achieves with its own resources and reveals how successful the management has been in managing the Company's assets. ROA reached 1.3 percent in 2018, which is more than in 2017, when it stood at 0.3 percent.

Return on equity ratio (ROE) shows how much net profit was generated by the Company based on the average equity invested. From the viewpoint of the Company owners, profitability of capital is one of the most important ratios as it shows how well the Company's management manages the Company's assets. ROE amounted to 3.31 percent in 2018, up 2.5 percentage points compared to the previous year, which is due to an increase in the net profit generated in 2018.

DIVERSITY POLICY

E 3 has not adopted a diversity policy relating to its governing bodies.

FINANCIAL REPORT

10 INDEPENDENT AUDITOR'S REPORT

EY
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This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the owner of E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o.

Opinion

We have audited the financial statements of E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o. (the Company), which comprise the balance sheet as at December 31 2018, the income statement, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o. as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with Slovenian accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those rules are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other information

Other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. Management is responsible for the other information

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

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. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in with Slovenian accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISA 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 financial statements.

As part of an audit in accordance with audit rules, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

▸ identify and assess the risks of material misstatement of the 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 Company's internal control;

▸ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

▸ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern;

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

Report on other requirements of the legislation

Management is also responsible for the preparation of financial statements with explanatory notes in accordance with Energy Act and the Slovenian Companies Act (regulatory financial statements), which are included in the note 12 of the financial statements and in respect of which a separate auditor's report is issued in accordance with the requirements of the Energy Act.

Ljubljana, 10 May 2019

Sanja Košir Nikašinović
Director
Ernst & Young d.o.o.
Dunajska 111, Ljubljana

ERNST & YOUNG
Revizija, poslovno
svetovanje d.o.o., Ljubljana 1

Lidija Šinkovec
Certified auditor

11 FINANCIAL STATEMENTS

11.1 BALANCE SHEET

	Notes	31. 12. 2018	31. 12. 2017
			EUR
A. Long-term assets		8,487,284	8,515,464
I. Intangible assets	12.2.1	440,398	354,832
1. Long-term rights		320,997	272,044
2. Long-term deferred costs of studies		58,748	66,008
3. Other long-term deferred costs		28,232	–
4. Intangible assets being acquired		32,420	16,780
II. Property, plant and equipment	12.2.2	6,851,538	6,943,937
1. Land and buildings		3,993,543	3,960,076
a. Land		267,603	130,075
b. Buildings		3,725,939	3,830,000
3. Equipment		2,311,959	2,722,635
4. Property, plant and equipment being acquired		546,036	261,226
a. Property, plant and equipment under construction		546,036	261,226
III. Long-term investments	12.2.3	586,972	586,972
1. Investments in shares of group companies		483,993	483,993
2. Other shares and stakes		20,000	20,000
3. Long-term loans to others		82,979	82,979
IV. Long-term operating receivables	12.2.4	112,375	126,875
2. Other long-term operating receivables		112,375	126,875
V. Deferred tax assets	12.2.5	496,000	502,848
B. Current assets		27,251,569	21,847,472
III. Short-term operating receivables	12.2.6	25,817,037	20,644,390
1. Operating receivables due from the group		25,711	26,693
2. Trade receivables		24,579,327	19,434,036
3. Operating receivables due from others		1,211,999	1,183,660
IV. Cash and cash equivalents	12.2.7	1,434,532	1,203,082
C. Short-term deferred and accrued items	12.2.8	1,457,911	1,318,886
ASSETS		**37,196,764**	**31,681,823**

Notes are an integral part of the financial statements and should be read in conjunction with them.

	Notes	31. 12. 2018	31. 12. 2017
			EUR
A. Equity	12.2.9	14,694,228	14,188,892
I. Called-up capital		6,522,017	6,522,017
1. Share capital		6,522,017	6,522,017
III. Profit reserves		7,964,101	7,679,837
1. Legal reserves		117,173	117,173
2. Other profit reserves		7,846,928	7,562,664
IV. Fair value reserve		–25,052	–64,063
V. Retained earnings		–	0
VI. Net profit or loss for the year		233,163	51,102
B. Provisions and long-term accrued costs and deferred revenue	12.2.10	946,496	1,057,855
1. Provisions		262,000	330,131
2. Long-term accrued costs and deferred revenue		684,496	727,724
C. Long-term liabilities	12.2.11	291,667	358,334
I. Long-term financial liabilities		291,667	358,334
1. Long-term financial liabilities to banks		291,667	358,334
D. Short-term liabilities	12.2.12	20,670,465	15,499,986
I. Short-term financial liabilities		283,173	73,667
2. Short-term financial liabilities to banks		276,173	66,667
3. Other short-term financial liabilities		7,000	7,000
II. Short-term operating liabilities		20,387,292	15,426,319
1. Short-term operating liabilities to group companies		31,999	35,029
2. Supplier payables		18,718,102	13,987,443
3. Short-term operating liabilities from advances		1,030,948	918,570
4. Other short-term operating liabilities		606,243	485,278
D. Short-term accrued costs and deferred revenue	12.2.13	593,908	576,756
EQUITY AND LIABILITIES		**37,196,764**	**31,681,823**

Notes are an integral part of the financial statements and should be read in conjunction with them.

11.2 PROFIT AND LOSS ACCOUNT

			EUR
	Notes	1.–12. 2018	1.–12. 2017
1. Net sales revenue	12.3.1	85,220,912	71,369,617
a. On domestic market		78,915,158	67,100,226
b. On foreign markets		6,305,754	4,269,391
2. Capitalised own products and services	12.3.1	77,431	58,702
3. Other operating revenue	12.3.1	373,631	384,319
4. Cost of goods, materials and services	12.3.2	–82,264,441	–69,021,400
a. Costs of goods and material sold and costs of material used		–77,082,070	–63,974,696
b. Cost of services		–5,182,371	–5,046,431
5. Employee benefit costs	12.3.2	–1,892,379	–1,700,447
a. Payroll costs		–1,339,182	–1,209,881
b. Costs of supplementary pension insurance of employees		–62,739	–57,777
c. Social security costs		–228,341	–208,361
d. Other labour costs		–262,118	–224,498
6. Write-downs	12.3.2	–955,322	–1,093,987
a. Amortisation and depreciation		–747,088	–783,547
b. Operating expenses from revaluation of intangible assets and P, P&E		–544	–30
c. Operating expenses from revaluation of current assets		–207,690	–310,409
7. Other operating expenses	12.3.2	–113,308	–39,379
8. Financial income from shares and interests	12.3.3	56,728	94,546
a. Group companies		56,728	94,546
9. Financial income from loans	12.3.3	4,971	4,970
b. Granted to others		4,971	4,970
10. Financial income from operating receivables	12.3.3	113,814	82,156
b. Due from others		113,814	82,156
11. Financial expenses from investment impairment and write-off	12.3.4	0	0
12. Financial expenses from financial liabilities	12.3.4	–9,471	–14,692
a. Borrowings raised from group companies		0	0
b. Bank borrowings		–5,797	–8,873
d. Other financial liabilities		–3,674	–5,819
13. Financial expenses from operating liabilities	12.3.4	–29,301	–5,976
b. Payables to suppliers and bills payable		–28,781	–5,961
c. Other operating liabilities		-519	–15
14. Other revenue	12.3.5	412	105
15. Other expenses	12.3.6	–20,714	–27,501
PRE-TAX PROFIT OR LOSS OF THE ACCOUNTING PERIOD		562,963	91,033
16. Income tax payable	12.3.7	–89,642	–15,141
17. Deferred tax	12.3.7	–2,753	30,298
18. NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD	12.3.8	**470,567**	**106,190**

Notes are an integral part of the financial statements and should be read in conjunction with them.

11.3 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

			EUR
	Notes	2018	2017
18. NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD	12.3.8	470,567	106,190
19. Deferred tax on account of changes in revaluation		−4,095	833
20. Other components of comprehensive income		43,105	−8,764
21. TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12.3.9	**509,577**	**98,258**

Notes are an integral part of the financial statements and should be read in conjunction with them.

11.4 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

			EUR
	Notes	At 1 Dec 2018	At 1 Dec 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES	12.4		
1. Receipts from operating activities		167,460,147	150,273,535
a. Proceeds from sale of products and services		165,517,736	149,406,640
b. Other receipts from operating activities		1,942,411	866,895
2. Expenditure from operating activities		−166,822,406	−149,933,539
a. Expenditure for purchase of materials and services		−95,578,158	−82,874,066
b. Expenditure for salaries and employees' shares in profits		−1,795,800	−1,711,715
c. Expenditure for all kinds of contributions		−4,856,816	−5,225,979
d. Other expenditure from operating activities		−64,591,632	−60,121,779
3. Net cash from operating activities		637,741	339,996
B. CASH FLOWS FROM INVESTING ACTIVITIES			
4. Cash receipts from investing activities		159,023	295,926
a. Interest and profit shares		120,128	149,587
b. Proceeds from disposal of property, plant and equipment		38,896	89,344
d. Cash proceeds from acquisition of a subsidiary		0	56,995
5. Cash disbursements for investing activities		−679,199	−620,735
a. Expenditure for acquisition of intangible assets		−192,180	−196,900
b. Expenditure for acquisition of property, plant and equipment		−487,019	−423,835
6. Net cash from investing activities		−520,176	−324,809
C. CASH FLOWS FROM FINANCING ACTIVITIES			
7. Cash receipts from financing activities		209,506	17,100,000
b. Receipts from short-term borrowings		209,506	17,100,000
8. Cash disbursements from financing activities		−95,622	−17,179,413
a. Interest paid		−28,955	−12,746
b. Cash repayments of long-term borrowings		−66,667	−66,667
c. Cash repayments of short-term borrowings		0	−17,100,000
9. Net cash from financing activities		113,885	−79,413
10. Net cash inflow or outflow		231,450	−64,226
D. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		**1,434,532**	**1,203,082**
X. OPENING BALANCE OF CASH AND CASH EQUIVALENTS		**1,203,082**	**1,267,308**
Y. CASH FLOWS FOR THE PERIOD		**231,450**	**−64,226**
CLOSING BALANCE OF CASH AT 31 DEC 2018/2017		**1,434,532**	**1,203,082**

Notes are an integral part of the financial statements and should be read in conjunction with them.

11.5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

EUR

	Called-up capital	Profit reserves			Net profit or loss for the year		
	Share capital	Legal reserves	Other profit reserves	Fair value reserve	Retained earnings	Net profit for the year	Total capital
	I/1	III/1	III/2	IV	V/1	VI/1	VII
A.1 At 31 Dec 2017	6,522,017	117,173	7,562,664	−64,063	0	51,102	14,188,892
A.2 At 1 Jan 2018	6,522,017	117,173	7,562,664	−64,063	0	51,102	14,188,892
B.2 Total comprehensive income for the reporting period				39,010		470,567	509,577
a. Net profit or loss for the reporting period						470,567	470,567
b. Fair value reserve (net)				39,010			39,010
B.3 Changes within equity			284,265	0	0	−288,506	−4,241
a. Allocation of the remaining net profit of the comparable reporting period to other components of equity			51,102		4,241	−55,343	0
b. Allocation of part of net profit of the reporting period to other components of equity in accordance with decision of the management bodies			233,163		0	−233,163	0
c. Other changes within equity			0		−4,241	0	−4,241
C. At 31 Dec 2018	6,522,017	117,173	7,846,928	−25,052	0	233,163	14,694,228
DISTRIBUTABLE PROFIT 2018					**0**	**233,163**	**233,163**

Notes to the financial statements are an integral part thereof and should be read in conjunction with them.

11.6 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

EUR

	Called-up capital	Profit reserves		Net profit or loss for the year			
	Share capital	Legal reserves	Other profit reserves	Fair value reserve	Retained earnings	Net profit for the year	Total capital
	I/1	III/1	III/2	IV	V/1	VI/1	VII
A.1 At 31 Dec 2016	6,522,017	117,173	6,908,854	–56,131	–420	544,426	14,035,917
Merger of a company (Note 12.1)			7,500			51,203	58,703
A.2 At 1 Jan 2017	6,522,017	117,173	6,916,354	–56,131	–420	595,628	14,094,620
B.2 Total comprehensive income for the reporting period				–7,932		106,190	98,258
a. Net profit or loss for the reporting period						106,190	106,190
b. Fair value reserve (net)				–7,932			–7,932
B.3 Changes within equity			646,310	0	420	–650,716	–3,986
a. Allocation of the remaining net profit of the comparable reporting period to other components of equity			595,208		4,407	–599,614	0
b. Allocation of part of net profit of the reporting period to other components of equity in accordance with decision of the management bodies			51,102		0	–51,102	0
c. Other changes within equity			0		–3,986	0	–3,986
C. At 31 Dec 2017	6,522,017	117,173	7,562,664	–64,063	0	51,102	14,188,892
DISTRIBUTABLE PROFIT 2017					**0**	**51,102**	**51,102**

Notes to the financial statements are an integral part thereof and should be read in conjunction with them.

12 NOTES TO THE FINANCIAL STATEMENTS IN ACCORDANCE WITH PROVISIONS OF THE COMPANIES ACT AND SLOVENE ACCOUNTING STANDARDS

The financial statements are the separate financial statements of the company E 3, d.o.o.

12.1 BASIS FOR PREPARATION

As the accepted rules of the accounting profession, Slovene Accounting Standards (SAS) elaborate on and provide interpretation of the basic statutory rules and accounting requirements, and determine the method of their use. The financial statements of the Company have been compiled in accordance with SAS 2016 and provisions of the Companies Act (ZGD-1).

While the SAS 2016 prescribe accounting policies to be applied by entities, they do (in some cases) allow entities to choose between several permitted accounting treatments. In its Accounting Manual, the Company defined more precise rules for accounting treatment of individual financial statement categories in its books of account and adopted the selected accounting policies.

The two fundamental accounting assumptions of accrual accounting and going concern were considered in the preparation of these financial statements. The fundamental accounting principles of prudence, substance over form and materiality, were also considered in the financial statement preparation.

The Company declares that the accounting policies and methods used are the same as those applied in the previous financial year.

BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis, with the exception of available-for-sale financial assets, where the fair value has been taken into account.

EXCHANGE RATE AND TRANSLATION INTO THE LOCAL CURRENCY

Assets and liabilities expressed in a foreign currency are translated into the local currency (EURO) at the reference exchange rate of the European Central Bank at the reporting date as published by the Bank of Slovenia. Transactions denominated in a foreign currency are translated into the local currency at the reference exchange rate of the ECB on the transaction date. Foreign exchange rate gains and losses resulting from translation are recognised in the profit or loss as an item of financial income or expense.

All data in the annual report is denominated in euro (EUR) with no cents.

According to provisions laid down in its Accounting Manual, the Company is required to provide the following explanation concerning its adopted accounting policies:

- the basis for measurement of economic categories in the balance sheet;
- the accounting policies necessary for relevant understanding of the balance sheet assets and liabilities whose value is in excess of 2 percent of total value of assets or liabilities as at the balance sheet date;
- the nature and reason for amending the accounting policies or accounting estimates and the relevant amount if these amendments result in more than 2 percent change in the value of the assets or liabilities;
- the basis for measurement of the income statement items and the specific accounting policies selected and used for significant transactions and other business events, whose value exceeds 10 percent of the Company's revenues or expenses reported in the financial year;
- additional information not required in the profit and loss account but which is necessary for a fair presentation and which exceeds 10 percent of the Company's revenues or expenses reported in the financial year.

As of July 1, 2007, the electricity market has been completely liberalised and thus, all electricity consumers, including households, have acquired the status of eligible customers and are able to freely choose their electricity supplier regardless of national borders. As the sale of electricity to household customers has become an energy market activity, the price of electricity is no longer regulated by the Government of the Republic of Slovenia.

In 2018, the Company sold electricity on the domestic market and on the market of the European Union. In addition, it supplied electricity to its own outlets. Sales prices of energy supplied to business customers are agreed in individual contracts.

In 2018, the purchase of electricity was based on purchase contracts concluded with domestic and foreign electricity suppliers. However, some of the energy intended for sale was produced by its own qualified production.

12.2 NOTES TO THE BALANCE SHEET

12.2.1 INTANGIBLE ASSETS

The items of intangible assets are recognised if it is likely that economic benefits associated with the assets will flow to the Company and, their cost can be measured reliably.

After initial recognition, intangible assets are measured at cost.

They are amortised individually on a straight-line basis, using amortisation rates ranging from 2 to 33 percent. Amortisation of an item of intangible assets with final useful life begins when the asset is made ready for its use. Useful lives of significant items of intangible assets and long-term deferred costs are checked regularly at the end of each financial year.

Subsequent costs associated with an item of intangible assets increase its cost when they increase its future economic benefits in excess of the originally assessed.

The items of intangible assets are derecognised upon disposal or when no economic benefits are expected to flow to the Company from their continued use or subsequent disposal.

Intangible assets comprise software applications. Cost of an item of intangible asset is comprised of its purchase price or costs of manufacture or development. The items of intangible assets are recognised under the cost model.

Additions to the items of intangible assets in 2018 refer to the purchase of software in the amount of €205,513 (2017: €122,171), while disposals relate to the amortisation amounting to €148,178.

The Company has unlimited rights to its intangible assets and none have been pledged as collateral for liabilities.

Of total intangible assets in use as at 31 December 2018, 58 percent is fully amortised (2017 year-end: 59 percent). Amortisation is calculated based on the cost of the assets.

The Company has not recognised any commitments for purchase of intangible assets as at 31 December 2018, while commitments pursuant to contracts agreed for the purchase of licenses amount to €42,745.

In 2018, the Company recognised €28,232 of long-term accrued costs of equipment leased from HIT for a period of eight years. The invoice was received and settled on the conclusion of the lease agreement, while the relevant costs are recognised on a pro-rata basis over the lease term.

Movements in the items of property, plant and equipment in 2018 are presented in the following table:

2018				EUR
	Deferred costs of development studies	Long-term rights	Intangible assets being acquired	Total
Cost				
At 1 Jan 2018	72,591	1,314,388	16,780	1,403,759
Additions during the year		0	205,513	205,513
Additions from ongoing investments		189,872	−189,872	0
Disposals during the year		−3,201	0	−3,201
AT 31 DEC 2018	72,591	1,501,059	32,420	1,606,070
Accumulated amortisation				
At 1 Jan 2018	6,583	1,042,344	0	1,048,927
Amortisation of the year	7,259	140,919	0	148,178
Disposals during the year		−3,201	0	−3,201
AT 31 DEC 2018	13,843	1,180,062	0	1,193,904
Carrying amount				
At 1 Jan 2018	66,008	272,044	16,780	354,832
At 31 Dec 2018	58,748	320,998	32,420	412,166

Movements in the items of property, plant and equipment in 2017 are presented in the following table:

2017				EUR
	Deferred costs of development studies	Long-term rights	Intangible assets being acquired	Total
Cost				
At 1 Jan 2017	25,960	1,189,100	66,528	1,281,588
Additions during the year		0	122,171	122,171
Additions from ongoing investments	46,631	125,288	−171,919	0
Disposals during the year			0	0
AT 31 DEC 2017	72,591	1,314,388	16,780	1,403,759
Accumulated amortisation				
At 1 Jan 2017	1,730	814,737	0	814,737
Amortisation of the year	4,853	227,607	0	232,460
Disposals during the year		0	0	0
AT 31 DEC 2017	6,583	1,042,344	0	1,048,927
Carrying amount				
At 1 Jan 2017	24,230	374,363	66,528	465,121
At 31 Dec 2017	66,008	272,044	16,780	354,832

12.2.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include land, buildings and equipment, as well as P,P&E under construction or manufacture. They are reported in the balance sheet at carrying amount as the difference between their cost and written-down value. The Company has no investment property and its items of property, plant and equipment are recognised at cost.

Cost of an item of property, plant and equipment comprises its purchase price and all costs that are directly attributed to making the asset ready for its intended use.

Subsequent expenditure on an item of property, plant and equipment that increases its future benefits compared with those originally assessed, increases its cost. However, if subsequent cost increases useful life of the asset, the cost of an item of property, plant and equipment is increased and its useful life is extended.

Repair or maintenance of property, plant and equipment is intended for renewing or preserving the future economic benefits expected from the assets based on the originally estimated level of the assets' efficiency. These expenditures are recognised as costs or operating expenses.

After initial recognition, property, plant and equipment are measured at cost, which provides the basis for the assets' depreciation. Depreciation of the items of property, plant and equipment begins in the month following the month when the assets are made available for their intended use. Property, plant and equipment are depreciated individually on a straight-line basis, using the following depreciation rates, which have not changed compared to those used in the previous year: Depreciation rates are disclosed in Notes 12.3.2 "Operating expenses, write-off".

Cost of facilities built in-house is the cost price, which does not exceed the price of similar assets on the market. The cost price consists of direct costs of materials and services used in production, direct labour costs and production overheads.

In accordance with SAS 1 (2016), the Company breaks down the cost of new acquisitions made in 2018 with different useful lives to components that are significant in relation to the total cost. Accumulated depreciation of property, plant and equipment is recognised as an adjustment of their value. Depreciation begins on the first day of the following month after the assets are made available for their intended use. Depreciation is recognised according to the straight--line method in the period of the estimated expected functional life periods of individual items of property, plant and equipment.

The items of property, plant and equipment are revalued to account for their impairment when their carrying amount exceeds their recoverable amount. The recoverable amount is the greater of the net selling price or value in use. Assessment of the value in use encompasses assessment of receipts and expenditure arising from continuing use of the asset and its final disposal, using the relevant discount rate (before tax) that reflects the present market assessment of the time value of money and any potential risks associated with the asset. For assets whose future cash flows depend also on other assets encompassed in individual cash-generating unit, the value in use is assessed in consideration of future cash flows expected from the relevant cash-generating unit. Any impairment losses on an asset are recognised in operating expenses.

At each reporting day, the Company checks the items of property, plant and equipment for signs of impairment and if any such indication exists, the asset's recoverable amount is assessed.

An impairment test was performed in 2018 in terms of individual cash-generating units of the Meblo and Majska Poljane facilities.

The valuation report was prepared for the financial reporting purposes (impairment test in accordance with IAS 36) by an independent appraiser of real estate as at 31 December 2018.

The object of the valuation was the recoverable amount of the cash-generating units pertaining to long-term assets, namely their value in use, while for the Kenog facility the appraiser assessed the fair value as the price received from the sale of the asset or paid for the transfer of liabilities in a regulated transaction between market participants on the valuation day.

Both valuations were made in accordance with the Hierarchy of Valuation Rules (Official Gazette No. 106/2010). Operating projections of individual cash-generating units were used for the purpose of assessment based on the return on assets. These were prepared based on the historical business results over the past two years and the plan for the period 2019 to 2023, as well as by taking into account the residual values in the most recent forecasts until the end of their useful life. The model takes into account the value until the end of economic life of an individual cash-generating unit. Value assessment in terms of the cash generating unit was based on the going concern assumption that uses assets in the ordinary course of business.

Business projections were prepared for each co-generation for different, but a limited period. Forecast periods coincide with the validity of contracts for the electricity support concluded with the company Borzen.

The estimated free cash flow was discounted as at 31 December 2018 using the weighted average cost of capital (WACC) (net of tax) of 9.68 percent.

Valuation of the above mentioned cash-generating units showed that there was no need for impairment of the Company's long-term assets.

Of total items of property, plant and equipment in use as at 31 December 2018, 11 percent is fully depreciated (2017 year-end: 6 percent). The share is calculated based on the cost of property, plant and equipment, excluding land.

The Company reports €22,425 of commitments to suppliers of property, plant and equipment as at 31 December 2018.

Movements in the items of property, plant and equipment in 2018 are presented in the following table.

2018					EUR
	Land	Facilities	Equipment	P, P&E being acquired and advances	Total
Cost					
At 1 Jan 2018	130,075	5,298,458	5,805,351	261,226	11,495,109
Additions during the year				507,516	507,516
Additions from ongoing investments	137,528	37,198	47,979	−222,706	0
Disposals during the year			−13,555	0	−13,555
Impairment of assets		0	0		0
AT 31 DEC 2018	267,603	5,335,656	5,839,775	546,036	11,989,071
Accumulated depreciation					0
At 1 Jan 2018		1,468,457	3,082,715	0	4,551,172
Depreciation of the year		141,259	457,651		598,910
Disposals during the year			−12,550		−12,550
Impairment of assets		0	0		0
AT 31 DEC 2018		1,609,717	3,527,816	0	5,137,533
Carrying amount					
At 1 Jan 2018	130,075	3,830,000	2,722,636	261,226	6,943,937
At 31 Dec 2018	267,603	3,725,939	2,311,959	546,036	6,851,538

Movements in the items of property, plant and equipment in 2017 are presented in the following table.

2017					EUR
	Land	Facilities	Equipment	P, P&E being acquired and advances	Total
Cost					
At 1 Jan 2017	92,803	5,150,945	6,163,801	253,772	11,661,321
Additions during the year				544,980	544,980
Additions from ongoing investments	37,272	147,513	271,059	−455,844	0
Disposals during the year			−629,509	−81,682	−711,191
Impairment of assets		0	0		0
AT 31 DEC 2017	130,075	5,298,458	5,805,351	261,226	11,495,109
Accumulated depreciation					0
At 1 Jan 2017		1,330,564	3,232,489	0	4,563,053
Depreciation of the year		137,893	413,194		551,087
Disposals during the year			−562,968		−562,968
Impairment of assets		0	0		0
AT 31 DEC 2017		1,468,457	3,082,715	0	4,551,172
Carrying amount					
At 1 Jan 2017	92,803	3,820,380	2,931,313	253,772	7,098,268
At 31 Dec 2017	130,075	3,830,000	2,722,636	261,226	6,943,937

Compared to their balance at the beginning of the year, the amount of property, plant and equipment decreased by €92,399 in 2018 (2017: a decrease of €154,331). Movements in property, plant and equipment relate to new acquisitions amounting to €507,516 (2017: €544,980); depreciation in the amount of €598,910 (2017: €551,087); and disposal of equipment and ongoing investments of €1,005 (2017: €148,223).

No items of property, plant and equipment were acquired under a finance lease.

12.2.3 LONG-TERM INVESTMENTS

Investments of all categories are initially recognised at fair value. The Company discloses separately long-term and short-term investments.

Long-term investments are those that the investing company intends to hold for a period of more than one year. Long-term investments comprise investments in equity of subsidiaries, in shares and stakes of companies, other financial investments and long-term loans. They are classified as available-for-sale financial assets measured at cost.

Short-term investments are held by the Company for a period of up to one year and include investments in shares and stakes of companies, other financial investments and short-term loans and deposits. Investments are recognised on the transaction date. The same applies to the ordinary disposal of investments.

Long-term investments in equity of subsidiaries (with over 50 percent holding), which are included in the consolidated financial statements, and in equity of associates where the parent's holding ranges from 20 to 49.9 percent, are measured at cost. Participation in the profits of a subsidiary is recognised in profit or loss of the parent when a relevant decision is adopted on the appropriation of profits. If the investment in a subsidiary is impaired due to a loss incurred by a subsidiary, the impairment loss is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows.

Long-term investments in equity of others that are not quoted in an active market and whose fair value can not be determined reliably, are recognised at cost.

Investments in other shares and stakes of the companies are initially designated as financial assets available for sale, which are measured at fair value through equity.

Investments in loans and deposits are recognised at amortised cost. Initial values of the investments are equal to the amount of cash or other assets invested on the day of an individual investment.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

The revaluation of investments due to impairment is recognised as soon as compelling reasons arise, but no later than at the end of the accounting period. Impairment is based on the objective evidence resulting from events after the initial recognition, such as business data, or data on the revised carrying amount of the investment. Objective reasons for investment impairment test arise when fair value of a financial asset falls 20 percent below its cost as at the balance sheet date. Impairment test is carried out separately for each investment or a group of investments.

Loss resulting from permanent impairment of a financial asset rather than a short-term decrease in its fair value is recognised as a financial expense. Impairment loss is the difference between the carrying amount of the investment and the present value of estimated future cash flows.

Change in fair value of available-for-sale financial assets is recognised directly in equity as a revaluation surplus.

In accordance with SAS 3 (2016), which describes accounting treatment of investments, investments are classified into the group of available-for-sale financial assets.

The Company acquired a 47.27 percent stake in the small hydro power plant Knešca at Most na Soči in 2006. Despite being a holder of a significant (47.27 percent stake) in Knešca compared to the other ten (10) individual owners of minority interests, E 3, has so far not appointed its representative in the management board of Knešča.

As one of the founders, E 3 holds a 5.26 percent stake in the "Aeronavtični muzej bratov Rusjan" in Nova Gorica.

As at 31 December 2018, the Company reports long-term loan granted to the company Gostol-Gopan for the construction of a hot water connection and a heat exchange station, the construction of which is co-financed by E 3. The loan was granted for a period of 5 years, and the borrower pays contractually agreed interest monthly based on the invoice for the supply of heat. After the expiry of the period, the loan granted will be offset by the transfer of ownership of the hot water connection and heat exchange station to E 3.

LONG-TERM INVESTMENTS		EUR
	31. 12. 2018	**31. 12. 2017**
Investments in stakes of associates		
MHE Knešca	483,993	483,993
Other shares and stakes		
"Aeronavtični muzej" Nova Gorica	20,000	20,000
Total	20,000	20,000
Long-term loans to others		
Long-term loan to Gostol-Gopan	78,779	78,779
Long-term deposit at Nova KBM, d.d.	4,200	4,200
Total	82,979	82,979
TOTAL	586,972	586,972

MOVEMENTS IN INVESTMENTS IN 2018				EUR
	Investments in shares of group companies	Other shares and stakes	Long-term loans to others	Total
AT 1 JAN 2018	483,993	20,000	82,979	586,972
Increase	0	0	0	0
Reduction due to investment impairment	0	0	0	0
AT 31 DEC 2018	483,993	20,000	82,979	586,972

12.2.4 LONG-TERM OPERATING RECEIVABLES

Subsequent to initial recognition, receivables are measured at amortised cost. Amortised cost of a receivable is the amount at which the receivable is measured at initial recognition less amortisation and impairment due to uncollectibility. Operating receivables falling due in the next twelve months, are disclosed in the balance sheet as short-term operating receivables, while those maturing in a period of more than twelve months are recognised as long-term operating receivables.

		EUR
	31. 12. 2018	31. 12. 2017
Long-term operating receivables	112,375	126,875
TOTAL	112,375	126,875

The Company discloses long-term operating receivables from the sale of an existing heating and cooling facility in the Lanthieri manor in Vipava, as the supply of heat and air conditioning to the manor is now provided by a system of heat pumps of the University of Nova Gorica. According to the sale contract, consideration of €145,000 is payable in 120 consecutive monthly instalments. Instalments that mature over a period of more than twelve months after the balance sheet date are recognised as long-term operating receivables. The final instalment is due on 5 September 2027.

12.2.5 DEFERRED TAX ASSETS

Deferred tax assets are the amounts of income tax that will be credited in the future with respect to deductible temporary differences, the transfer of unused tax losses to the next periods, and the transfer of unused tax credits into subsequent periods.

Deferred tax assets for deductible temporary differences are recognised if it is probable that sufficient amount of taxable profit will be available in future against which deductible temporary differences can be utilised.

Deferred tax assets for all deductible temporary differences arising from investments in subsidiaries, affiliates and associates, as well as from interests in joint ventures are recognised if, and only if, it is probable that temporary differences will be eliminated in the foreseeable future and taxable profits will be available in the future against which temporary differences can be utilised.

Deferred tax assets for unused tax losses and tax credits are recognised if it is probable that future taxable profits will be available against which these unused tax losses and unused tax credits can be utilised.

An entity reassesses on each reporting date previously unrecognised deferred tax assets and recognises deferred tax assets if it is probable that future taxable profit will be available against which deferred tax assets can be utilised. An enterprise reduces the carrying amount of deferred tax assets if it is no longer probable that sufficient taxable profit will be available in future against which some or all of such deferred tax assets can be utilised. Any such reduction is reversed if it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset if and only if the entity has a legal right to offset current tax receivables and assessed tax liabilities, and deferred tax assets and liabilities relate to corporate income tax payable to the same tax authority.

The Company reports €496,000 of deferred tax assets (2017: €502,848). The tax rate applied in 2018 is the same as in the previous year.

Effects of differences between the accounting value of items disclosed in the balance sheet and their tax value are calculated in accordance with the balance sheet liability method for all temporary differences. Deferred tax assets are the amounts of tax recognised on account of provisions and allowances for receivables that will be utilised in future periods based on deductible temporary differences, and on account of unused tax losses based on amendments to the Corporate Income Tax Act.

DEFERRED TAX ASSETS		EUR
	On account of deductible temporary differences	Total
At 1 Jan 2018	502,848	502,848
Increase	623	623
Decrease	−7,471	−7,471
At 31 Dec 2018	496,000	496,000

12.2.6 SHORT-TERM OPERATING RECEIVABLES

A receivable is recognised in the accounting records and the balance sheet as an asset if it is probable that economic benefits associated with it will flow to the entity and if their original values can be determined reliably. Receivables of all categories are initially recognised at amounts arising from the relevant documents under the assumption that they will be paid. Subsequent increases or decreases in receivables increase or reduce operating or financial revenues or expenses. Subsequent increases or decreases in receivables are primarily changes in their value due to subsequent discounts, returns of goods sold, recognised complaints or errors found subsequent to the sale.

Subsequent to initial recognition, receivables are measured at amortised cost. Amortised cost of a receivable is the amount at which the receivable is measured at initial recognition less amortisation and impairment due to uncollectibility. Operating receivables falling due in the next twelve months, are disclosed in the balance sheet as short-term operating receivables, while those maturing in a period of more than twelve months are recognised as long-term operating receivables.

Receivables denominated in foreign currencies are translated into the local currency at the exchange rate of the European Central Bank on the balance sheet date. Increase in receivables increases financial revenue, while their decrease increases financial expenses.

Operating receivables are revalued to account for their impairment when objective reasons occur or at the end of the accounting period. Impairment is recognised on the basis of objective evidence resulting from events occurring subsequent to initial recognition, such as operating data and similar evidence.

Receivables which are not expected to be settled or are not settled within the agreed terms, are deemed doubtful and disputed. Allowances are recognised for both doubtful and disputed receivables.

Doubtful and disputed receivables include:

- outstanding receivables originating from before financial year 2018,
- disputed receivables (enforcements);
- receivables due from business partners undergoing bankruptcy and compulsory settlement.

Doubtful and disputed receivables were impaired in 2018 and 2017 according to the individual receivable and business partner. Thus, in 2018, the Company recognised allowances of 0.77 percent of total receivables (2017: allowance of 1.36 percent). The Company recovered 2.97 percent of impaired receivables in 2018 (2017: 2.28 percent), and 6.01 percent of receivables that were written-off (2017: 3.56 percent).

Receivables on account of electricity supplies to large business customers are insured at Zavarovalnica Triglav d.d. insurance undertaking.

While other receivables are not insured, in the event of default by a customer and after no response to several reminders, the Company terminates the contract for the supply of electricity to the customer who has defaulted on payment.

SHORT-TERM OPERATING RECEIVABLES		EUR
	31. 12. 2018	**31. 12. 2017**
Short-term receivables on account of sales		
– to group companies	25,711	26,682
– on domestic market	25,950,286	20,906,525
– on foreign markets	641,728	575,058
Allowances	–2,104,431	–2,100,690
TOTAL	24,513,294	19,407,575
Interest receivable		
– group companies	0	12
– other customers	281,472	251,199
Allowances	–195,613	–201,333
TOTAL	85,858	49,878
Advances		
Advances granted	23,549	20,940
Allowances	–17,663	–17,663
TOTAL	5,886	3,277
Other operating receivables		
– group companies		0
- from government and other institutions	1,188,769	1,164,830
- from employees	0	0
- from others	38,370	33,970
Allowances	–15,140	–15,140
TOTAL	1,211,999	1,183,660
TOTAL SHORT-TERM OPERATING RECEIVABLES	**25,817,037**	**20,644,390**

Short-term receivables from sales and interest receivable increased by €5,141,699 compared to the previous year, while other operating receivables rose by €28,339. The increase in short-term operating receivables is mainly due to an increase in the sale of electricity to business customers and to customers in Italy.

ALLOWANCES OF SHORT-TERM OPERATING RECEIVABLES		EUR
	2018	2017
At 1 Jan	2,334,826	2,165,604
Collected written-off receivables	–69,335	–49,292
Final write-off of receivables	–140,333	–76,990
Allowances recognised in the year	207,690	295,505
At 31 Dec	2,332,847	2,334,826

Maturity of accounts receivable and interest receivable is presented in the table below.

MATURITY OF RECEIVABLES		EUR
	31. 12. 2018	31. 12. 2017
Not past due	21,141,171	16,584,551
Due and outstanding up to 30 days	1,877,181	1,838,392
Due and outstanding from 31 to 60 days	740,964	531,118
Due and outstanding from 61 to 90 days	576,554	192,703
Due and outstanding from 91 to 365 days	228,825	206,098
Overdue for more than 365 days	34,458	104,590
TOTAL RECEIVABLES	24,599,152	19,457,452

Of total receivables as at 31 December 2018:

- 85.94 percent has not matured (2017: 84.23 percent);
- 7.45 percent of receivables are due and outstanding up to 30 days (2017: 9.45 percent);
- 3.01 percent of receivables are due and outstanding between 31 and 60 days (2017: 2.73 percent);
- 3.41 percent of receivables are due and outstanding in excess of 60 days which is equal to €839,836 (2017: 2.59 percent or €503,392.

Other short-term operating receivables are due from the government on account of the difference between the charged and as yet unrecognised VAT in the amount of €1,188,180; receivables for compensation amounting to €590 (2017: €1,164,830); receivables due from SODO for overpaid charge for the use of the grid and contributions in the amount of €9,163 (2017: €7,653); while the remaining amount relates to receivables due from the post office branches and banks arising from incoming payments of electricity bills, and other receivables. Other short-term receivables include €8,585 due from the former owners of Knešca after E 3 paid-in the outstanding contributions due from the former owners on acquisition of a stake in the associated company. The Company recognised allowance for these receivables as they are subject to a litigation.

12.2.7 CASH AND CASH EQUIVALENTS

		EUR
	31. 12. 2018	31. 12. 2017
Cash at bank	1,434,532	1,203,082
TOTAL	1,434,532	1,203,082

Cash and cash equivalents comprise:

- cash in hand,
- deposit money in accounts in bank,
- cash in transit,
- cash equivalents which comprise investments that can be quickly and without significant risk converted into a predetermined amount of money (eg. deposits with maturity of up to three months).

Cash comprises cash on hand in the form of bank notes and coins, as well as cheques received.

Deposit money is cash in bank accounts, or deposited with another type of financial institution and may be used for payment purposes.

Cash in transit is the cash being transferred from a cash register or a safe deposit box to a relevant account in a bank or another type of financial institution, and is not credited to that account on that same day.

Cash is initially recognised at the amount arising from the relevant document.

Cash denominated in foreign currencies is translated into local currency at the reference rate of the European Central Bank as at the balance sheet date. Exchange rate differences resulting from changes in foreign exchange rates are recognised either as a financial income or expense.

Cash includes monetary assets in business accounts at banks.

MOVEMENTS IN CASH AND CASH EQUIVALENTS		EUR
	2018	2017
Opening balance of cash	1,203,082	1,267,308
Net cash for the period	231,450	–64,225
CLOSING BALANCE OF CASH	1,434,532	1,203,082

12.2.8 SHORT-TERM DEFERRED COSTS AND ACCRUED INCOME

Deferred costs and accrued income include short-term deferred costs or expenses that are expected to arise within a year and whose occurrence is probable, their amount can be reliably estimated but which do not yet affect the profit or loss, as well as accrued income accounted for in the profit or loss but which the Company did not invoice in 2018. The Company applied the same accounting treatment in 2017.

Short-term deferred costs and accrued income include:

- VAT on advances received and prepayments;
- Short-term deferred costs comprise: €15,708 of accrued costs of sponsorship; deferred costs of commission due on contracts for the supply of electricity of €819,130, which are expensed proportionally over the entire period of the contract (2017: €858,757); and €10,110 of other deferred costs.
- Short-term accrued income consists of €44,083 of excise duty refund (2017: €36,759); provisions for electricity supplied in the amount of €344,122 (2017: €29,090); and accrued income from insurance proceeds due from Zavarovalnica Triglav of €42,225.

DEFERRED COSTS AND ACCRUED INCOME		EUR
	31. 12. 2018	31. 12. 2017
VAT in advances received	182,533	162,248
Short-term deferred costs	844,948	949,052
Accrued income	430,429	207,586
TOTAL	1,457,911	1,318,886

12.2.9 EQUITY

Total capital is determined by the amounts invested by owners and the amounts generated in the course of operation that belong to the owners, i.e. the parent who is the owner of a 100 percent of the share capital.

Total equity of a company consists of share capital, statutory reserves, other profit reserves, fair value reserves and net profit for the financial year.

EQUITY		EUR
	31. 12. 2018	31. 12. 2017
Share capital	6,522,017	6,522,017
Legal reserves	117,173	117,173
Other profit reserves	7,846,928	7,562,664
Fair value reserve	–25,052	–64,063
Retained earnings	0	0
Net profit for the year	233,163	51,102
TOTAL	14,694,228	14,188,892

In 2018, the Company generated €470,567 of net profit (2017: €106,190). At the proposal of the Company's director, the 2018 net profit was appropriated to cover €4,241 of loss brought forward (derecognition of the relative amount of actuarial losses on account of severance paid in 2018); half of the remaining profit of €233,163 was appropriated to other profit reserves, while the other half remains unappropriated.

Statement of changes in equity is a presentation of movements in equity in financial years 2018 and 2017.

12.2.10 PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED INCOME

According to SAS 10 (2016), provisions are made for present obligations arising from obligating past events and are expected to be settled within a period not determined with certainty, and whose amount can be reliably estimated. Provisions for jubilee awards and severance pay upon retirement have the nature of accrued costs. They are intended to cover expected liabilities from obligating past events, and are reduced by the incurrence of actual costs for the settlement of which they were created.

Provisions for severance pay and jubilee awards are set aside in accordance with the Slovenian legislation and are paid to employees upon retirement in the amount of estimated future payments discounted at the balance sheet date. When an employee fulfils the requirements set for retirement, he/she is entitled to termination benefits paid in a lump sum. Furthermore, employees are entitled to jubilee awards for each full ten years of service with the same employer. Provisions for termination benefits and jubilee awards are set aside using the projected unit credit method i.e. the method based on anticipated significance of individual units or the method of accounting for employee benefits in line with the work performed. The following assumptions are considered when setting aside provisions: the number of employees on the balance sheet date; their gender, age, status, salary level and total length of service, and the length of service of an individual employee on the balance sheet date; the amount of jubilee awards and severance pay in accordance with the relevant collective agreement; staff fluctuation and mortality of employees (modified Slovene mortality tables 2000-2002); 1.5 percent annual wage growth; 1.5 percent salary growth due to the promotion of employees; 4 percent salary growth in the power industry and 1.5 percent discount rate used to calculate the present value of the Company's future liabilities.

Actuarial gains or losses on termination benefits are recognised directly in equity, whereas actuarial gains or losses from jubilee awards and employee benefit costs are recognised in profit or loss.

SENSITIVITY ANALYSIS OF ACTUARIAL CALCULATION

			EUR
	Provisions for jubilee awards	Provisions for severance pay	Total
0.5 percent decrease in discount rate	3,394	11,304	**14,698**
0.5 percent increase in discount rate	–3,124	–10,278	–13,402
0.5 percent salary increase	–3,182	–10,521	–13,703
0.5 percent salary decrease	3,415	11,441	**14,856**

Provisions are directly decreased by costs for the settlement of which they were originally created. Provisions are recognised based on the differences reported as at 31 December based on actuarial calculation and balances reported in the books of account.

PROVISIONS

PROVISIONS IN 2018				in EUR
	Provisions for severance pay	Provisions for jubilee awards	Provisions for overcharged electricity	Total
AT 1 JAN 2018	208,739	101,116	20,277	330,131
Formation	–3,918	19,986		16,068
Utilisation	–12,507	–14,704		–27,211
Reversal	–20,123	–36,866		–56,989
AT 31 DEC 2018	172,191	69,532	20,277	262,000

PROVISIONS IN 2017				in EUR
	Provisions for severance pay	Provisions for jubilee awards	Provisions for overcharged electricity	Total
AT 1 JAN 2017	192,604	98,351	20,277	311,232
Formation	29,029	9,167		38,196
Utilisation	–12,379	–3,605		–15,983
Reversal	–516	–2,797		–3,313
AT 31 DEC 2017	208,739	101,116	20,277	330,131

LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE

LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE IN 2018			EUR
	Provisions for subsidies received on account of the DOLB project	Co-financing from the Eko fund	Total
AT 1 JAN 2018	723,412	4,311	727,724
Formation	0	0	0
Utilisation	–42,596	–632	–43,228
Reversal	0	0	0
AT 31 DEC 2018	680,817	3,679	684,496

LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE IN 2017			EUR
	Provisions for subsidies received on account of the DOLB project	Co-financing from the Eko fund	Total
AT 1 JAN 2017	766,031	4,952	770,983
Formation	0	0	0
Utilisation	–42,618	–641	–43,259
Reversal	0	0	0
AT 31 DEC 2017	723,412	4,311	727,724

Long-term deferred income includes revenue that will cover the estimated costs which are expected to be incurred over a period of more than one year. These consist of funds received from the Ministry of Economic Development and Technology for the co-financing of the DOLB project i.e. district heating using wood biomass at Majske Poljane. The amount of provisions set aside will be transferred to costs in the year in which the costs or expenses relating to the project are incurred in the amount equal to the depreciation charge of the assets used on the project.

12.2.11 LONG-TERM LIABILITIES

Debts are classified into financial and operating debts, while depending on their maturity they are divided into long-term and short-term debts. Long-term financial liabilities are long-term borrowings raised for investment activity.

Liabilities are initially recognised in the amounts arising from the corresponding documents about their incurrence, under assumption that creditors demand their payment. Long-term liabilities are increased by accrued interest, for which an agreement with creditors exists, and decreased by repaid amounts and any other settlements in agreement with the creditor. They are also reduced by the amounts, which will have to be repaid in the next twelve months, as they are recognised under current liabilities. Accrued interests on long-term debt are included in financial expenses.

Long-term and short-term debts denominated in foreign currencies are translated into the local currency at the exchange rate of the European Central Bank on the day of occurrence. Exchange rate differences accrued by the settlement date or the balance sheet date are recognised as either financial income or expense.

Short-term liabilities can subsequently be increased (irrespective of any payments or other settlement), or decreased by the amounts agreed with creditors. Subsequent increases of short-term liabilities increase the relevant operating or financial expenses.

After initial recognition liabilities are usually measured at amortised cost using the effective interest rate to the extent that costs have a significant impact on the change in the effective interest rate. Debts for which the agreed or contractual interest rate does not significantly differ from the effective interest rate, are recognised on the balance sheet at their initial value less any repaid amounts.

Liabilities are written-off after the limitation period has expired whereas before that period has elapsed, they may be written-off if so agreed in writing with the creditor. The book value of long-term liabilities is equal to their initial value, less the amounts that mature within a period of one year, which are transferred to short-term liabilities. Interest on long-term liabilities is reported as financial expenses or as increase in the cost of the underlying asset until it is made ready for its intended use.

LONG-TERM FINANCIAL LIABILITIES		EUR
	31. 12. 2018	**31. 12. 2017**
Eko sklad, j.s.	358,334	425,000
Current amount of long-term liabilities	–66,667	–66,667
TOTAL LONG-TERM LIABILITIES	291,667	358,334

The book value of long-term liabilities is equal to their initial value, less the amounts that mature within a period of one year, which are transferred to short-term liabilities. The current amount of long-term borrowings of €66,667 is reported in the balance sheet as short-term financial liabilities (2017: €66,667).

Long-term financial liabilities refer to borrowings raised by the merged company ECO ATMINVEST in 2010 from the Eko sklad, j.s. for the environmental investment into the Energy Facility and the Heating plant at Majske poljane. The two borrowings of €400,000 each are collateralised with four signed blank bills with an irrevocable mandate to encash the bill of exchange and by pledge of real estate and equipment owned by the borrower.

Interest on long-term liabilities is recognised as financial expenses.

The final instalment of long-term borrowings is due on 31 October 2023 and 31 July 2024 respectively. The borrowings were agreed at the interest rate of 3-month EURIBOR + 1.5 percent.

No long-term borrowings were raised by the Company in 2018 or 2017.

12.2.12 SHORT-TERM LIABILITIES

Short-term liabilities are liabilities that mature in a period of less than one year.

SHORT-TERM LIABILITIES		EUR
	31. 12. 2018	31. 12. 2017
SHORT-TERM FINANCIAL LIABILITIES	283,173	73,667
Current amount of long-term borrowings	66,667	66,667
Short-term bank borrowings	209,506	0
Total short-term financial liabilities to banks	276,173	66,667
Short-term financial liabilities to group companies	0	0
Short-term financial liabilities to others	7,000	7,000
SHORT-TERM OPERATING LIABILITIES	20,387,292	15,426,319
Liabilities to group companies	31,999	35,029
Supplier payables	18,718,102	13,987,443
Payables for advances	1,030,948	918,570
Total short-term supplier payables	19,781,050	14,941,041
Liabilities to group companies	0	0
Payables to employees	177,436	151,443
Payables to the Sate and other institutions	415,111	319,010
Other liabilities	13,696	14,824
Total other short-term operating liabilities	606,243	485,278
TOTAL SHORT-TERM LIABILITIES	**20,670,465**	**15,499,986**

Short-term liabilities are disclosed separately as short-term financial liabilities and short-term operating liabilities.

Short-term financial liabilities include instalments payable in 2018 on long-term borrowings from banks. The borrowings were agreed at the interest rate of a 3-month EURIBOR + 1.5 percent and collateralised with eight signed bills with an irrevocable statement including a signed authorization to encash the bills, and a pledge of real estate as agreed in the contract.

Compared to the previous year, supplier payables rose by €4,840,008 or 32.39 percent mainly on account of an increase in outstanding but not matured liabilities for the use of the power grid and relevant contributions payable to SODO, as well as liabilities for electricity supplied by Holding Slovenske elektrarne d.o.o.

Majority of operating liabilities relate to the supplied electricity in the amount of €12,124,830 (2017: €7,693,931 payable to Holding Slovenske elektrarne, Petrol d.d. and other electricity producers. In addition, the Company reports an operating liability for account of others payable to SODO and ELES for the use of the grid, and to Borzen and Eko sklad for contributions of total €5,757,759 (2017: €5,585,618).

Short-term operating liabilities for advances relate to received overpayments and credits based on annual settlement of electricity supplied to household customers of €1,030,948 (2017: €918,570).

Short-term liabilities to employees are obligations for the December payroll and for one part of the bonus payable for successful performance in 2018.

Payables to the State and other institutions arise from the December salary and contract work; the December excise duty payable on the sale of electricity and gas of €331,192; payables for employment contributions of €6,383; VAT payable amounting to €1,516 and corporate income tax payable of total €75,763.

12.2.13 SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUE

Short-term accrued costs and deferred income include accrued costs (expenses) and short-term deferred income. Short-term accruals and deferrals may only be used for items for which they were initially recognised.

SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUE		EUR
	31. 12. 2018	31. 12. 2017
VAT in advances granted	28	28
Accrued expense	593,880	576,728
TOTAL	593,908	576,756

Short-term deferred costs and accrued income include:

- Concession fee of €8,000 payable to the Šempeter-Vrtojba Municipality based on the Concession Agreement for district heating of the Podmark residential complex. The municipality has not yet issued a bill for concession fee payable for the 2018 fiscal year.
- Accrued costs of annual leave entitlement not utilised in 2018 of €74,895 (2017: €69,073).
- Accrued costs of electricity purchased in 2018 of €480,179. The invoice will be issued by the Holding Slovenske elektrarne in 2019.

Accrued expenses on account of grants received of €9,652. The relevant conditions were met and contracts concluded in 2016, however the payment has yet to be made. As a major contributor to the drafting of an energy efficiency improvement program relating to final customers, E 3 grants financial incentives for projects aimed at improved energy efficiency. These financial incentives are intended to co-finance the implementation of investments aimed at improving the efficient use of energy.

12.3 NOTES TO THE INCOME STATEMENT

The Company compiles its income statement under provisions of SAS 21 (2016), Format I.

Revenue is recognised if increases in economic benefits during the accounting period are associated with increases in assets or decreases in liabilities, and those increases can be measured reliably. Revenues and increases of assets or decreases in liabilities are recognised simultaneously.

Operating revenues comprise sales revenue based on invoices issued according to the agreed prices and sold quantities of:

- electricity,
- produced energy and heat from co-generation,
- produced electricity from solar power plants and small wind farms.

Operating revenues include revenue from the sales of services and revaluation operating revenue from the sale of real estate.

In 2018 and 2017, the Company charged electricity based on a monthly calculation of actual consumption, in accordance with individual contracts agreed with customers and traders. The selling price of electricity is negotiated with individual customer.

The Company uses three different methods of invoicing:

- to large business customers: monthly invoicing of actual consumption;
- to small business customers (monthly consumption): based on monthly reading of meters;
- to household customers: twelve advance payments and an annual settlement of actual consumption based on meter readings, or monthly settlement of actual consumption.

In 2018, the electricity produced was purchased by Borzen, the organizer of the electricity market, or else it was purchased by the Company as part of its marketing activities for further sale on the market. The difference between the market price and the price recognised by the Government of the Republic of Slovenia is invoiced to Borzen, who was on 1 January 2009, appointed a Support Centre pursuant to the Regulation of the Government of the Republic of Slovenia.

In 2018 and 2017, the Company purchased electricity from Holding Slovenske elektrarne, Petrol, and other electricity distributors in Slovenia and the European Union. Some of the energy sold was produced by the Company's own production and also by qualified electricity producers.

12.3.1 OPERATING REVENUE

Operating revenue is measured based on the selling prices reported in the invoices and other documents, reduced by any discounts granted.

OPERATING REVENUE		EUR
	31. 12. 2018	31. 12. 2017
Net sales	85,220,912	71,369,617
- electricity	83,039,155	69,081,390
- energy produced	877,619	1,173,603
- heat produced	918,704	950,224
- merchandise	0	13,297
- services	385,434	150,583
- rent	0	521
Capitalised own products and services	77,431	58,702
Other operating revenue	373,631	384,319
- reversal of provisions	93,393	47,469
- sale and impairment reversal of fixed assets	328	39,561
- penalties charged for supplies of electricity	36,374	37,792
- other contractual penalties charged	0	14,551
- receivables recovered	77,408	50,217
- insurance proceeds	2,068	53,799
- subsidies received	64,789	48,423
- refund of excise duty	44,083	36,759
- revenues from reminders	43,430	43,880
- refund of recovery costs	11,444	11,514
- other operating revenues	314	355
TOTAL OPERATING REVENUE	**85,671,974**	**71,812,638**

Net sales revenue increased by €13,851,295 or 19.41 percent compared to the previous year.

Revenues from the sale of electricity increased by €13,957,765 or 20.21 percent on account of an increase in the number of business customers, price increase of electricity for household consumption, and an increase in electricity sold to Italy.

Sale revenue from co-generation of energy and heat in production units Meblo, Kenog, Martex, Park, Perla, Sabotin, Majske Poljane and Podmark reached €1,774,671.87 in 2018. Compared to 2017, the value of sales dropped by 15.53 percent. The reason for the reduced production in comparison with 2017 is discontinuation of the SPTE MEBLO production unit, whose contract for the support scheme expired in 2018, and the unit's operation was discontinued as planned. Following successful bid for the tender published by the Eko Fund, the Company regained the subsidy and the SPTE Meblo will again be made operational in 2019.

Sale of electricity produced by solar and wind power plants reached €21,652 in 2018, up 5.72 percent on the previous year.

Other **operating income** includes:

- revenue from the reversal of provisions equal to the amount of depreciation of assets co-financed by the DOLB project;
- revaluation operating revenues relating to the gains on the sale of fixed assets and recovery of impaired receivables for electricity supply;
- contractual penalties charged based on the contracts for the supply of electricity and the supply of low quality pellets of the SPS service;
- compensation received, receipts from reminders and income from refund of receivable recovery costs.

VAT, excise duty, contributions and fee for the use of the network on electricity invoices are not considered revenue from sales, but rather as a withholding obligation.

OVERVIEW OF SALES REVENUE BY COUNTRY		EUR
	2018	2017
Slovenia	78,915,158	67,100,226
Italy	6,302,554	4,266,242
Croatia	1,513	1,443
Montenegro	563	582
Macedonia	1,123	1,123
TOTAL	85,220,912	71,369,617

12.3.2 OPERATING EXPENSES

Expenses are recognised when decreases in economic benefits in a period are associated with the reduction in assets or increase in liabilities and these decreases can be measured reliably. Expenses are recognised simultaneously with the recognition of the decrease in assets or increase in liabilities.

Operating expenses include all expenses incurred in the financial year, recorded by natural types, such as costs of materials and services, employee benefit costs, write-downs and other operating expenses, based on documents that prove that they are associated with the economic benefits.

A ANALYSIS OF COSTS BY FUNCTIONAL GROUPS

Analysis of costs by functional group does not include €208,234 of revaluation expenses, which are reported in the income statement under write-offs.

		EUR
	2018	2017
Production costs	77,762,555	64,664,370
Selling expenses	5,512,885	5,084,196
General and administrative expenses	1,666,771	1,782,383
TOTAL	84,942,211	71,530,948

B ANALYSIS OF COSTS BY NATURAL TYPES

COST OF GOODS, MATERIALS AND SERVICES

		EUR
	2018	2017
Cost of electricity sold	75,674,080	62,524,572
Cost of merchandise	151	10,404
Cost of materials	1,407,840	1,439,993
Cost of services	5,182,371	5,046,431
TOTAL	82,264,441	69,021,400

Cost of goods sold, both in 2018 and 2017, refers to the costs of electricity purchased based on contracts concluded with suppliers of energy from Slovenia, the European Union, and the purchase of electricity from the Company's own production.

The cost of electricity sold includes the purchase price of electricity

- based on concluded contracts with suppliers of electricity in Slovenia in the amount of €74,867,550 (2017: €60,709,996),
- purchased from small hydro power plants amounting to €772,181 (2017: €786,802),
- purchased from the European Union in the amount of €34,349 (2017: €1,027,450).

The cost of merchandise sold refers to the purchase of pellets for resale to final customers.

Material costs include the cost of energy, gas and pellets used in the production of energy and heat in the amount of €1,092,638 (2017: €1,240,384); fuel and energy consumed of total €33,435 (2017: €19,353); materials used in maintenance of fixed assets amounting to €71,666 (2017: €60,772); office supplies of €196,898 (2017: €103,968); professional and other literature in the amount of €2,516 (2017: €4,095), small tools of €881 (2017: €4,208); and cost of other materials of total €9,806 (2017: €2,523).

Cost of services comprise the cost of the network relating to the sale of electricity to Italy of €378,554 (2017: €334,935); rent paid on facilities and equipment in the amount of €124,941 (2017: €129,385); maintenance costs of production facilities and software amounting to €155,152 (2017: €156,070); reimbursement of costs associated with labour of €10,766 (2017: €7,636); bank charges and commission paid amounting to €116,351 (2017: €193,656); costs of brokerage, purchase and recovery amounting to €1,879,541 (2017: €2,107,346); insurance premiums paid of total €127,482 (2017: €99,212) - the increase is due to insurance premium paid for insurance of receivables for electricity supplies to business customers in 2017); data processing services amounting to €483,075 (2017: €396,666); postal services amounting to €649,272 (2017: €659,485), advertising, sponsorship and marketing costs in the amount of €478,177 (2017: €219,666) and other services, including services provided by the parent company in the amount of €779,060 (2017: €742,375).

A 2.7 percent increase in costs is mostly due to high costs of intense marketing activities incurred in 2018 and increase in insurance premiums for insurance of receivables on account of electricity supplies.

The cost of services include €3,800 of the audit fee paid to the auditing firm for the audit of the annual report.

EMPLOYEE BENEFITS

EMPLOYEE BENEFITS		EUR
	2018	2017
Payroll cost	1,339,182	1,209,811
Cost of supplementary pension insurance	62,739	57,777
Cost of contributions and other levies on salaries	228,341	208,361
Other labour costs	262,118	224,498
TOTAL	1,892,379	1,700,447

Other labour costs include pay for annual leave of €94,737 (2017: €83,651).

As at 31 December 2018, the Company had 53 employees, all of whom were employed under the collective agreement for the energy sector.

The Company is represented by Darko Pahor, General Manager.

					EUR
	Fixed salary	Reimbursement of costs	Benefit - insurance premiums	Other receipts and benefits	Total
Darko Pahor	79,676	1,598		**10,723**	**91,997**

No loans or guarantees for liabilities were grated to the General Manager in 2018.

WRITE-DOWNS

WRITE-DOWNS		EUR
	2018	2017
Amortisation of intangible assets	148,178	232,460
Depreciation of buildings	141,259	137,893
Depreciation of equipment	457,651	413,194
Total amortisation and depreciation	747,088	783,547
Revaluation expenses from:		
- fixed assets	544	30
- current assets	207,690	310,409
Total revaluation expenses	208,234	310,440
TOTAL WRITE-DOWNS	955,322	1,093,987

Total amount of write-downs is down by 33% due to reduced amount of impairment of receivables on account of electricity supplies.

Each group of assets has a technical depreciable fixed period of life, based on which the depreciation rate is calculated. Fixed assets are depreciated on a straight-line basis; depreciation is calculated on an individual item of fixed assets based on its cost. Depreciation rates did not change compared to those used in the previous financial year. The depreciation accounts for 0.88 percent of total expenses incurred by the Company, down 0.21 percentage points compared to the previous year.

Fixed assets being acquired, land and works of art are not depreciated..

DEPRECIATION RATES		in percent
	2018	2017
Real estate	2.00–5.00	2.00–5.00
Computer hardware and software	8.33–33.30	8.33–33.30
HGV vehicles	12.50	12.50
Cars	12.50	12.50
Other property, plant and equipment	5.00–20.00	5.00–20.00

Operating expenses from revaluation arise upon impairment or disposal of property, plant and equipment and intangible assets, and in relation to current assets due to their impairment.

Operating expenses from revaluation of current assets amounting to €186,090 (2017: €242,588) relate to operating receivable allowances recognised in 2018 mainly for supplies of electricity and impairment of default interest receivable.

OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES		EUR
	2018	2017
Total provisions	0	0
Non-refundable financial incentives	74,855	13,825
Duties independent of profit or loss	33,149	20,904
Environmental protection expenditure	3,133	4,000
Awards to students on work experience	2,171	649
Total other costs	38,453	25,554
TOTAL OTHER OPERATING EXPENSES	113,308	39,379

Other operating expenses include:

- non-refundable financial incentives paid to end consumers of electricity from the URE fund for 2018;
- other costs of duties independent of profit or loss inclusive of tolls and court fees, compensation paid for the use of urban land and contributions paid due to the failure to reach the quota set for employment of disabled persons.

12.3.3 FINANCIAL INCOME

Financial income arises in connection with financial investments and receivables in the form of accrued interest, which is recognised when there is no doubt about the amount and collectibility.

FINANCIAL INCOME		in EUR
	2018	2017
Shares and interests	56,728	94,546
Loans granted	4,971	4,970
Operating receivables	113,814	82,156
TOTAL	175,513	181,672

Financial income comprises the transfer of a share in the net profit of associate company Knešca; accrued contractual interest on loans granted to other companies; default interest charged on late payment of trade receivables and outstanding amount of matured receivables at the end of the year (mainly due to late payment of outstanding receivables for supplied electricity in the amount of €110,220 (2017: €71,028)), and interest on sight deposits.

Year-on-year comparison shows that financial income dropped by 3.4 percent, mainly on account of a fall in income from shares and interests. Financial income from operating receivables increased by 55 percent compared to the previous year, mainly due to the default interest charged on receivables for electricity supplies.

12.3.4 FINANCIAL EXPENSES

Financial expenses include accrued interest on financial liabilities to banks and to suppliers.

FINANCIAL EXPENSES		EUR
	2018	2017
Financial liabilities to banks	5,797	8,873
Financial liabilities to group companies	0	12
Financial liabilities on account of actuarial calculations	3,674	5,819
Financial liabilities to suppliers	28,781	5,950
Financial liabilities to others	519	15
TOTAL	38,772	20,668

Financial liabilities to banks refer to interest on long-term borrowings and short-term revolving credit. Financial liabilities on account of operating activity refer to default interest on late payment of obligations and rose by 87.6 percent, mainly due to an increase in default interest on liabilities to suppliers, on account of initial difficulties during the introduction of the new ERP software.

12.3.5 OTHER INCOME

Other income comprises revenues that do not occur on a regular basis.

OTHER INCOME		EUR
	2018	2017
Other income	412	105
TOTAL	412	105

12.3.6 OTHER EXPENSES

Other expenses comprise unexpected and unforeseen expenses, such as donations and financial assistance paid.

OTHER EXPENSES		EUR
	2018	2017
Donations and financial assistance	4,800	7,730
Other expenses	15,914	19,771
TOTAL	20,714	27,501

12.3.7 CURRENT TAX AND DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES

Deferred tax assets arose on temporary differences relating to provisions, formation of receivable allowances and transfer of unused tax losses to future accounting periods.

Corporate income tax expense for the financial year encompasses current and deferred tax. Tax is recognised in profit or loss unless it relates to the items that are recognised in other comprehensive income or directly in equity.

Current tax is determined in accordance with the tax legislation enacted at the balance sheet date. The management regularly revises its approach where application of individual tax legislation depends on its interpretation. Wherever suitable, the Company sets aside provisions for tax amounts that the Company anticipates will have to pay to the tax authorities.

Deferred tax assets and liabilities for income tax are accounted for using the balance sheet liability method. Only deferred tax assets and liabilities arising from temporary differences are recognised. A deferred tax asset is also recognised on account of unused tax losses and unused tax credits carried forward to the next period, if it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Deferred tax is determined on the basis of tax rates and tax legislation enacted on the balance sheet date and for which it is assumed will be in effect when the relating deferred tax assets are realised or deferred tax liabilities are settled, and when taxable profit is available against which temporary differences can be utilised.

Deferred tax assets are reviewed on the balance sheet date and impaired for the amounts for which it is no longer expected that taxable profits will be available in the future against which those unused tax losses can be utilised.

Deferred tax assets and liabilities arising from transactions recognised directly in equity should be recognised in equity.

TAX EXPENSE RECOGNISED IN PROFIT OR LOSS		EUR
	2018	2017
Income tax payable for the current year	−89,642	−15,141
Deferred tax assets/liabilities	−2,753	30,298
TAX EXPENSE RECOGNISED IN PROFIT OR LOSS	−92,396	15,157

CHANGES IN DEFERRED TAXES RECOGNISED IN PROFIT OR LOSS		EUR
	2018	2017
Provisions	–2,377	963
Receivables	–376	34,808
Tax losses	0	–5,473
Unused tax relief for investments and donations	0	0
CHANGES IN DEFERRED TAX ASSETS/LIABILITIES	-2,753	30,298

CHANGES IN DEFERRED TAXES RECOGNISED IN EQUITY		EUR
	2018	2017
At 1 Jan	6,725	5,892
Change in the revaluation of deferred taxes on account of provisions	–4,095	833
Changes in deferred tax assets/liabilities	2,630	6,725
At 31 Dec	2,630	6,725

Total effective tax rate in 2018 was 16.41 percent, compared to –16.65 percent in 2017 as the result of much improved business result in 2018 and a reduction in deferred tax assets.

INCOME TAX		EUR
	2018	2017
Pre-tax profit	562,963	91,033
Revenues that reduce the tax base	–160,383	–146,337
Expenses that increase the tax base	332,699	417,465
Expenses that reduce the tax base	–129,240	–64,173
Expenses that reduce the tax base - revaluation and transition to a new accounting method	17.311	0
Tax base reduction on account of tax relief	–154,384	–214,655
Other	2,836	–3,641
Tax base	471,802	79,692
Tax rate	19%	19%
INCOME TAX PAYABLE	89,642	15,141
Effective tax rate on current tax	15.92%	16.63%
Increase/decrease in deferred tax	2,753	–30,298
EFFECTIVE TAX RATE	**16.41%**	**–16.65%**

Reconciliation between actual and computed tax expenditure based on the effective tax rate.

DIFFERENCE BETWEEN ACTUAL AND COMPUTED TAX RATE				EUR
		2018		2017
	Rate	Amount	Rate	Amount
PRE-TAX PROFIT		562,963		91,033
Income tax at applicable tax rate	19.00%	106,963	19.00%	17,296
Amounts increasing the tax base		67,041		80,217
- decrease in expenses to tax recognised level		63,213		79,318
- increase in revenue to taxable level		0		0
- change in the accounting method and revaluation		3,289		
- exempt expenses for exempt dividends		539		898
Amounts lowering the tax base		55,028		41,587
- increase in expenses to tax recognised level		24,556		12,193
- decrease in revenue to taxable level		30,473		27,804
- change in accounting method		0		1,590
- elimination of error from the previous period		0		0
Tax relief		29,333		40,785
- applied, decreasing the amount of tax payable		29,333		40,785
Income tax payable for the year	15.92%	89,642	16.63%	15,141
Increase/decrease in deferred tax		2,753		–30,298
TAX RECOGNISED IN PROFIT OR LOSS	**16.42%**	**92,396**	**–16.65%**	**–15,157**

12.3.8 NET PROFIT

NET PROFIT		EUR
	2018	2017
Operating result	446,524	-42,575
Financial result	136,742	161,004
Extraordinary operating result	-20,303	-27,396
Pre-tax profit	562,963	91,033
Corporate income tax	-89,642	-15,141
Deferred tax	-2,753	30,298
NET PROFIT	**470,567**	**106,190**

The Company reports €562,963 of pre-tax profit recognised in the profit and loss account (2017: €91,033), and net profit of €470,567. Pursuant to a decision of the Director, €4,241 of net profit was appropriated to settlement of losses brought forward from previous years; one half of the remaining net profit of €233.163 was appropriated to other profit reserves, while the other half remains undistributed.

12.3.9 TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

The Statement of Comprehensive Income shows changes in equity during the period under review, with the exception of changes resulting from transactions with the owners. Statement of comprehensive income is a true and fair presentation of all the components of the income statement inclusive of those items of income and expense that are not recognised in profit or loss, but which have an impact on the amount of equity.

Negative surplus from revaluation of actuarial benefits of €25,052 (2017: €64,063) arose on the actuarial gains in 2018 in the amount €43,105 and the revaluation surplus arising on deferred taxes amounting to – €4,095. In 2018 and in 2017, the Company reports no surplus from the revaluation of intangible assets, property, plant and equipment, available-for-sale financial assets, foreign operations, or from revaluation of other components of comprehensive income.

Total comprehensive income for the accounting period amounts to €509,577 (2017: €98,258).

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DEC			EUR
	Notes	2018	2017
NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD	12.3.8	470,567	106,190
Fair value reserve		–4,095	833
Other components of comprehensive income		43,105	–8,764
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12.3.9	**509,577**	**98,258**

12.4 NOTES TO THE CASH FLOW STATEMENT

The cash flow statement is compiled in accordance with SAS 22 (2016) based on the direct method (format I). The data for the cash flow statement comprises cash inflows and cash outflows on the Company's cash accounts.

CASH RECEIPTS FROM OPERATING ACTIVITIES

Receipts from operating activities consist of inflows to the business accounts and refer to proceeds from sales and other operating receipts including insurance proceeds and refunds of wage substitutes. Furthermore, receipts from operating activities include tax charged in issued invoices and all items charged by the Company to final customers, which are not recognised in revenues (such as contributions, excise duties and the price for the use of distribution network charged on invoices issued for electricity supplies).

CASH DISBURSEMENTS FROM OPERATING ACTIVITIES

Operating expenditures are outflows from accounts consisting of operating expenses paid in the year under review for material, services, salaries, levies and other expenditure, primarily outflows on account of liabilities to SODO.

RECEIPTS FROM INVESTING ACTIVITIES

Receipts from investing are inflows arising from interest and shares in profits, as well as gains from disposal of fixed assets.

EXPENDITURE FOR INVESTING ACTIVITIES

Expenditures for investing are measured at the amount of outflows on invoices paid for the acquisition of property, plant and equipment, intangible assets and investments.

PROCEEDS FROM FINANCING

Proceeds from financing refer to short-term overdraft facility.

CASH DISBURSEMENTS FROM FINANCING ACTIVITIES

Expenditures for financing activities refer to payments of interest and repayments of borrowings.

NET CASH FOR THE PERIOD

Difference between the opening and closing balance of cash is net cash for the year of €231,450.

The Company reports net cash inflow from operating and financing activities, and net cash outflow from investing activities.

MOVEMENTS IN CASH AND CASH EQUIVALENTS		EUR
	2018	2017
Opening balance of cash	1,203,082	1,267,308
Net cash for the period	231,450	−64,225
CLOSING BALANCE OF CASH	1,434,532	1,203,082

Closing balance of cash of €1,434,532 relates to cash on business accounts at commercial banks.

12.5 RELATED PARTY TRANSACTIONS

Transactions between the parent and its subsidiaries, which mainly refer to the purchase and sale of merchandise, services and property, are consistently agreed at market prices.

Transactions between related parties include receivables due from and liabilities to the parent Elektro Primorska.

RECEIVABLES		EUR
	2018	2017
Due from Elektro Primorska	25,711	26,682
Due from Elektro Primorska (default interest)	0	12
TOTAL	25,711	26,693

LIABILITIES		EUR
	2018	2017
Payable to Elektro Primorska	31,999	35,029
TOTAL	31,999	35,029

In the statement of profit or loss, E 3 recognised the following revenues and expenses from transactions with its parent Elektro Primorska and its related parties concluded in 2018.

REVENUE		EUR
	2018	2017
Net sales to Elektro Primorska	88,207	93,613
Financial income from operating receivables due from Elektro Primorska	0	12
Financial income from JOD	0	
Financial income from Knešca	56,728	94,546
TOTAL	144,935	188,170

EXPENSES		EUR
	2018	2017
Other costs and expenses related to Elektro Primorska	342,750	402,103
TOTAL	342,750	402,103

12.6 CONTINGENCIES

In the opinion of legal experts, none of the legal actions brought against the Company is likely to have a significant impact on profit or loss. Furthermore, it was assessed that provisions set aside for such purposes are sufficient and would cover contingent liabilities of the Company.

In its off-balance sheet records, the Company reports potential liabilities for bank guarantees issued as tender bonds and performance bonds (supply of electricity); liabilities arising from real estate pledged as collateral against the bank guarantee issued for the benefit of Nova KBM d.d., and small tools in use. Following the merger of the company ECO ATMINVEST, the guarantee issued for borrowings raised by the acquiree are reported under property.

The largest amount of bank guarantees is the guarantee issued to SODO for the use of the network in the amount of €11,500,000, the same as in 2017.

		EUR
	31. 12. 2018	31. 12. 2017
Small tools and protective gear in use	7,199	7,143
Bank guarantees issued	11,618,981	11,703,301
Real estate recognised by Eco Atminvest	1,750,616	1,750,616
TOTAL	13,376,796	13,461,061

12.7 EVENTS AFTER THE REPORTING DATE

No events occurred after the reporting date that could have a significant impact on the financial statements for the year ended 31 December 2018.

13 FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS COMPILED UNDER THE ENERGY ACT

Pursuant to Articles 38 and 109 of the Energy Act, E 3 is required to compile ITS financial statements separately for each of the energy activities it pursues. In accordance with the Companies Act, the Company's activities of electricity marketing, co-generation of heat and power, and production of electricity from renewable sources are carried out by individual sectors, i.e. business segments and must be disclosed separately in the Company's Annual Report. The co-generation sector performs both activities: electricity generation and district heating. In accordance with the concession agreement concluded with the Šempeter-Vrtojba Municipality, the Company also discloses separately the performance of services of general economic interest, i.e. activities of the system operator of the distribution network of heat for the Podmark residential complex.

At the end of each year, E 3 compiles financial statements for the Company as a whole, however in an annex to the notes to the financial statements it attaches the financial statements compiled in accordance with Article 38 of the Energy Act. Hence, the Company is required to disclose separately:

- energy trading activity;
- supply of heat and and separately services of general economic interest;
- production of electricity.

Below are the criteria set for:

- Calculating indirect cost allocation to individual activities and
- Criteria according to which assets, liabilities, revenues and expenses are allocated to individual activities.

13.1 NOTES TO THE BALANCE SHEET

The balance sheet is a presentation of assets, and equity and liabilities as at 31 December 2018.

The division of assets and liabilities to common activities is carried out and assigned to individual activities in accordance with agreed criteria as at the balance sheet date. The method of setting the criteria is described below.

The amount of share capital was divided among activities according to the actual contribution into an individual activity, and the difference was split three ways allocating one-third to the basic activities of marketing, co-generation and production from renewable sources.

In the balance sheet as at 31 December 2018, after the allocation of results and an unchanged equity, receivables and liabilities are disclosed separately per activities that offset the sub-balance activities and are "consolidated" in the balance sheet of the Company.

13.2 NOTES TO THE INCOME STATEMENT

In the profit and loss account, revenues and expenditure are disclosed per individual activity. These are direct revenues and expenses of individual activity and revenues and expenses of general activities distributed based on agreed criteria.

Criteria for allocating revenues and expenses, as well as assets and liabilities of common activities to individual activities:

Key 1	Share of employee benefit costs	$\dfrac{\text{labour cost of the activity} \times 100}{\text{labour cost of all activities}}$
Key 1-a	Share of heat produced in co-generation	$\dfrac{\text{revenue from the sale of heat in EUR} \times 100}{\text{revenue from the sale of power and heat in co-generation}}$
Key 2	Share of present value of intangible assets and property, plant and equipment	$\dfrac{\text{present value of fixed assets used in the activity} \times 100}{\text{present value of fixed assets}}$
Key 3	Share of revenues	$\dfrac{\text{revenue from activity} \times 100}{\text{revenue}}$
Key 6	Share of costs of materials and services	$\dfrac{\text{material and services used in the activity} \times 100}{\text{material and services consumed}}$

Using Key 1, the income statement, balance sheet and statement of cash flows from the co-generation activity are divided into the electricity generation and heat production activities.

13.2.1 SUB-BALANCE SHEET OF SERVICES OF GENERAL ECONOMIC INTEREST AS AT 31 DECEMBER 2018

	Services of general economic interest	Other activities	Total (EUR)	
A. Long-term assets	22,542	8,464,742	8,487,284	
I. Intangible assets	4,029	436,369	440,398	
1. Long-term rights	4,029	375,717	379,746	Key
2. Other long-term deferred costs	0	28,232	28,232	
3. Intangible assets being acquired	0	32,420	32,420	Key
II. Property, plant and equipment	17,953	6,833,585	6,851,538	
1. Land	0	267,603	267,603	
2. Buildings	0	3,725,939	3,725,939	
3. Equipment	806	2,311,154	2,311,959	
4. Property, plant and equipment being acquired	17,147	528,889	546,036	Actual
III. Long-term investments	0	586,972	586,972	
1. Investments in the shares of group companies and associates	0	483,993	483,993	
2. Other shares and stakes	0	20,000	20,000	
3. Long-term loans to others	0	82,979	82,979	
IV. Long-term operating receivables	0	112,375	112,375	
2. Other long-term operating receivables	0	112,375	112,375	
V. Deferred tax assets	560	495,440	496,000	Actual
B. Current assets	11,302	27,240,267	27,251,569	
III. Short-term operating receivables	10,286	25,806,751	25,818,037	
1. Operating receivables due from the group	0	25,711	25,711	
2. Trade receivables	8,563	24,570,764	24,579,327	Actual
3. Operating receivables due from others	1,722	1,210,277	1,211,999	Key
IV. Cash and cash equivalents	1,016	1,433,516	1,434,532	Key
C. Short-term deferred and accrued items	7	1,457,904	1,457,911	
ASSETS	**33,851**	**37,162,913**	**37,196,764**	
A. Equity	333	14,693,895	14,694,228	
I. Called-up capital	0	6,522,017	6,522,017	
1. Share capital	0	6,522,017	6,522,017	
III. Profit reserves	0	7,964,101	7,964,101	
1. Legal reserves	0	117,173	117,173	
2. Other profit reserves	0	7,846,928	7,846,928	
IV. Revaluation surplus	0	–25,052	–25,052	
V. Retained earnings	0	0	0	
VI. Net profit or loss for the year	0	232,830	232,830	
B. Provisions and long-term accrued costs and deferred revenue	0	946,496	946,496	
1. Provisions	0	262,000	262,000	
2. Long-term accrued costs and deferred revenue	0	684,496	684,496	
C. Long-term liabilities	0	291,667	291,667	
I. Long-term financial liabilities	0	291,667	291,667	
1. Long-term financial liabilities to banks	0	291,667	291,667	
D. Short-term liabilities	25,413	20,645,052	20,670,465	
I. Short-term financial liabilities	0	283,173	283,173	
2. Short-term financial liabilities to banks	0	276,173	276,173	
3. Other short-term financial liabilities	0	7,000	7,000	
II. Short-term operating liabilities	25,413	20,361,879	20,387,292	
1. Short-term operating liabilities to group companies	0	31,999	31,999	
2. Supplier payables	23,728	19,725,322	19,749,050	Key
3. Other short-term operating liabilities	1,685	604,557	606,243	
D. Short-term accrued costs and deferred revenue	8,105	585,804	593,908	Actual
EQUITY AND LIABILITIES	**33,851**	**37,162,913**	**37,196,764**	

13.2.2 SUB-BALANCE SHEET OF SERVICES OF GENERAL ECONOMIC INTEREST AS AT 31 DECEMBER 2017

			EUR	
	Gospodarska javna služba	Ostale dejavnosti	Skupaj	
A. Long-term assets	19,348	8,496,116	8,515,464	
I. Intangible assets	1,639	353,193	354,832	
1. Long-term rights	1,327	336,725	338,052	Key
3. Intangible assets being acquired	312	16,468	16,780	Key
II. Property, plant and equipment	17,147	6,926,789	6,943,937	
1. Land	0	130,075	130,075	
2. Buildings	0	3,830,000	3,830,000	
3. Equipment	0	2,722,635	2,722,635	
4. Property, plant and equipment being acquired	17,147	244,078	261,226	Actual
III. Long-term investments	0	586,972	586,972	
1. Investments in shares of group companies	0	483,993	483,993	
2. Other shares and stakes	0	20,000	20,000	
3. Long-term loans to others	0	82,979	82,979	
IV. Long-term operating receivables	0	126,875	126,875	
2. Other long-term operating receivables	0	126,875	126,875	
V. Deferred tax assets	562	502,286	502,848	Actual
B. Current assets	8,447	21,839,025	21,847,472	
III. Short-term operating receivables	7,244	20,637,146	20,644,390	
1. Operating receivables due from the group	0	26,693	26,693	
2. Trade receivables	5,826	19,428,210	19,434,036	Actual
3. Operating receivables due from others	1,418	1,182,242	1,183,660	Key
IV. Cash and cash equivalents	1,203	1,201,879	1,203,082	Key
C. Short-term deferred and accrued items	0	1,318,886	1,318,886	
ASSETS	**27,796**	**31,654,027**	**31,681,823**	
A. Equity	13	14,188,880	14,188,893	
I. Called-up capital	0	6,522,017	6,522,017	
1. Share capital	0	6,522,017	6,522,017	
III. Profit reserves	0	7,679,837	7,679,837	
1. Legal reserves	0	117,173	117,173	
2. Other profit reserves	0	7,562,664	7,562,664	
IV. Revaluation surplus	0	−64,063	−64,063	
V. Retained earnings	0	0	0	
VI. Net profit or loss for the year	13	51,089	51,102	
B. Provisions and long-term accrued costs and deferred revenue	0	1,057,855	1,057,855	
1. Provisions	0	330,131	330,131	
2. Long-term accrued costs and deferred revenue	0	727,724	727,724	
C. Long-term liabilities	0	358,334	358,334	
I. Long-term financial liabilities	0	358,334	358,334	
1. Long-term financial liabilities to banks	0	358,334	358,334	
D. Short-term liabilities	19,783	15,480,203	15,499,986	
I. Short-term financial liabilities	0	283,173	283,173	
1. Short-term financial liabilities to group companies	0	0	0	
2. Short-term financial liabilities to banks	0	66,667	66,667	
3. Other short-term financial liabilities	0	7,000	7,000	
II. Short-term operating liabilities	19,783	15,406,537	15,426,319	
1. Short-term operating liabilities to group companies	0	35,029	35,029	
2. Supplier payables	10,923	14,895,090	14,906,013	Key
3. Other short-term operating liabilities	8,860	476,418	485,278	
D. Short-term accrued costs and deferred revenue	8,000	568,756	576,756	Actual
EQUITY AND LIABILITIES	**27,796**	**31,654,027**	**31,681,823**	

13.2.3 INCOME STATEMENT OF SERVICES OF GENERAL ECONOMIC INTEREST FOR THE YEAR ENDED 31 DECEMBER 2018

EUR

	Services of general economic interest	Other activities	Total
1. Net sales revenue	71,652	85,149,260	85,220,912
a. On domestic market	71,652	78,843,506	78,915,158
b. On foreign markets	0	6,305,754	6,305,754
2. Capitalised own products and services	0	77,431	77,431
3. Other operating revenue	292	373,339	373,631
4. Cost of goods, materials and services	–53,783	–82,210,657	–82,264,441
a. Costs of goods and material sold and costs of material used	–37,917	–77,044,153	–77,082,070
b. Cost of services	–15,867	–5,166,504	–5,182,371
5. Employee benefit costs	–11,698	–1,880,682	–1,892,379
a. Payroll costs	–8,656	–1,330,525	–1,339,182
b. Costs of supplementary pension insurance of employees	–32	–62,707	–62,739
c. Social security costs	–1,409	–226,932	–228,341
d. Other labour costs	–1,600	–260,518	–262,118
6. Write-downs	–5,989	–949,333	–955,322
a. Amortisation and depreciation	–5,524	–741,564	–747,088
b. Operating expenses from revaluation of intangible assets and P, P&E	–21	-523	–544
c. Operating expenses from revaluation of current assets	–444	–207,245	–207,690
7. Other operating expenses	–43	–113,265	–113,308
8. Financial income from shares and interests	0	56,728	56,728
a. Group companies	0	56,728	56,728
9. Financial income from loans	0	4,971	4,971
a. Granted to group companies	0	0	0
b. Granted to others	0	4,971	4,971
10. Financial income from operating receivables	0	113,814	113,814
b. Due from others	0	113,814	113,814
11. Financial expenses from financial liabilities	–7	–9,464	–9,471
b. Bank borrowings	–1	–5,795	–5,797
d. Other financial liabilities	–6	–3,668	–3,674
12. Financial expenses from operating liabilities	–30	–29,271	–29,301
b. Payables to suppliers and bills payable	–30	–28,752	–28,781
c. Other operating liabilities	0	–519	–519
13. Other revenue	0	412	412
14. Other expenses	0	–20,714	–20,714
PRE-TAX PROFIT OR LOSS OF THE ACCOUNTING PERIOD	394	562,569	562,963
15. Income tax payable	–63	–89,580	–89,642
16. Deferred tax	–2	–2,752	–2,753
17. NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD	**333**	**470,238**	**470,567**

13.2.4 INCOME STATEMENT OF SERVICES OF GENERAL ECONOMIC INTEREST FOR THE YEAR ENDED 31 DECEMBER 2017

EUR

	Services of general economic interest	Other activities	Total
1. Net sales revenue	71,354	71,298,263	71,369,617
a. On domestic market	71,354	67,028,872	67,100,226
b. On foreign markets	0	4,269,391	4,269,391
2. Capitalised own products and services	0	58,702	58,702
3. Other operating revenue	1,764	382,554	384,319
4. Cost of goods, materials and services	–61,528	–68,959,872	–69,021,400
a. Costs of goods and material sold and costs of material used	–37,648	–63,937,321	–63,974,969
b. Cost of services	–23,880	–5,022,551	–5,046,431
5. Employee benefit costs	–8,666	–1,691,781	–1,700,447
a. Payroll costs	–6,908	–1,202,902	–1,209,811
b. Costs of supplementary pension insurance of employees	–330	–57,448	–57,777
c. Social security costs	–1,108	–207,253	–208,361
d. Other labour costs	–321	–224,177	–224,498
6. Write-downs	–2,811	–1,091,176	–1,093,987
a. Amortisation and depreciation	–704	–782,843	–783,547
b. Operating expenses from revaluation of intangible assets and P, P&E	0	–30	–30
c. Operating expenses from revaluation of current assets	–2,107	–308,302	–310,409
7. Other operating expenses	–56	–39,323	–39,379
8. Financial income from shares and interests	0	94,546	94,546
a. Group companies	0	94,546	94,546
9. Financial income from loans	0	4,970	4,970
a. Granted to group companies	0	0	0
b. Granted to others	0	4,970	4,970
10. Financial income from operating receivables	0	82,156	82,156
b. Due from others	0	82,156	82,156
11. Financial expenses from financial liabilities	–45	–14,647	–14,692
b. Bank borrowings	0	–8,873	–8,873
d. Other financial liabilities	–45	–5,774	–5,819
12. Financial expenses from operating liabilities	0	–5,977	–5,976
b. Payables to suppliers and bills payable	0	–5,961	–5,961
c. Other operating liabilities	0	–15	–15
13. Other revenue	0	105	105
14. Other expenses	0	–27,501	–27,501
PRE-TAX PROFIT OR LOSS OF THE ACCOUNTING PERIOD	13	91,020	91,033
15. Income tax payable	0	–15,141	–15,141
16. Deferred tax	0	30,299	30,299
17. NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD	**13**	**106,177**	**106,190**

13.2.5 SUB-BALANCE SHEET OF INDIVIDUAL ACTIVITIES AS AT 31 DECEMBER 2018

EUR

Item	Electricity trading	Production and supply of heat	Electric power generation	Total	Key
1	2	3	4	5	
A. Long-term assets	992,783	3,855,237	3,639,264	8,487,284	
I. Intangible assets	111,810	168,052	160,536	440,398	
1. Long-term rights	82,706	151,917	145,123	379,746	K-1a, K-2
2. Long-term deferred development costs				0	
3. Other long-term deferred costs	28,232	0	0	28,232	
4. Intangible assets being acquired	872	16,135	15,413	32,420	K-1a, K-2
II. Property, plant and equipment	102,390	3,451,756	3,297,392	6,851,538	
1. Land and buildings	39,838	2,022,066	1,931,639	3,993,543	
a. Land	2,250	135,711	129,642	267,603	K-1a
b. Buildings	37,588	1,886,355	1,801,996	3,725,939	K-1a, K-2
3. Equipment	57,032	1,153,251	1,101,677	2,311,959	K-1a, K-2
4. Property, plant and equipment being acquired	5,521	276,439	264,077	546,036	K-1a, K-2
a. Property, plant and equipment under construction	5,521	276,439	264,077	546,036	K-1a, K-3
b. Advances for acquisition of property, plant and equipment	0	0	0	0	
III. Long-term investments	397,115	135,589	54,269	586,972	
1. Investments in the shares of group companies and associates	378,205	54,104	51,684	483,993	K-1
2. Other shares and stakes	15,629	2,236	2,136	20,000	K-1
3. Long-term loans to others	3,282,0	79,249	449	82,979	
IV. Long-term operating receivables	0	57,473	54,903	112,375	
1. Other long-term operating receivables	0	57,473	54,903	112,375	
V. Deferred tax assets	381,467	42,368	72,165	496,000	K-1
B. Current assets	26,625,085	289,453	337,031	27,251,569	
III. Short-term operating receivables	25,485,955	136,336	194,745	25,817,037	
1. Operating receivables due from the group	23,485	2,220,	6	25,711	
2. Trade receivables	24,281,788	118,100	179,439	24,579,327	K-1a, K-3
3. Operating receivables due from others	1,180,682	16,017	15,300	1,211,999	K-1, K-1a, K-3
IV. Cash and cash equivalents	1,139,130	153,117	142,286	1,434,532	K-3
C. Short-term deferred and accrued items	1,370,993	66,074	20,844	1,457,911	K-3
D. Receivables due from other activities	5,737,211	0	0	5,737,211	
ASSETS	**34,726,072**	**4,210,763**	**3,997,139**	**42,933,975**	

Item	Electricity trading	Production and supply of heat	Electric power generation	Total EUR	Key
1	2	3	4	5	
A. Equity	13,789,964	120,556	1,024,819	14,694,228	
I. Called-up capital	5,525,141	194,623	802,253	6,522,017	
1. Share capital	5,525,141	194,623	802,253	6,522,017	
III. Profit reserves	7,917,501	−211,200	257,800	7,964,100	
1. Legal reserves	111,314	1,886	3,972	117,173	
2. Other profit reserves	7,806,187	−213,087	253,828	7,846,928	
IV. Fair value reserve	−19,577	−2,801	−2,675	−25,052	K-1
V. Retained earnings	0	0	0	0	
VI. Net profit or loss for the year	366,899	−101,178	−32,559	233,163	
B. Provisions and long-term accrued costs and deferred revenue	212,040	708,250	26,206	946,496	
1. Provisions	209,165	27,021	25,813	262,000	K-1a, K-1
2. Long-term accrued costs and deferred revenue	2,875	681,228	393	684,496	
C. Long-term liabilities	0	291,667	0	291,667	
I. Long-term financial liabilities	0	291,667	0	291,667	
1. Long-term financial liabilities to banks	0	291,667	0	291,667	
D. Short-term liabilities	20,152,925	301,910	215,630	20,670,465	
I. Short-term financial liabilities	163,714	97,087	22,373	283,173	
1. Short-term financial liabilities to group companies	0	0	0	0	K-1
2. Short-term financial liabilities to banks	163,714	90,087	22,373	276,173	K-1
3. Other short-term financial liabilities	0	7,000	0	7,000	
II. Short-term operating liabilities	19,989,211	204,824	193,257	20,387,292	
1. Short-term operating liabilities to group companies	30,629	701	670	31,999	K-1a, K-2, K-6
2. Supplier payables	18,348,398	189,162	180,542	18,718,102	K-1a, K-2, K-6
3. Short-term operating liabilities from advances	1,030,692	256	0	1,030,948	
4. Other short-term operating liabilities	579,492	14,705	12,046	606,243	K-1a, K-1
D. Short-term accrued costs and deferred revenue	571,143	12,315	10,450	593,908	K-1a, K-3
E. Liabilities from other activities		3,017,177	2,720,035	5,737,212	
EQUITY AND LIABILITIES	**34,726,072**	**4,210,763**	**3,997,139**	**42,933,975**	

13.2.6 SUB-BALANCE SHEET OF INDIVIDUAL ACTIVITIES AS AT 31 DECEMBER 2017

EUR

Item	Electricity trading	Production and supply of heat	Electric power generation	Total	Key
1	2	3	4	5	
A. Long-term assets	2,232,673	2,801,994	3,480,797	8,515,464	
I. Intangible assets	288,742	29,569	36,521	354,832	
1. Long-term rights	287,412	22,657	27,983	338,052	K-1a, K-2
3. Intangible assets being acquired	1,330	6,913	8,538	16,780	K-1a, K-2
II. Property, plant and equipment	1,104,938	2,612,434	3,226,565	6,943,937	
1. Land and buildings	809,775	1,409,480	1,740,821	3,960,076	
a. Land	37,272	41,521	51,282	130,075	K-1a
b. Buildings	772,503	1,367,959	1,689,539	3,830,000	K-1a, K-2
3. Equipment	147,667	1,152,070	1,422,899	2,722,635	K-1a, K-2
4. Property, plant and equipment being acquired	147,496	50,884	62,846	261,226	K-1a, K-2
a. Property, plant and equipment under construction	147,496	50,884	62,846	261,226	K-1a, K-2
b. Advances for acquisition of property, plant and equipment	0	0	0	0	
III. Long-term investments	452,260	60,272	74,441	586,972	
1. Investments in shares of group companies	372,914	49,698	61,381	483,993	K-1
2. Other shares and stakes	15,410	2,054	2,536	20,000	K-1
3. Long-term loans to others	63,935	8,521	10,524	82,979	
IV. Long-term operating receivables	0	56,765	70,110	126,875	
1. Other long-term operating receivables	0	56,765	70,110	126,875	
V. Deferred tax assets	386,734	42,953	73,161	502,848	K-1
B. Current assets	21,386,287	253,633	207,553	21,847,472	
III. Short-term operating receivables	20,525,460	49,404	69,527	20,644,390	
1. Operating receivables due from the group	24,306	2,371	16	26,694	
2. Trade receivables	19,359,755	27,233	47,047	19,434,036	K-1a, K-3
3. Operating receivables due from others	1,141,398	19,799	22,463	1,183,660	K-1, K-1a, K-3
IV. Cash and cash equivalents	860,827	204,229	138,026	1,203,082	K-3
C. Short-term deferred and accrued items	1,185,182	59,554	74,150	1,318,886	K-3
D. Receivables due from other activities	4,101,751	0	0	4,101,751	
ASSETS	**28,905,893**	**3,115,181**	**3,762,500**	**35,783,574**	

Item	Electricity trading	Production and supply of heat	Electric power generation	Total EUR	Key
1	2	3	4	5	
A. Equity	13,026,382	−23,156	1,185,665	14,188,892	
I. Called-up capital	5,525,141	194,623	802,253	6,522,017	
1. Share capital	5,525,141	194,623	802,253	6,522,017	
III. Profit reserves	7,545,023	−176,390	311,202	7,679,836	
1. Legal reserves	111,314	1,886	3,972	117,173	
2. Other profit reserves	7,433,709	−178,276	307,230	7,562,663	
IV. Fair value reserve	−49,360	−6,578	−8,125	−64,063	K-1
V. Retained earnings	0	0	0	0	
VI. Net profit or loss for the year	5,578	−34,811	80,334	51,102	
B. Provisions and long-term accrued costs and deferred revenue	263,329	755,230	39,296	1,057,855	
1. Provisions	259,018	31,817	39,296	330,131	K-1a, K-1
2. Long-term accrued costs and deferred revenue	4,311	723,413	0	727,724	
C. Long-term liabilities	0	358,334	0	358,334	
I. Long-term financial liabilities	0	358,334	0	358,334	
1. Long-term financial liabilities to banks	0	358,334	0	358,334	
D. Short-term liabilities	15,064,089	239,035	196,862	15,499,986	
I. Short-term financial liabilities	0	73,667	0	73,667	
1. Short-term financial liabilities to group companies	0	0	0	0	K-1
2. Short-term financial liabilities to banks	0	66,667	0	66,667	K-1
3. Other short-term financial liabilities	0	7,000	0	7,000	
II. Short-term operating liabilities	15,064,089	165,369	196,862	15,426,319	
1. Short-term operating liabilities to group companies	34,322	316	391	35,029	K-1a, K-2, K-6
2. Supplier payables	13,663,299	145,025	179,118	13,987,443	K-1a, K-2, K-6
3. Short-term operating liabilities from advances	918,314	115	142	918,570	
4. Other short-term operating liabilities	448,154	19,912	17,212	485,278	K-1a, K-1
D. Short-term accrued costs and deferred revenue	552,092	16,216	8,448	576,756	K-1a, K-3
E. Liabilities from other activities		1,769,523	2,332,229	4,101,751	
EQUITY AND LIABILITIES	**28,905,893**	**3,115,181**	**3,762,500**	**35,783,573**	

13.2.7 INCOME STATEMENT OF INDIVIDUAL ACTIVITY FOR THE YEAR ENDED 31 DECEMBER 2018

EUR

Item	Electricity trading	Production and supply of heat	Electric power generation	Total	Key
1	2	3	4	5	
1. Net sales revenue	83,423,176	919,426	878,309	85,220,912	
a. On domestic market	77,117,423	919,426	878,309	78,915,158	K-1a, K-3
b. On foreign markets	6,305,754	0	0	6,305,754	K-1a, K-3
2. Capitalised own products and services	9,750	34,614	33,067	77,431	K-1a
3. Other operating revenue	254,616	81,840	37,176	373,631	K-1a, K-3
4. Cost of goods, materials and services	–80,921,403	–785,932	–557,106	–82,264,441	
a. Costs of goods and material sold and costs of material used	–75,908,687	–699,164	-474,219	–77,082,070	K-1a, K-6
b. Cost of services	–5,012,716	–86,767	–82,887	–5,182,371	K-1a, K-2, K-6
5. Employee benefit costs	–1,599,078	–150,005	-143,297	–1,892,379	
a. Payroll costs	–1,122,129	–111,009	–106,044	–1,339,182	K-1a, K-1
b. Costs of supplementary pension insurance of employees	–61,940	–409	–390	–62,739	K-1a, K-1
c. Social security costs	–193,016	–18,066	–17,258	–228,341	K-1a, K-1
d. Other labour costs	–221,994	–20,521	–19,603	–262,118	K-1a, K-1
6. Write-downs	–290,752	–339,885	–324,685	–955,322	
a. Amortisation and depreciation	–92,401	–334,830	–319,857	–747,088	K-1a, K-2
b. Operating expenses from revaluation of intangible assets and P, P&E	–15	–271	-259	–544	K-1a
c. Operating expenses from revaluation of current assets	–198,335	–4,784	–4,570	–207,690	K-1a
7. Other operating expenses	–112,802	–259	–247	–113,308	K-1a, K-1
8. Financial income from shares and interests	55,532	612	584	56,728	
a. Group companies	55,532	612	584	56,728	K-1a
9. Financial income from loans	7	2,539	2,425	4,971	
b. Granted to others	7	2,539	2,425	4,971	K-3
10. Financial income from operating receivables	112,521	661	632	113,814	
b. Due from others	112,521	661	632	113,814	K-1a
11. Financial expenses from financial liabilities	–4,077	–2,759	–2,635	–9,471	
a. Borrowings raised from group companies	0	0	0	0	
b. Bank borrowings	–1,200	–2,351	–2,246	–5,797	K-1a, K-6
d. Other financial liabilities	–2,877	–408	–390	–3,674	K-1a, K-6
12. Financial expenses from operating liabilities	–28,280	–522	–499	–29,301	
b. Payables to suppliers and bills payable	–27,761	–522	–498	–28,782	K-1a, K-6
c. Other operating liabilities	–519	0	0	-519	K-1a, K-6
13. Other revenue	412	0	0	412	K-1a, K-3
14. Other expenses	–20,388	–167	–159	–20,714	K-1a, K-1
PRE-TAX PROFIT OR LOSS OF THE ACCOUNTING PERIOD	879,234	–239,836	–76,435	526,963	
15. Income tax payable	–140,003	–38,190	12,171	-89,642	
16. Deferred tax	2,118	235	401	2,753	K-1
17. NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD	**737,113**	**-201,881**	**-64,665**	**470,567**	

13.2.8 INCOME STATEMENT OF INDIVIDUAL ACTIVITY FOR THE YEAR ENDED 31 DECEMBER 2017

EUR

Item	Electricity trading	Production and supply of heat	Electric power generation	Total	Key
1	2	3	4	5	
1. Net sales revenue	69,238,061	953,682	1,177,874	71,369,617	
a. On domestic market	64,968,671	953,682	1,177,874	67,100,226	K-1a, K-3
b. On foreign markets	4,269,391	0	0	4,269,391	K-1a, K-3
2. Capitalised own products and services	0	26,264	32,438	58,702	K-1a
3. Other operating revenue	179,892	118,192	86,234	384,319	K-1a, K-3
4. Cost of goods, materials and services	–67,547,676	–816,774	–656,949	–69,021,400	
a. Costs of goods and material sold and costs of material used	–62,664,663	–732,791	–577,515	–63,974,969	K-1a, K-6
b. Cost of services	–4,883,013	–83,984	–79,434	–5,046,431	K-1a, K-6, K-2
5. Employee benefit costs	–1,431,023	–121,194	–148,229	–1,700,447	
a. Payroll costs	–1,020,868	–85,123	–103,820	–1,209,811	K-1a, K-1
b. Costs of supplementary pension insurance of employees	–47,167	–4,747	–5,863	–57,777	K-1a, K-1
c. Social security costs	–173,388	–15,647	–19,325	–208,361	K-1a, K-1
d. Other labour costs	–189,601	–15,676	–19,221	–224,498	K-1a, K-1
6. Write-downs	–536,101	–249,993	–307,892	–1,093,987	
a. Amortisation and depreciation	–280,819	–225,315	–277,413	–783,547	K-1a, K-2
b. Operating expenses from revaluation of intangible assets and P, P&E	–30	0	0	–30	K-1a
c. Operating expenses from revaluation of current assets	–255,252	–24,678	–30,479	–310,409	K-1a
7. Other operating expenses	–37,612	–791	–977	–39,379	K-1a, K-1
8. Financial income from shares and interests	91,732	1,259	1,555	94,546	
a. Group companies	91,732	1,259	1,555	94,546	K-1a
9. Financial income from loans	6	2,221	2,743	4,970	
b. Granted to others	6	2,221	2,743	4,970	K-3
10. Financial income from operating receivables	72,807	4,183	5,166	82,156	
b. Due from others	72,807	4,183	5,166	82,156	K-1a
11. Financial expenses from financial liabilities	–8,023	–2,984	–3,685	–14,692	
a. Borrowings raised from group companies	0	0	0	0	
b. Bank borrowings	–3,539	–2,386	–2,947	–8,873	K-1a, K-6
d. Other financial liabilities	–4,484	–598	–738	–5,819	K-1a, K-6
12. Financial expenses from operating liabilities	–5,973	-2	–2	–5,976	
b. Payables to suppliers and bills payable	–5,958	-2	–2	–5,961	K-1a, K-6
c. Other operating liabilities	–15	0	0	–15	K-1a, K-6
13. Other revenue	103	1	1	105	K-1a, K-3
14. Other expenses	–27,079	–189	–233	–27,501	K-1a, K-1
PRE-TAX PROFIT OR LOSS OF THE ACCOUNTING PERIOD	–10,885	–86,125	188,043	91,033	
15. Income tax payable	1,810	14,325	–31,277	–15,141	
16. Deferred tax	23,302	2,588	4,408	30,298	K-1
17. NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD	**14,228**	**-69,212**	**161,174**	**106,190**	

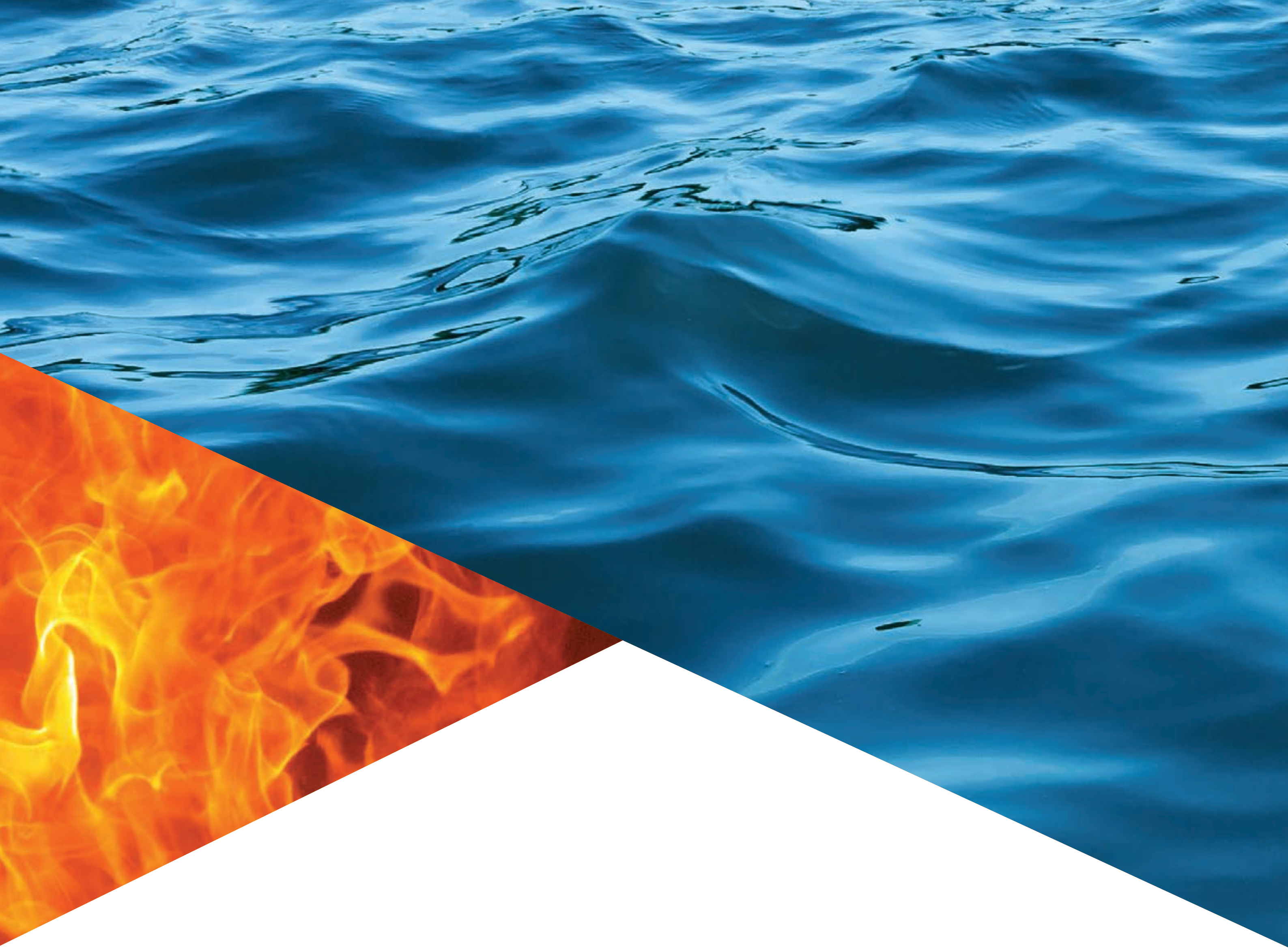
13.2.9 CASH FLOW STATEMENT BY ACTIVITIES FY 2018

	Sale of electricity	Heat production	Electric power generation	Total	Key
				EUR	
A. CASH FLOWS FROM OPERATING ACTIVITIES					
1. Receipts from operating activities	165,115,404	1,199,185	1,145,557	167,460,147	
a. Proceeds from sale of products and services	163,227,513	1,171,302	1,118,921	165,517,736	K-1a, K-3
b. Other receipts from operating activities	1,887,892	27,883	26,636	1,942,411	K-1, K-1a, K-3, K-6
2. Expenditure from operating activities	−165,120,726	−871,300	−831,380	−166,822,406	
a. Expenditure for purchase of materials and services	−94,289,715	−658,956	−629,487	−95,578,158	K-1a, K-3, K-6
b. Expenditure for salaries and employees' shares in profits	−1,405,037	−199,850	−190,913	−1,795,800	K-1, K-1a, K-6
c. Expenditure for all kinds of contributions	−4,834,488	−11,420	−10,909	−4,856,816	K-1, K-1a, K-3,K-6
d. Other expenditure from operating activities	−64,591,487	−74	−71	−64,591,632	K-1, K-1a, K-3, K-6
3. Net cash from operating activities	−5,322	328,886	314,178	637,741	
B. CASH FLOWS FROM INVESTING ACTIVITIES					
4. Cash receipts from investing activities	142,293	15,641	1,090	159,023	
a. Interest and profit shares	118,404	882	842	120,128	K-1a, K-3
b. Proceeds from disposal of property, plant and equipment	23,889	14,759	248	38,896	K-2
c. Proceeds from disposal of short-term investments	0	0	0	0	
d. Receipts from the merger of a subsidiary	0	0	0		
5. Cash disbursements for investing activities	−41,139	−326,327	−311,733	−679,199	
a. Expenditure for acquisition of intangible assets	−5,168	−95,645	−91,367	−192,180	K-1a, K-2
b. Expenditure for acquisition of property, plant and equipment	−35,971	−230,682	−220,366	−487,019	K-1a, K-2
6. Net cash from investing activities	101,154	−310,686	−310,644	−520,176	
C. CASH FLOWS FROM FINANCING ACTIVITIES					
7. Cash receipts from financing activities	206,154	1,714	1,637	209,506	
a. Receipts from long-term borrowings				0	
b. Receipts from short-term borrowings	206,154	1,714	1,637	209,506	K-6
8. Cash disbursements from financing activities	−23,684	−71,025	−912	−95,622	
a. Interest paid	−23,684	−4,359	−912	−28,955	K-1a, K-6
b. Cash repayments of long-term borrowings	0	−66,667	0	−66,667	
c. Cash repayments of short-term borrowings	0	0	0	0	K-1a, K-6
9. Net cash from financing activities	182,470	−69,311	726	113,885	
10. Net cash inflow or outflow	278,303	−51,112	4,260	231,450	
D. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	1,139,130	153,117	142,286	1,434,532	
X. OPENING BALANCE OF CASH AND CASH EQUIVALENTS	860,827	204,229	138,026	1,203,082	
Y. CASH FLOWS FOR THE PERIOD	278,303	−51,112	4,260	231,450	
CLOSING BALANCE OF CASH AT 31 DEC 2018	**1,139,130**	**153,117**	**142,286**	**1,434,532**	

13.2.10 CASH FLOW STATEMENT BY ACTIVITIES FY 2017

EUR

	Sale of electricity	Heat production	Electric power generation	Total	Key
A. CASH FLOWS FROM OPERATING ACTIVITIES					
1. Receipts from operating activities	147,417,465	1,277,838	1,578,233	150,273,535	
a. Proceeds from sale of products and services	146,732,174	1,196,586	1,477,880	149,406,640	K-1a, K-3
b. Other receipts from operating activities	685,290	81,252	100,353	866,895	K-1, K-1a, K-3, K-6
2. Expenditure from operating activities	−146,584,198	−1,499,346	−1,849,995	−149,933,539	
a. Expenditure for purchase of materials and services	−79,986,360	−1,290,824	−1,594,271	−82,871,454	K-1a, K-3, K-6
b. Expenditure for salaries and employees' shares in profits	−1,322,942	−174,755	−214,018	−1,711,715	K-1, K-1a, K-6
c. Expenditure for all kinds of contributions	−5,151,820	−33,165	−40,961	−5,225,945	K-1, K-1a, K-3, K-6
d. Other expenditure from operating activities	−60,123,076	−603	−745	−60,124,424	K-1, K-1a, K-3, K-6
3. Net cash from operating activities	833,267	-221,508	-271,763	339,996	
B. CASH FLOWS FROM INVESTING ACTIVITIES					
4. Cash receipts from investing activities	235,876	1,367	58,683	295,926	
a. Interest and profit shares	146,532	1,367	1,688	149,587	K-1a, K-3
b. Proceeds from disposal of property, plant and equipment	89,344	0	0	89,344	K-2
c. Proceeds from disposal of short-term investments	0	0	0	0	
d. Receipts from the merger of a subsidiary	0	0	56,995	56,995	
5. Cash disbursements for investing activities	−110,063	−228,480	−282,192	−620,735	
a. Expenditure for acquisition of intangible assets	−34,912	−72,475	−89,512	−196,900	K-1a, K-2
b. Expenditure for acquisition of property, plant and equipment	−75,150	−156,006	−192,679	−423,835	K-1a, K-2
6. Net cash from investing activities	125,813	-227,113	-223,508	-324,809	
C. CASH FLOWS FROM FINANCING ACTIVITIES					
7. Cash receipts from financing activities	15,454,999	854,357	790,643	17,100,000	
a. Receipts from long-term borrowings				0	
b. Receipts from short-term borrowings	15,454,999	854,357	790,643	17,100,000	K-6
8. Cash disbursements from financing activities	−16,767,489	−221,139	−190,785	−17,179,413	
a. Interest paid	−12,489	−115	−142	−12,746	K-1a, K-6
b. Cash repayments of long-term borrowings	0	−66,667	0	−66,667	
c. Cash repayments of short-term borrowings	−16,754,999	−154,357	−190,643	−17,100,000	K-1a, K-6
9. Net cash from financing activities	−1,312,489	633,218	599,858	−79,413	
10. Net cash inflow or outflow	−353,409	184,597	104,587	−64,225	
D. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	860,827	204,229	138,026	1,203,082	
X. OPENING BALANCE OF CASH AND CASH EQUIVALENTS	1,214,236	19,632	33,439	1,267,308	
Y. CASH FLOWS FOR THE PERIOD	-353,409	184,597	104,587	-64,225	
CLOSING BALANCE OF CASH AT 31 DEC 2017	**860,827**	**204,229**	**138,026**	**1,203,082**	



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