Company no: SE000100

EFT Investments SE

Report and consolidated financial statements

Year ended 31 December 2018

EFT Investments SE

Report and consolidated financial statements
31 December 2018

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EFT Investments SE

Board of Directors and other officers

Board of Directors

Ivan Jennings
James Nye
Zoran Ivkovic (appointed 21 March 2018)

Charles Kuhn (resigned 15 January 2018)

Company Secretary

Ivan Jennings

Registered Office

Bury House,
Ground Floor,
31 Bury Street,
London,
EC3A 5AR,
United Kingdom

Company number: SE000100

EFT Investments SE

Strategic Report

1 The Board of Directors of EFT Investments SE (the "Company") presents its Strategic Report for the year ended 31 December 2018.

Review of business

2 The principal activities of the Group, which are unchanged from last year, are:

(i) trading as a principal in the electricity markets of central and south-east Europe and

(ii) arranging the financing, building and operation of power generation facilities in the same region.

Principal risks and uncertainties

3 The Group's activities are exposed to market risk, credit risk, liquidity risk, interest rate risk and currency risk.

4 The Group minimises open trading positions and sales and purchases are hedged to reduce the impact of market price fluctuations. Increased traded volumes have resulted in trade and other receivables increasing from €97,580 thousand to €120,814 thousand *and trade and other payables increasing from €74,453 thousand to €87,612 thousand*. At the balance sheet date, there were no significant concentrations of credit risk.

5 Total bank loans and overdrafts of €331,626 thousand (2017: €363,742 thousand) are subject to variable interest rates.

6 For non-Euro electricity trades, currency risk is hedged immediately. The Stanari thermal power plant does have an unhedged USD denominated operations and maintenance contract with $4,848 thousand outstanding.

7 The lifetime performance of the Stanari TPP has been assessed and no impairment is considered necessary. A reduction in market prices by 18.5% or an increase in the post-tax discount rate to 11.1% from 7.4% would result in the value just covering the carrying value of the assets.

8 The principal risks and uncertainties faced by the Group and the steps taken to manage these risks are described in detail in Notes 3 and 4 of the consolidated financial statements.

Review of developments, performance and position of the Group business

9 The Group's results for the year are set out on page 12. The Group's profit for the year increased by €12,259 thousand from €21,848 thousand in 2017 to €34,107 thousand in 2018.

10 The trading activities resulted in an increase of the gross profit of 12.7% or €12,630 thousand from €99,601 thousand in 2017 to €112,231 thousand in 2018. The gross margin amounts to 12.2% of the revenue in 2018 compared with 12.5% in 2017. There was a general increase in consumption in the region caused by an improvement in

economic conditions. These demand side factors combined with unstable supply from ageing thermal power plants in the region and variable hydrology offered improved trading opportunities for the Group.

11 The Group's profit before taxation has increased by €13,571 thousand from €25,086 thousand in 2017 to €38,657 thousand in 2018. Correspondingly, the Group's profit after taxation increased by €12,259 thousand from €21,848 thousand in 2017 to €34,107 thousand in 2018, representing an increase of 56.1%.

12 2018 was characterised by an improved economic climate in Europe with energy prices improving on previous years. Throughout central and south-east Europe there was continuing electricity price volatility. These conditions offered improved trading opportunities.The Group continued with its strategy of confining its market exposure and further mitigating credit and trading risk. Owing to more opportunities in the market, traded volumes increased by 9.5% and electricity revenues increased by 15.7%.

13 The two investment projects, the thermal power plant (TPP) at Stanari and the hydro-power plant (HPP) at Ulog, both in Republika Srpska, Bosnia Herzegovina, are designed to secure the Group's long-term energy supply.

The Stanari unit sources its coal from the adjacent mine, which the Group has now operated successfully for more than ten years. Construction on the thermal power plant in Stanari, Republica Srpska, which began in December 2012, was completed ahead of schedule and budget. Commercial operation of the plant commenced in November 2016. In 2018, the Stanari TPP produced more than 2 Terawatt hours of electricity.

The Group is developing a hydro plant in Ulog in the municipality of Kalinovik, Republika Srpska. The construction site has been prepared, all permitting and concessions are agreed and the Group has signed an engineering, procurement and construction contract. Financial close is expected in 2019. The plant will produce variable and high tariff electricity.

14 During 2018, the Group pursued its strategy to further reduce its market exposure and to mitigate credit and trading risk. The Group's turnover increased by €124,473 thousand or 15.6% to €922,399 thousand, compared with to €797,926 thousand in 2017. The Group delivered 18,2 Terawatt hours of energy in 2018, compared with the previous year's deliveries of 16,6 Terawatt hours. The proportion of the Group's turnover realized with customers based in EU countries and in Switzerland, increased from 84% in 2017 to 86% in 2018, due largely to increased deliveries in the Czech Republic, Hungary and Slovenia. Turnover from the sale of coal was €10,021 thousand in 2018 compared with €7,151 thousand in 2017, representing an increase of 40%. This increase was caused by additional coal deliveries to local customers in Bosnia and a slight increase in coal sale price.

15 The management of cross border capacity (CBC) is usually an important factor in the annual results for the Group. Overall CBC costs fell owing to a higher proportion of exchange trading where CBCs are not required. The absolute cost of CBCs increased by €1.4 million or 5.6% from €25.0 million in 2017 to €26.4 million in 2018. The CBC costs as a percentage of traded volumes decreased from 3.2% in 2017 to 2.9% in 2018.

16 Operating and administrative expenses, inclusive of personnel costs, increased by €672 thousand or 1.2% from €54,319 thousand in 2017 to €54,991 thousand in 2018.

Operating and administration costs in Stanari increased by €1,138 thousand or 7.2%. This increase was largely due to increased staff numbers in the Stanari mine.

The average number of full-time employees increased by 40 from 867 in 2017 to 907 in 2018. Staff costs increased by €1,665 thousand from €18,226 thousand in 2017 to €19,891 thousand in 2018, an increase of 9.1%. The increase in costs related to increased staff numbers and bonus payments awarded to staff.

Of the 907 staff in total, 825 employees alone are working in the Stanari TPP and mine, compared with 784 in the previous year.

The Group's net financing expense decreased by €1,613 thousand to €18,583 thousand in 2018 compared with €20,196 thousand in 2017. This decrease was the result of improved financing terms negotiated with lenders in Switzerland and Bosnia.

Fees in relation to guarantees increased by €48 thousand owing to the increased traded volumes. Depreciation of financial assets decreased by €130 thousand from €2,936 thousand in 2017 to €2,806 thousand in 2018. Foreign exchange losses were €150 thousand in 2018, compared with an exchange loss of €433 thousand in 2017.

The Group will continue to pursue the conservative approach to market risk exposure and to ensure sufficient liquidity and strong cash reserves. The prospects for the Group in 2018 are positive and profitability levels are expected to be maintained

By order of the Board

Ivan Jennings
Director

London, 13 May 2019

EFT Investments SE

Report of the Board of Directors

17 The Board of Directors of EFT Investments SE (the "Company") presents its report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2018.

Future developments of the Group

18 EFT Group anticipates financial close and the commencement of construction of the Ulog HPP in Bosnia & Herzegovina in 2019.

19 Feasibility studies for a number of renewable energy projects will be completed in 2019.

20 The prospects for the Group for 2019 are positive and profitability levels are expected to be maintained. The Group continues with its approach to preserve its balance sheet and capital position, to ensure its liquidity with strong cash reserves, and to restrict exposure to market risk. These tactics should safeguard the Group's financial strength and support good trading opportunities.

Dividends

21 In 2018 a dividend of €6,000 thousand was paid. The Board of Directors decided that a dividend of €8,000 thousand shall be paid for the year ending 31 December 2018.

Political donations and political expenditure

22 Political donations and expenditure is expressly prohibited under EFT Group policy. As such there was no such expenditure in 2018.

Financial Instruments

23 The Group's activities are exposed to market risk, currency risk, credit risk, liquidity risk and interest rate risk. The quantification of risks and risk management policies employed by the Group are set out in full in note 3 to the consolidated financial statements.

24 Exposure to market (fluctuations in energy price), currency, credit and interest rate risks arise in the normal course of the Group's business. Risk is managed within the Group in accordance with principles laid down by senior management. These principles govern the treatment of market, currency and credit risk. Principles have also been laid down governing the management of cash (liquidity risk). The Group operates a central unit whose responsibility is to monitor and control such risks.

25 Market risk arise from price fluctuations and also from the cost of transportation rights across and through different borders. Physical open or unsecured positions in the energy business may have a substantial impact on the Group's earnings position and are generally not hedged. The risk policy allows the existence of monitored, open physical positions which should contribute to optimizing the Group's earnings potential.

26 The EFT Group incurs foreign currency risk primarily on purchases denominated in a currency other than the functional currency of the subsidiary concerned. However, most transactions including purchases and sales are denominated in Euro. The EFT Group uses forward exchange contracts to hedge its foreign currency risk for purchases in foreign currencies. Hedging contracts have maturities of up to 12 months. Where necessary, the forward exchange contracts are rolled over at maturity. The currency hedging contracts outstanding at the balance sheet date are summarised in the following table. Gains and losses on hedge contracts qualifying as cash flow hedges are expected to be removed from equity within 12 months. The foreign exchange gains and losses relating to the monetary items are reported in the income statement.

Directors

27 The members of the Board of Directors as at 31 December 2018 and as at the date of this report are shown on page 1. Ivan Jennings remains as the Company Secretary.

28 On 15 January 2018 Charles Kuhn resigned as a member of the Board of Directors. On 21 March 2018, Zoran Ivkovic was appointed to the Board of Directors.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

There is no requirement in the Holding Company's Articles of Association for retirement of Directors by rotation.

Share capital

29 The issued share capital at year end was €120,218 (2017: €120,180).

During the year 42 new preference redeemable shares were issued and four preference redeemable shares were redeemed. During the previous year 2017, no preference redeemable shares were redeemed.

Holders of 113,745 ordinary A shares are excluded from the entitlement to receive dividends and have no voting rights.

There were no other changes in the share capital of the company for the year ended 31 December 2018.

Qualifying third-party and pension scheme indemnity provisions

30 No qualifying third-party and pension scheme indemnity provisions were in place for directors.

Research and development

31 In 2018 further upgrades were made to EPOX, the Company's bespoke contract database, trade capture and price modelling system. EPOX is continually developed and

maintained. The main developments in 2018 related to automatic data importing, report generation, forward price modelling, documentation generation and integration with auction platforms. Additional manual tasks in the Settlement and Portfolio Management areas were automated. Enhanced automation and monitoring capability continues support effective trading, reporting and forecasting.

Events after the balance sheet date

32 Significant events, if any, after the balance sheet date are disclosed in Note 31 of the consolidated financial statements.

Subsidiaries outside the UK

33 The Group operates sixteen subsidiaries through local established companies in countries of Western, Central and South East Europe.

Statement of directors' responsibilities in respect of the financial statements

34 The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

EFT Investments SE

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Independent auditors

35 The Independent Auditors, PricewaterhouseCoopers LLP expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board

Ivan Jennings
Director

London, 13 May 2019

Independent auditors' report to the members of EFT Investments SE

Report on the audit of the group financial statements

Opinion

In our opinion, EFT Investments SE's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and consolidated financial statements (the "Annual Report"), which comprise: the Consolidated balance sheet as at 31 December 2018; the Consolidated statement of comprehensive income , the Consolidated statement of cash flows, and the Consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Board of Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Board of Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Board of Directors for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Board of Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the company financial statements of EFT Investments SE for the year ended 31 December 2018.

Simon White (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

15 May 2019

EFT Investments SE

Consolidated statement of comprehensive income for the year ended 31 December 2018

In thousands of Euro	Note	**2018**	2017
Revenue	5	**922,399**	797,926
Cost of sales	6	**(810,168)**	(698,325)
Gross profit		**112,231**	99,601
Administrative expenses	7	**(54,991)**	(54,319)
Operating profit		**57,240**	45,282
Finance cost – net	9	**(18,583)**	(20,196)
Profit before tax		**38,657**	25,086
Income tax expense	10	**(4,550)**	(3,238)
Profit for the year		**34,107**	21,848
Profit attributable to:			
Owners of the parent		**33,219**	22,575
Non-controlling interest		**888**	(727)
Profit for the year		**34,107**	21,848
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges	21	**32**	105
Tax effect on cash flow hedges	21	**(3)**	(10)
Currency translation differences		**(16)**	74
Other comprehensive income for the year, net of tax		**13**	169
Total comprehensive income for the year		**34,120**	22,017
Attributable to:			
Owners of the parent		**33,227**	22,744
Non-controlling interest		**893**	(727)
Total comprehensive income for the year		**34,120**	22,017

The notes on pages 16 to 63 are an integral part of these consolidated financial statements.

EFT Investments SE

Consolidated balance sheet at 31 December 2018

In thousands of Euro	Note	2018	2017
Assets			
Non-current assets			
Property, plant and equipment	11	**457,959**	473,336
Intangible assets	12	**80,143**	84,524
Investment property	13	**710**	818
Financial assets		**-**	-
Prepayments	18	**9,806**	12,416
Deferred income tax assets	14	**48**	284
		548,666	571,378
Current assets			
Inventories	15	**9,175**	7,378
Energy deposits	16	**-**	196
Trade and other receivables	17	**120,814**	97,580
Prepayments	18	**21,809**	15,101
Cash and cash equivalents	19	**22,745**	22,197
		174,543	142,452
Total assets		**723,209**	713,830
Equity and liabilities			
Capital and reserves			
Share capital	20	**120**	120
Share premium	20	**1,638**	-
Other reserves	21	**7,993**	6,944
Retained earnings		**276,148**	249,970
Equity attributable to the owners of the Company		**285,899**	257,034
Non-controlling interests		**421**	(472)
Total equity		**286,320**	256,562
Non-current liabilities			
Loans and borrowings	22	**288,942**	330,647
Provisions	23	**9,057**	9,057
Deferred income tax liabilities	14	**5,748**	5,771
		303,747	345,475
Current liabilities			
Loans and borrowings	22	**42,684**	33,095
Trade and other payables	24	**87,612**	74,453
Current tax liabilities		**2,846**	4,246
		133,142	111,794
Total liabilities		**436,889**	457,269
Total equity and liabilities		**723,209**	713,831

The notes on pages 16 to 63 are an integral part of these consolidated financial statements. On 13 May 2019 the Board of Directors of EFT Investments SE authorised these consolidated financial statements for issue.

Ivan Jennings, Director, 13 May 2019

EFT Investments SE

Consolidated statement of changes in equity for the year ended 31 December 2018

In thousands of Euro	Note	Attributable to the owners of the parent Share capital	Share premium (1)	Other Reserves	Retained earnings	Non-controlling interest	Total equity
Balance at 1 January 2017		**120**	**-**	**5,650**	**232,520**	**255**	**238,545**
Profit for the year		-	-	-	22,575	(727)	21,848
Other comprehensive income		-	-	52	117	-	169
Total comprehensive income		**-**	**-**	**52**	**22,692**	**(727)**	**22,017**
Transfer from retained earnings	21	-	-	1,242	(1,242)	-	-
Dividends		-	-	-	(4,000)	-	(4,000)
Total transactions with owners		**-**	**-**	**1,242**	**(5,242)**	**-**	**(4,000)**
Balance at 31 December 2017/ 1 January 2018		**120**	**-**	**6,944**	**249,970**	**(472)**	**256,562**
Profit for the year		-	-	-	33,219	888	34,107
Other comprehensive income		-	-	8	-	5	13
Total comprehensive income		**-**	**-**	**8**	**33,219**	**893**	**34,120**
Issuance of preference shares		-	1,638	-	-	-	1,638
Transfer from retained earnings	21	-	-	1,041	(1,041)	-	-
Dividends		-	-	-	(6,000)	-	(6,000)
Total transactions with owners		**-**	**1,638**	**1,041**	**(7,041)**	**-**	**(4,362)**
Balance at 31 December 2018		**120**	**1,638**	**7,993**	**276,148**	**421**	**286,320**

(1) The share premium is not available for distribution.

The notes on pages 16 to 63 are an integral part of these consolidated financial statements.

EFT Investments SE

Consolidated statement of cash flows for the year ended 31 December 2018

In thousands of euro	Note	**2018**	2017
Cash flows from operating activities			
Profit for the year		**34,107**	21,848
Adjustments for:			
Depreciations	11	**19,415**	19,601
Depreciation of investment property	13	**108**	91
Amortization/impairment of intangible assets	12	**4,492**	4,434
(Gain)/Loss on disposal of property, plant, equipment and intangibles		**65**	(30)
Provisions	23	**-**	-
Expenses previously capitalized		**2,806**	4,445
Other non-cash expenses		**1,836**	-
Interest income	9	**(88)**	(59)
Interest expense	9	**14,511**	15,780
Tax expense	10	**4,550**	3,238
Changes in net working capital:			
Inventories		**(1,402)**	851
Trade and other receivables and energy deposits		**(29,746)**	(35,979)
Trade and other payables and provisions		**13,159**	18,713
Tax paid		**(6,406)**	(663)
Net cash from operating activities		**57,407**	52,270
Cash flows from investing activities			
Payments for the acquisition of property, plant and equipment	11	**(5,804)**	(8,147)
Payments for the acquisition of intangible assets	12	**(196)**	(644)
Disposal of subsidiaries		**-**	66
Interest received		**88**	59
Net cash used in investing activities		**(5,912)**	(8,666)
Cash flows from financing activities			
Repayments of borrowings		**(48,876)**	(71,493)
Proceeds from borrowings		**16,761**	42,447
Interest paid		**(14,511)**	(15,768)
Dividends paid		**(6,000)**	(4,000)
Issue of redeemable preference shares		**1,638**	-
Net cash from financing activities		**(50,988)**	(48,813)
Net increase/(decrease) in cash and cash equivalents		**507**	(5,210)
Cash and cash equivalents at the beginning of the year		**22,197**	27,479
Effect of exchange rate fluctuations on cash held		**(41)**	(72)
Cash and cash equivalents at the end of the year	19	**22,745**	22,197

The notes on pages 16 to 63 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

Country of incorporation

EFT Investments SE was incorporated in Cyprus as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113. The Company's previous registered office was at 12 Esperidon Street, 4th floor, CY-1087 Nicosia, Cyprus. On 7 March 2013 the corporate form was changed to a public limited company and the name changed to EFT Investments PLC. On 17 July 2015 the company was converted into a European public limited liability company ("SE") and the name changed to EFT Investments SE. On 3 June 2016, EFT Investments SE transferred its registration to the United Kingdom. The Company's registered office is at Bury House, Ground Floor, 31 Bury Street, London, EC3A 5AR, United Kingdom.

Principal activities

Over the past decade, EFT has grown from a relatively small energy trading operation with two companies into a multinational Group with eighteen companies located in thirteen countries. The EFT Group structure has developed in response to the demands of its business. The transfer of EFT Investments SE to the United Kingdom is part of a restructuring project to consolidate its holding structure in the United Kingdom. This will result in a simpler corporate structure and reduced administration costs.

EFT International Investments Holdings Limited UK is the principle operating holding company for the Group, owning sixteen subsidiary companies.

The principal activities of the Group are the trading in electricity in Central and Eastern Europe, the extraction and trading of coal, and the development and operation of infrastructure energy projects, particularly in electricity generation.

2 Summary of significant accounting policies

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

2 Summary of significant accounting policies (continued)

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The consolidated financial statements include the consolidated financial statements of EFT Investments SE and its subsidiaries ("the Group").

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2017 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention, as modified by carrying derivative financial instruments at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Adoption of new and revised IFRSs

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018. This adoption did not have a material effect on the accounting policies of the Group.

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are not yet effective for annual periods beginning on 1 January 2018, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

- IFRS 16, Leases (issued on January 2016 and effective for the periods beginning on or after 1 January 2019). The new standard will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

  The group will adopt the standard on 1 January 2019 and will apply the simplified transition approach. The group will not restate comparative amounts for the year prior to first adoption.

  The Group leases some of its offices and the new standard is only expected to make a minor impact on the financial statements. Based on the assessment undertaken to date, upon adoption of the IFRS 16, the Group expect assets and liabilities to increase by approximately EUR 300 thousand.

- IFRS 17, Insurance Contracts (effective for the periods beginning on or after 1 January 2019). The new standard will apply to all types of insurance contracts, as well as certain guarantees, regardless of the type or entities that issue them, and defines clear and consistent rules that will increase the comparability of financial statements or insurers. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows and the contractual service margin.

  The Groups expect no impact from the application of this standard.

- IFRIC Interpretation 23, Uncertainity over Income Tax Treatment (effective for the periods beginning on or after 1 January 2019). The Interpretation clarifies the accounting for income taxes when tax treatments involve uncertainity. The interpretation particularly addresses: (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates; and (iv) how an entity considers changes in facts and circumstances.

  The Group does not expect any significant impact from the interpretation, but actual implications are currently further evalued.

Consolidation

(a) Subsidiaries

Subsidiary companies are all those entities (including special purpose entities) over which the Group directly or indirectly holds more than 50% of the shares with voting rights, or has the power to govern the consolidated financial and operating policies generally accompanying a shareholding of more than one half of the voting rights of the investee entity so as to obtain benefits from its activities.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date of which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 Summary of significant accounting policies (continued)

Consolidation (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement (see accounting policy on goodwill).

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements include on a line by line basis the financial statements of the subsidiary companies as stated in Note 25 'Group companies'.

(b) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Loss of control

When the Group losses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2 Summary of significant accounting policies (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the Group's consolidated financial statements are measured using the currency of primary economic environment in which each group entity operates ("the functional currency"). The financial statements are presented in Euro, which is the parent company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for exchange differences that arise from the exchange rate movement between foreign currencies and the Euro related to foreign currency loans made for the purpose of hedging the exchange risk in connection with revenues received in the same currency.

These exchange differences are recognised in accordance with the International Accounting Standard No. 39 "Financial Instruments: Recognition and Measurement", with the portion of exchange difference related to the effective hedging of foreign currency exchange risk being transferred to a special reserve, and the portion of exchange difference in relation to the ineffective hedging of foreign currency exchange risk being recognised in the income statement. The balance of the special reserve is adjusted in accordance with the foreign currency loan balances and the rates of exchange at the end of each year.

Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transaction); and
- all resulting exchange differences are recognised as a separate component of equity.

2 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operation, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholder's equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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

Property, plant and equipment (including investment property)

On initial acquisition, land, property, plant and equipment are valued at cost, being the purchase price and the directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management.

In subsequent periods, property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value, whilst land is stated at cost less any impairment in value and is not depreciated.

Depreciation is provided so as to write off the cost, less estimated residual values of property, *plant and equipment (based on prices prevailing at the balance sheet date) on the following* bases:

- Mine production assets are depreciated using a unit of production method based on estimated economically recoverable reserves, which results in a depreciation charge proportional to the depletion of mineral reserves.
- Buildings, plant and equipment unrelated to production are depreciated using the straight-line method based on estimated useful lives.

Where significant parts of an asset have differing useful lives, depreciation is calculated on each separate part. Each item or part's estimated useful life has due regard to both its own physical life limitations and the present assessment of economically recoverable reserves of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates which affect unit of production calculations are accounted for prospectively.

The expected useful lives are as follows:

	Years
Buildings	20–90
Plant and machinery	8–30
Furniture, fittings and equipment	5–10
Computer equipment	3 – 5
Motor vehicles	5 – 8

2 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

The net carrying amounts of mine buildings, machinery and equipment at the mine property are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be recoverable. To the extent to which these values exceed their recoverable amounts, that excess is fully provided against in the financial year in which this is determined.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the income statement of the year in which they were incurred. Expenditure on major maintenance or repairs includes the cost of replacement of parts of assets and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will be available to the Group, the expenditure is capitalized and the carrying amount of the item replaced derecognised.

Similarly, overhaul costs associated with major maintenance are capitalized where it is probable that future economic benefits will be available and any remaining carrying amounts of the cost of previous overhauls are derecognised. All other costs are expensed as incurred.

Where an item of property, plant and equipment is disposed of, it is derecognised and the difference between its carrying value and net sales proceeds is disclosed as a profit or loss on disposal in the income statement.

Any items of property, plant or equipment that cease to have future economic benefits expected to arise from the continued use or disposal of them are derecognised with any gain or loss included in the income statement in the financial year in which the item is derecognised.

Exploitation and evaluation

Exploitation and evaluation expenditure relates to costs incurred on the exploitation and evaluation of potential mineral reserves. Exploitation and evaluation expenditure for each area of interest, other than that acquired from the purchase of another mining company, is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped in full through successful development and exploitation of the area of interest or alternatively, by its sale; or
- exploitation and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

2 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Purchased exploitation and evaluation assets are recognised as assets at their cost of acquisition or at fair value if purchased as part of a business combination.

An impairment review is performed, either individually or at the cash generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial period in which this is determined. Exploitation assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

Deferred overburden removal expenditure

In open pit mining operations, it is necessary to remove overburden and other waste in order to access the coal.

During the preproduction phase, these costs are capitalized as part of the cost of the mine property as other fixed assets.

The costs of removal of the overburden and waste material during a mine's production phase are deferred as other fixed assets, where appropriate. The deferral of these costs, and subsequent charges to the income statement are determined with reference to the open pit's strip ratio. This ratio represents the ratio of the estimated total volume of overburden and waste, to the estimated total quantity of economically recoverable coal, over the life of the open pit.

Deferral of these costs is made where the actual stripping ratios vary from the open pit's strip ratio. The costs charged to the income statement are based on application of the open pit strip ratio to the quantity of coal mined in the period.

Mineral properties and mine development expenditure

The cost of acquiring mineral reserves and mineral resources are capitalized on the balance sheet as incurred. Capitalized costs (development expenditure) include interest and financing costs relating to the construction of plant and equipment and costs associated with a start up period where the asset is available for use but incapable of operating at normal levels without a commissioning period.

Mineral reserves and capitalized mine development expenditure are, upon commencement of production, depreciated using a unit of production method based on the estimated economically recoverable reserves to which they relate or are written-off if the property is abandoned. The net carrying amounts of mineral reserves and resources and capitalized mine development expenditure at the mine property are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be recoverable. To the extent to which these values exceed their recoverable amounts, that excess is fully provided for in the financial year in which this is determined.

2 Summary of significant accounting policies (continued)

Revaluation and provision for impairment of property, plant and equipment

Every year or earlier if necessary, assessments are performed to estimate the carrying amount of property, plant and equipment.

If it is determined that the recoverable amount of an item is lower than its book value as it appears in the books of the Group and this difference is considered to be permanent, then the book value is reduced to the recoverable amount. Every three years, or earlier if necessary, assessments are performed to estimate the carrying amount of land and buildings. The revaluation is made by professional independent valuers.

Intangible assets

(i) Acquired rights

Acquired rights are shown at historical cost. Acquired rights have a finite useful life and are carried at cost less accumulated amortization. Rights are amortized over the remaining rights period of the expected economic benefit or a shorter economic life, but not exceeding ten years.

(ii) Concessions, permits and licences

Concessions, permits and licences are valued at historical cost less accumulated amortization and accumulated impairment. These assets are amortized over their estimated useful life, using the straight-line method. The term of the concessions, permit and licences is used as the useful life. If the Group has an option to extend the term of the concession, permit or licence, and it can be assumed that the Group will exercise the option, then the extended term is taken into account in the determination of the useful life.

(iii) Computer software

Costs that are directly associated with identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortization and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are recognised as an expense when incurred. Computer software costs are amortized using the straight – line method over their useful lives, not exceeding a period of three years. Amortization commences when the computer software is available for use and is included within administrative expenses.

2 Summary of significant accounting policies (continued)

Impairment of assets

The carrying amount of all assets is reviewed by the Group at each balance sheet date to determine whether there is an indication for impairment, except of property, plant and equipment, for which the accounting policy applied in relation to diminution in value is mentioned above. If such indications exist, the asset's recoverable amount is estimated. If the recoverable amount is lower than the book value of the asset, then the book value is reduced to the recoverable amount. This reduction is recognised as an expense in the income statement of the year.

(i) Calculation of recoverable amount

The recoverable amount of the Group's investments in receivables is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables of a short duration are not discounted. The recoverable amount of other assets is the higher of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre – tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash – generating unit to which the asset belongs.

(ii) Reversal of impairment of assets

An impairment loss is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed for all assets if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if an impairment loss had not been recognised.

The reversal of impairment loss is recognised in the income statement and/or in the revaluation reserve with opposite accounting entries from those made during the initial recognition of the impairment loss. In accordance with IFRS 3, an impairment loss in respect of goodwill is not reversed.

Inventories

Inventories which include finished products, work in progress, produced coal and materials, are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of produced coal, cost includes an appropriate share of overheads based on normal operating capacity.

2 Summary of significant accounting policies (continued)

Energy deposits

Amounts of energy deposited with suppliers which will be delivered to the Group at a future date are disclosed as energy deposits. This line item also includes energy delivered to customers in excess of contractual volumes which will be rendered at a future date. These energy deposits are valued at market prices as at the year end.

Trade receivables

IFRS 9 Financial instruments has been adopted by the Group on the effective date of 1 January 2018. The adoption of IFRS 9 resulted in a change to the Group's accounting estimates to reflect the new expected credit loss impairment model for financial assets, particularly in relation to the provision for trade receivables. Changes to the classification, impairment and measurement of financial assets and liabilities have been considered and it has been concluded these changes do not impact the Group.

For trade receivables and contract assets that do not contain a significant financing component in accordance with IFRS 15, the Group elected to adopt the simplified approach, which allows entities to use a provision matrix to recognize lifetime ECL. The provision matrix is based on historical loss patterns, reflecting the customers' payment behaviour in the different countries, adjusted for forward-looking estimates.

Trade receivables are identified according to one of the three following categories: normal, doubtful, bad. The amount of the loss allowances is measured at initial recognition and throughout the life of the receivables, using an aging calculation applied to all trade receivables, which reflects the expected credit losses that result from all possible default events over the expected life of the receivable. When information has been obtained indicating that non-collection risk exists on the financial asset, the trade receivables are fully impaired. A write-off is made when all or part of the financial asset is deemed uncollectible or forgiven.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited in the income statement. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation.

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2 Summary of significant accounting policies (continued)

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the

Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

(ii) Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration costs in respect of land from which coal is extracted is recognised as coal is extracted.

(iii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

2 Summary of significant accounting policies (continued)

Commodity contracts designated for own use

The Group uses energy commodity contracts for oil, coal, gas and electricity for the purpose of the production, sale and purchase of energy. Accrual accounting is applied for these contracts. Contracts are designated as own use contracts, as contracts for trading purposes or as hedges at the date on which these are concluded.

In practice it is, however, difficult to make a distinction between contracts designated for own use, for trading purposes or for hedging purposes. This is due to the fact that optimisation takes place continuously as the actual sales and purchases differ from the anticipated and contracted production, sales and purchases. Contracts designated as held-for-trading are valued at fair value and the movements in fair value are recognised in the income statement.

2 Summary of significant accounting policies (continued)

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated in the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Revenue recognition

Revenue comprises the invoiced value for the sale of energy net of value added tax, rebates and discounts. It also includes transmission route fees and revenue from the sale of coal. Revenues earned by the Group are recognised on the following bases:

(i) Sale of energy

Revenue from the sale of energy is recognised in the income statement when the sale is considered effective based on the following criteria:

- Delivery has been made before year end;
- A binding sales agreement has been made;
- The sale price has been determined; and
- Payment has been received or may with reasonable certainty be expected to be received.

2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

(ii) Sale of coal

Revenue from the sale of coal comprises the invoiced value net of sales tax, rebates and discounts.

Revenue frome the sale of coal is recognized in the income statement when the sale is considered effected based on the following criteria:

- Delivery has been made before year end;
- A binding sales agreement has been made;
- The sale price has been determined; and
- Payment has been received or may with reasonable certainity be expected to be received.

(iii) Interest income

Interest income earned by the Group is recognised on a time-proportion basis, using the effective interest method.

The Group adopted IFRS 15 Revenue from contracts with customers retrospectively from 1 January 2018. IFRS 15 requires companies to apportion revenue from customer contracts to separate performance obligations and recognise revenue as these performance obligations are satisfied. The vast majority of the Group's revenue is generated from the sale of energy and coal to customers representing a single performance obligation which is satisfied upon transfer of control of the relevant goods. The Group's other revenue generating activities represent approximately 2% of total revenue, primarily relating to sale of services. The adoption of the standard has therefore had no impact on existing revenue recognition policies.

Employee benefits

The Group's companies in Switzerland and United Kingdom operate plans for providing employees with retirement benefits, which conform to local circumstances and practice in the respective countries. Both plans are provided through an insurance plan. The plans have features of both defined contribution and defined benefit plans (hybrid plans). On grounds of materiality due to the very limited number of employees in these subsidiaries, they are considered and treated as defined contribution plans. Obligations for contributions are recognised as an expense in the income statement as incurred.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of an incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases where the group has substantially all the risks and rewards of ownership are classified as finance lease. Finance leases are capitalized and the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2 Summary of significant accounting policies (continued)

Each lease payment is regarded as the repayment of principal amounts and interest expenses for the counter party (lessor). The interest expenses reflect the effective interest on the investment made by the lessor. The finance charge is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.

Each lease payment is regarded as the repayment of principal amounts and interest expenses for the counter party (lessor). The interest expenses reflect the effective interest on the investment made by the lessor. The finance charge is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.

Derivative financial instruments

The Group uses derivative financial instruments primarily to hedge its exposure to foreign exchange risks arising from operational activities. The Group uses forward exchange contracts. In accordance with internal Group accounting principles, derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify as hedge accounting are accounted for as trading instruments. All derivative financial instruments are initially accounted for at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Derivative financial instruments with a positive fair value are included in other receivables, while derivative financial instruments with negative fair value are included in other payables. Any gains or losses on the remeasurement of the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised immediately in the income statement. The fair value of the instruments used is the calculated amount that the Group would receive or pay to terminate the contracts at the balance sheet date, based on quotes from independent counterparties.

Cash flow hedges

Where a derivative financial instrument is designated as a foreign currency hedge of the variability in cash flows of a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. Contracts of this kind are classified as cash flow hedges. When the firm's commitment or forecasted transaction results in the recognition of a non-financial asset or liability, the cumulative gain or loss is removed from equity and included in the initial cost of the non-financial asset or liability. Otherwise, the cumulative gain or loss is removed from equity and recognised in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is recognised immediately in the income statement. When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes the designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

(i) Financial risk factors

The Group's activities are exposed to market risk, currency risk, credit risk, liquidity risk and interest rate risk. The risk management policies employed by the Group to manage these risks are as follows:

(a) Financial risk management

Exposure to market (fluctuations in energy price), currency, credit and interest rate risks arise in the normal course of the Group's business. Risk is managed within the Group in accordance with principles laid down by senior management. These principles govern the treatment of market, currency and credit risk. Principles have also been laid down governing the management of cash (liquidity risk). The Group operates a central unit whose responsibility is to monitor and control such risks.

(b) Market risk

Market risk arise from price fluctuations and also from the cost of transportation rights across and through different borders. Physical open or unsecured positions in the energy business may have a substantial impact on the Group's earnings position and are generally hedged. The risk policy allows the existence of monitored, open physical positions which should contribute to optimizing the Group's earnings potential.

(c) Foreign currency risk

The EFT Group incurs foreign currency risk primarily on purchases denominated in a currency other than the functional currency of the subsidiary concerned. However, most transactions including purchases and sales are denominated in Euro. The EFT Group uses forward exchange contracts to hedge its foreign currency risk for purchases in foreign currencies. Hedging contracts have maturities of up to 12 months. Where necessary, the forward exchange contracts are rolled over at maturity. The currency hedging contracts outstanding on the balance sheet date are summarised in the following table. Gains and losses on hedge contracts qualifying as cash flow hedges are expected to be removed from equity within 12 months. The foreign exchange gains and losses relating to the monetary items are reported in the income statement.

3 Financial risk management (continued)

Exposure to currency risk

The Group's exposure to foreign currency risk based on carrying amounts was as follows:

	31 December 2018							
	RON	HUF	ALL	BAM	USD	MKD	RSD	Other
In thousands of euro								
Trade receivables	9,033	0,018	5,724	7,468	-	0,861	0,300	0,236
Cash and cash equivalents	1,841	0,023	0,575	2,980	0,009	0,243	0,066	0,262
Bank loans	-	-	-	-5,656	-	-	-	-
Trade payables	-6,035	-0,017	-0,001	-3,225	-0,030	-	-0,104	-0,052
Income tax payables	-	-	-0,001	-1,223	-	-0,006	-	-1,616
Non-trade payables	-0,733	-0,003	-6,205	-2,841	-	-0,941	-0,036	-0,797
Gross balance sheet exposure	4,106	0,021	0,092	-2,497	-0,021	0,157	0,226	-1,967
Forward exchange contracts	-	-	-	-	-	-	-	-
Net exposure	4,106	0,021	0,092	-2,497	-0,021	0,157	0,226	-1,967

	31 December 2017							
	RON	HUF	ALL	BAM	USD	MKD	RSD	Other
In thousands of euro								
Trade receivables	5,864	-	2,157	11,378	0,216	2,987	0,793	0,231
Cash and cash equivalents	0,489	0,054	0,607	5,102	0,001	0,541	0,002	0,202
Bank loans	-	-	-	-12,076	-	-	-	-
Trade payables	-4,307	-0,030	-1,205	-8,101	-	-	-0,483	-0,029
Non-trade payables	-	-	-	-2,254	-	-0,002	-0,012	-
Income tax payable	-0,436	-0,002	-0,050	-3,137	-	-0,318	-	-0,893
Gross balance sheet exposure	1,610	0,022	1,509	-9,088	0,217	3,208	0,300	-0,489
Forward exchange contracts	1,404	-	-	-	-	-	-	-
Net exposure	3,014	0,022	1,509	-9,088	0,217	3,208	0,300	-0,489

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(c) Foreign currency risk (continued)

The following significant exchange rates applied during the year:

Euro	Average rate **2018**	Average rate 2017	Closing rate **2018**	Closing rate 2017
RON 1	**0.2148**	0.2184	**0.2144**	0.2146
HUF 100	**0.3110**	0.3234	**0.3110**	0.3224
MKD 1	**0.0163**	0.0163	**0.0163**	0.0163
RSD 100	**0.8455**	0.8198	**0.8461**	0.8441
BAM 1	**0.5113**	0.5113	**0.5113**	0.5113

Sensitivity analysis

A 10 percent strengthening of the Euro against the following currencies at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect in thousands of Euro	**Equity**	**Profit or loss**
31 December 2018		
USD	-	**0,002**
RON	-	**(0,411)**
HUF	-	**(0,002)**
BAM	-	**0,250**
MKD	-	**(0,016)**
RSD	-	**(0,023)**
ALL	-	**(0,009)**
31 December 2017		
USD	-	(22)
RON	(140)	(0,161)
HUF	-	(4)
BAM	-	909
MKD	-	(321)
RSD	-	(30)
ALL	-	(12)

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(c) Foreign currency risk (continued)

Sensitivity analysis (continued)

A 10 percent weakening of the Euro against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Derivative Financial Instruments	**31 December 2018**			31 December 2017	
In thousands of Euro	**Positive fair value**	**Negative fair value**	**Contract values**	**Fair value (net)**	**Contract values**
Cash flow hedges Currency HUF	-	-	-	-	-
Cash flow hedges Currency RON	-	-	-	1,372	1,404
Total	-	-	-	1,372	1,404

The fair value is the (higher or lower) value at which a derivative contract could be concluded on the balance sheet date. The fair values calculated on the balance sheet date should be looked at not in isolation but together with the calculated value of anticipated future transactions and hence in the context of the aggregate reduction in the Group's exposure to currency movements.

Positive or negative fair values of derivative financial instruments are carried on the balance sheet under other receivables or other payables.

In 2012 the Group signed a contract worth a total of $26,215 thousand for the operation and maintenance of the Stanari thermal power plant. At 31 December 2018 $4,848 thousand (2017: $14,575 thousand) remained outstanding and is payable in installments until 2021. The contract has not been hedged. A 10% weakening of the Euro against the US Dollar would result in a loss of €423 thousand over five years.

(d) Credit risk

Credit risk includes the risk that a specific counterparty will be unable or unwilling to discharge their obligation and cause a financial loss. The Group risk management is monitoring that exposure per counterparty on an on-going basis, with respect to accounts receivable and the fair value of open positions. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(d) Credit risk (continued)

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
In thousands of Euro	**2018**	2017
Non-current financial assets	**-**	-
Energy deposits	**-**	196
Trade and other receivables	**120,814**	97,580
Forward exchange contracts used for hedging:		
Assets	**-**	-
Cash and cash equivalents	**22,745**	22,197
	143,559	119,973

The maximum exposure to credit risk for trade receivables at the reporting date, by geographic region, was:

	Carrying amount	
In thousands of Euro	**2018**	2017
EU euro-zone countries	**49,400**	31,379
EU non euro-zone countries	**30,866**	24,256
Switzerland	**8,304**	9,859
Other European countries	**31,664**	28,085
	120,234	93,579

The maximum exposure to credit risk for trade receivables at the reporting date, by type of customer, was:

	Carrying amount	
In thousands of Euro	**2018**	2017
Wholesale customers	**107,813**	89,189
End-user customers	**12,421**	4,392
	120,234	93,581

The two Group's most significant customers with regard to exposure, a German and an Albanian power group, together account for €32,328 thousand of the trade receivables carrying amount at 31 December 2018 (2017: an Albanian and German power group together €27,990 thousand).

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(d) Credit risk (continued)

The aging of gross trade receivables at the reporting date was:

In thousands of Euro	Carrying amount **2018**	2017
Not past due	**118,212**	92,160
Past due 0-30 days	**20**	83
Past due more than 30 days	**2,002**	1,337
	120,234	93,580

Further comments can be found in note 17.

(e) Liquidity risk

Most of the receivables in the European energy industry are offset and subject to fixed payment deadlines, thus avoiding peaks in liquidity requirements. Nevertheless, margin agreements are common on energy commodity exchanges and among large energy traders. Due to energy price fluctuations substantial liquidity requirements can arise short-term: those are managed by maintaining sufficient liquidity and by obtaining guaranteed credit lines from first class banks.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

			31 December 2018			
In thousands of Euro	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bank loans and overdrafts	**331,626**	**22,475**	**20,209**	**38,855**	**118,088**	**132,000**
Finance lease liabilities	-	-	-	-	-	-
Trade and other payables	**87,549**	**86,945**	**0,453**	**0,138**	**0,012**	-
Current tax liabilities	**2,908**	**2,908**	-	-	-	-
Interest payments	-	**6,699**	**6,308**	**11,488**	**25,049**	**10,168**
Derivative financial instruments						
Forward exchange contracts used for hedging:	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
Total	**422,083**	**119,027**	**26,970**	**50,481**	**143,149**	**142,168**

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(e) Liquidity risk (continued)

			31 December 2017			
In thousands of Euro	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bank loans and overdrafts	363,742	22,120	15,065	33,113	113,444	180,000
Finance lease liabilities	-	-	-	-	-	-
Trade and other payables	74,148	71,761	1,027	1,358	-	-
Current tax liabilities	4,534	4,534	-	-	-	-
Interest payments	75,427	7,347	6,973	13,074	37,648	10,385
Derivative financial instruments						
Forward exchange contracts used for hedging:						
Outflow	(32)	-	-	-	-	-
Total	442,392	105,762	23,065	47,545	151,092	190,385

(f) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's borrowings are mainly at variable interest rates. Interest exposures are generally not hedged.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
In thousands of Euro	**2018**	2017
Fixed rate instruments		
Financial liabilities	**(3,276)**	(3,750)
Variable rate instruments		
Financial liabilities	**(328,350)**	(359,992)
	(331,626)	(363,742)

3 Financial risk management (continued)

(ii) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group has no formal capital risk management policies and procedures.

(iii) Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 December 2018		31 December 2017	
In thousands of euro	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair value
Non-current financial assets	**6**	**6**	-	-
Energy deposits	-	-	196	196
Trade and other receivables*	**152,424**	**152,424**	125,097	125,097
Cash and cash equivalents	**22,745**	**22,745**	22,197	22,197
Forward exchange contracts used for hedging-net: (Liabilities)/Assets	-	-	-	-
Bank loans and overdrafts	**(331,626)**	**(331,626)**	(363,742)	(363,742)
Finance lease liabilities	-	-	-	-
Trade and other payables*	**(90,457)**	**(90,457)**	(78,699)	(78,699)

* Excludes derivatives (shown separately)

3 Financial risk management (continued)

(iii) Fair values (continued)

Fair values versus carrying amounts (continued)

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2018:

In thousands of euro	Level 1	Level 2	Level 3	Total balance
Derivatives	-	-	-	-

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2017:

In thousands of euro	Level 1	Level 2	Level 3	Total balance
Derivatives	-	(32)	-	(32)

The fair value of derivatives (fx forwards) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates.

For the other financial assets and liabilities the carrying amount is considered a reasonable approximation of fair value.

3 Financial risk management (continued)

(iv) Financial instruments by category

In thousands of euro	Loans and receivables	Derivatives used for hedging	Total
At 31 December 2018			
Assets as per balance sheet date			
Non-current financial assets	6	-	6
Energy deposits	-	-	-
Trade and other receivables	152,424	-	152,424
Derivative financial instruments	-	-	-
Cash and cash equivalents	22,745	-	22,745
Total	175,175	-	175,175

	Other financial liabilities valued at amortised cost	Derivatives used for hedging	Total
Liabilities as per balance sheet date			
Bank loans and overdrafts	(331,626)	-	(331,626)
Finance lease liabilities	-	-	-
Trade and other payables	(90,457)	-	(90,457)
Derivative financial instruments	-	-	-
Total	(422,083)	-	(422,083)

In thousands of euro	Loans and Receivable	Derivatives used for hedging	Total
At 31 December 2017			
Assets as per balance sheet date			
Non-current financial assets	-	-	-
Energy deposits	196	-	196
Trade and other receivables	125,097	-	125,097
Derivative financial instruments	-	-	-
Cash and cash equivalents	22,197	-	22,197
Total	147,490	-	147,490

	Other financial liabilities valued at amortised cost	Derivatives used for hedging	Total
Liabilities as per balance sheet date			
Bank loans and overdrafts	(363,742)	-	(363,742)
Finance lease liabilities	-	-	-
Trade and other payables	(78,699)	-	(78,699)
Derivative financial instruments	-	-	-
Total	(442,441)	-	(442,441)

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The valuation of the EFT Rudnik i Thermoelektrana Stanari d.o.o. (the Group's thermal power plant project in Bosnia & Herzegovina) including its patents & rights was performed. This valuation is based on forecasted discounted cash flows up to 2055. Independent estimates are applied and different scenarios are analyzed.
Energy purchase and sale contracts are valued using available forward market rates and contracted sales prices for the first ten years of operation and thereafter forecast price data from independent forecasters. Independent forecasters provided long-term price estimates for the period 2017-2055 in 2017 and these prices (using the low price forecast) are a best estimate. The valuation remains sensitive to long-term price changes and to changes in interest rates. A reduction of the forecasted energy prices by 18.5% or an increase of the post-tax discount rate to 11.1% (all other variables constant) would result in the value in use just covering the carrying amount. Currently, the valuations show no indication of impairment. The main assumptions are as follows:

- post-tax discount rate of 7.4% (2017: 7.4%)
- low case price scenario from an international energy consultancy used
- plant is operational until 2055
- average inflation rate from 2019 1.8% (2017: 1.8%)

Development and preparation works of the Ulog HPP have been completed. The adapted project design and documentation was completed in the course of 2016 and the Engineering, Procurement and Construction contract was signed in 2017. A mandate letter has been signed for the senior loan and financial close is expected in 2019. Construction is expected to commence in H2 2019 or H1 2020 and completion is expected in 2023, followed by commercial operation in the same year. The project remains strategically important for the EFT Group and is expected to deliver positive results in the long term.

Energy purchase and sale contracts are valued using forward market rates as well as certain assumptions for markets where no such market rates are available. Changes in the forward rates could lead to additional onerous contracts.

Other estimates and assumptions were necessary in determining provisions, accruals and allowance for impairment in respect of trade receivables.

Critical accounting judgements

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

5 Revenue

In thousands of Euro	**2018**	2017
Sales	**924,307**	798,100
Allowance for trade and other receivables	**(1,908)**	(174)
Net sales	**922,399**	797,926
Electricity sold in thousands of MWhs	**18,160**	16,585

Net sales include other revenues of €19.9 (2017: €16.4) million out of which €10.0 (2017: €7.2) million relates to sales of coal.

6 Cost of sales

In thousands of Euro	**2018**	2017
Energy costs	**766,300**	656,269
Transit costs	**26,513**	25,112
Material costs	**15,172**	14,952
Commissions and indemnities	**2,183**	1,992
Total cost of sales	**810,168**	698,325

7 Expenses by nature

In thousands of euro	**2018**	2017
Cost of sales (Note 6)	**810,168**	698,325
Depreciation/Impairments of property, plant and equipment (Note 11)	**19,415**	19,601
Amortization/Impairments of intangible assets (Note 12)	**4,492**	4,434
Depreciation of investment property (Note 13)	**108**	91
Consulting fees	**2,854**	4,242
Repairs and maintenance expenditure	**69**	77
Rent	**646**	641
Auditors' remuneration for providing audit services	**295**	306
Promotion and marketing expenses	**311**	210
Staff costs (Note 8)	**19,891**	18,226
Sales expenses	**512**	506
Accounting and administration fees	**437**	437
IT Expense	**1,518**	1,445
Insurance	**1,507**	1,719
Other	**2,936**	2,384
Total administrative expenses	**54,991**	54,319
Total cost of sales and administrative expenses	**865,159**	752,644

No additional fees were paid to the Group's statutory audit firm in 2018 (2017: no additional fees were paid to the Group's statutory audit firm).

Fees paid to the Group's auditors comprise €35 thousand (2017: €24 thousand) for the audit of the parent company and consolidated financial statements and €260 thousand for the audit of the Group subsidiaries (2017: €282 thousand).

8 Staff costs

In thousands of Euro	**2018**	2017
Wages and salaries	**19,761**	18,037
Social insurance costs	**94**	130
Other pension costs	**36**	59
	19,891	18,226
Average number of employees	**907**	867

9 Finance cost – net

In thousands of Euro	**2018**	2017
Finance income		
Interest income	**88**	59
Gain on ineffective cash-flow hedge	**-**	-
Dividend income	**-**	-
Other	**-**	32
Total Finance income	**88**	91
Finance expenses		
Interest expense	**(14,510)**	(15,780)
Bank guarantee fees, commissions and charges	**(1,205)**	(1,138)
Net foreign exchange loss	**(150)**	(433)
Loss on sale of investments	**-**	-
Credit export agency costs	**(2,806)**	(2,936)
	(18,671)	(20,287)
Less: amounts capitalized on qualifying assets	**-**	-
Total Finance expenses	**(18,671)**	(20,287)
Finance cost – net	**(18,583)**	(20,196)

10 Income tax expense

In thousands of Euro	2018	2017
Current tax charge		
Corporation tax – current year	**(4,286)**	(3,658)
Deferred tax		
Origination and reversal of temporary differences	**(264)**	420
Income tax expense	**(4,550)**	(3,238)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

In thousands of Euro	2018	2017
Profit before tax	**38,657**	25,086
Tax on accounting profit based on standard corporation tax applicable to the group	**3,866**	2,509
Tax effects of:		
- Different foreign tax rates	**167**	(111)
- Expenses non eligible for deduction	**470**	443
- Income not subject to tax	**(85)**	-
- Adjustments in respect of losses	**-**	291
Other effects	**132**	106
Income tax charge	**4,550**	3,238
Group effective tax rate	***11.77%***	*12.91%*

The standard corporation tax rate applicable to the group has been approximately 10% which is the prevailing corporation tax rate in the territories where the group generates the majority of its taxable profits.

11 Property, plant and equipment

In thousands of euro	Land and buildings	Plant and equipment	Fittings and others	Total
Cost or valuation				
At 1 January 2017	123,773	348,304	41,402	513,479
Additions	21	2,772	5,354	8,147
Disposals	(10)	(1,886)	(593)	(2,489)
Transfer within category	104	10,047	(10,151)	-
Reclassification to Investment property	(1,087)	-	-	(1,087)
Reclassification to Intangibles	-	-	(673)	(673)
Exchange differences	-	-	(19)	(19)
At 31 December 2017	122,801	359,237	35,320	517,358
At 1 January 2018	122,801	359,237	35,320	517,358
Additions	30	211	4,303	4,544
Disposals	(61)	(485)	(293)	(839)
Transfer within category	289	3,659	(3,948)	-
Exchange differences	-	-	(60)	(60)
At 31 December 2018	123,059	362,622	35,322	521,003

11 Property, plant and equipment (continued)

In thousands of euro	Land and buildings	Plant and equipment	Fittings and others	Total
Depreciation and impairment losses				
At 1 January 2017	2,504	22,854	1,164	26,522
Depreciation for the year (Note 7)	3,183	15,472	946	19,601
Disposals	(6)	(1,705)	(226)	(1,937)
Reclassification to Investment property	(178)	-	-	(178)
Exchange differences	-	-	14	14
At 31 December 2017	5,503	36,621	1,898	44,022
At 1 January 2018	5,503	36,621	1,898	44,022
Depreciation for the year (Note 7)	3,181	15,850	384	19,415
Disposals	(34)	(261)	(120)	(415)
Exchange differences	-	-	23	23
At 31 December 2018	8,650	52,210	2,185	63,044
Carrying amounts				
At 1 January 2017	121,269	325,450	40,238	486,958
At 31 December 2017	117,298	322,616	33,422	473,336
At 1 January 2018	117,298	322,616	33,422	473,336
At 31 December 2018	114,409	310,412	33,137	457,959

Additions of €4,544 thousand (2017: €8,147 thousand) to comprise mainly mine development capital expenditure.

12 Intangible assets

In thousands of Euro	Patents rights etc	Other intangible assets	Total
Cost or valuation			
At 1 January 2017	84,918	17,673	102,591
Additions	482	162	644
Disposals	*(142)*	*(17)*	*(159)*
Transfers within this category	-	-	-
Reclassification from PPE	81	592	673
Exchange differences	(19)	-	(19)
At 31 December 2017	85,320	18,410	103,730
At 1 January 2018	85,320	18,410	103,730
Additions	222	121	343
Disposals	(281)	-	(281)
At 31 December 2018	85,261	18,531	103,792
Amortization			
At 1 January 2017	12,617	2,284	14,901
Amortization for the year (Note 7)	2,829	1,605	4,434
Disposals	(101)	(17)	(118)
Impairments	-	-	-
Transfers within category	(200)	200	-
Exchange differences	(11)	-	(11)
At 31 December 2017	15,134	4,072	19,206
At 1 January 2018	15,134	4,072	19,206
Amortization for the year (Note 7)	2,899	1,593	4,492
Disposals	(45)	(4)	(49)
Impairments	-	-	-
Transfers within category	-	-	-
Exchange differences	-	-	-
At 31 December 2018	17,988	5,661	23,649
Carrying amounts			
At 1 January 2017	72,301	15,389	87,690
At 31 December 2017	70,186	14,338	84,524
At 1 January 2018	70,186	14,338	85,524
At 31 December 2018	67,273	12,870	80,143

Patents and rights include an amount of €58,737 thousand (2017: €58,737 thousand) which relates to exploitation rights of the coal mine for a 30 year period (with an option to extend to 45 years) granted to the subsidiary company EFT Rudnik i Thermoelektrana Stanari d.o.o. as part of the acquisition of its net assets.

13 Investment property

In thousands of Euro	2018	2017
Cost or valuation		
At 1 January	**1,087**	-
Transfer from PPE (Note 11)	-	1,087
At 31 December	**1,087**	1,087
Depreciation		
At 1 January	**269**	-
Transfer from PPE (Note 11)	-	178
Depreciation for the year (Note 7)	**108**	91
At 31 December	**377**	269
Carrying amount	**710**	818

Investment property relates to freehold office building, that is held for long-term rental yields and is not occupied by the group. It is carried at cost less accumulated depreciation and impairment losses.

14 Deferred income tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

The movement on the deferred tax account is as follows:

Deferred tax assets arise from:

In thousands of Euro	2018	2017
Property, plant and equipment	-	145
Intangible assets	-	97
Other current receivables	-	-
Provisions	-	-
Other liabilities	**48**	42
	48	284

Deferred tax liabilities arise from:

In thousands of Euro	2018	2017
Property, plant and equipment	**852**	778
Intangible assets	**4,858**	4,988
Derivatives	-	-
Other	**38**	5
Offset amounts	-	-
	5,748	5,771

14 Deferred income tax (continued)

The amounts included in the balance sheet include the following:

In thousands of Euro	**2018**	2017
Deferred tax liabilities to be settled after more than twelve months	**(5,394)**	(5,593)
Deferred tax assets to be recovered after more than twelve months	-	-
	(5,394)	(5,593)

Deferred tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable.

15 Inventories

In thousands of Euro	**2018**	2017
Materials and spare parts	**8,311**	6,865
Coal	**864**	513
	9,175	7,378

Inventories are pledged.

16 Energy deposits

In thousands of Euro	**2018**	2017
Deposits with third parties	-	196

These amounts represent deposits with suppliers for energy to be delivered to the Group at a future date. It also includes energy delivered to customers in excess of contractual volumes which will be offset at a future date.

17 Trade and other receivables

In thousands of Euro	**2018**	2017
Trade receivables	**120,234**	93,580
Less: allowance for impairment of receivables	**(2,309)**	(407)
Trade receivables - net	**117,925**	93,173
Other receivables	**2,783**	3,980
Other short-term financial assets	**106**	427
	120,814	97,580

17 Trade and other receivables (continued)

The fair values of trade and other receivables approximate to their carrying amounts at the balance sheet date. The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security. *Other receivables include corporation tax and value added tax refundable.*

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

In thousands of Euro	**2018**	2017
Balance at 1 January	**407**	246
Impairment loss recognized	**1,908**	174
(Receivables written-off during the year as uncollectible)	**-**	-
(Unused amounts reversed)	**(6)**	(13)
Balance at 31 December	**2,309**	407

Under the requirements IFRS 9 a provision for impairment of trade receivables has been calculated. A credit model has been developed to assign risk rates to each customer. The maturity table with expected credit losses allowances was as follows:

Trade receivables catergory	***Expected credit loss allowance rate***
Covered by bank guarantee	**0.10%**
Group rating 1	**0.25%**
Group rating 2	**0.50%**
Group rating 3	**1.00%**

The general provision for the Group was 324 thousand of which EUR 267 thousand relates to Energy Financing Team (Switzerland) AG.

A specific provision for a receivable in Bulgaria of EUR 1,580 thousand was made. This relates to an outstanding receivable more that 180 days overdue. Legal proceedings are underway to recover this amount.

The pledged trade receivables relate to receivables from coal sale in the amount of €2,523 thousand (2017: €3,047 thousand).

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

In thousands of Euro	**2018**	2017
EUR	**102,075**	77,263
RON	**8,324**	5,308
BAM	**2,627**	4,962
MKD	**788**	2,917
RSD	**241**	638
ALL	**5,450**	2,073
Other currency	**-**	12
	119,505	93,173

18 Prepayments

In thousands of Euro	2018	2017
Prepayments (short term)	**21,809**	15,101
Prepayments (long term)	**9,806**	12,416
	31,615	27,517

Prepayments (short term) represent payments to suppliers for energy to be delivered. The long term prepayments represent insurance and financing costs in relation to the thermal power plant project in Stanari.

19 Cash and cash equivalents

In thousands of Euro	2018	2017
Cash at bank and in hand	**16,032**	19,985
Bank deposits	**6,713**	2,212
Cash and cash equivalents	**22,745**	22,197
Bank overdrafts	**(2,266)**	-
Cash and cash equivalents net of overdrafts	**20,479**	22,197

Bank deposits amounting to €12,225 thousand (2017: €10,824 thousand) are pledged in connection with bank guarantees with unlimited validity or provided in excess of given guarantee lines. This amount includes also blocked security deposit accounts in relation to the trading on energy exchanges.

20 Share capital

	Number of ordinary shares issued	Ordinary share capital (in TEUR)	Number of redeemable preference Shares	Share Premium (in TEUR)	Total (in TEUR)
At 1 January 2017	119,966	120	214	-	120
Issue of ordinary A shares	-	-	-	-	-
Reduction and cancellation of shares	-	-	-	-	-
Redemption of redeemable preference shares	-	-	-	-	-
At 31 December 2017	119,966	120	214	-	120
Issue of new redeemable preference shares			42	1,638	1,638
Redemption of redeemable preference shares	-	-	(4)	-	-
At 31 December 2018	119,966	120	252	1,638	1,758

The total authorized shares are 45 000 ordinary shares, 5 000 redeemable preference shares and 120 000 ordinary A shares (2017: 45 000 ordinary shares, 5 000 redeemable preference shares and 120 000 ordinary A shares) with a par value of €1 per share. All issued shares are fully paid.

The holders of ordinary shares and preference redeemable shares are entitled to receive dividends as declared from time to time and to one vote per share at meetings of the Group. Holders of ordinary A shares are excluded from the entitlement to receive dividends and have no voting rights. All or any of the preference redeemable shares may be redeemed at the option of the preference shareholder at any time after a lock-up period of one year.

2018
In 2018 42 new preference redeemable shares were issued and four preference redeemable shares were redeemed by employees.

2017
In 2017 no preference redeemable shares were redeemed by employees. 6 preference redeemable shares were transferred between existing shareholders.

21 Other reserves

In thousands of Euro	Translation reserve (1)	Hedging reserve (2)	Legal reserve (3)	Total
1 January 2017	87	(124)	5,687	5,650
Exchange differences on translating foreign operations	(43)	-	-	(43)
Transfers from retained earnings	-	-	1,242	1,242
Cash flow hedges:				
Gains/(losses) taken to equity	-	95	-	95
Fair Value gains in year	-	-	-	-
(Gains)/losses transferred to income statement	-	-	-	-
(Gains)/losses transferred to fixed assets	-	-	-	-
At 31 December 2017 / 1 January 2018	44	(29)	6,929	6,944
Exchange differences on translating foreign operations	(21)	-	-	(21)
Transfers from retained earnings	-	-	1,041	1,041
Cash flow hedges:				
Gains/(losses) taken to equity	-	29	-	29
Fair Value gains in year	-	-	-	-
(Gains)/losses transferred to income statement	-	-	-	-
(Gains)/losses transferred to fixed assets	-	-	-	-
At 31 December 2018	23	-	7,970	7,993

(1) Translation reserve

The translation reserve comprises of all foreign currencies differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in a foreign subsidiary.

(2) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(3) Legal reserve

The legal reserve contains retained earnings allocated to a special reserve in accordance with the legal provisions in certain countries. Legal reserve is not available for distribution.

22 Loans and borrowings

In thousands of euro	2018	2017
Non-current liabilities		
Bank loans	**288,942**	330,647
	288,942	330,647
Current liabilities		
Bank overdrafts	**2,266**	-
Current portion of bank loans	**40,418**	33,095
Current portion of finance lease liabilities	-	-
	42,684	33,095

Terms and debt repayment schedule

The terms and conditions of outstanding loans excluding overdrafts were as follows:

			31 December 2018		31 December 2017	
In thousands of Euro	Currency	Year of maturity	**Original principal amounts**	**Carrying amount**	Original principal amounts	Carrying amount
Senior project debt	EUR	2016-2026	**350,000**	**298,000**	350,000	325,000
Bank loan	EUR	2013-2018	-	-	7,905	2,964
Bank loan	BAM	2022	**2,200**	**2,026**	-	-
Bank loan	BAM	2021	**6,320**	**3,836**	6,320	5,054
Bank loan	BAM	2021	**6,000**	**2,900**	6,000	4,100
Bank loan	BAM	2019	**5,000**	**1,250**	5,000	3,750
Bank loan	EUR	Open	**4,000**	-	4,000	-
Bank loan	BAM	2018	**4,090**	-	4,090	4,090
Bank loan	EUR	2021	**15,139**	**10,296**	15,139	14,459
Bank loan	EUR	2020	**10,000**	**7,778**	4,999	4,325
Bank loan	EUR	Open	**5,000**	**2,264**	-	-
Bank loan	EUR	2021	**4,666**	**3,276**	-	-
Bank loan	RSD	Open	**1,000**	-	-	-
Finance lease liabilities	EUR	2010 – 2017	-	-	-	-
Total interest-bearing liabilities			**413,415**	**331,626**	403,453	363,742

The Group's bank borrowings and bank overdrafts are arranged at both fixed and floating rates. For borrowings at floating rates the interest rate reprices on a monthly basis exposing the Group to cash flow interest rate risk.

Long-term loans and borrowings are repayable as follows:

In thousands of Euro	2018	2017
Between one and five years	**156,940**	150,647
After five years	**132,002**	180,000
	288,942	330,647

22 Loans and borrowings (continued)

Loans and borrowings bear an average interest of 4.87% (2017: 4.87%).

In December 2012, the Group completed financial close with China Development Bank for a €350 million loan to finance the construction of the 300MW Stanari TPP. The first draw down of this facility was executed on 13th December 2012. The loan had a four year grace period and ten year repayment period. The applicable interest rate is 6M EURIBOR plus 4.15%.

The carrying amounts at the balance sheet date of current and non-current borrowings are considered to approximate their fair values.

All shares in EFT Stanari are pledged as security for the senior loan from China Development Bank (CDB). While the shares are pledged as security, the Loan Agreement with CDB permits the separate pledging of specific assets held by EFT Stanari to other third party banks to the maximum value of € 35 million as security for secondary loans. The pledged shares in EFT Stanari will be released on full repayment of the senior debt unless otherwise agreed. Total assets of EFT Stanari are pledged amounting to €557,647 thousand (2017: €552,606 thousand).

Net debt reconciliation:

			Non-cash changes		
In thousands of Euro	**January 1 2018**	**Cash flow**	Reclassification amount	Exchange differences	**December 31 2018**
Long-term bank loans	**330,647**	5,067	(46,771)	-	**288,942**
Financial leasing liabilities	-	-	-	-	-
Short-term bank debts	**33,095**	(37,182)	46,771	-	**42,684**
Total liabilities from financing activities	**363,742**	(32,115)	-	-	**331,626**

23 Provisions

In thousands of Euro	**2018**	2017
Non-current liabilities		
At 31 December	**9,057**	9,057

Litigation by a Competition Council against a Group subsidiary for concluding anti-competitive agreements was brought in 2015. Following legal advice on the calculation of the fine, in 2018 the Group has included a provision for EUR 8,000 thousand, unchanged to 2017.

A provision of €1,057 thousand was made in 2005 in respect of the Group's obligation to restore the property at Stanari when the coal production will be terminated. In accordance with local law, mines used by the Group's subsidiary in Bosnia and Herzegovina must be restored to their original condition after completion of the production. Because of the long-term nature of the liability, the biggest uncertainty in estimating the provision is the costs that will be incurred. As a result provision has been left unchanged. In particular, the Group has assumed that the site will be restored using technology and materials that are available currently.

24 Trade and other payables

In thousands of Euro	**2018**	2017
Trade payables	**72,002**	58,912
Prepayments received from customers	**212**	36
Derivatives used for hedging	**-**	32
Non – trade payables and accrued expenses	**15,398**	15,473
	87,612	74,453

The fair value of trade and other payables due within one year approximate to their carrying amounts at the balance sheet date.

25 Group Companies

EFT Investments SE is the ultimate parent Company of the Group. The consolidated financial statements, comprise the following subsidiaries:

Consolidated subsidiaries and activities	Country of Incorporation and registered address	Ownership interest in %	
		2018	2017
EFT International Investments Holdings Ltd Holding company	**United Kingdom** Bury House, Ground Floor, 31 Bury Street, London, EC3A 5AR, United Kingdom	**100**	100
Energy Financing Team Limited (U.K.)	**United Kingdom** Bury House, Ground Floor, 31 Bury Street, London, EC3A 5AR, United Kingdom	**100**	100
Energy Financing Team (Switzerland) AG Electricity trading	**Switzerland** Pestalozzistrasse 2, St. Gallen, CH9000, Switzerland	**100**	100
Electricni Financni Tim. d.o.o. Electricity trading, trade origination	**Slovenia** Cesta v Mestni log 88A, 1000 Ljubliana, Slovenia	**100**	100
EFT Budapest Zrt. Electricity trading, trade origination	**Hungary** *1051 Budapest, Sas u. 10-12.* Hungary	**100**	100
EFT Bulgaria JSC Electricity trading, trade origination	**Bulgaria** George Washington №19 Sofia 1000 Bulgaria	**100**	100
Energy Financing Team d.o.o. Bileca Electricity trading, trade origination	**Bosnia & Herzegovina** Srpske vojske 9, 89230 Bileca Bosnia & Herzegovina	**100**	100
EFT Rudnik i Termoelektrana Stanari d.o.o. Thermal power plant, electricity production and coal sales	**Bosnia & Herzegovina** Stanari BB, Stanari, Bosnia & Herzegovina	**100**	100
EFT Hrvatska d.o.o *Electricity trading, trade origination*	**Croatia** Trnjanska cesta 65, Zagreb, Croatia	**100**	100
EFT Albania Sh.p.k. Electricity trading, trade origination	**Albania** Rruga Murat Toptani, Eurocol Center, Albania	**100**	100
Energy Financing Team Tirana Sh.p.k. Electricity trading, trade origination	**Albania** Rruga Murat Toptani, Eurocol Center, Albania	**100**	100

EFT Investments SE

Consolidated subsidiaries and activities	Country of Incorporation and registered address	Ownership interest in %	
EFT HE ULOG d.o.o. Development of a hydro power station	**Bosnia & Herzegovina** Karadjordjeva 28B, Kalinovik, Bosnia & Herzegovina	**100**	100
TOV EFT Ukraine ** Electricity trade origination	**Ukraine** Office54, 9/2 Velyka Vasylkivska Street, Kyiv 01004 Ukraine	**100**	100
EFT Trade d.o.o Beograd *Electricity trading, trade origination*	**Serbia** *EFT Trade d.o.o.* Spanskih boraca 3 11070 Beograde, Serbia	**100**	100
S.C. EFT Furnizare S.R.L. Electricity trading, trade origination	**Romania** European Business Center, 2nd floor, 24 Blvd Mircea Voda, 030667 Bucharest 3, Romania	**75**	75
Energy Financing Team Dooel Electricity trading, trade origination	***Macedonia*** Bul. Partizanski odredi br. 15A-2/6, 1000 Skopje, Macedonia	**100**	100
Energy Financing Team LLC* Electricity trade origination	**Kosovo** Str Fehmi Agani 1/16; 10000 Pristina Kosovo	**100**	100

* incorporated in 2015
** dormant

25 Group companies (continued)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarized financial information for S.C. EFT Furnizare S.R., Romania:

Summarised balance sheet ***In thousands of Euro***	**2018**	2017
Non-current assets	**9**	16
Current assets	**10,179**	7,763
Total assets	**10,188**	7,779
Equity	**1,683**	-1,864
Non-current liabilities	**-**	-
Current liabilities	**8,505**	9,643
Total equity and liabilities	**10,188**	7,779

Summarised income statement ***In thousands of Euro***	**2018**	2017
Revenues	**78,254**	68,205
Profit for the year	**3,552**	(2,909)
Total comprehensive income	**3,552**	(2,909)

Summarised cash flow statement ***In thousands of Euro***	**2018**	2017
Cash flow from operating activities	**5,149**	(1,992)
Cash flow from investing activities	**1**	(1)
Cash flow from financing activities	**(4,490)**	1,656

26 Commitments

(a) At the end of 2018, contracts concerning purchase of MWh 19,483 thousand (2017: MWh 12,612 thousand) of electricity for the period 2019 – 2025, have been entered into, at a value of €1,018,634 thousand (2017: €611,668 thousand) respectively.

(b) At the end of 2018, contracts concerning sale of MWh 27,797 thousand (2017: MWh 20,374 thousand) of electricity for the period 2019 – 2025, have been entered into, at a value of €1,515,102 thousand (2017: €1,136,766 thousand) respectively.

(c) *In 2015 the Group signed a contract worth a total of €8,973 thousand for the* connection of the Stanari power plant to the Bosnian electricity grid. At 31 December 2018 €1,346 thousand remained outstanding.

(d) In 2017 the Group the Group completed an Engineering Procurement and Construction contract with Sinohydro Corporation Limited with a contract price of of €48,990 thousand for the construction of a hydro power plant (HPP) in Ulog. As of 31 December 2018, €48,990 thousand remained outstanding.

27 Contingent liablities

There were no contingent liabilities reported in 2018.

There were no contingent liabilities reported in 2017.

28 Related party transactions

The following transactions were carried out with related parties:

(a) Shareholders' current account

In the course of the year 2018 there were no shareholder loans. In the course of the year 2017 were four short-term loans of €3 million, €2.5 million, €1 million and $4 million paid to EFT by two members of the Executive. The loans have been been completely repaid.

(b) Year-end balances with related parties

The payable balance to shareholder in the previous year represents payment for the redemption of preference shares.

In thousands of Euro	2018	2017
Receivables – prepayment to shareholders	**795**	717
Payables to related party		
Shareholder	-	-

(c) Key management compensation

Key management includes the EFT shareholders, collectively known as the Executive, and group management and directors of EFT Investments SE. The compensation paid or payable to key management for employee services is shown below:

In thousands of Euro	**2018**	2017
Salaries and other short-term employee benefits	**1,092**	889

Details of directors' remuneration are disclosed in the notes to the Company financial statements.

(d) Other transactions with related parties

During the year, the Group paid rent of £50,000 (2017: £50,000), on an arms length basis, for the use of a property owned by a director.

29 Business combinations

There were no business combinations in 2018 and 2017.

30 Dividends

The Board of Directors have decided to pay a dividend of €8,000 thousand for the year ended 31 December 2018 (2017: €6,000 thousand).

31 Events after balance sheet date

There are no material post-balance sheet events, which have a bearing on the understanding of these consolidated financial statements.

Independent auditors' report to the members of EFT Investments SE

Report on the audit of the company financial statements

Opinion

In our opinion, EFT Investments SE's company financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2018;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and consolidated financial statements (the "Annual Report"), which comprise: the Company balance sheet as at 31 December 2018; the Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Board of Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Board of Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Board of Directors for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Board of Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the group financial statements of EFT Investments SE for the year ended 31 December 2018.

Simon White (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

15 May 2019

EFT Investments SE

Financial Statements of the Parent Company

Company balance sheet
at 31 December 2018

In thousands of Euro	Note	2018	2017
Assets			
Non-current assets			
Investments	3	**301,542**	301,542
Deferred tax	4	**22**	22
		301,564	**301,564**
Current assets			
Prepayments		**812**	717
Cash and cash equivalents		**12**	16
		824	**733**
Total assets		**302,388**	302,297
Equity and liabilities			
Capital and reserves			
Share capital		**120**	120
Other reserves		**234,220**	232,582
Retained earnings		**24,835**	(1,433)
Total equity		**259,175**	231,269
Current liabilities			
Loan agreed to subsidiary undertaking	6	**43,186**	70,987
Other current liabilities		**27**	41
Total liabilities		**43,213**	71,028
Total equity and liabilities		**302,388**	302,297

The notes on pages 69 to 71 form part of these financial statements.

The Group has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to present the EFT Investments SE income statement or cash flow statement, Net profit for the year was €32,268 thousand (2017: profit of €8,953 thousand).

On 13 May 2019 the Board of Directors of EFT Investments SE authorised these Company financial statements for issue.

Ivan Jennings, Director, 13 May 2019

Company statement of changes in equity for the year ended 31 December 2018

In thousands of Euro	Note	Share capital	Other Reserves	Retained earnings	Total equity
		Attributable to the owners of the parent			
Balance at 1 January 2017		**120**	**232,582**	**(6,386)**	**226,316**
Profit for the year		-	-	8,953	8,953
Total comprehensive income		**-**	**-**	8,953	8,953
Issue of bonus ordinary A shares		-	-	-	-
Reduction and cancellation of shares		-	-	-	-
Dividends		-	-	(4,000)	(4,000)
Total transactions with owners		**-**	**-**	**(4,000)**	**(4,000)**
Transfer to legal reserve		-	-	-	-
Balance at 31 December 2017/ 1 January 2018		**120**	**232,582**	**(1,433)**	**231,269**
Profit for the year		-	-	32,268	32,268
Total comprehensive income		**-**	**-**	**32,268**	**32,268**
Transfer from retained earnings Dividends		-	-	(6,000)	(6,000)
Increase in share premium (issuance of preference shares)		-	1,638	-	1,638
Total transactions with owners		**-**	**1,638**	**(6,000)**	**(4,362)**
Balance at 31 December 2018		**120**	**234,220**	**24,835**	**259,175**

Notes to the financial statements of the parent company

1 Significant accounting policies

Authorisation of financial statements

The Company financial statements for the year ended 31 December 2018 were authorized by the Board of Directors on 13 May 2019 and the balance sheet was signed on behalf of EFT Investments SE.

EFT Investments SE is a company incorporated and domiciled in England and Wales.

Basis of preparation

The Company financial statements have been prepared in accordance with International Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are the assessment of the carrying value of investments.

The accounting policies set out in this note to the financial statements have been applied consistently. The financial statements have been prepared on a historical cost basis, except where FRS101 requires or permits fair value measurement.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- The following paragraphs of IAS 1, 'Presentation of financial statements': 10(d), (statement of cash flows); 16 (statement of compliance with all IFRS); 111 (cash flow statement information); and 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirement of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future. Therefore the directors continue to apply the going concern basis for accounting in the preparation of the Company financial statements.

Investments

Investments in subsidiary undertakings are stated at cost less, where appropriate, provisions for impairment.

Loans to subsidiary undertakings and joint ventures are initially recorded at fair value; they are then subsequently carried at amortised costs. The loans are interest bearing.

Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operated ("the functional currency"), which is Euros. The presentation currency of the Company is also Euros.

Other accounting policies

As applicable, the accounting policies of the Company follow those set out in the consolidated financial statements.

2 Directors' remuneration

Total remuneration of directors, including directors who resigned during the year:

In thousands of Euro	**2018**	2017
Salaries and other short-term employee benefits	**656**	190

The highest paid director received €385 thousand in remuneration in 2018 (2017: €190 thousand). No share options were exercised by directors.

No directors (2017: none) are accruing benefits under the Group's pension scheme.

The entity has no employees.

3 Investments

In thousands of Euro	**Investments in subsidiaries**
Cost and net book value	
At 1 January 2017	301,542
At 31 December 2017	301,542
At 31 December 2018	**301,542**

Details of investments held by the Company are set out in note 25 to the consolidated financial statements.

4 Deferred income taxes

In thousands of Euro	**Tax losses and other timing differences**
At 1 January 2017	22
Credited /(charged) to income statement	-
At 31 December 2017	22
Credited /(charged) to income statement	-
At 31 December 2018	**22**

5 Related party transactions

Year-end balances with related parties

The payable balance to shareholder in the previous year represents payment for the redemption of preference shares.

In thousands of Euro	**2018**	2017
Receivables – prepayment to shareholders	**795**	717

During the year, the Group paid rent of £50,000 (2017: £50,000), on an arms length basis, for the use of a property owned by a director.

6 Current liabilities

In thousands of Euro	**2018**	2017
Amounts owed to Group undertakings	**43,186**	70,987
Accrued other liabilities	**27**	41
	43,213	71,028

7 Dividends

In 2018 a dividend of €6,000 thousand was paid. The Board of Directors decided that a dividend of €8,000 thousand shall be paid for the year ending 31 December 2018.