

VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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Management's responsibility for the financial statements

Pursuant to the Croatian Accounting Act, the Management has to ensure that financial statements are prepared for each financial year in accordance with the Croatian Financial Reporting Standards (the CFRSs), as published by Financial Reporting Standards Board in Croatia, which present fairly the state of affairs and results of the Company for that period.

After making appropriate enquiries, the Management has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continues to prepare the financial statements under the the going-concern principle.

In preparing those financial statements, the responsibilities of the Management of include the following:

- selection and consistent application of suitable accounting policies;
- making reasonable and prudent judgments and estimates;
- following applicable accounting standards, subject to disclosure and explanation of any material departures in the financial statements; and
- preparing the financial statements under the going-concern assumption unless the assumption that the Company will continue as a going concern is not appropriate.

The Management is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company. The Management must also ensure that the financial statements comply with the Accounting Act. In addition, the Management is responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Signed for and on behalf of the Management on 13 April 2020

VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik

Krapanjska cesta 8

22000 Šibenik

Republic of Croatia


Gerhardt Paul Oberlechner
President of the Management Board

**VJETROELEKTRANA
CRNO BRDO
d.o.o. Šibenik**


Goran Fržop
Member of the Management Board

INDEPENDENT AUDITOR'S REPORT

To the Owners of VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik

Opinion

We have audited the financial statements of VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik (hereinafter: "the Company"), which comprise the balance sheet as of 31 March 2020, and the profit and loss account for the period from 1 April 2019 to 31 March 2020, as well as notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying annual financial statements present fairly, in all material respects, the financial position of the Company at 31 March 2020, its financial performance from 1 April 2019 to 31 March 2020 in accordance with the Accounting Act and Croatian Financial Reporting Standards (CFRSs).

Basis for Opinion

We conducted our audit in accordance with the Accounting Act, the Act on Auditing and International Standards on Auditing (ISAs). Our responsibilities under those standards are described further in the *Auditor's Responsibilities for the Audit of the Annual Financial Statements* section of our Independent Auditor's Report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Management Board is responsible for the preparation and fair presentation of these annual financial statements in accordance with CFRSs and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing annual financial statements, the Management is responsible for assessing the the Company's ability to continue as a going concern, including, where appropriate, the disclosure of matters related to the going-concern assumption and the use of the going-concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process established by the Company.

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Board.
- Conclude on the appropriateness of the use by the Management Board of the going concern basis of accounting in the preparation of the financial statements in the context of the applicable financial reporting framework. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the audit evidence obtained until the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Šibenski Revicon d.o.o., Šibenik

Stjepana Radića 44

22 000 Šibenik

Republic of Croatia

Radovan Lucić
Director

Šibenik, 14 May 2020

ŠIBENSKI REVICON d.o.o.
za reviziju i poslovne usluge
ŠIBENIK
S. Radića 44

Radovan Lucić
Certified Auditor

Statement of profit or loss

For the period 1 April 2019 - 31 March 2020

*(All amounts are expressed in kunas)***VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik**

	Notes	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
Sales	3.a.	16,872,719	14,858,464
Other operating income	3.b.	-	562,087
TOTAL OPERATING INCOME	3	16,872,719	15,420,551
Material expenses	4.a.	(4,263,963)	(4,765,322)
Staff expenses	4.b.	(669,626)	(671,126)
Depreciation and amortisation	8., 9.	(9,569,639)	(9,573,558)
Other expenses	4.c.	(1,283,338)	(932,774)
Other operating costs	4.d.	(6,300)	(4,500)
TOTAL OPERATING EXPENSES	4	(15,792,866)	(15,947,280)
FINANCIAL INCOME	5	587,689	298,657
FINANCIAL EXPENSES	6	(3,635,134)	(4,411,375)
TOTAL INCOME		17,460,408	15,663,138
TOTAL EXPENSES		(19,428,000)	(20,358,655)
(LOSS) BEFORE TAXATION		(1,967,593)	(4,639,447)
INCOME TAX	7	-	-
(LOSS) FOR THE PERIOD		(1,967,593)	(4,639,447)

Balance sheet

At 31 March 2020

*(All amounts are expressed in kunas)***VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik**

	Notes	31.3.2019	31.03.2020
NON-CURRENT ASSETS			
INTANGIBLE ASSETS	8	8,124,225	7,467,525
TANGIBLE ASSETS	9	59,177,953	50,261,095
		67,302,178	57,728,620
CURRENT ASSETS			
INVENTORIES		-	-
Receivables from related companies	10.a	339,205	1,983
Trade receivables	10.b.	4,043,651	3,218,643
Other receivables	10.c.	290,859	-
CURRENT RECEIVABLES	10	4,673,715	3,220,626
CURRENT FINANCIAL ASSETS	11	830,870	91,702
CASH WITH BANKS AND IN HAND	12	3,850,358	4,635,629
		9,354,943	7,947,957
PREPAID EXPENSES	13	30,382	16,662
TOTAL ASSETS		76,687,503	65,693,239
EQUITY			
SHARE (SUBSCRIBED) CAPITAL	14	10,702,500	10,702,500
RESERVES OUT OF PROFIT	15	56,724	56,724
ACCUMULATED LOSSES	15	(1,076,551)	(3,044,144)
LOSS FOR THE YEAR	15	(1,967,593)	(4,639,447)
		7,715,080	3,075,633
NON-CURRENT LIABILITIES			
Liabilities to related companies	16.a.	26,653,044	26,728,177
Liabilities to financial institutions	16.b.	27,843,968	20,925,384
	16	54,497,012	47,653,561
CURRENT LIABILITIES			
Liabilities to related companies	17.a.	7,674,038	9,038,816
Liabilities to financial institutions	16.b.	5,568,792	5,706,922
Trade payables	17.b.	849,516	62,341
Other current liabilities	17.c.	383,065	125,969
	17	14,475,411	14,934,048
ACCRUED EXPENSES AND DEFERRED INCOME	18	-	29,997
TOTAL EQUITY AND LIABILITIES		76,687,503	65,693,239

Notes to the financial statements

For the period 1 April 2019 - 31 March 2020

(All amounts are expressed in kunas)

VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik

1 GENERAL INFORMATION

VJETROELEKTRANA CRNO BRDO d.o.o., a trade and service company headquartered in Šibenik, Krapanjska cesta 8, is registered at the Commercial Court in Zadar, with a fixed place of business in Šibenik, under the court registration number (MBS) 100006200, Tax id. No. (OIB) 02826763846 and with the registered capital in the amount of HRK 10,702,500.00.

The Company started its operations in 2006, along with the preparations for the construction of a wind power plant in the territory of Šibenik. The investment in the amount of HRK 111,306,690 was put in use on 24 August 2011. The wind power plant is constructed in the territory of Šibenik (Crno brdo). The rated power of the power plant is 10,5 MW. The annual output has been estimated at 25 million kWh.

The Company's registered activities comprise the following:

- construction and furnishing of power generation facilities based on renewable energy sources
- manufacture of wind turbines for electricity generation
- electricity generation
- construction
- design of structures
- production of foods and drinks
- coastal and off-shore transport
- real estate activities
- car rental services
- rental of vessels, and
- purchase and sale of goods.

The Assembly of the Company comprises the following:

- Orient Green Power (Europe) B.V., 51 votes
- Slaven Tudić, 24 votes
- Slaven Tudić, 7 votes
- Tomislav Belamarić, 6 votes
- Goran Fržop, 6 votes
- Roko Akrap, 5 votes
- TEC Obnovljivi izvori d.o.o., Šibenik, 1 vote,

Members of the Management Board:

- Gerhard Paul Oberlechner, President, representing the Company jointly with another Management Board Member
- Goran Fržop, Member, represents the Company absolutely and individually

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with the Croatian Financial Reporting Standards (CFRSs), as published by the Croatian Financial Reporting Standards Board in the Republic of Croatia.

Basis of preparation

The financial statements are prepared under the historical cost convention. The accounting policies have been consistently applied, unless stated otherwise. The financial statements have been prepared under the going-concern assumption.

Presentation of the financial statements

The financial statements have been prepared on a consistent presentation and classification basis. In case of changes in the presentation and classification of financial statement items, the comparative amounts are also reclassified, unless impracticable.

Reporting currency

The financial statements are presented in the Croatian kuna, since this is the currency in which most of the Company's transactions are denominated. At 31 March 2020 the exchange rate for EUR 1 and USD 1 was HRK 7,61 and HRK 6,88, respectively (at 31 March 2019: EUR 1 = HRK 7,43 and USD 1 = HRK 6,61).

Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with a transaction will flow into the Company and when the amount of the revenue can be measured reliably. Sales are recognised net of taxes and discounts, upon delivery of goods and provision of services and after the risks and the rewards have passed. Interest income is recognised on an accrual basis.

Retirement benefit costs

The Company has no defined post-retirement benefit plans for its employees or management. Accordingly, the Company has no outstanding liabilities for post employment benefits for either its present or former employees.

Trade receivables and prepayments

Trade receivables and prepayments are recognised at amounts invoiced in accordance with the underlying agreement, order, delivery note and other documents serving as the billing basis, net of allowance for uncollectible amounts.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade receivables and prepayments

The Management provides for bad and doubtful receivables on the basis of the overall ageing structure of all receivables, as well as by reviewing individual significant amounts receivable. An allowance is recognised in the income statement for estimated irrecoverable amounts if there is objective evidence that an amount receivable is impaired.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items denominated in foreign currencies are retranslated to the functional currency at the exchange rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period as financial expenses, except for differences arising on the retranslation of non-monetary items available for sale in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current tax liability is based on taxable profit for the year. Taxable profit differs from the net profit for a period reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

(All amounts are expressed in kunas)

VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Property, plant and equipment

Property, plant and equipment are recognised initially at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided using the straight-line method over the estimated useful life of an asset at the following annual rates:

	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
Plant and equipment	8.00%	8.00%
Tools and furniture	25.00%	25.00%
Computers	50.00%	50.00%

Based on Management Decision of 31 January 2017, the company use amortisation rate on wind power plant of 8% until 1 August 2026 when a long-term service contract signed with LEITWIND S.p.a. expires.

The initial cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing an asset to its working condition and location for its intended use. Expenditure incurred after property, plant and equipment have been put into use, such as repairs and maintenance and overhaul costs, is recognized as expense in the period in which it is incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard performance, the expenditures are capitalised as an additional cost of property, plant and equipment. Costs eligible for capitalization include costs of periodic, planned significant inspections and overhauls necessary for further operation.

Equipment is capitalized when its useful life is greater than one year, and its individual cost is greater than HRK 3,500 thousand. Tools are capitalized regardless of their unit cost. Property, plant and equipment are derecognised from the financial statements when they are disposed of or when no benefits from their continuing use or disposal are expected.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Gains on disposal of property, plant and equipment are credited directly to income. The net book value of retired property, plant and equipment is included in expenses.

An increase in the carrying amount on the remeasurement of an asset is credited to the revaluation reserve. Reversal of any previously recognized surplus on revaluation is presented as a deduction of the revaluation reserve, whereas any other decreases are charged to profit or loss.

Intangible assets

Intangible assets are purchased separately and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided using the straight-line method over the estimated useful life of an asset. The useful life and amortisation method are reviewed at each year-end, with any effect of changes in estimates being accounted for prospectively. The useful life of intangible assets has been estimated as follows:

	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
Technical documentation	20 years	20 years

Maintenance and repairs

Cost of maintenance and repairs is recognised when incurred, except when expenditure incurred extends the useful life of an asset and changes the capacity or purpose of property, plant and equipment. Such expenditure is treated as improvement and is added to the carrying amount of tangible assets.

Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the potential impairment loss.

If the recoverable amount of an asset (or cash-generated unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately as an expense.

Reversed impairment losses are credited to income in case of revised estimates underlying the assessment of the recoverable amount. They are credited to income only to the extent of the carrying amount of an asset, less depreciation, had no impairment loss been recognised for the asset.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition, and the sale is expected to qualify for recognition as a completed sale within one year from the date of the classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Borrowing costs

Interest expense on borrowings for the construction of property, plant and equipment are added to the cost of those assets over the period required for the assets to be completed and ready for their intended use.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable direct labour costs and those overhead costs that have been incurred in bringing inventories to their present location and condition. Cost is determined using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognized only when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of discounting is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation, determined using the estimated risk-free interest rate as the discount rate. Where discounting is used, the reversal of such discounting in each year is recognized as interest expense.

Financial assets

Financial assets are classified into as 'loans and receivables', 'financial assets at fair value through profit or loss (FVTPL)' and 'assets available for sale' (AFS). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Trade receivables are recognised initially at nominal amount less any impairment, loan and other receivables with fixed or determinable payments that are not quoted in an active market are classified as 'Loans and receivables' and measured initially at amortised cost using the effective interest method, less impairment losses. Interest income is recognised on an accrual basis by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include investment in investment funds. They are stated at fair value with any resultant gain or loss on the fair value remeasurement is recognised in the income statement. The net gain or loss recognised in the income statement incorporates interest earned on the financial asset.

Financial assets available for sale

Assets available for sale are financial assets not with fair value through profit and loss, nor held till maturity. Assets available for sale include certain equity instruments. They are recognised on a trade-date basis, which is the date on which the Company has committed to purchase the assets, and are initially stated at cost, including transaction costs. Financial assets available for sale are subsequently measured and stated at fair value, except for those financial assets which have no quoted market value and for which fair value cannot be determined reliably. Such financial assets are stated at historical cost, less any impairment losses. Gains and losses arisen from changes in the fair value of assets available for sale are credited or charged to the Company's reserves.

Impairment of financial assets

Financial assets are assessed for indications of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest rate at the inception.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed the amortised cost that would have been reported had the impairment loss not been recognised.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Share capital and treasury stock

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Where the Company or its related companies purchase the Company's share capital or obtains rights to purchase its share capital, the consideration paid including any attributable transaction costs net of income taxes is shown as a deduction from total shareholders' equity. Gains and losses on sale of own shares are charged or credited to the share premium/discount account in equity.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and key sources of estimation uncertainty

In applying the accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

(All amounts are expressed in kunas)

VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik

3 OPERATING INCOME

	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
3.a. Sales	16,872,719	14,858,464
3.b. Other operating income	-	562,087
	<u>16,872,719</u>	<u>15,420,551</u>

3.a. Sales

	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
Domestic sales	16,872,719	14,773,563
Revenue from services	-	80,611
Revenue from sale of goods	-	4,290
	<u>16,872,719</u>	<u>14,858,464</u>

The Company generates operating income from electricity generation and sale.

3.b. Other operating income

	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
Damages received	-	495,723
Income from liability write off	-	66,364
	<u>-</u>	<u>562,087</u>

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

(All amounts are expressed in kunas)

VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik

4 OPERATING EXPENSES

	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
4.a. Material expenses	4,263,963	4,765,322
4.b. Staff expenses	669,626	671,126
- Depreciation and amortisation (see Notes 8 and 9)	9,569,639	9,573,558
4.c. Other expenses	1,283,338	932,774
4.d. Other operating costs	6,300	4,500
	15,792,866	15,947,280

4.a. Material expenses

	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
Cost of raw material and supplies		
Energy	91,899	85,949
Materials, spare parts, small inventory and tyres	6,874	15,643
	98,773	101,592
Cost of goods sold	-	4,290
Other external costs		
Maintenance services	3,371,398	3,979,356
Intellectual services	667,644	600,309
Rentals	61,098	61,203
Transport, telephone, postage	19,986	16,340
Other external costs	45,066	2,232
	4,165,190	4,659,440
	4,263,963	4,765,322

4.b. Staff expenses

	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
Net salaries	326,065	341,022
Taxes and contributions out of salaries	244,260	233,213
Contributions on salaries	99,301	96,891
	669,626	671,126

At 31 March 2020, there was 1 person employed by the Company (31 March 2019: 1 employee).

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

*(All amounts are expressed in kunas)***VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik****4 OPERATING EXPENSES (CONTINUED)****4.c. Other expenses**

	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
Contributions and membership fees	524,160	29,351
Insurance premiums	281,680	277,645
Fee for the City of Šibenik	214,594	209,584
Balancing fee	81,234	280,767
Bank charges	20,150	17,619
Staff costs	55,711	56,268
Other expenses	105,809	61,540
	1,283,338	932,774

4.d. Other operating costs

	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
Donations	5,500	4,500
Other operating costs	800	-
	6,300	4,500

5 FINANCIAL INCOME

	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
Foreign exchange gains – related parties	217,993	141,702
Foreign exchange gains – unrelated parties	369,696	156,955
	587,689	298,657

6 FINANCIAL EXPENSES

	01.04.2018- 31.03.2019	01.04.2019- 31.03.2020
Interest expense	2,105,228	1,569,520
Foreign exchange losses	283,786	841,843
Interest expense - related companies	1,005,706	961,891
Foreign exchange losses- related companies	240,414	1,000,121
Other financial expenses	-	38,000
	3,635,134	4,411,375

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

*(All amounts are expressed in kunas)***VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik****7 INCOME TAX**

Income tax is determined in accordance with Croatian laws and regulations. The tax rate applied to taxable profit for the year is 18% (01.04.2018-31.03.2019: 18%).

The Company has a tax loss in the amount of HRK 2,428,743 for the tax period, 2019. Resources of deferred tax losses are recognized as accumulated tax loss only in the amount in which is probable that the related tax relief will be realized. The benefits of tax losses are not recognized in the financial statements due to the uncertainty of the conditions for their use in the future.

Pursuant to the applicable regulations of the Republic of Croatia, the Tax Administration may, at any time, inspect the Company's books and records for the year for which the tax liability is declared. The Management of the Company is not aware of any circumstances that may give rise to a potential material liability in this respect.

8 NON-CURRENT INTANGIBLE ASSETS

	Project documentation	Total
01.04.2018 - 31.03. 2019		
COST		
Balance at 1 April 2018	13,086,000	13,086,000
Balance at 31 March 2019	<u>13,086,000</u>	<u>13,086,000</u>
ACCUMULATED AMORTISATION		
Balance at 1 April 2018	4,307,475	4,307,475
Charge for the year	656,700	656,700
Balance at 31 March 2019	<u>4,964,175</u>	<u>4,964,175</u>
NET BOOK VALUE AT 31 MARCH 2019	<u>8,121,825</u>	<u>8,121,825</u>
01.04.2019-31.03.2020		
COST		
Balance at 1 April 2019	13,086,000	13,086,000
Balance at 31 March 2020	<u>13,086,000</u>	<u>13,086,000</u>
ACCUMULATED AMORTISATION		
Balance at 1 April 2019	4,961,775	4,961,775
Charge for the year	656,700	656,700
Balance at 31 March 2020	<u>5,618,475</u>	<u>5,618,475</u>
NET BOOK VALUE AT 31 MARCH 2020	<u>7,467,525</u>	<u>7,467,525</u>

Intangible assets under development represent a completely prepared project with the construction and other industry-specific licences and approvals obtained for the preparatory works on the construction of a wind power plant.

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

(All amounts are expressed in kunas)

VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik

9 NON-CURRENT TANGIBLE ASSETS

Cost and accumulated depreciation of plant and equipment are presented as follows:

	Plant and equipment	Tools and furniture	Total
01.04.2018-31.03.2019			
COST			
Balance at 01 April 2018	111,383,292	121,054	111,504,346
Purchase	13,366	-	13,366
Balance at 31 March 2019	111,396,658	121,054	111,517,712
ACCUMULATED AMORTISATION			
Balance at 01 April 2018	43,303,366	121,054	43,424,420
Charge for the year	8,915,339	-	8,915,339
Balance at 31 March 2019	52,218,705	121,054	52,339,759
01.04.2019-31.03.2020			
COST			
Balance at 01 April 2019	111,396,658	121,054	111,517,712
Balance at 31 March 2020	111,396,658	121,054	111,517,712
ACCUMULATED AMORTISATION			
Balance at 01 April 2019	52,218,705	121,054	52,339,759
Charge for the year	8,916,858	-	8,916,858
Balance at 31 March 2020	61,135,563	121,054	61,256,617
NET BOOK VALUE			
Balance at 31 March 2019	59,177,953	-	59,177,953
Balance at 31 March 2020	50,261,095	-	50,261,095

According to the Management, there are no indications that the market values of non-current tangible assets as of 31 March 2020 are lower than their carrying amounts given no changes in the technological, market, commercial or legal terms and conditions in the market in which the assets operate that would require those assets to be impaired.

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

(All amounts are expressed in kunas)

VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik

10 CURRENT RECEIVABLES

	31.3.2019	31.3.2020
10.a. Receivables from related companies	339,205	1,983
10.b. Trade receivables	4,043,651	3,218,643
10.c. Other receivables	290,859	-
	<u>4,673,715</u>	<u>3,220,626</u>

10.a. Receivables from related companies

	31.3.2019	31.3.2020
Receivables acquired on assignment	337,222	-
Receivables for services provided	1,983	1,983
	<u>339,205</u>	<u>1,983</u>

10.b. Trade receivables

	31.3.2019	31.3.2020
Domestic trade receivables	4,001,594	3,218,643
Foreign trade receivables	42,057	-
	<u>4,043,651</u>	<u>3,218,643</u>

The domestic trade receivables relate to receivables from the Hrvatski operator tržišta energije (Croatian Energy Market Operator), Zagreb.

10.c. Other receivables

	31.3.2019	31.3.2020
Receivables for advance payments from related companies	290,859	-
	<u>290,859</u>	<u>-</u>

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

*(All amounts are expressed in kunas)***VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik****11 CURRENT FINANCIAL ASSETS**

	31.3.2019	31.3.2020
TEC OI d.o.o., Šibenik	739,168	-
Other	91,702	91,702
	<u>830,870</u>	<u>91,702</u>

The Company approved a short-term loan of HRK 5,200,000 to Tudić elektro centar obnovljivi izvori d.o.o., Šibenik, under a Loan Agreement from 10 July 2013. The loan was returned in 2019.

12 CASH WITH BANKS AND IN HAND

	31.3.2019	31.3.2020
Gyro account balance and cash in hand	3,602,568	4,231,830
Foreign currency account balance	247,790	403,799
	<u>3,850,358</u>	<u>4,635,629</u>

The Company has giro account with Privredna banka Zagreb d.d., Zagreb.

Cash equivalents comprise cheques and deposits with banks available at call (i.e. deposits placed for a term of up to 3 months).

13 PREPAID EXPENSES AND ACCRUED INCOME

	31.3.2019	31.3.2020
Prepaid vehicle rental costs	30,382	16,662
	<u>30,382</u>	<u>16,662</u>

The Company made an advance payment for the acquisition of a personal car under an operation lease arrangement with Unicredit leasing Croatia d.o.o., Zagreb, for a term of 5 years (Note 4.a.).

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

(All amounts are expressed in kunas)

VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik

14 REGISTERED (SUBSCRIBED) CAPITAL

	Registered capital	Total
Balance at 1 April 2018	10,702,500	10,702,500
Balance at 31 March 2019	10,702,500	10,702,500
Balance at 31 March 2020	10,702,500	10,702,500

Registered capital of the Company amounts to HRK 10,702,500.

The ownership structure at the balance sheet was as follows:

Shareholders:	31.3.2019		31.3.2020	
	Amount of equity share	Number of votes	Amount of equity share	Number of votes
Orient Green Power, the Netherlands - TEC Obnovljivi Izvori d.o.o., Šibenik, since 24 March 2014 the shares of the Company have been managed by Goran Fržop on behalf of the Company.	5,448,100	51	5,448,100	51
Slaven Tudić	10,200	24	10,200	24
Slaven Tudić	3,000	7	3,000	7
Tomislav Belamarić	2,400	6	2,400	6
Goran Fržop	2,400	6	2,400	6
Roko Akrap	2,000	5	2,000	5
	10,702,500	100	10,702,500	100

15 RESERVES AND ACCUMULATED LOSSES

	Reserves	Accumulated losses	Profit /(loss) for the year	Total
Balance at 1 April 2018	56,724	(949,974)	(126,577)	(1,019,827)
Transfer of loss for the period 1.4.2018-31.3.2019 to accumulated losses	-	(126,577)	126,577	-
(Loss) for the year	-	-	(1,967,593)	(1,967,593)
Balance at 31 March 2019	56,724	(1,076,551)	(1,967,593)	(2,987,420)
Transfer of loss for the period 1.4.2019-31.3.2020 to accumulated losses	-	(1,967,593)	1,967,593	-
(Loss) for the year	-	-	(4,639,447)	(4,639,447)
Balance at 31 March 2020	56,724	(3,044,144)	(4,639,447)	(7,626,867)

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

(All amounts are expressed in kunas)

VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik

16 NON-CURRENT LIABILITIES

	31.3.2019	31.3.2020
16.a. Liabilities to related companies	26,653,044	26,728,177
16.b. Liabilities to financial institution	27,843,968	20,925,384
	54,497,012	47,653,561

16.a. Liabilities to related companies

	Principal Equity	Applied interest rate	31.3.2019	31.3.2020
Orient Green Power (Europe) B.V., the Netherlands	EUR 3,927,435.96	bix-month Euribor + 400 b.p. annually	26,653,044	26,728,177
Total long-term borrowings			26,653,044	26,728,177

On 30 August 2010, Orient Green Power (Europe) B.V., the Netherlands, approved a loan of EUR 1,450,000, with the annual interest rate of six-month Euribor, plus 400 basis points. The loan was approved for working-capital purposes i.e. the completion of the construction of Crno Brdo Wind Power Plant. The loan is repayable as follows: the first instalment is due after the first positive cash inflows and not later than seven years from the date of disbursement.

On 30 September 2014, Orient Green Power (Europe) B.V., the Netherlands, approved a loan of EUR 2,477,435.96, with the annual interest rate of six-month Euribor, plus 400 basis points. The amount made available to the Company by Orient Green Power (Europe) B.V., the Netherlands, is equivalent to the deposit made by Orient Green Power (Europe) B.V., the Netherlands, and its related companies under the Multi-currency Loan Agreement until the end of June 2014, foreclosed by EXIM Banka based on the past due liabilities under the Agreement. The loan is repayable as follows: the first instalment is due after the first positive cash inflows and not later than seven years from the date of disbursement. The loan balance at 31 March 2020 amounts to HRK 26,728,177 (3,512,599 EUR).

16.b. Liabilities to financial institution

	Principal approved	Applied interest rate	31.3.2019	31.3.2020
Export-Import Bank of India, Mumbai	EUR 12,000,000	Six-month euro libor + 600 points	33,412,760	26,632,308
Total long-term borrowings			33,412,760	26,632,308
Current portion of long-term debt			(5,568,792)	(5,706,924)
Total long-term portion			(27,843,968)	20,925,384

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

*(All amounts are expressed in kunas)***VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik****16 NON-CURRENT LIABILITIES (CONTINUED)****16.b. Liabilities to financial institutions (continued)**

On 14 December 2010, Export-Import Bank of India, Mumbai, approved a framework loan facility with a limit of EUR 12,000,000, with the interest charged at six-month Euribor, plus 600 index points per annum. The loan interest accrues on a quarterly basis. The loan repayment is scheduled on a quarterly basis each 20 March, 20 June, 20 September and 20 December (20 instalments), starting in 2013 up to inclusive 20 December 2017. The collaterals comprise uncancellable and unconditional guarantee by Orient Green Power Limited, lien on the Company's movable property and spare parts; transfer of all receivables, rights, interests and incentives under Project agreements; lien on shares and bank accounts.

On 28 October 2014, Export-Import Bank of India, Mumbai, approved the reprogramming of a loan in the amount of EUR 9 million. The loan is repayable in 36 instalments on a quarterly basis, i.e. each 1 January, 1 April, 1 July and 1 October, starting on 1 January 2015 up to inclusive 1 October 2023. The loan interest rate is six-month euro libor + 600 index points annually. Under the terms and conditions of the underlying agreement, the Company may not distribute any dividends and change the key management personnel without the bank's approval. If the performance of the Company improves, the Bank is entitled to revise the repayment schedule. Other terms and conditions of the agreement have remained unchanged. The loan balance at 31 March 2020 amounts to HRK 26,632,308 (3,500,000 EUR).

The repayment schedule of the long-term loans over the next five years is as follows:

Year	Amount
01.04.2020 - 31.03.2021	7,609,231
01.04.2021 - 31.03.2022	7,609,231
01.04.2022 - 31.03.2023	7,609,231
01.04.2023 - 31.03.2024	3,804,615
	26,632,308

17 CURRENT LIABILITIES

	31.3.2019	31.3.2020
17.a. Liabilities to related companies	7,674,038	9,038,816
Short-term borrowings - Current portion of long-term debt (Notes 16.b.)	5,568,792	5,706,922
17.b. Trade payables	849,516	62,341
17.c. Other liabilities	383,065	125,969
	14,475,411	14,934,048

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

*(All amounts are expressed in kunas)***VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik****17 CURRENT LIABILITIES (CONTINUED)****17.a. Liabilities to related companies**

	31.3.2019	31.3.2020
Trade payables	52,880	244,667
Interest payable	7,621,158	8,794,149
	<u>7,674,038</u>	<u>9,038,816</u>

The interest payable to related companies represents interest on borrowings received from OGP in the amount of HRK 8,794,149.

17.b. Trade payables

	31.3.2019	31.3.2020
Domestic trade payables	358,321	62,341
Foreign trade payables	234,905	-
Accrued expenses	256,290	-
	<u>849,516</u>	<u>62,341</u>

17.c. Other liabilities

	31.3.2019	31.3.2020
Taxes and contributions payable	353,749	92,078
Liabilities to employees	29,316	33,891
	<u>383,065</u>	<u>125,969</u>

18 ACCRUED EXPENSES AND DEFERRED INCOME

	31.03.2019.	31.03.2020.
Accrued expenses	-	29.997
	<u>-</u>	<u>29.997</u>

19 CONTINGENT LIABILITIES

Legal actions. As represented by the responsible person of the Company, there were no legal actions outstanding against the Company at 31 March 2020. Therefore, there was no basis for recognising any provisions for contingent liabilities.

Notes to the financial statements (continued)

For the period 1 April 2019 - 31 March 2020

(All amounts are expressed in kunas)

VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik

20 RELATED-PARTY TRANSACTIONS

For financial reporting purposes, parties are considered to be related if one party has the ability to control the other party, if parties are jointly controlled, or if one party exercises significant influence over the other party in making financial and operating decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

	Receivables	Liabilities	Loan principal and interest payable	Expenses	Revenue
Related company					
Orient Green Power (Europe) B.V, the Netherlands	-	-	35,522,325	1,962,013	141,702
TEC OI d.o.o., Šibenik	1,983	244,667	-	1,694,607	-
Board	-	33,891	-	593,914	-
Balance at 31 March 2020	1,983	278,558	35,522,325	4,250,534	141,702
Balance at 31 March 2019	1,369,232	82,196	34,274,202	3,697,500	217,993

21 ENVIRONMENTAL POLICY

It is the policy of the Company to ensure an on-going environmental awareness among its employees as well as their commitment to protecting and improving the natural as well as their work environment.

22 EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date that should be disclosed in these financial statements.

23 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were adopted and authorised for issue by the members of the Management Board of VJETROELEKTRANA CRNO BRDO d.o.o., Šibenik, on 13 April 2020.


Gerhardt Paul Oberlechner
President of the Management Board


VJETROELEKTRANA
CRNO BRDO
d.o.o. Šibenik
Goran Fržop
Member of the Management Board