

ANNUAL REPORT

**ENERN Investments, investiční fond
s proměnným základním kapitálem, a.s.**

FOR THE YEAR ENDED 31 DECEMBER 2017

I. INFORMATION AND EVENTS

pursuant to the provisions of Act No. 240/2013 Coll. and Regulation (EU) No. 345/2013

A. INFORMATION ON THE FUND

Name

¹ENERN Investments, investiční fond s proměnným základním kapitálem, a.s.
(hereinafter the "Fund")

entered in the Commercial Register maintained by the Municipal Court in Prague, registered on 4 July 2013, Section B, File 19148

Business registration No. (IČO)

017 90 765

Registered office

Türkova 2319/5b, Chodov, 149 00 Prague 4, Czech Republic

In 2017, the Fund provided administration and management of the assets of a sub-fund, ENERN TECH III (hereinafter the "Sub-fund"). The Sub-fund ENERN TECH III was registered in the list of investment funds maintained by the Czech National Bank on 22 June 2016 and began to underwrite investment shares as of 1 November 2016.

Other information

The Fund is an autonomous investment fund pursuant to Section 8 of the Act on Management Companies and Investment Funds, licensed by the Czech National Bank ("ČNB") to manage itself and authorized to perform its own administration.

B. INFORMATION ON MEMBERS OF THE FUND'S BODIES AND MANAGING PERSONS

Statutory Director

Iva Nováková – managing person of the Fund, appointed on 24 June 2016

Management Board members

Radek Švec – managing person of the Fund, Management Board member since 8 January 2015

Radovan Nesrsta – managing person of the Fund, Management Board member since 24 June 2016

Valdemar Walach – Management Board member as of 25 July 2016

C. INFORMATION ON THE COMPANY AUTHORIZED BY THE FUND TO PERFORM CERTAIN ACTIVITIES

The Fund has entrusted certain activities related to the administration and management of the Fund and the Sub-fund to QI investiční společnost, a.s. (hereinafter the "Investment Company"), entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 11985, Business registration No. (IČO) 279 11 497, registered office at Rybná 682/14, Prague 1, postal code 110 05, under the Agreement on the Performance of Authorized Activities of 2 December 2016. This agreement replaced the previous Agreement on the Performance of Delegated Activities of 29 July 2013.

¹ Until 17 June 2016, the Fund's name was SAS Capital, investiční fond s proměnným základním kapitálem, a.s.

Activities entrusted to the Investment Company by the Fund comprise primarily risk management and also:

- compliance and internal audit,
- communication with the ČNB and meeting the Fund's information and reporting requirements towards the ČNB and other directly related activities,
- issuance and redemption of investment shares of sub-funds and maintaining records of investment stock holders

The Investment Company performs the full scope of the aforementioned activities either by itself or has entrusted their performance to another entity as set out in the Fund's Statute.

D. REPORT OF THE STATUTORY DIRECTOR ON BUSINESS ACTIVITIES AND ASSETS OF THE FUND

in the reporting period

a) Fund profile

In accordance with the scope of the license, the Fund's business activities comprise collection of funds or valuables measurable in monetary terms from more qualified investors through issuing participating securities or through qualified investors becoming shareholders of a sub-fund or holders of investment shares, and the joint investment of the collected funds or valuables measurable in monetary terms in line with the determined investment strategy for the benefit of qualified investors, and also management of these assets.

The Fund may establish sub-funds in accordance with the Articles of Association. Registered investment shares are issued on the account of each sub-fund. Whether a sub-fund is established is decided by the statutory body of the Fund, which also determines the sub-fund's investment strategy and lays down other rules for the sub-fund's operation in the Statute.

In 2017, the Fund did not carry out its own investment activity.

b) Financial results

The Fund's financial results depend on the volume of assets managed by the Fund and on the costs incurred in respect of the administration and management of the Fund and its sub-funds. In 2017, the Fund managed the ENERN TECH III Sub-fund with total capital commitments of investors amounting to EUR 19,125 thousand. During the year, the Fund focused on the acquisition of investors from the ranks of domestic and foreign institutional investors with the objective of increasing the volume of total capital commitments to EUR 60,000 thousand. The Fund posted a profit of CZK 2,313 thousand for 2017.

Equity	CZK 4,996 thousand
Number of shares	10
Nominal value of share	CZK 200 thousand
NAV per share at 31 December 2017	CZK 499.59 thousand

c) Revenues, expenses, profit

Income of the Fund is comprised mainly of a fixed consideration paid by the ENERN TECH III Sub-fund and represents a management fee received from the Sub-fund. The Fund's expenses include, in particular, the costs of consultancy and advisory services, fundraising costs and other administrative costs related to the Fund's operations. In 2017, revenues exceeded expenses and the Fund posted a profit.

d) Structure of assets and liabilities

Assets of the Fund consist mainly of cash in bank accounts and receivables from short-term loans provided to non-bank entities (related parties). The Fund's liabilities comprise registered capital, retained earnings of previous years and other liabilities. The Fund has positive equity.

e) Investments and future investments

The Fund manages the Sub-fund that issues four classes of investment shares. The objective of the Sub-fund is to appreciate in the long term the funds of investment stock holders by investing in companies with a growth profile with a dominant focus on internet business in the field of (i) fin-tech and (ii) e-commerce, primarily food and marketplaces for local services. Such investments may be made in the form of ownership interests in companies and/or by the provision of convertible loans and borrowings to companies under the terms of the Statute. The Sub-fund was established for a seven-year period with the option of extending this period by three years under the terms of the Fund's Statute.

The Fund currently does not intend to establish another sub-fund or to pursue its own investment activity.

f) Market description

The Fund operates in the financial markets where it acquires investors for investments in the Sub-fund.

E. INFORMATION ON MATERIAL CHANGES IN THE FACTS PROVIDED IN THE FUND'S STATUTE

which occurred during the reporting period

In 2017, the Fund's capital structure changed. A portion of the registered capital in the amount of CZK 29,000 thousand and other capital funds in the amount of CZK 60,000 thousand were used to cover accumulated losses of previous years. This transaction has fully compensated for accumulated losses of previous years.

F. INFORMATION ON THE FUND'S DEPOSITARY

in the relevant period and on the period of time for which the entity performed the activities of a depositary

The Fund's depositary for the entire relevant period of 2017 was Česká spořitelna, a.s., with its registered office at Olbrachtova 1929/62, Prague 4, postal code 140 00, business registration No. (IČO) 452 44 782, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1171 (hereinafter the "Depositary" or the "ČS").

G. INFORMATION ON THE ENTITY ENTRUSTED WITH THE CUSTODY OR SAFEKEEPING OF THE FUND'S ASSETS

provided that more than 1% of the Fund's assets have been deposited with the entity

The Fund's Depositary has solely been entrusted with the custody or safekeeping of the Fund's assets.

H. INFORMATION ON THE PRIME BROKER

in the relevant period and on the period of time for which the entity performed the activities

The Fund's assets were not entrusted to the prime broker in the relevant period.

I. IDENTIFICATION OF ASSETS THE VALUE OF WHICH EXCEEDS 1% OF THE VALUE OF THE FUND'S ASSETS

as at the day on which the valuation that was used for the purposes of this Report was carried out, with a specification of the total acquisition price and the fair value at the end of the relevant period

Assets	Acquisition price in CZK thousand	Fair value in CZK thousand at 31 December 2017
Bank accounts of the Fund maintained by ČS	671	671
Short-term loans to non-bank entities	5,175	5,175
Prepaid expenses and accrued income	507	507

J. INFORMATION ON SALARIES, CONSIDERATION AND SIMILAR INCOME OF THE STAFF AND MANAGING PERSONS

which may be considered remuneration paid by the manager of an investment fund to the staff members or managing persons in the reporting period, divided into fixed and variable component, information on the number of staff and managing persons of the manager of this fund, and information about remuneration, if any, for the capital appreciation paid by the investment fund or its manager

The Fund's personnel expenses amounted to CZK 608 thousand in 2017, including salaries and social and health insurance payments for employees ensuring the Fund's administration.

K. INFORMATION ON SALARIES, CONSIDERATION AND SIMILAR INCOME OF THE STAFF AND MANAGING PERSONS,

which may be considered remuneration paid by the manager of an investment fund to the staff members or managing persons whose activity has a significant impact on the Fund's risk profile

The Fund's personnel expenses related to managing persons and staff members whose activity has a significant impact on the Fund's risk profile amounted to CZK 0 in 2017 as the Fund ensures administration and management of the Sub-fund and does not pursue its own investment activity.

L. SELECTED FINANCIAL HIGHLIGHTS OF THE FUND

Statement of financial position in CZK thousand	Current year 31 December 2017	Previous year 31 December 2016
Assets		
Receivables from banks	671	6,117
Receivables from non-bank entities	5,175	5,142
Non-current intangible assets	31	85
Non-current tangible assets	14	22
Other assets	575	42
Total assets	6,466	11,408
Liabilities		
Other liabilities	1,470	1,100
Registered capital	2,000	31,000
Capital funds	0	60,000
Accumulated losses/retained earnings of previous years	683	(88,317)
Profit or loss for the year	2,313	7,626
Total liabilities	6,466	11,408

As at 31 December 2017, the Fund received assets for management in the amount of CZK 195,172 thousand from the ENERN TECH III Sub-fund.

Income statement in CZK thousand	Current year 31 December 2017	Previous year 31 December 2016
Interest income and similar income	191	13
Fees and commissions income	11,568	10,955
Fees and commissions expenses	(12)	(121)
Administrative expenses	(7,566)	(2,912)
Profit or loss from financial activities	(293)	27
Other operating expenses and revenues	(1,513)	(59)
Depreciation of non-current tangible assets and receivables	(62)	(277)
Profit or loss from operating activities for the year before taxes	2,313	7,626
Income taxes	0	0
Profit or loss for the year after taxes	2,313	7,626

II. INFORMATION AND EVENTS

pursuant to Section 21 of Act No. 563/1991 Coll., on Accounting

A. FINANCIAL AND NON-FINANCIAL INFORMATION ON SUBSEQUENT EVENTS WHICH OCCURRED AFTER THE BALANCE-SHEET DATE AND ARE MATERIAL WITH REGARD TO COMPLIANCE WITH THE PURPOSE OF THE ANNUAL REPORT

No material subsequent events occurred after the balance sheet day.

B. INFORMATION ON THE PROJECTED DEVELOPMENT OF THE FUND

In 2018, the Fund plans to continue to seek and carry out investments in line with the Sub-Fund's investment strategy. In the first quarter of 2018, the capital commitment of the ENERN TECH III Sub-fund increased from EUR 19,125 thousand to EUR 50,625 thousand. As a result, the volume of funds to invest in the portfolio has more than doubled. It is estimated that by the end of 2018 approximately 43% of the capital commitments of all Sub-Fund investors will have been invested.

The Fund currently does not intend to establish another sub-fund or to pursue its own investment activity.

C. INFORMATION ON RISKS ARISING FROM INVESTMENT IN THE SUB-FUND

Investments in the Fund or the Sub-fund entail significant risks, specifically:

- a. The risk of a volatile current value of securities issued by the Sub-fund as a result of the composition of the assets or the method of managing the Sub-fund's assets. Shareholders need to be aware that, despite the maximum effort for safe management, the value of the Sub-fund's investment stocks may fluctuate depending on the developments in the financial markets.
- b. Market risk arising from the effects of changes in the overall market developments on the prices and values of the Fund's specific types of assets. The most significant market risks are foreign exchange risk, interest rate risk, equity risk, commodity risk and the risk of specific investment projects. The level of market risk depends on the specific structure of the Fund's assets.
- c. Credit risk arising from a situation where the issuer or counterparty fails to honor their obligations. The manager minimizes the credit risk in particular by selecting counterparties and issuers with regard to their creditworthiness, by setting limits to exposure of individual counterparties and issuers and by non-onerous contractual arrangements.
- d. The risk of insufficient liquidity where an asset of the Sub-fund is not monetized within the set timeframe and at a reasonable price. Due to the nature of the market for specific types of target assets that may account for an essential portion of the Sub-fund's assets, it is important to note that the monetization of such an asset with the aim to achieve the best price is time consuming. In the extreme case, the liquidity risk may result in a liquidity crisis. The risk is mitigated by allowing for a sufficient period of 2-5 years after the end of the investment period intended for growth and successful sale of the Sub-fund's assets.

- e. The risk related to the Fund's investment focus on certain industries, countries or regions, other market segments, or certain types of assets.
- f. Operational risk, consisting in a loss due to deficiencies or failure of internal processes or the human factor or external events. This risk is mitigated by maintaining an adequate management and control mechanism of the manager.
- g. The risk that the Fund or the Sub-fund may be canceled for reasons governed by applicable legislation.
- h. The risk that the Fund or the Sub-fund may be canceled for other than legislative reasons, such as economic or restructuring reasons.
- i. Risks associated with the acquisition of foreign assets. This risk may give rise to unfavorable conditions for the disposal (sale) of the assets.
- j. Risks arising from potential failure of legal entities in which the Sub-fund holds ownership interests or from which the Fund records receivables.
- k. Risks related to the debtor's receivables or creditworthiness and the quality of securing the receivables.
- l. Risks arising from an erroneous valuation of assets by an expert in cases where assets are valued by an expert. This risk is reduced by a strict selection of experts who monitor the condition and use of the assets and other factors that may affect the value of assets, and who also assess the valuation.
- m. Risks associated with the possibility of suspending the issue and redemption of investment shares for up to two years.

Further information on the risks arising from investments in the Fund or the Sub-fund is provided in the Notes to the financial statements.

D. INFORMATION ON RESEARCH AND DEVELOPMENT ACTIVITIES

The Fund did not engage in any research and development activities in 2017.

E. INFORMATION ON ACTIVITIES PERTAINING TO ENVIRONMENTAL PROTECTION AND LABOR RELATIONS

Since the Fund provides investment services, its activities have no direct impact on the environment. In 2017, the Fund did not report any activities pertaining to environmental protection and labor relations.

F. INFORMATION ON A FOREIGN BRANCH OR A PART OF THE UNDERTAKING ABROAD

The Fund has no foreign branch or a part of the undertaking abroad.

G. INFORMATION ON ACQUISITION OF OWN SHARES OR OWNERSHIP INTERESTS

In 2017, the Sub-fund acquired neither own shares nor ownership interests.

Date of preparation

Statutory Representative's signature

27 April 2018


Iva Nováková

III.REPORT ON RELATIONS

A. STRUCTURE OF RELATIONS BETWEEN THE CONTROLLING ENTITIES AND THE CONTROLLED ENTITY AND BETWEEN THE CONTROLLED ENTITY AND ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY

The Fund is a joint stock company with variable share capital and a monistic structure of bodies. The Fund's bodies include the General Meeting, the Statutory Director and the Management Board. The statutory body is the statutory director who is responsible for the Fund's management. The management board is the Fund's supervisory body co-responsible for the Fund's management.

The Fund is neither a master fund nor a feeder fund.

At 31 December 2017, the Controlling Entities of the Fund were:

Name of entity:	ENERN Capital a.s.
<i>Registered office:</i>	Türkova 2319/5b, Chodov, 149 00 Prague 4
<i>Business Reg. No. (IČO):</i>	053 37 186
<i>Method of control:</i>	Controlling Entity holding 100% of the Fund's founder's shares

Shareholders of the Fund's Controlling Entity, ENERN Capital a.s., namely Mr. Petr Šmída, Mr. Pavel Mucha and Mr. Radovan Nesrsta, hold indirect interests in the Fund's share capital as follows:

Name:	Petr Šmída
<i>Residence:</i>	Letohradská 1212/38, Holešovice, 107 00 Prague 7
<i>Date of birth:</i>	2 February 1963
<i>Method of control:</i>	Indirect interest of 33.3% in the Fund's share capital; shareholding through ENERN Capital a.s.

Entities controlled by a shareholder, through Mr. Petr Šmída, who holds an interest exceeding 20% in the entities listed below, or to which the shareholder is related:

<i>Name of entity:</i>	LYCOPAN s.r.o.
<i>Registered office:</i>	Türkova 2319/5b, Chodov, 149 00 Prague 4
<i>Business Reg. No. (IČO):</i>	288 99 776
<i>Method of control:</i>	Entity controlled by the same person, the Fund's shareholder

<i>Name of entity:</i>	Motivate s.r.o.
<i>Registered office:</i>	Újezd 450/40, Malá Strana, 118 00 Prague 1
<i>Business Reg. No. (IČO):</i>	015 50 691
<i>Method of control:</i>	Entity controlled by the same person, the Fund's shareholder

<i>Name of entity:</i>	CEBUNA, spol. s r.o.
<i>Registered office:</i>	Varšavská 200/12, Vinohrady, 120 00 Prague 2
<i>Business Reg. No. (IČO):</i>	481 08 642
<i>Method of control:</i>	Entity controlled by the same person, the Fund's shareholder

Name:	Pavel Mucha
<i>Residence:</i>	Žitavská 231, Benice, 103 00 Prague 10
<i>Date of birth:</i>	12 April 1974
<i>Method of control:</i>	Indirect interest of 33.3% in the Fund's share capital; shareholding through ENERN Capital a.s.

Entities controlled by a shareholder, through Mr. Pavel Mucha, who holds an interest exceeding 20% in the entities listed below, or to which the shareholder is related:

Name of entity: Fintropa s.r.o.
Registered office: Žitavská 231, Benice, 103 00 Prague 10
Business Reg. No. (IČO): 242 96 481
Method of control: Entity controlled by the same person, the Fund's shareholder

Name of entity: ENERN Czech s.r.o.
Registered office: Türkova 2319/5b, Chodov, 149 00 Prague 4
Business Reg. No. (IČO): 289 80 492
Method of control: statutory representative

Name of entity: Enern Cardamon s.r.o.
Registered office: Türkova 2319/5b, Chodov, 149 00 Prague 4
Business Reg. No. (IČO): 038 19 345
Method of control: statutory representative

Name:	Radovan Nesrsta
<i>Residence:</i>	U přejezdu 445/4, Dolní Měcholupy, 109 00 Prague 9
<i>Date of birth:</i>	26 March 1971
<i>Method of control:</i>	Indirect interest of 33.3% in the Fund's share capital; shareholding through ENERN Capital a.s.

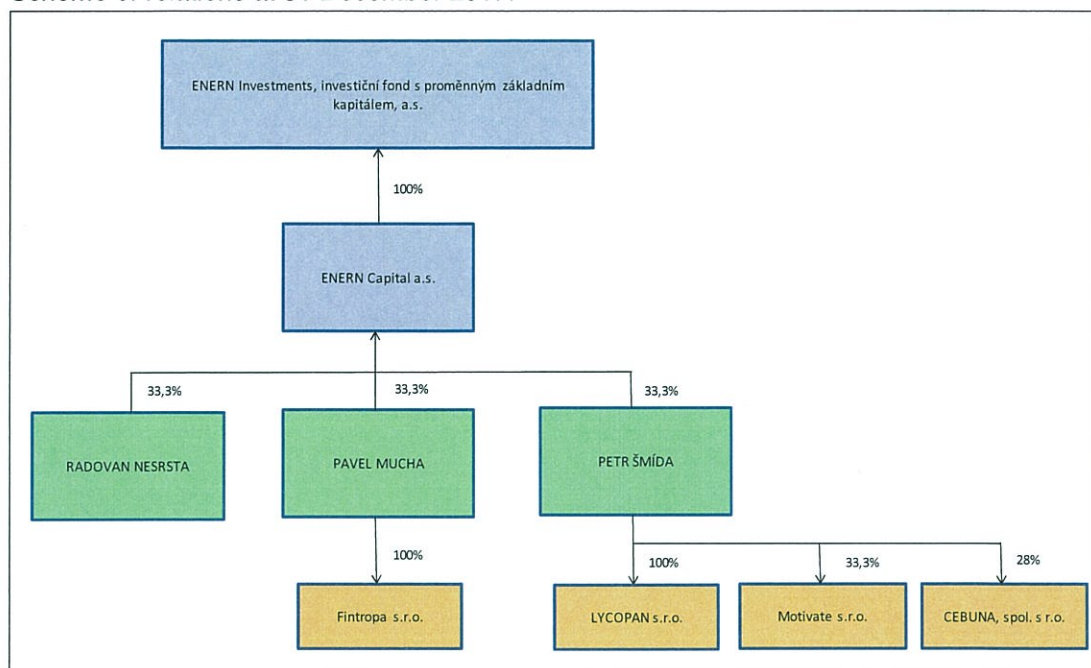
Entities controlled by a shareholder, through Mr. Radovan Nesrsta, who holds an interest exceeding 20% in the entities listed below, or to which the shareholder is related:

Name of entity: ENERN Czech s.r.o.
Registered office: Türkova 2319/5b, Chodov, 149 00 Prague 4
Business Reg. No. (IČO): 289 80 492
Method of control: statutory representative

Name of entity: Enern Spices, s.r.o.
Registered office: Türkova 2319/5b, Chodov, 149 00 Prague 4
Business Reg. No. (IČO): 291 54 758
Method of control: statutory representative

Name of entity: COHANERE s.r.o.
Registered office: Türkova 2319/5b, Chodov, 149 00 Prague 4
Business Reg. No. (IČO): 246 77 795
Method of control: statutory representative

Scheme of relations at 31 December 2017:



The Fund's Statutory Director, Mrs. Iva Nováková, holds an interest exceeding 20% in the entities listed below, or is related to the entity:

<i>Name of entity:</i>	PROFINAL CS s.r.o.
<i>Registered office:</i>	Svatopluka Čecha 1362/9, 415 01 Teplice
<i>Business Reg. No. (IČO):</i>	250 15 257
<i>Method of control:</i>	Entity co-controlled by the Fund's managing person, statutory representative

<i>Name of entity:</i>	PROFINAL Invest s.r.o.
<i>Registered office:</i>	Poštovní 3115, 415 01 Teplice
<i>Business Reg. No. (IČO):</i>	615 35 818
<i>Method of control:</i>	Entity co-controlled by the Fund's managing person, statutory representative

B. ROLE OF THE CONTROLLED ENTITY

The Fund is a variable-capital investment fund pursuant to Section 154 of the Act on Management Companies and Investment Funds. The Company's role is to invest through sub-funds in assets defined in the Fund's Statute and to obtain funds from other investors for such investments.

C. METHOD AND MEANS OF CONTROL

At 31 December 2017, none of the shareholders had a decisive influence over the Fund and the shareholders did not act in concert.

D. SUMMARY OF ACTIONS

taken in the past reporting period at the initiative or in the interest of the Controlling Entity or the entities controlled by the Controlling Entity, where such actions concerned assets exceeding 10% of the Company's equity as determined from the last financial statements

In the relevant reporting period, no actions were taken at the initiative or in the interest of the Controlling Entity or the entities controlled by the Controlling Entity, where such actions concerned assets exceeding 10% of the Fund's equity at 31 December 2017.

E. OVERVIEW OF CONTRACTS

between the Fund and the Controlling Entity or between the Company and the entities controlled by the same Controlling Entity

The following contracts were entered into between the Fund and the Related Parties under which performance was provided in 2017:

- Contract for the lease of the Fund's premises and registered office (ENERN Czech s.r.o.) – annual performance amounting to CZK 120 thousand;
- Contract for the provision of advisory services by Mr. Petr Šmída of 15 June 2016 – annual performance amounting to CZK 925 thousand;
- Contract for the provision of advisory services by Fintropa s.r.o. of 9 January 2017 – annual performance amounting to CZK 960 thousand;
- Loan agreement with Enern Spices, s.r.o. of 22 November 2016 - CZK 460 thousand, interest rate 2.2% p.a., maturity until 30 April 2017, paid up at 31 December 2017;
- Loan agreement with Enern Spices, s.r.o. of 24 November 2016 - EUR 101 thousand, interest rate 2.0% p.a., maturity extended until 30 June 2018, paid up at the date of this Report;
- Loan agreement with COHANERE s.r.o. of 28 November 2016 - EUR 35 thousand, interest rate 5.0% p.a., maturity until 28 November 2017, paid up at 31 December 2017;
- Loan agreement with ENERN Capital a.s. of 18 April 2017 on a total amount of EUR 200 thousand, interest rate 2% p.a., maturity until 31 December 2020;
- Loan agreement with ENERN Capital a.s. of 24 July 2017 on a total amount of EUR 200 thousand, interest rate 2% p.a., maturity until 31 December 2020;
- Loan agreement with ENERN Capital a.s. of 18 April 2017 - CZK 165 thousand, interest rate 2% p.a., maturity until 31 December 2020, paid up at 31 December 2017;
- The total amount of interest income from loans provided by the Fund to other companies amounted to CZK 107 thousand in 2017.

F. PERFORMANCE PROVIDED AND COUNTER-PERFORMANCE RECEIVED

between the Fund and the Controlling Entity or between the Company and the entities controlled by the same Controlling Entity

Besides the performance of the contracts listed under Article E., the Fund provided no performance to and received no counter-performance from any related party in 2017.

G. ASSESSMENT of whether the Fund suffered detriment and its settlement

The Fund suffered no detriment arising from the foregoing actions and contracts under Articles E. and F. of this Report. Prices of transactions executed between the related parties were effected on an arm's-length basis.

H. EVALUATION OF ADVANTAGES AND DISADVANTAGES

resulting from relations between the Controlling Entity and the Company and between the Company and the entities controlled by the same Controlling Entity

The Fund's incorporation into a business group, the structure of which is shown above in this Report on Relations, does not result in any significant advantages or disadvantages for the Fund.

The Statutory Director of the Fund declares that this Report on Relations was prepared on the basis of available information on the relations between the Fund and the Controlling Entities and between the Fund and other parties controlled by the Controlling Entities pursuant to Section 82 et seq. of the Business Corporations Act for the reporting period from 1 January 2017 to 31 December 2017.

Date of preparation

29 March 2018

Statutory Director's signature


Iva Nováková

ANNEX 1

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ENERN Investments, investiční fond s proměnným základním kapitálem, a.s.:

Opinion

We have audited the accompanying financial statements of ENERN Investments, investiční fond s proměnným základním kapitálem, a.s., (the Fund) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2017, and the income statement, statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Fund, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2017, and of its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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

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

Responsibilities of the Fund's Statutory Director and Management Board for the Financial Statements

The Statutory Director is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Statutory Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Management Board is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Director.

- Conclude on the appropriateness of the Statutory Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management Board 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.

Ernst & Young Audit, s.r.o.
License No. 401



Roman Hauptfleisch, Auditor
License No. 2009

27 April 2018
Prague, Czech Republic

ANNEX 2

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

Company name:	ENERN Investments, investiční fond s proměnným základním kapitálem, a.s.
Registered office:	Türkova 2319/5b, 149 00 Prague 4 – Chodov
Legal form:	joint stock company
Identification No. (IČ):	017 90 765
Accounting period:	1 January 2017 – 31 December 2017

Balance sheet as at 31 December 2017

Assets

	In CZK thousands	Note	31/ 12/ 2017	31/ 12/ 2016
3	Amounts due from banks	3.1	671	6,117
	<i>of which: payable on demand</i>		<i>671</i>	<i>6,117</i>
4	Amounts due from non-banking entities	3.2	5,175	5,142
	<i>of which:: other receivables</i>		<i>5,175</i>	<i>5,142</i>
9	Intangible fixed assets	3.3	31	85
10	Tangible fixed assets	3.4	14	22
11	Other assets	3.5	68	38
13	Prepayments and accrued income	3.6	507	4
	Total assets		6,466	11,408

Liabilities

	In CZK thousands	Note	31/ 12/ 2017	31/ 12/ 2016
4	Other liabilities	3.7	1,450	1,099
5.	Accruals and deferred income		20	0
8	Basic capital	3.8.1	2,000	31,000
	<i>of which: basic capital paid up</i>		<i>2,000</i>	<i>31,000</i>
10	Reserve funds and other funds created from profit	3.9	0	0
	<i>of which: legal reserve funds</i>		<i>0</i>	<i>0</i>
12	Capital funds	3.10	0	60,000
14.	Retained earnings or accumulated losses		683	(88,317)
15	Profit /loss for the period	3.11	2,313	7,626
	Total equity and liabilities		6,466	11,408

Off-balance sheet

	In CZK thousands	31/ 12/ 2017	31/ 12/ 2016
Assets received for management *		195,172	18,001
Total		195,172	18,001

* fair value of assets received for management from ENERN TECH III podfond

Income statement for the year ended 31 December 2017

	In CZK thousands	Note	31/ 12/ 2017	31/ 12/ 2016
1	Interest and similar income	3.12	191	13
4	Fee and commission income	3.13	11,568	10,955
5	Fee and commission expense	3.14	(12)	(121)
6	Gains or losses from financial transactions	3.15	(293)	27
7	Other operating income	3.16	35	21
8	Other operating expenses	3.17	(1,548)	(80)
9	Administrative expenses	3.18	(7,566)	(2,912)
	<i>of which: a) staff costs</i>	3.19	<i>(608)</i>	<i>(234)</i>
	<i>of which: aa) wages and salaries</i>		<i>(456)</i>	<i>(198)</i>
	<i>ab) social and health insurance</i>		<i>(152)</i>	<i>(36)</i>
	<i>b) other admin. expenses</i>		<i>(6,958)</i>	<i>(2,678)</i>
11	Depreciation and amortization of tangible and intangible fixed assets	3.20	(62)	(84)
13	Write-off of receivables	3.21	0	(193)
19	Profit /loss from ordinary activities before taxes		2,313	7,626
23	Income tax	3.22	0	0
24	Profit / loss for the period	3.11	2,313	7,626

Statement of changes in equity for the year ended 31 December 2017

In CZK thousands	Basic capital	Legal reserve fund	Capital funds	Accumulated losses/retained earnings from previous years	Profit (Loss)	Total
Balance as at 1/ 1/ 2016	31,000	544	60,000	(88,374)	(487)	2,683
Net profit for the period	0	0	0	0	7,626	7,626
Distribution of accumulated losses	0	0	0	(487)	487	0
Transfers to funds	0	(544)	0	544	0	0
	0	0	0	0	0	0
Issued shares	0	0	0	0	0	0
Basic capital increase	0	0	0	0	0	0
Balance as at 31/ 12/ 2016	31,000	0	60,000	(88,317)	7,626	10,309
Net profit for the period	0	0	0	0	2,313	2,313
Dividend distribution	0	0	0	0	(7,626)	(7,626)
Transfers to funds	0	0	(60,000)	60,000	0	0
Issued shares	0	0	0	0	0	0
Basic capital decrease	(29,000)	0	0	29,000	0	0
Balance as at 31/ 12/ 2017	2,000	0	0	683	2,313	4,996

1 General information

Establishment of the Fund

ENERN Investments, investiční fond s proměnným základním kapitálem, a.s. (hereinafter the "Fund") was established on 4 July 2013 on the basis of Act No. 189/2004 Coll., on Collective Investments, as amended, which was replaced by Act No. 240/2013 Coll., on Investment Companies and Investment Funds.

Company characteristics and major activities

ENERN Investments, investiční fond s proměnným základním kapitálem, a.s., is an autonomous investment fund pursuant to Section 8 of the Act on Investment Companies and Investment Funds holding the Czech National Bank's ("ČNB") license to manage itself and being authorized to perform its own administration.

The Fund is intended for qualified investors pursuant to Section 95 and Section 272(1) of the Act on Investment Companies and Investment Funds.

Since the change in the Fund's shareholder as well as in its goals and strategy in 2016, the Fund has focused on the management and administration of assets of sub-funds that can be created in compliance with the Fund's Articles of Association. The Fund has not exercised any investment activity since 2016.

In 2017, the Fund managed one Sub-fund called ENERN TECH III podfond; the Sub-fund was registered in the list of sub-funds maintained with the ČNB on 22 June 2016 and came into existence on the date of commencement of issue of investment shares, i.e. on 1 November 2016.

The Fund only issues registered investment shares on the account of its sub-funds, not on the Fund's own account. The Fund's statutory body shall decide about the creation of a sub-fund and shall stipulate in the Statute the sub-fund's investment strategy and other rules governing the sub-fund's operation.

Česká spořitelna, a.s., IČ 452 44 782, Prague 4, Olbrachtova 1929/62, zip code 140 00 carried out the activities of a depositary throughout 2017 and 2016.

In accordance with the Statute, the Fund is entitled, within the management or administration, to entrust third person with the performance of an individual management or administration activity under the conditions stipulated by the Act on Investment Companies and Investment Funds and the Statute. The Fund has entrusted certain activities related to the administration and management of the Fund and the Sub-fund to QI investiční společnost, a.s. (hereinafter the "Investment Company"), entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 11985, Business registration No. (IČO) 279 11 497, registered office at Rybná 682/14, Prague 1, zip code 110 05.

The Fund was established for an indefinite period of time.

The Fund's currency is the Czech crown.

Registered office:

Türkova 2319/5b
149 00 Prague 4 – Chodov
Czech Republic

Notes to the Financial Statements
As at 31 December 2017

Company Identification No.

017 90 765

Legal form

Joint stock company

Basic capital

CZK 2,000,004

Persons with qualified shareholding in the Fund as at 31 December 2017 and 2016

	Indirect share
Pavel Mucha	33.3%
Petr Šmída	33.3%
Radovan Nesrsta	33.3%
	100.0%

The above persons had qualified shareholdings in the Fund through ENERN Capital a.s. holding 100% of the founders' shares of the Fund.

Until 14 December 2016, all shares of the Fund (100%) were directly owned by Mr. Radko Švec.

The Fund had qualified shareholding in the following persons as at 31 December 2017

In the period in question, the Fund had no qualified shareholdings in any persons.

Statutory and supervisory bodies

Statutory director

Iva Nováková, born on 25 September 1974, Pražská 180/77, Pražské Předměstí, 418 01 Bílina

Members of the Management Board

Radek Švec, born on 7 June 1968, Dvorská 987, Žichlínské Předměstí, 563 01 Lanškroun

Radovan Nesrsta, born on 26 March 1971, U přejezdu 445/4, Dolní Měcholupy, 109 00 Prague 10

Valdemar Walach, born on 9 December 1963, no. 1285, 739 95 Bystřice

Events during the accounting period

The following events occurred in the accounting period:

- Basic capital decrease:

In 2017, the Fund's capital structure changed. A portion of the basic capital in the amount of CZK 29,000 thousand and other capital funds in the amount of CZK 60,000 thousand were used to cover accumulated losses of previous years. This transaction has fully compensated for accumulated losses of previous years.

Subsequent events

There were no significant subsequent events after the balance sheet date.

2 Accounting methods and general accounting policies

The financial statements comprising the balance sheet, income statement, statement of changes in equity and the accompanying notes have been prepared in accordance with the Czech Act on Accounting, the Czech Ministry of Finance decrees and the Czech accounting standards for financial institutions.

These financial statements have been prepared under the historical cost convention and on the accruals basis of accounting, the only exception being selected financial instruments measured at fair value.

These financial statements have been prepared on the going concern basis.

All figures are in CZK thousands (CZK ths.) unless stated otherwise. Amounts in brackets represent negative amounts.

At the same time, each individual Sub-fund of a joint-stock company with a variable basic capital shall maintain separate accounting records in accordance with Section 165 of Act No. 240/2013 Coll. As the Fund and the Sub-funds keep separate accounts, the Fund's financial statements do not include the values for each Sub-fund and the Fund does not compile consolidated financial statements. The provisions of Section 82 of Decree No. 501/2002 Coll., as amended, shall thus not apply since the Fund does not have voting rights on the investment shares of the Sub-funds.

The significant accounting policies and methods applied in preparing these financial statements were as follows:

2.1 Foreign Currency Translation

Foreign currencies are translated to Czech crowns at the daily exchange rate published by the Czech National Bank (ČNB) as at the transaction date or the transaction recognition date. During the year, only realized foreign exchange gains and losses are accounted for.

Assets and liabilities denominated in foreign currencies are translated to Czech currency using the foreign exchange rate announced by the Czech National Bank as at the balance sheet date. The resulting exchange rate gains or losses from the translation of foreign denominated assets or liabilities are charged or credited, as appropriate, to income for the year as "Gains or losses from financial operations".

2.2 Transaction Recognition Date

Depending on the type of transaction, the recognition dates are as follows:

- the date on which money in circulation is paid or received,
- the date on which foreign currency or securities are purchased or sold,
- the date on which a payment is made,
- financial assets and liabilities are recognized when the Fund becomes a party to the transaction,

The following rules apply to derecognition of financial assets and liabilities:

- The Fund derecognizes a financial asset or a part thereof from its balance sheet when it loses control over the contractual rights to the asset or its part.
- A financial liability or a part thereof is extinguished if the obligation specified in the contract is discharged or cancelled or expires and the entity removes the given liability or part thereof from its balance sheet. The difference between the carrying amount of a liability (or a portion thereof) extinguished or transferred to another entity and the amount paid for the liability is recognized in profit or loss for the period.

The purchase and sale of financial assets is recognized when the spot transaction is settled.

2.3 Interest Income and Interest Expense

Interest income and interest expense on all interest-bearing instruments (with the exception of securities measured at fair value through income and expense accounts and with the exception of receivables) is recognized on an accrual basis using the effective interest rate derived from the actual acquisition cost.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate used to discount expected future cash flows until maturity or the nearest date of change of interest rate to the carrying amount of the financial asset or financial liability.

In computing the effective interest rate the Fund considers all contractual cash flows related to the financial instrument (e.g. prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts (with the exception of fees paid in concluding the loan agreement which are immediately recognized as fee and commission income).

2.4 Fee and Commission Income

Fees and commissions are recognized on an accrual basis on the date the service is provided. Fees and commissions for negotiating transactions for third parties or arising from participation in such negotiations are recognized when the transaction to which they relate is concluded.

Fees for the management and administration of assets and for consulting services are recognized on an accrual basis based on the supporting service agreements.

2.5 Receivables from Non-banking Entities

Receivables from non-banking entities are recognized at their nominal value including the accrued accessories, net of allowances. Uncollectible receivables are written off upon the completion of bankruptcy proceedings against the debtor.

2.6 Allowances

The Fund must first decide whether a reason exists to reduce the book value of receivables.

Receivables are monitored if they are overdue for more than 90 days or if they involve another default or if the debtor's financial position has deteriorated.

Allowances against receivables and other risk-bearing assets are based on the valuation of the collectible amount of such assets as at the balance sheet date after taking into account the current value of security upon forced sale.

Additions to allowances are recognized in the income statement item, the use of allowances is recognized together with costs or losses relating to the disposal of assets in the income statement.

Allowances that are no longer needed are released to income.

Allowances against assets denominated in foreign currencies are recognized in such foreign currencies. Exchange rate differences are recoded similarly to exchange rate differences arising from the valuation of the underlying assets.

2.7 Tangible and Intangible Fixed Assets

Purchased fixed assets are recorded at their acquisition cost. Technical improvements of fixed assets are also capitalized, provided that the related total costs for the period do not exceed the limits stipulated by the applicable accounting and tax regulations.

Tangible and intangible fixed assets comprise assets with useful life exceeding one year and with a value of foundation and organization expenses exceeding CZK 60 thousand.

Small tangible fixed assets with a cost of less than CZK 20 thousand and small intangible fixed assets with a cost of less than CZK 20 thousand are not recorded in the balance sheet but expensed in the year of acquisition.

Small tangible fixed assets with a cost exceeding CZK 20 thousand and small intangible fixed assets with a cost exceeding CZK 20 thousand are depreciated in compliance with the Act on Accounting on a straight-line basis over a period corresponding to their actual useful lives.

Tangible and intangible fixed assets are depreciated on a straight-line basis over their estimated useful lives using the following annual depreciation rates:

Tangible and intangible fixed assets	Depreciation period
Office furniture and equipment	3 years
Software	3 years
Foundation and organization expenses	5 years

2.8 Taxes

Current tax expense

The income tax base is calculated using profit for the year before tax adjusted by adding non-deductible expenses and deducting non-taxable income and any tax relief or off-sets.

Value added tax

The Fund is not registered for value added tax (VAT). Tangible and intangible fixed assets are carried at their acquisition cost inclusive of VAT.

Deferred tax

Deferred tax is recognized on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base using the full liability method. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which this asset can be utilized.

The approved tax rate for the period in which the deferred tax is expected to be realized is used for the deferred taxation calculation.

Deferred tax arising on the revaluation of hedging instruments and securities available-for-sale at fair value recognized directly in equity is also recorded in equity.

2.9 Personnel Costs, Supplementary Pension Insurance and Social Fund

Personnel expenses are included in administrative costs.

The Fund has currently no supplementary pension insurance scheme for its employees.

Members of the Fund's statutory bodies received no bonuses or loans provided by the Fund.

The Fund makes regular contributions to the state budget to support the national pension scheme.

2.10 Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Fund's management prepared these estimates and predictions based on all relevant information available. Nevertheless, these estimates and assumptions may differ from actual future results.

2.11 Subsequent Events

The effect of events that occurred between the balance sheet date and the financial statements date is reflected in the financial statements if these events provide additional evidence of conditions that existed at the balance sheet date.

If, between the balance sheet date and the financial statements date, significant events occurred that are indicative of conditions that arose after the balance sheet date, the effect of these events is not recognized in the financial statements but disclosed in the notes to the financial statements.

2.12 Related Parties

The Fund has defined its related parties as follows:

The Fund's shareholders and key managing persons and their family members, entities controlled or jointly controlled by or under significant influence of these persons or entities or their parent companies in which these persons are members of key management. The statutory director and the Fund's managing persons are considered key managing persons of the Fund.

Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

3 Additional Information on the Balance Sheet and Income Statement

The Fund's financial statements contain data for the 2017 period, i.e. from 1 January 2017 to 31 December 2017. The 2016 data contain data from 1 January 2016 to 31 December 2016.

3.1 Receivables from Banks

Receivables from banks consist of balances of current accounts maintained with banks. As at 31 December 2017 and 2016, The Fund had receivables from banks amounting to CZK 671 thousand and CZK 6,117 thousand, respectively.

3.2 Receivables from Non-banking Entities

As at 31 December 2017 and 2016, the Fund had receivables from non-banking entities amounting to CZK 5,175 thousand and CZK 5,142 thousand, respectively; these consist of short-term and long-term loans provided to related parties.

(in CZK ths.)				
	Maturity	Interest rate (% p.a.)	31/ 12/ 2017	31/ 12/ 2016
Enern Anise s.r.o.	4/ 1/ 2017	1.29	0	1,002
Enern Spices, s.r.o.	22/ 2/ 2017	2.2	0	461
Enern Spices, s.r.o.	24/ 2/ 2017 *	2	2,631	2,729
Enern Spices, s.r.o.	31/ 12/ 2017	2	169	0
COHANERE s.r.o.	31/ 8/ 2017	5	0	949
ENERN Capital a.s.	31/ 12/ 2020	2	2,375	949
Total provided loans			5,175	5,142

* in 2017, maturity was extended until 30 June 2018

3.3 Intangible Assets

31 December 2017

(in CZK ths.)			
	Foundation costs	Software	Total
Cost			
As at 1 January 2017	269	60	329
Additions	0	0	0
Disposals	0	0	0
As at 31 December 2017	269	60	329
Allowances and accumulated amortization			
As at 1 January 2017	184	60	244
Amortization	54	0	54
As at 31 December 2017	238	60	298
Net book value			
As at 1 January 2017	85	0	85
As at 31 December 2017	31	0	31

Notes to the Financial Statements
As at 31 December 2017

31 December 2016

(in CZK ths.)	Foundation costs	Software	Total
Cost			
As at 1 January 2016	269	60	329
Additions	0	0	0
Disposals	0	0	0
As at 31 December 2016	269	60	329
Allowances and accumulated amortization			
As at 1 January 2016	130	45	175
Amortization	54	15	69
As at 31 December 2016	184	60	244
Net book value			
As at 1 January 2016	139	15	154
As at 31 December 2016	85	0	85

3.4 Tangible Assets

31 December 2017

(in CZK ths.)	Devices and equipment	Total
Cost		
As at 1 January 2017	75	75
Additions	0	0
Disposals	0	0
As at 31 December 2017	75	75
Allowances and accumulated depreciation		
As at 1 January 2017	52	52
Depreciation	8	8
Disposals	0	0
As at 31 December 2017	61	61
Net book value		
As at 1 January 2017	22	22
As at 31 December 2017	14	14

Notes to the Financial Statements
As at 31 December 2017

31 December 2016		
(in CZK ths.)	Devices and equipment	Total
Cost		
As at 1 January 2016	50	50
Additions	25	25
Disposals	0	0
As at 31 December 2016	75	75
Allowances and accumulated depreciation		
As at 1 January 2016	37	37
Depreciation	15	15
Disposals	0	0
As at 31 December 2016	52	52
Net book value		
As at 1 January 2016	12	12
As at 31 December 2016	22	22

3.5 Other Assets

(in CZK ths.)	31/ 12/ 2017	31/ 12/ 2016
Trade receivables	0	38
Advances granted	68	0
Other assets	68	38

3.6 Prepaid Expenses and Accrued Income

As at 31 December 2017, accrued income of CZK 500 thousand includes re-charge of legal services to third parties to be compensated to the Fund in 2018. Prepaid expenses of CZK 5 thousand and CZK 4 thousand as at 31 December 2017 and 2016, respectively consist of hosting services; the amount will be progressively released to expenses.

3.7 Other Liabilities

(in CZK ths.)	31/ 12/ 2017	31/ 12/ 2016
Trade payables	1,104	35
Accruals and deferred income	303	1,054
Tax liabilities	3	1
Liabilities to employees	26	9
Social security and health insurance	14	0
Total other liabilities	1,450	1,099

Trade payables as at*	Not yet due	Overdue	Total in CZK ths.
31/ 12/ 2017	1,104	0	1,104
31/ 12/ 2016	0	35	35

* as at the financial statements' date all trade payables were fully paid.

Accruals and deferred income (in CZK ths.)	31/ 12/ 2017	31/ 12/ 2016
Audit	60	60
Consultancy	243	960
Total accruals and deferred income	303	1,054

As at 31 December 2017 and 2016, no liabilities to financial, social security and health insurance authorities were overdue.

3.8 Equity

3.8.1 Basic Capital

The Company's basic capital as at 31 December 2017 and 2016 amounts to CZK 2,000 thousand and CZK 31,000 thousand, respectively and consists of 10 shares with a nominal value of CZK 200 thousand and CZK 3,100 thousand each.

The Company's basic capital was fully paid up.

3.8.2 Shareholders

The shareholder structure as at 31 December 2017 was as follows:

Name and registered office	Number of shares	Nominal value per share (CZK)	Total nominal value of shares (CZK)	Ownership (%)
ENERN Capital a.s.	10	200,000.04	2,000,004	100
Total basic capital	10		2,000,004	100

The shareholder structure as at 31 December 2016 was as follows:

Name and registered office	Number of shares	Nominal value per share (CZK)	Total nominal value of shares (CZK)	Ownership (%)
ENERN Capital a.s.	10	3,100,000	31,000,000	100
Total basic capital	10		31,000,000	100

3.9 Reserve Funds and Other Funds Created from Profit

The Fund creates neither reserve nor other funds from profit. In 2016, the reserve funds of CZK 544 thousand were released to partly cover accumulated losses.

3.10 Capital Funds

In 2017, the Fund used all capital funds totaling CZK 60,000 thousand for partial settlement of accumulated losses.

3.11 Net Profit (Loss) for the Period

In 2017 and 2016, the Fund reported profit of CZK 2,313 thousand and CZK 7,626 thousand, respectively. The profit for 2016 was paid in full to the shareholder in the form of a dividend in 2017; the profit for 2017 will be paid as dividends to the shareholder in 2018.

3.12 Interest Income and Similar Income

In 2017 and 2016, the Fund recorded interest income of CZK 191 thousand and CZK 13 thousand, respectively relating to income from short-term loans provided to related parties.

3.13 Fee and Commission Income

In 2017, the Fund had income of CZK 11,568 thousand arising from fees for management of the ENERN TECH III Sub-fund.

In 2016, the Fund had income of CZK 5,169 thousand arising from entry fees by investors entering the ENERN TECH III Sub-fund. Further, the Fund was entitled to a fee of CZK 5,786 thousand for the management of the ENERN TECH III Sub-fund for 2016.

3.14 Fee and Commission Expense

(in CZK ths.)	31/ 12/ 2017	31/ 12/ 2016
Depository's fee *	0	17
Bank fees	12	7
Other financial expenses	0	98
Total fee and commission expense	12	121

* in 2017 included in administrative costs

Other financial expenses in 2016 particularly consist of administration fees paid to CNB.

3.15 Gains or Losses from Financial Transactions

(in CZK ths.)	31/ 12/ 2017	31/ 12/ 2016
Foreign exchange differences	(293)	27
Total gains or losses from financial transactions	(293)	27

3.16 Other Operating Income

Other operating income for 2017 and 2016 amounted to CZK 35 thousand and CZK 21 thousand, respectively.

3.17 Other Operating Expenses

In 2017, the Fund spent CZK 1,548 thousand on promoting and supporting the Fund's operation. In 2016, other operating expenses of CZK 80 thousand included mainly the write off of a receivable relating to fees for the administration of SAS Capital 11 Sub-fund from 2015.

3.18 Administrative Expenses

(in CZK ths.)	31/ 12/ 2017	31/ 12/ 2016
Personnel costs	608	234
Rent	120	120
Legal and tax advisory services	215	0
Auditors' fee - statutory audit	61	61
<i>of which: statutory audit of annual FS</i>	<i>61</i>	<i>61</i>
Other services	6,315	1,419
Other administrative expenses	247	1,078
Total administrative expenses	7,566	2,912

In 2017, other services particularly comprised advisory and consulting services related to the search and assessment of suitable opportunities for investment by the ENERN TECH III Sub-fund, travel costs, bookkeeping costs and translation services. In 2016, other services particularly comprised advisory services concerning a new strategy of the Fund. Other administrative expenses in 2016 particularly comprised conference fees, domain fees, and membership fees. Other administrative expenses in 2016 particularly comprised advisory services concerning the Fund's restructuring and a tuition fee.

3.19 Personnel Expenses

(in CZK ths.)	31/ 12/ 2017	31/ 12/ 2016
Statutory director's wages and bonuses	0	108
Wages and bonuses of members of the Board	0	0
Other wages, personnel expenses and bonuses of employees	456	90
Social security and health insurance costs	152	36
Total personnel expenses	608	234

Employee statistics	31/ 12/ 2017	31/ 12/ 2016
Average number of employees	1	2
Number of other members of management	1	1
Number of members of the Board of Directors	3	3

3.20 Depreciation and Amortization of Tangible and Intangible Fixed Assets

(in CZK ths.)	31/ 12/ 2017	31/ 12/ 2016
Tangible fixed assets depreciation	8	15
Office equipment	8	15
Intangible fixed assets amortization	54	69
Software	0	15
Foundation and organization costs	54	54
Total depreciation and amortization	62	84

3.21 Write-off of Receivables

A receivable of CZK 193 thousand from a securities broker was written off in 2016.

3.22 Income Tax

a) Deferred tax

As at 31 December 2017 and 2016, the Fund had tax losses from previous years of CZK 73,915 thousand and CZK 77,707 thousand, respectively, that can be carried forward until 2019. In line with the principle of prudence, the Fund did not record a deferred tax asset arising from tax losses as at 31 December 2017 or 2016.

b) Current Tax Expense

The Fund did not record any tax due. The income tax base was computed as follows:

(in CZK ths.)	31/ 12/ 2017	31/ 12/ 2016
Profit (loss) before taxes	2,313	7,626
Non-taxable revenues	0	0
Non-deductible expenses	1,479	947
Tax base	3,792	8,573
Tax loss carried forward	(3,792)	(8,573)
Current income tax due	0	0

3.23 Related Parties

3.23.1 Revenues and Expenses from Transactions with Related Parties

(in CZK ths.)	31/ 12/ 2017	31/ 12/ 2016
Interest and similar income	107	7
Fee and commission income	0	962
Administrative costs	2,005	2,009
<i>of which: personnel costs</i>	0	234
<i>other administrative expenses</i>	2,005	1,775

3.23.2 Receivables from and Payables to Related Parties

(in CZK ths.)	31/ 12/ 2017	31/ 12/ 2016
Loans provided to non-banking entities	5,175	4,139
Other assets	0	38
Other liabilities	30	1

All transactions with related parties were carried out on an arm's length basis.

In 2017 or 2016, no loans were granted to members of the statutory bodies, the Board of Directors or similar bodies or to employees involved in the management of the Fund.

3.24 Financial Risks

Financial risks are risks associated with financial activities of the Fund. Risk management aims at maintaining the risk exposure within some level of tolerance by using suitable methods and tools while maximizing profit within the level of risk exposure.

3.24.1 Market risk

The market risk results from the fluctuation of market prices and their impact on the Fund's profit (equity). The market risk exposure depends on the structure of the balance sheet (the income statement) and the volatility of asset and liability (income and expense) items to changes in market prices. The Fund's major market risks include currency and interest rate risks.

a) Currency risk

The Fund takes on exposure resulting from fluctuations in foreign currency exchange rates on its financial position and cash flows.

The chart below contains an overview of currency risk exposure. The chart contains assets and liabilities at their book value broken down by currencies and only show selected positions from the balance sheet exposed to currency risk.

31 December 2017

(in CZK ths.)	CZK	EUR	Other	Total
Due from banks	619	51	1	671
Due from non-banking entities	0	5,175	0	5,175
Total assets	619	5,226	1	5,846
Other liabilities	1,450	0	0	1,450
Total equity and liabilities				
Off-balance sheet assets	0	0	0	0
Off-balance sheet liabilities	0	0	0	0
Net open currency position	(831)	5,226	1	4,396

Notes to the Financial Statements
 As at 31 December 2017

31 December 2016

(in CZK ths.)	CZK	EUR	Other	Total
Due from banks	49	6,068	0	6,117
Due from non-banking entities	1,464	3,678	0	5,142
Total assets	1,513	9,746	0	11,259
Other liabilities	1,099	0	0	1,099
Total liabilities	1,099	0	0	1,099
Off-balance sheet assets	0	0	0	0
Off-balance sheet liabilities	0	0	0	0
Net open currency position	414	9,746	0	10,160

b) Interest rate risk

The Fund takes on exposure resulting from fluctuations of interest rates on its financial position and cash flows.

The chart below contains an overview of interest rate exposure. The chart contains interest-bearing assets and liabilities at book values broken down by the earliest of the settlement, valuation or maturity date.

31 December 2017

(CZK ths.)	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years	No interest	Total
Due from banks	671	0	0	0	0	671
Due from non-banking entities	2,800	0	2,375	0	0	5,175
Total assets	3,471	0	2,375	0	0	5,846
Other liabilities	0	0	0	0	1,450	1,450
Total equity and liabilities	0	0	0	0	1,450	1,450
Difference	3,471	0	2,375	0	(1,450)	4,396

31 December 2016

(CZK ths.)	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years	No interest	Total
Due from banks	6,117	0	0	0	0	6,117
Due from non-banking entities	1,002	4,140	0	0	0	5,142
Total assets	7,119	4,140	0	0	0	11,259
Other liabilities	0	0	0	0	1,099	1,099
Total liabilities	0	0	0	0	1,099	1,099
Difference	7,119	4,140	0	0	(1,099)	10,160

3.24.2 Liquidity risk

The liquidity risk involves a risk that the Fund will be unable to duly and timely meet its financial liabilities. The Fund's internal policy stipulates the minimum amount of liquid assets necessary to cover satisfaction of liabilities falling due and settlement and contains a liquidity crisis management plan.

The following chart contains a breakdown of assets and liabilities according to maturity bands based on remaining maturity as at the FS date. The chart only contains selected assets and liabilities carried at book values broken down according to the earliest of the settlement, valuation or maturity date.

31 December 2017

(CZK ths.)	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years	Unspecified	Total
Due from banks	671	0	0	0	0	671
Due from non-banking entities	2,800	0	2,375	0	0	5,175
Total assets	3,471	0	2,375	0	0	5,846
Other liabilities	1,450	0	0	0	0	1,450
Total equity and liabilities	1,450	0	0	0	0	1,450
Difference	2,021	0	2,375	0	0	4,396

31 December 2016

(CZK ths.)	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years	Unspecified	Total
Due from banks	6,117	0	0	0	0	6,117
Due from non-banking entities	1,002	4,140	0	0	0	5,142
Total assets	7,119	4,140	0	0	0	11,259
Other liabilities	1,099	0	0	0	0	1,099
Total liabilities	1,099	0	0	0	0	1,099
Difference	6,020	4,140	0	0	0	10,160

3.24.3 Credit risk

The credit risk involves a risk of a counterparty failing to meet its liability to the Fund. In the period under review, the Fund only had receivables from the bank which, at the same time, is the Fund's depositary (Česká spořitelna a.s., rating (S&P): A-, operating in the Czech Republic) and receivables from short-term loans provided to group companies where the Fund has detailed information available on their financial position and the structure of their assets and liabilities.

3.24.4 Operational risk

The operational risk involves losses incurred as a result of inadequate or failed internal processes or people or caused by external events. Operational risk is managed by adequate setup of the Fund's internal processes and selection of external parties.

In the period under review, there were no significant operational risk events that would have a significant impact on the Fund's results, i.e. an impact exceeding 1 % of equity.

3.24.5 Subsequent Events

After the date of the financial statements, no significant events occurred that would have an impact on the financial statements of the Fund for the year ended 31 December 2017.

In Prague, on 27 April 2018



Iva Nováková
Statutory Director