



Nova Green Energy

# Annual Report 2016

NOVA Green Energy open-end mutual fund

# Annual Report 2016

**NOVA GREEN ENERGY OPEN-END INVESTMENT  
FUND**

## **CONTENTS**

**GENERAL INFORMATION ABOUT THE INVESTMENT FUND  
REPORT OF THE BOARD OF DIRECTORS ON THE COMPANY'S  
ACTIVITIES  
AND ITS ASSETS, PERSPECTIVES FOR 2017  
INVESTMENT FUND PROFILE  
FINANCIAL SECTION**

## 1. Name and information about the open-end investment fund

### 1.1 Information about the investment fund:

- a) Name: NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.
- b) Short name: NOVA Green Energy OEIF
- c) NID: 8080238305

1.2 Permission to create a mutual fund was granted by the decision of the Czech National Bank from 29 January 2013 bearing the reference number 2013/1333/570 to Sp/2012/816/571, which came into force as at 29 January 2013.

1.3 The fund is registered on the list of investment funds maintained by the Czech National Bank pursuant to Section 597 paragraph b) of Act No. 240/2013 Coll.

1.4 The fund is registered for an indefinite duration.

1.5 The Fund is a qualified investor fund pursuant to Section 95, paragraph 1(b) of the Act. It collects qualified investors' funds through the issue of units, carries out joint investment of the collected cash or money valuables based on a specified investment strategy for the benefit of the qualified investors and also manages those assets.

1.6 REDSIDE Investment Company acted as the Fund's administrator and manager in the current accounting period. As part of its administrative role, the Company performed all activities related with the administration of the investment fund, such as bookkeeping, provision of legal services, compliance, internal audit, property valuation, calculation of the current values of the Fund's units, preparation of the Fund's documents and communication with shareholders and other authorised persons, including the Czech National Bank. Within the management role, the Company participated in investing on behalf of the Fund, liquidity management, acquisition operations and management of all kinds of risks associated with operating an open fund for qualified investors.

1.7 The fund is managed and administrated by REDSIDE investiční společnost, a.s.

No hedging financial derivative instruments were used in connection with

this activity and no significant changes in the Fund's status were recorded during the financial year.

## **2. Information about Investment Company managing the investment fund**

### **2.1. General information**

REDSIDE investiční společnost, a.s., ID: 242 44 601, with its registered office at V Celnici 1031/4, Nové Město, 110 00 Prague 1, incorporated by the Municipal Court in Prague, Section B, Insert 18362 („Investment Company“).

### **2.2. Share capital**

CZK 8,400 thousand, paid: 100%.

### **2.3. Registration date**

29 June 2012

### **2.4. Decision on authorisation**

Czech National Bank's decision no. 2013/5063/570 from 29 April 2013, which came into force on 29 April 2013.

The Investment Company is registered on the list of investment companies maintained by the Czech National Bank pursuant to Section 596 paragraph a) of the Act and is authorised to exceed the applicable limit.

### **2.5. Statutory Representatives**

Rudolf Vřešťál, the Chairman of the Board of Directors and Financial Director

Radek Široký, Member of the Board of Directors and Managing Director

Juraj Dvořák, Member of the Board of Directors and Sales Director

## 2.6. Authorised activity pursuant to Act no. 240/2013 Coll., on investment companies and investment funds

- administration of qualified investor funds, including foreign investment funds, comparable to qualified investors (except qualified venture capital funds and qualified social entrepreneurship funds)
- management of qualified investor funds, including foreign investment funds comparable to qualified investors (except qualified venture capital funds and qualified social entrepreneurship funds)

### 3. Management report on the business activities of the Company

We would like to inform you about the business activities of investment fund NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s. for the period from 1 January 2016 to 31 December 2016, together with the intentions of the Board of Directors as the management body of the Company acting as manager and administrator on behalf of the Fund.

In 2016, the Fund continued its acquisitions in the area of renewable energy sources in order to diversify its existing portfolio as much as possible, with an increase in the net asset value above the threshold of CZK 1 billion.

This allowed us to purchase a 100% share in ENERGETREND Alfa, which operates 1 MW in FVE Kralice na Hané. Furthermore, the purchase of the TOP PELET wood biomass processing plant, which uses a relatively unique method based on Rankine's organic circulation during combined production of electricity (1 MW) and thermal energy (5 MW), has been completed. During the year 2016, the acquisition of 3 biogas stations in the Slovak Republic with a capacity of 2 MW has also begun and our intention to include those assets in the Fund by mid-2017, at the latest.

The purposeful purchase of corporate bonds contributed to financing the acquisition of a 51% share in R GES s.r.o., which operates heating plants for the production of electrical energy and heat from biomass in Bardějov and Topolčany including the distribution network to end-users, with the overall production of both power stations of 16 MW of electricity and 53 MW of heating.

Events on the traditional electricity market in 2016 moved the view for renewables to a new level. In the context of record low electricity prices, which have a huge impact on the management of classical European power industry and record low interest rates, investment in renewable energy sources in terms of risk ratio and realised revenue is clearly a step in the right direction. The fact that renewables are again coming to the forefront of investors is evidenced by the increasing interest in joining the Fund, mainly from the side of foreign professional investors.

Our intention is to continue to bring the Fund closer to the advanced European fund structures. For this purpose, as the Fund management, we came up with an idea to register the Fund with Bloomberg's international information and trading terminal.



At the end of year 2016, a so-called master feeder structure was created in Liechtenstein, while the local NOVA Green feeder fund managed by Scarabaeus WM AG invests only in the Fund's units, and this way perfectly duplicates its investment strategy.

Throughout the year 2016, the Fund continued to be listed on the regulated market Prague Stock Exchange, where both currency classes for units were accepted for trading. In addition to the marketing channels mentioned above, during 2016, offering the Fund in the Slovak Republic was commenced, which means a further expansion of the Fund's investment offer to professional investors. Until then, the Fund had only been offered in Austria.

We want to continue to benefit from the amended legislation which resulted in the AIFMD directive for a cross-border offer of alternative investment funds based on the so-called single European passport.

The Fund's ambition is to remain, if possible, the best choice for conservative investors who expect a stable appreciation of their capital in the field of renewable energy, based on long-term state-guaranteed purchase prices and professional asset and portfolio management.

In 2016, after deducting all operating and acquisition costs, we managed to increase the value of both classes of units by 5.3% year-on-year. This value currently greatly exceeds the money market instruments, and, by its very nature, an investment in the Fund is a safe alternative to government bonds, with significantly higher liquidity.

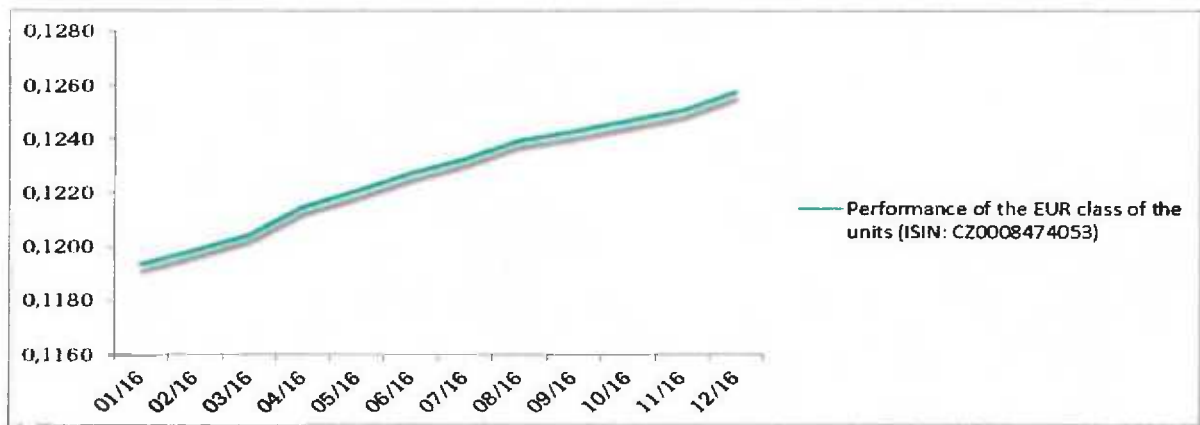
#### **4. Fund management in 2016**

The Company achieved a net profit of CZK 50,686 thousand in 2016. The profit of the Fund was mainly realised in connection with investments in the renewable energy sources sector, from interest accruing from subordinated debt and short-term debt securities held.

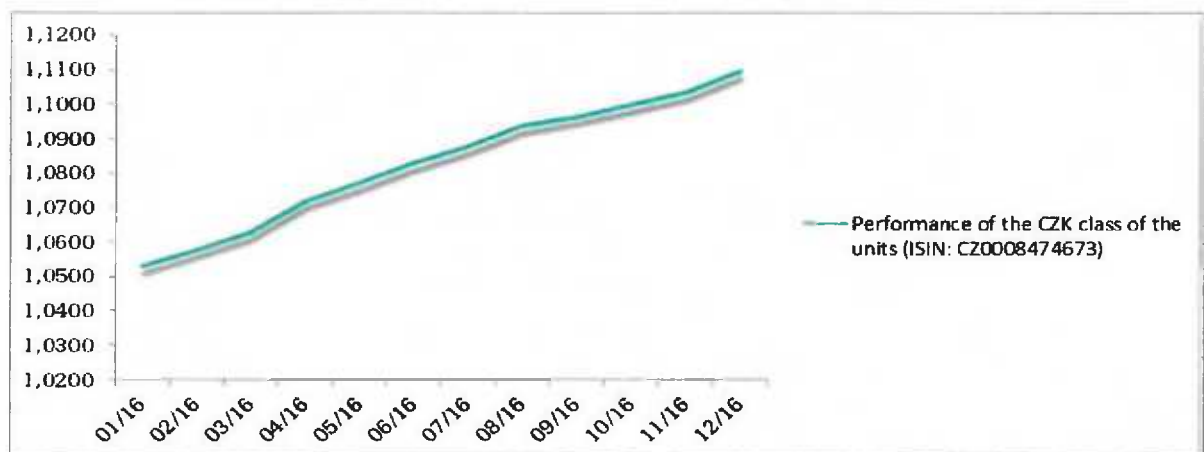
Detailed information about the Company's results is provided in the financial statements for the year from 1 January 2016 to 31 December 2016 and related notes.



The value of the EUR unit as at 31 December 2016 was EUR 0.1258, which represents an increase of more than 25%, for nominal value of EUR 0.1 since mid-2013, when the first assets were incorporated in the Fund.



The value of the CZK unit as at 31 December 2016 increased by 10.96% compared to May 2015 when the issue was registered in the central securities depository and reached CZK 1.1096.



### 5. The fund's assets and the audit company

The Fund's results for the period are audited by PricewaterhouseCoopers Audit, s.r.o, with its registered office at Hvězdova 1734/2c, Nusle, 140 00 Prague 4, Czech Republic, ID: 40765521, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Insert 3637, of the list of auditing

companies at the Chamber of Auditors of the Czech Republic under licence no. 021.

## **6. Perspectives for 2017**

In the area of fulfilling the investment strategy, the primary objective of the Fund is the further diversification of the portfolio, from the perspective of territory and individual sources for the production of electricity from renewable energy sources. The acquisition of biogas stations in the Slovak Republic and heating plants for burning biomass are currently in progress.

Our intention is therefore to diversify the investment portfolio of renewable resources, both from the perspective of assets held and the territory in order to eliminate political risk that could affect the amount and payment of redemption tariffs.

When funding individual projects, we would like to start to actively use the newly established feeder structure for the Fund in Liechtenstein. We will also continue to actively offer our funds to foreign institutional clients and family office-type structures.

Investment limits and the composition of the portfolio according to Act no. 240/2013 Coll., on investment companies and investment funds will also be taken into account.

In terms of territorial diversification, the Fund will continue to invest in the Central and Eastern European region.

In order to manage the currency risk while monetary interventions from the Czech National Bank are no longer in place, exchange rate hedging in the form of a currency forward should be considered.

## **7. Information about facts with significant influence on the Fund's performance**

The results consist of income from investments in shareholdings relating to the production of electricity or heat from renewable energy sources and from the interest on short-term securities that the Fund uses primarily for the purpose of liquidity management with respect to the open form of the Fund, less the Fund's

costs such as regular monthly fees for management, depository and custody fees, audit and revaluation of the Fund's assets at fair value.

## 8. Information on events that occurred subsequent to year-end

Subsequent to year-end, both classes of units were registered on the Bloomberg information and trading platform to bring the Fund closer to standard Western fund structures.

With the change in monetary policy of the Czech National Bank relating to setting a fixed CZK/EUR exchange rate, negotiations on possible partial hedging of the Fund's assets by means of annual currency forwards were also initiated.

## 9. Information about the expected development of the Fund's activities

In the coming years, the Fund will continue its collective investment activity in accordance with effective legislation and the Fund's Articles of Association. If the expected increase in net assets is achieved in accordance with the financial plans of individual investments, the Investment Company expects investors to show increased interest in the issue of new units in order to achieve a net asset value of EUR 50 million at the end of 2017, with an annual net targeted profit between 5,5 – 7% p.a.

## 10. Information about entities in which the Fund had a qualifying holding

Společnost	Podíl	IČO	Země
PV Projekt, s.r.o.	100%	45 281 106	SR
Jakub Solar s.r.o.	100%	46 112 871	SR
CES-SOLAR 33, s.r.o.	100%	46 094 504	SR
CES-SOLAR 42, s.r.o.	100%	46 094 644	SR
FTVE Green Energy 1, s.r.o.	100%	46 025 804	SR
FTVE Green Energy 2, s.r.o.	100%	46 025 553	SR
HK Promotion, s.r.o.	100%	44 707 541	SR
INMADE, s.r.o.	100%	36 689 246	SR
EPSOLAR s.r.o.	100%	44 933 428	SR
SOLARIS one s.r.o.	100%	43 871 917	SR
TECOMA TRAVEL AGENCY, s.r.o.	100%	36 577 537	SR
ENERGOTREND alfa s.r.o.	100%	28 566 408	CZ
RRL Czech, s.r.o. (držící 100 % CHILOE, a.s.)	100%	28 308 883	CZ
Enwo s.r.o.	99%	44 022 751	SK
TFI Slovakia, s.r.o.	99%	50 412 477	SK
TKU Slovakia s.r.o.	99%	50 412 523	SK
VSO Slovakia s.r.o.	100%	50 501 950	SK

### **11. Information about the depositary**

Name: UniCredit Bank Czech Republic and Slovakia, a.s.  
Registered office: Želetavská 1525/1, 140 92 Prague 4 – Michle  
ID: 649 48 242

The Depositary is a company registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 3608.

### **12. Information about all cash and non-cash transactions received from the Fund by the manager and the administrator in the relevant period**

In the relevant period, REDSIDE investiční společnost, a.s. received administration and management fees of CZK 11,099,342.10. No other benefits have been paid to the members of the Board of Directors or the Supervisory Board of the Management Company.

### **13. Information about the number of the Fund's securities held by the members of the Board of Directors and the Supervisory Board of the Management Company**

Board of Directors:

Members of the Board of Directors does not own any of the Fund's units.

#### **Supervisory Board:**

Members of the **Supervisory Board** does not own any of the Fund's units.

**14. Information about litigation or arbitration disputes in which the Fund participated/is participating in the relevant period**

The Fund did not participate in any litigation or arbitration disputes in the relevant period.

**15. Information about the average number of employees of the Fund**

The Fund had no employees during the relevant period.

**16. Investments in research and development**

The entity did not undertake any research and development activities in the past accounting period.

**17. Organisational unit abroad**

REDSIDE investiční společnost, a.s. have no organisational unit abroad in relevant period.

**18. Information from the balance sheet and profit and loss account**

Information from the Fund's balance sheet and the profit and loss account as at 31 December 2016 is presented in Appendix 1 to this Annual Report.

### 19. Fund's net assets and net assets per unit

	31 December 2016
Net assets (NAV)	CZK 1,153,254,800
Number of CZK units issued	248,113,280
Number of EUR units issued	258,351,772
Value of CZK unit (ISIN: CZ0008474673)	CZK 1.1096
Value of EUR unit (ISIN: CZ0008474053)	EUR 0.1258


### 20. Other facts

All additional important information (in particular pursuant to Act no. 240/2013 Coll.), which gives comprehensive information about the results of the open-end mutual fund and its assets, is presented in the financial statements and notes to the financial statements, which are an integral part of this 2016 Annual Report.

Prague, 28 April 2017



Radek Široký  
Member of the Board of Directors  
REDSIDE investiční společnost, a.s



Rudolf Vřešťál  
Chairman of the Board of Directors  
REDSIDE investiční společnost, a.s.





## *Independent auditor's report*

to the participants of fund NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

### *Opinion*

We have audited the accompanying financial statements of NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s., with its registered office at V celnici 1031/4, Nové Město, Praha 1 („Fund“) prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2016, the income statement, the statement of changes in equity for the year then ended and notes to the financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2016 and of its financial performance for the year then ended in accordance with Czech accounting legislation.

### *Basis for Opinion*

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic. These standards consist of International Standards on Auditing (ISAs) which may be supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and accepted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these regulations. 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 Board of Directors of REDSIDE investiční společnost, a.s. 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 about the Fund 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 and regulation, in particular, whether the other information complies with law and 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 and 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 of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

### *Responsibilities of the Board of Directors and Supervisory Board of REDSIDE investiční společnost, a.s. for the Financial Statements*

The Board of Directors of REDSIDE investiční společnost, a.s. is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic  
T: +420 251 151 111, F: +420 251 156 111, [www.pwc.com/cz](http://www.pwc.com/cz)*

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Evidence No 021.



**Participants of Fund NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.  
Independent auditor's report**

In preparing the financial statements, the Board of Directors of REDSIDE investiční společnost, a.s. 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 Board of Directors either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board of REDSIDE investiční společnost, a.s. 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 the above stated requirements 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 stated requirements, we exercise professional judgment and maintain professional scepticism 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 controls.
- Obtain an understanding of internal controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of REDSIDE investiční společnost, a.s.
- Conclude on the appropriateness of the Board of Directors' of REDSIDE investiční společnost, a.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 notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and Supervisory Board of REDSIDE investiční společnost, a.s. 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.

2 May 2017

*PricewaterhouseCoopers Audit, a.s.*  
represented by partner

*Marek Richter*

Marek Richter  
Statutory auditor, registration No 1800

Translation note

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.

# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Commercial firm: NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Registered office: V Celní 1031/4 Prague 1, 110 00

Business activity: activity of an investment company pursuant to Act No. 240/2013 Coll. on Investment Companies and Investment Funds

Date of preparation of financial statements: 28 April 2017

## BALANCE SHEET as at 31 December 2016

(CZK'000)		Note	31 December 2016	31 December 2015
<b>ASSETS</b>				
3	Receivables from banks and credit unions <i>of which: a) payable on demand</i>	12	22,871 22,871	48,049 48,049
4	Receivables from clients – members of credit unions <i>of which: a) payable on demand</i> <i>b) other receivables</i>	13	465,756 -	451,488 -
5	Debt securities <i>of which: a) issued by government institutions</i> <i>b) issued by other persons</i>	14	427,310 -	381,623 -
8	Subsidiaries and associates with decisive influence <i>of which: in banks</i>	15	260,206 -	68,198 -
13	Prepaid expenses and accrued income	16	-	16
<b>Total assets</b>			<b>1,176,143</b>	<b>949,374</b>

(CZK'000)		Note	31 December 2016	31 December 2015
<b>LIABILITIES</b>				
4	Other liabilities	17	22,258	2,058
6	Provisions <i>of which: a) pensions and similar liabilities</i> <i>b) provision for taxes</i> <i>c) other provisions</i>	13	630 630 -	1,796 1,796 -
9	Share premium	14	44,560	13,535
12	Capital funds		946,179	820,137
13	Revaluation reserve <i>Of which: a) on assets and liabilities</i> <i>b) on hedging derivatives</i> <i>c) revaluation reserve on subsidiaries and associates</i>		12,158 (11,775) -	12,176 8,660 -
14	Retained earnings from prior periods		99,672	36,366
15	Gain or loss for the period		50,686	63,306
<b>Total liabilities</b>			<b>1,176,143</b>	<b>949,374</b>

(CZK'000)		Note	31 December 2016	31 December 2015
<b>OFF BALANCE SHEET ITEMS</b>				
<b>Off balance sheet assets</b>				
14	Fund's assets held by custodian	23	427,310	381,623
15	Assets under Fund's management	24	1,153,885	947,300

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The notes on pages 4 to 21 form part of these financial statements.

# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

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Registered office: V Celní 1031/4 Prague 1, 110 00

Business activity: activity of an investment company pursuant to Act No. 240/2013 Coll. on Investment Companies and Investment Funds

Date of preparation of financial statements: 28 April 2017

## INCOME STATEMENT For the year ended 31 December 2016

(CZK'000)	Note	2016	2015	
1	Interest and similar income	5	68,459	71,424
	<i>of which: interest from debt securities</i>		34,077	50,682
4	Fee and commission income	6	-	1,251
5	Fee and commission expense	6	(29)	(78)
6	Gains less losses from financial transactions	7	(898)	1,219
7	Other operating income	8	37	-
9	Administrative expense	9	(13,068)	(11,601)
	<i>of which: a) staff costs</i>		-	-
	<i>of which: aa) wages and salaries</i>		-	-
	<i>ab) social and health insurance</i>		-	-
	<i>b) other administrative expenses</i>		(13,068)	(11,601)
<b>19</b>	<b>Profit or loss on ordinary activities before taxation</b>		<b>54,501</b>	<b>62,215</b>
<b>23</b>	<b>Income tax</b>	22	<b>(3,815)</b>	<b>1,091</b>
<b>24</b>	<b>Profit (loss) for current period after taxation</b>		<b>50,686</b>	<b>63,306</b>

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# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Commercial firm: NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Registered office: V Celní 1031/4 Prague 1, 110 00

Business activity: activity of an investment company pursuant to Act No. 240/2013 Coll. on Investment Companies and Investment Funds

Date of preparation of financial statements: 28 April 2017

## STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2016

(CZK'000)	Share premium	Capital funds	Revaluation reserve	Retained Earnings / (Accumulated losses)	Profit/(loss)	Total
<b>Balance as at 31 December 2015</b>	<b>33,083</b>	<b>822,291</b>	<b>15,324</b>	<b>2,822</b>	<b>33,544</b>	<b>907,064</b>
Transfer of retained earnings/ (accumulated loss)	-	-	-	33,544	(33,544)	-
Sales of units	9,825	252,451	-	-	-	262,276
Repurchase of units	(29,373)	(254,605)	-	-	-	(283,978)
Revaluation reserve not recognised in the income statement	-	-	(3,148)	-	-	(3,148)
Net profit / (loss) for the period	-	-	-	-	63,306	63,306
<b>Balance as at 31 December 2015</b>	<b>13,535</b>	<b>820,137</b>	<b>12,176</b>	<b>36,366</b>	<b>63,306</b>	<b>945,520</b>
<b>Balance as at 1 January 2016</b>	<b>13,535</b>	<b>820,137</b>	<b>12,176</b>	<b>36,366</b>	<b>63,306</b>	<b>945,520</b>
Transfer to retained earnings/ accumulated loss	-	-	-	63,306	(63,306)	-
Sale of units	64,683	282,670	-	-	-	347,353
Repurchase of units	(33,658)	(156,628)	-	-	-	(190,286)
Revaluation reserve not recognised in the income statement	-	-	(18)	-	-	(18)
Net profit / (loss) for the period	-	-	-	-	50,686	50,686
<b>Balance as at 31 December 2016</b>	<b>44,560</b>	<b>946,179</b>	<b>12,158</b>	<b>99,672</b>	<b>50,686</b>	<b>1,153,255</b>

*The financial statements have been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.*

The notes on pages 4 to 21 form part of these financial statements.

# **NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.**

**Notes to the financial statements as at 31 December 2016**

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## **1. GENERAL INFORMATION**

### **Establishment and characteristics of the Fund**

NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s. („Investment fund“ or „the Fund“) is managed and administered by REDSIDE investiční společnost, a.s. („Investment Company“ or „the Company“), the Fund was established by a decision of Czech National Bank (Česká národní banka) No. 2013/1333/570 from 29 January 2013, which came into force on the same day.

The Fund operates in the form of an open-end mutual fund of qualified investors, which was incorporated in the List of unit trusts on 29 January 2013 pursuant to Act No. 240/2013 Coll. on Investment Companies and Investment Funds and performs activities pursuant to Section 95 1 of Act No. 240/2013 Coll. on Investment Companies and Investment Funds. It is registered in the list of mutual funds maintained by the Czech National Bank pursuant to Section 597 B) of Act 240/2013 Coll. as an open-ended mutual fund of qualified investors. The fund was set up for an indefinite period, the number of shareholders is not limited.

The Fund has no legal personality, the assets of the Fund are managed by the Investment Company. The Fund itself has no employees. All the administration associated with the business activity is provided by the Investment Company.

The Fund was created under the name NOVA Green Energy otevřený podílový fond AVANT investiční společnost, a.s. As of 1 November 2014 it operates under the name NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s., by decision of Czech National Bank No. 2014/055827/CNB/570 concerning the change of the manager and the designation in accordance with the change by the manager.

In the past, the Fund was managed by AVANT investiční společnost, a.s. From 1 November 2014, the Fund is managed by REDSIDE investiční společnost, a.s.

### **Fund strategy**

The Fund is the open-ended fund belonging to the category of investment fund. Its objective is to continuously enhance the resources of the Fund (of qualified investors) shareholders, in particular on the basis of direct or indirect investments in new projects and the development of business plans, especially in the energy sector focusing on the segment of segment of small and medium-sized enterprises producing electricity, mainly from renewable sources (photovoltaics, wind and water, biomass and others). It's focused on investments in the Czech Republic and within the European Union. Investment income should be mainly derived from interest on loans granted and profit shares from these projects. Part of profit from the Fund's portfolio will also be reinvested in accordance with the investment objective.

In terms of the risk associated with the investments portfolio of the Fund's, the Fund is an unsecured fund of qualified investors focused on direct or indirect investments in new projects and the development of business plans, especially in the energy sector focusing on the segment of segment of small and medium-sized enterprises producing electricity, mainly from renewable sources (photovoltaics, wind and water, biomass and others), that the investment income will be mainly from interest on loans granted and profit shares from the project and business plan. As a complementary type of investments, the Fund will invest using both domestic and foreign financial market investment instruments, including investing in valuables and receivables.

### **Units**

Issuance of fund units was launched by the investment company on 1 November 2013 with the assigned ISIN code CZ0008474053 – euro class. On 4 June 2015, the Fund collaterally introduced the second class of units in crowns with the ISIN code CZ0008474673, which is publicly traded on the regulated market of the Prague Stock Exchange.

Until November 2014 Československá obchodní banka, a.s. provided depository services to the Fund. Since November 2014, the depository of the Fund is UniCredit Bank Czech Republic and Slovakia, a.s.



# **NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.**

**Notes to the financial statements as at 31 December 2016**

---

As at 31 December 2016, the Central Securities Depository registered 258,351,772 units issued in book-entry form with a nominal value of EUR 0.1 and 248,113,280 units issued in book-entry form with a nominal value of CZK 1. As at 31 October 2013, the Fund changed the Exchange rate of units from the Czech crown to Euro using the current exchange rate of Czech National Bank as at 1 October 2013, 25.650 CZK/EUR. At the same time, the Fund changed the nominal value of the unit from CZK 1 to EUR 0.10.

## **Organizational structure**

The Fund is managed by an investment company.

## **Introductory information about the investment company**

REDSIDE investiční společnost, a.s., registration number: 242 44 601, with its registered office at Prague 1, Nové Město, V Celnici 1031/4, zip code 110 00, incorporated by the Municipal Court in Prague, Section B, Insert 18362.

## **Share capital**

CZK 8,400 thousand (in words: eight million four hundred thousand Czech crowns): the share capital is fully paid.

## **Date of creation**

29 June 2012

## **Decision to authorise the activity**

By the decision of Czech National Bank No. 2013/5063/570 of 26 April 2013, which came into force on 29 April 2013, the Investment Company is registered on the list of investment companies maintained by the Czech National Bank pursuant to Section 596 a) of the Act.

## **Activity of the Investment Company in relation to the Fund:**

- Assets management,
- managing the Fund's assets, including investing in the Fund's account,
- investment risk management,
- Fund administration, in particular,
- Fund bookkeeping,
- provision of legal services,
- compliance,
- dealing with the investors' complaints and claims,
- valuation of the Fund's assets and liabilities,
- calculation of the current value of the Fund's unit,
- ensuring the fulfilment of obligations relating to taxes, fees and other similar financial performances,
- maintaining a list of owners of units issued by the Fund,
- distribution and disbursement of the Fund assets' income,
- ensuring the issue and redemption of units issued by the Fund,
- preparation off the Fund's annual report and updating thereof,
- creation of the Fund's marketing communications,
- publishing, enabling access and providing data and documents to Fund shareholders and other persons,
- reporting of data and provision of documents to the Czech National Bank or the supervisory authority of another Member State,
- performance of other activities related to the management of the Fund's assets,
- distribution and disbursement of cash consideration in accordance with the cancellation of the Fund,
- keeping records on the issue and redemption of units issued by the Fund,
- offering the Fund to potential investors.

## **Business activity of the Investment Company**

- activity of the investment company pursuant to Act No. 240/2013 Coll. on Investment Companies and Investment Funds, performed on the basis of the permission of the Czech National Bank of 26 April 2013, which came into force on 29 April 2013.

# **NOVA Green Energy otevřený podílový fond**

## **REDSIDE investiční společnost, a.s.**

### **Notes to the financial statements as at 31 December 2016**

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#### **Members of the Board of Directors and the Supervisory Board as at 31 December 2016**

##### **Board of Directors**

Chairman of Board of Directors	Rudolf Vřešťál	since 29 June 2012
Member of Board of Directors	Radek Široký	since 10 June 2014
Member of Board of Directors	Juraj Dvořák	since 31 July 2014

##### **Supervisory Board**

Chairman of Supervisory Board	Petra Rychnovská	since 29 June 2012
Member of Supervisory Board	Petra Čáповá	since 29 June 2013 to 30 June 2016
Member of Supervisory Board	Petr Studnička	since 10 June 2014
Member of Supervisory Board	Karel Krhovský	since 30 June 2016

#### **Course of action**

The Board of Directors governs the Company. A quorum for Board of Directors is Chairman and at least one member of the Board of Directors.

#### **Shareholders and shares**

At the end of the reporting period, the main shareholder was:

RVR Czech, s.r.o., Registration number: 24 300 136, Prague 1, V Celnici 1031/4, zip code: 110 00

The shareholder owns 76 ordinary registered shares in the registered form at a nominal value of CZK 100,000.

Arca Investments, a.s., Registration number: 35 975 041, Plynárenská 7/A, Bratislava, zip code: 821 09

The shareholder owns 8 registered shares in registered form at a nominal value of CZK 100,000.

#### **Changes in the Commercial Register**

On 23 August 2016, a member of the Supervisory Board, Petra Čáповá, was removed and a new member of the Supervisory Board, Karel Krhovský, was registered.

#### **Address changes:**

Petra Rychnovská – change registered on 20 January 2016

Radek Široký – change registered on 26 October 2016

## **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.

The financial statements including balance sheet, income statement, statement of changes in equity and notes have been prepared on the basis of accounting maintained in accordance with

- Act on Accounting No. 563/1991 Coll.,
- Decree No. 501/2002 Coll. Issued by the Ministry of Finance of the Czech Republic,
- Czech Accounting Standards for Financial Institutions issued by the Ministry of Finance of the Czech Republic.

The arrangement, designation and content delimitation of items of the financial statements is pursuant to decree No. 501/2002 Coll.

The financial statements were elaborated on the basis of the accrual of costs and revenues and of historical prices except for selected financial instruments which are appraised at their fair value.

# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

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The financial statements are based on the assumption that the entity will continue as a going concern and that there is no circumstance that would restrict or prevent the entity's ability to continue as a going concern in the foreseeable future.

These financial statements are unconsolidated.

Balance sheet date: 31 December 2016  
Date of preparation of the financial statements: 28 April 2017

Accounting period: 1 January 2016 to 31 December 2016  
Prior accounting period: 1 January 2015 to 31 December 2015

Unless otherwise stated, all amounts are shown in thousands of Czech crowns (CZK'000).

### 3. KEY ACCOUNTING POLICIES

The financial statements of the Company were drafted in line with the following key accounting methods:

#### (a) Date of accounting case execution

Depending on the type of transaction, the moment of the execution of an accounting case is primarily the date of the purchase or sale of a security, the date of the execution of a payment from a client's account, date of negotiation and settlement of the respective transaction in securities, FX, options or other derivatives and the date the respective assets were taken into trust.

Financial assets and liabilities are recognised when the Fund becomes the contractual partner of the operation.

The Company will subtract a financial asset or its part from the balance sheet should it cease to have control over the contractual rights to that financial asset or a portion thereof. The Company loses such control if it exercises its right to the advantages defined in the agreement, those rights cease to exist, or it waives the rights.

When a financial liability or part thereof is extinguished (e.g. the obligation specified in a contract is discharged or cancelled or expires), the Entity will no longer recognise the financial liability or part thereof in the balance sheet. The difference between the carrying amount of a liability (or part thereof) extinguished or transferred to another party and the consideration paid is recognised in profit or loss.

#### (b) Securities

##### Securities valued at fair value

Securities in this portfolio must meet one of the following conditions:

1. the security is classified for trading
2. the security is designated as a security at fair value at initial recognition by the entity

Securities at fair value are measured at fair value.

Profits/losses from this revaluation are recognised in income statement in "Gain or loss from financial operations". In case of debt securities, the entity recognises interest income within „Interest income and similar income“ and then re-measures to its fair value within „Profit or loss from financial operations“.

##### Available-for-sale securities

Available-for-sale securities are financial assets which are not classified as either securities at fair value or as securities held-to-maturity.

# NOVA Green Energy otevřený podílový fond

## REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

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Available-for-sale securities are measured at fair value and gains/losses from this revaluation are recognised in equity under "Valuation gains (losses)". When a security is sold, the respective valuation difference is recognised in profit or loss under "Gain or loss from financial operations".

For debt securities in this portfolio, interest income is recognised under "Interest income and similar income".

For debt securities, any foreign exchange gains/losses are recognised in profit or loss under "Gain or loss from financial operations". Foreign exchange gains/losses in respect of equity securities are part of revaluation to fair value and are recognised in equity under "Valuation gains (losses)".

If a loss arising from a change in the fair value of an available-for-sale security is recognised in equity and there is objective evidence that the security is impaired, the loss is released from equity and charged to expenses.

### **Fair value**

The fair value used for the valuation of securities is determined as the market price announced as of the date of determination of fair value, if the entity proves the possibility of selling the security at the market price.

The fair values of publicly traded securities and equity securities are equal to the prices achieved in the OECD public market, as long as the liquidity requirements of the securities are met.

If it is not possible to determine fair value as the market price (for example: the entity cannot prove that it's possible to sell the security at the market price), the fair value is determined as the adjusted value of the security.

The adjusted value of the security may be equal to

- the rate of participation in equity of a public limited liability company (shares),
- the rate of participation in equity of mutual fund (units),
- the present value of the future cash flows arising from the security (debt securities).

### **Interest income**

Interest income is defined as:

- a) for coupon debt securities it is interest accrued based on the coupon rate specified in the securities terms and conditions and the amortization of discount of premium, which is the difference between the nominal value and net acquisition cost. Net acquisition cost is the acquisition price reduced by the accrued coupon as at the date of acquisition of the security,
- b) for zero-coupon bonds and bills of exchange/promissory notes, the accrued difference between the nominal value and cost.

Interest income in respect of debt securities is amortised through the income statement from the date of purchase, using the effective interest rate method. In the case of debt securities with a residual maturity of less than one year from the date of purchase, the premium or discount is amortised through the income statement on a straight-line basis from the date of purchase to the date of maturity.

### **(c) Subsidiaries and associates with decisive and substantive influence**

#### **Subsidiaries and associates with decisive influence**

Subsidiaries and associates with decisive influence are defined as participating in a subsidiary, in which the Fund effectively or legally exercises direct or indirect controlling influence over its management or operation.

A decisive influence is defined as the ability of the Fund to manage the financial and operating policies of another company, thereby achieving benefits from its activities.

The decisive influence is exercised by the Fund when it meets at least one of the following conditions:

# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

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- a) is a majority shareholder, or
- b) has a majority of voting rights on the basis of an agreement with another member or partners, or
- c) may enforce the appointment or the election or recall of a majority, which are a statutory body or a member thereof, or the majority which are members of the supervisory body of a legal entity of which it is a member.

## **Subsidiaries and associates with substantive influence**

Subsidiaries and associates with substantive influence are defined as participating in an affiliated company, which is not a subsidiary and in which the Fund exercises substantial (significant) influence.

Substantive influence is defined as the ability of a Fund to participate in the financial and operational policies of another company but without the ability to exercise decisive influence.

Substantial influence is exercised by the Fund when it has a direct or indirect share of at least 20% of the registered capital or voting rights in another company, unless it exercises decisive influence in this company or does not clearly prove that it is not able to exercise substantial influence. Under less than 20%, no significant influence is expected unless it is obvious that it exists.

## **Valuation of participation**

Subsidiaries and associates with controlling and significant influence are recognised at cost when they are acquired at acquisition cost, which includes acquisition costs (expert opinions, legal services). As at the balance sheet date, Subsidiaries and associates with a controlling and significant influence are measured at fair value based on an expert's opinion. Profits and losses on this valuation are recognised as equity in the balance sheet as „Revaluation reserves“.

## **(d) Receivables**

Receivables initially incurred by the entity (except for subordinated loan claims, see below) are stated at their nominal value less the allowance. The Fund derecognises its receivables when rights to cash flows from them are expired, or respective legal proceeding is completed.

Acquired receivables are stated at acquisition cost, including direct transaction costs (expert reports, legal costs).

## **Trade receivables**

Trade receivables are assessed in terms of return. On its basis, the Fund establishes a loss on impairment for individual receivables. The allowance is created if the Fund does not write off the part of the receivable equal to the loss of impairment. Allowances are recognised in the „Depreciation, creation and use of reserves and adjustments“. For the purpose of calculating the tax liability, allowances are recorded by using special analytical accounts.

The tax deductible part of the total provision for impairment of receivables for the accounting period is estimated pursuant to Section 8 („Adjustments to receivables from guarantee for custom debt“) Act. No. 593/1992 Coll., on the reserves to provide for the income tax base, as amended.

Write-offs of bad debts are included in „Depreciation, creation and use of reserves and adjustments“ of the income statement. The written-off receivable to which the allowance has been created in full, will be reduced by the same amount of the allowance in the same item of the income statement. Revenues from previously derecognised loans are stated in the income statement in „Release of allowances and provisions for receivables and guarantees, income from previously written off receivables“.

## **Receivables held for trading**

# NOVA Green Energy otevřený podílový fond

## REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

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Receivables purchased and held for trading are measured at fair value. Changes in fair value are recognised as „Profit or loss from financial operations“ (if the Fund recognises such assets).

### Receivables from subordinated loans

#### Receivables from loans granted

Receivables from loans granted to the subsidiaries and associates with decisive influence are stated at fair value as at the balance sheet date. This measurement differs from the valuation of the Czech accounting legislation applied to such receivables. The Fund uses the valuation of credit receivables at fair value to capture the real and fair form of asset, pursuant to Section 196 Act No. 240/2013 Coll., on the valuation of assets and liabilities of the investment fund, as amended. At the balance sheet date, the nominal / purchase price of credit claims and interest is translated at the foreign exchange rate prevailing as at the balance sheet date. This exchange rate revaluation is presented in „Profit or loss on financial operations“. Afterwards, the valuation of credit receivables at fair value based on expert valuation is recognised. Fair value gains and losses are recorded on the balance sheet in equity as part of the „Revaluation reserves“.

### (e) Establishment of provision

A provision represents a probable cash outflow of uncertain timing or amount. A provision is recognised as an expense amounting to the best estimate of the outflow of resources required to settle a present commitment.

A provision is recognised if the following criteria are met:

- a) a present obligation (legal or constructive) exists as a result of a past event,
- b) it is probable or certain that an outflow of economic benefits will be required to settle the obligation (“probable” means a probability exceeding 50%)
- c) the amount of the obligation can be estimated reliably. Provision is a probable performance, with uncertain timing and amount. A provision is recognised if the following criteria are met.

### (f) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at historical cost and are depreciated on a straight-line basis over their estimated useful lives. The depreciation period for each category of tangible and intangible fixed assets is as follows:

Establishment costs: 5 years.

Intangible fixed assets costing less than CZK 60 thousand and tangible fixed assets costing less than CZK 40 thousand are charged to the income statement in the period in which they are acquired, unless the temporal and material cost relationship is disrupted.

### (g) Foreign currency translation

Transactions denominated in foreign currencies are recorded in the local currency at the Czech National Bank official rate prevailing on the transaction date.

Assets and liabilities denominated in a foreign currency are translated into the domestic currency at the rate announced by the Czech National Bank as of the balance sheet date. Gains or losses arising from the translation of assets and liabilities denominated in foreign currencies, except for foreign equity investments and subordinated loan claims, are recognised in the profit and loss account as “Profit or loss from financial operations“.

### (h) Taxation

#### Current tax

Non-tax deductible expenses are added to, and non-taxable income is deducted from, the profit for the period before tax to arrive at the taxable income, which is further adjusted for tax allowances and relevant credits.

#### Deferred tax



# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

Deferred tax is provided on all temporary differences between the carrying and tax value of assets and liabilities multiplied by the income tax rate expected to be valid for the next period. A deferred tax asset is recognised only if there are no doubts that it will be utilised in future accounting periods.

(i) **Leases**

The Company has no assets arising from financial or operating leases.

(j) **Items from another accounting period and changes in accounting policies**

Items from the accounting periods other than taxes and changes in accounting policies are recognised as income or expense in the income statement in the current period, except for the correction of material mistakes of historical income and expenses which are recognised in „Retained profits (or accumulated losses)“ in the Fund's balance sheet.

## 4. CHANGES IN ACCOUNTING POLICIES

In the accounting period 2015, the deferred tax of previous years was corrected. In 2014, the deferred tax was calculated at a rate of 19% instead of 5%.

## 5. INTEREST INCOME

(CZK'000)	2016	2015
Interest income and similar income		
Of loans	34,382	20,742
Of debt securities	34,077	50,682
<b>Net interest income</b>	<b>68,459</b>	<b>71,424</b>

## 6. FEE AND COMMISSION INCOMES AND EXPENSES

(CZK'000)	2016	2015
Fee and commission income		
from securities transactions	-	1,251
<b>Total</b>	<b>-</b>	<b>1,251</b>
Fee and commission expense		
Other	29	78
<b>Total</b>	<b>29</b>	<b>78</b>

## 7. GAIN OR LOSS FROM FINANCIAL TRANSACTIONS

(CZK'000)	2016	2015
Income from foreign exchange transactions – exchange gains	-	3,250
Costs of foreign exchange transactions – exchange losses	(898)	(2,031)
<b>Total</b>	<b>(898)</b>	<b>1,219</b>

# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

## 8. OTHER OPERATING INCOME

(CZK'000)	2016	2015
Gain on sale of shares	37	-
<b>Total</b>	<b>37</b>	<b>-</b>

## 9. ADMINISTRATIVE EXPENSES

(CZK'000)	2016	2015
Costs of Fund Management	11,099	9,923
Costs of depository and custody services	775	880
Audit and legal and tax advice costs	429	270
Other (expert opinions, translations, marketing)	765	528
<b>Total</b>	<b>13,068</b>	<b>11,601</b>

The Fund is managed by the Company, to which it pays management fees calculated in accordance with the Fund's Statute of 1.1% of the Fund's equity for the end of each month.

## 10. EXTRAORDINARY INCOME AND EXPENSES

The Fund had no extraordinary income or expenses in 2016.

## 11. RELATED PARTY TRANSACTIONS

(CZK'000)	2016	2015
<b>Assets</b>		
Receivables from non-banking entities	465,756	451,488
<b>Income</b>		
Interest income on loans	34,382	20,742

Related party transactions are presented by subordinated debts provided to subsidiaries and associates.

## 12. RECEIVABLES FROM BANKS

(CZK'000)	31 December 2016	31 December 2015
Current bank accounts	22,871	48,049
<b>Net receivables from banks</b>	<b>22,871</b>	<b>48,049</b>

# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

## 13. RECEIVABLES FROM NON-BANKING ENTITIES

### Receivables from subordinated loans provided to subsidiaries and associates

(CZK'000)	31 December 2016	31 December 2015
Receivables from subordinated loans (Progressive price including interest and exchange rate change)	476,282	444,092
- expert revaluation to fair value	(10,526)	7,396
<b>Net receivables from non-banking entities</b>	<b>465,756</b>	<b>451,488</b>

Loans provided includes subordinated loans provided to subsidiaries in the amount of CZK 358,763 thousand. Subordinated loans have a fixed interest rate of 8-10% p.a. and are due in 2025-2026. In case of debtor liquidation, these subordinated loans will be paid after all other liabilities have been settled. As at 31 December 2016, interest in the amount of CZK 61,405 thousand was charged, it is due in 2017-2026.

Subordinated loans granted to subsidiaries are stated at fair value based on reports prepared by an independent valuation company. The valuation was based principally on the discounted cash flow projections based on reliable estimates of future cash flows, supported by subordinated loan agreement and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. Change of the parameters would result in a change in the subordinate loan valuation.

## 14. DEBT SECURITIES

The fund owns debt securities amounting to **CZK 427,310 thousand** including accrued aliquot interest income and exchange rate revaluation due to an agreement on repayment of the outstanding amount in Euro currency.

The securities consist of 26 bonds issued by Arca Capital Slovakia, ISIN SK4210000291, with a coupon rate at 8.5% and a nominal value of EUR 250 thousand. Furthermore, the Fund owns 36 bonds issued by "BRQ Czech 2017-2019, 8.5%", ISIN CZ0003515603, with a coupon rate at 8.5% and a nominal value of EUR 250 thousand.

In 2016, 16 bonds issued by Arca Capital Slovakia, ISIN SK4210000291 were redeemed.

Furthermore, 3 bills of exchange issued by ACORD plus spol. s.r.o. with a nominal value of EUR 1 million and negotiated interest of 4% were also repaid to the Fund.

### (a) Classification of debt securities into individual portfolios based on the Fund's intention

(CZK'000)	31 December 2016	31 December 2015
Bonds	432,943	297,765
- expert revaluation to fair value	(5,633)	4,761
Bills of exchange	-	81,093
- expert revaluation to fair value	-	(1,996)
<b>Net book value</b>	<b>427,310</b>	<b>381,623</b>

# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

## 15. SUBSIDIARIES AND ASSOCIATES WITH DECISIVE AND SUBSTANTIVE INFLUENCE

### (a) Subsidiaries and associates with decisive influence

#### General information

(CZK'000) Company name	Registered office	Share In equity	Book value
<b>As at 31 December 2016</b>			
FTVE Green Energy 1, s.r.o.	Slovak Republic	100%	5,155
FTVE Green Energy 2, s.r.o.	Slovak Republic	100%	9,109
CES-SOLAR 33, s.r.o.	Slovak Republic	100%	3,888
CES-SOLAR 42, s.r.o.	Slovak Republic	100%	4,953
Jakub Solar s.r.o.	Slovak Republic	100%	10,857
PV-Projekt, s.r.o.	Slovak Republic	100%	13,564
EPSOLAR s.r.o.	Slovak Republic	100%	3,694
INMADE, s.r.o.	Slovak Republic	100%	179
SOLARIS one s.r.o.	Slovak Republic	100%	5,410
TECOMA TRAVEL AGENCY, s.r.o.	Slovak Republic	100%	5,055
HK-Promotion, s.r.o.	Slovak Republic	100%	8,814
RRL Czech, s.r.o.	Czech Republic	100%	127,800
TFI Slovakia s.r.o.	Slovak Republic	99%	160
TKU Slovakia s.r.o.	Slovak Republic	99%	160
VSO Slovakia s.r.o.	Slovak Republic	100%	162
ENWO s.r.o.	Slovak Republic	99%	8,328
ENERGOTREND alfa s.r.o.	Czech Republic	100%	52,200
Acquisition of shares			718
<b>Total</b>			<b>260,206</b>
<b>As at 31 December 2015</b>			
FTVE Green Energy 1, s.r.o.	Slovak Republic	100%	6,323
FTVE Green Energy 2, s.r.o.	Slovak Republic	100%	11,280
CES-SOLAR 33, s.r.o.	Slovak Republic	100%	8,153
CES-SOLAR 42, s.r.o.	Slovak Republic	100%	8,151
Jakub Solar s.r.o.	Slovak Republic	100%	7,302
PV-Projekt, s.r.o.	Slovak Republic	100%	25,606
EPSOLAR s.r.o.	Slovak Republic	100%	811
INMADE, s.r.o.	Slovak Republic	100%	135
SOLARIS one s.r.o.	Slovak Republic	100%	135
TECOMA TRAVEL AGENCY, s.r.o.	Slovak Republic	100%	135
HK-Promotion, s.r.o.	Slovak Republic	100%	135
RRL Czech, s.r.o.	Czech Republic	100%	-
Acquisition of shares			30
<b>Total</b>			<b>68,198</b>

The main activities of the companies in which the Fund exercises decisive or substantial influence are the production of electricity through solar photovoltaic panels.

In 2016, the subordinated loan in the amount of CZK 120,000 thousand granted to RRL Czech, s.r.o. was set off with the shares of RRL Czech, s.r.o. This transaction increased the Fund's equity investments in that company.

Investments in subsidiaries are carried at fair value based on reports prepared by an independent valuation company. The valuation was based principally on discounted cash-flow projections based on reliable estimates of future cash flows, supported by historical statistics on electricity production, the price guaranteed by the government, approved financial plan and by external evidence such as macroeconomic conditions and forecasts, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. Changing these parameters would result in a change in the valuation of the subsidiaries and associates.

# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

## 16. PREPAID EXPENSES AND ACCRUED INCOME

(CZK'000)	31 December 2016	31 December 2015
Fees for 2016	-	16
Expenses for 2017	-	-
<b>Prepaid expenses</b>	<b>-</b>	<b>16</b>

## 17. OTHER LIABILITIES

(CZK'000)	31 December 2016	31 December 2015
Other creditors	1,872	854
Advances received on units	18,509	-
Estimated passive accounts	1,764	1,204
Liability – Value Added Tax	113	-
<b>Total</b>	<b>22,258</b>	<b>2,058</b>

The advances received in 2016 were accepted for the purchase of units, which were not issued by the balance sheet date.

## 18. PROVISIONS AND ALLOWANCES

(CZK'000)	Initial state	Additions	Utilisation	31 December 2016
Provision for corporate income tax	1,796	630	1,796	630
Other provisions	-	-	-	-
<b>Total</b>	<b>1,796</b>	<b>630</b>	<b>1,796</b>	<b>630</b>

## 19. EQUITY, CAPITAL FUNDS

(CZK'000)	31 December 2016
The Fund's equity (CZK'000)	1,153,255
Number of units issued EUR (pieces)	258,351,772
Number of units issued CZK (pieces)	248,113,280
Equity per unit (EUR)	0.1258
Equity per unit (CZK)	1.1096
<hr/>	
(CZK'000)	31 December 2015
The Fund's equity (CZK'000)	945,520
Number of units issued EUR (pieces)	215,599,546
Number of units issued CZK (pieces)	237,479,012
Equity per unit (EUR)	0.1194
Equity per unit (CZK)	1.0530

The current value of the unit is defined as the Fund's net asset value per issued unit presented in the currency of the unit, using the rate announced by the Czech National Bank as of 31 December 2015.

# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

## 20. REVALUATION RESERVE

(CZK'000)	31 December 2016	31 December 2015
Revaluation reserve from assets and liabilities	(12,357)	9,168
Revaluation reserve from conversion of investments	23,933	3,516
Deferred tax	582	(508)
<b>Total</b>	<b>12,158</b>	<b>12,176</b>

## 21. RETAINED EARNINGS OR ACCUMULATED LOSS OF THE PRIOR PERIOD, RESERVE FUNDS AND OTHER RESERVES

The Fund proposes distribution of profit for 2016 as follows:

(CZK'000)	Profit/Loss	Retained earnings or accumulated loss of the prior period	Total
Balance as at 31 December 2016 before distribution of profit for 2016	-	63,306	63,306
Profit/loss for the year 2016	50,686	-	50,686
<b>Proposal for distribution of the profit for the year 2016</b>			
Transfer to retained earnings	(50,686)	50,686	-
<b>Total</b>	<b>-</b>	<b>113,692</b>	<b>113,692</b>

## 22. INCOME TAX AND DEFERRED TAX LIABILITY/ASSETS

### (a) Income tax

(CZK'000)	2016	2015
Current tax for the financial year /creation of provision	2,725	3,113
Deferred tax	1,090	(4,204)
<b>Total</b>	<b>3,815</b>	<b>(1,091)</b>

Deferred tax provision is created as a result of the revaluation of loan receivables at fair value.

### Current tax for the financial year

(CZK'000)	2016	2015
Current period profit (loss) before tax	54,501	62,215
Non-taxable income	-	-
Non-tax deductible expenses	-	46
Change of accounting policy charged to equity in 2014	-	-
Subtotal	54,501	62,261
<b>Income tax calculated using a tax rate of 5%</b>	<b>2,275</b>	<b>3,113</b>

# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

## 23. FUND'S ASSETS HELD BY CUSTODIAN

(CZK'000)	31 December 2016	31 December 2015
Bonds	427,310	302,526
Bills of exchange	-	79,097
<b>Total</b>	<b>427,310</b>	<b>381,623</b>

The depositary of the Fund is UniCredit Bank Czech and Slovakia, a.s.

31 December 2016

26 Arca Capital Slovakia bonds with a nominal value of EUR 250 thousand

36 BRQ Czech bills of exchange with a nominal value of EUR 250 thousand

31 December 2015

42 Arca Capital Slovakia bonds with a nominal value of EUR 250 thousand

3 Acord plus spol. s.r.o. bills of exchange with a nominal value of EUR 1 million

## 24. ASSETS UNDER MANAGEMENT

(CZK'000)	31 December 2016	31 December 2015
Cash	22,871	48,049
Bonds	427,310	381,623
Subsidiaries and associates with decisive influence	260,206	68,198
Receivables from non-banking entities	465,756	451,488
Other liabilities	(22,258)	(2,058)
<b>Total</b>	<b>1,153,885</b>	<b>947,300</b>

The Fund is managed by the investment company Redside Investment Company, a.s.

Comparative figures have been regrouped or reclassified, if necessary, to match the current period classification.

## 25. FINANCIAL INSTRUMENTS

### (a) Market risk

The Fund is exposed to market risk as a result of its general investment strategy in accordance with its Statute. The Fund receives funds from unit-holders and invests them through direct or indirect investments in new projects and the development of business plans, in particular in the energy sector, focusing on the segment of small and medium-sized enterprises engaged in the production of electricity mainly from renewable sources.

The value of assets invested by the Fund may rise or fall depending on changes in economic conditions, interest rates, and the way the market perceives the assets. Furthermore, the market risk is represented by the risk arising from the influence of changes in electricity price trends due to its supply and demand and changes in the regulatory framework.

# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

## (b) Liquidity risk

The Fund is exposed to the risk of obligatory redemptions of units by its shareholders. The funds of the shareholders are recognised in the Fund's equity. Furthermore, the liquidity risk arises from the way the Fund finances its activities and manages its positions. Due to the evaluation of the degree of risk and to the overall financial position of the entity in 2016, during the reporting period, the liquidity risk was not assessed as serious and no extraordinary measures were taken.

### *Residual maturity of the Bank's assets and liabilities*

(CZK'000)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Not specified	Total
<b>As at 31 December 2016</b>						
Receivables from banks	22,871	-	-	-	-	22,871
Receivables from non-banking entities	117,519	-	-	348,237	-	465,756
Debt securities	-	427,310	-	-	-	427,310
Subsidiaries and associates with decisive influence	-	-	-	-	260,206	260,206
Accrued expenses and accrued income	-	-	-	-	-	-
<b>Total</b>	<b>140,390</b>	<b>427,310</b>	<b>-</b>	<b>348,237</b>	<b>260,206</b>	<b>1,176,143</b>
Other liabilities	22,258	-	-	-	-	22,258
Provisions	-	-	-	-	630	630
Equity	-	-	-	-	1,153,255	1,153,255
<b>Total</b>	<b>22,258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,153,885</b>	<b>1,176,143</b>
<b>Gap</b>	<b>118,132</b>	<b>427,310</b>	<b>-</b>	<b>348,237</b>	<b>(893,680)</b>	
<b>Cumulative Gap</b>	<b>118,132</b>	<b>545,442</b>	<b>-</b>	<b>893,679</b>		

(CZK'000)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Not specified	Total
<b>As at 31 December 2015</b>						
Receivables from banks	48,049	-	-	-	-	48,049
Receivables from non-banking entities	-	-	-	451,488	-	451,488
Debt securities	-	381,623	-	-	-	381,623
Subsidiaries and associates with decisive influence	-	-	-	-	68,198	68,198
Accrued expenses and accrued income	-	-	-	-	16	16
<b>Total</b>	<b>48,049</b>	<b>381,623</b>	<b>-</b>	<b>451,488</b>	<b>68,214</b>	<b>949,374</b>
Other liabilities	1,725	333	-	-	-	2,058
Provisions	-	-	-	-	1,796	1,796
Equity	-	-	-	-	945,520	945,520
<b>Total</b>	<b>1,725</b>	<b>333</b>	<b>-</b>	<b>-</b>	<b>947,316</b>	<b>949,374</b>
<b>Gap</b>	<b>46,324</b>	<b>381,290</b>	<b>-</b>	<b>451,488</b>	<b>(879,102)</b>	
<b>Cumulative Gap</b>	<b>46,324</b>	<b>427,614</b>	<b>427,614</b>	<b>879,102</b>		



# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

The tables above present the residual maturity of the carrying amounts of each financial instrument, not all cash flows arising from these instruments.

## (c) Interest rate risk

The interest rate risk arises from how the Fund finances its activities and manages its positions. Due to the evaluation of the degree of risk and to the overall financial position of the entity in 2015, during the reporting period, the liquidity risk was not assessed as serious and no extraordinary measures were taken.

### Interest rate sensitivity of the Fund's assets and liabilities

(CZK'000)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
<b>As at 31 December 2016</b>					
Receivables from banks	22,871	-	-	-	22,871
Receivables from non-banking entities	-	-	-	348,237	348,237
Debt securities	-	427,310	-	-	427,310
<b>Total</b>	<b>22,871</b>	<b>427,310</b>	<b>-</b>	<b>348,237</b>	<b>798,418</b>
<b>Gap</b>	<b>22,871</b>	<b>427,310</b>	<b>-</b>	<b>348,237</b>	<b>798,418</b>
<b>Cumulative Gap</b>	<b>22,871,</b>	<b>450,181</b>	<b>450,181</b>	<b>798,418</b>	

The overview above includes only interest-sensitive assets and liabilities and is not coincident to the values presented in the balance sheet of the Fund.

(CZK'000)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
<b>As at 31 December 2015</b>					
Receivables from banks	48,049	-	-	-	48,049
Receivables from non-banking entities	-	-	-	451,488	451,488
Debt securities	-	381,623	-	-	381,623
<b>Total</b>	<b>48,049</b>	<b>381,623</b>	<b>-</b>	<b>451,488</b>	<b>881,160</b>
<b>Gap</b>	<b>48,049</b>	<b>381,623</b>	<b>-</b>	<b>451,488</b>	<b>881,160</b>
<b>Cumulative Gap</b>	<b>48,049</b>	<b>429,672</b>	<b>429,672</b>	<b>881,160</b>	

The overview above includes only interest-sensitive assets and liabilities and is not coincident to the values presented in the balance sheet of the Fund.

# NOVA Green Energy otevřený podílový fond

## REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

### Currency risk

The currency risk is that the value of assets and liabilities may be affected by a change of the exchange rate. The Fund's assets may be denominated in currencies other than the current currency of the unit – Euro. Changes in the exchange rate of the Fund's base currency and other currency of the Fund's investments may result in a decrease or increase in the value of an investment instrument denominated in that currency.

### Fund's foreign currency position

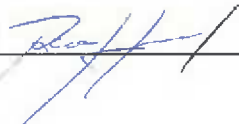

(CZK'000)	EUR	CZK	Total
<b>As at 31 December 2016</b>			
Receivables from banks	16,082	6,789	22,871
Receivables from non-banking entities	465,695	60	465,755
Debt securities	427,311	-	427,311
Subsidiaries and associates with decisive influence	80,206	180,000	260,206
<b>Total</b>	<b>989,294</b>	<b>186,849</b>	<b>1,176,143</b>
Other liabilities	19,711	2,547	22,258
Provisions		630	630
Equity	686,291	466,964	1,153,255
<b>Total</b>	<b>706,002</b>	<b>470,141</b>	<b>1,176,143</b>
<b>Net foreign currency position</b>	<b>283,292</b>	<b>(283,292)</b>	
<b>As at 31 December 2015</b>			
Receivables from banks	16,308	31,741	48,049
Receivables from non-banking entities	243,522	207,966	451,488
Debt securities	381,623	-	381,623
Subsidiaries and associates with controlling influence	68,198	-	68,198
Other assets	-	16	16
<b>Total</b>	<b>709,651</b>	<b>239,723</b>	<b>949,374</b>
Other liabilities		2,058	2,058
Provisions		1,796	1,796
Equity	671,697	273,823	945,520
<b>Total</b>	<b>671,697</b>	<b>277,677</b>	<b>949,374</b>
<b>Net foreign exchange position</b>	<b>37,954</b>	<b>(37,954)</b>	

# NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.

Notes to the financial statements as at 31 December 2016

## 26. SUBSEQUENT EVENTS

As at the date of preparation of financial statements, the management of the Fund is not aware of any significant subsequent events that would affect the financial statements as at 31 December 2016.

Date of preparation of Financial statements:  28 April 2017	Stamp and signature of statutory body: Rudolf Vřešťál Chairman of the Board of Directors    Radek Široký Member of the Board of Directors  	Person responsible for the accounting  Name and signature:   Radek Široký Executive Director  phone: 222 500 768	Person responsible for the financial statements  Name and signature:   Rudolf Vřešťál Finance Director  phone: 224 931 360
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