

Energoprojekt Holding Plc. Quarterly Report Q2 2015

Pursuant to Article 53 of the Law on Capital Market (RS Official Gazette, No. 31/2011) and pursuant to Article 5 of the Rulebook on the Content, Form and Method of Publication of Annual, Semi-Annual and Quarterly Reports of Public Companies (RS Official Gazette, No. 14/2012 and 5/2015), **Energoprojekt Holding Plc. from Belgrade, registration No.: 07023014 hereby publishes the following:**

QUARTERLY REPORT FOR Q2 2015

C O N T E N T S

1. FINANCIAL STATEMENTS OF THE ENERGOPROJEKT HOLDING PLC. FOR Q2 2015

(Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement of Changes in Equity, Notes to Financial Statements)

2. BUSINESS REPORT

(Note: Business Report and Consolidated Business Report are presented as a single report and these contain information of significance for the economic entity.)

3. STATEMENT BY PERSONS RESPONSIBLE FOR PREPARATION OF REPORT

4. DECISION OF COMPETENT CORPORATE BODY TO ADOPT THE Q2 2015 QUARTERLY REPORT * (Note)

1. FINANCIAL STATEMENTS OF ENERGOPROJEKT HOLDING PLC. FOR
Q2 2015 (Balance Sheet, Income statement, Report on Other Income,
Cash Flow Statement, Statement on Changes in Equity, Notes to
Financial Statements)

Reporting period:

from

1.1.2015

until

30.6.2015

Quarterly Financial Statement for Businesses KFI-PD

Business name: **ENERGOPROJEKT HOLDING p.l.c.**

Reg. No.: **07023014**

Postal code, city: **11070**

NOVI BEOGRAD

Street and number: **BULEVAR MIHAILA PUPINA 12**

E-mail: **ep@energoprojekt.rs**

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Consolidated/individual: **INDIVIDUAL**

Approved (yes/no): **Yes**

Audited (yes/no): **No**

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(name and surname of contact person)

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Name and surname: **VLADIMIR MILOVANOVIC**

(authorized officer)

Documents for publishing (in PDF format, as a whole):

1. Financial statements (balance sheet, income statement, statement of other results, cash flow statement, statement of changes in equity, notes to the financial statements)
2. Business Report
3. Statement of responsible person for the preparation of the Report




(Signature of legal representative)

BALANCE SHEET

at day 30.06.2015.

RSD thousand

DESCRIPTION	EDP	Total	
		End of quarter current year	31.12. previous year
1	2	3	4
ASSETS			
A. SUBSCRIBED CAPITAL UNPAID	0001		
B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)	0002	7,668,270	7,618,819
I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003	13,585	13,183
1. Investments in development	0004		
2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	13,585	10,989
3. Goodwill	0006		
4. Other intangible assets	0007		
5. Intangible assets in progress	0008		1,783
6. Advances paid on intangible assets	0009		411
II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010	2,038,397	2,039,423
1. Land	0011		
2. Buildings	0012	1,390,696	1,393,710
3. Plant and equipment	0013	13,155	15,389
4. Investment property	0014	584,440	584,440
5. Other property, plant and equipment	0015	283	283
6. Property, plant and equipment in progress	0016	4,098	
7. Investments in property, plant and equipment, not owned	0017		
8. Advances paid on property, plant and equipment	0018	45,725	45,601
III. NATURAL ASSETS (0020+0021+0022+0023)	0019		
1. Forests and growing crops	0020		
2. Livestock	0021		
3. Natural assets in progress	0022		
4. Advances paid for natural assets	0023		
IV. LONG TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024	5,616,288	5,566,213
1. Shares in subsidiaries	0025	5,023,628	4,954,356
2. Shares in affiliated companies and joint ventures	0026	13,550	13,550
3. Shares in other companies and other available for sale securities	0027	43,275	33,026
4. Long term investments in parent companies and subsidiaries	0028	534,365	563,771
5. Long term investments in other affiliated companies	0029		
6. Long term investments, domestic	0030		
7. Long term investments, foreign countries	0031		
8. Securities held to maturity	0032		
9. Other long term financial investments	0033	1,470	1,510
V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		
1. Receivables from parent company and subsidiaries	0035		
2. Receivables from other affiliated companies	0036		
3. Receivables from credit sales	0037		
4. Receivables from financial leasing contracts	0038		
5. Receivables from pledged assets	0039		
6. Bad debts and uncollectible claims	0040		
7. Other long term receivables	0041		
C. DEFERRED TAX ASSETS	0042		

DESCRIPTION	EDP	Total	
		End of quarter current year	31.12. previous year
1	2	3	4
D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043	2,041,337	1,484,288
I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044	3,414	14,142
1. Material ,parts, tools and small inventories	0045		
2. Work and services in progress	0046		
3. Finished products	0047		
4. Goods	0048		
5. Fixed assets for sale	0049		
6. Advances paid for inventories and services	0050	3,414	14,142
II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051	475,849	420,444
1. Local buyers - parent company and subsidiaries	0052	475,093	419,702
2. Foreign buyers - parent company and subsidiaries	0053		
3. Local buyers - other affiliated companies	0054	705	705
4. Foreign buyers - other affiliated companies	0055		
5. Local buyers	0056	51	37
6. Foreign buyers	0057		
7. Other receivables from sales	0058		
III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059	107,715	96,579
IV. OTHER RECEIVABLES	0060	416,842	53,512
V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061		
VI. SHORT TERM FINANCIAL INVESTMENTS(0063+0064+0065+0066+0067)	0062	498,702	451,471
1. Short term loans and investments - parent company and subsidiaries	0063	337,570	289,257
2. Short term loans and investments - other affiliated companies	0064	161,054	161,527
3. Short term credits and loans, domestic	0065		609
4. Short term credits and loans, foreign countries	0066		
5. Other short term financial investments	0067	78	78
VII. CASH AND CASH EQUIVALENTS	0068	134,187	116,713
VIII. VALUE ADDED TAX	0069		
IX. PREPAYMENTS AND ACCRUED INCOME	0070	404,628	331,427
E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071	9,709,607	9,103,107
F. OFF-BALANCE SHEET ASSETS	0072	23,261,871	21,346,794

DESCRIPTION	EDP	Total	
		End of quarter current year	31.12. previous year
1	2	3	4
LIABILITIES			
A. CAPITAL (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401	8,666,181	8,418,694
I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402	7,202,622	7,202,622
1. Share capital	0403	5,574,959	5,574,959
2. Shares of limited liability companies	0404		
3. Investments	0405		
4. State owned capital	0406		
5. Socially owned capital	0407		
6. Shares of cooperatives	0408		
7. Issuing premium	0409	1,600,485	1,600,485
8. Other share capital	0410	27,178	27,178
II. SUBSCRIBED CAPITAL UNPAID	0411		
III. TREASURY SHARES REPURCHASED	0412		
IV. RESERVES	0413	134,881	134,881
V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	817,591	817,591
VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415		
VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416	31,882	40,786
VIII. RETAINED EARNINGS (0418+0419)	0417	542,969	304,386
1. Retained earnings from previous years	0418	87,132	260,519
2. Retained earnings from current year	0419	455,837	43,867
IX. NON-CONTROLLING INTEREST	0420		
X. LOSSES (0422+0423)	0421		
1. Losses from previous years	0422		
2. Losses from current year	0423		
B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)	0424	261,784	262,288
I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425	261,784	262,288
1. Provisions for warranty costs	0426		
2. Provisions for recovery of natural resources	0427		
3. Provisions for restructuring costs	0428		
4. Provisions for wages and other employee benefits	0429	1,784	2,288
5. Provisions for legal expenses	0430		
6. Other long term provisions	0431	260,000	260,000
II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		
1. Liabilities convertible into capital	0433		
2. Liabilities to parent company and subsidiaries	0434		
3. Liabilities to other affiliated companies	0435		
4. Liabilities for issued securities for more than one year	0436		
5. Long term credits and loans, domestic	0437		
6. Long term credits and loans, foreign countries	0438		
7. Long term liabilities from financial leasing	0439		
8. Other long term liabilities	0440		
C. DEFERRED TAX LIABILITIES	0441	153,989	153,989
D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442	627,653	268,136
I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443	300,604	187,015
1. Short term loans from parent company and subsidiaries	0444		
2. Short term loans from other affiliated companies	0445		
3. Short term credits and loans, domestic	0446	300,604	170,000
4. Short term credits and loans, foreign countries	0447		
5. Liabilities from fixed assets and assets from discontinued operations available for sale	0448		
6. Other short term financial liabilities	0449		17,015

DESCRIPTION	EDP	Total	
		End of quarter current year	31.12. previous year
1	2	3	4
II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450	625	
III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451	32,040	46,936
1. Suppliers - parent company and subsidiaries, local	0452	4,701	13,268
2. Suppliers - parent company and subsidiaries, foreign countries	0453	12,814	16,480
3. Suppliers - other affiliated companies, local	0454		
4. Suppliers - other affiliated companies, foreign countries	0455		
5. Suppliers, local	0456	11,292	12,416
6. Suppliers, foreign countries	0457	3,233	4,772
7. Other operating liabilities	0458		
IV. OTHER SHORT TERM LIABILITIES	0459	248,045	27,733
V. VALUE ADDED TAX	0460	5,305	5,540
VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	13,552	688
VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	27,482	224
D. LOSSES EXCEEDING CAPITAL (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)≥0 = (0441+0424+0442-0071) ≥0	0463		
E. TOTAL LIABILITIES (0424+0442+0441+0401-0463) ≥ 0	0464	9,709,607	9,103,107
F. OFF-BALANCE LIABILITIES	0465	23,261,871	21,346,794

INCOME STATEMENT

from 01.01.2015. until 30.06.2015.

RSD thousand

DESCRIPTION	EDP	Total			
		current period		previous period	
		quarter	cumulative	quarter	cumulative
1	2	3	4	5	6
INCOME FROM NORMAL ACTIVITIES					
A. OPERATING INCOME (1002+1009+1016+1017)	1001	135,514	281,363	177,138	285,931
I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002				
1. Income from sale of goods to parent company and subsidiaries on local market	1003				
2. Income from sale of goods to parent company and subsidiaries on foreign markets	1004				
3. Income from sale of goods to other affiliated companies on local market	1005				
4. Income from sale of goods to other affiliated companies on foreign markets	1006				
5. Income from sale of goods on local market	1007				
6. Income from sale of goods on foreign markets	1008				
II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009	130,320	270,991	170,603	271,905
1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010	105,384	211,578	101,242	202,521
2. Income from sale of finished products and services to parent company and subsidiaries on foreign markets	1011				
3. Income from sale of finished products and services to other affiliated companies on local market	1012				
4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013				
5. Income from sale of finished products and services on local market	1014	6	10	33	56
6. Income from sale of finished products and services on foreign markets	1015	24,930	59,403	69,328	69,328
III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016				
IV. OTHER OPERATING INCOME	1017	5,194	10,372	6,535	14,026
EXPENSES FROM NORMAL ACTIVITIES					
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029) ≥ 0	1018	117,246	237,487	158,706	247,832
I. COST PRICE OF GOODS SOLD	1019				
II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020	92	184	106	211
III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021				
IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022				
V. MATERIAL COSTS	1023	2,589	4,387	1,927	3,952
VI. FUEL AND ENERGY COSTS	1024	6,087	11,130	4,096	8,224
VII. EMPLOYEE EXPENSES AND BENEFITS	1025	48,541	93,871	49,878	96,956
VIII. PRODUCTION SERVICE COSTS	1026	40,591	90,089	82,793	94,737
IX. DEPRECIATION EXPENSES	1027	3,546	6,974	2,460	4,838
X. PROVISION EXPENSES	1028				
XI. INTANGIBLE EXPENSES	1029	15,984	31,220	17,658	39,336
C. OPERATING INCOME (1001-1018) ≥ 0	1030	18,268	43,876	18,432	38,099
D. OPERATING LOSSES (1018-1001) ≥ 0	1031				
E. FINANCIAL REVENUES (1033+1038+1039)	1032	427,564	437,204	551,464	577,480
I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033	426,772	433,034	549,479	571,953
1. Financial income from parent company and subsidiaries	1034	418,616	422,925	546,247	565,061
2. Financial income from other affiliated companies	1035	3,252	5,205	3,232	6,892
3. Share of profits in associated companies and joint ventures	1036				
4. Other financial revenues	1037	4,904	4,904		
II. INTEREST INCOME (THIRD PARTY)	1038	650	1,195	618	1,981
III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039	142	2,975	1,367	3,546
F. FINANCIAL EXPENSES (1041+1046+1047)	1040	5,312	17,257	7,964	13,523
I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041		5,396	46	672
1. Financial expenses from transactions with parent company and subsidiaries	1042		4,827	46	672
2. Financial expenses from transactions with other affiliated companies	1043		569		
3. Share of losses in affiliated companies and joint ventures	1044				
4. Other financial expenditure	1045				
II. INTEREST EXPENSES (THIRD PARTY)	1046	5,312	10,322	7,517	10,849
III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047		1,539	401	2,002
G. FINANCIAL GAINS (1032-1040)	1048	422,252	419,947	543,500	563,957
H. FINANCIAL LOSSES (1040-1032)	1049				
I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1050				
J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1051				
K. OTHER INCOME	1052	36	88	22	81
L. OTHER EXPENSES	1053	627	1,578	1,858	3,305
M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054	439,929	462,333	560,096	598,832
N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055				
O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1056	1,344	1,344		7,794
P. NET LOSSES FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1057				
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058	441,273	463,677	560,096	606,626
R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059				

DESCRIPTION	EDP	Total			
		current period		previous period	
		quarter	cumulative	quarter	cumulative
1	2	3	4	5	6
S. INCOME TAX					
I. TAXABLE EXPENSES FOR THE PERIOD	1060	4,479	7,840	4,142	11,121
II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061				
III. DEFERRED TAX INCOME FOR THE PERIOD	1062				
T. MANAGEMENT EARNINGS	1063				
U. NET PROFIT (1058-1059-1060-1061+1062-1063)	1064	436,794	455,837	555,954	595,505
V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065				
I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066				
II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067				
III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS	1068				
IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER	1069				
V. EARNINGS PER SHARE					
1. Basic earnings per share	1070				
2. Reduced (diluted) earnings per share	1071				

CASH FLOW STATEMENT

from 01.01.2015. until 30.06.2015.

RSD thousand

DESCRIPTION	EDP	Total	
		cumulative for current year quarter	cumulative for previous year quarter
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)	3001	230,340	241,694
1. Sales and prepayments	3002	227,253	228,319
2. Interests from operating activities	3003		
3. Other inflow from normal operations	3004	3,087	13,375
II. Cash outflow from operating activities (1 to 5)	3005	296,133	335,802
1. Payments to suppliers and prepayments	3006	146,814	157,880
2. Employee expenses and benefits	3007	91,340	98,363
3. Interests paid	3008	10,043	7,714
4. Income tax	3009		21,210
5. Payments based on other public revenues	3010	47,936	50,635
III. Net cash inflow from operating activities (I-II)	3011		
IV. Net cash outflow from operating activities (II-I)	3012	65,793	94,108
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3013	55,017	310,518
1. Sale of shares and stocks (net inflow)	3014		
2. Sale of intangible investments, property, plant, equipment and natural assets	3015		
3. Other financial investments (net inflow)	3016		264,982
4. Interest received from investment activities	3017	4,367	1,689
5. Dividends received	3018	50,650	43,847
II. Cash outflow from investing activities (1 to 3)	3019	88,460	158,124
1. Purchase of shares and stocks (net outflow)	3020	71,000	152,902
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	5,505	5,222
3. Other financial investments (net outflow)	3022	11,955	
III. Net cash inflow from investing activities (I-II)	3023		152,394
IV. Net cash outflow from investing activities (II-I)	3024	33,443	
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)	3025	130,534	20,000
1. Equity increase	3026		
2. Long term loans (net inflow)	3027		
3. Short term loans (net inflow)	3028	130,534	20,000
4. Other long term liabilities	3029		
5. Other short term liabilities	3030		
II. Cash outflow from financing activities (1 to 6)	3031	16,674	124,260
1. Repurchase of own shares and stocks	3032		
2. Long term loans (net outflow)	3033	16,667	124,259
3. Short term loans (net outflow)	3034		
4. Other liabilities	3035		
5. Financial leasing	3036		
6. Dividends paid	3037	7	1
III. Net cash inflow from financing activities (I -II)	3038	113,860	
D. Net cash outflow from financing activities (II-I)	3039		104,260
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	415,891	572,212
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	401,267	618,186
G. NET CASH INFLOW (3040-3041)	3042	14,624	
H. NET CASH OUTFLOW (3041-3040)	3043		45,974
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	116,713	151,476
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	2,860	1,227
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046	10	
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	134,187	106,729

STATEMENT OF OTHER RESULTS

from 01.01.2015. until 30.06.2015.

RSD thousand

DESCRIPTION	EDP	Total			
		current period		previous period	
		quarter	cumulative	quarter	cumulative
1	2	3	4	5	6
A. NET OPERATING RESULTS					
I. NET PROFIT (EDP 1064)	2001	436,794	455,837	555,954	595,505
II. NET LOSSES (EDP 1065)	2002				
B. OTHER COMPERHENSIVE GAINS OR LOSSES					
a) Items not reclassifiable in the balance sheet in future periods					
1. Change of revaluation of intangibles, property, plant and equipment					
a) increase in revaluation reserves	2003				
b) decrease in revaluation reserves	2004				
2. Actuarial gains or losses from defined income plans					
a) gains	2005				
b) losses	2006				
3. Gains and losses from equity instrument investments					
a) gains	2007				
b) losses	2008				
4. Gains and losses from share of other comprehensive profits and losses of affiliates					
a) gains	2009				
b) losses	2010				
b) Items that may be reclassified in the balance sheet in future periods					
1. Gains and losses from translation of financial statements for foreign operations					
a) gains	2011				
b) losses	2012				
2. Gains and losses from hedging of net investments in foreign operations					
a) gains	2013				
b) losses	2014				
3. Gains and losses from cash flow hedging					
a) gains	2015				
b) losses	2016				
4. Gains and losses from available for sale securities					
a) gains	2017	1,643	8,953		
b) losses	2018	49	49	2,743	14,248
I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019	1,594	8,904		
II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020			2,743	14,248
III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021				
IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022	1,594	8,904		
V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023			2,743	14,248
C. TOTAL COMPERHENSIVE NET RESULTS FOR THE PERIOD					
I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024	438,388	464,741	553,211	581,257
II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) ≥ 0	2025				
D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026				
1. Payable to majority shareholders	2027				
2. Payable to non-controlling shareholders	2028				

STATEMENT OF CHANGES IN EQUITY

from 01.01.2015. until 30.06.2015.

DESCRIPTION	Equity component																	
	EDP	30	EDP	31	EDP	32	EDP	35	EDP	047 и 237	EDP	34	EDP	330	EDP	331	EDP	332
		Equity capital		Subscribed capital unpaid		Provisions		Losses		Treasury shares repurchased		Retained earnings		Revaluation reserves		Actuarial gains or losses		Gains and losses from equity instrument investments
1	2	3	4	5	6	7	8	9	10									
Opening balance 01.01.2014																		
a) debit balance	4001		4,019		4,037		4,055		4,073		4,091		4,109		4,127		4,145	
b) credit balance	4002	7,202,622	4,020		4,038	134,881	4,056		4,074		4,092	684,911	4,110	52,910	4,128		4,146	
Adjusment for materially significant errors and changes in accounting policies																		
a) adjustment of debit balance	4003		4,021		4,039		4,057		4,075		4,093		4,111		4,129		4,147	
b) adjustment of credit balance	4004		4,022		4,040		4,058		4,076		4,094		4,112		4,130		4,148	
Adjustment of opening balance on 01.01.2014																		
a) adjustment of debit balance (1a+2a-2b) ≥ 0	4005		4,023		4,041		4,059		4,077		4,095		4,113		4,131		4,149	
b) adjustment of credit balance (1b-2a+2b) ≥ 0	4006	7,202,622	4,024		4,042	134,881	4,060		4,078		4,096	684,911	4,114	52,910	4,132		4,150	
Changes in previous 2014 year																		
a) debit balance activity	4007		4,025		4,043		4,061		4,079		4,097	424,392	4,115	144,281	4,133		4,151	
b) credit balance activity	4008		4,026		4,044		4,062		4,080		4,098	43,867	4,116	908,962	4,134		4,152	
Closing balance previous year at 31.12.2014.																		
a) debit balance (3a+4a-4b) ≥ 0	4009		4,027		4,045		4,063		4,081		4,099		4,117		4,135		4,153	
b) credit balance (3b-4a+4b) ≥ 0	4010	7,202,622	4,028		4,046	134,881	4,064		4,082		4,100	304,386	4,118	817,591	4,136		4,154	
Adjusment for materially significant errors and changes in accounting policies																		
a) adjustment of debit balance	4011		4,029		4,047		4,065		4,083		4,101		4,119		4,137		4,155	
b) adjustment of credit balance	4012		4,030		4,048		4,066		4,084		4,102		4,120		4,138		4,156	
Adjustment of opening balance current year at 01.01.2015.																		
a) adjustment of debit balance (5a+6a-6b) ≥ 0	4013		4,031		4,049		4,067		4,085		4,103		4,121		4,139		4,157	
b) adjustment of credit balance (5b-6a+6b) ≥ 0	4014	7,202,622	4,032		4,050	134,881	4,068		4,086		4,104	304,386	4,122	817,591	4,140		4,158	
Changes in current 2015 year																		
a) debit balance activity	4015		4,033		4,051		4,069		4,087		4,105	218,626	4,123		4,141		4,159	
b) credit balance activity	4016		4,034		4,052		4,070		4,088		4,106	457,209	4,124		4,142		4,160	
Closing balance at end quarter current year 2015																		
a) debit balance (7a+8a-8b) ≥ 0	4017		4,035		4,053		4,071		4,089		4,107		4,125		4,143		4,161	
b) credit balance (7b-8a+8b) ≥ 0	4018	7,202,622	4,036		4,054	134,881	4,072		4,090		4,108	542,969	4,126	817,591	4,144		4,162	

from 01.01.2015. until 30.06.2015.

RSD thousand

DESCRIPTION	EDP	333	EDP	334 и 335	EDP	336	EDP	337	EDP	Total capital [Σ (row 1b col.3 to col.15) - Σ(row 1a col.3 to col.15)] ≥ 0	EDP	Losses exceeding capital [Σ (row 1a col.3 to col.15) - Σ(row 1b col.3 to col.15)] ≥ 0
		Gains and losses from share of other profits and losses of affiliates		Gains and losses from foreign operations and translation of financial statements		Gains and losses from cash flow hedging		Gains and losses from available for sale securities				
1		11		12		13		14		15		16
Opening balance 01.01.2014												
a) debit balance	4,163		4,181		4,199		4,217	21,136	4,235	8,054,188	4,244	
b) credit balance	4,164		4,182		4,200		4,218					
Adjustment for materially significant errors and changes in accounting policies												
a) adjustment of debit balance	4,165		4,183		4,201		4,219		4,236		4,245	
b) adjustment of credit balance	4,166		4,184		4,202		4,220					
Adjustment of opening balance on 01.01.2014												
a) adjustment of debit balance (1a+2a-2b) ≥ 0	4,167		4,185		4,203		4,221	21,136	4,237	8,054,188	4,246	
b) adjustment of credit balance (1b-2a+2b) ≥ 0	4,168		4,186		4,204		4,222					
Changes in previous 2014 year												
a) debit balance activity	4,169		4,187		4,205		4,223	20,560	4,238		4,247	
b) credit balance activity	4,170		4,188		4,206		4,224	910				
Closing balance previous year at 31.12.2014.												
a) debit balance (3a+4a-4b) ≥ 0	4,171		4,189		4,207		4,225	40,786	4,239	8,418,694	4,248	
b) credit balance (3b-4a+4b) ≥ 0	4,172		4,190		4,208		4,226					
Adjustment for materially significant errors and changes in accounting policies												
a) adjustment of debit balance	4,173		4,191		4,209		4,227		4,240		4,249	
b) adjustment of credit balance	4,174		4,192		4,210		4,228					
Adjustment of opening balance current year at 01.01.2015.												
a) adjustment of debit balance (5a+6a-6b) ≥ 0	4,175		4,193		4,211		4,229	40,786	4,241	8,418,694	4,250	
b) adjustment of credit balance (5b-6a+6b) ≥ 0	4,176		4,194		4,212		4,230					
Changes in current 2015 year												
a) debit balance activity	4,177		4,195		4,213		4,231	49	4,242		4,251	
b) credit balance activity	4,178		4,196		4,214		4,232	8,953				
Closing balance at end quarter current year 2015												
a) debit balance (7a+8a-8b) ≥ 0	4,179		4,197		4,215		4,233	31,882	4,243	8,666,181	4,252	
b) credit balance (7b-8a+8b) ≥ 0	4,180		4,198		4,216		4,234					

**NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR 2015**

Belgrade, 2015

C O N T E N T S

1.	COMPANY BACKGROUND.....	5
2.	MANAGEMENT STRUCTURE.....	8
3.	OWNERSHIP STRUCTURE	8
4.	BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS.....	8
5.	MANAGEMENT ESTIMATION AND ASSESSMENT.....	12
6.	OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES.....	12
6a)	Valuation.....	12
6b)	Effects of Foreign Exchange Rates	13
6c)	Income.....	14
6d)	Expenses.....	14
6e)	Interest and Other Borrowing Costs.....	15
6f)	Income Tax	15
6g)	Intangibles assets.....	16
6h)	Property, Plant and Equipment	17
6i)	Financial lease.....	18
6j)	Amortisation of Intangibles assets, Property, Plant and Equipment.....	18
6k)	Impairment of Intangibles assets, Property, Plant and Equipment	19
6l)	Investment Property	20
6m)	Inventories.....	21
6n)	Non-Current Assets Held for Sale	22
6o)	Financial Instruments.....	22
6p)	Cash and Cash Equivalents	24
6q)	Short-Term Receivables.....	24
6r)	Financial Investments	25
6s)	Liabilities	26
6t)	Provisions, Contingent Liabilities and Contingent Assets.....	27
6u)	Employee Benefits	28
7.	ERRORS FROM PREVIOUS PERIOD, MATERIAL ERRORS AND CORRECTION OF OPENING BALANCE.....	29
8.	FINANCIAL RISKS	30
8a)	Credit Risk	31
8b)	Market Risk.....	31
8c)	Liquidity Risk	32
9.	OPERATING INCOME.....	32
9a)	Income from Sale of Products and Services	32
9b)	Other Operating Income.....	33
10.	INCREASE/DECREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS.....	34

11.	MATERIAL COSTS AND FUEL AND ENERGY COSTS	34
12.	EMPLOYEE EXPENSES AND BENEFITS	35
13.	PRODUCTION SERVICE COSTS	35
14.	DEPRECIATION EXPENSES AND PROVISION EXPENSES	36
15.	INTANGIBLE EXPENSES	37
16.	FINANCIAL INCOME AND FINACIAL EXPENSE	38
	16a) Financial Income	38
	16b) Financial Expense	39
17.	OTHER INCOME AND OTHER EXPENSE	39
	17a) Other Income	39
	17b) Other Expense	40
18.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS.	40
19.	PROFIT / LOSS BEFORE TAX	41
20.	EARNINGS PER SHARE	41
21.	INTANGIBLES ASSETS	42
22.	PROPERTY, PLANT AND EQUIPMENT	43
	22a) Property, Plant and Equipment Exclusive of Investment Property	43
	22b) Investment Property	45
23.	LONG-TERM FINANCIAL INVESTMENTS	47
	23a) Share Investments	48
	23b) Long-Term financial Investments	51
24.	INVENTORIES	52
25.	RECEIVABLES FROM SALES	53
26.	RECEIVABLES FROM SPECIAL TRANSACTIONS	54
27.	OTHER RECEIVABLES	55
28.	SHORT-TERM FINANCIAL INVESTMENTS	56
29.	CASH AND CASH EQUIVALENTS	58
30.	VALUE ADDED TAX AND PERPAYMENTS AND ACCRUED EXPENSES AND DEFERRED INCOME	59
31.	CAPITAL	60
	31a) Equity Capital	61
	31b) Reserves	63
	31c) Revaluation Reserves From Revaluation of Intanbigles, Property, Plant and Equipment ..	64
	31d) Unrealized Losses From Scurities and Other Components of Other Comprehensive Result (debit balances under account class 33, excl. 330)	64

31e) Retained Earnings	63
32. LONG-TERM PROVISIONS	65
32a) Provisions for Wages and Other Personnel Benefits	64
32b) Other Long-Term Provisions	65
33. SHORT-TERM FINANCIAL LIABILITIES	65
33a) Short-Term Loans Domestic	65
33b) Other Short-Term Financial Liabilities	66
34. RECEIVED ADVANCES, DEPOSITS AND BONDS	66
35. OPERATING LIABILITIES	67
36. OTHER SHORT-TERM LIABILITIES	68
37. LIABILITIES FOR VALUE ADDED TAX, LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEE PAYABLE AND ACCRUED EXPENSES AND DEFERRED INCOME	69
37a) Liabilities for Value Added Tax	69
37b) Liabilities for Other Taxes, Contributions and Fees Payable	69
37c) Accrued Expenses and Deferred Income	70
38. DEFERRED TAX ASSETS AND LIABILITIES	70
39. OFF BALANCE SHEET ASSETS AND LIABILITIES	72
40. MORTGAGES REGISTERED IN FAVOUR AND/OR AGAINST THE COMPANY	73
41. COMMITMENT AND CONTINGENCIES	74
42. POST BALANCE SHEET EVENTS	76

1. COMPANY BACKGROUND

Energoprojekt Holding Plc. Belgrade (hereinafter: the Company) is an open joint stock company for holding operations.

The Company harmonized its operations with the Companies Law (RS Official Gazette No. 36/2011 and 99/2012) by passing the Decision on Harmonization of Company's Articles of Association with the Companies Law adopted on the General Meeting on March 16, 2012 and by passing the Articles of Association on the General Meeting on January 12, 2012.

During the process of harmonization with the Companies Law, Energoprojekt Holding Plc. data has been changed and registered with the Serbian Business Registers Agency by registering the Memorandum of Association and the Articles of Association based on the Decision of the Serbian Business Registers Agency BD 49189/2012 of April 18, 2012, including registration of new bodies of the Company, members of the Executive Board and the chairman and members of the Supervisory Board.

By adopting and registering the Decision on Harmonization of the Memorandum and Articles of Association of Energoprojekt Holding Plc. adopted in compliance with provisions of the new Companies Law, the Decision on Harmonization with the Companies Law and Company Articles of Association from 2006 ceased to apply.

Pursuant to the Decision BD 8020/2005 of May 20, 2005, the Company was re-registered and transferred to the Company Register of the Serbian Business Registers Agency from the Court Register of the Commercial Court of Belgrade with the previous registration on the registry inserts number 1-2511-00.

Based on the Decision No. VIII Fi 8390/99 of June 30, 2000 passed by the Commercial Court of Belgrade, the Company harmonized its operations with the Companies Law (FRY Official Gazette No. 29/96), the Law on Business Classification (FRY Official Gazette No. 31/96) in respect of the company name, registered business, equity and management, and changed its name from "Energoprojekt Holding share based company in mixed ownership for incorporating, financing and managing other companies", at the time registered by Decision No. FI 5843/91 of June 13, 1991 of the same Court, to "Energoprojekt Holding joint stock company for holding operations".

The legal predecessor of Energoprojekt Holding share based company in mixed ownership is Energoprojekt Holding Corporation, registered with the District Court of Belgrade by Decision No. Fi 423 of January 12, 1990, a company that was organized under the previous Companies Law (SFRY Official Gazette No. 77/88, 40/89, 46/90 and 60/91) through adoption of the Self-Management Agreement on Organizational Changes in the Former Composite Organization of Associated Labour "Energoprojekt" and the Associated Workers' Organizations, at a referendum held on December 8, 1989.

General Company Data

<i>Head Office</i>	Beograd, Bulevar Mihaila Pupina 12
<i>Registration Number</i>	07023014
<i>Registered business code and name of the business activity</i>	6420 – holding company
<i>Tax Identification Number</i>	100001513

According to the registration with the Serbian Business Registers Agency, **Company main business activity** is the activity of holding companies (6420).

The Company is a parent company that forms a **group of companies with the short business name of the Energoprojekt Group** with a number of subsidiaries in the country and abroad, as well as with an affiliated company (joint venture) in the country.

Company's subsidiary companies in the country are as follows:

- Energoprojekt Visokogradnja Plc.;
- Energoprojekt Niskogradnja Plc.;
- Energoprojekt Oprema Plc.;
- Energoprojekt Hidroinženjering Plc.;
- Energoprojekt Urbanizam i arhitektura Plc.;
- Energoprojekt Energodata Plc.;
- Energoprojekt Industrija Plc.;
- Energoprojekt Entel Plc.;
- Energoprojekt Garant Plc.;
- Energoprojekt Promet Ltd.; and
- Energoprojekt Sunnyville Ltd.

Subsidiaries abroad – overseas companies are as follows:

- Zambia Engineering and Contracting Company Limited, Zambia;
- Energoprojekt Holding Guinee S.A, Guinea;
- Engineering Company Limited, Great Britain;
- Encom GmbH Consulting, Engineering & Trading, Germany;
- Dom 12 S.A.L, Lebanon;
- Energo (Private) Limited, Zimbabwe; and
- Energo Kaz Ltd.

Company's affiliated company (joint venture) in the country is:

- Enjub Ltd.

Ownership share of the Company in the above listed subsidiaries is presented in the following table.

<i>Equity Investments in Subsidiaries</i>	
<i>Subsidiary Company Name</i>	<i>% ownership</i>
<i>In the country:</i>	
Energoprojekt Visokogradnja Plc.	99,93
Energoprojekt Niskogradnja Plc.	100,00
Energoprojekt Oprema Plc.	67,87
Energoprojekt Hidroinženjering Plc.	100,00
Energoprojekt Urbanizam i arhitektura Plc.	100,00
Energoprojekt Energodata Plc.	100,00
Energoprojekt Industrija Plc.	62,77
Energoprojekt Entel Plc.	86,26
Energoprojekt Garant Ltd.	92,94
Energoprojekt Promet Ltd.	100,00
Energoprojekt Sunnyville Ltd.	100,00
<i>Abroad:</i>	
Zambia Engineering and Contracting Company Limited, Zambia	100,00
Energoprojekt Holding Guinee S.A, Guinea	100,00
I.N.E.C. Engineering Company Limited, Great Britain	100,00
Encom GmbH Consulting, Engineering & Trading, Germany	100,00
Dom 12 S.A.L, Lebanon	100,00
Energo (private) Limited, Zimbabwe	100,00
Energo Kaz Ltd.	100,00

Ownership share of the Company in the affiliated company (joint venture) in the country is presented in the following table.

<i>Equity investments in affiliated company (joint venture)</i>	
<i>Affiliated company</i>	<i>% ownership</i>
Enjub Ltd.	50,00

In addition to the above listed subsidiaries and affiliated company, the Company has its branch office in Bagdad, Iraq.

The Company is, according to criteria specified by the Law on accounting and auditing, classified as a **medium-sized legal entity**.

The average number of employees with the Company in the reporting period, based on the actual number of employees at the end of each month, is 70 (as at June 30, 2014: 71).

The company's shares are A-listed on the Belgrade Stock Exchange and these are traded in a regulated stock market.

Financial statements that are subject of these Notes are **semi-annual financial statements of the Company** that were approved by the Executive Board of the Company on August 11, 2015, at the 237th meeting and that were not subject to audit by any external auditor.

Approved financial statements may subsequently be modified pursuant to the legislation in force.

2. MANAGEMENT STRUCTURE

Key management of the Company in 2015 included the following persons:

- Vladimir Milovanović - Chief Executive Officer;
- Dimitrakı Zipovski, D. Sc. Ecc. - Executive Manager for finances, accounting and plan;
- Zoran Radosavljević - Executive Manager for corporate projects, development and quality;
- Zoran Jovanović, M. Sc. Law - Executive Manager for legal affairs; and
- Dragan Tadić - Executive Manager for "Real Estate" projects.

3. OWNERSHIP STRUCTURE

According to records of the Central Securities Depository, the registered ownership structure of the Company shares as of June 30, 2015 is presented in the Note 31a.

4. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

Financial statements were prepared in compliance with the Law on Accounting and Auditing (RS Official Gazette, No. 62/2013 – hereinafter: the Law).

Pursuant to the Law, in recognizing, valuation, presentation and disclosure of items in financial statements, large legal entities, legal entities obliged to prepare consolidated financial statements (parent legal entities), public companies, that is, companies preparing to become public, irrespective of their size, shall apply International Financial Reporting Standards (hereinafter: IFRS). IFRS, within the meaning of the Law, are:

- The Framework for the preparation and presentation of financial statements,
- International Accounting Standards – IAS,
- International Financial Reporting Standards - IFRS and related Interpretations, issued by the International Financial Reporting Interpretations Committee, subsequent amendments to these Standards and the related Interpretations, as approved by the International Accounting Standards

Committee, the translation of which was adopted and published by the Ministry in charge of finances.

The Company financial statements were presented in the form and with the content specified by the provisions of the Rules on the Contents and Form of Financial Statements' Forms submitted by Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014). These Rules, among other things, laid down the form and content of individual positions in the Balance Sheet, Income Statement, Other Comprehensive Income Report, Cash Flow Statement, Statement of Changes in Equity and Notes to Financial Statements. Pursuant to the above mentioned Rules, amounts in RSD thousands are to be presented in these forms.

Chart of Accounts and content of accounts in the Chart of Accounts were prescribed by the Rules on Chart of Accounts and Contents of Accounts in the Chart of Accounts for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014).

In preparation of Company financial statements, the following laws and by-laws were taken into account, among others:

- Law on Corporate Income Tax (RS Official Gazette, No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013 and 108/2013, 142/2014);
- Law on Added Value Tax (RS Official Gazette, No. 84/2004, 86/2004, 61/2005, 61/2007, 93/2012, 108/2013, 6/2014, 68/2014, 142/2014 and 5/2015);
- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax (RS Official Gazette, No. 99/2010, 8/2011, 13/2012, 8/2013, 20/2014 and 30/2015);
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax (RS Official Gazette, No. 24/2014);
- Rules on Method of Classification of Non-Current Assets and on Method of Calculation of Depreciation for Taxing Purposes (RS Official Gazette, No. 116/2004 and 99/2010);
- Rules on Transfer Prices and Methods Applied in compliance with the "at arm's length" principle in determining the price of transactions among related parties (RS Official Gazette, No. 61/2013 and 8/2014).

The Rules on Accounting and Accounting Policies of the Company, as adopted on October 22, 2012 by the Company's Executive Board and the Rules on the Amendments to the Rules on Accounting and Accounting Policies of the Company No. 10 of January 21, 2013, as well as the Amendments to the Rules on Accounting and Accounting Policies of the Company of January 19, 2015, in the part pertaining to determination of model for measuring property, plants and equipment following the initial recognition (Note 6h) (which were applied starting from the drafting of financial statements for 2014) were applied in the preparation of financial statements as the legal documents representing the internal regulations of the Company. Other internal documents were also taken into account, such as, for example, the Company's Collective Agreement regulating employment in the country.

The Law on Capital Market (RS Official Gazette, No. 31/2011) set down mandatory data to be included in the annual, six monthly and quarterly statements of public companies with securities listed in the regulated markets.

It should be noted here that in certain cases, not all the relevant provisions of the IAS/IFRS or of the Interpretations thereof were taken into account in preparation of the Company financial statements. This is due primarily to the incomplete harmonization between the legislation on one hand and the professional regulations on the other hand. Therefore, since the legislation in this context takes precedence over the professional regulations, certain aspects of the financial statements are not in compliance with the professional regulations.

The accounting regulations of the Republic of Serbia, and thus the presented consolidated financial statements of the Company, deviate from IAS/IFRS in the following aspects:

- Pursuant to the Law on Accounting (RS Official Gazette, No. 62/2013) , the financial statements in the Republic of Serbia for the year 2014 are to be presented in the format stipulated by the Rules on the Contents and Form of the Financial Statements Forms for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014), which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by the Revised IAS 1 – “Presentation of Financial Statements“; and
- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

In addition to the above stated, some deviations were due to the different publishing dates of the Standards and the relevant Interpretations thereof, which are subject to continuous modifications, and the effective dates when these Standards and relevant Interpretations thereof come into force in the Republic of Serbia. Thus, for example, the deviations from the Standards came as the consequence of the fact that the published Standards and relevant Interpretations, which came into force, have not yet been officially translated or adopted in the Republic of Serbia; as the consequence of the fact that the published Standards and relevant Interpretations have not yet come into force; or as the consequence of some other reasons beyond effective control or influence of the Company.

New standards, interpretations and amendments to the existing standards in force in the current period, which have not yet been officially translated or adopted in the Republic of Serbia

By the date of adoption of the consolidated financial statements attached hereto, the following version of IAS, IFRS and the Interpretations that are integral parts of the Standards, as well as the amendments thereto, as issued by the International Accounting Standards Board, or by the International Financial Reporting Standards’ Interpretations Committee, despite the fact that they came into force on January 1, 2014 and that are as such applicable to the consolidated financial statements for the reporting period, have not yet been officially translated or published by the Ministry, and thus cannot be applied by the Company:

- Amendments to IAS 32 “Financial Instruments: Presentation” – Offsetting Financial Assets and Financial Liabilities (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IFRS 10, IFRS 12 and IAS 27 - “Investment Entities” (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 36 “Impairment of Assets” - Recoverable Amount Disclosures for Non-Financial Assets (effective for the annual periods beginning on or after January 1, 2014);

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – Novation of Derivatives and Continuation of Hedge Accounting (effective for the annual periods beginning on or after January 1, 2014); and

IFRIC 21 “Levies” (effective for the annual periods beginning on or after January 1, 2014).

New Standards, Interpretations and Amendments to the existing Standards that have not yet come into force

By the date of adoption of the attached consolidated financial statements, the following IAS, IFRS and Interpretations that are integral parts of these Standards, as well as the Amendments thereto, were issued by the International Accounting Standards Board, and/or by the International Financial Reporting Interpretations Committee, but have not yet come into force, nor have they been officially translated or published by the Ministry, and thus were not applied by the Company:

- Amendments to various Standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2010 - 2012, published by the IASB in December 2013, primarily through removal of inconsistencies and explanations of the texts (effective for annual periods beginning on or after July 1, 2014);
- Amendments to various Standards (IFRS 1, IFRS 3, IFRS 13 and IAS 40) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2011-2013, published by IASB in December 2013, primarily by removing the inconsistencies perceived and by providing explanations of the texts (effective for annual periods beginning on or after July 1, 2014);
- Amendments to various Standards (IFRS 5, IFRS 7, IAS 19 and IAS 34) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2012-2014, published by the IASB in September 2014, primarily through removal of inconsistencies and explanations of the texts (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 19 “Employee Benefits” – Defined benefits’ plans (effective for annual periods beginning on or after July 1, 2014);
- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after January 1, 2018).
- Amendments to IFRS 11 “Joint Arrangements” – Accounting Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 18 “Intangible Assets” – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after January 1, 2016);
- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after January 1, 2016);
- IFRS 15 “Revenues from Contracts with Customers” (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” – Agriculture: Bearer Plants as Biological Assets (effective for annual periods beginning on or after January 1, 2016);

- Amendments to IAS 27 “Separate Financial Statements” – Equity Method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 28 “Investments in Associates and Joint Ventures” and IFRS 10 “Consolidated Financial Statements” – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after January 1, 2016).

Despite all the above mentioned potential discrepancies, application of all the above listed Standards would not bear any significant influence on the financial position of the Company or to the results of its operations.

5. MANAGEMENT ESTIMATION AND ASSESSMENT

Preparation of financial statements in compliance with IAS and IFRS requires that the management perform assessments, provide judgements and assumptions that are reflected on the reported amounts of assets, liabilities, income and expenses. Achieved results may differ from the estimated ones.

6. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

Principal accounting policies that are applied in the preparation of these financial statements are presented herein. These policies are consistently applied to all included years, unless otherwise stated.

Significant accounting policies applied to consolidated financial statements that are subject of these Notes and presented in the following text, are primarily based on the Rules on Accounting and Accounting Policies of the Company. If certain accounting aspects are not clearly defined in the Rules, the applied accounting policies are based on the legislation, professional and internal regulations in force.

As general information, we are noting here that, in compliance with IAS 21, the RSD is the **functional and presentation currency in financial statements of the Company**.

In preparation of Company financial statements, relevant provisions IAS 10 were taken into account, which refer to events that occur between the balance sheet date and the date when the financial statements were authorized for issue. More precisely, **for effects of the event that provide evidence on circumstances at the balance sheet date**, already recognized amounts in financial statements of the Company were corrected in order to mirror corrected events after the balance sheet date; and **for effects of the event that provide evidence on circumstances after the balance sheet date**, no adjustments of recognized amounts were applied. If there were any, these Notes will disclose the nature of events and the valuation of their financial effects.

6a) Valuation

In preparation and presentation of financial statements in compliance with the professional regulations and legislation in force in the Republic of Serbia, the Company management is required to use the best

possible valuations and reasonable assumptions. Although, understandably, the actual future results may vary, valuations and assumptions are based on information available at the balance sheet date.

The most important valuations refer to the impairment of financial and non-financial assets and definition of assumptions, necessary for actuarial calculation of long-term compensations to employees based on the retirement bonus.

Within the context of valuation, the business policy of the Company is to disclose information on the fair value of assets and liabilities, if the fair value varies significantly from the accounting value. In the Republic of Serbia, a reliable valuation of the fair value of assets and liabilities presents a common problem due to an insufficiently developed financial market, lack of stability and liquidity in sales and purchases of, for example, financial assets and liabilities, and sometimes unavailability of market information. Despite all the above, the Company pays close attention to these problems and its management performs continuous valuations, considering the risks. If it is established that the recoverable (fair or value in use) value of assets in business books of the Company was overstated, the adjustment of value is applied.

6b) Effects of Foreign Exchange Rates

Transactions in foreign currency, upon initial recognition, are registered in dinar counter value by applying the official middle exchange rate on the translation date.

Pursuant to the provisions of IAS 21 – Changes in foreign exchange rates, monetary items in foreign currency (assets, receivables and liabilities in foreign currency) are recalculated at each balance sheet date by applying the valid exchange rate or the official middle exchange rate at the balance sheet date.

Gain/losses arising on the translation of foreign currency (apart from those related to monetary items as part of net investments of the Company in foreign business, included pursuant to IAS 21) are recognized as revenues or expenses of the Company for the period in which they occurred.

Official middle exchange rates of the National Bank of Serbia, at the balance sheet date, for foreign currencies used for the recalculation of monetary items in dinar counter value, are presented in the following table.

Official Middle Exchange Rates of the National Bank of Serbia

<i>Currency</i>	<i>30.06.2015.</i>	<i>31.12.2014.</i>
	<i>Amount in RSD</i>	
1 EUR	120,6042	120,9583
1 USD	107,7304	99,4641
1 GBP	169,4117	154,8365

6c) Income

Income comprise income from economic benefits in the respective period that lead to the increase in capital, other than the increase that relate to investments from existing equity holders, and are measured according to the fair value of received or claimed benefits.

Revenues include: operating revenues, financial revenues and other revenues (including also revenues from the property value adjustment).

Among the **operating income**, the most important are the sales revenues from the sales of goods, products and services.

Operating income from provision of services, in compliance with the relevant provisions of IAS 18 – Revenue, *revenues from a specific transaction are recognized by reference to the stage of completion of the transaction at the balance sheet date*. The transaction result may be reliably valued: if the revenue amount may be reliably measured, if the level of completion of the transaction at the balance sheet date may be reliably measured and if transaction-related expenses and transaction completion expenses may be reliably measured.

Financial income include financial incomes from subsidiaries and other related parties, gains arising from foreign currency fluctuations, income from interest and other forms of financial income.

In addition to income, **other income** include *profit* that may or may not arise from usual activities of the Company. Profit includes, for example, revenue from the sales of property, plant and equipment; at a greater value as the accounting value at the moment of sale.

6d) Expenses

Expenses are the outflow of economic benefits over a given period that result in the decrease of the capital of the Company, except for the reduction that refers to the allocation of profit to owners or reduction that resulted from partial withdrawal of capital from operations by the owner. Expenses include outflow of assets, impairment of assets and/or increase of liabilities.

Expenses include operating expenses, financial expenses and other expenses (including impairment-related expenses).

Operating expenses include: purchase price, material used, gross salaries, producing costs, non-material costs, depreciation and provisions, etc.

Financial expenses include financial expenses arising from relation with subsidiaries, gains arising on the translation of foreign currency, interest-related expenses and other financial expenses.

Other expenses include losses that may or may not arise from usual activities of the Company. Losses (for example, shortages or losses that result from the sale of assets at a less value than the accounting value) represent a decrease of economic benefits and, as such, do not vary from other expenses.

6e) Interest and Other Borrowing Costs

Borrowing costs include interest and other costs borne by the Company in relation to the borrowing of funds.

Based on relevant provisions IAS 23 – Borrowing costs, Interest and other borrowing costs, borrowings are recognized as expenses at the moment of occurrence, unless they are directly attributed to the acquisition, construction or production of a certain asset (asset that needs significant time to be brought to working condition for its intended use or sale), in which case the interest and other borrowing costs are capitalized as a part of the purchase price (cost) of that asset.

6f) Income Tax

Income tax is recorded in Company books as the sum of:

- The current tax; and
- The deferred tax.

The current tax is the amount of obligation for the payable (recoverable) income tax that refers to the taxable income (tax loss) for the respective period. In other words, the current tax is payable income tax defined in the tax return pursuant to tax regulations.

The deferred tax includes:

- Deferred tax assets or
- Deferred tax liabilities.

Deferred tax is recorded in books pursuant to respective provisions IAS 12 – Income taxes that, *inter alia*, specify that *deferred tax assets and liabilities should not be discounted*.

Deferred tax assets include income tax, recoverable in future periods in respect of:

- Deductible temporary differences,
- Unused tax losses transferred to the following period and
- Unused tax credit transferred to the following period.

For assets that are subject to depreciation, deferred tax assets are recognized for all **deductible temporary differences** between the accounting value of assets that are subject to depreciation and their tax base (values allocated to these assets for tax purposes). Deductible temporary differences exist if the accounting value of assets is less than their tax base. In that case, deferred tax assets are recognized, if it is estimated that there will be a taxable income in future periods for which the Company may use deferred tax assets.

A deferred tax asset based on **unused tax losses** is recognized only if the management assesses that the Company will generate taxable income in future periods that may be reduced based on unused tax losses.

A deferred tax asset based on **unused tax credit** for investments in fixed assets is recognized only up to the amount for which a taxable income in the tax balance will be realized in future periods or calculated income tax for reducing which the unused tax credit may be used.

Deferred tax assets may be recognized on other grounds for which the Company assesses income tax will be recoverable in future (for example, for provisions for non-due retirement bonus, specified pursuant to provisions IAS 19 – Employee Benefits).

Deferred tax liabilities include income taxes payable in future periods against deductible temporary differences.

With respect to assets that are subject to depreciation, deferred tax liabilities are recognized always if there is a deductible temporary difference between the accounting value of assets that are subject to depreciation and their tax base. Deductible temporary difference occurs if the accounting value is greater than its tax base.

A deductible temporary difference is stated at the balance sheet date by applying the prescribed tax rate of the income tax to the amount of the deductible temporary difference.

Deferred tax liabilities may be recognized on other grounds for which the Company assesses income tax will be recoverable in future against taxable temporary differences.

6g) Intangibles assets

Intangibles assets are assets without identifiable physical substance, such as: licenses, concession, copyrights, investment in other properties, trademarks, etc. The property fulfils criteria to be identified if: it is detachable or it can be detached from the Company and sold, transferred, licensed, rented or traded, separately or with a related contract, property or liability; or that derives from contractual and other legal rights, regardless if these rights are transferable or separable from the Company or other rights or obligations.

To recognize an intangibles assets, it must comply with the provisions of IAS 38 – Intangible assets:

- That it is likely that future economic benefits, attributable to assets, will flow to the Company;
- That the Company has control over the asset, and
- That the purchase price (cost) can be reliably measured.

Accounting recognition of internally generated intangibles assets is dependent upon an assessment of whether they are created:

- In the research phase, or
- In the development phase.

Intangibles assets generated from *research or research phase of an internal project*, will not be recognized as intangible investment. Expenditures related to research or to a research phase of an internal project are recognized as expenses in the period of occurrence.

The cost of an internally generated intangible asset generated from *development* activities (or the research phase of an internal project) includes all the directly attributable expenses necessary to generate, produce and prepare the asset for the use as intended by the Company management.

Initial measuring of an intangibles assets is performed at its cost (purchase price).

Subsequent measuring of intangibles assets, after initial recognition, is performed at their cost (purchase price) reduced by the accumulated depreciation and accumulated losses from impairment (in compliance with the provisions of IAS 36 – Impairment of assets).

Amortisation of intangibles assets is conditional upon estimate that the useful life is:

- Unlimited, or
- Limited.

Intangibles assets are not subject to depreciation, if it is estimated that the useful life is unlimited or if, after analysis of all relevant factors, the ending of the period during which the intangible asset is expected to generate net cash flows for the Company cannot be predicted.

6h) Property, Plant and Equipment

Property, plant and equipment are tangible assets that are: used in production, supply of goods and services, for rental to others or for administrative purpose; and which are expected to be used for more than one accounting period.

The above general principle for the recognition of property, plants and equipment is not applied exclusively in cases of recognition of assets of lesser value that are registered as inventory items (such as, for example, spare parts and servicing equipment). The total value of such assets is transferred to current expenses when the item is first put in service.

Property, plant and equipment are tangible assets: if it is probable that future economic benefits associated with the item will flow to the entity; and if the purchase price (cost) of the item can be reliably measured.

Property, plant and equipment are grouped as follows:

- a) Land,
- b) Buildings,
- c) Plants,
- d) Construction machinery,
- e) Motor vehicles,
- f) Furniture and appliances,
- g) Office equipment, and
- h) Other.

Initial measuring of property, plant and equipment is performed at purchase price (cost), which includes: the purchase price and all the related acquisition transaction costs, that is, all the directly attributable costs of bringing the asset to the operational condition for its intended use.

Subsequent measuring of the category “Buildings” is performed according to the fair value, which imply the market value, or the most probable value that can realistically be achieved in the market, at the Balance Sheet date. The fair value is to be determined by appraisal, which is to be performed by expert appraiser, based on the evidence collected on the market. Any change in the fair value of facilities is to be recognized in the total equity, within the revaluation reserve position.

Subsequent measuring of all other categories within the Property, Plant and Equipment position, other than the facilities, is to be performed in compliance with the cost (purchase price) decreased by the accumulated depreciation and accumulated losses due to impairment (pursuant to IAS 36).

6i) Financial Lease

Lease is an agreement according to which the lessor transfers the right to use the object of lease to the lessee for an agreed period of time in exchange for a single payment or for a series of payments.

In case of a **financial lease**, in compliance with the provisions of the IAS 17 - Leases, the lessee performs the **initial measurement** by recognizing the lease as an asset and liability in their Balance Sheet, according to the amounts of its fair value at the beginning of the lease, or according to the present value of the minimum payments for the lease, whichever is lower. The *fair value* is the amount for which the lease can be exchanged between knowledgeable, willing parties in an at arm's length transaction.

In calculation of the present value of minimum payments for the lease, the discount rate is generally defined based on the interest rate included in the lease. If the interest rate cannot be determined, the incremental interest rate on the debt amount is used as the discount rate or as the expected interest rate the Company would pay in case of borrowed assets under similar conditions and similar guarantees for the purchase of the asset identical to the lease. All initial direct expenses borne by the lessee are added to the amount that was recognized as the asset.

In case of **subsequent measurement**, the minimum lease payments should be divided between financial expenses and the reduction of outstanding obligations. The financial expenditure is allocated to periods within the leasing term and a constant periodic interest rate is applied to the outstanding balance.

6j) Amortisation of Intangibles assets, Property, Plant and Equipment

Asset value (of intangibles assets, property, plants and equipment) is allocated by **amortisation** to the period of its useful life.

The lifetime of an asset is determined by applying the time method, so that the lifetime of the asset may be understood as a time period when the asset is at Company's disposal for use.

The amount to be depreciated, or the acquisition price or some other amount used as a substitute for the acquisition price in financial statements of the Company, reduced by the residual value (remaining value) is to be systematically allocated over the lifetime of the asset.

Residual value is the evaluated amount that the Company would have received today, if it had disposed of an asset, after the deduction of the estimated disposal costs and under the assumption that the asset is at the end of its lifetime and in a condition as expected at the end of a lifetime.

Depreciation of an asset acquired through a financial lease agreement is calculated in the same way as for other assets, except in cases when it is unknown when the Company will become the owner of the asset in case that the asset is depreciated in total prior to the end of the lease agreement and its lifetime.

Amortisation is performed by the **linear write-off** (proportional method), and the **calculation of amortisation starts** when the asset becomes available for use, or when it is at the location and ready-for-use as intended by the Company.

Amortisation is not calculated for assets the value of which is not impaired over time (such as, for example, the works of art) nor for assets with unlimited lifetime.

Calculation of assets' amortisation is performed for tax balance purposes in compliance with the applicable legislation.

6k) Impairment of Intangibles assets, Property, Plant and Equipment

At each balance sheet date, competent persons, from the Company or external, check if there are indications that the accounting value of an asset (intangible asset, property, plant and/or equipment) is impaired or if the accounting value exceeds the recoverable amount for the asset in question.

If there are indications of impairment, appraisal of recoverable amount is performed in compliance with the relevant provisions of IAS 36.

Recoverable amount is the higher amount of:

- The fair value, reduced by the costs of sales; and
- The use value.

Fair value reduced by the costs of sales is the expected net selling price of the asset or the amount that can be achieved in the sale of an asset in an at arm's length transaction between knowledgeable, willing parties, reduced by the disposal costs.

Use value is the present value of estimated future cash flows expected to occur from the continuous use of the property during its lifetime and sale at the end of that period. The discount rate used in determining the asset's present value reflects current market estimates of the time value of money, as well as the risks characteristic for the asset in question.

Recoverable amount is estimated for each asset separately or, if that is not possible, for the unit that generates cash related to that asset. The unit that generates cash is the smallest recognizable group of assets that generates cash flows, mostly independent from the cash flow related to other assets of group of assets that generates cash related to that asset. The unit that generates cash is the smallest

recognizable group of assets that generates cash flows independent to the greatest degree from the cash flow related to other assets or groups of assets.

If it has been established that the value is decreased, the accounting value is reduced to the recoverable amount. The loss due to the decrease is captured as follows:

- If the revaluation reserves were previously created for that asset, the loss is indicated by decreasing revaluation reserves, and
- If the revaluation reserves were not previously created for that asset, the loss is indicated as expenses for the respective period.

6l) Investment Property

An investment property is a property held by the owner or the lessee in the financial lease in order to receive income from rentals or increase in capital value, or both, and not:

- To use it in the production, acquisition of goods and services or for administration purposes; or
- The sale within the scope of usual business activities.

The investment property is recognized, pursuant to IAS 40 – Investment property, as an asset: if there is a chance that the Company may have economic benefit in the future from that investment property; and if its purchase price (cost) can be measured reliably.

An **investment property should be measured initially** at its cost. Related expenses are included in the price.

Subsequent expenditure related to already recognized investment property is attributed to the expressed amount of the investment property if it can be recognized as a fixed asset or if the duration of the expenditure is longer than one accounting period, if it is likely that future economic benefits related to that expenditure will flow to the Company and if the purchase price (cost) of that expenditure can be measured reliably.

After the initial recognition, the **subsequent measurement of the investment property** is performed according to the fair value, meaning its market value or most probable value that can be achieved on the market at the balance sheet date

The change in the fair value of investment properties over a specific period is included in the result of the period when the increase/decrease has occurred.

Investment properties are not subject to the calculation of depreciation or to the valuation of the decrease in value of the property.

6m) Inventories

Inventories are assets: kept for sale in the usual line of activities, assets in production, but intended for sale; or primary and secondary materials used in the production or provision of services.

Inventories include: primary and secondary materials (including spare parts, tools and stock) used in the production, unfinished products that are being produced, finished products manufactured by the Company and goods.

Inventories are (pursuant to IAS 2 - Inventories) **measured** at lower value:

- The purchase price (cost) and
- Net realizable value.

The purchase price (cost) includes all:

- Purchase expenses,
- Conversion expenses and
- Other costs incurred in bringing the inventories to their present location and condition.

Purchase costs as basis for the valuation of inventories of goods, include the cost price, import duties and other fiscal expenditure (other than the recoverable tax amounts, such as the input value added tax), transportation costs, handling costs and other costs that are directly attributable to the purchase costs. Discounts, rebates and other similar items are deducted on the occasion of determining the purchase costs.

Valuation of material inventories spent is performed by applying the **weighted average cost formulas**.

In the recognition of assets of lower value (for example small inventory items), upon its use, the entire value (100% write-off) is transferred to expenses of the respective period.

Conversion costs and other costs incurred in bringing the inventories to their present location and condition are important in the valuation of inventories of unfinished products and finished products. These costs include: direct labour costs, direct material costs and indirect costs, or general production costs.

Net realizable value is the valuated price of sale within regular business activities reduced by completion costs and valuated costs necessary for the realization of the sale. The valuation of the net realizable value is performed based on the most reliable evidence available at the time of valuation with regard amounts that may be achieved.

The amount of any write-off of inventories to the net realizable value and all losses of inventories are recognized as expenses for the period when the write-off or loss occurred.

6n) Non-Current Assets Held for Sale

The Company recognizes and presents a non-current asset (or available group of assets) as an **asset held for sale** if its accounting value can primarily be recovered by means of a sales transaction and not by means of its further use. To fulfil this requirement:

- The asset must be available for immediate sale in the current condition, solely under the usual conditions for the sale of such property (or disposal group); and
- The sale of the asset must be very probable.

A non-current asset recognized as an asset held for sale **is to be measured** (presented) at a lower value than:

- The accounting value, and
- The fair value reduced by the costs of sale.

The accounting value is the present (non-write-off) value stated in business books of the Company.

The fair value is the amount at which the asset may be traded between knowledgeable and willing parties in an at arm's length transaction, or the market value on the date of sale.

Costs of sale are costs directly attributable to the sale of assets.

Non-current assets held for sale are not depreciated.

Written-off assets, as well as assets with insignificant non-write off value will not be recognized as assets held for sale.

6o) Financial Instruments

Financial instruments include financial assets and liabilities recorded in the balance sheet of the Company as of the moment when the Company becomes legally bound by the financial instrument and until the loss of control over rights derived from that financial asset (by realization, activation, assignment, etc.), or by settlement, cancellation or activation of the financial liability.

Pursuant to IAS 32, **financial assets and liabilities** may have many manifestations, such as: cash, instrument of equity of another entity, contractual right to collect cash or another financial asset or trade in financial assets and liabilities with another entity, potentially favourable to the Company, contractual right to give cash or another financial asset to another entity, or the right to trade financial assets or liabilities with another entity under potentially unfavourable conditions to the Company, etc.

Disclosure of financial instrument and related accounting records is conditional upon their classification that is to be performed by the Company in compliance with the characteristics of the financial instruments in question.

The management of the Company may classify each financial instrument in one of four possible types of financial instruments as specified by provisions of IAS 39:

- Financial asset or liability at fair value through the profit and loss account,

- Held-to-maturity investments,
- Loans and receivables, and
- Financial assets available for sale.

A **financial asset or liability at fair value through profit and loss** includes financial assets and liabilities the changes in fair value of which are recorded as revenues or expenses in the balance sheet.

A financial asset or liability classified in this category must fulfil either one of the following conditions:

- Classified as held for trading, or
- After initial recognition, it will be classified and stated as a financial asset (liability) through profit and loss statement.

A financial asset of liability is classified as held for sale, if: it was acquired or created for sale or repurchase in the nearest future, a part of portfolio of identified financial instruments managed jointly and for which there is proof of recent short-term revenue model or derivate (other than the derivate as a hedging instrument).

The Company may indicate that a financial instrument is disclosed through the profit and loss account only if relevant information is obtained, since the inconsistency of measurement or recognition that would occur in the measurement of assets or liabilities or recognition of gains or losses is eliminated or considerably prevented; or a group of financial assets, liabilities or both is managed and performances valuated based on the fair value in accordance with the risk management strategy or investment management strategy and the information on the group is internally collected accordingly and presented to the key management of the Company.

Held-to-maturity investments are non-derivative financial assets with fixed or identifiable payments and fixed maturity that the Company intends and may hold to maturity, excluding those marked by the Company at fair value through the profit and loss account after initial recognition or those marked as available-for-sale and those defined as loans and receivables.

Credits (loans) and receivables are non-derivative financial assets of the Company with fixed or identifiable payments and fixed maturity that are not quoted in an active market, other than:

- The assets that the Company intends to sell immediately or within a short period of time and that would then be classified as assets held for sale;
- The assets marked by the Company at fair value through the profit and loss account after initial recognition; and
- The assets for which the owner cannot recover the entire amount of their initial investment to any significant degree, which will be classified as assets available for sale.

Available-for-sale financial assets are non-derivative financial assets marked as available-for-sale and not classified in any previously defined type of financial instruments.

On the occasion of the **initial measurement** of a financial instrument, the Company performs the measurement at fair value increased by transaction costs that can be directly attributed to the acquisition or issuance of financial assets or liabilities, providing that the financial instrument has not

been marked for measurement at fair value with changes of fair value through the profit and loss account.

Subsequent measurement of financial instruments is performed at fair values, without deducting transaction costs that may arise from the sale or disposal of the instrument, the following financial assets excluded:

- Loans and receivables, measured at amortized cost using the effective interest method;
- Investments held-to-maturity, measured at amortized cost using the effective interest method; and
- Investments in capital instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and it is measured at cost.

The fair value of assets is the amount at which the asset can be traded for or liability settled between informed and willing parties as an independent transaction. If there is an active market for the financial instrument, the fair value is determined according to information obtained from that market; if there is no active market, the fair value is determined using valuation techniques specified in IAS 39. Positive (adverse) effects of the change of fair value are expressed as gain (loss) in the period of change, for financial instruments at fair value through the profit and loss account. Available-for-sale financial instruments are expressed within unrealized gain/losses based on available-for-sale securities up to the sales date, when the effect are transferred to gains (losses). An exception of the above are expenses related to permanent depreciation and gains (losses) in foreign currency that are recognized immediately as gain (losses) for financial instruments classified as available-for-sale.

Amortized cost is the present value of all expected future made or received cash payments during the expected life expectancy of a financial instrument. The discount method with the effective interest rate is applied in the calculation of the amortized cost of a financial instrument. Gains/losses from changes in the depreciated value of financial instruments are recognized as of the moment when the financial instrument is no longer recognized, unless a decrease in value was performed, in that case the loss is recognized immediately.

6p) Cash and Cash Equivalents

The most liquid forms of financial assets of the Company are **cash and cash equivalents**, valued at nominal or fair value. Cash and cash equivalents consist of: petty cash, deposits with banks, etc., and highly liquidity investments with short maturity period which may be transferred into cash that are not under the influence of significant risk of value changes

6q) Short-Term Receivables

Short term receivables comprise receivables from related parties (subsidiaries and affiliates) as well as receivables from other legal and physical persons in the country and abroad in the moment of sold products, goods and performed services; expected to be realized within 12 months from the balance sheet date. *Short term trade receivables* are measured by the cost stated in the issued invoice. If the cost on the invoice is stated in the foreign currency, translation to the functional currency is done by applying the average exchange rate ruling on the date of transaction. Changes in exchange rate from the

date of transaction to the collection date are presented as gains and losses from exchange posted in favour of revenues or against expenses. Receivables stated in the foreign currency as at the balance sheet date are translated by the ruling average exchange rate and gains and losses arose are booked as revenue or expense for that period.

At the balance sheet date, the Company performs an assessment of realisability and probability of default for all receivables or if receivables have a decrease in value.

In the assessment of the decrease in value, the Company has endured losses due to the decrease in value if there is objective proof (for example, large financial difficulties of the debtor, unusual breach of contract by the debtor, potential bankruptcy of the debtor, etc.) to support the decrease in value as a result of an event that took place after the initial recognition of assets and the respective loss affects estimated future cash flows from financial assets or group of financial assets that may be reliably valued. If there is no evidence, valuers will use their experience and sound judgment in the valuation of the collectability of receivables.

If there is a decrease in value of short-term receivables, the following steps are taken:

- Indirect write-off, or
- Direct write-off.

Indirect write-off from buyers, against expenses of the Company, is performed on the value adjustment account. The decision on indirect write-off (value adjustment) of receivables from buyers on the value adjustment account, upon proposal by the inventory committee is adopted by the Executive Board of the Company.

Direct write-off from buyers is applied if there is no probability of recovery and this is supported by respective documentation. The decision on direct write-off from buyers, after consideration and proposal by the inventory committee or professional services in the course of the year, is adopted by the Executive Board of the Company.

The indirect and direct write-off of receivables is applied only based on relevant circumstances and the balance sheet.

Expected losses from future events, or events after the balance sheet date, regardless how probable, are not recognizable, but disclosed in Notes to the Financial Statements.

6r) Financial Investments

Short term investments refer to loans, securities and other short term investments with maturity date of one year from the balance sheet date.

Short-term financial investments include a part of granted long-term loans that are expected to be recovered within one year from the balance sheet date.

Long-term financial investments include investments in long-term financial assets, such as: the long-term loans, securities and other long-term financial investments with maturity date over one year from the balance sheet date.

Based on the relevant legal provisions, investments in subsidiary companies, jointly controlled companies and affiliated entities are carried in the Company's books at their cost, in compliance with the cost method. If, however, in compliance with the provisions of IAS 36 – Impairment of Assets, it should be established that the recoverable amount of costs does not exceed the purchase (booking) price, the Company carries the equity investment amount at its recoverable amount, and the decrease (impairment) in equity investment is presented as an expense in the period in which such impairment was established.

The classification performed by the management of the Company according to the features of the financial investment (financial assets or liability at fair value through the profit and loss account, held-to-maturity investments, loans and receivables and available-for-sale financial assets) is relevant for subsequent measurement of long-term financial investments).

6s) Liabilities

A liability is a result of past transactions or events and the settlement of the liability implies usually a loss of economic benefits of the Company to comply with other party's request.

In the **valuation of liabilities** pursuant to the Framework for the preparation and presentation of financial statements, the liability is stated in the balance sheet: if there is a probability that an outflow of resources with economic benefits will result in the settlement of present liabilities and the settlement amount may be reliably measured. The *prudence principle* is applied. This means applying caution in the valuation to prevent overstatement of the property and revenues and understatement of liabilities and expenses. The prudence principle should not result in forming of substantial hidden reserves (for example, as a result of deliberate overstatement of liabilities or expenses), the financial statements to become impartial and therefore unreliable.

Liabilities include: long-term liabilities (liabilities to subsidiaries and other related parties; long-term loans and other long-term liabilities); short-term liabilities (liabilities to subsidiaries and other related parties, short-term loans and part of long-term loans and liabilities with one-year maturity and other short-term financial liabilities), short-term liabilities from operations (suppliers and other liabilities from operations) and other short-term liabilities.

Short-term liabilities are liabilities expected to be settled within one year from the balance sheet date including the part of *long-term liabilities* and long-term liabilities are liabilities expected to be settled over a longer period.

Decrease of liability upon court order, out-of-court settlement etc. is applied by direct write-off.

6t) Provisions, Contingent Liabilities and Contingent Assets

A provision, according to IAS 37 - *Provisions, contingent liability and contingent assets*, means a liability of uncertain due date or amount.

The Company recognizes provisions only if the following conditions are met:

- The Company has a present obligation (legal or constructive) as a result of a past event,
- It is probable that an outflow of resources will be required to settle the obligation, and
- A reliable estimate can be made of the amount of the obligation.

The essence of provisions is to form provisions only for liabilities from past events that exist independently from future events. Therefore, provisions are not recognized for future operating losses.

For purposes of recognition of provisions, it is considered as probable that the requested settlement of Company's liabilities will cause an outflow of resources representing an economic benefit when it is more probable than not that an outflow of resources will occur, or when the probability that settlement of these liabilities by the Company will cause an outflow of resources, is greater than the probability that it will not.

Long term provisions consist of: provisions for costs during the warranty period, provisions for recovery of natural resources, provisions for retained deposits and caution money, provisions for restructuring costs, provisions for fees and other employee benefits and other long term provisions (for example, for losses expected in lawsuits).

In the measurement of provisions, the amount recognized as provision is the best valuation of Company's expenditure requested to settle a present liability at the balance sheet date. In other words, it is the amount the Company has to pay at the balance sheet date to settle liabilities or to transfer liabilities to third parties.

Long term provision for expenses and risks are tracked by sorts, they are examined at each balance sheet date and corrected to reflect the best present valuation. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is cancelled. Their reduction/cancellation is credited as income.

When the performance of the time value of money is significant, the provision amount represents the present value of expenditure expected to settle the obligation. Discount rates are used in the calculation of the present value or pre-tax rates that reflect current market valuations of the time value and liability-related risks.

Contingent liability is: possible liability that arises from past events and may be confirmed only if one or several uncertain future events, that are not entirely in the scope of influence of the Company, occur or not; and a present liability that arises from past events, yet not recognized, because it is not probable that an outflow of resources that represents economic benefit of the Company will be required to settle the obligation or because the amount of liability cannot be reliably valued.

A contingent liability is not recognized in financial statements of the Company, but is disclosed in case that the outflow of economic benefit is possible and this possibility is not very small.

A contingent liability is permanently revalued (at least at the balance sheet date). If the outflow of economic benefits based on contingent liabilities becomes possible, provisions and expenses are recognized in financial statements of the Company for the period when the change occurred (unless in rare cases when a reliable valuation is not possible).

A contingent asset is an asset that may arise from past events and its existence will be confirmed only if one or several future events, which are not entirely in the scope of influence of the Company, occur.

A contingent asset is not recognized in financial statements of the Company, but is disclosed in case that the outflow of economic benefit is possible.

Contingent assets are permanently revalued (at least at the balance sheet date) to ensure that financial statements reflect the development of the event. If it is certain that the outflow of economic benefit based on contingent assets, related asset and revenue are recognized in financial statements of the Company for the period when they occurred.

6u) Employee Benefits

Regarding the employee benefits, the following liabilities of the Company are disclosed:

- Taxes and contributions for mandatory social insurance; and
- Retirement bonuses.

In terms of **taxes and compulsory social security contributions**, the Company shall, according to regulations applied in the Republic of Serbia, pay for contributions to various public funds for social security. These liabilities include contributions paid by employees and contributions paid by the employer in amounts calculated according to prescribed rates. The Company has legal obligation to suspend calculated contributions from gross earnings of employees and to transfer the amount on their behalf to public funds.

Contributions paid by employees and contributions paid by the employer are recorded as expenses of the Company for the respective period. The company, upon retirement of employees, keeps no obligation to pay them any benefits.

For the valuation of provisions based on contributions and other employee benefits, relevant provisions of the IAS 19 – Employee benefits are applied. Provisions for contributions and other employee benefits include, for example: provisions for non-due retirement benefits upon regular retirement and provisions for retirement bonus paid by the Company upon termination of employment prior to the retirement date or paid upon decision of the employee to take ***voluntary redundancy in exchange for those benefits***.

In the valuation of liabilities upon employment termination and pursuant to respective IAS 19 provisions, the discount rate is determined according to the market yield at the balance sheet date for high yield corporate bonds.

Alternatively, also specified in IAS 19, until the a developed market for corporate bonds in the Republic of Serbia is established, market yields for government bonds will be used for the (for discount rate of) valuation of liabilities of the Company upon employment termination (at the balance sheet date). The value date and deadline for corporate or government bonds should be in accordance with the value date and deadline for obligations related to the income after employment termination.

If the Company, for the valuation of obligations upon employment termination and due to undeveloped market for government bonds, uses the government bond yield as reference with maturity date shorter than the estimated maturity of payments based on respective income, the discount rate is defined by valuating the reference securities yield for longer periods.

Retirement bonus is paid by the Company to employees in compliance with the Article 57 of the Collective Agreement regulating employment in the country that is effective from January 1, 2015; pursuant to this Collective Agreement, on the occasion of retirement, employees are paid retirement bonus amounting to two (2) average gross salaries in the Republic of Serbia as per the latest data published by the Republic authority in charge of statistics.

7. ERRORS FROM PREVIOUS PERIOD, MATERIAL ERRORS AND CORRECTION OF OPENING BALANCE

Errors from previous period represent omitted or false data presented in financial statements of the Company for one or several periods as a result of misuse or lack of use of reliable information, which were available when the financial statements for respective periods were approved for issue and which were expected to be obtained and taken into consideration upon preparation and presentation of the respective financial statements.

A materially significant error, discovered in the current period that refers to a previous period is an error that has significant influence on financial statements for one or several prior periods and due to which these financial statements cannot be considered anymore as reliable.

Materially significant errors are corrected retroactively in the first series of financial statements approved for publishing after these errors have been discovered, by correcting comparative data for presented prior period(s) when errors occurred or if the error occurred prior to the earliest presented prior period, opening balances for assets, liabilities and capital for the earliest presented prior period will be corrected.

If it is practically impossible to establish the effect of an error from a certain period by comparing information for one or several presented prior periods, the Company will correct opening balances for assets, liabilities and capital for the earliest period that can be corrected retroactively (may be also the current period).

Subsequently *identified errors that are not of material significance* are corrected against expenses or in favour of revenues for the period in which they were identified.

The materiality of an error is valued pursuant to provisions of the Framework for the preparation and presentation of financial reports that state that materiality may imply that omission or false accounting entries may affect economic decisions of users adopted based on financial statements.

Materially significant errors are valued pursuant to relevant provisions from the Framework for the preparation and presentation of financial statements. Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1.5% of the total income in the previous year**.

8. FINANCIAL RISKS

Uncertainty in future events is among the basic specificities of business operations under market conditions in an economic environment that is characterized by several possible or potential outcomes. Unpredictability of future events is one of basic particularities of operating in an open market environment characterized by several possible or potential outcomes.

From the Company's point of view, there is a large number of potential risks that may more or less have adverse effects on the Company's business. Certain (specific) risks are determined by internal factors, such as: *concentration risk*, which, in the Company's case, may be manifested as exposure to any one or a small group of buyers or suppliers; *operational risk*, that means the possibility of adverse effect due to unintentional or deliberate omissions by employees, inappropriate internal procedures and processes, inadequate information system management in the Company, etc.; *reputational risk*, that means a possibility that the Company's market position deteriorates due to the loss of trust or bad reputation (public institutions, suppliers, buyers, etc.) of the Company; *legal risk*, that means a possibility of adverse effects due to penalties and sanctions that derive from lawsuits due to the failure to fulfil contractual or legal obligations; etc.

Since the majority of these and some other risks not mentioned herein is set forth in detail in other chapters of the Notes or in other internal regulations of the Company (for example, the Rules on Accounting Practices and Policies of the Company regulates the ***minimization of operational risks by introducing procedures and work instructions***), ***focus is places here on the financial risks that primarily include the following***:

- Credit risk,
- Market risk and
- Liquidity risk.

Financial risks are significantly affected by external factors that are not directly controlled by the Company. In that sense, financial risk is considerably affected by the Company's environment which, apart from economic development, is likewise committed to legal, financial and other relevant aspects that define system risk level.

Generally, comparing markets of developed economies, companies that operate on markets with insufficient economic development, macroeconomic stability and high insolvency, such as the Republic of Serbia, are significantly exposed to financial risks. Insufficient development of the financial market makes it impossible to use a wide spectrum of *hedging* instruments, characteristic for developed markets. Companies that operate in the Republic of Serbia do not have the possibility to use many derivative instruments in financial risk management due to the fact that these instruments are not widely used nor there is an organized continuous market for financial instruments.

Financial risk management is a comprehensive and reliable management system that aims to minimize potential adverse effects to the financial condition and operations of the Company under unpredictable financial market conditions.

Considering limitations in the financial risk management that are characteristic of business on the Serbian market, it is clear that it is necessary to approach this issue in a proper manner as recognized by the Company's management. Essentially, financial risk management in the Company should ensure that the *Company's risk profile* is always in compliance with *Company's tendency towards risks* or in compliance with an acceptable structure and risk level that the Company will take in order to implement its business strategies and achieve business goals.

8a) Credit Risk

A credit risk is a risk of adverse effects to the financial result and capital of the Company due to debtor's failure to fulfil obligations towards the Company within the specified deadline.

Credit risks mean not only debtor-creditor relations that derive from sales of Company's products, but also credit risks that derive from other financial instruments such as receivables based on long-term and short-term financial investments.

The Company has substantial concentrations of credit risk in collection from buyers with long lending periods due to poor liquidity.

8b) Market Risk

Market risk is a risk of adverse effects to the financial result and capital of the Company due to losses under specific balance sheet items as a result of negative price shifts on the market and other relevant financial parameters.

The market risk includes three risk types:

- The currency risk,
- The interest risk and
- The price risk.

The currency risk, also called foreign exchange risk or exchange rate risk, is a risk of fair value fluctuation or the fluctuation of future financial instruments cash flows due to the change in exchange rates. The currency risk arises from financial instruments in foreign currency or the currency other than the currency (functional) in which the financial instruments are measured in financial statements.

The Company operates within international frames and is exposed to exchange rate risks arising from business operations in different currencies, primarily in Euro and US Dollar.

Interest risk is a risk of adverse effects to the result and capital of the Company due to unfavourable interest rates' fluctuations. The Company is exposed to this type of risk due to financial liabilities related to loans with potentially fluctuating interest rates (Euribor).

The price risk is a risk of fair value fluctuation or a risk that the future financial instruments cash flows will fluctuate due to the change in market prices (not prices that result from interest or currency risk) regardless if these changes are caused by specific factors related to a specific financial instrument or its issuer or regardless if factors affect all similar financial instruments traded on the market.

8c) Liquidity Risk

Liquidity risk is a risk of having difficulties to fulfil due obligations, maintaining the necessary scope and structure of the working capital and good creditworthiness.

Prudent liquidity risk management aims to maintain sufficient cash and securities held for sale, as well as securing adequate sources of financing to cover for the dynamic nature of the Company's business. Company seeks to maintain flexibility of its financing through collection from buyers and investments of its available monetary assets. In addition to that, in compliance with the Company's policy, back to back agreements are signed with subcontractors according to which a portion of risk related to any defaulting in collection is transferred/shared with them.

INCOME STATEMENT

9. OPERATING INCOME

9a) Income from Sale of Products and Services

Revenues structure from the sales of products and services is presented in the following table.

Structure of income from sale of products and services	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Income from sale of finished products and services to parent company and subsidiaries on local market	211,578	202,521
Income from sale of finished products and services on local market	10	56
Income from sale of finished products and services on foreign markets	59,403	69,328
TOTAL	270,991	271,905

Income from the sale of finished products and services to parent companies and subsidiaries on local market are based on services rendered by the Company to its subsidiaries, in accordance with agreements approved and adopted by the competent management bodies of the Company and of the subsidiaries, in compliance with the relevant legal acts and these amounted to RSD 211.578 thousand (as at June 30, 2014: RSD 202.521 thousand).

Structure of income from the sale of finished products and services to and subsidiaries on local market is presented in the table below.

Structure of income from the sale of finished products and services to subsidiaries on local market	<i>u 000 dinara</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Energoprojekt Garant Ltd	907	868
Energoprojekt Visokogradnja Plc.	37,358	35,759
Energoprojekt Niskogradnja Plc.	46,493	44,503
Energoprojekt Hidroinzenjering Plc.	16,803	16,083
Energoprojekt Entel Plc.	44,877	42,956
Energoprojekt Energodata Plc.	4,493	4,301
Energoprojekt Industrija Plc.	10,083	9,651
Energoprojekt Urbanizam i arhitektura Plc.	2,980	2,853
Energoprojekt Oprema Plc.	47,584	45,547
UKUPNO	211,578	202,521

Income from the sale of finished products and services on local market in the amount of RSD 10 thousand (as at June 30, 2014: RSD 56 thousand) were generated from the sales of flight tickets.

Income from the sale of finished products and services on foreign market in the amount of RSD 59.403 thousand (as at June 30, 2014: RSD 69.328 thousand) refers to the Agreement on Construction of the Embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, in the cadastre lot No. 313, registered in the Real Estate Cadastre of the Cadastre Zone A00.

9b) Other Operating Income

Structure of other operating income	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Incomes from the rent collected from parent, subsidiary and other affiliated companies	9,764	13,324
Incomes from the rent collected from other legal entities on local market	145	583
Other operating income (externally)	463	119
TOTAL	10,372	14,026

Incomes from the rent collected from parent, subsidiary and other affiliated companies amounting to RSD 9.764 thousand (as at June 30, 2014: RSD 13.324 thousand), were generated based on renting of the “Samacki Hotel” complex in 24 Batajnicki Drum, which has been rented since 2011 to the Energoprojekt Visokogradnja Company for RSD 7.576 thousand (as at June 30, 2014: RSD 11.230 thousand) and from the rent of a portion of the Energoprojekt building, which has been rented since 2013 to the Energoprojekt Garant Company for RSD 2.188 thousand (as at June 30, 2014: RSD 2.094 thousand).

Incomes from the rent collected from other legal entities on local market amounting to RSD 145 thousand, were generated from renting of the ground floor space of the Energoprojekt building to Telekom Srbija Company (as at June 30, 2014: RSD 583 thousand, collected from renting of both the facility at the roof terrace and in ground floor space of the Energoprojekt building to Telekom Srbija Company).

Other operating income amounting to RSD 463 thousand was generated based on the bonus award of the Turkish Airlines Company for the sales of flight tickets (as at June 30, 2014: RSD 119 thousand, generated on the basis of the incentive fee of the Aeroflot Airlines).

10. INCREASE/DECREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS

Structure of increase/decrease of finished goods, work in progress and services in progress	In RSD thousand	
	30.06.2015.	30.06.2014.
Increase of finished goods, work in progress and services in progress	184	211
TOTAL	184	211

11. MATERIAL COSTS AND FUEL AND ENERGY COSTS

Structure of material cost and fuel and energy costs	In RSD thousand	
	30.06.2015.	30.06.2014.
Material costs:		
a) Costs of other materials (overheads)	4,198	3,711
b) Costs of one-off write-off of tools and inventory	189	241
Total	4,387	3,952
Fuels and energy costs:		
a) Costs of fuel	1,123	1,110
b) Costs of electrical energy and heating	10,007	7,114
Total	11,130	8,224
TOTAL	15,517	12,176

Costs of other material (overheads) amounting to RSD 4.198 thousand (as at June 30, 2014: RSD 3.711 thousand) refer to the costs of office supplies amounting to RSD 1.218 thousand (as at June 30, 2014: RSD 1.082 thousand), professional and expert literature, magazines, etc. amounting to RSD 685 thousand (as at June 30, 2014: RSD 727 thousand) and other material costs amounting to RSD 2.295 thousand (as at June 30, 2014: RSD 1.902 thousand).

12. EMPLOYEE EXPENSES AND BENEFITS

Structure of employee expenses and benefits	In RSD thousand	
	30.06.2015.	30.06.2014.
Expenses of wages and fringe benefits (gross)	70,282	74,160
Taxes and contributions on wages and contributions on wages payable by employer	10,243	10,970
Service agreements contributions	3,605	1,587
Copyright agreements contributions	138	631
Costs of contributions for contract fees for temporary and periodical engagement	739	2,104
Considerations to General Manager and/or Management and Supervisory Board members	4,677	4,596
Other personnel expenses and fringe benefits	4,187	2,908
TOTAL	93,871	96,956
Average number of employees	70	71

Other personnel expenses and fringe benefits amounting to RSD 4.187 thousand (as at June 30, 2014: RSD 2.908 thousand) refer to the business trips' expenses amounting to RSD 2.799 thousand (as at June 30, 2014: RSD 1.124 thousand), Company expenses for employee commuting reimbursements amounting to RSD 1.258 thousand (as at June 30, 2014: RSD 1.251 thousand), solidarity fund allowances and other employee compensations amounting to RSD 130 thousand (as at June 30, 2014: RSD 533 thousand).

13. PRODUCTION SERVICE COSTS

Structure of production service cost	In RSD thousand	
	30.06.2015.	30.06.2014.
Production service cost	59,404	69,329
Transportation services cost	1,502	1,271
Repairs and maintenance services' costs	17,504	17,059
Rental costs	148	622
Trade fairs' costs	52	50
Advertising costs	4,489	1,433
Costs of other services	6,990	4,973
TOTAL	90,089	94,737

Production service costs amounting to RSD 59.404 thousand (as at June 30, 2014: RSD 69.329 thousand) refer to the realization of the Agreement on the Construction of the Embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the registry of immovable property, cadastral zone A00.

Transportation services' costs in the amount of RSD 1.502 thousand (June 30, 2014: RSD 1.272 thousand), refer to the landline costs and mobile phone costs, Internet services, taxi services, parking services, toad tolls, etc.

Repairs and maintenance services costs amounting to RSD 17.504 thousand (as at June 30, 2014: RSD 17.059 thousand) pertain primarily to ongoing maintenance of the Energoprojekt building amounting to RSD 16.208 thousand (as at June 30, 2014: RSD 15.531 thousand) and to the ongoing maintenance of equipment amounting to RSD 1.277 thousand (as at June 30, 2014: RSD 1.524 thousand).

Advertising costs amounting to RSD 4.489 thousand (as at June 30, 2014: RSD 1.433 thousand) pertain to the sponsorship expenses (Serbia Water Polo Federation), billboard advertising costs, media presentation and other costs. When compared against the same period from the past year, advertising costs increased due to the sponsorship expenses (Serbia Water Polo Federation).

Costs of other services amounting to RSD 6.990 thousand (as at June 30, 2014: RSD 4.973 thousand) refer to the photocopying costs and costs of technical and operational support provided by the Energoprojekt Energodata Company in multimedia presentations, updating and preparation of advertising and promo materials, graphic design services and other: RSD 3.190 thousand (as at June 30, 2014: RSD 1.442 thousand), licenses' costs: RSD 2.349 thousand (as at June 30, 2014: RSD 2.053 thousand); utility services: RSD 1.181 thousand (as at June 30, 2014: RSD 1.234 thousand), safety at work and car registration expenses: RSD 270 thousand (as at June 30, 2014: RSD 244 thousand).

14. DEPRECIATION EXPENSES AND PROVISION EXPENSES

Structure of depreciation expenses and provision expenses	In RSD thousand	
	30.06.2015.	30.06.2014.
Depreciation expenses:		
a) Depreciation of intangible assets (Note 21)	1,229	125
b) Depreciation of property, plant and equipment (Note 22a)	5,745	4,713
<i>Total</i>	6,974	4,838
Provisions expenses		
a) Provisions for contributions and other personnel benefits		
<i>Total</i>		
TOTAL	6,974	4,838

Depreciation expenses for the reporting period were calculated based on the appraisal of residual values and the remaining useful life as at December 31, 2014 for property and equipment with significant booking value, since there were no changes of relevance that would require additional appraisal as at the balance date as well.

The rise in the depreciation expenses compared with the comparable period of the previous year came as the result of the depreciation of construction facilities – the Energoprojekt building, due to the changes in the accounting policies (applicable from preparation of the financial statements as at

December 31, 2014) in the respect of measuring of facilities after the initial recognition, when the cost model was abandoned in favour of the revaluation model (Note 6h).

15. INTANGIBLE EXPENSES

Structure of intangible expenses	In RSD thousand	
	30.06.2015.	30.06.2014.
Intangible expenses	9,897	13,053
Expense account	2,227	2,760
Insurance premiums expenses	524	533
Payment operations' expenses	1,625	468
Membership fee expenses	625	536
Tax duties	12,818	17,586
Other non-operating expenses	3,504	4,400
TOTAL	31,220	39,336

Intangible expenses amounting to RSD 9.897 thousand (as at June 30, 2014: RSD 13.053 thousand), pertain to the costs of attorney fees, consulting and intellectual services, professional training, financial statements' audit costs, education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other costs.

Expense accounts amounting to RSD 2.227 thousand (as at June 30, 2014: RSD 2.760 thousand), include primarily the catering services.

Insurance premium expenses amounting to RSD 524 thousand (as at June 30, 2014: RSD 533 thousand), refer to the insurance of property and persons.

Payment operations expenses amounting to RSD 1.625 thousand pertain to the local payment operations costs in the amount of RSD 1.618 thousand (as at June 30, 2014: RSD 468 thousand) and to the international payment operations amounting to RSD 7 thousand.

Membership fee expenses amounting to RSD 625 thousand (as at June 30, 2014: RSD 536 thousand) include membership fees to Chambers (Serbian Chamber of Commerce) representing a salary expense liability of RSD 110 thousand (as at June 30, 2014: RSD 116 thousand) and other Chambers' membership fees and Associations' fees in the amount of RSD 515 thousand (as at June 30, 2014: RSD 420 thousand).

Tax duties in the amount of RSD 12.818 thousand (as at June 30, 2014: RSD 17.586 thousand) refer predominantly to the property tax amounting to RSD 12.717 thousand (as at June 30, 2014: RSD 17.500 thousand).

Other non-operating expenses amounting to RSD 3.504 thousand (as at June 30, 2014: RSD 4.400 thousand) predominantly refer to printing of the Energoprojekt Company newspaper in the amount of RSD 1.429 thousand (as at June 30, 2014: RSD 1.225 thousand), duties and lawsuit expenses

amounting to RSD 739 thousand (as at June 30, 2014: RSD 907 thousand) and the remaining amount of RSD 1.336 thousand include the cost share in salaries of persons with disabilities, TV subscription fee, etc. (as at June 30, 2014: RSD 752 thousand), while the remaining amount of other non-production costs relate to RSD 1.516 thousand refer to services rendered by international companies of Encom GmbH Consulting, Engineering & Trading, Germany, and I.N.E.C. Engineering Company Limited, Great Britain).

16. FINANCIAL INCOME AND FINANCIAL EXPENSE

16a) Financial Income

Structure of financial income	In RSD thousand	
	30.06.2015.	30.06.2014.
Financial income from transactions with parent companies and subsidiaries	422,925	565,061
Financial income from other affiliated companies	5,205	6,892
Income from dividends	4,904	
<i>Total financial income from the related parties and other financial income</i>	<i>433,034</i>	<i>571,953</i>
Interest income (third party)	1,195	1,981
Exchange rate gains and positive currency clause effects (third party)	2,975	3,546
TOTAL	437,204	577,480

Financial income from transactions with parent companies and subsidiaries amounting to RSD 422.925 thousand (as at June 30, 2014: RSD 565.061 thousand), refer to interest income from subsidiaries amounting to RSD 16.182 thousand (as at June 30, 2014: RSD 18.956 thousand), income from the effects of foreign exchange clauses and foreign exchange gains from subsidiaries amounting to RSD 234 thousand (as at June 30, 2014: RSD 13.619 thousand) and to the income from the profit share (dividends) in the amount of RSD 406.509 thousand (as at June 30, 2014: RSD 532.486 thousand) from the following subsidiaries:

- Energoprojekt Garant Plc. in the amount of RSD 45.747 thousand (as at June 30, 2014: RSD 43.847 thousand);
- Energoprojekt Entel Plc. in the amount of RSD 265.322 thousand (as at June 30, 2014: RSD 264.593 thousand); and
- Energoprojekt Oprema Plc. in the amount of RSD 95.440 thousand (as at June 30, 2014: RSD 224.046 thousand).

Financial income from other affiliated companies in the amount of RSD 5.205 thousand relates to the interest income from the joint venture Enjub Ltd. (as at June 30, 2014: RSD 6.892 thousand relate to the interest income: RSD 5.122 thousand and to the effects of the foreign exchange clauses: RSD 1.770 thousand).

Income from dividends in the amount of RSD 4.904 thousand relates to the Energo Broker Ltd.

Interest income (third party) in the amount of RSD 1.195 thousand refers to the interest calculated on the term deposits (as at June 30, 2014: RSD 1.981 thousand that primarily pertained to the interest income on term deposits in the amount of RSD 1.630 thousand).

16b) Financial Expense

Structure of financial expense	In RSD thousand	
	30.06.2015.	30.06.2014.
Financial expenses from transactions with parent company and subsidiaries	4,827	672
Financial expenses from transactions with other affiliated company	569	
<i>Total financial expense incurred from related parties and other financial expense</i>	5,396	672
Interest expenses (third party)	10,322	10,849
Exchange rate losses and negative currency clause effects (third party)	1,539	2,002
TOTAL	17,257	13,523

Financial expenses from transactions with parent companies and subsidiaries amounting to RSD 4.827 thousand relate to expenses incurred from the effects of foreign exchange clauses incurred with subsidiaries (as at June 30, 2014: RSD 672 thousand, out of which RSD 480 thousand referred to expenses incurred from the effects of the foreign exchange clause).

Financial expenses from other affiliated companies in the amount of RSD 569 thousand refer to the expenses incurred from the effects of the foreign exchange clauses from Enjub Ltd.

Interest expense (third party) in the amount of RSD 10.322 thousand relate to the interest expense from domestic current liquidity loans granted by the Komercijalna bank and Alpha bank (as at June 30, 2014: RSD 10.849 thousand, based on the domestic loans granted by the Republic of Serbia Development Fund, Komercijalna bank, Erste bank and Alpha bank).

17. OTHER INCOME AND OTHER EXPENSES

17a) Other income

Structure of other income	In RSD thousand	
	30.06.2015.	30.06.2014.
Other income	88	81
TOTAL	88	81

Other income in the amount of RSD 88 thousand refer primarily to the income from damage compensation from Energoprojekt Garant in the amount of RSD 36 thousand and to the income from

the sales of used paper amounting to RSD 43 thousand (as at June 30, 2014: RSD 81 thousand referred to the income from the sales of used paper: RSD 60 thousand and to the income from reimbursement of lawsuit expenses from the Napred razvoj Plc. amounting to RSD 21 thousand).

17b) Other Expenses

Structure of other expenses	In RSD thousand	
	30.06.2015.	30.06.2014.
Losses incurred from shelving and sale of intangible assets, property, plant and equipment	25	65
Losses incurred from sale of equity investments and securities		646
Expense from direct write-off of receivables	120	272
Other expense	1,433	2,322
TOTAL	1,578	3,305

Losses incurred from direct write-off of receivables in the amount of RSD 120 thousand (as at June 30, 2014: RSD 272 thousand) relate to the Energoprojekt Promet Ltd.

Other expense in the amount of RSD 1.433 thousand relate to donations granted in the amount of RSD 714 thousand, fines and penalties amounting to RSD 303 thousand and to the expenses incurred from contributions for pension and disability insurance for the period from May 31 to December 31, 1991 for an employee of the Energoprojekt Hidroinženjering, based on the Agreement on Temporary Assignment to Work with the Company in Iran – Branch Office in Teheran, in the amount of RSD 416 thousand (as at June 30, 2014: RSD 2.322 thousand related predominantly to the expenses of donations granted: RSD 1.147 thousand and to the expenses for humanitarian purposes in the amount of RSD 1.170 thousand).

18. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICIES AND ADJUSTMENTS OF ERRORS FROM PREVIOUS YEARS

Structure of net profit/loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	In RSD thousand	
	30.06.2015.	30.06.2014.
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	1,344	7,794
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		
TOTAL	1,344	7,794

Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year in the amount of RSD 1.344 thousand pertain to the adjustment of equity investments in Energo broker Ltd. (as at June 30, 2014: RSD 7.794 thousand related primarily to

income from passing-through of the property tax expenses for the “Samački hotel“ complex for 2011 to 2013, which are, according to the Lease Agreement, to be borne by the tenant Energoprojekt Visokogradnja, in the amount of RSD 6.467 thousand).

19. PROFIT / LOSS BEFORE TAX

Structure of gross result	In RSD thousand	
	30.06.2015.	30.06.2014.
Operating income	281,363	285,931
Operating expenses	237,487	247,832
Operating result	43,876	38,099
Financial income	437,204	577,480
Financial expenses	17,257	13,523
Financial result	419,947	563,957
Income from value adjustment of other assets disclosed at fair value through income statement		
Other revenues	88	81
Expenses from value adjustment of other assets disclosed at fair value through income statement		
Other expenses	1,578	3,305
Result of other revenues and expenses	(1,490)	(3,224)
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	1,344	7,794
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		
TOTAL INCOME	719,999	871,286
TOTAL EXPENSE	256,322	264,660
PROFIT/LOSS BEFORE TAX	463,677	606,626

20. EARNINGS PER SHARE

Indicator	In RSD thousand	
	30.06.2015.	30.06.2014.
Net profit	455,837	595,505
Average number of shares during the year	10,931,292	10,931,292
Earnings per share (in RSD)	41.70	54.48

Earnings per share is calculated by dividing the profit for ordinary shareholders by the average weighted number of ordinary shares in circulation for the period.

BALANCE SHEET

21. INTANGIBLES ASSETS

In RSD thousand

Structure of intangible assets	Software and other rights	Intangible assets in preparation	Advance payments for intangible assets	Total
<u>Purchase value</u>				
Balance as at January 1, 2014	2,326	8,837	321	11,484
Correction of opening balance				
Transfer from one form to another	8,084	(8,084)		
New purchases	3,149	1,783	90	5,022
Disposal and decommissioning	(1,184)			(1,184)
FX gains and losses				
Other		(753)		(753)
Balance as at December 31, 2014	12,375	1,783	411	14,569
Correction of opening balance				
New purchases	1,631			1,631
Increase by transfer from investments in progress	1,783	(1,783)		
Other transfers from/to	411		(411)	
Disposal and decommissioning				
Balance as at June 30, 2015	16,200			16,200
<u>Impairment</u>				
Balance as at January 1, 2014	2,037			2,037
Correction of opening balance				
Depreciation	508			508
Disposal and decommissioning	(1,159)			(1,159)
Impairment				
Other				
Balance as at December 31, 2014	1,386			1,386
Correction of opening balance				
Depreciation	1,229			1,229
Disposal and decommissioning				
Impairment				
Other				
Balance as at June 30, 2015	2,615			2,615
<u>Net book value</u>				
31.12.2014	10,989	1,783	411	13,183
30.06.2015	13,585			13,585

22. PROPERTY, PLANT AND EQUIPMENT

22a) Property, Plant and Equipment Exclusive of Investment Property

In RSD thousand

Structure of property, plant and equipment	Buildings	Plant and equipment	Other property, plant and equipment	Property, plant and equipment in progress	Advance payments for property, plant and equipment	Total
Purchase value						
Balance as at January 1, 2014	919,807	94,148			43,220	1,057,175
Correction of opening balance						
New purchases during the year		2,929				2,929
Other transfers from / (to)		(283)	283			
Disposal and decommissioning	(4,965)	(2,936)				(7,901)
Profit/(loss) included in Report on Other Result (account group 330)	863,317					863,317
Other increases / (decreases)	(384,449)				2,381	(382,068)
Balance as at December 31, 2014	1,393,710	93,858	283		45,601	1,533,452
Correction of opening balance						
New purchases during the year		523		4,098	257	4,878
Other transfers from / (to)						
Disposal and decommissioning		(2,543)				(2,543)
Profit/(loss) included in Report on Other Result (account group 330)						
Profit/(loss) included in Profit and Loss						
FX gains and losses					(133)	(133)
Other increases / (decreases)						
Balance as at June 30, 2015	1,393,710	91,838	283	4,098	45,725	1,535,654
Valuation adjustment						
Balance as at January 1, 2014	388,252	72,591				460,843
Correction of opening balance						
Depreciation	88	8,749				8,837
Disposal and decommissioning	(3,891)	(2,871)				(6,762)
Other increases / (decreases)	(384,449)					(384,449)
Balance as at December 31, 2014		78,469				78,469
Correction of opening balance						
Depreciation	3,014	2,731				5,745
Disposal and decommissioning		(2,517)				(2,517)
Other increases / decreases						
Balance as at December 31, 2014	3,014	78,683				81,697
Net book value						
Balance as at December 31, 2014	1,393,710	15,389	283		45,601	1,454,983
Balance as at June 30, 2015	1,390,696	13,155	283	4,098	45,725	1,453,957

- **Buildings, plant and equipment**

On December 31, 2014, the residual value and the remaining useful lifetime for the property and equipment with significant accounting value were evaluated, based on which depreciation costs were calculated for the reporting period.

Assessment of Fair Value of Buildings

In 2014, due to the changes in accounting policies with regard to measuring of buildings after the initial recognition, transition was made from the acquisition price model to the revalorisation model.

The fair value of buildings is usually established through valuation performed by independent qualified valuers based on market evidence. The fair value of buildings is usually the market value of such buildings established by means of valuation.

In cases where there are no evidence of the fair value of the property in the market, due to the specific nature of the building and because such items are rarely put on sale, the Company performs valuation of fair value of the property by using the income approach or the depreciated replacement cost approach.

The Company booked the “Energoprojekt Building” in its books and presented its value according to the revalorized value model as at the valuation date.

The Energoprojekt building was booked at the revalorized value as at June 30, 2015 in the amount of RSD 1.390.696 thousand, in compliance with the valuation performed on December 31, 2014, by an external independent qualified valuator by using the comparative method, and in such a manner that the correction of its value was completely eliminated in the amount of RSD 384,449 thousand, while the purchase price was reduced to the revalorized amount and posted under the Revaluation Reserves Adjustment Account in the amount of RSD 863,317 thousand.

The residual value of the building in question prior to valuation as at December 31, 2014 was not lower than its current price, so that in 2014 no depreciation costs were recorded. The lifetime of the building in question is 100 years (the remaining lifetime of the building is 68 years).

Starting from the appraised value of the building in question as at December 31, 2014 (its fair value, residual value and established remaining useful lifetime), the depreciation cost for this building in the reporting period, due to the residual value that is lower than its fair value, amounts to RSD 3.014 thousand, so that its present value on the balance date amounts to RSD 1.390.696 thousand.

According to the inventory count from December 31, 2014, the present value of buildings out of use in Budva was directly written-off in the amount of RSD 1,074 thousand (acquisition cost: RSD 4,965 thousand and correction of value: RSD 3,891 thousand) that was introduced in the off-balance books, without any value (Note 44).

Adjustment of the opening and closing balance of the value of buildings is presented in the following Table.

In RSD thousand

No.	Building	Opening balance	Depreciation	Impairment (sales, wear and tear, etc.)	Profit/ (losses) included in Report on Other Income	Closing balance
1	Energoprojekt building	1,393,710	(3,014)			1,390,696
	TOTAL	1,393,710	(3,014)			1,390,696

If the revaluated items had been presented by using the acquisition price method, their current value would amount to RSD 530.933 thousand.

22b) Investment Property

Investment property	<i>In RSD thousand</i>	
	30.06.2015.	31.12.2014.
Balance as at January 1	584,440	603,717
Profit/(losses) included in Profit and Loss		(19,277)
Closing balance	584,440	584,440

In relation to the investment property, the following amounts were recognized in Profit and Loss:

Profit and loss related to investment property included in Profit and Loss	<i>In RSD thousand</i>	
	30.06.2015.	31.12.2014.
Rental income	7,576	28,886
Direct operating expenses incurred from investment property that generated rental income during the year		
Direct operating expenses incurred from investment property that did not generate rental income during the year	(208)	(466)
TOTAL	7,368	28,420

Adjustment of the opening and closing balance of the fair value of investment property is presented in the following Table.

In RSD thousand

No.	Investment property	Opening balance	Profit / (losses) included in Profit and Loss	Closing balance
1	Samacki hotel complex	498,887		498,887
2	Stari merkator office space	85,553		85,553
	TOTAL	584,440		584,440

In its books, the Company posted the fair value of its investment property according to its value determined by means of its fair value assessment as at December 31, 2014.

Valuation of the fair value of investment property as at December 31, 2014 was performed by independent valuers holding recognized and relevant professional qualifications and recent relevant work experience with relevant locations and categories of investment property appraised. Due to the current situation on the property market and the reduced number of sales transactions compared with previous years due to the economic crisis, the valuers mostly relied on their knowledge of the market and professional judgment and less on the results of comparable transactions in the past.

In valuation of the fair value of the Company's investment property, the external independent qualified valuator relied on the following valuation techniques:

- For the "Samacki Hotel" complex: the cost approach, since there is no other property to be used as comparative properties and since the income approach fails to produce realistic results;
- For the "Stari Merkator" office space: the comparative approach, since the income approach could not be applied, because the investment property in question has not been rented.

As at the balance sheet date, there are no limitations pertaining to the sales potential of the investment property in question, nor any limitations pertaining to generating income from the property rent or disposal.

Investment property in the amount of RSD 584,440 thousand refers to the following facilities:

- The "Samacki Hotel" complex, with the total area of 8,034.00 m², with the municipal construction land use rights for the total area of 18,598.00 m², in 24 Batajnicki Put Street in Zemun in the amount of RSD 498,887 thousand. Income amounting to RSD 7.576 thousand was generated from the rent of the property in question to Energoprojekt Visokogradnja Company in the reporting period (Note 9b).
- The "Stari Merkator" office space with the total area of 643 m², in 5 Palmira Toljatija Street in Novi Beograd in the amount of RSD 85,553 thousand. In the reporting period, this property was not rented. Due to the present inauspicious situation for the rent of property in the Republic of Serbia, it has been quite difficult to find adequate tenant for this property.

Advances for property, plant and equipment in the amount of RSD 45.725 thousand refer primarily to the advance paid to the Republic of Serbia for the purchase of properties in Uganda, Peru and Nigeria in the amount of RSD 45.468 thousand.

The Company management was of the opinion that property and equipment value as at June 30, 2015 was not impaired compared with the presented value.

As at June 30, 2015, the Company has no property or equipment mortgaged or taken as lien to be used as collateral for financial obligations.

23. LONG-TERM FINANCIAL INVESTMENTS

Structure of long-term financial investments	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Shares in subsidiaries	5,738,693	5,669,421
Shares in affiliated companies and joint ventures	14,612	14,612
Shares in other companies and other available for sale securities	153,851	152,507
Long-term investments in parent companies and subsidiaries	534,365	563,771
Other long-term financial investments	1,471	1,510
<i>Total</i>	<i>6,442,992</i>	<i>6,401,821</i>
<i>Impairment</i>	<i>(826,704)</i>	<i>(835,608)</i>
TOTAL	5,616,288	5,566,213

23a) Share Investments

Equity investments relate to investments in shares and stocks as shown in the following Table.

Structure of share investments	% share	In RSD thousand	
		30.06.2015.	31.12.2014.
Share in subsidiaries			
Energoprojekt Visokogradnja Plc.	99.93%	1,825,076	1,825,076
Energoprojekt Niskogradnja Plc.	100.00%	1,078,756	1,012,084
Energoprojekt Oprema Plc.	67.87%	121,316	121,316
Energoprojekt Hidroinženjering Plc.	100.00%	427,626	427,626
Energoprojekt Urbanizam i arhitektura Plc.	100.00%	192,642	192,642
Energoprojekt Promet Ltd.	100.00%	295	295
Energoprojekt Energodata Plc.	100.00%	194,863	194,863
Energoprojekt Industrija Plc.	62.77%	61,209	61,209
Energoprojekt Entel Plc.	86.26%	216,422	216,422
Energoprojekt Garant Plc.	92.94%	597,545	597,545
Energoprojekt Sunnyville Ltd.	100.00%	2,500	
I.N.E.C. Engineering Company Limited, Great Britain	100.00%	70,311	70,311
Encom GmbH Consulting, Engineering & Trading, Germany	100.00%	3,492	3,493
Dom 12 S.A.L., Lebanon	100.00%	924,749	924,749
Enrgo Kaz Ltd.	100.00%	101	
Zambia Engineering and Contracting Company Limited, Zambia	100.00%	587	587
Energoprojekt Holding Guinee S.A., Guinea	100.00%	1,628	1,628
Energoprojekt (Malesia) sdn bhd, Kuala Lumpur	100.00%	19,574	19,574
<i>Impairment</i>		(715,064)	(715,064)
Total		5,023,628	4,954,356
Share in affiliated companies and joint ventures			
Necco Nigerian Engeneering and Construction CO LTD, Kano, Nigeria	40.00%	1,063	1,063
Enjub Ltd.	50.00%	13,550	13,550
<i>Impairment</i>		(1,063)	(1,063)
Total		13,550	13,550
Share in other companies and other available for sale securities			
a) Banks and financial organizations			
Dunav Plc.	0.01%	5,814	5,814
Jubmes banka Plc.	1.41%	120,176	120,176
Energo broker Plc.	17.64%	5,715	4,371
Fima see Activist Plc. Beograd	16.95%	16,160	16,160
<i>Impairment</i>		(110,477)	(119,382)
Total		37,388	27,139
b) Other companies			
Hotel Bela ladja Plc., Becej	4.36%	5,986	5,986
<i>Impairment</i>		(99)	(99)
Total		5,887	5,887
TOTAL		5,080,453	5,000,932

Equity investments for which impairment was performed are presented in the following Table.

Share investments - impairment	<i>In RSD thousand</i>		
	<i>Gross investment amount</i>	<i>Impairment</i>	<i>Net investment amount</i>
Share in subsidiaries			
Energoprojekt Visokogradnja Plc.	1,825,076	641,632	1,183,444
Energoprojekt Urbanizam i arhitektura Plc.	192,642	44,277	148,365
I.N.E.C. Engineering Company Limited, Great Britain	70,311	7,953	62,358
Energoprojekt Holding Guinee S.A., Guinea	1,628	1,628	-
Energoprojekt (Malesia) sdn bhd, Kuala Lumpur	19,574	19,574	-
<i>Total</i>	<i>2,109,231</i>	<i>715,064</i>	<i>1,394,167</i>
Share in affiliated companies and joint ventures			
Necco Nigerian Engenering and Construction CO LTD, Kano, Nigeria	1,063	1,063	-
<i>Total</i>	<i>1,063</i>	<i>1,063</i>	<i>-</i>
Share in other companies and other available for sale securities			
a) Banks and financial organizations			
Dunav Plc.	5,814	5,392	422
Jubmes banka Plc.	120,176	99,085	21,091
Fima see Activist Plc. Beograd	16,160	6,000	10,160
<i>Total</i>	<i>142,150</i>	<i>110,477</i>	<i>31,673</i>
b) Other companies			
Hotel Bela ladja Plc., Becej	5,986	99	5,887
<i>Total</i>	<i>5,986</i>	<i>99</i>	<i>5,887</i>
TOTAL	2,258,430	826,703	1,431,727

Share investments are long-term investments in shares and stocks of subsidiaries and affiliates, joint ventures, banks and insurance companies (securities available for sale), as well as in other companies.

Share investments in subsidiaries, affiliates and joint ventures are disclosed in compliance with the method for disclosing investments at cost. Company recognizes revenues in the amount received from the distribution of retained earnings of the investment user incurred after the acquisition date.

Increase in share investment in Energoprojekt Niskogradnja Plc. in 2015 compared with the reference year came as the result of the Decision of the Commercial Court of Appeal, according to which the Company paid to the minority shareholders the total of RSD 66.672 thousand as the difference in share price, with accrued interest. Namely, based on the shareholder's decision passed on the General Meeting of the Energoprojekt Niskogradnja Plc. on December 6, 2013, the Company, as the majority shareholder of the Energoprojekt Niskogradnja Plc. conducted the compulsory redemption of shares of this Issuer, in compliance with the procedure laid down in the Law on Companies. The minority shareholders were paid the price of RSD 1.563,08 per share, in compliance with the valuation

performed by a certified appraiser. A number of minority shareholders of the Energoprojekt Niskogradnja Plc. Company contested the price per share paid and asked the Court to determine the value of shares in an out-of-court procedure. The Commercial Court in Belgrade, before which the out-of-court procedure was conducted, ordered expert valuation and determined that the price per individual share of the Energoprojekt Niskogradnja Plc. is to amount to RSD 2.769,55. Upon appeal submitted by the Company, the Commercial Court of Appeal confirmed the Decision of the Commercial Court in Belgrade on March 20, 2015. Based on the said Court Decision, the Company is obliged to pay to the shareholders who require the difference in the prices of shares to be paid to them the differences in share price, together with the legally prescribed default interest.

In 2015, the Company founded a new company in the country, the Energoprojekt Sunnyville Ltd., Beograd, by paying in the founding capital amounting to RSD 2.500 thousand.

In 2015, the Company posted in its books the Energo Kaz Ltd. Kazakhstan (as its 100% owner), by paying the founding capital amounting to RSD 101 thousand to Energoprojekt Visokogradnja Plc. In 2010, Energoprojekt Visokogradnja paid KZT 200.000 (Kazakhstani tenge), based on the decision of the Company Board of Directors, as the founding capital of this Company.

Impairment of share investment in Energoprojekt Visokogradnja in the amount of RSD 641.632 thousand was performed on December 31, 2014 in compliance with IAS 36 – Impairment of Assets, based on the Report prepared by the Scientific and Research Centre of the Faculty of Economics of the University of Belgrade on equity valuation of Energoprojekt Visokogradnja for implementation of IAS/IFRS as at December 31, 2014.

Impairment of share investment in subsidiaries and affiliated companies abroad (Energoprojekt (Malaysia) Sdn Bhd, Kuala Lumpur; Energoprojekt Holding Guinee S.A., Guinea; I.N.E.C. Engineering Company Limited, Great Britain, and Necco Nigerian Engineering and Construction CO LTD, Kano, Nigeria) was performed in 2004 in compliance with the initial implementation of IAS provisions.

Share investment in Energoprojekt (Malaysia) Sdn Bhd, Kuala Lumpur and Necco Nigerian Engineering and Construction CO LTD, Kano, Nigeria were completely impaired because in addition to the fact that these Companies have no assets, they do not perform any business activities for a number of years now. The process of their dissolution in compliance with the local legislation has not been concluded yet. The above mentioned Companies shall not be included in the Group for consolidation of Energoprojekt Group.

Share in other companies and available for sale securities are measured at market (fair) value.

The change in the position Securities available for sale came as the result of the adjustment of the value of shares in Company's portfolio of shares with their fair value in the secondary securities' market as at the financial statements date (which are presented in the account for impairment of equity investments and profit and loss from securities available for sale).

The Company has made equity investments in the following Banks, financial institutions and other legal entities with listed shares in the Belgrade Stock Exchange and their fair value was determined based on their current market value as at June 30, 2015:

- Dunav Insurance Plc.: 527 shares, with the market value as at the balance sheet day of RSD 800.00 per share;
- Jubmes Banka Plc.: 4,056 shares, with the market value of RSD 5.200 per share;
- Fima See Activist Plc., Belgrade: 1,600 shares, with the market value of RSD 6,350.00 per share; and
- Hotel Bela Ladja Plc., Becej: 60,070 shares, with market value of RSD 98.00 per share.

The Company management could not make a reliable assessment of the fair value of their equity investments in the shares of Energobroker Plc. The shares of this Company are not listed and data on their latest market value is not publicly available. The Company's equity investments in the shares of Energobroker Plc. Company are presented at purchase price in the amount of RSD 5.715 thousand.

Maximum exposure to credit risk as at the financial statements date is the fair value of debt securities classified as available-for-sale.

Financial assets available for sale are presented in RSD.

23b) Long-term Financial Investments

Structure of long-term financial investments	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Long-term investments in parent companies and subsidiaries	534,365	563,771
<i>Impairment provision</i>		
Total	534,365	563,771
Securities held to maturity		
Other long-term financial investments:		
a) Housing loans granted to employees	1,470	1,510
<i>Impairment provision</i>		
Total	1,470	1,510
TOTAL	535,835	565,281

Long-term financial investments in parent companies and subsidiaries in the amount of RSD 534.365 thousand refer to the long-term loans granted to:

- Energoprojekt Visokogradnja Company in the amount of RSD 94.765 thousand, with 1% annual interest rate and maturity period of 2 years (the long-term loan amount: RSD 94.297 thousand and interest amount: RSD 468 thousand), based on the Agreement on Debt Rescheduling dated December 31, 2014;
- Energoprojekt Niskogradnja Company in the amount of RSD 416.385 thousand, with 4% annual interest rate and maturity period of 2 years (the long-term loan amount: RSD 407.522 thousand and

interest amount: RSD 8.863 thousand), based on the Agreement on Debt Rescheduling dated December 31, 2014; and

- Energoprojekt Sunnyville Ltd. in 2015, in the amount of RSD 23.215 thousand, with 4% annual interest rate and maturity period of 3 years (the long-term loan amount: RSD 23.131 thousand and interest amount: RSD 84 thousand).

The above Companies provided 2 (two) signed solo promissory notes to the Company each, to be filled out by beneficiary and for the entire amount of their loans, as collaterals for loan repayment based on the Long-Term Loan Agreements signed with these subsidiaries.

The long-term housing loans granted to employees that are presented among other long-term financial investments refer to four interest-free housing credits granted to employees, two of which were granted on June 10, 1992 for the repayment period of 38.5 years, and the remaining two loans were granted on November 28, 1995 for the repayment period of 40 years. In compliance with the terms and provisions of the loan agreements and in compliance with the provisions of the Law on Amendments and Addenda to the Law on Housing, the Company performs revalorisation of loan instalments twice a year based on the trends in consumer prices in the Republic of Serbia for the given accounting period. A portion of the long-term financial investments made on this basis with maturity dates up to one year that is being regularly repaid/collected amounts to RSD 78 thousand (Note 28).

24. INVENTORIES

Structure of inventories	In RSD thousand	
	30.06.2015.	31.12.2014.
Advances paid for inventories and services:		
a) Advances paid inventories and services to parent companies and subsidiaries		13,352
b) Advances paid for material, spare parts and inventory	190	675
c) Advances paid for services	3,224	115
<i>Total</i>	<i>3,414</i>	<i>14,142</i>
<i>Impairment provision</i>		
TOTAL	3,414	14,142

Advance payments paid for services in the amount of RSD 3.224 thousand primarily pertain to advance payment to M&V Investments Company in the amount of RSD 1.828 thousand (for the Company liability comprising of the difference in share prices in the compulsory redemption of Energoprojekt Niskogradnja Plc. shares in 2014, with default interest incurred (Note 23a) and to the Belgrade Stock Exchange in the amount of RSD 655 thousand (as the fee for organized trade of Company shares in 2015).

25. RECEIVABLES FROM SALES

Structure of receivables from sales	In RSD thousand	
	30.06.2015.	31.12.2014.
Local buyers - parent company and subsidiaries	475,093	419,702
Local buyers - other affiliated companies	705	705
Local buyers	51	37
Impairment provision		
TOTAL	475,849	420,444

Local buyers – parent companies and subsidiaries refer to the receivables based on Service Agreements concluded with subsidiary companies, based on which the Company was presented with blank solo promissory notes to be filled out by beneficiary as collaterals for collection.

Structure of local buyers – parent companies and subsidiaries is presented in the following table.

Structure of local buyers - parent company and subsidiaries	In RSD thousand	
	30.06.2015.	31.12.2014.
<i>Trade receivables domestic - subsidiaries</i>		
Energoprojekt Visokogradnja Plc.	275,216	233,001
Energoprojekt Niskogradnja Plc.	9,275	8,383
Energoprojekt Hidroinzenjering Plc.	46,050	46,603
Energoprojekt Entel Plc.	8,953	8,964
Energoprojekt Energodata Plc.	28,448	30,404
Energoprojekt Industrija Plc.	76,529	74,737
Energoprojekt Urbanizam i Arhitektura Plc.	20,945	17,429
Energoprojekt Oprema Plc.	9,493	
Energoprojekt Garant Ltd.	184	181
Total	475,093	419,702
<i>Trade receivables domestic - other related parties</i>		
Enjub Ltd.	705	705
Total	705	705
<i>Trade receivables domestic (externally)</i>	51	37
Total	51	
TOTAL	475,849	420,407

The Company has not been presented with any collection collaterals for local buyers – other affiliated companies and local buyers (external).

Receivables from sale and other receivables from sale bear no interest.

Other Receivables from Sales positions do not include any impaired assets. Accounting value of receivables from sales is equivalent to their fair value.

26. RECEIVABLES FROM SPECIAL TRANSACTIONS

Structure of receivables from special transactions	In RSD thousand	
	30.06.2015.	31.12.2014.
Receivables from special transactions from parent companies and subsidiaries	103,013	92,276
Receivables from special transactions from other affiliated companies	1,775	1,353
Receivables from special transactions from other companies	3,775	3,801
Impairment provision	(848)	(851)
TOTAL	107,715	96,579

Impairment provisions for receivables from special transactions are presented in the following Table.

Changes in impairment provisions for receivables from special transactions	In RSD thousand	
	30.06.2015.	31.12.2014.
Balance as at January 1	851	
Additional impairment provision		851
Direct write-off of the previously impaired receivables		
Collected impaired receivables		
FX gains and losses	(3)	
TOTAL	848	851

Impairment provision for receivables from special transactions from other companies (the Zekstra Group – Zekstra Ltd. Belgrade Company) which were matured and written-off, was performed in inventory count as at December 31, 2014.

Detailed information on receivables from special transactions is presented in the following table.

Structure of receivables from special transactions	In RSD thousand	
	31.06.2015.	31.12.2014.
Receivables from special transactions from parent companies and subsidiaries:		
Energoprojekt Visokogradnja Plc.	101,217	86,085
Energoprojekt Niskogradnja Plc.	905	1,944
Energoprojekt Hidroinzenjering Plc.	332	1,229
Energoprojekt Entel Plc.	15	507
Energoprojekt Energodata Plc.	39	662
Energoprojekt Industrija Plc.	8	707
Energoprojekt Urbanizam i arhitektura Plc.	18	100
Energoprojekt Oprema Plc.	43	571
Energoprojekt Garant Ltd.	436	471
Total	103,013	92,276
Receivables from special transactions from other affiliated companies:		
Enjub Ltd.	1,775	1,353
Total:	1,775	1,353
Receivables from special transactions from other companies:		
Music School "S.Binicki"	15	38
Zekstra Group-Zekstra Ltd.	848	851
Musić Ivan	30	30
Energoprojekt Union	1	1
Napred razvoj Plc.	2,881	2,881
Total:	3,775	3,801
Impairment provision for receivables from specific operations:		
Zekstra Group-Zekstra Ltd.	(848)	(851)
Total:	(848)	(851)
TOTAL	107,715	96,579

27. OTHER RECEIVABLES

Structure of other receivables	In RSD thousand	
	30.06.2015.	31.12.2014.
Interest and dividend receivable:		
a) Interest and dividend receivable from parent companies and subsidiaries	367,872	3,653
b) Interest and dividend receivable from affiliated companies	40,744	35,634
c) Interest agreed and default interest from other legal entities	15	122
Total	408,631	39,409
Receivables from employees	282	
Receivables for overpaid profit tax	6,657	13,126
Receivables for fringe benefits' returns	1,272	977
Impairment provisions		
TOTAL	416,842	53,512

Structure of interest and dividend receivables in the amount of RSD 408.631 thousand is presented in the following table.

Structure of interest and dividend receivables	In RSD thousand	
	30.06.2015.	31.12.2014.
Interest and dividend receivables from parent companies and subsidiaries:		
Energoprojekt Visokogradnja Plc.	5,546	317
Energoprojekt Niskogradnja Plc.		3,336
Energoprojekt Energodata Plc.	838	
Energoprojekt Urbanizam i arhitektura Plc.	726	
Total	7,110	3,653
Dividend receivables from parent companies and subsidiaries:		
Energoprojekt Entel Plc.	265,322	
Energoprojekt Oprema Plc.	95,440	
Total:	360,762	
Interest receivables from other affiliated companies:		
Enjub Ltd.	40,744	35,634
Total:	40,744	35,634
Interest receivables from other legal entities:		
Unicredit bank Plc.		53
Alpha bank Plc.	15	8
Piraeus bank Plc.		61
Total:	15	122
TOTAL	408,631	39,409

Receivables for fringe benefits' returns in the amount of RSD 1.272 thousand relate to the receivables for sick leave longer than 30 days and maternity leaves.

28. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short-term financial investments	In RSD thousand	
	30.06.2015.	31.12.2014.
Short-term loans and investments - parent companies and subsidiaries	337,570	289,257
Short-term loans and investments - other affiliated companies	161,054	161,527
Short-term credits and loans domestic		609
Portion of other long-term financial investments with maturity date up to one year (Note 23b)	78	78
<i>Impairment provision</i>		
TOTAL	498,702	451,471

Short-term loans and investments in subsidiaries and other affiliated companies relate to loans granted to these companies, with maturity date of 12 months and interest rate ranging from 4% annually to 3 months' EURIBOR + 6.5 % per annum, as presented in the following Table.

No.	Borrower and Agreement No.	Loan amount in EUR thousand	Remaining receivables from loan in EUR thousand	Remaining receivables from loan in RSD thousand	Maturity date	Loan terms and conditionsUslovi zajma
1	EP Visokogradnja Plc.					
	Loan Rescheduling Agreement No. 21	1,637	1,637	197,478	31.12.2015.	4 % p.a.
	Loan Agreement No.365	85	85	10,301	08.12.2015	3M Euribor + 5.3% p.a.
	Loan Agreement No. 1/5	85	85	10,203	31.12.2015.	3M Euribor + 5.3% p.a.
	Loan Agreement No. 45	88	88	10,636	31.12.2015.	3M Euribor + 5,3% p.a.
	Loan Agreement No. 71/171			11,125	31.12.2015	1M Belibor + 1.35% p.a.
	Loan Agreement No. 117/15			11,060	31.12.2015.	1M Belibor + 1.35% p.a.
	Loan Agreement No. 160/15	42	42	5,008	31.12.2015.	4% p.a.
	Loan Agreement No. 184			10,742	15.06.2015.	1M Belibor + 1.35% p.a.
	<i>Total</i>	<i>1,722</i>	<i>1,722</i>	<i>266,553</i>		
2	EP Energodata Plc.					
	Loan Rescheduling Agreement No. 24	350	350	42,231	31.12.2015.	4 % p.a.
3	EP Urbanizam i arhitektura Plc.					
	Loan Rescheduling Agreement No.	318	239	28,786	31.12.2015.	4 % p.a.
	<i>Total for subsidiaries</i>	<i>2,390</i>	<i>2,311</i>	<i>337,570</i>		
4	Enjub Ltd.					
	Annex No. 3 of the Loan Rescheduling Agreement No. 115	1,198	1,198	144,471	31.12.2015.	3M Euribor + 6.5% p.a.
	Annex No.7 of Loan Agreement No. 367	137	137	16,583	31.12.2015.	3M Euribor + 6,5% p.a.
	<i>Total for other related parties</i>	<i>1,335</i>	<i>1,335</i>	<i>161,054</i>		
	TOTAL	3,725	3,646	498,624		

The Company has 2 (two) signed blank solo bills of exchange to be filled out by beneficiary to be used as collateral for the collection of payments pursuant to loan agreements concluded with subsidiaries and the joint venture.

As collaterals for loan repayment pursuant to:

- Annex No. 7 of the Loan Agreement No. 367 concluded with Enjub Ltd. in the amount of RSD 16.583 thousand (EUR 137 thousand), the Company (in addition to bills of exchange) has an extrajudicial mortgage for the entire loan amount for apartments in 91A Jurija Gagarina Street in Novi Beograd, as collateral for loan repayment;

- Annex No. 3 of the Loan Rescheduling Agreement No. 115 concluded with Enjub Ltd. in the amount of RSD 144.471 thousand (EUR 1.198 thousand), a mortgage bond was issued (mortgage has not been registered) for real estate (apartments and office space) in 93, 93A and 91A Jurija Gagarina (Note 40).

Portion of other long-term financial investments with maturity of up to one year in the amount of RSD 78 thousand relate to the long-term housing loans granted to employees with maturity of up to one year (Note 23b).

29. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	In RSD thousand	
	30.06.2015.	31.12.2014.
Current (business) account	430	1,310
Petty cash		
Foreign currency account	232	281
Foreign currency petty cash	4	17
Other cash:		
a) Short-term term deposits	95,045	91,687
b) Other cash	38,476	23,418
<i>Total</i>	<i>133,521</i>	<i>115,105</i>
TOTAL	134,187	116,713

Within the Company's **the current (business) accounts and foreign currency accounts**, cash held with business banks locally and abroad (with Banca Intesa, Unicredit Bank, Hypo-Alpe-Adria Bank, Jubmes Bank, Alpha Bank, Vojvodjanska Bank, Societe Generale Bank, Credit Agricole Bank, Raiffeisen Bank, Erste Bank, Komercijalna Bank, Piraeus Bank, Eurobank Srbija and the Trade Bank of Iraq).

Short term deposits in the amount of RSD 95. 045 thousand refer to the short term deposits held with business banks in the country (Unicredit Bank, Alpha Bank and Piraeus Bank) with 1 to 3 months' terms, with interest rate ranging from 1% to 2% annually and with the option to terminate the term deposit contract at any given moment. The term deposits are in EUR (EUR 478 thousand) and in USD (USD 348 thousand).

Other cash in the amount of RSD 38.476 thousand refer to the overnight deposits with Alpha Bank.

30. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED EXPENSES AND DEFERRED INCOME

Structure of prepayments and accrued income	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Prepayments:		
a) Prepaid expenses - parent companies and subsidiaries	3,736	1,447
b) Prepaid subscriptions for expert and professional publications	350	461
c) Prepaid insurance premiums	56	18
<i>Total</i>	<i>4,142</i>	<i>1,926</i>
Receivables for accrued non-invoiced income:		
a) Receivables for accrued non-invoiced income - other legal entities	386,890	328,336
<i>Total</i>	<i>386,890</i>	<i>328,336</i>
Other prepayments and accrued expenses:		
a) Prepaid value added tax	9	359
b) Other prepayments and deferred income	13,587	806
<i>Total</i>	<i>13,596</i>	<i>1,165</i>
TOTAL	404,628	331,427

Prepayments – parent companies and subsidiaries in the amount of RSD 3.736 thousand refer to prepayments for licensing costs (Energoprojekt Energodata Company) and to the costs of property and personal insurance (Energoprojekt Garant Company).

Receivables on non-invoiced income in the amount of RSD 386.890 thousand refer to the realization of the Agreement on Construction of the Republic of Serbia Embassy Building in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the Real Estate Registry, Cadastral Zone A00.

Prepaid VAT includes added value tax from prepared invoices for the reporting period; the right to deduction of the previous tax can be exercised in the following calculation period, since the invoices arrived after the tax return for June 2015 was filed.

Other prepayments and deferred income in the amount of RSD 13.587 thousand relate primarily to the pre-calculated property tax in the amount of RSD 12.928 thousand.

31. CAPITAL

In RSD thousand

DESCRIPTION	Share capital	Other share capital	Issuing premium	Reserves	Revaluation reserves	Unrealized gains/losses on securities	Retained earnings	Total
Balance as at January 1, 2014	5,574,959	27,178	1,600,485	134,881	52,910	(21,136)	684,911	8,054,188
Net profit for the year							43,867	43,867
Other comprehensive result:								
a) Changes in fair value of financial assets available for sale						(19,650)		(19,650)
b) Revaluation					863,317			863,317
c) Other - levelling of present value, IAS 12 et al.					(129,498)			(129,498)
Total - other comprehensive result					733,819	(19,650)		714,169
Total comprehensive result for 2014					733,819	(19,650)	43,867	758,036
Corrections					30,862		(30,865)	(3)
Increase in share capital								
Profit distribution							(393,527)	(393,527)
Balance as at December 31, 2014	5,574,959	27,178	1,600,485	134,881	817,591	(40,786)	304,386	8,418,694
Net profit for the year							455,837	455,837
Other comprehensive result:								
a) Changes in fair value of financial assets available for sale						8,904		8,904
b) Revaluation								
c) Other - levelling of present value, IAS 12 et al.								
Total - other comprehensive result						8,904		8,904
Total comprehensive result for 2015						8,904	455,837	464,741
Corrections							1,372	1,372
Pincrease in share capital								
Profit distribution							(218,626)	(218,626)
Balance as at June 30, 2015	5,574,959	27,178	1,600,485	134,881	817,591	(31,882)	542,969	8,666,181

31a) Equity Capital

According to the Central Securities, Depository and Clearing House Register, the Company's present ownership structure as at June 30, 2015 is as follows:

	No of shares	% in total issue
Shares held by private shareholders	3.202.246	29.29%
Shares held by legal entities	6.861.425	62.77%
- Republic of Serbia	3.671.205	33.58%
- Other legal entities	3.190.220	29.18%
Aggregate (custody) account	867.621	7.94%
Total No. of shares	10.931.292	100

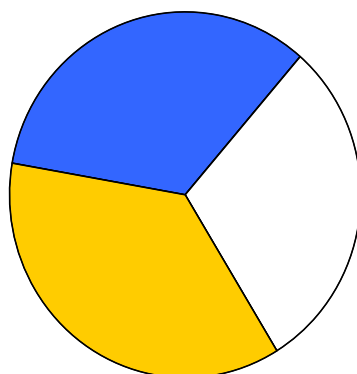
No. of shareholders with equity	Number of entities			No. of shares			% in total issue	
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign
Up to 5%	7.359	234	7.593	4.321.15	703.471	5.024.62	39.53%	6.4
5% to 10%	0	0	0	0	0	0	0.00%	0.00
10% to 25%	1	0	1	2.235.46	0	2.235.46	20.45%	
25% to 33%	0	0	0	0	0	0	0.00%	0.00
33% to 50%	1	0	1	3.671.20	0	3.671.20	33.58%	0.00
50% to 66%	0	0	0	0	0	0	0.00%	0.00
66% to 75%	0	0	0	0	0	0	0.00%	0.00
Over 75%	0	0	0	0	0	0	0.00%	0.00
Total No.	7.361	234	7.595	10.227.82	703.471	10.931.29	93.56%	6.4

List of top 10 shareholders per no. of shares/votes held:

Shareholder	No. shares	% in total issue
Republic of Serbia	3.671.205	33.58%
Napred Razvoj Plc. Novi Beograd	2.235.465	20.45%
East Capital (Lux) - Balkan Fund	370.593	3.39%
Societe generale bank Srbija Plc.-custody	139.885	1.28%
Raiffeisen bank Plc - custody	133.492	1.22%
Raiffeisen bank Plc - custody	98.848	0.90%
Societe generale bank Serbia Plc. - custody	78.090	0.71%
NLB bank Plc. Beograd -	71.074	0.65%
Raiffeisen bank Plc Beograd - custody	70.839	0.65%
Gustavia Fonder Aktiebolag	70.000	0.64%

Republic of
Serbia
33.58%

Other
36.52%



Professional
investors
29.90%

Structure of equity capital	In RSD thousand	
	30.06.2015.	31.12.2014.
Share capital:		
a) Share capital in parent companies, subsidiaries and other affiliated companies		
b) Share capital (externally)	5,574,959	5,574,959
Total	5,574,959	5,574,959
Issuing premiums	1,600,485	1,600,485
Other share capital	27,178	27,178
TOTAL	7,202,622	7,202,622

Share capital consists of 10.931.292 ordinary shares with nominal value of RSD 510 (RSD 5,574,959 thousand) and nominal book value of RSD 792,79.

Share capital - ordinary shares include founding shares and closely held (management) shares issued during operations which carry rights to a share of the profit and a part of the estate in case of bankruptcy, in accordance with the memorandum of association and the share issue resolution.

The company's shares are A-listed on the Belgrade Stock Exchange.

Issuing premium is positive difference between the achieved selling price per share and the nominal value of such shares, which is the result of the conversion of shares of the Energoprojekt Group subsidiaries into Company shares at the par value of 1:1 in 2006.

Other share capital was created by the reposting of non-business assets sources in 2005 in the total of 27.178 thousand RSD.

31b) Reserves

Structure of reserves	In RSD thousand	
	30.06.2015.	31.12.2014.
Legal reserves	23,185	23,185
Statutory and other reserves	111,696	111,696
TOTAL	134,881	134,881

Legal reserves were formed in compliance with the law until 2004, by incremental annual payments of a minimum of 5% of the profits until the reserves' level reaches at least 10% of the equity capital.

In compliance with the Company's Statute, **statutory reserves** were made until 2011 and the shareholders determined the amount of such reserves at the General Meeting, which could not be less than 5% of the net profit.

31c) Revaluation Reserves From Revaluation of Intangibles assets, Property, Plant and Equipment

Structure of revaluation reserves based on revaluation of intangible assets, property, plant and equipment	In RSD thousand	
	30.06.2015.	31.12.2014.
Revaluation reserves based on revaluation of property - Energoprojekt building	817,591	817,591
TOTAL	817,591	817,591

The following was disclosed in the Revaluation reserves from revaluation of property – Energoprojekt building position, in the amount of RSD 817,591 thousand:

- Effects of posting of the fair value of the Energoprojekt building as at December 31, 2014 in the amount of RSD 863,317 thousand (Note 22a);
- Levelling of the present value per m² of the Energoprojekt building in the amount of RSD 98,555 thousand; and
- Posting of 15% profit tax (negative aspect of revaluation reserves) for the amount of deferred tax on the basis of revaluation reserves, in compliance with IAS 12 – Income Taxes, in the amount of RSD 144,281 thousand.

31d) Unrealized Losses from Securities and Other Components of Other Comprehensive Result (debit balance under account class 33, excl. 330)

Structure of unrealized losses from securities and other components of other comprehensive results (debit balances under account class 33, excl. 330)	In RSD thousand	
	30.06.2015.	31.12.2014.
Unrealized losses on securities available for sale	31,882	40,786
TOTAL	31,882	40,786

Changes in the position of **Unrealized losses on securities available for sale** relate to adjustments of value of securities in Company portfolio with their fair value in the secondary securities market as at the financial statements date (the negative effect of which could not be covered with the positive effects of the change in the fair value of the given security).

31e) Retained Earnings

Structure of retained earnings	In RSD thousand	
	30.06.2015.	31.12.2014.
Retained earnings from previous years:		
a) Balance as at January 1	304,386	684,911
b) Correction of profit based on income tax	1,372	(2)
c) Other corrections (IAS 12 et al.)		(30,863)
d) Profit distribution	(218,626)	(393,527)
<i>Total</i>	87,132	260,519
Retained earnings from current years:	455,837	43,867
TOTAL	542,969	304,386

In 43rd repeat General Meeting of the Company held on June 16, 2015, within the item 3 of the meeting agenda, decision was passed pertaining to distribution of undistributed profit as at December 31, 2014, in the amount of RSD 304.386 thousand in the following manner:

- For dividend payment, gross amount of RSD 20,00 per share to Company shareholders, or in the total amount of RSD 218.626 thousand;
- The remaining portion of the profit in the amount of RSD 85.760 thousand, to be allocated in undistributed profit.

Correction of undistributed profit from previous years in the amount of RSD 1.372 thousand relates to the correction as per the final version of the income tax return.

Undistributed profit from the current year in the amount of RSD 455.837 thousand relates to Company's net income generated in the reporting period.

32. LONG-TERM PROVISIONS

Long-term provisions are recognized in the following cases:

- Where the Company has a (legal or actual) liability incurred as a result of a past event; Where it is probable that the resource containing economic value will necessarily be deployed to settle a liability; and
- Where the liability amount can be measured reliably.

In RSD thousand

Structure of long-term provisions	Provisions for wages and other employee benefits	Other long term provisions	TOTAL
Balance as at January 1, 2014	5,055	260,000	265,055
Additional provisions			
Used during the year	(1,559)		(1,559)
Cancelling of unused amounts	(1,208)		(1,208)
Balance as at December 31, 2014	2,288	260,000	262,288
Additional provisions			
Used during the year	(504)		(504)
Cancelling of unused amounts			
Balance as at June 30, 2015	1,784	260,000	261,784

32a) Provisions for Wages and Other Employee Benefits

Provisions for wages and other employee benefits (provisions for non-due retirement bonuses) are disclosed based on actuarial calculation of the Energoprojekt Group expert team as at December 31, 2014.

32b) Other long-term provisions

Other long-term provisions in the amount of RSD 260,000 thousand are recorded in the balance sheet as at December 31, 2006, pursuant to the Decision of the competent body of the Company, as potential contract expenses related to the Joint Construction Agreement - Block 26, Novi Beograd, No. 507, concluded between the consortium „Energoprojekt – Napred“ and Trinity Capital Ltd.

Pursuant to provision of the Joint construction agreement and the Annex no. 1 to this agreement, Trinity Capital Ltd. paid the agreed amount and the Company issued a blank bill of exchange with authorization and unlimited validity. This bill of exchange may be submitted for payment based on an effective decision of the authorities confiscating from the Company the underlying property referenced in the contract by fault attributable to the Company, however for reasons which had not been known to Trinity Capital Ltd. at the time the contract was signed.

Provisioning was pursuant to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, due to the uncertainty with regard to the application of the legislation that applies to the subject of the Agreement and that may affect the fulfilment of all obligations assumed by the Company as well as due to the issued blank bill of exchange as previously stated.

On June 30, 2015, there is still uncertainty with regard to the application of the legislation that may affect the fulfilment of all obligations assumed by the Company and possible activation of issued bills of exchange by Trinity Capital Ltd. Therefore, the management assesses that conditions for the cancellation of the provision at the balance sheet date have not been met yet.

33. SHORT-TERM FINANCIAL LIABILITIES

Structure of short-term financial liabilities	In RSD thousand	
	30.06.2015.	31.12.2014.
Short-term credits and loans domestic	300,604	170,000
Other short-term financial liabilities:		
a) Portion of long-term liabilities with maturity date up to one year		16,667
b) Other short-term financial liabilities		348
Total	-	17,015
TOTAL	300,604	187,015

33a) Short-term credits and loans domestic

Structure of short-term credits and loans domestic	Interest rate	In RSD thousand	
		30.06.2015.	31.12.2014.
Short-term loans granted by banks domestically:			
a) Dinar loans	1M Belibor + 1.35% p.a.	180,000	170,000
b) Loans with foreign currency clause	3M Euribor + 4.5% p.a.	120,604	
TOTAL		300,604	170,000

Short-term loans domestic in the amount of RSD 300.604 thousand relate to the following:

- RSD loan granted by Alpha bank Plc. in the amount of RSD 180.000 thousand in accordance with the Agreement on Framework Multipurpose Multicurrency Revolving Credit Limit, with the interest rate of 1M Belibor + 1.35% annually. Company provided its bills of exchange as collaterals for loan repayment and sureties issued by Energoprojekt Oprema Plc., Energoprojekt Visokogradnja Plc. and Energoprojekt Niskogradnja Plc.;
- Loan with foreign currency clause (EUR) granted by Eurobank Plc. in the amount of RSD 120.604 thousand in accordance with the Agreement on Short-term Loan, with the interest rate of 3M Euribor + 4.5% annually. Company's bills of exchange and sureties issued by Energoprojekt Oprema Plc. and Energoprojekt Niskogradnja Plc. as collaterals.

33b) Other short-term financial liabilities

Structure of long-term liabilities with maturity dates up to one year	In RSD thousand	
	30.06.2015.	31.12.2014.
Portion of long-term loans domestic with maturity up to one year		16,667
<i>Total</i>	0	16,667
Other short-term financial liabilities:		
a) Liabilities for short-term securities		
b) Other short-term financial liabilities		348
<i>Total</i>	0	348
TOTAL	0	17,015

34. RECEIVED ADVANCES, DEPOSITS AND BONDS

Structure of received advances, deposits and bonds	In RSD thousand	
	30.06.2015.	31.12.2014.
Advance payments from other legal entities in the country	625	
TOTAL	625	0

35. OPERATING LIABILITIES

Structure of operating liabilities	In RSD thousand	
	30.06.2015.	31.12.2014.
Suppliers - parent company and subsidiaries, local	4,701	13,268
Suppliers - parent company and subsidiaries, foreign countries	12,814	16,480
Suppliers, local	11,292	12,416
Suppliers, foreign countries	3,233	4,772
TOTAL	32,040	46,936

Total amount of liabilities from operations broken down per currencies are presented in the following Table.

Strukture of operating liabilities per currencies	In RSD thousand	
	30.06.2015.	31.12.2014.
RSD	19,110	15,240
EUR	12,930	29,760
USD		1,936
TOTAL	32,040	46,936

Geographic distribution of suppliers is as follows:

Geographic distribution of suppliers	In RSD thousand	
	30.06.2015.	31.12.2014.
Domestic suppliers (subsidiaries and other legal entities)	15,993	25,684
Foreign suppliers (subsidiaries):		
Europe	12,814	16,480
<i>Total</i>	12,814	16,480
Foreign suppliers (other legal entities):		
America	3,233	4,772
<i>Total</i>	3,233	4,772
<i>Adjustment</i>		
TOTAL	32,040	46,936

The key suppliers are presented in the following table, according to the suppliers' balances as at the Company balance sheet date.

Structure of suppliers	In RSD thousand	
	30.06.2015.	31.12.2014.
Domestic suppliers (subsidiaries and other legal entities):		
Investments and Housing Agency	3,114	3,114
Energoprojekt Visokogradnja Plc.	2,381	990
PUC Beogradske elektrane	2,076	894
Energoprojekt Oprema Plc.	1,455	12,774
Dedinje Ltd.	815	407
EPS snabdevanje Ltd.	0	3,492
Health Protection Institute of the Railroad Transportation Company	0	444
Neo Systems Ltd.	0	1,335
Others	6,152	2,234
Total	15,993	25,684
Foreign suppliers (subsidiaries and other legal entities):		
Encom GmbH Consulting, Engineering&Trading, Germany	12,814	16,481
IATA	3,233	2,836
Others		1,935
Total	16,047	21,252
TOTAL	32,040	46,936

The Company did not provide any securities as payment collaterals.

Suppliers are exclusive of interest and with value date ranging from 5 to 30 days.

Company Management is of the opinion that the disclosed amounts of liabilities from operations reflect the fair value of such liabilities as at the balance sheet date.

36. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	In RSD thousand	
	30.06.2015.	31.12.2014.
Liabilities for wages, fringe benefits and compensations	15,383	12,951
Other liabilities:		
a) Liabilities for interest and financing costs		548
b) Liabilities for dividends	230,456	11,838
c) Liabilities to employees	237	232
d) Liabilities to General Manager, or to management and Supervisory Board members	463	492
e) Liabilities to physical persons on contractual obligations	407	479
f) Other various liabilities	1,099	1,193
Total	232,662	14,782
TOTAL	248,045	27,733

Liabilities for wages, fringe benefits and compensations in the amount of RSD 15.383 thousand refer to the liabilities (net, taxes and contributions) for June salary in the amount of RSD 14.898

thousand that the Company paid in July 2015 and to the salary for Q1 2015 in the Company's branch office in Iraq in the amount of RSD 485 thousand.

Liabilities for dividends in the amount of RSD 230.456 thousand refer to the liability incurred based on the decision passed by the shareholders in the General Meeting of the Company in 2015 on distribution of profit in the amount of RSD 218.626 thousand and to the liabilities for dividends' payment from previous years in the amount of RSD 11.830 thousand, which have not yet been paid to date (probate proceedings, etc.).

Other liabilities in the amount of RSD 1.099 thousand refer predominantly to withholding from net wages (based mostly on loans granted by employees, union fees, etc.).

Company Management is of the opinion that the disclosed value of short-term liabilities reflects their fair value at the balance sheet date.

37. LIABILITIES FOR VALUE ADDED TAX, LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE AND ACCRUED EXPENSES AND DEFERRED INCOME

37a) Liabilities for Value Added Tax

Liabilities for value added tax	<i>in RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Liabilities for value added tax	5,305	5,540
TOTAL	5,305	5,540

Liabilities for value added tax refer to the difference between calculated tax and input tax. This liability was settled by the Company within the legally prescribed deadline, in July 2015.

37b) Liabilities for Other Taxes, Contributions and Fees Payable

Liabilities for other taxes, contributions and fees payable	<i>in RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Liabilities for other taxes, contributions and fees payable	13,552	688
TOTAL	13,552	688

Liabilities for other taxes, contributions and fees payable in the amount of RSD 13.552 thousand refer primarily to the liabilities for property tax in the amount of RSD 11.922 thousand; contributions for considerations to Supervisory Board members: RSD 465 thousand; liabilities for income tax on dividends: RSD 97 thousand; taxes and contributions for agreements on temporary and periodical engagements: RSD 49 thousand and to other liabilities.

37c) Accrued Expenses and Deferred Income

Accrued expenses and deferred income	In RSD thousand	
	30.06.2015.	31.12.2014.
Precalculated expenses:		
a) Precalculated expenses - parent company, subsidiaries and other affiliated companies	24,930	24
b) Precalculated expenses - other legal entities	1,710	200
Total	26,640	224
Other accruals	842	
TOTAL	27,482	224

Precalculated expenses – parent company, subsidiaries and other affiliated companies in the amount of RSD 24.930 thousand refer to calculated costs for the period till June 30, 2015, based on the Agreement on Construction of the Embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, in the cadastre lot No. 313, registered in the Real Estate Cadastre of the Cadastre Zone A00.

38. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities	In RSD thousand	
	30.06.2015.	31.12.2014.
Deferred tax assets	3,893	3,893
Deferred tax liabilities	157,882	157,882
Net effect of deferred tax assets (liabilities)	(153,989)	(153,989)

Deferred tax assets are the income tax amounts recoverable in future periods based on *deductible temporary differences*. A deductible temporary difference is generated in cases where a company's balance sheet contains already disclosed expense on certain bases, which will be recognized from the tax aspect in the following periods. Deferred tax assets are verified on December 31 and are recognized only if it is considered probable that the deferred tax assets will probably be used to reduce a taxable income in the future period.

The amount of deferred tax assets is calculated by multiplying the amount of deductible temporary difference at the end of the year by the Company's corporate income tax rate (15%).

Deferred tax liabilities disclosed as at December 31 refer to *taxable temporary differences* between the book value of assets subject to depreciation and their tax base. Due to different provisions used in the Company to define accounting depreciation (in compliance with the IAS/IFRS and other provisions) and provisions that define tax depreciation (in compliance with the Law on Corporate Income Tax), the Company shall pay higher amount of income tax in the future period than it would pay if the actually disclosed accounting depreciation would be acknowledged by tax legislation. For this reason, the Company recognizes the deferred tax liability, which represents income tax payable once that the Company "recovers" the accounting value of the assets.

The amount of deferred tax liabilities is calculated by multiplying the amount of taxable temporary difference at the end of the year by the Company's income tax rate (15%).

Changes in balance of deferred tax assets during the reporting and reference years were as follows:

In RSD thousand

Deferred tax assets	Tax value exceeding the book value in intangible assets, plants and equipment	Capital losses in investment property	Provisions for retirement bonuses	Unpaid public revenues	Total
Balance as at January 1, 2014	2,271	688	758	42	3,759
Debit/credit to Profit and Loss	(96)	686	(415)	(41)	134
Direct debit to capital					
Balance as at December 31, 2014	2,175	1,374	343	1	3,893
Debit/credit to Profit and Loss					
Direct debit to capital					
Balance as at June 30, 2015	2,175	1,374	343	1	3,893

Changes in balance of deferred tax liabilities during the reporting and reference years were as follows:

In RSD thousand

Deferred tax liabilities	Book value exceeding tax value in property	Capital gains in investment property	Total
Balance as at January 1, 2014	22,824	3,077	25,901
Debit/(credit) to Profit and Loss	2,405	77	2,482
Direct debit to capital	129,499		129,499
Balance as at December 31, 2014	154,728	3,154	157,882
Debit/(credit) to Profit and Loss			
Direct debit to capital			
Balance as at June 30, 2015	154,728	3,154	157,882

A summary of changes in balance of deferred tax liabilities of the Company is presented in the following tables.

Balance and changes in balance of deferred tax liabilities	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Balance of deferred tax liabilities at the end of the previous year	(131,847)	22,142
Balance of deferred tax liabilities at the end of the current year	(131,847)	153,989
Changes in balance of deferred tax liabilities	-	(131,847)

Changes in balance of deferred tax liabilities	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Deferred tax expenses of the period		(2,348)
Revaluation reserves		(129,499)
Undistributed profit of the previous year		
TOTAL	-	(131,847)

39. OFF-BALANCE SHEET ASSETS AND LIABILITIES

In compliance with the relevant statutory provisions (Rules on Content and Form of Financial Statements Forms for Companies, Cooperatives and Entrepreneurs), disclosed off-balance sheet items in its financial statements. Items disclosed under off-balance sheet assets and liabilities, presented in the following Table, are neither assets nor liabilities of the Company, but are primarily presented for information purposes.

Structure of off-balance sheet assets and liabilities is presented in the following table.

Structure of off-balance sheet assets and liabilities	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Received sureties, guarantees and other rights	3,015	3,024
Provided sureties, guarantees and other rights	18,778,743	16,863,609
Received mortgages and other rights	16,583	16,632
Other off-balance sheet asset/liabilities	4,463,530	4,463,529
TOTAL	23,261,871	21,346,794

Received guarantees, sureties and other warranties in the amount of RSD 3.015 thousand refer to:

- Liability for received guarantee for timely settlement of liabilities for flight tickets in the amount of RSD 3.015 thousand (EUR 25 thousand) that expires on July 20, 2015, and is renewed quarterly (Alpha Bank).

Issued guarantees, sureties and other warranties amounting to RSD 18.778.743 thousand refer to the following:

- Guarantees issued for credits and guarantees for subsidiaries amounting to RSD 16.546.892 thousand; and

- Corporate guarantees issued to Energoprojekt Niskogradnja amounting to RSD 2.231.851 thousand (guarantees for the following projects: BBVA - PERU amounting to RSD 1.508.226 thousand and BANCO FINANCIERO - PERU amounting to RSD 723.625 thousand).

To provide guarantees, sureties and corporate guarantees, the Company concluded agreements with subsidiaries based on which the Company is the guarantor and based on which it received respective collaterals from the subsidiaries involved (Company's bills of exchange).

Received mortgages and other rights amounting to RSD 16.583 thousand pertain to the mortgage on Enjub Ltd. apartments, arising from the Loan Agreement regulating the loan approved to Enjub Ltd. (Note 40).

Other off-balance sheet assets/liabilities amounting to RSD 4.463.530 thousand include the following:

- The right to use the municipal construction land – in Block 25 and Block 26 in Novi Beograd, amounting to RSD 4,433,087 thousand;
- Dividends receivables from Enjub Ltd., which were directly written-off in the previous accounting period in the amount of RSD 30,443 thousand; and
- Unused construction facilities in Budva that were directly written-off in the inventory count as at December 31, 2014 and presented in the off-balance records without any value (Note 22a).

40. MORTGAGES REGISTERED IN FAVOUR AND/OR AGAINST THE COMPANY

Mortgages registered in favour of the Company are as follows:

- As collateral to secure the repayment of loan pursuant to the Annex No. 7 of the Loan Agreement No. 367, in the amount of RSD 16.583 thousand (EUR 137 thousand), granted by the Company to Enjub Ltd, the extrajudicial mortgage for the entire loan amount was registered for apartments in 91A Jurija Gagarina Street, on the second and third floors, Cadastre lot No. 5089/9, Cadastral Municipality of Novi Beograd, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality Novi Beograd, in favour of the Company, and
- As collateral to secure the repayment of the loan pursuant to the Annex No. 3 of the Agreement on Rescheduling of Approved Loan pursuant to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 144.471 thousand (EUR 1,198 thousand), there is a lien statement (mortgage was not registered) provided for the real property (apartments and business premises) in 93, 93A and 91A Jurija Gagarina Street.

41. COMMITMENT AND CONTINGENCIES

Contingent liabilities that can potentially result in an outflow of economic benefits of the Company can primarily arise from the lawsuits. Contingent **liabilities arising from lawsuits** are primarily

reflected in the potential completion of lawsuits against the Company, yet no liability or provision was recorded in the balance sheet.

The number and estimated values of lawsuits with the Company as the defendant and not very small probability for the Company to lose the case are presented in the following Table. The disclosed lawsuits' amounts with the contingent liability as at June 30, 2015 include only the principal amount per case.

Plaintiff	The first instance proceedings	The second instance proceedings	Total
<i>No. of lawsuits</i>			
Physical person	4	4	8
Legal person	3	1	4
TOTAL	7	5	12
<i>In RSD thousand</i>			
Physical person		36,460	36,460
Legal person		138,004	138,004
TOTAL		174,464	174,464

Additional details on lawsuits in which the Company is involved as the defendant are presented in the following Table.

Plaintiff	Legal grounds	Contingent liability in RSD thousand
New company	Establishing of land ownership right (IN Hotel)	
Raonić Milan	Damage compensation for copyright claim	36,016
Land Development Agency	Debt and claim for construction land (Hotel Hyatt Regency Beograd)	Uncertain
Marko Martinoli	Share squeeze-out	Uncertain
Belim Plc. in liquidation	Unfounded acquisition	138,004
Sreta Ivanisevic	Compensation for expropriated property (Bežanija)	Uncertain
Vladan and Tomislav Krdzic	Damage compensation (free shares were not allotted to the Plaintiffs)	444
Goran Rakic	Ownership right to be determined	
Pavle, Radmila and Milan Kovačević	Compensation for expropriated land (Block 26)	
Rajko Ljubojevic	Expropriation	
Activeast management Ltd	Payment of difference in share prices	Uncertain
Nada Lazic	Property right on apartment in Nikšićka Street to be determined	
TOTAL		174,464

Contingent assets that can potentially result in economic benefits for the Company may primarily arise based on the lawsuits in which the Company is involved as the plaintiff.

Contingent assets arising from lawsuits leads to the potential for completion of lawsuits in favour of the Company, yet no receivables was recorded in the balance sheet and no economic benefit has been recorded in any other manner (such as, for example, by reducing value of an unjustified advance payment, etc.).

The number and estimated values of lawsuits and litigations in which the Company acts as the plaintiff are presented in the following Table.

Defendant	The first instance proceedings	The second instance proceedings	Total
<i>No. of lawsuits</i>			
Physical person			
Legal person	3	2	5
TOTAL	3	2	5
<i>In RSD thousand</i>			
Physical person			
Legal person	208,848		208,848
TOTAL	208,848		208,848

Additional details on lawsuits in which the Company acts as the plaintiff are presented in the following Table.

Defendant	Legal claims	Contingent claims in RSD thousand
Stari Grad Municipality	Ownership claim	
Beogradsko mesovito preduzece Plc. (BMP)	BMP share value appraisal	
Zekstra grupa Ltd.	Damage compensation (roof repair in 38 Goce Delčeva Street)	848
Republic of Serbia, EPS Srbije Power Co., Epsturs Ltd. and Republic of Montenegro	Determining the ideal ownership share of the Park Hotel in Budva	
City of Belgrade, Land Development Directorate, Republic of Serbia	Debt (Arena)	208,000
TOTAL		208,848

It should be noted here that a correction of value of receivable from the Zekstra Group Ltd. was performed in 2014 amounting to RSD 848 thousand.

In addition to the presented lawsuits in which the Company is involved as the plaintiff, there is a court action initiated against Music Ivan, for compensation of damage (roof repair in 38 Goce Delceva Street), on the basis of which a receivable amounting to RSD 30 thousand was presented in the accounting books of the Company.

42. POST BALANCE SHEET EVENTS

There were no events after the balance sheet date that could have any significant effect on the credibility of the financial statements.

In Belgrade,
On August 10, 2015

2. BUSINESS REPORT

- Authentic overview of Company's growth and business results, financial position and information of significance for the assessment of its assets;
 - Description of Company's anticipated growth in the following period, changes in its business policies and main risks and threats to which its business is exposed;
 - Major events after the end of the reporting year;
 - Major transactions with related parties;
 - Corporate activities in research and development;
-

Note:

Business Report and Consolidated Business Report are presented as a single report and these contain information of significance for the economic entity.

Authentic overview of Company's growth and business results, financial position and information of significance for the assessment of its assets

An authentic overview of the Energoprojekt Holding Plc. (parent Company) and Energoprojekt Group growth and business results, financial position and information of significance for assessment of corporate assets is presented and explained in detail within the Notes to the Financial Statements (see Chapter 1 of the said Statements).

Plans for 2015 include contracting of new business deals for the Energoprojekt Group in the country and abroad in the total amount of EUR 279.5 million, and specifically: EUR 71.9 million (26%) in the country and EUR 207.6 million (74%) abroad. In the first six months of 2015, contracts for new business deals worth the total of EUR 143.8 million were concluded: EUR 20.3 million (14%) in the country and EUR 123.5 million (86%) abroad, which makes 51% of the total targeted annual contracting plan.

As at the last day of the reporting period, business deals worth approximately EUR 473.5 million remained on the level of the Energoprojekt Group to be completed over the following years (in Serbia: EUR 188.0 million; abroad: EUR 285.5 million).

Description of Company's anticipated growth in the following period, changes in its business policies and main risks and threats to which its business is exposed

Anticipated Company growth in the following period shall be realized in compliance with the following adopted Company's strategic documents:

- ***"Medium-Term (four years') Business Policy Program of the Energoprojekt Holding Plc. and Energoprojekt Group for 2011-2015"*** (adopted in the 36th annual General Meeting of the Energoprojekt Holding Plc. shareholders on June 30, 2011).
- ***"Implementation Program for the Business Policy of the Energoprojekt Holding Plc. and Energoprojekt Group for 2011-2015"*** (adopted in the 2nd meeting of the Energoprojekt Holding Plc. Board of Directors on July 29, 2011).
- ***"Basic Operational Guidelines for the Energoprojekt Group for the Term of Office Period"*** (adopted in the 2nd meeting of the Supervisory Board of the Energoprojekt Holding Plc. on March 23, 2012, upon proposal by the General Manager).
- ***"Annual Business Plan of the Energoprojekt Holding Plc. and Energoprojekt Group for 2015"*** (adopted in the 189th meeting of the Executive Board of the Energoprojekt Holding Plc. on December 19, 2014).

Starting from the strategic determination to achieve lasting and sustainable development of the Energoprojekt Group oriented towards continuous profitability growth, conducting business in its traditional markets (in the country and abroad), economically viable employment of resources and global macroeconomic trends, the following business tasks were planned to be achieved in 2015:

Priority tasks:

- Activities aimed at preparation of a new strategic document – “Basic Elements of the Medium-Term Business Plan for 2016–2020“,
- Further development of the business and information system that is matched to the needs of the Energoprojekt Holding Plc.,
- Continued financial and business consolidation of individual subsidiaries of the Energoprojekt Group, which have, due to various reasons, presented poorer business results over the previous period (from the aspect of their revenues, profit, human resources’ competencies, secured projects and borrowing debts).

Other business-related tasks:

- To improve efficiency of the management system and allocation of individual responsibilities in all operational processes;
- To strengthen the management system and the internal control system for the business processes in the subsidiaries (with the aim to increase their revenues and profit, parallel with optimization of operational costs) and to thus reduce the operational risk levels;
- To establish adequate management structure that will raise the team spirit to a higher level in a team-work atmosphere;
- To revitalize the existing business activities that are currently in decline or stagnating and to initiate new developmental projects;
- To raise the level of business operations – contracting in the active markets. To perform historical analysis of traditional markets and to evaluate the potential for the return to these markets. To perform an organized and carefully thought-out appearance in the new business markets;
- To re-engineer the business processes and to improve personnel structures in Energoprojekt Visokogradnja Plc., Energoprojekt Hidroinženjering Plc. and in all the other Companies of the Energoprojekt Group, wherever necessary;
- To strengthen the functions of internal supervision and internal audit in Energoprojekt Holding Plc. and in the Energoprojekt Group;
- To provide for sustainable growth and development of the Energoprojekt Group, and to increase equity capital and dividend distribution;
- Transparency of business operations and public presentation of Energoprojekt, by means of supplying relevant information through the Stock Exchange and regular communication with investors, partners and experts, in the country and abroad.

The most significant threats to which the Company is exposed include: continuing and deepening of the global and Eurozone economic crisis; competition in the form of foreign companies from the countries with huge populations and cheap workforce; competition in the form of the foreign companies with easier access to cheaper financial resources; institutional changes in the domestic and selected foreign markets; dependency on the political stability of the markets in which Energoprojekt realizes its projects and so on.

It is necessary to establish a system for timely risks' identification and management for the business operations of the Energoprojekt in the country and in the foreign markets as a constituent part of all its executive functions and as one of the principal functions of the Company's internal audit. In the following period, efforts on risk management development strategy will be intensive and according to the plans, in compliance with the established annual plan of the Energoprojekt Holding Plc. internal audit for 2015.

Major events after the end of the reporting year

There were no major business events from the balance date to the date of publication of the said statements, which would require disclosure or exert any impact on the authenticity of the disclosed financial statements.

In the 43rd repeat regular Annual General Meeting of Energoprojekt Holding Plc. on June 16, 2015, the following relevant decisions were adopted: Decision to Adopt the Annual Consolidated Report of Energoprojekt Group for the Year 2014; Decision to Adopt the Annual Report of Energoprojekt Holding Plc. for the Year 2014; Decision on Distribution of Undistributed Profit; Decision to Adopt the Report of the Supervisory Board of Energoprojekt Holding Plc.; Decision on Appointment of Auditor for 2015 and on Auditor's Service Fee; Decision on the Appointment of Supervisory Board Members of Energoprojekt Holding Plc.

Regular annual General Meetings of all the Energoprojekt Group subsidiary companies were organized within the legally prescribed deadlines, in which all the proposed decisions were adopted.

Relevant business news on major events are being regularly published on the Energoprojekt web site (at: <http://www.energoprojekt.rs>) and on the web site of the Belgrade Stock Exchange (in Serbian and in English), as a part of the Company's obligations related to the Prime Listing of its shares on the Belgrade Stock Exchange.

Major transactions with related parties

Receivables from the related parties arise primarily from the sale of services and are mature and collectible within 15 days from the invoicing date. Blank bills of exchange and relevant authorizations were provided to the Company as payment securities. Detailed explanations are provided in the Notes to the Financial Statements.

Corporate activities on research and development

Energoprojekt Holding Plc. establishes and improves its own integrated management system (IMS) that includes quality management (harmonized with ISO 9001:2008 standard), environmental protection management (harmonized with ISO 14001:2004 standard) and health and safety at work management (harmonized with OHSAS 18001:2007 standard).

Activities on further development and implementation of an adequate business and information system are underway, and the system will be adequate to the current scope and planned growth of the Company's business, and it will, in addition to the management of the Company's financial function, provide for the management of its human resources, assets and non-current assets.

A new strategic document, "Basic Elements of the Company's Medium-Term Business Plan for 2016-2020" will be prepared in the following period, which will, among other things, include information about new Company's projections in the field of research and development.

3. STATEMENT BY PERSONS RESPONSIBLE FOR PREPARATION OF REPORT

To the best of our knowledge, the Quarterly Financial Statements for the second quarter of 2015 were prepared in compliance with the relevant International Financial Reporting Standards and they present authentic and objective information about assets, liabilities, financial position and operations, profit and losses, cash flows and changes in equity of the Public Company, including those of the Companies included in the Statements.

In compliance with the Law on Capital Market (RS Official Gazette, No. 31/2011) we hereby declare that the financial statements in question have not been audited.

Person responsible for preparation of the Report:

Legal Representative:

Energoprojekt Holding Plc.

Energoprojekt Holding Plc.

Executive Director for Finance, Accounting and Planning

Chief Executive Officer



Dr Dimitraki Zipovski

Dr Dimitraki Zipovski, D.Sc. Ecc.



Vladimir Milovanović

Vladimir Milovanović, B.Sc. Mech. Eng.

4. DECISION OF COMPETENT CORPORATE BODY TO ADOPT THE Q2 2015 QUARTERLY REPORT *

Note *:

- Q2 2015 Quarterly Report of the Energoprojekt Holding Plc. was approved and adopted on August 11, 2015, in the 237. meeting of the Executive Board of the Issuer.

In Belgrade, August 2015

Person responsible for preparation of the Report:

Legal Representative:



Energoprojekt Holding Plc.

Executive Director for Finance, Accounting and Planning

Dimitrakip

Dr Dimitraki Zipovski, D.Sc. Ecc.



Energoprojekt Holding Plc.

Chief Executive Officer

Vladimir Milovanović
Vladimir Milovanović, B.Sc. Mech. Eng.