

Semi-Annual Consolidated Report of Energoprojekt Group 2015

Pursuant to Article 53 of the Law on Capital Market (RS Official Gazette, No. 31/2011) and pursuant to Article 9 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:**

SEMI-ANNUAL CONSOLIDATED REPORT
OF ENERGOPROJEKT GROUP 2015

C O N T E N T S

1. SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE
ENERGOPROJEKT GROUP 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 THE PERSONS RESPONSIBLE FOR PREPARATION OF
REPORTS

4. DECISION OF COMPETENT COMPANY BODY TO ADOPT THE SEMI-ANNUAL
CONSOLIDATED FINANCIAL STATEMENTS OF ENERGOPROJEKT GROUP
2015 * (Note)

1. SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE
ENERGOPROJEKT GROUP FOR 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**

Website: **www.energoprojekt.rs**

Consolidated/individual: **CONSOLIDATED - Energoprojekt Group**

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

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

Contact person: **DIMITRAKI ZIPOVSKI**

(name and surname of contact person)

Phone: **(011) 310 10 44**

Fax: **(011) 213 14 12**

E-mail: **d.zipovski@energoprojekt.rs**

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	17,309,792	16,923,399
I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003	67,283	68,424
1. Investments in development	0004	4,286	4,533
2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	60,163	61,747
3. Goodwill	0006		
4. Other intangible assets	0007		
5. Intangible assets in progress	0008	2,834	2,144
6. Advances paid on intangible assets	0009		
II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010	15,181,027	14,966,881
1. Land	0011	877,806	708,702
2. Buildings	0012	7,416,898	7,380,489
3. Plant and equipment	0013	3,799,628	3,873,436
4. Investment property	0014	2,767,187	2,719,164
5. Other property, plant and equipment	0015	122,686	139,456
6. Property, plant and equipment in progress	0016	96,914	77,775
7. Investments in property, plant and equipment, not owned	0017	41,844	22,258
8. Advances paid on property, plant and equipment	0018	58,064	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	1,159,509	1,113,776
1. Shares in subsidiaries	0025		
2. Shares in affiliated companies and joint ventures	0026	887,063	849,665
3. Shares in other companies and other available for sale securities	0027	44,078	33,750
4. Long term investments in parent companies and subsidiaries	0028		
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		9,178
9. Other long term financial investments	0033	228,368	221,183
V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034	901,973	774,318
1. Receivables from parent company and subsidiaries	0035		
2. Receivables from other affiliated companies	0036	129,269	129,684
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	772,704	644,634
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	25,169,254	22,977,675
I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044	5,393,529	4,387,289
1. Material ,parts, tools and small inventories	0045	1,118,764	1,206,668
2. Work and services in progress	0046	1,363,447	1,294,624
3. Finished products	0047	150,783	159,845
4. Goods	0048	39,134	75,988
5. Fixed assets for sale	0049	70,307	54,150
6. Advances paid for inventories and services	0050	2,651,094	1,596,014
II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051	9,613,360	11,135,285
1. Local buyers - parent company and subsidiaries	0052		
2. Foreign buyers - parent company and subsidiaries	0053		
3. Local buyers - other affiliated companies	0054	1,444	2,138
4. Foreign buyers - other affiliated companies	0055	491,204	566,150
5. Local buyers	0056	3,079,542	3,012,665
6. Foreign buyers	0057	6,041,104	7,554,332
7. Other receivables from sales	0058	66	
III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059	60,305	35,525
IV. OTHER RECEIVABLES	0060	322,323	344,184
V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061	281,737	184,095
VI. SHORT TERM FINANCIAL INVESTMENTS(0063+0064+0065+0066+0067)	0062	1,406,217	1,399,148
1. Short term loans and investments - parent company and subsidiaries	0063		
2. Short term loans and investments - other affiliated companies	0064	161,054	161,527
3. Short term credits and loans, domestic	0065	15,704	729
4. Short term credits and loans, foreign countries	0066	10,623	968
5. Other short term financial investments	0067	1,218,836	1,235,924
VII. CASH AND CASH EQUIVALENTS	0068	3,796,432	3,099,258
VIII. VALUE ADDED TAX	0069	176,620	80,225
IX. PREPAYMENTS AND ACCRUED INCOME	0070	4,118,731	2,312,666
E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071	42,479,046	39,901,074
F. OFF-BALANCE SHEET ASSETS	0072	28,161,610	25,549,100

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	18,292,009	17,999,397
I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402	5,893,998	5,893,998
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	237,014	237,014
8. Other share capital	0410	82,025	82,025
II. SUBSCRIBED CAPITAL UNPAID	0411		
III. TREASURY SHARES REPURCHASED	0412		
IV. RESERVES	0413	374,549	374,453
V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	5,763,945	5,788,138
VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415	360,763	415,520
VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416	32,455	41,501
VIII. RETAINED EARNINGS (0418+0419)	0417	5,765,287	5,402,867
1. Retained earnings from previous years	0418	5,387,805	4,373,835
2. Retained earnings from current year	0419	377,482	1,029,032
IX. NON-CONTROLLING INTEREST	0420	165,922	165,922
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	4,621,067	4,218,314
I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425	1,135,634	1,096,129
1. Provisions for warranty costs	0426	458,511	454,572
2. Provisions for recovery of natural resources	0427		
3. Provisions for restructuring costs	0428		
4. Provisions for wages and other employee benefits	0429	318,296	282,730
5. Provisions for legal expenses	0430		
6. Other long term provisions	0431	358,827	358,827
II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432	3,485,433	3,122,185
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	280,992	330,930
6. Long term credits and loans, foreign countries	0438	222,610	205,529
7. Long term liabilities from financial leasing	0439	256,184	188,398
8. Other long term liabilities	0440	2,725,647	2,397,328
C. DEFERRED TAX LIABILITIES	0441	790,732	788,539
D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442	18,775,238	16,894,824
I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443	3,238,328	3,574,310
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	2,630,783	2,234,056
4. Short term credits and loans, foreign countries	0447	283,948	757,701
5. Liabilities from fixed assets and assets from discontinued operations available for sale	0448		
6. Other short term financial liabilities	0449	323,597	582,553
II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450	5,364,930	3,728,831

DESCRIPTION	EDP	Total	
		End of quarter current year	31.12. previous year
1	2	3	4
III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451	3,902,669	3,827,905
1. Suppliers - parent company and subsidiaries, local	0452		
2. Suppliers - parent company and subsidiaries, foreign countries	0453		
3. Suppliers - other affiliated companies, local	0454		
4. Suppliers - other affiliated companies, foreign countries	0455	40,799	4,618
5. Suppliers, local	0456	1,759,412	1,649,037
6. Suppliers, foreign countries	0457	2,042,650	2,155,986
7. Other operating liabilities	0458	59,808	18,264
IV. OTHER SHORT TERM LIABILITIES	0459	2,098,878	2,056,813
V. VALUE ADDED TAX	0460	322,010	441,603
VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	869,198	1,646,264
VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	2,979,225	1,619,098
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	42,479,046	39,901,074
F. OFF-BALANCE LIABILITIES	0465	28,161,610	25,549,100

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		16,128,439		14,045,101
I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002		45,747		141,474
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				2,101
5. Income from sale of goods on local market	1007		34,100		59,571
6. Income from sale of goods on foreign markets	1008		11,647		79,802
II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		15,996,902		13,819,374
1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010				
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		437		78
4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013		457,305		1,500,294
5. Income from sale of finished products and services on local market	1014		5,911,714		2,394,850
6. Income from sale of finished products and services on foreign markets	1015		9,627,446		9,924,352
III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016				50
IV. OTHER OPERATING INCOME	1017		85,790		84,203
EXPENSES FROM NORMAL ACTIVITIES					
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029) ≥ 0	1018		15,542,841		13,533,140
I. COST PRICE OF GOODS SOLD	1019		46,373		180,177
II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020		15,777		17,525
III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021		69,331		55,924
IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022		9,569		43,577
V. MATERIAL COSTS	1023		3,479,534		4,014,519
VI. FUEL AND ENERGY COSTS	1024		695,789		621,441
VII. EMPLOYEE EXPENSES AND BENEFITS	1025		4,499,114		4,468,177
VIII. PRODUCTION SERVICE COSTS	1026		5,539,413		3,202,245
IX. DEPRECIATION EXPENSES	1027		368,441		297,267
X. PROVISION EXPENSES	1028		44,856		15,171
XI. INTANGIBLE EXPENSES	1029		944,860		764,015
C. OPERATING INCOME (1001-1018) ≥ 0	1030		585,598		511,961
D. OPERATING LOSSES (1018-1001) ≥ 0	1031				
E. FINANCIAL REVENUES (1033+1038+1039)	1032		1,407,044		563,207
I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033		89,466		161,785
1. Financial income from parent company and subsidiaries	1034				
2. Financial income from other affiliated companies	1035		7,861		6,917
3. Share of profits in associated companies and joint ventures	1036		69,983		101,922
4. Other financial revenues	1037		11,622		52,946
II. INTEREST INCOME (THIRD PARTY)	1038		52,161		21,327
III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039		1,265,417		380,095
F. FINANCIAL EXPENSES (1041+1046+1047)	1040		1,494,698		503,626
I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041		3,197		949
1. Financial expenses from transactions with parent company and subsidiaries	1042				
2. Financial expenses from transactions with other affiliated companies	1043		2,834		
3. Share of losses in affiliated companies and joint ventures	1044		172		907
4. Other financial expenditure	1045		191		42
II. INTEREST EXPENSES (THIRD PARTY)	1046		164,626		182,880
III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047		1,326,875		319,797
G. FINANCIAL GAINS (1032-1040)	1048				59,581
H. FINANCIAL LOSSES (1040-1032)	1049		87,654		
I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1050		4,240		3,595
J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1051		13,047		7,375
K. OTHER INCOME	1052		73,644		63,453
L. OTHER EXPENSES	1053		162,072		55,969
M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		400,709		575,246
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		45,801		5,620
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		446,510		580,866
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		66,836		37,432
II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061		2,192		2,426
III. DEFERRED TAX INCOME FOR THE PERIOD	1062				
T. MANAGEMENT EARNINGS					
IV. NET PROFIT (1058-1059-1060-1061+1062-1063)	1064		377,482		541,008
V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065				
I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066		96,683		81,509
II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067		280,799		459,499
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	19,144,382	13,051,580
1. Sales and prepayments	3002	18,964,582	12,923,321
2. Interests from operating activities	3003	51,756	10,013
3. Other inflow from normal operations	3004	128,044	118,246
II. Cash outflow from operating activities (1 to 5)	3005	17,996,504	13,836,601
1. Payments to suppliers and prepayments	3006	11,898,540	8,869,843
2. Employee expenses and benefits	3007	4,503,995	4,127,489
3. Interests paid	3008	171,313	165,602
4. Income tax	3009	626,755	148,679
5. Payments based on other public revenues	3010	795,901	524,988
III. Net cash inflow from operating activities (I-II)	3011	1,147,878	
IV. Net cash outflow from operating activities (II-I)	3012		785,021
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3013	116,252	49,667
1. Sale of shares and stocks (net inflow)	3014		
2. Sale of intangible investments, property, plant, equipment and natural assets	3015	2,972	8,659
3. Other financial investments (net inflow)	3016	85,681	
4. Interest received from investment activities	3017	22,696	22,811
5. Dividends received	3018	4,903	18,197
II. Cash outflow from investing activities (1 to 3)	3019	219,933	903,845
1. Purchase of shares and stocks (net outflow)	3020	68,379	131,034
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	151,554	680,225
3. Other financial investments (net outflow)	3022		92,586
III. Net cash inflow from investing activities (I-II)	3023		
IV. Net cash outflow from investing activities (II-I)	3024	103,681	854,178
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)	3025	1,169	494,956
1. Equity increase	3026	101	
2. Long term loans (net inflow)	3027		
3. Short term loans (net inflow)	3028		475,280
4. Other long term liabilities	3029		
5. Other short term liabilities	3030	1,068	19,676
II. Cash outflow from financing activities (1 to 6)	3031	475,148	404,882
1. Repurchase of own shares and stocks	3032		
2. Long term loans (net outflow)	3033	85,303	191,007
3. Short term loans (net outflow)	3034	98,475	
4. Other liabilities	3035	86,694	
5. Financial leasing	3036	201,190	203,184
6. Dividends paid	3037	3,486	10,691
III. Net cash inflow from financing activities (I -II)	3038		90,074
D. Net cash outflow from financing activities (II-I)	3039	473,979	
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	19,261,803	13,596,203
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	18,691,585	15,145,328
G. NET CASH INFLOW (3040-3041)	3042	570,218	
H. NET CASH OUTFLOW (3041-3040)	3043		1,549,125
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	3,099,258	3,085,871
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	179,336	116,693
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046	52,380	23,320
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	3,796,432	1,630,119

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		377,482		541,008
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		6,139		
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		98,246		24,067
b) losses	2012		101,174		43,944
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		9,032		
b) losses	2018		49		14,844
I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019				
II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020		84		34,721
III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021				
IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022				
V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023		84		34,721
C. TOTAL COMPERHENSIVE NET RESULTS FOR THE PERIOD					
I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024		377,398		506,287
II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) ≥ 0	2025				
D. TOTAL COMPERHENSIVE NET PROFIT OR LOSSES (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026		377,398		506,287
1. Payable to majority shareholders	2027		290,497		428,931
2. Payable to non-controlling shareholders	2028		86,901		77,356

STATEMENT OF CHANGES IN EQUITY

from 01.01.2015. until 30.06.2015.

RSD thousand

DESCRIPTION	Equity component																																
	EDP	30 Equity capital	EDP	31 Subscribed capital unpaid	EDP	32 Provisions	EDP	35 Losses	EDP	047 и 237 Treasury shares repurchased	EDP	34 Retained earnings	EDP	330 Revaluation reserves	EDP	331 Actuarial gains or losses	EDP	332 Gains and losses from equity instrument investments	EDP	333 Gains and losses from share of other profits and losses of affiliates	EDP	334 и 335 GAINS AND LOSSES FROM foreign operations and translation of financial statements	EDP	336 Gains and losses from cash flow hedging	EDP	337 Gains and losses from available for sale securities	EDP	Total capital [E (row 1b col.3 to col.15) - Z(row 1a col.3 to col.16)] ≥ 0	EDP	Losses exceeding capital [Z(row 1a col.3 to col.15) - IZ(row 1a col.3 to col.15)] ≥ 0			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32		
Opening balance 01.01. _____																																	
a) debit balance	4001		4019		4037		4055		4073		4091		4109		4127		4145		4163		4181		4199		4217		31,423		4235		13,427,596		4244
b) credit balance	4002	6,176,732	4020		4038	374,266	4056		4074		4092	4,635,242	4110	2,194,086	4128		4146		4164		4182	78,693	4200		4218				4236				
Adjustment for materially significant errors and changes in accounting policies																																	
a) adjustment of debit balance	4003		4021		4039		4057		4075		4093		4111		4129		4147		4165		4183		4201		4219				4236			4245	
b) adjustment of credit balance	4004		4022		4040		4058		4076		4094		4112		4130		4148		4166		4184		4202		4220								
Adjustment of opening balance on 01.01. _____																																	
a) adjustment of debit balance (1a+2a-2b) ≥ 0	4005		4023		4041		4059		4077		4095		4113		4131		4149		4167		4185		4203		4221	31,423		4237		13,427,596		4246	
b) adjustment of credit balance (1b-2a+2b) ≥ 0	4006	6,176,732	4024		4042	374,266	4060		4078		4096	4,635,242	4114	2,194,086	4132		4150		4168		4186	78,693	4204		4222								
Changes in previous _____ year																																	
a) debit balance activity	4007	116,812	4025		4043		4061		4079		4097	861,781	4115	592,149	4133		4151		4169		4187	19,534	4205		4223	23,919		4238			4247		
b) credit balance activity	4008		4026		4044	187	4062		4080		4098	1,629,406	4116	4,186,201	4134		4152		4170		4188	356,361	4206		4224	13,841							
Closing balance previous year at 31.12. _____																																	
a) debit balance (3a+4a-4b) ≥ 0	4009		4027		4045		4063		4081		4099		4117		4135		4153		4171		4189		4207		4225	41,501		4239		17,999,397		4248	
b) credit balance (3b-4a+4b) ≥ 0	4010	6,059,920	4028		4046	374,453	4064		4082		4100	5,402,867	4118	5,788,138	4136		4154		4172		4190	415,520	4208		4226								
Adjustment for materially significant errors and changes in accounting policies																																	
a) adjustment of debit balance	4011		4029		4047		4065		4083		4101		4119		4137		4155		4173		4191		4209		4227			4240			4249		
b) adjustment of credit balance	4012		4030		4048		4066		4084		4102		4120		4138		4156		4174		4192		4210		4228								
Adjustment of opening balance current year at 01.01. _____																																	
a) adjustment of debit balance (5a+6a-6b) ≥ 0	4013		4031		4049		4067		4085		4103		4121		4139		4157		4175		4193		4211		4229	41,501		4241		17,999,397		4250	
b) adjustment of credit balance (5b-6a+6b) ≥ 0	4014	6,059,920	4032		4050	374,453	4068		4086		4104	5,402,867	4122	5,788,138	4140		4158		4176		4194	415,520	4212		4230								
Changes in current _____ year																																	
a) debit balance activity	4015		4033		4051		4069		4087		4105	320,056	4123	86,519	4141		4159		4177		4195	156,493	4213		4231	49		4242			4251		
b) credit balance activity	4016		4034		4052	96	4070		4088		4106	682,476	4124	32,326	4142		4160		4178		4196	101,736	4214		4232	9,095							
Closing balance at end quarter current year _____																																	
a) debit balance (7a+8a+8b) ≥ 0	4017		4035		4053		4071		4089		4107		4125		4143		4161		4179		4197		4215		4233	32,455		4243		18,292,009		4252	
b) credit balance (7b-8a+8b) ≥ 0	4018	6,059,920	4036		4054	374,549	4072		4090		4108	5,765,287	4126	5,763,945	4144		4162		4180		4198	360,763	4216		4234								

ENERGOPROJEKT GROUP BELGRADE

NOTES TO THE SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR 2015

Belgrade, 2015

C O N T E N T S

1.	COMPANY BACKGROUND	6
2.	CONSOLIDATION GROUP	6
3.	BASIS FOR THE PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS.....	9
4.	MANAGEMENT ESTIMATION AND ASSESSMENT.....	12
5.	CONSOLIDATION	17
	5.1. Subsidiary Companies.....	17
	5.2. Affiliated Companies	17
	5.3. Joint Ventures	17
6.	ACCOUNTING PRINCIPLES	18
7.	OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES.....	19
	7.1. Valuation.....	19
	7.2. Effects of Foreign Exchange Rates.....	20
	7.3. Income.....	20
	7.4. Expenses.....	21
	7.5. Interest and Other Borrowing Costs.....	21
	7.6. Income Tax	22
	7.7. Intangibles assets.....	23
	7.8. Property, Plant and Equipment	24
	7.9. Financial Lease	25
	7.10. Amortisation of Intangibles assets, Property, Plant and Equipment.....	25
	7.11. Impairment of Intangibles assets, Property, Plant and Equipment	26
	7.12. Investment Property	27
	7.13. Inventories.....	27
	7.14. Non-Current Assets Held for Sale	28
	7.15. Financial Instruments.....	29
	7.16. Cash and Cash Equivalents.....	31
	7.17. Short-Term Receivables.....	31
	7.18. Financial Investments	32
	7.19. Liabilities	32
	7.20. Provisions, Contingent Liabilities and Contingent Assets.....	33
	7.21. Employee Benefits	34
8.	ERRORS FROM PREVIOUS PERIOD, MATERIAL ERRORS AND CORRECTION OF OPENING BALANCE	35
9.	FINANCIAL RISKS	36
	9.1. Credit Risk	37
	9.2. Market Risk.....	37
	9.3. Liquidity Risk	38

INCOME STATEMENT	39
10. OPERATING INCOME.....	39
10.1. Income from Sale of Merchandise	39
10.2. Income from Sale of Products and Services	40
10.3. Other Operating Income.....	41
11. COST PRICE OF GOODS SOLD	42
12. INCREASE/DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	43
13. MATERIAL COSTS AND FUEL AND ENERGY COSTS	44
14. EMPLOYEE EXPENSES AND BENEFITS.....	45
15. COSTS OF PRODUCTION SERVICES	46
16. DEPRECIATION EXPENSES AND PROVISION EXPENSES	48
17. INTANGIBLE EXPENSES	49
18. FINANCIAL INCOME AND FINANCIAL EXPENSE	50
18.1. Financial Income.....	50
18.2. Financial Expense	51
19. INCOME AND EXPENSE FROM VALUAE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUTH INCOME STATEMENT	53
19.1. Income from Value Adjustment of Other Assets Disclosed at Fair Value through Income Statement.....	53
19.2. Expense from Value Adjustment of Other Assets Disclosed at Fair Value through Income Statement.....	53
20. OTHER INCOME AND OTHER EXPENSE	54
20.1. Other Income.....	54
20.2. Other Expense	55
21. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICIES AND ADJUSTMENTS OF ERRORS FROM PREVIOUS YEARS.....	56
22. PROFIT BEFORE TAX.....	57
23. EARNINGS PER SHARE	57

BALANCE SHEET	58
24. INTANGIBLES ASSETS	58
25. PROPERTY, PLANT AND EQUIPMENT	59
26. LONG-TERM FINANCIAL INVESTMENTS	62
27. LONG-TERM RECEIVABLES	64
28. INVENTORIES	65
29. RECEIVABLES FROM SALES	67
30. RECEIVABLES FROM SPECIAL TRANSACTIONS	69
31. OTHER RECEIVABLES	70
32. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	71
33. SHORT-TERM FINANCIAL INVESTMENTS	71
34. CASH AND CASH EQUIVALENTS	72
35. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME	73
35.1. Value Added Tax	73
35.2. Prepayments and Accrued Income and Deferred Expenses	74
36. CAPITAL	76
36.1. Equity Capital	76
36.2. Reserves	77
36.3. Revaluation Reserves from Revaluation of Intangibles assets, Property, Plant and Equipment	77
36.4. Unrealized Gains from Securities and Other Components of Other Comprehensive Result (credit balances under account class 33 except 330)	78
36.5. Unrealized Losses from Securities and Other Components of Other Comprehensive Result (debit balances under account class 33 except 330)	79
36.6. Retained Earnings	79
36.7. Non-Controlling Interest	79
37. LONG-TERM PROVISIONS	80
38. LONG-TERM LIABILITES	83
38.1. Long-Term Credits and Loans	83
38.2. Long Term Liabilities from Financial Leasing	85
38.3. Other Long-Term Liabilities	87
39. SHORT-TERM FINANCIAL LIABILITIES	88
39.1. Short-Term Credits and Loans Domestic	88
39.2. Short-Term Credits and Loans Foreign Countries	90
39.3. Other Short-Term Financial Liabilities	91
40. RECEIVED ADVANCES, DEPOSITS AND BONDS	92
41. OPERATING LIABILITIES	93
42. OTHER SHORT-TERM LIABILITIES	95

43.	LIABILITIES FOR VALUE ADDED TAX, LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE AND ACCRUED EXPENSES AND DEFERRED INCOME	96
43.1.	Liabilities for Value Added Tax	96
43.2.	Liabilities for Other Taxes, Contributions and Fees Payable	96
43.3.	Accrued Expenses and Deferred Income	97
44.	OFF-BALANCE SHEET ASSETS AND LIABILITIES	99
45.	MORTGAGES REGISTERED IN FAVOUR AND/OR AGAINST THE COMPANY	99
46.	COMMITMENT AND COTINGENCIES.....	101
47.	POST BALANCE SHEET EVENTS.....	116

1. COMPANY BACKGROUND

Energoprojekt Group, Belgrade (hereinafter: Energoprojekt Group) consists of a parent joint stock company Energoprojekt Holding Plc., Belgrade (hereinafter: Energoprojekt Holding) and 12 subsidiary companies in the country, 11 of which are direct subsidiaries (9 share-based and 2 limited liability company) and 1 subsidiary company indirectly controlled by other subsidiaries (1 limited liability company), as well as one joint venture company, hereinafter: joint venture (1 limited liability company) with 50% equity share, as well as 7 direct subsidiaries abroad. Subsidiary companies comprise of operating units for investments works and branch offices in foreign countries (the total of 96) and of own companies in the country and abroad (12 subsidiaries abroad, 1 affiliate abroad and 2 associated companies in the country), which jointly engage in building construction, design, fitting, study preparation, research, investment facilities' and systems' programming, sales of goods and services and in other business activities.

In 2015, Energoprojekt Group was organized as follows:

Activity	No. of subsidiaries, affiliates and joint ventures domestic	No. of business units for investments works and branch offices abroad	No. of subsidiaries and affiliates abroad
Planning and research	4	27	5
Construction and fitting	4	68	11
Holding	1	1	
Other	5		4
Total	15	96	20

Parent and subsidiary companies' seat is in 12 Bulevar Mihaila Pupina Street, Novi Beograd.

The Energoprojekt Holding shares are Prime-Listed on the Belgrade Stock Exchange and these are traded in a regulated stock market. Share of some subsidiary companies are traded in the Open Market (Energoprojekt Entel and Energoprojekt Industrija) and in the MTP Belex market segment of the Belgrade Stock Exchange (Energoprojekt Oprema and Energoprojekt Garant).

Financial statements that are subject to these Notes are **consolidated semi-annual financial statements of the Energoprojekt Group** and were approved by the Executive Board of the Energoprojekt Holding Company on August 11, 2015 in the 237st meeting of the Energoprojekt Holding Executive Board and are not subject to any audit conducted by an independent auditor.

2. CONSOLIDATION GROUP

The consolidation group consists of the Energoprojekt Holding parent company and its local subsidiaries and joint ventures in the country and foreign subsidiary companies listed below:

Local subsidiaries and joint ventures:

No.	C o m p a n y N a m e	% ownership
<i>Subsidiary Companies</i>		
<i>Building Construction and Fitting</i>		
1.	Energoprojekt Visokogradnja Plc.	99,93
2.	Energoprojekt Niskogradnja Plc.	100,00
3.	Energoprojekt Oprema Plc.	67,87
4.	Energoprojekt Sunnyville Ltd.	100,00
<i>Planning and Research</i>		
5.	Energoprojekt Urbanizam i arhitektura Plc.	100,00
6.	Energoprojekt Industrija Plc.	62,77
7.	Energoprojekt Entel Plc.	86,26
8.	Energoprojekt Hidroinženjering Plc.	100,00
<i>Other</i>		
9.	Energoprojekt Energodata Plc.	100,00
10.	Energoprojekt Promet Ltd.	100,00
11.	Energoprojekt Garant Plc.	92,94
12.	Energoplast Ltd.	60,00
<i>Joint Ventures</i>		
<i>Building Construction and Fitting</i>		
13.	Enjub Ltd.	50,00

On the occasion of inclusion of the Energoprojekt joint venture company Enjub Ltd. in consolidated financial statements of the Energoprojekt Group, in compliance with IFRS 11 – Joint Arrangements, equity method was applied, both for the reporting and for the comparable period of the previous year.

Subsidiaries abroad – overseas companies:

No.	C o m p a n y N a m e	% ownership
1.	Zambia Engineering and Contracting Company Limited, Zambia	100,00
2.	Energoprojekt Holding Guinee S.A, Guinea	100,00
3.	I.N.E.C. Engineering Company Limited, Great Britain	100,00
4.	Encom GmbH Consulting, Engineering & Trading, Germany	100,00
5.	Dom 12 S.A.L, Lebanon	100,00
6.	Energo (Private) Limited, Zimbabwe	100,00
7.	Energo Kaz Ltd., Kazakhstan	100,00

A number of above listed overseas Companies (Energoprojekt Holding Guinee S.A., Guinea, Zambia Engineering and Contracting Company Limited, Zambia, Energo (Private) Limited, Zimbabwe and Energo Kaz Ltd. Kazakhstan) was registered as Companies owned by the Energoprojekt Holding, but are in fact controlled and managed by certain subsidiary companies.

Among the above listed domestic subsidiaries, Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema, Energoprojekt Industrija, Energoprojekt Entel, Energoprojekt Hidroinženjering and Energoprojekt Energodata are at the same time parent companies that prepare consolidated financial statements, so that the subsidiary and affiliated companies listed in the following table are thus included herein through primary consolidation.

No.	C o m p a n y N a m e	Included through primary consolidation
<i>Overseas</i>		
<i>Subsidiary Companies abroad – overseas companies</i>		
1.	Energoprojekt Ghana Ltd., Accra, Ghana	EP Visokogradnja Plc.
2.	Energoprojekt Montenegro Ltd., Montenegro	EP Visokogradnja Plc.
3.	Energoprojekt Rus Ltd., Moscow, Russia	EP Visokogradnja Plc.
4.	Energo Uganda Company Ltd, Kampala, Uganda	EP Niskogradnja Plc.
5.	Enlisa S.A., Lima, Peru	EP Niskogradnja Plc.
6.	Energoprojekt Oprema Crna Gora Ltd., Podgorica, Montenegro	EP Oprema Plc.
7.	Enhisa S.A., Lima, Peru	EP Hidroinženjering Plc.
8.	Zahinos Ltd., Cyprus	EP Industrija Plc.
9.	Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman	EP Entel Plc.
10.	Energoprojekt Entel LTD, Doha, Qatar	EP Entel Plc.
11.	Energiconsult L.L.C., Abu Dhabi, UAE	EP Entel Plc.
12.	Energoprojekt Energodata Montenegro Ltd., Montenegro	EP Energodata Plc.
<i>Affiliated Companies abroad</i>		
1.	Energo Nigeria Ltd., Lagos, Nigeria (40.00%)	EP Oprema Plc.
<i>Domestic</i>		
<i>Affiliated Companies domestic</i>		
1.	Energopet Ltd. (33.33 %)	EP Industrija Plc.
2.	Energoplast Ltd. (40.00% + 20.00%)	EP Industrija Plc. (40.00%), EP Entel Plc. (20.00%)

Energoplast Ltd was also introduced to the primary consolidation group; the Group's consolidated financial statements however did not process Energoplast Ltd. by equity method through primary consolidation in Energoprojekt Industrija (40.00%) and Energoprojekt Entel (20.00%), applying instead the full consolidation method because it entered the group as a subsidiary with 60.00% stake.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Consolidated 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 consolidated 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 consolidated 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, 30/2015);
- 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); and other regulations.

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 7h) (which includes practical instructions on how to draft financial statements for 2014) were applied in the preparation of consolidated 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.

Basic accounting policies applied in preparation of these financial statements were listed in the Note 7.

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 reporting period 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.

The new Standards, Interpretations and/or amendments to the existing Standards in force in the current period that 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.

4. 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.

In order to prepare and present the consolidated financial statements in compliance both with the requirements of legal regulations in the field of this profession and with the requirements contained in the applicable legal regulations in the Republic of Serbia, Company management has to apply the best possible assessments and reasonable assumptions that are reflected on reported amounts of assets, liabilities, income and expenses. Although the actual future results may differ from the assessed ones, the assessments and presumptions are based on information available as at the balance sheet date.

Financial statements are prepared under presumption that the Company will continue to conduct its business for an indefinite period of time and that it will continue its operations in foreseeable future.

Companies included in consolidation of the Energoprojekt Group operate in four continents and include, as already state above, a large number of legal entities in the country and abroad. Such a complex Group, with its primary focus on business operations in international markets, due to some objective reasons cannot provide all the required documentation in a timely manner to meet the requirements of prescribed deadlines for preparation of semi-annual financial statements in compliance with the applicable regal regulations. This particularly pertains to Companies operating in Africa (Uganda) and in South America (Peru).

In addition to that, Companies comprising the Energoprojekt Group pursue different business activities. Primary business activity of the largest Companies of this Group is building construction and fitting that is specific for performance of works over longer periods of time, which then require certification by supervisory bodies within individual projects, so that the result and balances in financial statements are directly conditional upon the external factors that are, to some extent, beyond control of our Companies and their management.

In respect of the legal regulations regulating the obligation to submit semi-annual financial statements, Energoprojekt Holding sent an official letter dated June 4, 2012 to Securities Commission, Belgrade Stock Exchange and Listing Committee with an initiative to extend the legally prescribed deadlines for submission and publication of semi-annual consolidated financial statements. This initiative of Energoprojekt Holding in the above context has not resulted in any extension of prescribed deadlines by the regulatory bodies to this day. Bearing in mind the above presented specificities of business operations of Energoprojekt Group Companies, these semi-annual financial statements were prepared by relying on a larger number of management assessments of the subsidiary companies included in Group consolidation, with the aim to present the financial standing and results of the Group in the reporting period as realistically as possible.

Starting from the legally prescribed deadlines for preparation of Semi-Annual Consolidated Financial Statements, and bearing in mind the need to present a comprehensive semi-annual consolidated financial statement, management of the Companies of Energoprojekt Group performed certain assessments of receivables/income and liabilities/expenses, as follows:

- On the occasion of preparation of its financial statements, **Energoprojekt Visokogradnja** performed calculations of income and expenses in certain items. Owing to the specific character of the construction industry, performance and completion of construction activities are certified upon delivery of payment certificates to the investor. Investor reviews and verifies the payment certificates together with the supervisory body.

Verified payment certificates for the works performed by June 30, 2015 had not been delivered until completion of financial statements, and the management performed an assessment of revenues based on the issued and still not certified payment certificates, and on such basis the increase in accrued non-invoiced income was recognized in the following Projects:

Project name - calculated income	<i>In RSD thousand</i>
	<i>30.06.2015.</i>
Internationally:	
Z-096 Forte bank, Astana	215,461
Z-085 Uhta	105,837
Z-088 Hotel Hyatt Rostov	65,406
Z-089 Aktau Hospital	59,437
Z-098 Astana Model Room	27,527
Z-097 Zili Centre Syktyvkar	16,480
TOTAL	490,148

In the expense item, calculation was performed based on works completed and services rendered by subcontractors and suppliers for which invoices had not been delivered by the financial statements date in the following Projects:

Project name - calculated expenses	<i>In RSD thousand</i>
	<i>30.06.2015.</i>
Internationally:	
Z-088 Hotel Hyatt Rostov	51,395
Z-089 Aktau Hospital	2,970
Total	54,365
In the country:	
Prokop	2,517
Total	2,517
TOTAL	56,882

- Starting from the legally defined deadlines for preparation of semi-annual consolidated financial statements, and bearing in mind the requirement to produce comprehensive semi-annual consolidated financial statements, management of **Energoprojekt Niskogradnja** performed assessments of receivables/income and liabilities/expenses.

According to the contractual provisions, deadlines for verification of performed works by the supervisory body in Projects realized in the country and abroad are not aligned with the balance sheet date of the Semi-Annual Financial Statements. Due to that, General Managers and expert services engaged on such Projects performed assessments of receivables/income, based on relevant records (measurement book, geodetic surveying, delivered requests for interim payment certificates, etc.). By paying special attention to the fact that back-to-back agreement were concluded for some of these projects with a number associates and subcontractors, as well as to the fact that there is a significant time lag between the completion of services/deliveries and delivery of invoices for such services/deliveries due to some specific market conditions, General Managers and expert services additionally performed assessments of liabilities/expenses based on relevant records.

In compliance with the above presented explanations, the following calculations were performed within the Semi-Annual Financial Statements:

in 000 RSD

Project	281 Receivables for non-invoiced income	Income
A b r o a d		
Branch Peru, Peru	873	873
Z-023 Pericos, Peru	112.486	112.486
Z-030 Chancay u Rucuy, Peru	675.330	675.330
Z-017 Kawempe Kafu, Uganda	287.953	287.953
Z-027 Mpigi Kanoni, Uganda	188.952	188.952
Z-032 Airport, IC Energo Uganda (income calculated by using middle exchange rate)	44.512	44.835
S e r b i a		
Project Tunnel Sarani	217.516	217.516
Project Lajkovac Ljig	442.331	442.331
Project Danube-Tisza-Danube Canal	20.000	20.000
Project Kolubara River	5.110	5.110
Project Stubo Rovni Kolubara	21.004	21.004
Total	2.015.707	2.016.030

in 000 RSD

Project	490 Calculated expenses in advance	490 Calculated expenses in advance
A b r o a d		
Branch Peru, Peru	14.506	14.506
Z-019 Cochabamba Chota, Peru	2.167	2.167
Z-023 Pericos, Peru	30.417	30.417
Z-030 Chancay u Rucuy, Peru	262.887	262.887
Projects in Uganda	63.281	63.281
IC Energo Uganda (expences calculated by using middle exchange rate)	13.619	13.718
S e r b i a		
Logistic Center	2.918	2.918
Project Tunnel Sarani	6.652	6.652
Project Pancevo Railroad	80.893	80.893
Project Lajkovac Ljig	328.124	328.124
Project Bridge over DTD Canal	17.715	17.715
Project Redirection and regulation of Kolubara River	4.804	4.804
Project Corridor X Railroad Sopot-Ruma	72.254	72.254
Project Dam Stubo - Rovni	19.094	19.094
Total	919.333	919.432

In **Energoprojekt Oprema**, in item Prepayments and Deferred Expenses, revenues based on incurred costs which were not invoiced or for which invoices were issued after the financial statements date were calculated and recorded in the amount of RSD 580.559 thousand, and specifically, in the country, in Project Prokop (Serbian Railways Plc.) in the amount of RSD 350.739 thousand, and abroad, in Projects realized in Nigeria in the amount of RSD 229.820 thousand.

In item Accruals, costs borne by consortium partners and subcontractors which were not invoiced or for which invoices were issued after the financial statements date for 2015 reporting period were recorded and/or assessed in the amount of RSD 541.911 thousand, as presented in the following table.

Project - calculated expenses	<i>In RSD thousand</i>
	<i>30.06.2015.</i>
Projects realized abroad:	
RS Embassy in Niigeria	70,143
Projects in Nigeria	240,102
Total	310,245
Projects realized in the country:	
Project RTB Bor	116,966
Project TENT Obrenovac	2,241
Project Prokop	112,459
Total	231,666
TOTAL	541,911

- In **Energoprojekt Hidroinženjering**, in item receivables for non-invoiced income, income from newly concluded project design deals in Algeria (Tabegart, Melila, Sidi Naser and Rekuš) was calculated in the amount of realized expenses, amounting to RSD 43.405 thousand.

- In **Energoprojekt Industrija**, in item non-invoiced income generated abroad, completed works as per agreements concluded with Investor Engineering & Procurement Services were calculated in the amount of RSD 5.027 thousand and as per agreement concluded with Investor Tetrapak in the amount of RSD 4.824 thousand.

In item non-invoiced income in the country, calculations for works completed in compliance with the agreement concluded with Investor Air Serbia were performed amounting to RSD 26.759 thousand.

- In **Energoprojekt Holding**, in item Accruals, electricity costs were calculated for the sixth month of the current year, along with the financial statements' audit fees and calculated interest on loans, amounting to RSD 2.522 thousand.

- In **Energoprojekt Energodata**, there were no items requiring special assessments by the Company management in the reporting period, due to their nature, scope or impact.

- In **Energoplast**, costs of salaries, electricity and postal services were calculated for the sixth month of the current year, in the amount of such costs incurred in the fifth month of the reporting year.

5. CONSOLIDATION

5.1. Subsidiary Companies

Subsidiaries (or controlled companies) are enterprises in which Energoprojekt Holding directly or indirectly holds more than half of the ownership or voting power and can therefore control their business operations. The accounting method used for subsidiaries is full consolidation. Intra group balances and intra group transactions are eliminated in full in the consolidation process. Equity investments without controlling rights are presented separately.

5.2. Affiliated Companies

Affiliates are enterprises over which the Group exerts significant influence, but not control, or holds between 20% to 50% ownership or voting power. Affiliates and subsidiaries, in which there are substantial restrictions in terms of control and transfer of profit, are accounted for in consolidated financial statements using the equity method. Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognize the investors' share of the profits or losses of the investee after the date of acquisition. If investors' share of losses of the associate exceeds the carrying amount of the investment, the investment is reported at nil value; exceptionally, if there are certain irrevocable contractual obligations for covering the losses, the difference of the greater loss against capital is recognized as an expenditure of the parent company.

5.3. Joint Ventures

In compliance with the Rules on Accounting and Accounting Policies, Companies of the Energoprojekt Group apply the proportionate consolidation method in preparation of their consolidated financial statements to include the jointly controlled companies (Joint Ventures).

Owing to the amendments passed (Law on Accounting and Audit, Decisions on Conceptual Framework for Financial Reporting and basic IAS and/or IFRS texts, etc.), a new version of the new Rules on Accounting and Accounting Policies is currently being prepared.

In compliance with the new IFRS 11 – Joint Arrangements, which are mandatory for preparation of financial statements as at December 31, 2014 according to the applicable legal regulations, jointly controlled companies (Joint Venture) should be included in financial statements by applying the equity method of consolidation.

Based on the fact that the early application of IFRS rules is allowed, and also recommended in the professional regulations, on the occasion of inclusion of jointly controlled companies the equity method was applied in the consolidated financial statements of the Energoprojekt Group, both for the reporting and for the comparable period of the previous year.

An overview of subsidiaries, affiliates and joint ventures, which, together with the Energoprojekt Holding parent company, comprise the Energoprojekt Group for consolidation, is presented in Note 2.

6. ACCOUNTING PRINCIPLES

The following principles were applied in the preparation of Company's consolidated financial statements:

- The Going Concern Principle,
- The Consistency Principle,
- The Prudence Principle,
- The Substance over Form Principle,
- The Accrual Principle,
- The Item by Item Assessment Principle.

By complying with the **Going Concern Principle**, the financial statements are prepared under the assumption that the proprietary position, financial standing and business results of the Company, as well as the economic policy of the country and economic situation in its immediate environment, enable the Company to operate for an unlimited period.

The Consistency Principle means that the valuation method for assets and changes in assets, liabilities, capital, income, expenses and business results, that is, for the Company's balance items, remains the same over a longer period. If, for example changes are implemented due to required harmonization with the legislation and professional regulations, reasoning for the change must be provided and the effects are disclosed according to the professional regulations concerning the change in valuation methods.

The Prudence Principle means applying a certain level of caution when preparing financial statements of the Company, so that the property and revenues are not overstated and obligations and expenses are not understated. The Prudence Principle, however, should not imply conscious, unrealistic decrease in revenues and capital of the Company or conscious, unrealistic increase of expenses and liabilities of the Company. Namely, The Framework for Preparation and Presentation of Financial Statements clearly states that the Prudence Principle should not result in the forming of substantial hidden reserves, deliberate reduction of property of revenues, or deliberate exaggeration of liabilities or expenses causing the financial statements to become impartial and therefore unreliable.

The **Substance over Form Principle** means that, when recording the company's transactions, and consequently in preparing the financial reports, the accounting treatment should be based on the substance of the transactions and their economic reality and not just their legal form.

By complying with the **Accrual Principle**, recognition of effects of transactions and other events in the Company is not related to the point in time when cash or cash equivalents are received or paid based on these transactions or event, yet to the point in time when they occurred. This approach provides that the users of financial reports are informed not only about past transactions of the Company that resulted in payments or reception of cash, but also about liabilities of the Company to pay cash in the future and resources that represent cash to be received by the Company in the future.

In other words, compliance with the Accrual Principle provides information on past transactions and other events in the manner most useful to users for reaching their economy-related decisions.

The **Item by Item Assessment Principle** means that possible group valuations of various balance items (for example, property or liabilities) for the purpose of rationalization derive from separate valuation of items.

7. 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.

In compliance with IAS 21, the RSD is the **functional and reporting currency for presentation in financial statements of the Company**.

In preparation of Company financial statements, relevant provisions IAS 10 were considered. They 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.

7.1. 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.

7.2. 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

Applied average FX rates for the Income Statement items in 2015 and 2014 were as follows:

<i>Currency</i>	<i>30.06.2015</i>	<i>30.06.2014</i>
	<i>Amount in RSD</i>	
1 EUR	120.9580	115.6612
1 USD	108.5117	84.3840
1 GBP	165.3416	140.8086

7.3. 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.

Income include: operating income, financial income and other income (including also income 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 revenues from subsidiaries and other related parties, gains arising from foreign currency fluctuations, income from interest and other forms of financial revenues.

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.

7.4. 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.

7.5. 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.

7.6. 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.

7.7. 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 intangibles assets 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.

7.8. 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 in the following categories:

- a) Land,
- b) Facilities,
- 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).

7.9. 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.

7.10. 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.

7.11. 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 (intangibles assets, 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.

7.12. 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 an investment property 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.

7.13. 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.

7.14. 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.

7.15. 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 valued 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.

7.16. 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.

7.17. 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, valuator 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.

7.18. 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).

7.19. 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.

7.20. 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.

7.21. 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.

8. 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 valuated 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 valuated 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**.

9. 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 placed 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.

9.1. 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.

9.2. 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.

9.3. 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

10. OPERATING INCOME

10.1. Income from Sale of Merchandise

Structure of income from sale of merchandise	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Income from sale of goods to other affiliated companies on foreign market		2,101
Income from sale of goods on local market	34,100	59,571
Income from sale of goods on foreign market	11,647	79,802
TOTAL	45,747	141,474

• **Income from the sale of goods on local market** in the amount of RSD 34.100 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja Plc. in the amount of RSD 16.226 thousand based on the sales to subcontractors, mostly based on the subcontracting agreements and defined prices of their services that are inclusive of the price of stocks (they are obliged to provide for and to pay for the stocks). Stocks, consisting primarily of fuel and spare parts required for unobstructed performance of works, were supplied (sold) to subcontractors with the aim to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor;
- Energoplast Company in the amount of RSD 10.052 thousand;
- Energoprojekt Energodata Company in the amount of RSD 7.409 thousand, and
- I.N.E.C. Engineering Company Limited, Great Britain in the amount of RSD 413 thousand.

• **Income from the sale of goods on foreign market** in the amount of RSD 11.647 thousand relate predominantly to Energoprojekt Niskogradnja Company in the amount of RSD 10.017 thousand, based on the sales of fuel and spare parts to subcontractors working on the project in Peru in accordance with the relevant agreements, in order to provide for unobstructed works' schedule and to avoid any consequences of delays in works (contractually agreed deadlines) at the expense of the Company as the principal contractor.

10.2. Income from Sale of Products and Services

Structure of revenues from the sales of products and services	In RSD thousand	
	30.06.2015.	30.06.2014.
Revenues from the sales of products and services to other related companies - domestic	437	78
Revenues from the sales of products and services to other related companies - foreign	457,305	1,500,294
Revenues from the sales of products and services to domestic customers	5,911,714	2,394,650
Revenues from the sales of products and services to foreign customers	9,627,446	9,924,352
TOTAL	15,996,902	13,819,374

• **Income from sale of finished products and services to other affiliated companies on local market** in the amount of RSD 437 thousand were generated from the sales of products and services to Energopet Ltd and Enjub Ltd. Companies.

• **Income from sale of finished products and services to other affiliated companies on foreign market** in the amount of RSD 457.305 thousand were generated from the sales of products and services to the affiliated Company Energo Nigeria Ltd., Lagos, Nigeria, predominantly by the Energoprojekt Oprema Company in the amount of RSD 439.910 thousand.

• **Income from the sale of finished products and services on local market** in the amount of RSD 5.911.714 thousand were generated primarily by the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja Company, in the amount of RSD 2.963.440 thousand, within the following projects: Sarani Tunnel, Lajkovac - Ljig, Pancevo Railway, RZD Ruma, RZD Sopot, Bridge over the Danube-Tisa-Danube Canal, etc.;

- Energoprojekt Oprema in the amount of RSD 2.503.245 thousand, on the projects of Prokop, TENT, RTB Bor and other projects.

• **Income from the sale of finished products and services on foreign market** in the amount of RSD 9.627.446 thousand were primarily generated by the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 3.919.625 thousand, in the Projects in Peru: RSD 2.259.917 thousand and in Uganda: RSD 1.659.708 thousand;

- Energoprojekt Visokogradnja in the amount of RSD 2.719.541 thousand based on the works performed for Investors primarily in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 1.271.480 thousand, as well as in Russia and in Kazakhstan in the following Projects: Z-088 Hotel Hyatt Rostov: RSD 767.501 thousand, Z-096 Forte bank, Astana: RSD 402.294 thousand, Z-085 Business Facility Uhta: RSD 105.837 thousand, Z-089 Aktau Hospital: RSD 86.100 thousand, Z-097 Žili Centre Syktyvkar in the amount of RSD 40.549 thousand, Z-098 Astana Model Room in the amount of RSD 27.527 thousand, etc.;

- Energoprojekt Entel in the amount of RSD 2.429.897 thousand generated in the following companies: Energoprojekt Entel LTD, Doha, Qatar, EP Entel L.L.C., Muscat, Sultanate of Oman and Energoconsult L.L.C., Abu Dhabi, UAE;
- Energoprojekt Hidroinženjering in the amount of RSD 199.691 thousand, predominantly from the Projects realized in Algeria: RSD 112.478 thousand, in Jordan: RSD 54.162 thousand and in other companies.

10.3. Other Operating Income

Structure of other operating income	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Income from premiums, subventions, subsidies, donations, etc.		50
Other operating income:		
a) Rent from other legal entities in the country	11,173	11,254
b) Rent from other entities abroad	41,320	39,415
c) Other operating income from parent companies, subsidies and other affiliated companies		
d) Other operating income	33,297	33,534
<i>Total</i>	<i>85,790</i>	<i>84,203</i>
TOTAL	85,790	84,253

• **Rental income from other legal entities in the country** in the amount of RSD 11.173 thousand was primarily generated in the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 3.768 thousand, primarily based on the rental of facility in Ub and facility in Preradoviceva Street in Belgrade;
- Energoprojekt Garant in the amount of RSD 3.485 thousand, based on the rental of the business facility in Bulevar Zorana Djindjica Street and of the business premises in YU business centre in Novi Beograd; and
- Energoprojekt Energodata in the amount of RSD 2.739 thousand, from the rent of the business facility in Palmira Toljatija Street and of the barracks in Novi Beograd.

• **Income from the rent from other legal entities in foreign countries** in the amount of RSD 41.320 thousand was predominantly generated by the following Companies of the Energoprojekt Group:

- Dom 12 S.A.L., Lebanon in the amount of RSD 14.817 thousand, based on the rent of the office building in Moscow;
- Zambia Engineering and Contracting Company Limited, Zambia in the amount of RSD 12.027 thousand, based on the rent of a number of properties in Zambia;
- Energoprojekt Niskogradnja in the amount of RSD 6.035 thousand, based on the rent of a part of the office building Cruz del Sur in Lima, Peru: RSD 5.757 thousand and of the machinery in Peru: RSD 278 thousand; and
- Energo (Private) Limited, Zimbabwe in the amount of RSD 3.776 thousand (based on the rent of properties in Zimbabwe).

• **Other operating income** in the amount of RSD 33.297 thousand was primarily generated in the following Companies of the Energoprojekt Group:

- Energoprojekt Garant in the amount of RSD 18.449 thousand relate to the income from the decrease in provisions for damage: RSD 9.791 thousand, income from the premiums transferred to reinsurance: RSD 8.228 thousand, share in reinsurance in damage compensation in the amount of RSD 400 thousand and to other operating income in the amount of RSD 30 thousand; and
- Energoprojekt Visokogradnja in the amount of RSD 6.422 thousand, that relate to various pass-through costs, in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 3.107 thousand, in the project Z-091 Schlumberger Astrakhan: RSD 1.469 thousand, while the remaining part relates to the pass-through costs in the country.

11. COSTS PRICE OF GOODS SOLD

Structure of costs price of goods sold	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Cost price of goods sold:		
a) Cost price of goods sold to parent companies, subsidiaries and other affiliated companies		1,794
b) Cost price of goods sold on local market	36,301	58,535
c) Cost price of goods sold on foreign market	10,072	119,848
<i>Total</i>	<i>46,373</i>	<i>180,177</i>
Cost price of property acquired for sale		
TOTAL	46,373	180,177

• **Cost price of goods sold on local market** in the amount of RSD 36.301 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 16.195 thousand, primarily for purchase of fuel and spare parts to third parties;
- Energoprojekt Energodata in the amount RSD 7.615 thousand, for purchase of ATM machines, software, hardware and goods from the field of graphics and printing;
- Energoprojekt Visokogradnja in the amount of RSD 7.609 thousand, primarily for purchase of goods for subcontractors (in accordance with the agreement signed) that are hired to perform works on the Prokop Project; and
- Energoplast in the amount of RSD 4.468 thousand, for purchase of finished stoppers for resale.

• **Cost price of goods sold on foreign market** in the amount of RSD 10.072 relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 8.905 thousand, for the costs of materials' stock (fuel and spare parts) sold pursuant to the agreement to subcontractors in Projects realized in Peru.

12. INCREASE/DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS

Increase/decrease in inventories of intermediate and finished goods and services in progress	In RSD thousand	
	30.06.2015.	30.06.2014.
Income from use of own products and merchandise	15,777	17,525
Increase in inventories of intermediate and finished goods and services in progress	69,331	55,924
Decrease in inventories of intermediate and finished goods and services in progress	9,569	43,577
TOTAL	75,539	29,872

• **Income from use of own products and merchandise** in the amount of RSD 15.777 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 15.592 thousand, based on own construction of buildings in the amount of RSD 10.135 thousand (value of investments until June 30, 2015 in Project Lajkovac – Ljig, based on the completed interim progress report for the construction of commercial building site Dici-Tunnel Brancici): RSD 9.219 thousand and on the Tunnel Sarani Project based on the construction of mobile scaffolding: RSD 916 thousand) and completed repair of equipment: RSD 4.972 thousand.

• In the reporting period, the **increase in inventories of intermediate and finished goods and services in progress** amounting to RSD 69.331 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 55.097 thousand based on the increase in value of inventories of intermediate on the construction of residential and business building in Cara Nikolaja Street in Belgrade; and

- Energoprojekt Niskogradnja in the amount of RSD 14.234 thousand based on the produced ground rock and sand for concrete production in the Projects in Peru (Z-023 Pericos and Z-030 Hydro Power Plant Chancay y Rucuy).

13. MATERIAL COSTS AND FUEL AND ENERGY COSTS

Structure of material cost and fuel and energy costs	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Material costs:		
a) Costs of materials used in production	3,141,987	3,758,153
b) Costs of other materials (overheads)	157,894	126,487
c) Costs of spare parts	155,529	99,627
d) Costs of one-off write-off of tools and inventory	24,124	30,252
<i>Total</i>	<i>3,479,534</i>	<i>4,014,519</i>
Fuels and energy costs:		
a) Fuel costs	595,680	541,884
b) Costs of electrical energy and heating	100,109	79,557
<i>Total</i>	<i>695,789</i>	<i>621,441</i>
TOTAL	4,175,323	4,635,960

• **Costs of materials used in production** in the amount of RSD 3.141.987 thousand, the largest portion of material costs, relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 1.133.371 thousand, out of which costs incurred in Projects realized abroad (in Peru and Uganda) amount to RSD 580.860 thousand, and in the Projects realized in the country amount to RSD 552.511 thousand; and

- Energoprojekt Visokogradnja in the amount of RSD 1.254.963 thousand, the most significant material costs of which are those for materials used for production abroad, in Projects Z-088 Hotel Hyatt Rostov: RSD 301.056 thousand, Z-096 Forte bank, Astana: RSD 78.812 thousand, Z-085 Uhta: RSD 47.042 thousand, Z-089 Aktau Hospital: RSD 46.580 thousand and others, as well as in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 367.780 thousand, while the most important material costs for production in the country were incurred in the Projects Prokop: RSD 317.578 thousand, Sulphuric Acid Plant Bor: RSD 7.298 thousand, Smelter Bor: RSD 2.485 thousand.

• The largest shares in **costs of other materials (overhead)** amounting to RSD 157.894 thousand are those of the Energoprojekt Niskogradnja Company in the amount of RSD 108.233 thousand (abroad: RSD 104.907 thousand, in the country: RSD 3.326 thousand), Energoprojekt Entel in the amount of RSD 22.078 thousand and to Energoprojekt Visokogradnja in the amount of RSD 11.455 thousand.

• **Costs of spare parts** in the amount of RSD 155.529 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 135.054 thousand (abroad: RSD 109.762 thousand, in the country: RSD 25.292 thousand).

• **Costs of one-off write-off of tools and inventory** in the amount of RSD 24.124 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 9.335 thousand, Energoprojekt Visokogradnja in the amount of RSD 8.633 thousand, Energoprojekt Oprema in the amount of RSD 3.663 thousand, and to other Companies of the Energoprojekt Group.

- The largest share in **fuel and energy costs** amounting to RSD 695.789 thousand are those of Energoprojekt Niskogradnja in the amount of RSD 553.080 thousand, which were predominantly incurred abroad.

14. EMPLOYEE EXPENSES AND BENEFITS

Structure of employee expenses and benefits	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Expenses of wages and fringe benefits (gross)	3,621,271	3,383,587
Taxes and contributions on wages and contributions on wages payable by employer	373,983	463,074
Service agreements contributions	7,837	6,499
Copyright agreements contributions	14,868	13,661
Costs of contributions for contract fees for temporary and periodical engagement	79,288	65,164
Considerations to physical persons based on other agreements	33,881	64,275
Considerations to General Manager and/or Management and Supervisory Board members	11,893	10,851
Other personnel expenses and fringe benefits	356,093	461,066
TOTAL	4,499,114	4,468,177

- **Expenses of wages and fringe benefits (gross) as well as taxes and contributions on wages and contributions on wages payable by employer** amounting to RSD 3.995.254 thousand relate primarily to Energoprojekt Entel in the amount of RSD 1.407.771 thousand, Energoprojekt Niskogradnja in the amount of RSD 1.036.987 thousand, Energoprojekt Visokogradnja in the amount of RSD 814.556 thousand, Energoprojekt Oprema in the amount of RSD 220.890 thousand and to other Companies of the Energoprojekt Group.

- **Costs of contributions for contract fees for temporary and periodical engagement** amounting to RSD 79.288 thousand were predominantly incurred in Energoprojekt Niskogradnja in the amount of RSD 59.017 thousand (in the country: RSD 14.559 thousand, abroad: RSD 44.458 thousand) and are the result of Company's periodical needs for workforce with adequate qualifications for realization of projects (in construction sites) in compliance with the agreed schedules and types of works.

- **Other personnel expenses and fringe benefits** amounting to RSD 356.093 thousand predominantly relate to Energoprojekt Visokogradnja in the amount of RSD 158.238 thousand (abroad: RSD 140.748, predominantly based on catering on the site of works, transportation and other personnel related costs in the projects realized abroad, and in the country: RSD 17.490 thousand). Other personnel expenses include the costs of business trips, retirement bonuses, commuting costs, solidarity fund allowances, scholarship allowances and other compensations. In addition to Energoprojekt Visokogradnja, a significant share in other personnel expenses was incurred in Energoprojekt Niskogradnja amounting to RSD 78.196 thousand, Energoprojekt Entel in the amount of RSD 34.757 thousand and to Energoprojekt Oprema in the amount of RSD 33.506 thousand.

15. PRODUCTION SERVICE COSTS

Structure of costs of production services	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Production service cost	4,575,828	2,364,069
Transportation services' costs	242,791	254,970
Repairs and maintenance services' costs	97,085	96,222
Rental costs	488,890	404,904
Trade fairs' costs	7,692	5,559
Advertising costs	5,767	5,829
Research costs	2,343	21,711
Costs of other services	119,017	48,981
TOTAL	5,539,413	3,202,245

• **Production service costs** in the amount of RSD 4.575.828 thousand are predominantly related to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 2.476.739 thousand for the costs based on subcontracting agreements in the country amounting to RSD 1.562.675 thousand and abroad (in Uganda and Peru) amounting to RSD 914.064 thousand, which grew by RSD 1.729.494 thousand compared with the comparable last year's period, as the result of contracting and transactions within new projects completed in the country and abroad, after July 1, 2014. Significant hiring of subcontractors for projects' realization was due to the specific nature of works required and/or mechanization for the realization of the said projects (works in tunnels, hydro power plant construction, etc.);

- Energoprojekt Oprema in the amount of RSD 1.125.102 thousand comprise of the subcontractors' costs and consortium partners' costs in a number of projects in the country (primarily the Projects of the RTB Bor, TENT Obrenovac and Prokop) and abroad (primarily the Project of RS Embassy in Abuja), which grew by RSD 516.532 thousand compared with the reference last year's period; and

- Energoprojekt Visokogradnja in the amount of RSD 833.784 thousand comprise of the costs of associates and subcontractors incurred within projects in the country (predominantly in the Prokop Project) and abroad (predominantly in Energoprojekt Ghana Ltd., Accra, Ghana, as well as in the projects Z-088 Hotel Hyatt Rostov, Z-089 Aktau Hospital and Z-096 Forte bank, Astana), which grew compared with the last year's reference period by RSD 42.843 thousand.

• **Transportation services' costs** comprise of the transportation services' costs in the country and abroad, landline telephone bills, mobile phone bills, etc. These costs amount to RSD 242.791 thousand and relate predominantly to Energoprojekt Entel in the amount of RSD 124.191 thousand, Energoprojekt Niskogradnja in the amount of RSD 53.882 thousand and to Energoprojekt Visokogradnja in the amount of RSD 44.553 thousand.

• **Repair and maintenance services' costs** amounting to RSD 97.085 thousand were incurred primarily in Energoprojekt Niskogradnja in the amount of RSD 51.723 thousand, in Energoprojekt Entel in the amount of RSD 15.408 thousand and in Energoprojekt Visokogradnja in the amount of RSD 9.825 thousand. These costs were predominantly incurred for regular equipment maintenance.

- **Rental costs** amount to RSD 488.890 thousand and are predominantly related to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 205.964 thousand, comprising of the rental costs of equipment, sites, business, residential and warehousing facilities abroad amounting to RSD 177.120 thousand and in the country in the amount of RSD 28.844 thousand, where the rent of large machinery for the Projects realized in Peru account for the most significant share of such costs: RSD 83.801 thousand and in Uganda: RSD 44.704 thousand;

- Energoprojekt Entel in the amount of RSD 201.082 thousand, recorded primarily for the rent of apartments in the Companies of this Group abroad;

- Energoprojekt Visokogradnja in the amount of RSD 58.968 thousand are predominantly related to the rental costs of apartments and machinery abroad, amounting to RSD 56.697 thousand (predominantly in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 25.851 thousand and in Project Z-088 Hotel Hyatt Rostov: RSD 12.606 thousand); and

- Energoprojekt Oprema in the amount of RSD 16.530 thousand are predominantly related to the rental costs of equipment (heavy booms and cranes) and apartments.

Increase in the rental costs in the reporting period compared with the comparable last year's period amounting to RSD 88.123 thousand is related primarily to Energoprojekt Niskogradnja in the amount of RSD 80.638 thousand (based on the rent of heavy machinery for the Projects realized in Peru and Uganda that grew significantly compared with the previous year, because the available equipment and machinery proved to be insufficient to respond to the needs for such equipment and machinery in compliance with the agreed schedule of works on a number of Projects realized simultaneously in a number of different locations).

- **Trade fairs' costs** in the amount of RSD 7.692 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 7.244 thousand (incurred abroad).

- **Advertising costs** amounting to RSD 5.767 thousand relate predominantly to Energoprojekt Holding in the amount of RSD 3.283 thousand (based on the sponsorship expenses for Serbian Water Polo Association, advertising costs on billboards, media presentations, etc.) and to Energoprojekt Entel in the amount of RSD 1.676 thousand (primarily based on the production of corporate promo film for the Company).

- **Costs of other services** in the amount of RSD 119.017 thousand were primarily incurred in the following Companies of the Energoprojekt Group:

- Energoprojekt Oprema in the amount of RSD 40.135 thousand, primarily based on the costs of other production services in projects realized abroad: RSD 30.143 thousand, while the costs in the country (such as the motor vehicles' registration costs, road toll costs, graphic design and printing services, utility services' costs, etc.) amounted to RSD 9.992 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 27.573 thousand, primarily based on the construction sites' security costs, utility services' costs, costs of licenses, legalization costs, personal protection at work, registration of vehicles, etc.;

- Energoprojekt Entel in the amount of RSD 13.882 thousand, primarily based on the costs of licenses, photocopying, etc.;

- Energoprojekt Visokogradnja in the amount of RSD 12.582 thousand primarily based on the costs of personal protection at work, registration of vehicles, photocopying costs, etc.;
- Energoprojekt Energodata in the amount of RSD 7.818 thousand, primarily based on the subcontractors' costs incurred for ATM maintenance, graphic design and printing services, hardware services, etc.; and
- Energoprojekt Hidroinženjering in the amount of RSD 7.460 thousand, primarily based on the costs of licenses, photocopying costs, costs of personal protection at work, motor vehicles' registration, etc.

16. 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 24)	7,799	6,134
b) Depreciation of property, plant and equipment (Note 25)	360,642	291,133
Total	368,441	297,267
Provisions expenses		
a) Warranty period provisions' expenses		
b) Provisions for contributions and other personnel benefits	29,028	15,154
c) Other long-term provisions	15,828	17
Total	44,856	15,171
TOTAL	413,297	312,438

- Total **depreciation expenses** amount to RSD 368.441 thousand. Increase in the depreciation **expenses** compared with the comparable last year's period relate primarily to depreciation of plant and equipment (due to significant purchases, predominantly in Energoprojekt Niskogradnja) and buildings (due to the changes in accounting policies, which applied as of the financial statements prepared on December 31, 2014, in respect of measuring of buildings after the initial recognition, when transition from the purchase cost to the revaluation model was made).

Depreciation **expenses** for the reporting period were calculated based on the assessments of residual value and remaining useful life of property and equipment with significant booking value as at December 31, 2014, since there were no significant changes that required repeated assessments as at the balancing date.

Effects of the change in the accounting policy impact the change in depreciation **expenses**, and thus, consequently, the change in the booking value of assets.

Due to appraisal of residual value of assets, the total booking depreciation at the end of the useful lifetime of such appraised assets decreased by the total appraised amount that the Company would have received today had it disposed of such assets, upon deduction of the estimated costs of disposal and on the assumption that such assets are already at the end of their useful lifetime and in the condition expected at the end of their useful lifetime.

Even if the appraised residual value is disregarded, in the view of the effects of the change in the useful lifetime, in case of an increase in the useful lifetime compared with the previous appraisals, the positive effects on the Company's financial income (due to the decrease in current year depreciation costs caused by the increase in the useful lifetime of such assets) in the current and in the following years will be compensated for in the years in which such assets would not be depreciated any more based on the previous appraisals. Such termination of depreciation would come as a consequence of the fact that the complete useful lifetime of these assets expired in the previous reporting period. The negative effects of depreciation for a concrete asset, and thus the negative effects on the financial income of the Company, would practically be equal to the annual depreciation for the years for which, according to the new appraisal, the useful lifetime of certain assets is extended. Similarly, the same would be applicable in cases of assets for which the previously estimated useful lifetime is shortened based on the new appraisal.

- **Provisions for contributions and other personnel benefits** in the amount of RSD 29.028 thousand relate in their entirety to Energoprojekt Entel (provisions for severance pays for employees in foreign countries).

- **Other long-term provisions** in the amount of RSD 15.828 thousand relate in their entirety to Energoprojekt Garant Company based on the provisions for damage compensation amounting to RSD 15.810 thousand and provisions for financing of activities on various risks' prevention amounting to RSD 18 thousand.

17. INTANGIBLE EXPENSES

Structure of intangible expenses	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Intangible expenses	401,116	249,973
Expense account	28,796	38,398
Insurance premiums expenses	116,118	84,237
Payment operations' expenses	169,482	146,293
Membership fee expenses	4,824	7,098
Tax duties	129,848	159,016
Contribution expenses	3,306	2,360
Other non-operating expenses	91,370	76,640
TOTAL	944,860	764,015

- **Intangible expenses** in the amount of RSD 401.116 thousand (which include the attorney fees, consulting and intellectual services, audit costs, professional training and education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other costs) consist primarily of the costs of Energoprojekt Entel Company amounting to RSD 221.643 thousand, Energoprojekt Niskogradnja amounting to RSD 72.036 thousand, Energoprojekt Visokogradnja Company in the amount of RSD 60.279 thousand and of the costs of other Companies of the Energoprojekt Group.

- **Insurance premium expenses** amounting to RSD 116.118 thousand were incurred based on the insurance of works, property and persons, primarily in the Energoprojekt Niskogradnja Company in the

amount of RSD 47.664 thousand, in Energoprojekt Entel Company in the amount of RSD 38.546 thousand and in Energoprojekt Visokogradnja in the amount of RSD 18.053 thousand.

- **Payment operation expenses** in the amount of RSD 169.482 thousand primarily comprise of the payment operation costs of Energoprojekt Niskogradnja amounting to RSD 76.901 thousand (most of which pertain to the bank fee costs for guarantees provided in the country: RSD 39.753 thousand and abroad (in Uganda and Peru): RSD 26.331 thousand), Energoprojekt Visokogradnja Company amounting to RSD 52.159 thousand (domestic: RSD 7.426 thousand, internationally: RSD 44.733 thousand), Energoprojekt Hidroinženjering amounting to RSD 12.837 thousand, Energoprojekt Oprema amounting to RSD 12.368 thousand, Energoprojekt Entel amounting to RSD 10.479 thousand, etc.

- **Tax duties** in the amount of RSD 129.848 thousand consist of the property tax, utility duties, income tax in foreign countries according to the local regulations, etc. Tax duties were primarily incurred in Energoprojekt Visokogradnja in the amount of RSD 56.443 thousand (internationally: RSD 49.605 thousand, domestically: RSD 6.838 thousand), in Energoprojekt Entel in the amount of RSD 29.454 thousand (internationally: RSD 25.325 thousand, in the country: RSD 4.129 thousand), in Energoprojekt Holding in the amount of RSD 12.818 thousand, out of which RSD 12.717 thousand relate to property tax.

- Within the **other non-operating expenses** item (administrative, court and other fees, expert professional magazines, publication of announcements and tenders, visa costs for employees working abroad, hiring of local workforce in foreign countries for international projects' realization, etc.) amounting to the total of RSD 91.370 thousand consist primarily to the costs incurred by Energoprojekt Visokogradnja Company in the amount of RSD 36.831 thousand and by Energoprojekt Entel in the amount of RSD 25.736 thousand and by Energoprojekt Industrija in the amount of RSD 10.736 thousand.

18. FINANCIAL INCOME AND FINANCIAL EXPENSE

18.1. Financial Income

Structure of financial income	In RSD thousand	
	30.06.2015.	30.06.2014.
Financial income from other affiliated companies	7,861	6,917
Financial income from the profit of affiliated companies and joint ventures	69,983	101,922
Other financial income:		
a) Income from dividends	4,904	
b) Other financial income	6,718	52,946
Total	11,622	52,946
<i>Total financial income from affiliated companies and other financial income</i>	<i>89,466</i>	<i>161,785</i>
Interest income (third party)	52,161	21,327
Exchange rate gains and positive currency clause effects (third party)	1,265,417	380,095
TOTAL	1,407,044	563,207

• **Financial income from other affiliated companies** in the amount of RSD 7.861 thousand consist of the financial income from:

- Affiliated Company Energo Nigeria Ltd., Lagos, Nigeria, in the amount of RSD 2.656 thousand, which was disclosed by Energoprojekt Oprema Plc. in the amount of RSD 2.645 thousand and by Energoprojekt Hidroinženjering Plc. in the amount of RSD 11 thousand as foreign exchange gains; and
- Joint Venture Company Enjub Ltd. in the amount of RSD 5.205 thousand, which relate to the income from interest on loan granted to Energoprojekt Holding;

• **Financial income from the profit of affiliated companies and joint ventures** in the amount of RSD 69.983 thousand relate to generated net result of the reporting period of the affiliated companies Energo Nigeria Ltd., Lagos, Nigeria in the amount of RSD 47.827 thousand and Energopet Ltd. in the amount of RSD 22.156 thousand that were included through primary consolidation by applying the equity method in the consolidated financial statements of the Energoprojekt Oprema and Energoprojekt Industrija subsidiaries, and thus in the consolidated financial statements of the Energoprojekt Group.

• **Interest income (third party)** in the amount of RSD 52.161 thousand consists primarily of the interest income of Energoprojekt Niskogradnja in the amount of RSD 22.377 thousand (predominantly from the agreed default interest invoiced to the Investor in Uganda (Project Z-027 Mpigi-Kanoni) for the outstanding debt: RSD 20.398 thousand); of Energoprojekt Garant Company in the amount of RSD 9.821 thousand, Energoprojekt Oprema in the amount of RSD 8.855 thousand, Energoprojekt Visokogradnja in the amount of RSD 5.154 thousand and by other Companies, primarily from the short term deposits with commercial banks.

• **Exchange rate gains and positive currency clauses effects (third party)** are presented in Note 18.2.

18.2. Financial Expense

Structure of financial expense	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Financial expenses from transactions with other affiliated company	2,834	
Financial expense from the losses of affiliated companies and joint ventures	172	907
Other financial expenses	191	42
<i>Total financial expenses from related parties and other financial expenses</i>	<i>3,197</i>	<i>949</i>
Interest expenses (third party)	164,626	182,880
Exchange rate losses and negative currency clause effects (third party)	1,326,875	319,797
TOTAL	1,494,698	503,626

• **Financial expense from transactions with other affiliated companies** in the amount of RSD 2.834 thousand comprise of:

- Affiliated company Energo Nigeria Ltd., Lagos, Nigeria, based on the negative FX differences and expenses incurred from the effects of FX clauses in the amount of RSD 2.249 thousand (predominantly

in Energoprojekt Oprema: RSD 2.248 thousand);

- Joint venture Enjub Ltd. in the amount of RSD 575 thousand, from the negative effects of FX clauses (in Energoprojekt Holding: RSD 569 thousand and in Energoprojekt Visokogradnja: RSD 6 thousand); and

- Affiliated company Energopet Ltd. in the amount of RSD 10 thousand, from the negative effects of the FX clauses (in Energoprojekt Industrija).

• **Financial expenses from losses of affiliated companies and joint ventures** in the amount of RSD 172 thousand relate to net result of the joint venture of Enjub Ltd., which was included in the consolidated financial statements of the Energoprojekt Group by applying the equity method.

• **Interest expense (third party)** comprise of expenses from interest on loans and default interest incurred in debtor – creditor transactions. Interest expenses in the amount of RSD 164.626 thousand relate predominantly to Energoprojekt Visokogradnja in the amount of RSD 108.739 thousand (in the country: RSD 41.247 thousand and internationally: RSD 67.492 thousand, primarily in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 28.681 thousand and in Projects: Z-068 Hotel Aktau: RSD 7.897 thousand, Z-074 Sarijagaš Winery: RSD 5.096 thousand, and in other Projects) and in Energoprojekt Niskogradnja in the amount of RSD 35.511 thousand (domestically: RSD 29.436 thousand and internationally: RSD 6.075 thousand).

• **Exchange rate losses and negative currency clause effects (third party)** amount to RSD 1.326.875 thousand, and gains from FX differences and income from the effects of FX clauses amount to RSD 1.265.417 thousand, so that in the reporting period net negative FX differences and expenses from the effect of FX clauses were booked in the amount of RSD 61.458 thousand, which primarily consist of the expenses incurred by the Energoprojekt Niskogradnja due to their significant trade payable to suppliers in foreign countries and due to their liabilities for long-term and short-term loans denominated in foreign currencies due to which the Company suffers significant expenses from the negative FX differences and negative effects of FX clauses, owing to RSD depreciation in the reporting period, primarily to USD (with slight RSD to EUR appreciation), from which the Company suffers the most.

From the beginning of the year until June 30, 2015, RSD was appreciated to EUR by merely 0.29% (June 30, 2014: RSD was depreciated by 1%), and RSD was depreciated to USD by 8.31% (June 30, 2014, RSD was depreciated by 2.07%).

19. INCOME AND EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT

19.1. Income from Value Adjustment of other Assets Disclosed at Fair Value Through Income Statement

Structure of income from value adjustment of other assets disclosed at fair value through income statement	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Income from value adjustment of long-term financial investments and securities available for sale	133	2,314
Income from value adjustment of receivables and short-term financial investments	4,107	1,281
TOTAL	4,240	3,595

• **Income from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 133 thousand relate to adjustment of fair value of old foreign currency savings bonds of the Republic of Serbia in the Energoprojekt Industrija Company.

• **Income from value adjustment of receivables and short-term financial investments** in the amount of RSD 4.107 thousand consist predominantly from the profit made by the Energoplast Company in the amount of RSD 3.413 thousand from the collected adjusted receivables.

19.2. Expenses from Value Adjustment of other Assets Disclosed at Fair Value Through Income Statement

Structure of expenses from value adjustment of other assets disclosed at fair value through income statement	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Expenses from value adjustment of long-term financial investments and securities available for sale		
Expenses from value adjustment of receivables and short-term financial investments	13,047	7,375
TOTAL	13,047	7,375

• **Expenses from value adjustment of receivables and short-term financial investments** in the amount of RSD 13.047 thousand relate to Energoprojekt Garant in the amount of RSD 8.267 thousand (based on valuation adjustment of receivables: RSD 7.634 thousand and old foreign currency savings bonds: RSD 633 thousand) and Energoprojekt Visokogradnja in the amount of RSD 4.780 thousand (based on valuation adjustment of receivables from Investor in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 4.666 thousand and receivables based on advance payments in the country: RSD 114 thousand).

20. OTHER INCOME AND OTHER EXPENSE

20.1. Other Income

Structure of other income	In RSD thousand	
	30.06.2015.	30.06.2014.
Income from disposal of intangible assets, property, plant and equipment	939	10,716
Income from disposal of shares and securities		127
Income from disposal of materials	22	144
Surpluses		4
Collected written-off receivables	28,153	7,136
Income from the effects of agreed risk protection that cannot be posted in other comprehensive result	147	
Income from reduction of liabilities	1,418	
Income from release of long-term and short-term provisions	308	114
Other income	42,657	45,212
TOTAL	73,644	63,453

• **Income from disposal of intangibles assets, property, plant and equipment** in the amount of RSD 939 thousand was generated from the sale of equipment in Energoprojekt Niskogradnja in the amount of RSD 709 thousand and in Energoprojekt Entel in the amount of RSD 230 thousand.

• **Collected written-off receivables** in the amount of RSD 28.153 thousand relate to Energoprojekt Hidroinženjering in the amount of RSD 19.956 thousand (from the Investor in Tekeze Project, in Ethiopia), to Energoprojekt Visokogradnja in the amount of RSD 7.408 thousand (from Astra bank: RSD 7.365 thousand and from Intermost Ltd.: RSD 43 thousand) and to Energoprojekt Niskogradnja in the amount of RSD 789 thousand (15% of the total receivable amount from Astra bank in liquidation procedure).

• **Income from reduction of liabilities** in the amount of RSD 1.418 thousand relates primarily to Energoprojekt Niskogradnja in the amount of RSD 1.081 thousand based on the reduction of liabilities to suppliers based on subsequently approved rebates and discounts.

• **Income from release of long-term and short-term provisions** in the amount of RSD 308 thousand were recorded entirely in Energoprojekt Industrija primarily based on the release of provisions for income tax in Kazakhstan in the amount of RSD 212 thousand.

• **Other income not posted elsewhere** in the amount of RSD 42.657 thousand predominantly relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 19.647 thousand, comprising primarily of the income from the collection of damage compensation from insurance companies based on equipment destruction in the amount of RSD 18.142 thousand (in projects realized domestically: RSD 1.387 thousand and in projects realized in foreign countries (Peru): RSD 16.755 thousand), based on the sales of secondary raw materials (scrap iron) in the country in the amount of RSD 725 thousand, invoiced

investments in the construction of connection for Electricity Distribution Company Lazarevac in the amount of RSD 54 thousand, etc.;

- Energoprojekt Visokogradnja in the amount of RSD 13.612 thousand, primarily based on the release of provisions based on the release of provisions for overstated financial statements in other functional currency in relation to the reporting currency of the completed projects realized abroad that were accounted for, in compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), adjustments of balances with suppliers in projects realized abroad, etc.;

- Energoprojekt Oprema in the amount of RSD 9.163 thousand based on the contractual penalties collected in the Projects of RTB Bor and TENT Obrenovac.

20.2. Other Expense

Structure of other expense	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Losses incurred from decommissioning and disposal of intangibles assets, property, plant and equipment	9,907	587
Losses incurred from disposal of equity investments and securities		4,190
Losses incurred from the sales of materials	903	
Shortages	94	
Expenses from direct write-off of receivables	2,225	20,297
Expenses from decommissioning of inventories		1,264
Other expenses	148,881	29,631
Impairment of other assets	62	
TOTAL	162,072	55,969

- **Losses from decommissioning and disposal of intangibles assets, property, plant and equipment** in the amount of RSD 9.907 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 7.433 thousand (based on decommissioning of fixed assets in Peru due to the total damage suffered), Energoprojekt Visokogradnja in the amount of RSD 1.260 thousand (based on the sales of real estate), Energoprojekt Entel in the amount of RSD 1.187 thousand (based on the sales of equipment).

- **Expenses from direct write-off of receivables** in the amount of RSD 2.225 thousand relate predominantly to Energoprojekt Hidroinženjering in the amount of RSD 2.145 thousand, as the result of invoices paid for lower amounts in accordance with the mutually signed Agreements with the Client.

- **Other expenses not otherwise mentioned** in the amount of RSD 148.881 thousand predominantly relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Hidroinženjering in the amount of RSD 55.108 thousand, primarily based on activated guarantees for Yarascay Project in Peru in the amount of RSD 51.807 thousand;

- Energoprojekt Visokogradnja in the amount of RSD 40.250 thousand, predominantly in the country in the amount of RSD 39.678 thousand, in the largest part based on the costs of the negative outcome of the lawsuit against the buyer of real estate in Block 12, in Novi Beograd, in the amount of RSD 25.733

thousand and from the release of provisions for overstated financial statements presented in other functional currency in relation to the reporting currency of the completed project realized abroad that were accounted for, in compliance with IAS 21 in the amount of RSD 11.775 thousand, while RSD 572 thousand of the said income was generated abroad;

- Energoprojekt Niskogradnja in the amount of RSD 27.596 thousand, primarily based on penalties and breaches committed abroad (in Peru and in Uganda) in the amount of RSD 26.375 thousand and based on the costs of donations granted in the country in the amount of RSD 1.012 thousand;

- Energoprojekt Entel in the amount of RSD 15.467 thousand, predominantly based on scholarship expenses incurred in the companies of the Group in Oman and Qatar;

21. 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	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	45,801	5,620
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		
TOTAL	45,801	5,620

• **Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year** in the amount of RSD 45.801 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 42.561 thousand, based on subsequently determined profit and/or loss from previous period in the amounts that are of no material significance and which were credited/debited to the current period (primarily based on overcalculated income tax compared with the tax stated in the submitted tax return in Uganda: RSD 27.897 thousand, and in Peru: RSD 7.222 thousand, for the approved rebate by the Atlas Copco supplier for the turnover generated in the previous year: RSD 2.852 thousand, etc., and, on the other hand, based on the insurance costs for the works in Lajkovac-Ljig Project in July-December 2014: RSD 9.995 thousand, etc.).

22. PROFIT BEFORE TAX

Structure of gross result	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>30.06.2014.</i>
Operating income	16,128,439	14,045,101
Operating expenses	15,542,841	13,533,140
<i>Operating result</i>	<i>585,598</i>	<i>511,961</i>
Financial income	1,407,044	563,207
Financial expenses	1,494,698	503,626
<i>Finanial result</i>	<i>(87,654)</i>	<i>59,581</i>
Income from value adjustment of other assets disclosed at fair value through income statement	4,240	3,595
Other revenues	73,644	63,453
Expenses from value adjustment of other assets disclosed at fair value through income statement	13,047	7,375
Other expenses	162,072	55,969
<i>Result of other revenues and expenses</i>	<i>(97,235)</i>	<i>3,704</i>
<i>Result from regular operations before tax</i>	<i>400,709</i>	<i>575,246</i>
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	45,801	5,620
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		
TOTAL INCOME	17,659,168	14,680,976
TOTAL EXPENSES	17,212,658	14,100,110
PROFIT/LOSS BEFORE TAX	446,510	580,866

Income of the Energoprojekt Group in the reporting year in the amount of RSD 446.510 thousand is primarily the result of the consolidated operating income in the amount of RSD 585.598 thousand, primarily generated in Energoprojekt Niskogradnja, Energoprojekt Oprema and Energoprojekt Entel Companies. In comparison with the comparable year, almost all the Companies of the Energoprojekt Group achieved improved operating results, as the result of the increase in their operational activities primarily from the new projects in foreign countries.

23. EARNINGS PER SHARE

Earnings per share as at June 30, 2015 amounts to RSD 25,69 and is calculated by dividend the net profit earned by the owners of parent company (RSD 280.799 thousand) by the average weighted number of ordinary shares in circulation for the period (10.931.292 shares).

BALANCE SHEET

24. INTANGIBLES ASSETS

In RSD thousand

Structure of intangible assets	Development investments	Software and other rights	Intangible assets in progress	Total
<u>Purchase value</u>				
Balance as at January 1, 2015	4,945	173,440	2,144	180,529
New purchases		3,883	2,473	6,356
Disposal and decommissioning				
Increase by transfer from investments in progress		1,783	-1,783	
Other transfers (from)/to				
FX gains and losses		2,984		2,984
Other increase/(decrease)				
Balance as at June 30, 2015	4,945	182,090	2,834	189,869
<u>Valuation adjustment</u>				
Balance as at January 1, 2015	412	111,693		112,105
Depreciation	247	7,552		7,799
Disposal and decommissioning				
FX gains and losses		2,682		2,682
Other increase/(decrease)				
Balance as at June 30, 2015	659	121,927		122,586
<u>Net book value</u>				
31.12.2014	4,533	61,747	2,144	68,424
30.06.2015	4,286	60,163	2,834	67,283

Software and other rights as at June 30, 2015 relate to various software used by the Energoprojekt Group for own purposes, which are depreciated in compliance with the relevant accounting policy.

25. PROPERTY, PLANT AND EQUIPMENT

In RSD thousand

Structure of property, plant and equipment	Land	Buildings	Plant and equipment	Investment property and investment property in progress	Other property, plant and equipment	Property, plant and equipment in progress	Investments in other property, plant and equipment	Advances for property, plant and equipment	Total
Purchase value									
Balance as at January 1, 2015	708,702	7,415,478	10,140,778	2,719,164	247,392	77,775	22,258	45,601	21,377,148
Purchase during the year	168,453		201,665		1,016	46,484	9,219	12,596	439,433
Increase by transfer from investments in progress			14,421			(27,345)	12,924		
Transfer to fixed assets held for sale			(95,753)						(95,753)
Other transfers from / (to)		6,005			(6,005)				
Disposal and decommissioning		(7,509)	(35,146)		(839)				(43,494)
Profit/(loss) included in Report on Other Result (group 330)									
Profit/(loss) included in Profit and Loss									
FX gains and losses	651	66,826	70,126	48,036				(133)	185,506
Other increases / (decreases)		(29,611)	(9,947)						(39,558)
Balance as at June 30, 2015	877,806	7,451,189	10,286,144	2,767,200	241,564	96,914	44,401	58,064	21,823,282
Valuation adjustment									
Balance as at January 1, 2015		34,989	6,267,342		107,936				6,410,267
Correction of opening balance									
Depreciation		28,530	318,432		11,122		2,558		360,642
Disposal and decommissioning		(34)	(24,102)		(180)				(24,316)
Transfer to fixed assets held for sale			(79,596)						(79,596)
Other transfers from / (to)									
Impairment									
FX gains and losses		(3,375)	12,529	13					9,167
Other increases /decreases		(25,819)	(8,089)				(1)		(33,909)
Balance as at June 30, 2015		34,291	6,486,516	13	118,878		2,557		6,642,255
Net book value									
Balance as at December 31, 2014	708,702	7,380,489	3,873,436	2,719,164	139,456	77,775	22,258	45,601	14,966,881
Balance as at June 30, 2015	877,806	7,416,898	3,799,628	2,767,187	122,686	96,914	41,844	58,064	15,181,027

• **Land**

Value of land of the Energoprojekt Group amounting to RSD 877.806 thousand primarily relate to the Energoprojekt Visokogradnja Company in the amount of RSD 517.540 thousand (land owned by Energoprojekt Montenegro Ltd. in Montenegro, land owned by Energoprojekt Ghana Ltd. in Ghana and in the country – land in Ub and in Stara Pazova), Energoprojekt Sunnyville Ltd. in the amount of RSD 168.453 thousand (land in Belgrade), Energoprojekt Niskogradnja Company in the amount of RSD 98.048 thousand (land in Peru and domestically – in Stara Pazova) and to the Energoprojekt Oprema Company in the amount of RSD 75.058 thousand (Sevino polje plot – in Novi Beograd), and to other land.

• **Buildings**

As at December 31, 2014, owing to the changes in accounting policies in respect of measuring of buildings after their initial recognition, transition was made from acquisition price method to the revalorisation method.

The fair value of buildings was determined by means of valuation performed on December 31, 2014 by independent qualified valuers based on market evidence, and on the same occasion the residual value and the remaining useful life of buildings were determined as well.

The most important buildings on the level of Energoprojekt Group are as follows:

- Office building in Bulevar Mihaila Pupina, in Novi Beograd;
- Samacki Hotel Complex of the Energoprojekt Holding in Zemun;
- A part of the office building Cruz del Sur of the Energoprojekt Niskogradnja Company in Peru;
- Office building of the Energoprojekt Entel Company in Oman;
- Office building of the I.N.E.C. Engineering Company Limited in London; and other buildings.

• **Plant and Equipment**

As at December 31, 2014, appraisal of the residual value and the remaining useful lifetime of the equipment with significant accounting value were performed.

In acquisitions of plant and equipment in the reporting period that amounted to RSD 201.665 thousand, the largest share consists of the acquisitions of the following Companies of the Energoprojekt Group: Energoprojekt Niskogradnja in the amount of RSD 96.561 thousand (domestically: RSD 68.533 thousand and abroad: RSD 28.028 thousand – in Uganda and Peru), of the Energoprojekt Visokogradnja in the amount of RSD 58.391 thousand (in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 51.813 thousand, in projects realized in foreign countries: RSD 4.801 thousand, primarily in Z-096 Forte bank Astana, Kazakhstan Project, and domestically: RSD 1.777 thousand) and of Energoprojekt Entel Company in the amount of RSD 35.921 thousand (in Companies abroad: RSD 33.996 thousand and in the country: RSD 1.925 thousand).

Of the total items in the reporting period, the amount of RSD 40.826 thousand relates to equipment regulated by the Financial Lease Agreement, which is in its entirety related to Energoprojekt Niskogradnja Company.

Liabilities of the Energoprojekt Group based on the financial lease are explained in greater detail in the Note 38.2.

Based on the Energoprojekt Energodata management Decision on the sales of ATMs in 2015, such assets were reclassified and posted as fixed assets held for sale in their total amount of RSD 16.157 thousand.

• **Investment property** as at June 30, 2015 amount to RSD 2.767.187 thousand.

The most significant investment properties on the level of Energoprojekt Group are as follows:

- Office building in Moscow, Dom 12;
- Office and residential premises of the Zambia Engineering and Contracting Company Limited, Zambia;
- A part of the office building Cruz del Sur of the Energoprojekt Niskogradnja Company in Peru;
- Office facilities of the Energoprojekt Garant Company in Goce Delceva Street in Novi Beograd, the residential building in Bulevar Zorana Djindjica Street in Novi Beograd and office premises in the YU Business Centre in Novi Beograd;
- Office premises of the Energoprojekt Energodata Company in Palmira Toljatija Street (Business and Commercial Centre Stari Merkator) in Novi Beograd;
- Business premises of the Energoprojekt Holding in Palmira Toljatija Street (Business and Commercial Centre Stari Merkator) in Novi Beograd.

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.

In the reporting period, the Energoprojekt Group generated income from the rent of investment property in the amount of RSD 42.488 thousand, and the principal portion of such amount relate to the income generated from the rent of the office building in Moscow, Dom 12 (in Dom 12 S.A.L, Lebanon Company), in the amount of RSD 14.817 thousand and from the rent of a number of properties in Lusaka, Zambia, in the amount of RSD 12.027 thousand (in Zambia Engineering and Contracting Company Limited, Zambia).

Information on mortgages on the Energoprojekt Group properties is presented in detail in Note 47.

Advances paid for property, plant and equipment in the amount of RSD 58.064 thousand relate primarily, in the amount of RSD 45.601 thousand, to the advance payment to the Republic of Serbia for the purchase of properties in Uganda, Peru and Nigeria.

26. 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 affiliated companies and joint ventures	887,063	849,665
Shares in other companies and other available for sale	44,078	33,750
Securities held to maturity		9,178
Other long-term financial investments	228,368	221,183
TOTAL	1,159,509	1,113,776

• **Shares in affiliated companies and joint ventures** in the amount of RSD 887.063 thousand are presented in the following table.

Equity investments in affiliated legal entities and joint ventures	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Energopet Ltd., Lagos, Nigeria	443,617	428,204
Energopet Ltd. Belgrade	406,045	383,889
Enjub Ltd. Belgrade	37,401	37,572
TOTAL	887,063	849,665

Increase in share investments in affiliated companies and joint ventures in comparison with the comparable year in the amount of RSD 37.398 thousand came primarily as the result of the generated net income of the affiliated companies (Energopet Ltd., Lagos, Nigeria and Energopet Ltd.), which were, by applying the equity method, included through primary consolidation in consolidated financial statements of the affiliated companies of Energoprojekt Oprema and Energoprojekt Industrija, and thus also in the consolidated financial statements of the Energoprojekt Group.

Financial data pertaining to Energopet Ltd., Lagos, Nigeria affiliate on the 40% equity share of the Energoprojekt Oprema in the affiliate is presented in the following table.

Energopet Ltd., Lagos, Nigeria	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Capital	443,617	428,204
Net profit of the current period	47,827	77,318

Financial data pertaining to Energopet Ltd. Belgrade on the 33.33% equity share of Energoprojekt Industrija in the affiliate is presented in the following table.

Energoprojekt Group Belgrade

Energopet Ltd. Belgrade	In RSD thousand	
	30.06.2015.	31.12.2014.
Non-current assets	420,062	345,456
Operating assets	560,522	451,611
Assets	980,584	797,067
Liabilities	574,539	413,178
Capital	406,045	383,889
Income	508,206	531,467
Net profit of the current period	22,156	24,603

Financial data pertaining to Enjub Ltd. Belgrade on the 50% equity share of Energoprojekt Holding in the joint venture is presented in the following table.

Enjub Ltd. Belgrade	In RSD thousand	
	30.06.2015.	31.12.2014.
Non-current assets	128,982	129,004
Operating assets	120,095	120,309
Assets	249,077	249,313
Liabilities	211,676	211,741
Capital	37,401	37,572
Income	4,384	5,517
Net loss of the current period	(171)	(907)

• **Shares in other companies and available for sale securities** in the amount of RSD 44.078 thousand are presented in the following table.

Shares in other companies and available for sale securities	In RSD thousand	
	30.06.2015.	31.12.2014.
Shares in other companies:		
a) Banks and financial organizations	37,575	27,259
b) Other legal entities	6,491	6,491
c) Other securities available for sale	12	
TOTAL	44,078	33,750

Shares in other companies in the amount of RSD 44.078 thousand relate primarily to the equity investments of Energoprojekt Holding in the capital of banks and other financial organizations in the amount of RSD 37.388 thousand (in Jubmes bank Plc., Belgrade; Fima See Activist Plc., Belgrade; Energo Broker Plc., Belgrade and in Dunav Insurance Company Ltd., Belgrade) and in the capital of other legal entities in the amount of RSD 5.887 thousand (in Hotel Bela lada Plc. Bečej).

- **Other long-term financial investments** in the amount of RSD 228.368 thousand are presented in the following table.

Other long-term financial investments	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Housing loans granted to employees	44,122	48,428
Long term deposits	53,081	49,474
Deposits for bank guarantees	33,128	30,343
Other	98,037	92,938
TOTAL	228,368	221,183

- **Long-term housing loans granted to employees** are interest-free and in compliance with the Housing Loan Agreement provisions and pursuant to the Law on Amendments and Addenda to the Law on Housing, the Company performs legally prescribed revalorization of loan instalments based on the trends in consumer prices in the Republic of Serbia for the accounting period in question. Of the total of RSD 44.122 thousand, the largest portion of these loans amounting to RSD 24.243 thousand relate to the Energoprojekt Visokogradnja Company, Energoprojekt Oprema Company in the amount of RSD 11.042 thousand and to the Energoprojekt Niskogradnja Company in the amount of RSD 4.286 thousand, but also to other Companies of the Energoprojekt Group.

- **Long-term deposits** in the amount of RSD 53.081 thousand comprise only of the special purpose term deposit of the Energoprojekt Oprema Company with Findomestic Bank based on the RTB Bor.

- **Deposits for bank guarantees** in the amount of RSD 33.128 thousand comprise entirely of the Energoprojekt Entel Company guarantees (in Energoprojekt Entel Ltd. Doha, Qatar: RSD 23.824 thousand and in Energoconsult L.L.C., Abu Dhabi, UAE: RSD 9.304 thousand).

- **Other long-term financial investments** in the amount of RSD 98.037 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 91.497 thousand, the largest share of which or RSD 82.407 thousand relate to a building within the tourist complex of Crni Vrh (which has not yet been completed), in which the Company holds ownership rights up to 5%, based on its co-financing; and

- Energoprojekt Entel in the amount of RSD 6.323 thousand, based on the deposits for apartments in foreign countries (in Companies Energoconsult L.L.C., Abu Dhabi, UAE: RSD 3.544 thousand, Energoprojekt Entel Ltd. Doha, Qatar: RSD 2.023 thousand and Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman: RSD 756 thousand).

27. LONG-TERM RECEIVABLES

Structure of long-term receivables	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Receivables from other affiliated companies	129,269	129,684
Other long-term receivables	772,704	644,634
TOTAL	901,973	774,318

• **Receivables from other affiliated companies** in the amount of RSD 129.269 thousand relate to the receivables of Energoprojekt Oprema Company from its affiliated company Energo Nigeria Ltd., Lagos, Nigeria, based on the long-term guarantee deposit in its projects abroad.

• **Other long-term receivables** in the amount of RSD 772.704 thousand comprise only of the receivables of the Energoprojekt Entel Company based on its long-term receivables for guarantee deposit, which is in most of the cases a deposit amounting to 10% of the invoice amount and which can be collected only upon expiry of the guarantee term (in Companies Energoprojekt Entel Ltd. Doha, Qatar: RSD 706.780 thousand and in Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman: RSD 65.924 thousand).

Increase in other long-term receivables in the reporting period in the amount of RSD 128.070 thousand relates to the increase in long-term receivables for guarantee deposit in Energoprojekt Entel Company.

28. INVENTORIES

Structure of inventories	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Material, parts, tools and small inventories	1,118,764	1,206,668
Work and services in progress	1,363,447	1,294,624
Finished products	150,783	159,845
Goods	39,134	75,988
Fixed assets for sale	70,307	54,150
Advances paid for inventories and services:		
a) Advances paid for inventories and services to other affiliated companies	45,659	45,793
b) Advances paid for material, parts and inventory	551,917	465,691
c) Advances paid for goods	5,326	2,070
d) Advances paid for services	2,048,192	1,082,460
<i>Total</i>	<i>2,651,094</i>	<i>1,596,014</i>
TOTAL	5,393,529	4,387,289

• **Material, parts, tools and small inventories** in the amount of RSD 1.118.764 thousand relate predominantly to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 618.828 thousand, out of which inventories abroad amount to RSD 462.878 thousand (Uganda: RSD 295.156 thousand, Peru: RSD 167.722 thousand), and inventories in the country amount to RSD 155.950 thousand. Stock levels, primarily those of the materials and parts, are determined by the work schedule and timely supply in the relevant regions;

- Energoprojekt Visokogradnja in the amount of RSD 309.710 thousand, out of which inventories abroad amount to RSD 190.081 thousand and inventories in the country amount to RSD 119.629 thousand; and

- Energoprojekt Oprema in the amount of RSD 117.097 thousand, which relate only to domestic inventories, out of which materials' stock amount to RSD 113.633 thousand, and tools and inventory amount to RSD 3.464 thousand.

• **Work and services in progress** in the amount of RSD 1.363.447 thousand predominantly relate to Energoprojekt Visokogradnja in the amount of RSD 1.332.845 thousand, out of which work in progress in the country amounts to RSD 815.896 thousand (based on own investments in Belgrade, in Cara Nikolaja Street: RSD 561.368 thousand, in Knez Danilova Street and in Dalmatinska Street: RSD 79.669 thousand, in Bezanijska Kosa: RSD 46.712 thousand, in Vozdovac: RSD 25.937 thousand and in the town of Bor, in Bor Shopping Mall: RSD 102.210 thousand), and the amount of RSD 516.949 thousand relate to the work in progress abroad (based on the works on the residential complex Sistet Bare in Herceg Novi, Montenegro);

• **Finished products** in the amount of RSD 150.783 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 107.257 thousand relate to the constructed property in Herceg Novi in the amount of RSD 80.517 thousand and in Belgrade (in Bezanijska Kosa and in Blok 29) in the amount of RSD 26.740 thousand; and

- Energoplast in the amount of RSD 43.526 thousand that relate to the finished plastic stoppers.

• The total value of **goods** in the amount of RSD 39.134 thousand primarily relate to Energoprojekt Niskogradnja in the amount of RSD 16.191 thousand (that almost entirely relate to the invoiced materials and spare part, predominantly for the projects realized abroad (in Peru and Uganda), which were not received until June 30, 2015 – Goods in Transit); and to the Energoplast Company in the amount of RSD 10.975 thousand (acquired finished stoppers for resale).

• **Fixed assets for sale** amount to RSD 70.307 thousand, out of which the amount of RSD 50.688 thousand relate to Energoprojekt Niskogradnja; RSD 16.157 thousand relate to Energoprojekt Energodata and RSD 3.462 thousand relate to Energoprojekt Entel Company.

- An overview of land and property held for sale in Energoprojekt Niskogradnja Company is presented below.

Description	Location	Surface area	Present value In RSD thousand
Land - Mombasa Road, Kenya	Nairobi, Kenya	12.140,55 m ²	4,066
Land "Santa Clara", Peru	Santa Clara, Lima, Peru	23.009,70 m ²	18,601
Warehouse facility "Santa Clara", Lima	Santa Clara, Lima, Peru	792,35 m ²	22,273
Business premises - Buenos Aires, Argentina	Buenos Aires, Argentina	86,30 m ²	5,748
Total			50,688

Reclassification of land for sale was performed based on the Decision passed by the Board of Directors of the Energoprojekt Niskogradnja on October 2, 2012 on the sale of land in Kenya and land "Santa Clara" in Lima, Peru, with accompanying facilities (warehouse facility); the total value thereof is RSD

22.667 thousand and the value of buildings held for sale amount to RSD 22.273 thousand in compliance with ISFR 5.

Based on the Decision of competent body of the Company from April 21, 2011 on the sale of office and residential facilities in Argentina, reclassification of these facilities was performed into the facilities held for sale amounting to RSD 5.748 thousand, in compliance with ISFR 5.

The Company intends to realize the above mentioned plans to sell and further activities on the realization of these plans are undertaken.

- In 2015, in Energoprojekt Energodata, based on the management Decision, ATMs were reclassified and posted as fixed assets held for sale in the total amount of RSD 16.157 thousand.

- Fixed assets held for sale in Energoprojekt Entel relate to the apartment in Block 20 in Bezanijska Kosa in Belgrade, and the plan to sell this apartment has been approved by the Company Management on December 15, 2014.

• **Advances paid for inventories and services** in the amount of RSD 2.651.094 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 1.324.638 thousand, primarily consisting of the advance payments made in Energoprojekt Ghana Ltd., Accra, Ghana, in the amount of RSD 974.001 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 984.538 thousand, primarily for advance payments made for services provided by subcontractors in projects realized in the country (primarily in Lajkovac-Ljig Project);

- Energoprojekt Oprema in the amount of RSD 207.054 thousand, for services rendered and paid to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria in the amount of RSD 45.659 thousand and to advance payments made for material inventory and services rendered by subcontractors in the country: RSD 137.320 thousand and in the projects abroad: RSD 24.075 thousand; and

- Energo Kaz in the amount of RSD 94.860 thousand, for advances paid for material to suppliers in the projects realized in Kazakhstan.

29. RECEIVABLES FROM SALES

Structure of receivables from sales	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Local buyers - other affiliated companies	1,444	2,138
Foreign buyers - other affiliated companies	491,204	566,150
Local buyers	3,079,542	3,012,665
Foreign buyers	6,041,104	7,554,332
Other trade receivables	66	
TOTAL	9,613,360	11,135,285

• **Local buyers– other affiliated companies** in the amount of RSD 1.444 thousand relate to the receivables of the Energoprojekt Urbanizam i arhitektura Company in the amount of RSD 739 thousand and of the Energoprojekt Holding in the amount of RSD 705 thousand from the joint venture Enjub Ltd.

• **Foreign buyers– other affiliated companies** in the amount of RSD 491.204 thousand relate to trade receivables from the affiliate company Energo Nigeria Ltd., Lagos, Nigeria, primarily in Energoprojekt Oprema in the amount of RSD 469.142 thousand.

• **Local buyers** amounting to RSD 3.079.542 thousand and relate primarily to the trade receivables of Energoprojekt Niskogradnja: RSD 1.516.267 thousand and to those of Energoprojekt Oprema: RSD 1.231.962 thousand,.

Structure of **local buyers** is presented in the following table as at the financial statements date in Energoprojekt Niskogradnja and Energoprojekt Oprema, which have the highest amount of such receivables.

Structure of local buyers	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
<i>Energoprojekt Niskogradnja:</i>		
RZD International (Pancevo Railroad Project)	848,082	575,557
AzVirt, Beograd (Sarani Tunnel Project)	448,558	359,497
China Shandong Intern.E&T org. Belgrade	127,708	
PC City Construction and Development Novi Sad	29,103	
Dunav Grupa agregati Plc. (Tisa Project)	13,131	13,131
Hidrogradjevinar Plc. (Tisa Project)	7,864	7,864
Other	41,821	27,716
Total	1,516,267	983,765
<i>Energoprojekt Oprema:</i>		
Zeleznice Srbije Plc.	699,442	174,102
SNC Lavalin International	284,535	636,112
International Project Seviles LTD.OY Branch	115,381	308,466
PC Elektromreža Srbije	68,136	68,927
Other	64,468	406,752
Total	1,231,962	1,594,359

• **Foreign buyers** in the amount of RSD 6.041.104 thousand refer predominantly to Energoprojekt Niskogradnja Company: RSD 2.734.654 thousand, Energoprojekt Entel Company: RSD 1.571.265 thousand, Energoprojekt Visokogradnja Company: RSD 1.274.197 thousand, Energoprojekt Hidroinženjering Company: RSD 353.759 thousand and to some other Companies of the Energoprojekt Group.

Foreign buyers as at the financial statements date in Energoprojekt Niskogradnja, which generated the highest amounts of trade receivables, are broken down in the following table.

Structure of foreign buyers	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
<i>Energoprojekt Niskogradnja:</i>		
<i>Uganda:</i>		
Uganda National Roads Authority, Uganda, Z-017 and Z-027	1,130,291	1,520,717
Ministry of Works and Transport, Z-010	561,102	568,610
The Civil Aviation Authority, Z-032 i Z-033	519,615	436,847
Kampala Capital City Authority	223,100	160,535
<i>Total Uganda</i>	<i>2,434,108</i>	<i>2,686,709</i>
<i>Peru:</i>		
Consortio Energoprojekt Cuv, Peru, Z-0188		698,577
Proyecto Especial Binaciona Puyang Tumbes, Peru, Z-015		170,807
Empresa Administradora Chungar SAC, Peru, Z-030	115,410	111,835
Consortio Pericos San Ignacio, Peru, Z-023	63,178	71,443
Consortio Chota Cochabamba, Z-019	35,109	31,761
Other	86,271	97,151
<i>Total Peru</i>	<i>299,968</i>	<i>1,181,574</i>
<i>Other foreign buyers</i>	<i>578</i>	<i>545</i>
TOTAL	<i>2,734,654</i>	<i>3,868,828</i>

30. RECEIVABLES FROM SPECIFIC TRANSACTIONS

Structure of receivables from special transactions	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Receivables from special transactions from other affiliated companies	50,519	31,042
Receivables from special transactions from other companies	9,786	4,483
TOTAL	<i>60,305</i>	<i>35,525</i>

• **Receivables from special transactions from other affiliated companies** in the amount of RSD 50.519 thousand relate to Energoprojekt Oprema in the amount of RSD 48.744 thousand, based on the expenses passed through to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria and to Energoprojekt Holding in the amount of RSD 1.775 thousand, based on the transfer of expenses to the Enjub Ltd. joint venture.

• **Receivables from special transactions from other companies** in the amount of RSD 9.786 thousand relate predominantly to Energoprojekt Holding in the amount of RSD 2.927 thousand, Energoprojekt Garant in the amount of RSD 6.830 thousand and to other Companies of the Energoprojekt Group.

31. OTHER RECEIVABLES

Structure of other receivables	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Interest and dividend receivables:		
b) Interest and dividend receivable from affiliated companies	40,744	35,634
b) Interest agreed and default interest receivable from other companies	689	172
<i>Total</i>	<i>41,433</i>	<i>35,806</i>
Receivables from employees	30,606	23,404
Receivables for overpaid income tax	58,141	76,006
Receivables in respect of prepaid other taxes and contributions	8,380	7,462
Receivables for fringe benefits' returns	10,584	8,599
Other short-term receivables	173,179	192,907
TOTAL	322,323	344,184

• **Interest and dividend receivables from other affiliated companies** in the amount of RSD 40.744 thousand comprise exclusively of the receivables of Energoprojekt Holding, based on the interest receivables for loans granted to the joint venture Enjub Ltd.

• **Receivables from employees** in the amount of 30.606 thousand relate predominantly to unjustifiably paid advance payments to employees leaving to work in foreign countries and to loans granted to employees, and specifically these expenses in Zambia Engineering and Contracting Company Limited amount to RSD 7.244 thousand, in Energoprojekt Niskogradnja amount to RSD 6.855 thousand, in Energoprojekt Energodata RSD 4.200 thousand, in Energoprojekt Visokogradnja RSD 4.389 thousand and in Energoprojekt Oprema RSD 3.633 thousand.

• **Receivables for overpaid income tax** in the amount of RSD 58.141 thousand predominantly refer to Energoprojekt Visokogradnja Company in the amount of RSD 25.010 thousand (in the country: RSD 16.820 thousand, in Kazakhstan and in Russian Federation: RSD 8.190 thousand), to Energoprojekt Niskogradnja in the amount of RSD 9.588, to Energoprojekt Holding in the amount of RSD 6.656 thousand, Energoprojekt Hidroinženjering in the amount of RSD 5.505 thousand and to Zambia Engineering and Contracting Company Limited in the amount of RSD 3.437 thousand.

• **Receivables in respect of prepaid other taxes and contributions** amount to RSD 8.380 thousand and predominantly refer to Zambia Engineering and Contracting Company Limited in the amount of RSD 3.567 thousand, to Energoprojekt Visokogradnja in the amount of RSD 2.550 thousand (out of which RSD 2.518 thousand relate to Energoprojekt Ghana Ltd., Accra, Ghana company), to Energoprojekt Hidroinženjering in the amount of RSD 2.153 thousand, and to other Companies of Energoprojekt Group.

• **Receivables for fringe benefits' returns** (sick leaves longer exceeding 30 days, maternity leave, etc.) in the amount of RSD 10.584 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 5.099 thousand, to Energoprojekt Energodata in the amount of RSD 1.562, to Energoprojekt Hidroinženjering in the amount of RSD 1.287 thousand, to Energoprojekt Holding in the

amount of RSD 1.272 thousand and to other Companies of the Energoprojekt Group.

• **Other short-term receivables** amounting to RSD 173.179 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 161.966 thousand, primarily based on the receivables from Tax Administration for overpaid income tax in Peru and Uganda: RSD 100.395 thousand and to the receivables for the externally granted loans to Consortiums in Peru for payment of joint liabilities on the project: RSD 38.610 thousand.

32. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH INCOME STATEMENT

Structure of financial assets assessed at fair value through Income statement	In RSD thousand	
	30.06.2015.	31.12.2014.
Shares	1,359	1,359
Bonds	280,378	182,736
TOTAL	281,737	184,095

Financial assets assessed at fair value through Income statement relate in their entirety to the shares and bonds (foreign currency coupon bonds and old foreign currency savings bonds) of Energoprojekt Garant Company.

Valuation adjustment of financial assets assessed at fair value through Income statement is performed for foreign currency coupon bonds based on data obtained from the secondary market for such assets and by applying the foreign exchange rate, and valuation of old foreign currency savings bonds is performed based on their value on the stock exchange as at the last trading transaction date.

33. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short-term financial investments	In RSD thousand	
	30.06.2015.	31.12.2014.
Short-term loans and investments - other affiliated companies	161,054	161,527
Short-term credits and loans domestic	15,704	729
Short-term international credits and loans	10,623	968
Portion of long-term financial investments with maturity date up to one year:		
a) Portion of long-term financial investments in other legal entities with maturity date up to one year		
b) Portion of other long-term financial investments with maturity date up to one year	6,014	801
<i>Total</i>	<i>6,014</i>	<i>801</i>
Securities held to maturity - portion with maturity date up to one year	9,284	
Other short-term financial investments:		
a) Short term deposits	1,203,269	1,217,985
b) Other short-term financial investments	269	17,138
<i>Total</i>	<i>1,203,538</i>	<i>1,235,123</i>
TOTAL	1,406,217	1,399,148

• **Short-term loans and investments - other affiliated companies** in the amount of RSD 161.054 thousand relate in their entirety to Energoprojekt Holding based on the loans granted to the Enjub Ltd. joint venture (as at 31.12.2014: RSD 161.527 thousand).

Energoprojekt Holding 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 the Enjub Ltd. joint venture and an extrajudicial mortgage for the entire loan amount (for apartments and business premises) in Jurija Gagarina Street in Novi Beograd.

• **Short-term credits and loans domestic** in the amount of RSD 15.704 thousand relate in their entirety to Energoprojekt Visokogradnja Company, based on the loan granted to subcontractor, Maht Savabien Ltd. Company Belgrade, to complete works on the Project for which this subcontractor was hired within agreed deadline.

• **Short-term international credits and loans** in the amount of RSD 10.623 thousand relate in their entirety to Energoprojekt Visokogradnja, primarily to the loan granted to subcontractor, Tandem Inter Company, in the amount of RSD 9.658 thousand, to complete the work on Project Z-088 Hotel Hyatt Rostov, Russia, for which this subcontractor was hired, within agreed deadline.

• **Short term deposits** in the amount of RSD 1.203.269 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Entel in the amount of RSD 869.276 thousand relate to the deposits with international and domestic commercial banks, and specifically, abroad, in Energoprojekt Entel Qatar: RS 684.003 thousand, with interest rate of 1.18% annually and in Energo Consult LLC Abu Dhabi, UAE: RSD 178.552 thousand, with interest rate of 1.42% annually; and in the country in the amount of RSD 6.721 thousand, at the Beonia rate minus 200 b.p. annually; and

- Energoprojekt Garant in the amount of RSD 333.993 thousand relate to the foreign currencies deposits in EUR and USD with the domestic commercial banks with interest rate ranging from 1.50 % to 2.53 % annually.

34. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	In RSD thousand	
	30.06.2015.	31.12.2014.
Current (business) account	79,210	74,952
Earmarked cash and letters of credit	2,608	1
Petty cash	900	416
Foreign currency account	2,570,562	2,297,829
Letters of credit in foreign currencies		73,808
Foreign currency petty cash	113,642	86,703
Other cash:		
a) Short term deposits	488,070	208,655
b) Other cash	501,582	320,501
Total	989,652	529,156
Value-impaired or restricted cash	39,858	36,393
TOTAL	3,796,432	3,099,258

• **Current (business) account** of the Energoprojekt Group in the amount of RSD 79.210 thousand predominantly refer to the current accounts of the following Companies of the Energoprojekt Group: Energoprojekt Niskogradnja in the amount of RSD 24.454 thousand, Energoprojekt Oprema in the amount of RSD 15.090 thousand, Energoprojekt Industrija in the amount of RSD 11.764 thousand, Energoprojekt Hidroinženjering in the amount of RSD 9.675 thousand, Energoprojekt Sunnyville in the amount of RSD 9.557 thousand and to other Companies of the Group.

• **Foreign currency account** in the amount of RSD 2.570.562 thousand predominantly refer to the foreign currency accounts of the following Companies in the Energoprojekt Group: Energoprojekt Visokogradnja in the amount of RSD 1.158.353 thousand (in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 812.044 thousand), Energoprojekt Entel in the amount of RSD 518.737 thousand, Energoprojekt Niskogradnja in the amount of RSD 457.013 thousand and to other Companies of the Group.

• **Foreign currency petty cash** in the amount of RSD 113.642 thousand primarily refer to Energoprojekt Visokogradnja in the amount of RSD 81.204 thousand (primarily to Energoprojekt Ghana Ltd., Accra, Ghana, in the amount of RSD 67.486 thousand), to Energoprojekt Niskogradnja in the amount of RSD 12.539 thousand, to Energoprojekt Entel in the amount of RSD 9.063 thousand, to Energoprojekt Hidroinženjering in the amount of RSD 7.451 thousand and to other Companies of the Energoprojekt Group.

• **Short term deposits** in the amount of RSD 488.070 thousand relate to the term deposits in the country amounting to RSD 449.377 thousand, and predominantly in Energoprojekt Oprema in the amount of RSD 214.189 thousand, to Energoprojekt Holding in the amount of RSD 133.521 thousand and to Energoprojekt Visokogradnja in the amount of RSD 72.667 thousand, while the term deposits abroad in the amount of 8.693 thousand, which relate in their entirety to the Dom 12 S.A.L Company, Lebanon.

• **Other cash** in the amount of RSD 501.582 thousand refer predominantly to Energoprojekt Visokogradnja in the amount of RSD 497.358 thousand (predominantly to the collaterals provided for the projects of the Energoprojekt Ghana Ltd., Accra, Ghana: RSD 496.529 thousand).

• **Value-impaired or restricted cash** in the amount of RSD 39.858 thousand relate to Energoprojekt Hidroinženjering based on the bank deposits serving as collaterals for guarantees' issuing for the projects Ourkiss, Alto Piura, Yarascay and Machu Picchu. Cash will be available upon the release of the guarantees in question.

35. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME

35.1. Value Added Tax

Structure of value added tax	<i>in RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Value added tax	176,620	80,225
TOTAL	176,620	80,225

• **Value added tax** in the amount of RSD 176.620 thousand refer to the difference between calculated tax and input tax, and primarily in Energoprojekt Niskogradnja in the amount of RSD 51.311 thousand, Energoprojekt Oprema in the amount of RSD 49.661 thousand, Energoprojekt Visokogradnja in the amount of RSD 31.636 thousand, Energoprojekt Entel in the amount of RSD 11.074, Energoprojekt Industrija in the amount of RSD 10.687 thousand and in other Companies of the Energoprojekt Group.

35.2. Prepayments and Accrued Income and Deferred Expenses

Structure of prepayments and accrued income	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Prepayments:		
a) Prepaid subscriptions for professional publications	503	1,456
b) Prepaid rent	160,759	214,270
c) Prepaid insurance premiums	37,729	51,870
d) Prepaid advertizing and marketing expenses		1,952
e) Other prepaid expenses	67,687	43,872
<i>Total</i>	<i>266,678</i>	<i>313,420</i>
Receivables for accrued non-invoiced income:		
a) Receivables for accrued non-invoiced income - other affiliated companies		
b) Receivables for accrued non-invoiced income - other legal entities	3,786,777	1,860,764
<i>Total</i>	<i>3,786,777</i>	<i>1,860,764</i>
Deferred expenses for liabilities		
Other deferred expenses:		
a) Accrued value added tax	17	99,754
b) Other deferred expenses	65,259	38,728
<i>Total</i>	<i>65,276</i>	<i>138,482</i>
TOTAL	4,118,731	2,312,666

• **Prepaid rent** in the amount of RSD 160.759 thousand primarily refer to Energoprojekt Entel in the amount of RSD 145.938 thousand, based on the rent of apartments for Company workforce in foreign countries.

• **Receivables for accrued non-invoiced income – other affiliated companies** in the amount of RSD 3.786.777 thousand refer primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 2.104.998 thousand, primarily refer to the receivables from interim payment certificates for work completed in May and June 2015. The largest receivables for the accrued non-invoiced income are recorded for the following projects in the country and abroad:

- Chancay y Rucuy, Peru, Z-030: RSD 675.330 thousand;
- Kawempe Kafu, Uganda, Z-017: RSD 287.953 thousand;
- Mpigi Kanoni, Uganda, Z-027: RSD 188.592 thousand;
- Pericos, Peru, Z-023: RSD 112.486 thousand;

- Lajkovac-Ljig: RSD 442.331 thousand;
- Sarani Tunnel: RSD 217.516 thousand;
- Stubo Rovni Kolubara Dam: RSD 21.004 thousand;
- Bridge over the Danube-Tisza–Danube Canal: RSD 20.000 thousand, and others.

- Energoprojekt Visokogradnja in the amount of RSD 929.102 thousand relate to the receivables for payment certificates submitted to the Investor for verification, but not verified before the balance sheet submission date. The largest receivables for the accrued non-invoiced income are recorded for the following projects in the country and abroad:

- Hotel Aktau, Z-068: RSD 182.938 thousand;
- Forte bank, Z-096: RSD 215.460 thousand;
- Uhta, Z-085: RSD 148.251 thousand;
- Aktau Hospital, Z-089: RSD 58.092 thousand;
- Sarijagas Winery, Z-074: RSD 37.072 thousand;
- Prokop Railway Station: RSD 147.977 thousand;
- Cableway Crni Vrh in Bor: RSD 10.659 thousand;
- Sulphuric acid plant and Smelter in Bor: RSD 8.114 thousand; and for other projects as well.

- Energoprojekt Holding in the amount of RSD 386.890 thousand relate entirely to the realization of the Agreement on Construction of Republic of Serbia Embassy in Abuja, Federal Republic of Nigeria, a turn-key project, in the Cadastral parcel No. 313, registered in the Real Estate Registry, Cadastral Zone A00.

- Energoprojekt Oprema in the amount of RSD 229.820 thousand, relate to calculated revenues based on incurred costs which were not invoiced or for which invoices were issued after the financial statements date, in the total amount of RSD 229.820 thousand, which relate in their entirety to Projects realized internationally (Nigeria); and to other Companies.

• **Other prepayments and deferred expenses** in the amount of RSD 65.259 thousand predominantly refer to Energoprojekt Garant in the amount of RSD 26.275 thousand (interest on bank deposits, transferrable premiums and claims charged to coinsurer and reinsurer calculated in advance) and to Energoprojekt Visokogradnja in the amount of RSD 22.131 (prepaid VAT for the Projects realized in Kazakhstan), Energoprojekt Holding in the amount of RSD 13.587 thousand (primarily to precalculated property tax in the amount of RSD 12.928 thousand), and to other Companies of the Energoprojekt Group.

36. CAPITAL

Structure of capital	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Equity capital	5,893,998	5,893,998
Reserves	374,549	374,453
Revaluation reserves from revaluation of intangibles, property, plant and equipment	5,763,945	5,788,138
Unrealized gains from securities and other components of other comprehensible result (credit balances under accounts class 33 except 330)	360,763	415,520
Unrealized losses from securities and other components of other comprehensible result (credit balances under accounts class 33 except 330)	32,455	41,501
Retained earnings	5,765,287	5,402,867
Non-controlling interest	165,922	165,922
TOTAL	18,292,009	17,999,397

36.1. Equity Capital

Structure of equity capital	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Share capital - total	5,725,400	5,725,400
Non-controlling interest	(150,441)	(150,441)
<i>Total share capital</i>	<i>5,574,959</i>	<i>5,574,959</i>
Stakes in limited liability companies - total	9,289	9,289
Non-controlling interest	(9,289)	(9,289)
<i>Total stakes in limited liability companies</i>		
Issuing premium	237,014	237,014
Other share capital - total	88,217	88,217
Other non-controlling interest	(6,192)	(6,192)
<i>Total other share capital</i>	<i>82,025</i>	<i>82,025</i>
TOTAL	5,893,998	5,893,998

- **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.
- Share capital of the parent company Energoprojekt Holding as at the balance sheet date consists of 10.931.292 ordinary shares with nominal value of RSD 510 or RSD 5,574,959 thousand worth share capital of the majority shareholder.

Energoprojekt Holding shares are prime-listed in the regulated market of 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.

36.2. Reserves

Structure of reserves	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Legal reserves	218,856	218,856
Statutory and other reserves	155,693	155,597
TOTAL	374,549	374,453

• **Legal reserves** were formed in compliance with the Law on Enterprises that was in force until November 30, 2004, when the Law on Companies came into force. Each year a minimum of 5% was appropriated from the profits until the reserves' level prescribed in the Articles of Association or at least 10% of the equity capital was reached.

• **Statutory and other reserves** are reserves formed from profit in compliance with the Articles of Association and other internal acts of the Company.

36.3. Revaluation Reserves from Revaluation of Intangibles, Property, Plant and Equipment

Structure of revaluation reserves from intangibles, property, plant and equipment	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Revaluation reserves from revaluation of property:		
a) Revaluation reserves from revaluation of property - Energoprojekt office building	3,163,061	3,163,061
b) Revaluation reserves from revaluation of other property	1,081,053	1,063,561
<i>Total</i>	<i>4,244,114</i>	<i>4,226,622</i>
Revaluation reserves from revaluation of investment property	1,254,286	1,295,971
Revaluation reserves from revaluation of plant and equipment	265,545	262,918
Other revaluation reserves		2,627
TOTAL	5,763,945	5,788,138

• **Revaluation reserves from revaluation of property** (Energoprojekt office building and other property) in the amount of RSD 4.244.144 thousand relate to valuation of fair value of such property as at December 31, 2014 and application of IAS 12 – Income Taxes, 15% of revaluation reserves (negative aspect of revaluation reserves).

The most significant amounts of revaluation reserves based on revaluation of other property relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja: RSD 259.130 thousand (a part of the “Cruz del Sur“ office building in Lima, Peru, business facilities, Lima, Peru and residential building in Kampala, Uganda);
- Energoprojekt Visokogradnja: RSD 241.761 thousand (buildings in Belgrade, in Vozdovac and in Palilula, and in Stara Pazova) in case of which decrease amounting of RSD 6.139 thousand was recorded from the sales of an apartment in Bezanijska Kosa to a Company employee;
- I.N.E.C. Engineering Company Limited, Great Britain: RSD 221.918 thousand (an office building in London);
- Energo (Private) Limited, Zimbabwe: RSD 155.793 thousand (business and residential buildings in Harare, Zimbabwe);
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 95.745 thousand (business and residential buildings in Zambia); and others.

• **Revaluation reserves from revaluation of investment property** in the amount of RSD 1.254.286 thousand relate to the adjustment of fair value of such investment properties, and specifically, primarily to the following Companies of the Energoprojekt Group:

- Dom 12 S.A.L, Lebanon: RSD 540.422 thousand (an office building in Moscow);
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 459.031 thousand (a business and residential facility in Zambia);
- Energoprojekt Niskogradnja: RSD 144.624 thousand (a part of the “Cruz del Sur“ office building in Peru);
- Energoprojekt Visokogradnja: RSD 108.333 thousand; and others.

36.4. Unrealized Gains from Securities and Other Components of Other Comprehensive Result (credit balances under account class 33, except 330)

Structure of unrealized gains from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Unrealized gains on transaction of financial statements for international operations	360,763	415,520
TOTAL	360,763	415,520

• **Unrealized gains on transaction of financial statements for international operations** in the amount of RSD 360.763 thousand relate primarily to Energoprojekt Visokogradnja, Energoprojekt Entel, Dom 12 S.A.L, Lebanon, I.N.E.C. Engineering Company Limited, Great Britain, Encom GmbH Consulting, Engineering & Trading, Germany and to other Companies of the Energoprojekt Group.

36.5. Unrealized Losses from Securities and Other Components of Other Comprehensive Result (credit balances under account class 33, except 330)

Structure of unrealized losses from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Unrealized losses on securities available for sale	32,455	41,501
TOTAL	32,455	41,501

• **Unrealized losses on securities available for sale** in the amount of RSD 32.455 thousand, which predominantly relate to Energoprojekt Holding in the amount of RSD 31.882 thousand, were recorded based on the adjustment 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 security in question).

36.6. Retained Earnings

Structure of retained earnings	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Retained earnings from previous years:		
a) Balance as at January 1	5,402,867	4,635,242
b) Changes	(15,062)	(261,407)
<i>Total</i>	<i>5,387,805</i>	<i>4,373,835</i>
Retained earnings from the current year	377,482	1,029,032
TOTAL	5,765,287	5,402,867

• Changes in **retained earnings** of the current year were predominantly the result of the net profit of the Energoprojekt Group in the reporting period, decreases based on the distribution of retained earnings (dividend payments in Energoprojekt Holding, Energoprojekt Oprema, Energoprojekt Entel and in Energoprojekt Garant), FX differences between the opening balance of the retained earnings of the Companies abroad (primarily of the Companies in Qatar, Oman and UAE, and also due to the rise of the value of local currencies linked to USD, in relation to RSD) and due to other factors.

36.7. Non-Controlling Interest

Non-controlling interest	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Non-controlling interest	165,922	165,922
TOTAL	165,922	165,922

In order to properly fill out the Statement of Changes in Equity in compliance with the logical and accounting controls of the Business Registers Agency, **non-controlling interest** was determined only for the basic capital of the Companies with the shares of minority shareholders.

Non-controlling interest are broken down in the following table for the total equity of the Companies with the shares of minority shareholders.

Structure of non-controlling interest for total capital of the Companies with shares of minority shareholders	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Equity capital	5,893,998	5,893,998
Reserves	353,213	353,126
Revaluation reserves from revaluation of intangibles, property, plant and equipment	5,460,337	5,484,648
Unrealized gains from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	350,743	391,918
Unrealized losses from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	32,032	41,045
Retained earnings	5,004,750	4,671,006
Non-controlling interest	1,261,000	1,245,748
TOTAL	18,292,009	17,999,399

37. LONG-TERM PROVISIONS

Structure of long-term provisions	<i>in RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Provisions for warranty costs	458,511	454,572
Provisions for wages and other employee benefits	318,296	282,730
Other long-term provisions	358,827	358,827
TOTAL	1,135,634	1,096,129

• **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, which are on one hand decreased by the paid retirement bonuses in the reporting period, and on the other hand increased due to the rise in the number of employees engaged abroad in Energoprojekt Entel Company.

• **Provisions for warranty period** in the amount of RSD 458.511 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Entel in the amount of RSD 366.729 thousand disclosed based on the provisions for

cost of significant changes in agreed items without an option to charge the additional works in the Group Companies abroad. Compared with the previous reporting period, the increase in the said provisions in the amount of RSD 28.140 thousand came as the result of FX gains.

Costs of provisions during warranty period was performed based on the best Management assessment and based on the previous experiences, as an expression of prudent approach in case that it will not be possible to collect all the receivables from agreements with amendments, modifications and extended collection terms. Final amount of liability to be paid may differ from the provision amount, depending on the future developments. These provisions are not discounted, since the impact of such discount is of no material significance.

- Energoprojekt Oprema in the amount of RSD 90.719 thousand, performed in the previous year for the RTB Bor Project with warranty period of 1 year that will expire in March 2016.

The Company usually provides guarantee for its products for the period of 1-2 years, depending on the project in question. Company management assessed the costs of provisions for the future warranty claims based on information on such claims from the previous periods, as well as based on the recent trends that could provide some indication on whether information about the costs from the past may differ from the future claims; and

- Energoprojekt Visokogradnja in the amount of RSD 1.063 thousand, that in their entirety relate to provisions for the project Z-092 Horizons Syktyvkar. Of the total costs of provisions during warranty period that in the beginning of the year amounted to RSD 25.264 thousand (for Z-091 Schlumberger Astrakhan: RSD 16.813 thousand and for Z-092 Horizons Syktyvkar: RSD 8.451 thousand), a decrease of RSD 24.201 thousand was recorded that relate to provisions used in the amount of RSD 24.285 thousand (Z-091 Schlumberger Astrakhan: in total and Z-092 Horizons Syktyvkar: in part thereof) and to FX losses in the amount of RSD 84 thousand.

The Company usually provides guarantee for the completed buildings, which are expected to incur some expenses over the course of the warranty period. The Company assessed the provisions costs for the future warranty claims based on information about such claims from the previous periods, as well as based on the recent trends that may provide some indication that information on the costs from the past may differ from the future claims.

• **Other long-term provisions** in the amount of RSD 358.827 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Holding in the amount of RSD 260.000 thousand, posted in the balance as at December 31, 2006, in compliance with the Decision of the competent body of the Company, as potential contractual costs 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.

- Energoprojekt Niskogradnja in the amount of RSD 97.097 thousand that relate entirely to the liability towards the subcontractor based on the Z-0163 Project "Navigation Lock", Iraq. Provision amount was determined by applying the methodology identical to the methodology prescribed by the Government of Iraq, based on which the Company collected its receivables on the said Project; and

- Energoprojekt Garant in the amount of RSD 1.730 thousand that relate to the provisions for risk levelling.

Changes in the structure of the long-term provisions for the costs of provisions during warranty period and other long-term provisions in the reporting period are presented in the following table.

Structure of long-term provisions	<i>In RSD thousand</i>	
	<i>Costs of provisions during warranty period</i>	<i>Other provisions</i>
Balance as at January 1, 2014	565,215	379,935
Additional provisions	132,048	1,730
Used during the year	(16,065)	
Release of unused provision amounts	(342,166)	(22,838)
Differences in foreign exchange rates	115,540	
Balance as at January 1, 2015	454,572	358,827
Additional provisions		
Used during the year	(24,285)	
Release of unused provision amounts		
Differences in foreign exchange rates	28,224	
Balance as at June 30, 2015	458,511	358,827

38. LONG-TERM LIABILITIES

Structure of long-term liabilities	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Long-term credits and loans domestic	280,992	330,930
Long-term credits and loans foreign countries	222,610	205,529
Long term liabilities from finansial leasing	256,184	188,398
Other long-term liabilities	2,725,647	2,397,328
TOTAL	3,485,433	3,122,185
Part of long-term liabilities with maturity date up to one year (Note 39.3.)	322,443	582,012

38.1. Long-Term Credits and Loans

Structure of long-term credits and loans	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
In the country:		
a) Long-term loans granted by banks in the country:		
Societe Generale bank	71,712	71,712
Alpha bank	15,061	83,828
VTB bank	174,876	175,390
RS Development Fund	19,343	
<i>Total</i>	<i>280,992</i>	<i>330,930</i>
b) Long-term loans granted by other entities in the country		
<i>Total - loans domestic</i>	<i>280,992</i>	<i>330,930</i>
In foreign countries:		
Long-term loans granted by other entities abroad	222,610	205,529
<i>Total - loans foreign</i>	<i>222,610</i>	<i>205,529</i>
TOTAL	503,602	536,459

• **Long-term loans granted by banks in the country** in the amount of RSD 280.992 thousand relate to Energoprojekt Visokogradnja in the amount of RSD 246.588 thousand (VTB bank: RSD 174.876 thousand and Societe General bank: RSD 71.712 thousand), to Energoprojekt Industrija in the amount of RSD 19.343 thousand (RS Development Fund) and to Energoprojekt Energodata in the amount of RSD 15.061 thousand (Alpha bank).

Long-term loans granted by the domestic banks as at June 30, 2015 are presented in the following tables, categorized as liabilities with maturity date up to one year (posted within short-term liabilities, Note 39.3.) and as liabilities with maturity date longer than one year (posted within long-term loans),

Energoprojekt Group Belgrade

as well as maturity dates of the long-term loans and currencies in which such loans were denominated broken down per individual Companies of the Energoprojekt Group to which such long-term loans relate.

Creditor	Interest rate	In RSD thousand			
		30.06.2015		31.12.2014	
		Long-term liability	Short-term liability	Long-term liability	Short-term liability
Energoprojekt Visokogradnja:					
VTB bank	3 M Euribor + 5.3% p.a.	174,876		175,390	
Societe Generale bank	5.15 % p.a.	71,712	107,568	71,712	143,424
Komercijalna bank	9% p.a.				16,667
Total		246,588	107,568	247,102	160,091
Energoprojekt Energodata:					
Alpha bank	3M Euribor + 5.75% p.a.	15,061	24,656	83,828	72,760
Total		15,061	24,656	83,828	72,760
Energoprojekt Industrija:					
RS Development Fund	2.5% p.a.	19,343	30,737		
Total		19,343	30,737	-	-
TOTAL		280,992	162,961	330,930	232,851

It should be noted here that all the presented loans are denominated in Euro, except for the loans granted by Societe General Bank and by the Komercijalna bank, which were granted in RSD.

Structure of long-term loans' maturity dates	in RSD thousand	
	30.06.2015.	31.12.2014.
1 to 2 years	280,992	330,930
2 to 5 years		
TOTAL	280,992	330,930

Structure of accounting liabilities for long-term loans granted to Company as per denomination currency	In RSD thousand	
	30.06.2015.	31.12.2014.
RSD	71,712	71,712
EUR	209,280	259,218
TOTAL	280,992	330,930

• **Long-term loans granted by other companies abroad** in the amount of RSD 222.610 thousand relate in their entirety to Energoprojekt Niskogradnja, and specifically to:

- Liabilities towards associates engaged on the former SFRY Republics on the HPP Banieya II Project in Guinea in the amount of RSD 208.462 thousand (USD 1.935 thousand). Since the succession process of former SFRY Republics is not completed and in view of the principle of prudence, the

management of the Company is of the opinion that conditions for the write-off of the said liabilities have not yet been met at the moment; and

- Long-term loan in the amount of RSD 14.148 thousand in USD was granted by the Caterpillar Chile for the purchase of equipment with the annual interest rate of 5.95%.

Liabilities based on long-term loans granted by the Caterpillar Chile Company for the purchase of equipment as at June 30, 2015 are presented in the following table, broken down to liabilities with maturity date up to one year (that are posted within the short-term liabilities, Note 39.3.) and to liabilities with maturity date of more than one year (that are posted within the long-term loans).

Creditor	Currency	Outstanding debt in currency	Outstanding debt in RSD 000	Repayment and maturity date	Annual interest rate
Caterpillar Chile	USD	84,349	9,087	01.10.2016	5.95%
Caterpillar Chile	USD	122,709	13,220	01.10.2016	5.95%
TOTAL			22,307		

Creditor	In RSD 000	
	Long-term liability	Short-term liability
Caterpillar Chile	5,733	3,354
Caterpillar Chile	8,415	4,805
TOTAL	14,148	8,159

38.2. Long Term Liabilities from Financial Leasing

Structure of long term liabilities from financial leasing	In RSD thousand	
	30.06.2015	31.12.2014
Long term liabilities from financial leasing	256,184	188,398
UKUPNO	256,184	188,398

• **Long term liabilities from financial leasing** were effectively insured as the lessor's right to return of the financial lease asset in case of defaulting.

Of the total long-term financial lease liabilities amounting to RSD 256.184, the largest share in the amount of RSD 243.393 thousand relate to Energoprojekt Niskogradnja Company.

Energoprojekt Group Belgrade

Detailed information on financial lease liabilities of the Energoprojekt Niskogradnja Company is presented in the following tables.

Creditor	<i>Currency</i>	<i>Outstanding debt balance In currency</i>	<i>Outstanding debt balance in RSD thousand</i>	<i>Repayment and maturity date</i>	<i>Interest rate per annum</i>
Financial lease liabilities domestic					
S-leasing	EUR	27,892	3,364	monthly	6M EURIBOR + 4.25%
				01.12.2015	
Soglease	EUR	1,706,241	205,780	Monthly 15.06.2016- 15.11.2017	6M EURIBOR + margin=4.41%
UniCredit Leasing	EUR	988,911	119,267	monthly 11.09.2017- 25.05.2018	3M EURIBOR + 4.20%
Total financial lease liabilities domestic			328,411		
Financial lease liabilities foreign					
GNB leasing, Peru	USD	408,063	43,961	monthly	7.50%; 7.90%; 8.40%
				01.05.2016	
Leasing Peru S.A.	USD	172,081	18,538	Monthly, 05.05.2016	5.92%; 5.95%
Total abroad			62,499		
TOTAL			390,910		

Financial lease liabilities denominated in RSD as at June 30, 2015 are presented in the following table, broken down into:

- Liabilities with maturity date up to one year (posted within the short-term liabilities); and
- Liabilities with maturity date exceeding one year (posted within the long-term loans).

Creditor	<i>In RSD thousand</i>	
	<i>Long-term liability</i>	<i>Short-term liability</i>
S-leasing		3,364
Soglease	140,602	65,178
UniCredit Leasing	83,587	35,680
GNB leasing, Peru	12,308	31,652
Leasing Peru S.A.	6,896	11,643
TOTAL	243,393	147,517

Structure of financial lease liabilities as per maturity dates	In RSD thousand	
	Current value	Future value
Up to 1 year	147,517	155,392
From 1 to 5 years	243,393	252,148
5 years +		
TOTAL	390,910	407,540

Difference between the future value of the minimum lease payments and their present value is the interest contained in the lease payment instalments.

38.3. Other Long-Term Liabilities

Structure of other long-term liabilities	In RSD thousand	
	30.06.2015	31.12.2014
Other long-term liabilities	2,725,647	2,397,328
TOTAL	2,725,647	2,397,328

• **Other long-term liabilities** in the amount of RSD 2.725.647 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 2.472.292 thousand that relate in their entirety to the portion of total liabilities for advances received with the due date of January 1, 2016, in compliance with the adopted schedule of works and advance payments repayment schedule for the Projects Z-027 Mpigi-Kanoni, Uganda: RSD 314.056 thousand, Lajkovac-Ljig, Serbia: RSD 1.964.274 thousand and Sarani Tunnel, Serbia: RSD 193.962 thousand;
- Energoprojekt Sunnyville in the amount of RSD 168.453 thousand (EUR 1.402.600) comprising of the liability from the Agreement on purchase of 85.6a of construction land that is due and mature in 6 (six) equal monthly instalments starting from May 2018; and
- Energoprojekt Visokogradnja in the amount of RSD 84.902 thousand consisting of the liabilities towards the former owners of land parcels who sold their land for the construction of residential and business facilities, where the Company undertook to provide the former land owners with properties that will be constructed in Cara Nikolaja Street in Belgrade, as compensation. This liability was posted at the projected cost of such future properties.

Increase in other long-term liabilities in the reporting period in the amount of RSD 328.319 thousand came as the result of the long-term liabilities in Energoprojekt Sunnyville Company in the amount of RSD 168.453 thousand and of the increase in the said liabilities in Energoprojekt Niskogradnja in the above listed projects in the amount of RSD 159.866 thousand.

39. SHORT-TERM FINANCIAL LIABILITIES

Structure of short-term financial liabilities	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Short-term credits and loans domestic	2,630,783	2,234,056
Short-term credits and loans foreign	283,948	757,701
Other short-term financial liabilities:		
a) Portion of long-term liabilities with maturity dates up to one year	322,443	582,012
b) Other short-term financial liabilities	1,154	541
Total	323,597	582,553
TOTAL	3,238,328	3,574,310

39.1. Short-Term Credit and Loans Domestic

Structure of short-term credits and loans domestic	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Short-term loans granted by banks in the country:		
a) Loans in RSD	925,038	777,477
b) Loans with foreign currency clause	1,705,745	1,456,579
TOTAL	2,630,783	2,234,056

• **Short-term loans granted by banks in the country** in the amount of RSD 2.630.783 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 1.463.477 thousand, and specifically:

- RSD loans granted by Societe Generale bank and Alpha bank in the amount of RSD 78.700 thousand; interest rates ranging from 1m Belibor + 0.70% to 5.15% per annum; collaterals: promissory notes and suretyships of Energoprojekt Holding, Energoprojekt Niskogradnja and Energoprojekt Oprema for the loans granted by Alpha bank and Energoprojekt Holding, Energoprojekt Niskogradnja and Energoprojekt Hidroinženjering for the loans granted by Societe Generale bank; and
- Loans with foreign currency clause (in EUR) granted by Societe Generale bank, Alpha bank, UniCredit bank, Hypo Alpe Adria bank in the amount of RSD 1.384.777 thousand; interest rates ranging from 3m Euribor + 4% per annum to 3m Euribor + 5.95% per annum; collaterals: promissory notes and suretyships of Energoprojekt Holding, Energoprojekt Niskogradnja and Energoprojekt Oprema for the loans granted by Alpha bank and UniCredit bank, promissory notes and guarantees issued by Energoprojekt Holding, Energoprojekt Niskogradnja and Energoprojekt Hidroinženjering for the loans granted by Societe Generale bank and promissory notes and guarantees issued by Energoprojekt Holding for the loan granted by Hypo Alpe Adria bank;

- Energoprojekt Niskogradnja in the amount of RSD 698.629 thousand, and specifically:

- RSD loans granted by Societe General bank, UniCredit bank and Alpha bank in the amount of RSD 570.788 thousand; interest rates ranging from interest-free to 1m Belibor + 1.4% per annum; and
 - Loans with foreign currency clause (in EUR) in the amount of RSD 127.841 thousand granted by Societe Generale bank, interest rate 3m Euribor + 4.00% per annum; collateral: promissory notes issued by the Company and joint guarantee issued by Energoprojekt Holding, Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Hidroinženjering and Energoprojekt Oprema);
- Energoprojekt Holding in the amount of RSD 300.604 thousand, and specifically:
- RSD loan granted by Alpha bank in the amount of RSD 180.000 thousand, interest rate 1m Belibor + 1.35% per annum, collaterals: promissory notes of the Company and suretyships issued by Energoprojekt Oprema, Energoprojekt Visokogradnja and Energoprojekt Niskogradnja; and
 - Loan with the foreign currency clause (in EUR) granted by Eurobank in the amount of RSD 120.604 thousand, interest rate 3m Euribor + 4.5% per annum, collaterals: promissory notes of the Company and suretyships issued by Energoprojekt Oprema and Energoprojekt Niskogradnja;
- Energoprojekt Energodata in the amount of RSD 95.550 thousand, and specifically:
- RSD loans granted by the Alpha bank, with the interest rate ranging from 6.5% to 8.5% per annum, collateral: blank promissory notes of the Company and blank promissory notes and suretyships of the Energoprojekt Holding, Energoprojekt Oprema and Energoprojekt Niskogradnja Companies); and
- Energoprojekt Hidroinženjering in the amount of RSD 72.523 thousand, and specifically:
- Loans with FX clause (EUR) granted by the Societe Generale bank and Hypo Alpe Adria bank, with the interest rate of 3m Euribor + 4.00% and 3m Euribor + 5.30%, collateral: blank promissory notes of the Company and of Energoprojekt Holding).

Structure of book value of short-term credit and loans domestic denominated in foreign currencies	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
RSD	925,038	777,477
EUR	1,705,745	1,456,579
TOTAL	2,630,783	2,234,056

39.2. Short-Term Credits and Loans Foreign Countries

Structure of short-term credits and loans foreign	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Short-term loans granted by foreign banks	275,176	609,672
Short-term loans granted by other legal and physical persons abroad	8,772	148,029
TOTAL	283,948	757,701

• **Short-term loans granted by foreign banks** in the amount of RSD 275.176 thousand relate to Energoprojekt Visokogradnja in the amount of RSD 158.509 thousand (related to the overdraft of the Energoprojekt Ghana Ltd., Accra, Ghana Company), to Energoprojekt Niskogradnja in the amount of RSD 83.307 thousand (loans granted by the commercial banks in Peru, as presented in the following table) and to Energoprojekt Hidroinzenjering in the amount of RSD 33.360 thousand (approved by Scotia bank, Peru, with interest rate of 5.99% p.a., the repayment of which was secured with promissory notes of the Company).

Detailed information on the short-term loans of the Energoprojekt Niskogradnja Company granted by the foreign banks is presented in the following table.

Bank	Currency	Outstanding debt balance In currency	Outstanding debt balance In RSD thousand	Repayment and maturity date	Interest rate p.a.
Banco Financiero	SOL	753,642	25,588	22/07/2015 in single instalment	6.00%
BBVA Continental, Peru	SOL	500,000	16,976	25/06/2015 in single instalment	4.95%
BBVA Continental	SOL	700,000	23,767	18/08/2015 in single instalment	5.40%
Scotiabank, Peru	SOL	500,000	16,976	17/07/2015 in single instalment	6.75%
Total			83,307		

Repayment of loans granted by banks in Peru is secured by lien on land and buildings of the Company (Note 45).

• **Short-term loans granted by other legal and physical persons abroad** in the amount of RSD 8.772 thousand are interest-free loans, taken with the aim to fund current liquidity in certain Project realized abroad, primarily in Energoprojekt Visokogradnja (primarily for Project Z-068 Aktau Hotel RSD 6.838 thousand, etc.)

39.3. Other Short-Term Financial Liabilities

Structure of other short-term financial liabilities	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Portion of long-term loans with maturity date up to one year:		
a) Portion of long-term loans domestic and foreign with maturity date up to one year	173,532	279,031
b) Financial lease liabilities with maturity date up to one year	148,911	302,981
<i>Total</i>	<i>322,443</i>	<i>582,012</i>
Other short-term financial liabilities	1,154	541
TOTAL	323,597	582,553

• **Portion of long-term loans domestic and foreign with maturity date up to one year** in the amount of RSD 173.532 thousand relate to the following Companies of the Energoprojekt Group (Note 38.1.):

- Energoprojekt Visokogradnja in the amount of RSD 107.568 thousand, as presented in the following table.

Bank	<i>Approval date</i>	<i>Maturity</i>	<i>Currency</i>	<i>AMOUNT In orig. currency</i>	<i>Outstandi ng balance In RSD thousand</i>	<i>Interest rate</i>	<i>One-off rate</i>	<i>Collateral</i>
SOCIETE GENERALE BANK	28.10.2014	28.04.2016	RSD	215.136.000	107.568	5.15 p.a.	0,2	EP Holding, EP Niskogradnja, EP Hidroinzenjering
TOTAL					107.568			

- Energoprojekt Industrija in the amount of RSD 30.737 thousand that relate to a portion of long-term loans domestic with maturity up to one year;

- Energoprojekt Energodata in the amount of RSD 24.656 thousand that relate to a portion of long-term loans domestic with maturity up to one year;

- Energoprojekt Niskogradnja in the amount of RSD 8.159 thousand that relate to a portion of long-term loans foreign with maturity up to one year; and

- Energoplast in the amount of RSD 2.412 thousand that relate to a portion of long-term loans domestic with maturity date up to one year (loan with foreign currency clause (in EUR) granted by VTB bank, interest rate 3.3%, collateral: mortgage on Company equipment for production of stoppers).

• **Financial lease liabilities with maturity dates up to one year** in the amount of RSD 148.911 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 147.517 (Note 38.2.).

40. RECEIVED ADVANCES, DEPOSITS AND BONDS

Structure of received advances, deposits and bonds	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Advances received from other affiliated companies	263,372	261,481
Advances received from other legal entities in the country	1,267,913	1,546,136
Advances received from other legal entities, foreign countries	3,831,283	1,919,033
Deposits received, foreign countries	2,362	2,181
TOTAL	5,364,930	3,728,831

• **Advances received from other affiliated companies** in the amount of RSD 263.372 thousand relate to liabilities of Energoprojekt Oprema in the amount of RSD 262.310 thousand and to I.N.E.C. Engineering Company Limited, Great Britain in the amount of RSD 136 thousand (advance received from Energo Nigeria Ltd., Lagos, Nigeria), of Energoprojekt Urbanizam i arhitektura in the amount of RSD 668 thousand (advance received from Enjub Ltd.) and of Energoprojekt Industrija in the amount of RSD 258 thousand (advance received from Energopet Ltd.).

• **Advances received from other legal entities in the country** in the amount of RSD 1.267.913 thousand primarily relate to liabilities of Energoprojekt Niskogradnja in the amount of RSD 764.103 thousand (advances received on the Projects Lajkovac-Ljig (China Standong International E&T Branch Belgrade): RSD 490.104 thousand; Sarani Tunnel (AzVirt): RSD 115.973 thousand; Kolubara (PC Electric Power Industry of Serbia): RSD 87.680 thousand; Corridor X Railroad Sopot-Ruma (RZD International): RSD 54.715 thousand and Lot 1.1. Novi Sad (PC Putevi Srbije): RSD 15.631 thousand), to Energoprojekt Oprema Company in the amount of RSD 302.830 thousand (primarily for the advances received from the Investor for the Project Prokop: RSD 217.551 thousand and for other Projects realized in the country: RSD 85.279 thousand), to Energoprojekt Visokogradnja in the amount of RSD 166.593 thousand, to Energoprojekt Urbanizam i arhitektura in the amount of RSD 20.717 thousand, to Energoprojekt Industrija in the amount of RSD 6.959 thousand and to other Companies of the Energoprojekt Group.

• **Advances received from other legal entities, foreign countries** in the amount of RSD 3.831.283 thousand primarily refer to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 3.007.507 thousand for performance of works for the Investors, primarily within the Projects of Z-096 Forte bank, Astana: RSD 905.195 thousand, Z-088 Hotel Hyatt Rostov: RSD 410.413 thousand, Z-068 Hotel Aktau: RSD 63.523 thousand, Z-074 Sarijagas Winery: RSD 27.356 thousand, Z-089 Aktau Hospital: RSD 17.164 thousand, Z-098 Astana Model Room: RSD 12.806 thousand and other projects, and based on the advances received in the Energoprojekt Ghana Ltd., Accra, Ghana: RSD 1.562.852 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 591.867 thousand for advances received in Uganda in the amount of RSD 471.083 thousand (for Project Z-027 Jinja road (Uganda National Roads Authority UNRA), and in Peru in the amount of RSD 120.784 thousand (primarily within the Projects of Z-023 Pericos, Peru (Consorcio Pericos San Ignacio): RSD 62.211 thousand, Z-030 Chancay and Rucuy, Peru (Empresa Administradora Chungar SAC): RSD 22.891 thousand, Z-030 Chancay and Rucuy, Peru (Sinidcato Energetico S.A.): RSD 35.130 thousand, etc.);

- Energoprojekt Hidroinzenjering in the amount of RSD 109.370 thousand, based on the received

advances primarily within the Projects in Algeria in the amount of RSD 100.214 thousand; etc.

- **Deposits received, foreign countries** in the amount of RSD 2.362 thousand relate entirely to the Energoprojekt Niskogradnja, primarily based on the deposits received for the rent of apartments in the Cruz del Sur Building in Peru in the amount of RSD 2.914 thousand.

41. OPERATING LIABILITIES

Structure of operating liabilities	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Suppliers - other affiliated companies, foreign countries	40,799	4,618
Suppliers, local	1,759,412	1,649,037
Suppliers, foreign countries	2,042,650	2,155,986
Other operating liabilities	59,808	18,264
TOTAL	3,902,669	3,827,905

- **Suppliers – other affiliated companies, foreign countries** in the amount of RSD 40.799 thousand relate to the liabilities of the Energoprojekt Oprema Company towards Energo Nigeria Ltd., Lagos, Nigeria.

- **Suppliers, local** in the amount of RSD 1.759.412 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 1.033.061 thousand, to Energoprojekt Oprema in the amount of RSD 364.677 thousand, to Energoprojekt Visokogradnja in the amount of RSD 289.907 thousand, to Energoprojekt Energodata in the amount of RSD 25.632 thousand, to Energoplast in the amount of RSD 13.403 thousand, to Energoprojekt Holding in the amount of RSD 11.292 thousand and to other Companies of the Energoprojekt Group.

Suppliers, local in the Energoprojekt Niskogradnja are broken down in the following table, as this is the Company with largest liabilities for trade payables as at the balance date.

Structure of suppliers, local	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
<i>Energoprojekt Niskogradnja:</i>		
Ingrap Omni Ltd.	233,473	
Evrogradnja Ltd.	85,927	41,868
Srem put Ruma Ltd.	70,651	
Nukleus Ltd. (conzortium, N.-C.-I.)	70,330	
West - gradnja Ltd.	64,873	48,039
Sava Kop Ltd.	44,759	1,830
Telefonkabl Plc.	36,113	6,972
OMV Srbija	33,088	12,509
Gemax Plc.	26,297	38,709
Tehnometal Ltd.	21,649	17,680
Hidro - baza Plc.	18,489	30,153
Dunav grupa agregati Plc.	17,980	19,397
Atlas Copco Plc.		108,017
Inter Kop Ltd.		6,695
Sika Ltd.		15,179
Others	309,432	135,833
Total	1,033,061	482,881

• **Suppliers, foreign countries** in the amount of RSD 2.042.650 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 682.658 thousand (as presented in the following table), to Energoprojekt Visokogradnja in the amount of RSD 532.779 thousand (primarily to Energoprojekt Ghana Ltd., Accra, Ghana: RSD 174.867 thousand, for Projects Z-089 Aktau Hospital: RSD 83.505 thousand, Z-088 Hotel Hyatt Rostov: RSD 37.869 thousand, Z-085 Uhta: RSD 42.483 thousand, Z-092 Horizons: RSD 33.736 thousand, Z-096 Forte bank, Astana: RSD 34.306 thousand, and for other projects), to Energoprojekt Entel in the amount of RSD 450.400 thousand, to Energoprojekt Oprema in the amount of RSD 307.337 thousand and to other Companies of the Energoprojekt Group.

Suppliers, foreign countries in the Energoprojekt Niskogradnja are broken down in the following table, as this is the Company with largest liabilities for trade payables as at the balance date.

Structure of suppliers, foreign countries	In RSD thousand	
	30.06.2015.	31.12.2014.
<i>Energoprojekt Niskogradnja:</i>		
Shell Ltd	97,634	83,996
Termcotank SA	42,668	107,805
Kaggy Investment LTD	12,152	12,157
Nitro Chemical (U) LTD	9,293	13,205
Digital Vision LTD	9,262	10,204
Alloy Steel Castings	8,942	13,875
Lion Assurance	7,402	15,338
Kainoni Agencies	6,767	7,976
Delta Industrial Equipment	4,557	4,207
Other companies	89,650	83,640
Total in Uganda	288,327	352,403
Iesa s a	219,019	139,176
TDM Consturccion S.A.	30,871	844
Comercial del Acero	23,245	39,699
Orbenor S.A.C.	18,245	9,620
Johesa	17,367	17,016
Petroleos del Peru	9,431	15,504
Productos de Accero Cassado S.A.	8,698	1,775
G&N Grifos		11,374
MLV Contratistas Generales Eirl		10,859
Other companies	66,858	89,831
Total in Peru	393,734	335,698
Other foreign currency trade payables domestic	597	1,050
TOTAL	682,658	689,151

• **Other operating liabilities** in the amount of RSD 59.808 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 26.590 thousand (liabilities for cheques issued to suppliers in Peru to settle trade payables, which were not realized by June 30, 2015) and to Energoprojekt Garant in the amount of RSD 24.232 thousand (primarily liabilities for co-insurance premiums: RSD 1.279 thousand and for re-insurance premiums: RSD 22.209 thousand, etc.).

Management of the Energoprojekt Group Companies is of the opinion that the disclosed value of liabilities from operations reflects their fair values as at the balance sheet date.

42. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Liabilities from special transactions - other legal entities	134,447	285,287
Liabilities for wages, fringe benefits and compensations	1,493,165	1,567,548
Other liabilities:		
a) Liabilities for interest and financing costs	1,885	8,253
b) Liabilities for dividends	424,668	132,562
c) Liabilities to employees	10,147	17,730
d) Liabilities to General Manager, or to management and Supervisory Board members	2,872	2,908
e) Liabilities to physical persons for contractual compensations	7,635	5,411
f) Liabilities for short-term provisions	2,610	5,277
g) Other various liabilities	21,449	31,837
<i>Total</i>	<i>471,266</i>	<i>203,978</i>
TOTAL	2,098,878	2,056,813

• **Liabilities from special transactions – other legal entities** in the amount of RSD 134.447 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 118.778 thousand (liabilities towards CC Rad based on the works performed in Iraq, and according to the Decision of the Commercial Appellate Court in Belgrade).

• **Liabilities for wages, fringe benefits and compensations** in the amount of RSD 1.493.165 thousand (liabilities for net salaries and fringe benefits, taxes and contributions, liabilities to Chambers for salaries in the country and abroad, etc.) relate predominantly to Energoprojekt Visokogradnja in the amount of RSD 739.693 thousand (abroad: RSD 581.240 thousand, in the country: RSD 158.453 thousand), to Energoprojekt Niskogradnja in the amount of RSD 273.314 thousand, to Energoprojekt Entel in the amount of RSD 255.681 thousand, to Energoprojekt Hidroinženjering in the amount of RSD 103.051 thousand, to Energoprojekt Oprema in the amount of RSD 31.158 thousand and to other Companies of the Energoprojekt Group.

• **Liabilities for dividends** in the amount of RSD 424.668 thousand pertain predominantly to Energoprojekt Holding in the amount of RSD 230.456 thousand, to Energoplast in the amount of RSD 102.800, to Energoprojekt Entel in the amount of RSD 45.284 thousand and to Energoprojekt Oprema in the amount of RSD 42.300 thousand.

Increase in liabilities for dividends in comparison with the comparable period of the previous year in the amount of RSD 292.106 thousand relate to Energoprojekt Holding in the amount of RSD 218.618 thousand (and is the result of the Decision passed in the 43rd repeat General Meeting of shareholders of this Company on distribution of the total amount of retained earnings as at December 31, 2014 to dividend payment in the gross amount of RSD 20.00 per share, or in the total amount of RSD 218.626 thousand), to Energoprojekt Oprema in the amount of RSD 38.412 thousand and to Energoprojekt Entel in the amount of RSD 35.075 thousand (based on the respective Decisions from the current year on distribution of retained earnings).

• **Other various liabilities** in the amount of RSD 21.449 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 9.192 thousand (liabilities to Company's Workers' Union, Social Security Fund for Employees, liabilities towards third persons based on withholding from net employees' salaries for statutory and administrative bans, etc.), to Energoprojekt Visokogradnja in the amount of RSD 9.132 thousand (withholding from salaries for Union fees and charities, alimonies, etc.), and to other Companies of the Energoprojekt Group.

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

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

43.1. 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	322,010	441,603
TOTAL	322,010	441,603

• **Liabilities for value added tax** in the amount of RSD 322.010 thousand relate to the difference between the calculated tax and input tax, primarily in Energoprojekt Visokogradnja in the amount of RSD 302.003 thousand (predominantly abroad and primarily in Energoprojekt Ghana Ltd., Accra Company amounting to RSD 246.500 thousand).

43.2. 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 income tax	614,177	639,240
Liabilities for other taxes, contributions and fees payable	255,021	1,007,024
TOTAL	869,198	1,646,264

• **Liabilities for income tax** in the amount of RSD 614.177 thousand relate primarily to Energoprojekt Entel in the amount of RSD 612.712 thousand, which predominantly relate to Energoprojekt Entel Ltd., Doha, Qatar based on the liabilities disclosed in 2011 for the expenses of the Head Office or for the Energoprojekt Entel for the period of 3 years (for 2008, 2009 and 2010) that are not recognized by the local Tax Administration. Namely, the local Tax Administration does not recognize the amount disclosed as costs for services rendered by the Energoprojekt Entel Company over the said period as costs, but is of the opinion that income tax should have additionally been paid on that amount as well. A lawsuit was initiated to resolve this issue and the outcome of this lawsuit is uncertain. The short term deposit with the Doha Bank includes cash earmarked and kept in case of a negative outcome of this lawsuit.

• **Liabilities for other taxes, contributions and fees payable** in the amount of RSD 255.021 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 166.312 thousand, the largest part of which relate to the unpaid liabilities for taxes and contributions for workers abroad;

- Energoprojekt Niskogradnja in the amount of RSD 43.057 thousand comprising of the following presented most significant amounts:

- Liability for income tax based on tax return for June 2015 in Uganda amounting to RSD 32.752 thousand and in Peru: RSD 7.309 thousand (liabilities were settled in legally prescribed deadline, in July 2015);
- Calculated liabilities for taxes and contributions for June 2015, based on the agreements on temporary and occasional engagements in Serbia: RSD 1.139 thousand; and others.

- Energoprojekt Holding in the amount of RSD 13.552 thousand, primarily for liabilities for property taxes: RSD 11.922 thousand, liabilities for contributions for remunerations to Supervisory Board members: RSD 465 thousand, etc.

43.3. Accrued Expenses and Deferred Income

Liabilities for accrued expenses and deferred income	In RSD thousand	
	30.06.2015.	31.12.2014.
Accrued expenses:		
a) Accrued expenses - other affiliated companies		30,642
b) Accrued expenses - other legal entities	2,328,876	1,106,783
<i>Total</i>	<i>2,328,876</i>	<i>1,137,425</i>
Deferred income - other legal entities	407,687	102,064
Other accruals	242,662	379,609
TOTAL	2,979,225	1,619,098

• **Accrued expenses – other affiliated companies** in the amount of RSD 2.328.876 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 1.125.550 thousand, that relate to the following:

- Calculated costs in Lajkovac – Ljig Project: RSD 328.124 thousand (services rendered by the associates, costs of electricity, postal services and other calculated costs for June 2015);
- Calculated costs in Pančevo Railroad Project: RSD 80.893 thousand (services rendered by associates and other calculated costs for June 2015);
- Calculated costs in Corridor X Project, railway Sopot-Ruma: RSD 72.254 thousand (costs of services rendered by associates for June 2015);
- Calculated costs in Dam Stubo-Rovni Project: RSD 19.094 thousand (costs of services rendered by associates for June 2015);
- Calculated costs in Bridge over DTD Canal Project: RSD 17.715 thousand (costs of services rendered by associates for June 2015);

- Calculated costs in Šarani Tunnel Project: RSD 6.652 thousand (costs of services rendered by associates, costs of electricity, utility costs, postal services' costs for June 2015);
 - Other calculated costs in the country: RSD 2.918 thousand (utility costs, postal services costs, costs of stipends and other costs for June 2015);
 - Calculated costs in Projects realized in Peru: RSD 309.977 thousand (non-invoiced subcontractors services, insurance costs for works and property, interest expenses, rent costs, physical security costs, and other costs);
 - Calculated costs in Projects realized in Uganda: RSD 76.900 thousand (non-invoiced subcontractors services, costs of salaries and rent);
 - Calculated costs for which the Consortium, in compliance with the local regulations in Peru, does not issue any invoices until the final calculation thereof for:
 - Arbitration proceedings from the previous period paid by the Consortium in Peru as the party submitting the arbitration claim: RSD 29.915 thousand,
 - Insurance costs for construction site from the previous period paid by the Consortium in Peru: RSD 31.671 thousand, and
 - Income tax costs borne by the Consortium in Peru for the previous period: RSD 39.103 thousand;
 - Calculated costs incurred in the previous period in projects realized in foreign countries for which invoices have not been issued by the financial statements' date: RSD 40.282 thousand (in Uganda: RSD 33.300 thousand and in Peru: RSD 6.982 thousand) and in the country: RSD 9.744 thousand; and
 - Calculated costs of interest on long-term liabilities to other legal entities in Project HPP Banieya II, Guinea: RSD 55.503 thousand.
- Energoprojekt Visokogradnja in the amount of RSD 586.135 thousand based, primarily on the precalculated costs in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 439.527 thousand and in projects realized abroad, and specifically for projects Z-085 Uhta Office Building: RSD 11.806 thousand, Z-072 Pavlodar: RSD 15.170 thousand, Z-088 Hotel Hyatt Rostov: RSD 86.117 thousand, Z-089 Aktau Hospital: RSD 24.535 thousand and for other projects; while the amount of RSD 8.026 thousand relate to precalculated costs in the country.
- Energoprojekt Oprema in the amount of RSD 604.177 thousand, based on calculated costs of the period for projects TENT Obrenovac, RS Embassy in Abuja and RTB Bor, as well as of the costs related to overseas projects for which invoices have not been received yet.
- Energoprojekt Hidroinženjering in the amount of RSD 9.192 thousand, which relate to calculated costs of subcontractors in Project Yarascay, Peru; and others.
- **Deferred income – other legal entities** in the amount of RSD 407.687 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 212.686 thousand (primarily to project Z-088 Hotel Hyatt Rostov: RSD 212.522 thousand), Energoprojekt Garant in the amount of RSD 125.017 thousand (based on the transferrable premiums) and to Energoprojekt Oprema in the amount of RSD 69.984 thousand (in Prokop Project).

• **Other accruals** in the amount of RSD 221.691 thousand relate predominantly to the following Companies of the Energoprojekt Group:

- Energoprojekt Oprema in the amount of RSD 96.580 thousand, based on collected guarantees for Elwo, Poland; and
- Energoprojekt Garant in the amount of RSD 123.602 thousand, based on the provisions for non-life insurance damage compensations.

44. 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), Energoprojekt Group disclosed the off-balance sheet assets and liabilities in its consolidated financial statements. Items disclosed under off-balance sheet assets and liabilities, presented in the following Table, are neither assets nor liabilities of the Energoprojekt Group, but are primarily presented for information purposes.

Structure of off balance sheet assets and liabilities	<i>In RSD thousand</i>	
	<i>30.06.2015.</i>	<i>31.12.2014.</i>
Issued and received guarantees, letters of credits and bills of exchange	23,021,543	20,063,736
Construction land use rights	4,672,258	4,670,172
Other off balance sheet assets/liabilities	464,794	815,192
TOTAL	28,158,595	25,549,100

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

• **Mortgages registered against Companies of the Energoprojekt Group**

- The subsidiary “Energoprojekt Entel” LLC Doha, Qatar reserves the disposal and usufruct right with regard to the property of total area of 4.488 m², located on cadastral parcels number 65582, 65583, 65584, 65585, 65586, 65587, 65588, 65589 and 65590 with area of 10.736 m², in Doha - Qatar, Zone 44, East Al Naija, Al Mumtaza Street Doha Qatar, registered owner is a local private individual. The owner has mortgaged the property in the “Doha Bank” according to the contract no. 52973 as collateral for issuing tender and performance guarantees.

- In order to secure a credit line approved to the Energoprojekt Niskogradnja Company by the Scotiabank Peru, property was mortgaged for the amount of RSD 1.080.773 thousand (USD 10.032.239,80) which is 75.66% of the total appraised value of the property mortgaged. Appraisal was performed by an external independent qualified appraiser, “J.R.Z. Valuaciones S.A.C” in Peru, which holds recognized and relevant professional qualifications and recent experience with property locations and categories appraised. This Appraiser was hired by the Scotiabank Peru.

Mortgage registered against Energoprojekt Niskogradnja Company is presented in the following table.

Property	m ²	Book value	Appraised value	Appraised value
		In RSD thousand	In USD	In RSD thousand
Land - Camp Primavera, Sullana, Peru	95,907.47	29,479	5,754,448.20	619,929
Office facility in 16-18 floor in Lima,	427.73	60,414	1,005,501.73	108,323
Cruz Del Sur building in Lima, Peru	4,295.38	638,253	6,499,632.37	700,208
TOTAL		728,146	13,259,582.30	1,428,460
Mortgage 75.66%			10,032,239.80	1,080,773

- To secure the advance guarantee EP Hidroinzenjering has mortgaged properties in Peru: office 601 and the parking lot no. 14, on the sixth and first floor of the building facing the Los Rosales street (now Amador Merino Reyna) 460, San Isidro district, Lima, Peru, registered on records no. 234244 and 234237 of the Property register of Lima, Peru.

- Energoplast provided a security for the repayment of the long-term loan granted by the VTB Bank in the form of a lien on the equipment for the production of stoppers.

- As collateral against a long-term bank loan granted by the Alpha Bank, Energoprojekt Energodata provided a pledge on its fixed assets – 202 ATM machines which are leased to Credit Agricole Bank.

- In Energoprojekt Visokogradnja, in order to secure bidding and potential guarantee for advance payment and performance guarantee with Poštanska Štedionica Bank Plc. Belgrade, mortgage was registered on Company property – accompanying land and buildings in the location in Stara Pazova, for participation in tender procedure for principal contractor for Project “Plot 14” – Construction of Residential and Office Building (the “Belgrade Waterfront” project).

- The overdraft loan granted by the Indo-Zambia Bank to Zambia Engineering and Contracting Company Limited, Zambia was secured by a lien on the mortgage over the following property: Plot 3148 Mukwa Road, Zambia.

• **Mortgages registered in favour of the Companies of the Energoprojekt Group**

- In Energoprojekt Niskogradnja:

- In Energoprojekt Niskogradnja as a collateral for 50% receivables based on the advance paid to the Subcontractors’ Consortium on Lajkovac- Ljig Project in compliance with the provisions of the Agreement on Subcontracting of Construction Works within the Lajkovac-Ljig Highway Construction Project, Section V: Lajkovac-Ljig, from km 53+139.91 to km 77+118.23, reference No.: 1460, dated May 27, 2014, a first order mortgage was registered based on a final out-of-court order on the land owned by the subcontractor to the maximum amount of (USD 3.787.376,84), or RSD 328.663 thousand; and
- As a collateral for receivables based on the advance paid to the partner on Project Redirection and Regulation of Kolubara River, Phase 2 with Peštan tributary and accompanying

infrastructure, in compliance with the provisions of the Internal Agreement on Establishing of Provisional Group for joint performance of works, with reference No. 3368 dated December 2, 2014, with relevant Agreement Annexes, lien was registered on machinery and equipment of project partner. Collateral amount is RSD 71.137 thousand.

- In Energoprojekt Holding:

- 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 144.005 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.

46. 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.

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.).

An overview of lawsuits is presented in the following tables.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
1.	New company	EP Holding Plc. and CC Napred	Ownership title to be determined		Commercial Court in Belgrade	2015	Uncertain, proceedings suspended
2.	EP Holding Plc.	Stari grad Municipality	Ownership claim		1 st Basic Court in Belgrade	2015	Ungrounded
3.	Sreta Ivanišević	EP Holding Plc.	Compensation for expropriated property (Bezanija)		1 st Basic Court in Belgrade	Uncertain	Uncertain
4.	Vladan and Tomislav Krdzic	EP Holding Plc.	Damage compensation (free shares were not allotted to the Plaintiffs)	444.000,00 RSD	Commercial Court in Belgrade	2015	Unfounded, according to the Decision of the Court of first instance, the application was rejected, Court Decision on Plaintiffs' appeal is pending
5.	Rajko Ljubojevic	EP Holding Plc.	Expropriation		1 st Basic Court in Belgrade	2015	Uncertain
6.	Kovacevic Pavle, Radmila and Milan	EP Holding Plc. and others	Compensation for expropriated land (in Block 26)		Administrative Court in Belgrade		According to the Decision of RS MF, appeals against the Decision of the Court of first instance, according to which plaintiffs are entitled to pecuniary compensation for expropriated land, were rejected; we shall initiate an administrative procedure.
7.	EP Holding Plc.	Zekstra Group Ltd.	Damage compensation (roof repair in G. Delceva 38 Street)	7.032,68 EUR	Commercial Court in Belgrade	2015	Claim is well grounded.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
8.	EP Holding Plc.	Republic of Serbia, EPS Srbije power co., Epsturs Ltd. and Republic of Montenegro	Determining the ideal ownership share of the Park Hotel in Budva		Basic Court in Niksic	2016	Claim is grounded, upon appeals by the RS and Montenegrin Government, the matter was remitted for reconsideration.
9.	Marko Martinoli	EP Holding Plc. and EP Niskogradnja Plc.	Share squeeze-out	Uncertain	Commercial Court in Belgrade	2015	First instance Court Decision approved Plaintiff's application. We initiated an appeal procedure against this Decision.
10.	Land Development Agency	EP Holding Plc., NIS, Putnik Plc.	Claim for construction land for Hayat	Uncertain	Commercial Court in Belgrade	2016	First instance proceedings is pending – expert assessment
11.	Belim Plc. in liquidation	EP Holding Plc.	Unfounded acquisition	89.393.916,52 RSD	Commercial Court in Belgrade	2015	Uncertain
12.	EP Holding Plc.	Beogradsko Mesovito Preduzece Plc.	Share value appraisal		Commercial Court in Belgrade	2015	Justified
13.	Goran Rakic	EP Holding Plc. Kompresor automobili Ltd.	Ownership title to be determined		2 nd Basic Court in Belgrade	2016	Ungrounded
14.	Activeast Management ltd	EP Holding Plc. and EP Niskogradnja Plc.	Payment of difference in share prices	Uncertain	Commercial Court in Belgrade	2016	Uncertain
15.	Lazic Nada	EP Holding Plc. and Auto kuca Kompresor Ltd.	Property right		Higher court in Belgrade	2015	Well grounded
16.	Kosmaj mermer co.	EP Visokogradnja Plc.	Ungrounded claim of a creditor with separate satisfaction right		Commercial Court in Belgrade	2015	Ungrounded
17.	EP Visokogradnja Plc. Vesna Perincic	Vesna Perincic EP Visokogradnja Plc.	Debt	Claim 88.500,00 RSD and counterclaim 250.000,00 RSD	1 st Basic Court in Belgrade	2015	Both the claim and the counterclaim were denied by the court of first instance.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
18.	EP Visokogradnja Plc.	Promex TV Zvornik	Debt	667.104,25 RSD	Commercial Court in Belgrade	2015	According to the final court decision, Plaintiff's claim was granted.
19.	Reb Darko	EP Visokogradnja Plc.	Debt	64.740,01 EUR	1 st Basic Court in Belgrade	2015	According to the first instance court decision, Plaintiff's claim was denied.
20.	Milan Brankovic	EP Visokogradnja Plc.	Annulment of a temporary employment contract	/	1 st Basic Court in Belgrade	2016	Ungrounded, proceedings suspended until completion of lawsuit 17.P1.11640/10 initiated by this Plaintiff against the same Defendant
21.	Energetika i održavanje Ltd.	EP Visokogradnja Plc.	Debt	6.169.405,40 RSD	Commercial Court in Belgrade	2014	Well grounded. Court settlement concluded.
22.	EP Visokogradnja Plc.	Trudbenik gradnja co.	Claim recognized in liquidation procedure	2.767.501,76 RSD	Commercial Court in Belgrade		Uncertain collection of claim
23.	Djorđe Miksa	EP Visokogradnja Plc.	Contractual fine payment	512.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated appeal proceedings.
24.	Sladjan Pavlovic	EP Visokogradnja Plc.	Damage compensation	1.700.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated appeal proceedings.
25.	EP Visokogradnja Plc.	Cvitan Dragan	Debt	212.067,77 RSD	1 st Basic Court in Belgrade	2015	Justified. Partially collected.
26.	Natasa Milojevic	EP Visokogradnja Plc.	Ownership title to be determined	100.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision denied plaintiff's claim.
27.	EP Visokogradnja Plc.	Beton gradnja Ltd.	Debt	271.813,90 RSD	Commercial Court in Belgrade	2015	Justified
28.	EP Visokogradnja Plc.	Alumaks sistemi Ltd.	Damage compensation (block 29)	31.605.600,00 RSD	Commercial Court in Belgrade	2015	Second instance court remitted this matter to first instance court.
29.	EP Visokogradnja Plc.	Veso Romic	Unjustified acquisition	35.301.780,00 RSD	Commercial Court in Belgrade	2015	Justified

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
30.	EP Visokogradnja Plc.	PC Serbian Railroad Beocvor	Dug (Prokop)	290.385.390,00 RSD		2015	Justified, proceedings suspended
31.	EP Visokogradnja Plc.	Beobanka Plc. in liquidation	Claims registration	1.031.053,82 USD	Commercial Court in Belgrade		Justified, claim recognized in liquidation procedure
32.	EP Visokogradnja Plc.	Jugobanka Plc. in liquidation	Claims registration	5.000.000,00 USD	Commercial Court in Belgrade		Justified, claim recognized in liquidation procedure
33.	EP Visokogradnja Plc.	Banex trade co. in liquidation	Debt, of the total debt of 800.203,44 GBP only 8.478.580,00 RSD collected		Commercial Court in Belgrade		Justified, partially collected.
34.	EP Visokogradnja Plc.	Belim Plc.	Debt under settlement agreement	612.000,00 USD	Commercial Court in Belgrade	Completed	Justified, debt not yet collected.
35.	EP Visokogradnja Plc.	City of Belgrade, Land Development Agency, RS	Debt (Arena)	208.000.245,40 RSD	Commercial Court in Belgrade	2015	Justified, remitted to court of first instance.
36.	EP Visokogradnja Plc.	JP Zeleznice, Beocvor	Debt (Prokop)	407.301.020,00 RSD	Commercial Court in Belgrade	2015	Justified, proceedings suspended.
37.	EP Visokogradnja Plc.	Milan Korica	Unpaid shop price	63.611,35 RSD	3 rd Basic Court in Belgrade	2015	Justified
38.	Bozo Tomasevic	EP Visokogradnja Plc.	Annulment of employment contract termination	140.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated an appeal proceedings, second instance court decision is pending.
39.	Aleksandar Petrovic	EP Visokogradnja Plc.	Agreement termination and damage compensation	3.500.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated appeal proceedings.
40.	Sava Krajcinovic	EP Visokogradnja Plc.	Unjustified acquisition	269.000,00 RSD	1 st Basic Court in Belgrade	2015	Ungrounded
41.	Ljiljana Damjano	EP Visokogradnja Plc.	Performance and damage compensation	350.000,00 RSD	1 st Basic Court in Belgrade	2015	Ungrounded; first instance Court Decision rendered the claim withdrawn, Plaintiff appealed against the first instance court decision, second instance court decision is pending.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
42.	Nenad Dautovic	EP Visokogradnja Plc.	Annulment of employment contract termination	/	3 rd Basic Court in Belgrade	2015	Ungrounded
43.	SIEN Ltd.	EP Visokogradnja Plc.	Debt, SMIP	438.530,00 RSD	Commercial Court in Belgrade		Partially justified, proceedings suspended due to Plaintiff's liquidation.
44.	Residential building in B.M.Pupina 10e	EP Visokogradnja Plc.	Unjustified acquisition	2.000.000,00 RSD	1 st Basic Court in Belgrade		Ungrounded, proceedings suspended.
45.	EP Visokogradnja Plc.	Sinisa and Dragan Romic	Contesting of share transfer agreement		Commercial Court in Belgrade	2016	Justified
46.	Kojic Milan	EP Visokogradnja Plc.	Debt - salaries	1.130,00 EUR	1 st Basic Court in Belgrade	2015	Ungrounded
47.	EP Visokogradnja Plc.	Farmakom MB Ltd. in liquidation	Debt	1.340.520,00 RSD	Commercial Court in Valjevo	2015	Claim recognized in liquidation procedure.
48.	EP Visokogradnja Plc.	LP Gas Ltd.	Debt	1.644.012,60 RSD	Commercial Court in Belgrade	2015	Uncertain
49.	Drago Stupar and others	EP Visokogradnja Plc.	Land ownership title		Basic Court in Herceg Novi	2015	Upon our appeal, lawsuit was remitted for repeat proceedings.
50.	Dusan Petrovic, Vladimir Glisovic and EGP Investments	EP Visokogradnja Plc.	Share appraisal		Commercial Court in Belgrade	2015	Uncertain
51.	Sasa Boškovic	EP Visokogradnja Plc.	Share appraisal		Commercial Court in Belgrade	2015	Uncertain

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
52.	Husein Smailovic	EP Visokogradnja Plc.	Adjustment of monthly rent for damage compensation	59.000,00 RSD monthly as of January 2010	1 st Basic Court	2015	Uncertain. Partially grounded.
53.	Naim Hajdari	EP Visokogradnja Plc.	Monthly rent for damage compensation	15.000,00 RSD monthly as of January 21, 1989	1 st Basic Court in Belgrade	2015	Ungrounded
54.	Radosavljevic Velibor	EP Visokogradnja Plc.	Annulment of employment contract termination		3 rd Basic Court in Belgrade	2015	Ungrounded
55.	EGP Investments	EP Visokogradnja Plc.	Share appraisal		Commercial Court in Belgrade	2015	Uncertain
56.	Ostojic Dragomir, Djuric Milorad and Jorgic broker Plc.	EP Visokogradnja Plc.	Share appraisal		Commercial Court in Belgrade	2015	Uncertain
57.	EP Visokogradnja Plc.	Republic of Serbia	Agreement validation (Voždovac)		Higher Court in Belgrade	2015	First instance court decision granted Plaintiff's claim. Appeal proceedings initiated by the Defendant.
58.	EP Visokogradnja Plc.	PIK Zemun in restructuring procedure	Debt	33.705,46 RSD	Commercial Court in Belgrade	2015	Justified, enforced collection suspended due to the debtor's restructuring.
59.	EP Visokogradnja Plc.	Construction firm Krstic owned by Krstić Radomir	Debt	115.776,00 RSD with accrued interest	Commercial Court in Belgrade	2015	Justified, enforced collection in progress.
60.	EP Visokogradnja Plc.	Kvirin firm owned by Tanaskovic Milan	Debt	31.642,40 RSD	Commercial Court in Belgrade	2015	Justified, enforced collection in progress.
61.	PUC Waterworks and Sewerage	EP Visokogradnja Plc.	Debt	1.422.675,28 RSD	Commercial Court in Belgrade	2015	Uncertain
62.	Dragan Petrovic	EP Visokogradnja Plc.	Annulment of employment contract termination		3 rd Basic Court in Belgrade	2016	Uncertain.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
63.	Pension and Invalidity Insurance Fund	Kolex co. and EP Visokogradnja Plc.	Court should determine whether the Agreement is null and void or not		Higher Court in Belgrade	2015	Uncertain
64.	Zorica Grujic Kis and Zlatica Mazibrada	EP Visokogradnja Plc., RS, Municipality of Novi Beograd and the City of Belgrade	Ownership right over construction land (Block 22)		3 rd Basic Court in Belgrade	2015	Uncertain
65.	EP Visokogradnja Plc.	Serbian Shooting Sport Federation	Debt	70.803,28 RSD			Claim obsolete.
66.	Milic Jankovic	Land Development Public Agency, EP Visokogradnja Plc. and Aleksić Ružica	Property rights		1 st Basic Court in Belgrade	2015	Well grounded
67.	Residential building in 10G, Bul. Mihajla Pupina	EP Visokogradnja Plc and Stevanovic Milinko	To determine that Agreement is null and void		3 rd Basic Court in Belgrade	2016	Uncertain
68.	Residential building in 10G, Bul. Mihajla Pupina	EP Visokogradnja Plc. and Omni promet Ltd.	To determine that Agreement is null and void		3 rd Basic Court in Belgrade	2016	Uncertain
69.	PC Poste Srbije	EP Visokogradnja Plc.	Debt in different accounts	17.002,24 RSD	Commercial Court in Belgrade	2015	Partially grounded
70.	Perunovic Momčilo	EP Visokogradnja Plc.	Ownership rights		3 rd Basic Court in Belgrade	2015	Well grounded
71.	Bomaran Ltd.	EP Visokogradnja Plc.	Dug	1.440.900,00 RSD	Commercial Court in Belgrade	2015	Partially grounded
72.	EP Urbanizam i arhitektura Plc.	Miodrag Cvijic	Debt	1.523.072,42 RSD	3 rd Basic Court in Belgrade	Uncertain	Justified, enforced collection in progress.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
73.	Tamara Vukadinovic	EP Urbanizam i arhitektura Plc.	Annulment of employment contract termination		3 rd Basic Court in Belgrade	Uncertain	Uncertain
74.	Jelena Davidovic	EP Urbanizam i arhitektura Plc.	Annulment of employment contract termination		3 rd Basic Court in Belgrade	Uncertain	Uncertain
75.	Branko Lakcevic and others	EP Urbanizam i arhitektura Plc.	Debt		3 rd Basic Court in Belgrade	2016	Final court decision was passed to deny the claim in its entirety. The proceeding is now revised by claimants.
76.	Stefanovic Miroslav	EP Urbanizam i arhitektura Plc.	Labour dispute	189.286,00 RSD	1 st Basic Court in Belgrade	2016	1 st instance court decision passed to deny plaintiff's claim. Plaintiff has appealed against such decision.
77.	Novica Veljkovic	EP Urbanizam i arhitektura Plc.	Annulment of Annex III of the employment contract		3 rd Basic Court in Belgrade	Uncertain	Outcome uncertain.
78.	Novica Veljkovic	EP Urbanizam i arhitektura Plc.	Annulment of the Annex IV of the employment contract		3 rd Basic Court in Belgrade	Uncertain	Outcome uncertain.
79.	Markovic Vladimir	EP Urbanizam i arhitektura Plc.	Debt	10.147,80 USD	1st Basic Court in Belgrade	Uncertain	Outcome uncertain.
80.	Milan Raonic	EP Urbanizam i arhitektura Plc.	Damage compensation (copyrights)	35.015.794,75 RSD i 1.000.000,00 RSD	Higher Court in Belgrade	2016	Our appeal was granted and case was remitted to court.
81.	Katarina Cvejic	EP Urbanizam i arhitektura Plc.	Debt	136.000,00 RSD	3 rd Basic Court in Belgrade	2016	First instance court decision granted plaintiff's claim. We initiated appeal proceedings.
82.	Stanojkovic Milorad	EP Oprema Plc. and PC Elektromreze	Damage compensation	10.000,00 RSD	Basic Court in Vranje	2015	Partially grounded. We initiated appeal proceedings.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
83.	Marinkovic Staniša	EP Oprema Plc. - intervenor	Damage compensation	304.000,00 RSD	Basic Court in Vranje	2015	Partially grounded First instance court proceedings in progress
84.	Stanojlovic Cedomir	EP Oprema Plc. - intervenor	Damage compensation	261.000,00 RSD	Basic Court, Vranje	2015	Partially grounded First instance court proceedings in progress
85.	Ristic Čedomir	EP Oprema Plc. - intervenor	Damage compensation	63.000,00 RSD	Basic Court, Vranje	2015	Partially grounded. We initiated appeal proceedings.
86.	Milan Ilic and Nenad Babic	EP Oprema Plc.	Injury at work	4.200.000,00 RSD	1 st Basic Court in Belgrade	2015	Partially grounded First instance Court Decision in favour of EPO – Plaintiffs' claim denied; Plaintiffs appealed against the Decision; First instance Court Decision partially cancelled, matter remitted to first instance court.
87.	Milan Cvetkovic	EP Oprema Plc. PC Elektromreze Srbije	Damage compensation	1.328.270,00 RSD	Basic Court	2015	Partially grounded. First instance proceedings in progress.
88.	Novica Ćirkovic	EP Oprema Plc. PC Elektromreze Srbije	Damage compensation	100.000,00 RSD	Basic Court	2015	Partially grounded. First instance proceedings in progress.
89.	Stamenkovic Ivan	PC EMS EP Oprema Plc.	Private nuisance		2 nd Basic Court	2015	Ungrounded
90.	EP Oprema plc.	DGP Zlatibor	Payment for works completed	42.000.000,00 RSD	Commercial court in Belgrade	Completed	Well grounded, collection difficult, debtor in liquidation procedure.
91.	EP Oprema Plc.	Construction Company Rad in liquidation	Debt	1.100.000,00 USD	Commercial Court		Debt amount determined in liquidation procedure.
92.	EP Oprema Plc.	Graditelj Leskovac co.	Contracted services	71.129.042,82 RSD	Commercial Court, Leskovac	Completed	Justified, collection difficult, due to debtor's bankruptcy.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
93.	EP Oprema Plc. and EP Holding Plc.	Municipality of Medvedja	Refund of given	120.000.000,00 RSD	Commercial Court, Leskovac	Uncertain. Proceedings suspended.	Uncertain
94.	EP Oprema Plc.	Serbian Clinical Centre	Debt for works performed	255.544,13 EUR	Commercial Court in Belgrade	2015	Justified. We initiated appeal proceedings.
95.	EP Oprema Plc.	Serbian Clinical Centre	Damage compensation	1.559.000,00 EUR	Commercial Court in Belgrade	2015	Justified First instance court proceedings in progress
96.	EP Oprema Plc.	Nemanja Iovic	Unfounded acquisition	64.600,50 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim.
97.	EP Oprema Plc.	Beogradska arena	Damage compensation	4.817.705,00 RSD	Commercial Court, Leskovac	2015	Justified
98.	Republic Fund for Pension and Invalidity Insurance, Branch Office in Belgrade	EP Niskogradnja Plc.	Recourse claim	419.600,10 RSD	Commercial Court in Belgrade	Uncertain, suspended until completion of criminal proceedings	Uncertain
99.	Dunav Insurance Company Ltd.	Dragi Nikolic EP Niskogradnja Plc.	Counterclaim for damage compensation	2.500.000,00 RSD	Commercial Court in Belgrade	2015	First instance Court Decision granted Plaintiff's claim, second instance court decision is pending.
100.	Aleksandar Babic and others	EP Niskogradnja Plc.	Bonus payment	40.906,00 EUR	3 rd Basic Court in Belgrade	2015	Ungrounded
101.	Gordana and Veselin Medenica	EP Niskogradnja Plc.	Damage compensation – injury at work	3.200.000,00 RSD	3 rd Basic Court in Belgrade	2015	Uncertain
102.	Milko Tadic	EP Niskogradnja Plc.	Annulment of Decision on termination of Employment Contract		3 rd Basic Court in Belgrade	2015	Ungrounded
103.	Bosna putevi Sarajevo	EP Niskogradnja Plc.	Debt, trip to Yemen	17.604.299,00 USD	Commercial Court in Belgrade	2016	Ungrounded
104.	Vladimir Marinkovic	EP Niskogradnja Plc.	Overtime work in Peru	5.552,84 USD	3 rd Basic Court in Belgrade	2015	Ungrounded
105.	Jovan Cvokic and others	EP Niskogradnja Plc.	Bonus payment	20.145,11 EUR	3 rd Basic Court in Belgrade	2015	Ungrounded

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
106.	Tanic Dusan	EP Niskogradnja Plc.	Annulment of Decision on salary amount		3 rd Basic Court in Belgrade	2015	Ungrounded
107.	EP Niskogradnja Plc.	Internacional CG in restructuring procedure	Debt	182.056,00 RSD	Commercial Court in Belgrade	2015	Justified
108.	Bosnian Canton Privatization Agency Sarajevo	EP Niskogradnja Plc. Bosna putevi Plc.	Determination of ownership rights over Bosnaputevi claims against EP Niskogradnja Plc.	17.604.299,00 USD	Municipal Court, Sarajevo	2015	Ungrounded
109.	Dragan Tomic	EP Niskogradnja Plc.	Share price appraisal		Commercial Court in Belgrade	2015	Ungrounded
110.	Dragomir Ostojic	EP Niskogradnja Plc.	Share price appraisal		Commercial Court in Belgrade	2015	Ungrounded
111.	Igor and Sasa Sebic	EP Niskogradnja plc.	Share price appraisal		Commercial Court in Belgrade	2015	Ungrounded
112.	Saša Boškovic	EP Niskogradnja Plc.	Share price appraisal		Commercial Court in Belgrade	2015	Ungrounded
113.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Performance bond	3.500.000,00 KM	Municipal Court, Sarajevo	Uncertain	Justified
114.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Guarantees for regular repayment of advance payment	4.000.000,00 KM	Municipal Court, Sarajevo	Uncertain	Justified
115.	EP Niskogradnja Plc.	JIK Bank Plc. in liquidation	Registration of claims	218.000,00 USD	Commercial Court, Belgrade	Uncertain	Justified
116.	EP Niskogradnja Plc.	Jugobanka Plc. branch office in New York	Registration of claims	455.877,88 USD 12.060.320,00 RSD	Commercial Court, Belgrade	Uncertain	Justified

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
117.	EP Niskogradnja Plc.	Beogradska bank Plc. in liquidation	Registration of claims	4.546,10 USD 16.278.517,00 RSD	Commercial Court, Belgrade	Uncertain	Justified
118.	Simic Ljubiša	PC Putevi Srbije and EP Niskogradnja Plc.	Damage compensation	4.598,80 EUR	1 st Basic Court in Belgrade	2015	Ungrounded
119.	Sent Andrea Ltd.	EP Niskogradnja Plc.	Damage compensation – profit lost due to agreement termination	2.912.451,60 RSD	Commercial Court	2015	Claim is considered to be withdrawn.
120.	Milijan Mitrovic	EP Niskogradnja Plc.	Private nuisance		Basic Court, Ub	2016	Ungrounded
121.	Milijan Mitrovic	EP Niskogradnja Plc.	Damage compensation for completed works	50.000,00 RSD	Basic Court, Ub	2016	Ungrounded
122.	Dunav Insurance Company Ltd.	PC Putevi Srbije EP Niskogradnja Plc. - intervenor	Damage compensation	170.536,00 RSD	Commercial Court	2015	Uncertain
123.	Strajnic Nenad	JP Putevi Srbije EP Niskogradnja Plc. - intervenor	Damage compensation	183.928,48 RSD	Basic Court, Novi Sad	2015	Uncertain
124.	Sekulic Dragan	JP Putevi Srbije EP Niskogradnja Plc. - intervenor	Damage compensation		Basic Court, Novi Sad	2016	Uncertain
125.	DIN Ltd.	EP Niskogradnja Plc.	Debt in different accounts	542.836,83 RSD	Commercial Court in Belgrade	2015	Uncertain
126.	Jokic Todor	EP Niskogradnja Plc.	Annulment of Employment Agreement for a definite period of time		Basic Court in Gornji Milanovac	2016	Uncertain
127.	Danicic Nemanja	EP Niskogradnja Plc.	Damage compensation for injury at work	268.520,00 RSD	Basic Court in Gornji Milanovac	2016	Uncertain
128.	Stanisic Tomo	EP Niskogradnja Plc.	Damage compensation	244.413,97 RSD	3 rd Basic Court in Belgrade	2015	Well grounded

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
129.	Matkovic Ljubiša, Milostiva and Gordana	Koridori Srbije, Azvirt; EP Niskogradnja Plc.	Damage compensation	290.000,00 RSD	Basic Court in Gornji Milanovac	2016	Uncertain
130.	Matkovic Milan, Mirjana, Dragana and Marko	Koridori Srbije, Azvirt; EP Niskogradnja Plc.	Damage compensation	380.000,00 RSD	Basic Court in Gornji Milanovac	2016	Uncertain
131.	Jovanovic Vojislav, Mirjana, Dragana and Jovana	Koridori Srbije, Azvirt; EP Niskogradnja Plc.	Damage compensation	380.000,00 RSD	Basic Court in Gornji Milanovac	2016	Uncertain
132.	Angelina and Dejan Lukic	EP Niskogradnja Plc.	Damage compensation	2.000.000,00 RSD	3 rd Basic Court in Belgrade	2015	Ungrounded
133.	EP Niskogradnja Plc. and	Intermost Ltd. in liquidation	Debt (Novi Sad)	378.685.160,00 RSD	Commercial Court in Belgrade	2016	Plaintiff's claim of EP Niskogradnja Plc. grounded, remitted to first instance court upon appeal by Intermost Ltd.
	Intermost Ltd. in liquidation	EP Niskogradnja Plc.	Debt (Novi Sad)	189.827.985,00 RSD	Commercial Court in Belgrade	2016	
134.	EP Energodata Plc.	Sipad komerc in liquidation	Unpaid claims	258.586,20 RSD + interest	Commercial Court	Lawsuit won, final court enforcement order against the defendant, liquidation procedure initiated	Uncertain amount to be collected
135.	S.Stojic	EP Hidroinzenjering Plc.	Claims for unpaid salaries earned abroad	6.466 USD or 482.865 RSD	1 st Basic Court in Belgrade	Lawsuit initiated by the appeal of the plaintiff S.Stojic, to be completed in 2015	Positive

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
136.	P. Stanisic and J. Blagojevic	EP Hidroinzenjering Plc.	Annulment of Decision of Housing Committee	Not a pecuniary claim	1 st Basic Court in Belgrade	First instance Court Decision by the end of 2015	Uncertain
137.	M.Bojic	EP Hidroinzenjering Plc.	Unpaid salary earned abroad and unpaid subsistence allowance	8.340 USD or 622.811 RSD	1 st Basic Court in Belgrade	First instance Court Decision in favour of the Company, but appeal was filed. To be completed in 2015	Positive
138.	EP Hidroinzenjering Plc.	RIKO Ljubljana Slovenia	Unpaid invoices	159.425,89 EUR	District Court, Ljubljana Slovenia	Uncertain	Positive
139.	Snežana Drcar, participant in clinical study	EP Garant Ltd.	Damage compensation	250.000 EUR	Higher Court in Belgrade	2016	Uncertain, due to the lack of relevant court practice; if ruled pursuant to the Law on Insurance, plaintiff's claim should not be grounded.
140.	Violeta Nikolic	EP Garant Ltd.	Request to be reappointed to position of Executive Manager		3 rd Basic Court in Belgrade	2015	Ungrounded
141.	EP Garant Ltd.	PUC Belgrade Waterworks and Sewerage	Recourse claim – damage compensation	1.900.000 RSD	Commercial Court in Belgrade	2016	Up to 40% of the claim (700.000 RSD)

In addition to the above listed lawsuits, Energoprojekt Holding, as Plaintiff, is involved in the lawsuit against Musić Ivan for damage compensation (roof repair in 38 Goce Delčeva Street), for which a receivable in the amount of RSD 30 thousand was posted in Company books.

47. 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 business year;
 - Major transactions with related parties;
 - Company's research and development activities;
-

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 the 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 expected development in the following period, changes in its business policies and main risks and threats to which its business is exposed

Expected Company's development 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 the on Appointment of Supervisory Board Members of Energoprojekt Holding Plc.

Regular annual General Meetings of all the Enegroprojekt 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 Semi-Annual Consolidated Financial Statements of the Energoprojekt Group for 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 Consolidated 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 SEMI-ANNUAL CONSOLIDATED REPORT OF ENERGOPROJEKT GROUP FOR 2015*

Note *:

- Consolidated Semi-Annual Report of the Energoprojekt Group for 2015 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.

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.