Annual Report of Energoprojekt Holding Plc. for the year 2014

Belgrade, April 2015

Pursuant to Articles 50 and 51 of the Law on Capital Market (RS Official Gazette, No. 31/2011) and pursuant to Article 3 of the Rulebook on Contents, Form and Method of Publication of Annual, Half-Yearly and Quarterly Reports of Public Companies (RS Official Gazette, No. 14/2012 and 5/2015), **Energoprojekt Holding Plc. based in Belgrade, registration No.: 07023014 hereby publishes the following:**

ANNUAL REPORT FOR 2014

C O N T E N T S

1. FINANCIAL STATEMENTS OF ENERGOPROJEKT HOLDING Plc. FOR THE YEAR 2014 (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement of Changes in Equity, Notes to the Financial Statements)

Name ENERGOPROJEKT HOLDING PLC,Beograd

BALANCE SHEET
as at 31.12.2014.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 20 .	Opening balance on 01.01.20
1	2	3	4	5	6	7
	ASSETS					
00	**A. SUBSCRIBED CAPITAL UNPAID**	0001		-	-	-
	B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)	0002		7,618,819	7,474,258	-
01	I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003	23	13,183	9,447	-
010 & part 019	1. Investments in development	0004		-	-	-
011, 012 & part 019	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	23	10,989	289	-
013 & part 019	3. Goodwill	0006		-	-	-
014 & part 019	4. Other intangible assets	0007		-	-	-
015 & part 019	5. Intangible assets in progress	0008	23	1,783	8,837	-
016 & part 019	6. Advances paid on intangible assets	0009	23	411	321	-
02	II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		2,039,423	1,200,049	-
020, 021 & part 029	1. Land	0011		-	-	-
022 & part 029	2. Buildings	0012	24a)	1,393,710	531,555	-
023 & part 029	3. Plant and equipment	0013	24a)	15,389	21,557	-
024 & part 029	4. Investment property	0014	24b)	584,440	603,717	-
025 & part 029	5. Other property, plant and equipment	0015	24a)	283	-	-
026 & part 029	6. Property, plant and equipment in progress	0016		-	-	-
027 & part 029	7. Investments in property, plant and equipment, not owned	0017		-	-	-
028 & part 029	8. Advances paid on property, plant and equipment	0018	24a)	45,601	43,220	-
03	III. NATURAL ASSETS (0020+0021+0022+0023)	0019		-	-	-
030, 031 & part 039	1. Forests and growing crops	0020		-	-	-
032 & part 039	2. Livestock	0021		-	-	-
037 & part 039	3. Natural assets in progress	0022		-	-	-
038 & part 039	4. Advances paid for natural assets	0023		-	-	-
04, excl. 047	IV. LONG TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024	25	5,566,213	6,264,762	-
040 & part 049	1. Shares in subsidiaries	0025	25a)	4,954,356	5,443,949	-
041 & part 049	2. Shares in affiliated companies and joint ventures	0026	25a)	13,550	13,550	-
042 & part 049	3. Shares in other companies and other available for sale securities	0027	25a)	33,026	54,169	-
part 043, part 044 & part 049	4. Long term investments in parent companies and subsidiaries	0028	25b)	563,771	751,503	-
part 043, part 044 & part 049	5. Long term investments in other affiliated companies	0029		-	-	-
part 045 & part 049	6. Long term investments, domestic	0030		-	-	-
part 045 & part 049	7. Long term investments, foreign countries	0031		-	-	-
046 & part 049	8. Securities held to maturity	0032		-	-	-
048 & part 049	9. Other long term financial investments	0033	25b)	1,510	1,591	-
05	V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		-	-	-
050 & part 059	1. Receivables from parent company and subsidiaries	0035		-	-	-
051 & part 059	2. Receivables from other affiliated companies	0036		-	-	-
052 & part 059	3. Receivables from credit sales	0037		-	-	-
053 & part 059	4. Receivables from financial leasing contracts	0038		-	-	-
054 & part 059	5. Receivables from pledged assets	0039		-	-	-
055 & part 059	6. Bad debts and uncollectible claims	0040		-	-	-
056 & part 059	7. Other long term receivables	0041		-	-	-
288	**C. DEFERRED TAX ASSETS**	0042		-	-	-
	D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		1,484,288	1,231,608	-
Class 1	I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044	26	14,142	58,255	-
10	1. Material ,parts, tools and small inventories	0045		-	-	-
11	2. Work and services in progress	0046		-	-	-
12	3. Finished products	0047		-	-	-
13	4. Goods	0048		-	-	-
14	5. Fixed assets for sale	0049		-	-	-
15	6. Advances paid for inventories and services	0050	26	14,142	58,255	-
20	II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051	27	420,444	312,726	-
200 & part 209	1. Local buyers - parent company and subsidiaries	0052		419,702	311,872	-
201 & part 209	2. Foreign buyers - parent company and subsidiaries	0053		-	-	-
202 & part 209	3. Local buyers - other affiliated companies	0054	27	705	705	-
203 & part 209	4. Foreign buyers - other affiliated companies	0055		-	-	-
204 & part 209	5. Local buyers	0056	27	37	149	-
205 & part 209	6. Foreign buyers	0057		-	-	-
206 & part 209	7. Other receivables from sales	0058		-	-	-
21	III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059	28	96,579	54,865	-
22	IV. OTHER RECEIVABLES	0060	29	53,512	69,586	-
236	V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061		-	-	-
23 excl. 236 & 237	VI. SHORT TERM FINANCIAL INVESTMENTS(0063+0064+0065+0066+0067)	0062	30	451,471	407,690	-
230 & part 239	1. Short term loans and investments - parent company and subsidiaries	0063	30	289,257	254,016	-
231 & part 239	2. Short term loans and investments - other affiliated companies	0064	30	161,527	153,092	-
232 & part 239	3. Short term credits and loans, domestic	0065	30	609	504	-
233 & part 239	4. Short term credits and loans, foreign countries	0066		-	-	-
234, 235, 238 & part 239	5. Other short term financial investments	0067	30	78	78	-
24	VII. CASH AND CASH EQUIVALENTS	0068	31	116,713	151,476	-
27	VIII. VALUE ADDED TAX	0069		-	-	-
28 excl. 288	IX. PREPAYMENTS AND ACCRUED INCOME	0070	32	331,427	177,010	-
	E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071		9,103,107	8,705,866	-
88	**F. OFF-BALANCE SHEET ASSETS**	0072	42	21,346,794	13,776,322	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 20 .	Opening balance on 01.01.20
1	2	3	4	5	6	7
	LIABILITIES					
	A. CAPITAL (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401		8,418,694	8,054,188	-
30	I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402	33,33a)	7,202,622	7,202,622	-
300	1. Share capital	0403	33,33a)	5,574,959	5,574,959	-
301	2. Shares of limited liability companies	0404		-	-	-
302	3. Investments	0405		-	-	-
303	4. State owned capital	0406		-	-	-
304	5. Socially owned capital	0407		-	-	-
305	6. Shares of cooperatives	0408		-	-	-
306	7. Issuing premium	0409	33,33a)	1,600,485	1,600,485	-
309	8. Other share capital	0410	33,33a)	27,178	27,178	-
31	II. SUBSCRIBED CAPITAL UNPAID	0411		-	-	-
047 & 237	III. TREASURY SHARES REPURCHASED	0412		-	-	-
32	IV. RESERVES	0413	33,33b)	134,881	134,881	-
330	V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	33,33c)	817,591	52,910	-
33 excl. 330	VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415		-	-	-
33 excl. 330	VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416	33,33d)	40,786	21,136	-
34	VIII. RETAINED EARNINGS (0418+0419)	0417	33,33e)	304,386	684,911	-
340	1. Retained earnings from previous years	0418	33,33e)	260,519	285,823	-
341	2. Retained earnings from current year	0419	33,33e)	43,867	399,088	-
	IX. NON-CONTROLLING INTEREST	0420		-	-	-
35	X. LOSSES (0422+0423)	0421		-	-	-
350	1. Losses from previous years	0422		-	-	-
351	2. Losses from current year	0423		-	-	-
	B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		262,288	281,722	-
40	I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425	34	262,288	265,055	-
400	1. Provisions for warranty costs	0426		-	-	-
401	2. Provisions for recovery of natural resources	0427		-	-	-
403	3. Provisions for restructuring costs	0428		-	-	-
404	4. Provisions for wages and other employee benefits	0429	34,34a)	2,288	5,055	-
405	5. Provisions for legal expenses	0430		-	-	-
402 & 409	6. Other long term provisions	0431	34,34b)	260,000	260,000	-
41	II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432	35	-	16,667	-
410	1. Liabilities convertible into capital	0433		-	-	-
411	2. Liabilities to parent company and subsidiaries	0434		-	-	-
412	3. Liabilities to other affiliated companies	0435		-	-	-
413	4. Liabilities for issued securities for more than one year	0436		-	-	-
414	5. Long term credits and loans, domestic	0437	35	-	16,667	-
415	6. Long term credits and loans, foreign countries	0438		-	-	-
416	7. Long term liabilities from financial leasing	0439		-	-	-
419	8. Other long term liabilities	0440		-	-	-
498	**C. DEFERRED TAX LIABILITIES**	0441	41	153,989	22,142	-
42 to 49 (excl. 498)	**D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)**	0442		268,136	347,814	-
42	I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443	36	187,015	229,798	-
420	1. Short term loans from parent company and subsidiaries	0444		-	-	-
421	2. Short term loans from other affiliated companies	0445		-	-	-
422	3. Short term credits and loans, domestic	0446	36,36a)	170,000	-	-
423	4. Short term credits and loans, foreign countries	0447		-	-	-
427	5. Liabilities from fixed assets and assets from discontinued operations available for sale	0448		-	-	-
424,425,426 & 429	6. Other short term financial liabilities	0449	36,36b)	17,015	229,798	-
430	II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450		-	660	-
43 excl. 430	III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451	38	46,936	82,195	-
431	1. Suppliers - parent company and subsidiaries, local	0452	38	13,268	46,353	-
432	2. Suppliers - parent company and subsidiaries, foreign countries	0453	38	16,480	19,604	-
433	3. Suppliers - other affiliated companies, local	0454		-	-	-
434	4. Suppliers - other affiliated companies, foreign countries	0455		-	-	-
435	5. Suppliers, local	0456	38	12,416	12,950	-
436	6. Suppliers, foreign countries	0457	38	4,772	3,288	-
439	7. Other operating liabilities	0458		-	-	-
44, 45 & 46	IV. OTHER SHORT TERM LIABILITIES	0459	39	27,733	28,334	-
47	V. VALUE ADDED TAX	0460	40a)	5,540	5,887	-
48	VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	40b)	688	902	-
49 excl. 498	VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	40c)	224	38	-
	D. LOSSES EXCEEDING CAPITAL (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)≥0 = (0441+0424+0442-0071) ≥0	0463		-	-	-
	E. TOTAL LIABILITIES (0424+0442+0441+0401-0463) ≥ 0	0464		9,103,107	8,705,866	-
89	**F. OFF-BALANCE LIABILITIES**	0465	42	21,346,794	13,776,322	-

Belgrade,

Date: 20.02. 2015.

Energoprojekt Holding a.d. Beograd

Legal Representative of the Company

Name ENERGOPROJEKT HOLDING PLC,Beograd

INCOME STATEMENT
from 01.01. until 31.12.2014.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total - Current year	Total - Previous year
1	2	3	4	5	6
	A. INCOME FROM NORMAL ACTIVITIES				
60 to 65, excl. 62 & 63	**A. OPERATING INCOME (1002+1009+1016+1017)**	1001		583,921	550,690
60	I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002		-	-
600	1. Income from sale of goods to parent company and subsidiaries on local market	1003		-	-
601	2. Income from sale of goods to parent company and subsidiaries on foreign markets	1004		-	-
602	3. Income from sale of goods to other affiliated companies on local market	1005		-	-
603	4. Income from sale of goods to other affiliated companies on foreign markets	1006		-	-
604	5. Income from sale of goods on local market	1007		-	-
605	6. Income from sale of goods on foreign markets	1008		-	-
61	II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009	9a)	554,754	516,359
610	1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010	9a)	410,782	395,771
611	2. Income from sale of finished products and services to parent company and subsidiaries on foreign markets	1011		-	-
612	3. Income from sale of finished products and services to other affiliated companies on local market	1012		-	-
613	4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013		-	-
614	5. Income from sale of finished products and services on local market	1014	9a)	70	78
615	6. Income from sale of finished products and services on foreign markets	1015	9a)	143,902	120,510
64	III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016		-	-
65	IV. OTHER OPERATING INCOME	1017	9b)	29,167	34,331
	EXPENSES FROM NORMAL ACTIVITIES				
55 to 55, 62 & 63	**B. OPERATING EXPENSES (1019-1020-1021+1022+1023+ 1024+1025+1026+1027+1028+1029) ≥ 0**	1018		525,408	474,709
50	I. COST PRICE OF GOODS SOLD	1019		-	-
62	II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020	10	421	495
630	III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021		-	-
631	IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022		-	-
51 excl. 513	V. MATERIAL COSTS	1023	11	6,805	5,881
513	VI. FUEL AND ENERGY COSTS	1024	11	18,837	20,439
52	VII. EMPLOYEE EXPENSES AND BENEFITS	1025	12	202,510	186,104
53	VIII. PRODUCTION SERVICE COSTS	1026	13	204,634	190,551
540	IX. DEPRECIATION EXPENSES	1027	14	9,345	10,245
541 to 549	X. PROVISION EXPENSES	1028	14	-	704
55	XI. INTANGIBLE EXPENSES	1029	15	83,698	61,280
	C. OPERATING INCOME (1001-1018) ≥ 0	1030		58,513	75,981
	D. OPERATING LOSSES (1018-1001) ≥ 0	1031		-	-
66	**E. FINANCIAL REVENUES (1033+1038+1039)**	1032	16a)	695,280	364,531
66, excl. 662, 663 & 664	I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033	16a)	655,627	351,711
660	1. Financial income from parent company and subsidiaries	1034	16a)	635,041	337,750
661	2. Financial income from other affiliated companies	1035	16a)	20,586	11,376
665	3. Share of profits in associated companies and joint ventures	1036		-	-
669	4. Other financial revenues	1037		-	2,585
662	II. INTEREST INCOME (THIRD PARTY)	1038	16a)	14,601	9,112
663 & 664	III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039	16a)	25,052	3,708
56	**F. FINANCIAL EXPENSES (1041+1046+1047)**	1040	16b)	21,600	21,196
56, excl. 562, 563 & 564	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041	16b)	1,682	1,830
560	1. Financial expenses from transactions with parent company and subsidiaries	1042	16b)	1,682	1,830
561	2. Financial expenses from transactions with other affiliated companies	1043		-	-
565	3. Share of losses in affiliated companies and joint ventures	1044		-	-
566 & 569	4. Other financial expenditure	1045		-	-
562	II. INTEREST EXPENSES (THIRD PARTY)	1046	16b)	14,514	14,634
563 & 564	III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047	16b)	5,404	4,732
	G. FINANCIAL GAINS (1032-1040)	1048		673,680	343,335
	H. FINANCIAL LOSSES (1040-1032)	1049		-	-

683 & 685	I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1050		-	-
583 & 585	J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1051	17	642,483	-
67 & 68, excl. 683 & 685	K. OTHER INCOME	1052	18a)	1,329	22,879
57 & 58, excl. 583 & 585	L. OTHER EXPENSES	1053	18b)	24,449	21,294
	M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		66,590	420,901
	N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		-	-
69-59	O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1056	19	6,989	-
59-69	P. NET LOSSES FROM DISCONTINUED OPERATIONS, EXPENSES FROM CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1057		-	657
	Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058	20	73,579	420,244
	R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059		-	-
	S. INCOME TAX				
721	I. TAXABLE EXPENSES FOR THE PERIOD	1060	21	27,364	19,602
part 722	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061	21	2,348	1,554
part 722	III. DEFERRED TAX INCOME FOR THE PERIOD	1062		-	-
723	T. MANAGEMENT EARNINGS	1063		-	-
	U. NET PROFIT (1058-1059-1060-1061+1062-1063)	1064	21	**43,867**	**399,088**
	V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065		-	-
	I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066		-	-
	II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067		-	-
	III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS	1068		-	-
	IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER	1069		-	-
	V. EARNINGS PER SHARE				
	1. Basic earnings per share	1070		-	-
	2. Reduced (diluted) earnings per share	1071		-	-
	TOTAL INCOME			1,287,940	938,595
	TOTAL EXPENSES			1,214,361	518,351
	GROSS PROFIT			73,579	420,244

Belgrade,

Date: 20.02.2015.

Energoprojekt Holding a.d. Beograd

Legal Representative of the Company

Name ENERGOPROJEKT HOLDING PLC,Beograd

STATEMENT OF OTHER RESULTS
from 01.01. until 31.12.2014.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. NET OPERATING RESULTS				
	I. NET PROFIT (EDP 1064)	2001	21	43,867	399,088
	II. NET LOSSES (EDP 1065)	2002		0	0
	B. OTHER COMPREHENSIVE RESULTS OR LOSSES				
	a) Items not reclassifiable in the balance sheet in future periods				
330	1. Change of revaluation of intangibles, property, plant and equipment				
	a) increase in revaluation reserves	2003	33c)	863,317	14,380
	b) decrease in revaluation reserves	2004		0	0
331	2. Actuarial gains or losses from defined income plans				
	a) gains	2005		0	0
	b) losses	2006		0	0
332	3. Gains and losses from equity instrument investments				
	a) gains	2007		0	0
	b) losses	2008		0	0
333	4. Gains and losses from share of other comprehensive profits and losses of affiliates				
	a) gains	2009		0	0
	b) losses	2010		0	0
	b) Items that may be reclassified in the balance sheet in future periods				
334	1. Gains and losses from translation of financial statements for foreign operations				
	a) gains	2011		0	0
	b) losses	2012		0	0
335	2. Gains and losses from hedging of net investments in foreign operations				
	a) gains	2013		0	0
	b) losses	2014		0	0
336	3. Gains and losses from cash flow hedging				
	a) gains	2015		0	0
	b) losses	2016		0	0
337	4. Gains and losses from available for sale securities				
	a) gains	2017		0	102
	b) losses	2018		19,650	23,512
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019		843,667	0
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020		0	9,030
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021	33c)	129,499	4,550
	IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022		714,168	0
	V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023		0	13,580
	C. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD			0	0
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024		758,035	385,508
	II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) ≥ 0	2025		0	0
	D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026		758,035	385,508
	1. Payable to majority shareholders	2027		0	0
	2. Payable to non-controlling shareholders	2028		0	0

Belgrade,

Date: 20.02.2015.

Energoprojekt Holding Beograd

Legal Representative of the Company

Name ENERGOPROJEKT HOLDING PLC,Beograd

CASH FLOW STATEMENT
from 01.01. until 31.12. 2014.

RSD thousand

Description	EDP	Total	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)	3001	**500,518**	**474,068**
1. Sales and prepayments	3002	484,178	462,457
2. Interests from operating activities	3003	-	3
3. Other inflow from normal operations	3004	16,340	11,608
II. Cash outflow from operating activities (1 to 5)	3005	**724,889**	**630,325**
1. Payments to suppliers and prepayments	3006	383,819	304,601
2. Employee expenses and benefits	3007	202,350	195,740
3. Interests paid	3008	12,782	6,447
4. Income tax	3009	21,210	47,109
5. Payments based on other public revenues	3010	104,728	76,428
III. Net cash inflow from operating activities (I-II)	3011	-	-
IV. Net cash outflow from operating activities (II-I)	3012	**224,371**	**156,257**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3013	**800,533**	**392,324**
1. Sale of shares and stocks (net inflow)	3014	-	7,276
2. Sale of intangible investments, property, plant, equipment and natural assets	3015	-	-
3. Other financial investments (net inflow)	3016	253,772	96,310
4. Interest received from investment activities	3017	14,287	10,135
5. Dividends received	3018	532,474	278,603
II. Cash outflow from investing activities (1 to 3)	3019	**160,576**	**164,217**
1. Purchase of shares and stocks (net outflow)	3020	151,848	159,167
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	8,728	5,050
3. Other financial investments (net outflow)	3022	-	-
III. Net cash inflow from investing activities (I-II)	3023	**639,957**	**228,107**
IV. Net cash outflow from investing activities (II-I)	3024	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)	3025	**170,000**	-
1. Equity increase	3026	-	-
2. Long term loans (net inflow)	3027	-	-
3. Short term loans (net inflow)	3028	170,000	-
4. Other long term liabilities	3029	-	-
5. Other short term liabilities	3030	-	-
II. Cash outflow from financing activities (1 to 6)	3031	**628,907**	**253,066**
1. Repurchase of own shares and stocks	3032	-	-
2. Long term loans (net outflow)	3033	235,408	252,863
3. Short term loans (net outflow)	3034	-	-
4. Other liabilities	3035	-	-
5. Financial leasing	3036	-	171
6. Dividends paid	3037	393,499	32
III. Net cash inflow from financing activities (I -II)	3038	-	-
D. Net cash outflow from financing activities (II-I)	3039	**458,907**	**253,066**
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	**1,471,051**	**866,392**
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	**1,514,372**	**1,047,608**
G. NET CASH INFLOW (3040-3041)	3042	-	-
H. NET CASH OUTFLOW (3041-3040)	3043	**43,321**	**181,216**
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	151,476	333,972
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	8,558	-
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046	-	1,280
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	**116,713**	**151,476**

Belgrade,

Date: 20.02.2015.

Energoprojekt Holding a.d. Beograd

Legal Representative of the Company

Name ENERGOPROJEKT HOLDING PLC,Beograd

STATEMENT OF CHANGES IN EQUITY
from 01.01. until 31.12.2014.

No.	DESCRIPTION		Equity component															
			EDP	30 Equity capital	EDP	31 Subscribed capital unpaid	EDP	32 Provisions	EDP	35 Losses	EDP	047 & 237 Treasury shares repurchased	EDP	34 Retained earnings	EDP	330 Revaluation reserves	EDP	331 Actuarial gains or losses
1	2			3		4		5		6		7		8		9		10
1	Opening balance on 01.01. ------																	
	debit balance	a)	4001		4019		4037		4055		4073		4091		4109		4127	
	credit balance	b)	4002	6,695,807	4020		4038	134,881	4056		4074		4092	789,728	4110	43,080	4128	
2	Adjustment for materially significant errors and changes in accounting policies																	
	adjustment of debit balance	a)	4003		4021		4039		4057		4075		4093		4111		4129	
	adjustment of credit balance	b)	4004		4022		4040		4058		4076		4094		4112		4130	
3	Adjustment of opening balance on 01.01. ------																	
	adjustment of debit balance (1a+2a-2b) ≥ 0	a)	4005	-	4023	-	4041	-	4059	-	4077	-	4095	-	4113	-	4131	-
	adjustment of credit balance (1b-2a+2b) ≥ 0	b)	4006	6,695,807	4024	-	4042	134,881	4060	-	4078	-	4096	789,728	4114	43,080	4132	-
4	Changes in previous ---- year																	
	debit balance activity	a)	4007		4025		4043		4061		4079		4097	506,815	4115	4,550	4133	
	credit balance activity	b)	4008	506,815	4026		4044		4062		4080		4098	401,998	4116	14,380	4134	
5	Closing balance previous year at 31.12. -------																	
	debit balance (3a+4a-4b) ≥ 0	a)	4009	-	4027	-	4045	-	4063	-	4081	-	4099	-	4117	-	4135	-
	credit balance (3b-4a+4b) ≥ 0	b)	4010	7,202,622	4028	-	4046	134,881	4064	-	4082	-	4100	684,911	4118	52,910	4136	-
6	Adjustment for materially significant errors and changes in accounting policies																	
	adjustment of debit balance	a)	4011		4029		4047		4065		4083		4101		4119		4137	
	adjustment of credit balance	b)	4012		4030		4048		4066		4084		4102		4120		4138	
7	Adjustment of opening balance current year at 01.01.--																	
	adjustment of debit balance (5a+6a-6b) ≥ 0	a)	4013	-	4031	-	4049	-	4067	-	4085	-	4103	-	4121	-	4139	-
	adjustment of credit balance (5b-6a+6b) ≥ 0	b)	4014	7,202,622	4032	-	4050	134,881	4068	-	4086	-	4104	684,911	4122	52,910	4140	-
8	Changes in current ---- year																	
	debit balance activity	a)	4015		4033		4051		4069		4087		4105	424,392	4123	144,281	4141	
	credit balance activity	b)	4016		4034		4052		4070		4088		4106	43,867	4124	908,962	4142	
9	Closing balance end of year at 31.12. --------																	
	debit balance (7a+8a-8b) ≥ 0	a)	4017	-	4035	-	4053	-	4071	-	4089	-	4107	-	4125	-	4143	-
	credit balance (7b-8a+8b) ≥ 0	b)	4018	7,202,622	4036	0	4054	134,881	4072	-	4090	-	4108	304,386	4126	817,591	4144	-

Belgrade,

dana 20.02.2015. godine

Name ENERGOPROJEKT HOLDING PLC,Beograd

RSD thousand

No.	DESCRIPTION		Other results component										EDP	Total capital [Σ (row 1b col.3 to col.15) - Σ(row 1a col.3 to col.15)] ≥ 0	EDP	Losses exceeding capital [Σ(row 1a col.3 to col.15) - Σ(row 1b col.3 to col.15)] ≥ 0
			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 & 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				
1	2			11		12		13		14		15		16		17
1	Opening balance on 01.01. ------	a)														
	debit balance	b)	4145		4163		4181		4199		4217		4235	7,665,770	4244	-
	credit balance		4146		4164		4182		4200		4218	2,274				
2	Adjustment for materially significant errors and changes in accounting policies	a)														
	adjustment of debit balance	b)	4147		4165		4183		4201		4219		4236		4245	-
	adjustment of credit balance		4148		4166		4184		4202		4220					
3	Adjustment of opening balance on 01.01. ------	a)														
	adjustment of debit balance (1a+2a-2b) ≥ 0	b)	4149	-	4167	-	4185	-	4203	-	4221	-	4237	7,665,770	4246	-
	adjustment of credit balance (1b-2a+2b) ≥ 0		4150	-	4168		4186	-	4204	-	4222	2,274				
4	Changes in previous ----- year	a)														
	debit balance activity	b)	4151		4169		4187		4205		4223	23,410	4238		4247	-
	credit balance activity		4152		4170		4188		4206		4224					
5	Closing balance previous year at 31.12. -------	a)														
	debit balance (3a+4a-4b) ≥ 0	b)	4153	-	4171	-	4189	-	4207	-	4225	21,136	4239	8,054,188	4248	-
	credit balance (3b-4a+4b) ≥ 0		4154	-	4172	-	4190	-	4208	-	4226	-				
6	Adjustment for materially significant errors and changes in accounting policies	a)														
	adjustment of debit balance	b)	4155		4173		4191		4209		4227		4240		4249	-
	adjustment of credit balance		4156		4174		4192		4210		4228					
7	Adjustment of opening balance current year at 01.01.--	a)														
	adjustment of debit balance (5a+6a-6b) ≥ 0	b)	4157	-	4175	-	4193	-	4211	-	4229	21,136	4241	8,054,188	4250	-
	adjustment of credit balance (5b-6a+6b) ≥ 0		4158	-	4176	-	4194	-	4212	-	4230	-				
8	Changes in current ----- year	a)														
	debit balance activity	b)	4159		4177		4195		4213		4231	20,560	4242		4251	-
	credit balance activity		4160		4178		4196		4214		4232	910				
9	Closing balance end of year at 31.12. --------	a)														
	debit balance (7a+8a-8b) ≥ 0	b)	4161	-	4179	-	4197	-	4215	-	4233	40,786	4243	8,418,694	4252	-
	credit balance (7b-8a+8b) ≥ 0		4162	-	4180	-	4198	-	4216	0	4234	-				

Belgrade,

dana 20.02.2015. godine

Energoprojekt Holding a.d. * Beograd *

Legal Representative of the Company

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR 2014

Belgrade, 2015

C O N T E N T S

1. COMPANY BACKGROUND

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

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

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

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

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

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

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

General Company Data

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

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

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

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

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

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

- Enjub Ltd.

The following table contains data on the ownership share in subsidiaries.

Equity Investments in Subsidiaries	
Subsidiary	*Ownership share in %*
Energoprojekt Visokogradnja plc.	99.93
Energoprojekt Niskogradnja plc.	100.00
Energoprojekt Oprema plc.	67.87
Energoprojekt Hidroinzenjering plc.	100.00
Energoprojekt Urbanizam i arhitektura plc.	100.00
Energoprojekt Energodata plc.	100.00
Energoprojekt Industrija plc.	62.77
Energoprojekt Entel plc.	86.26
Energoprojekt Garant Ltd.	92.94
Energoprojekt Promet Ltd.	100.00

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

Equity investments in affiliated company (joint venture)	
Affiliated company	*Ownership share in %*
Enjub Ltd.	50.00

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

The average number of employees with the Company in 2014, based on the actual number of employees at the end of each month, is 71 (in 2013: 72).

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

Regular annual financial statements for 2014 that are subject of these Notes are **separate financial statements of the Company** and were approved by the Supervisory Board of the Company on February 26, 2015, at the 30th meeting.

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

2. MANAGEMENT STRUCTURE

Key management of the Company in 2014 included the following persons:

- Vladimir Milovanović - General Manager;
- Dr Dimitraki Zipovski - Executive Manager for finances, accounting and plan;
- Zoran Radosavljević - Executive Manager for corporate projects, development and quality;
- Mr Zoran Jovanović - Executive Manager for legal affairs; and
- Dragan Tadić - Executive Manager for “Real Estate“ projects.

3. OWNERSHIP STRUCTURE

According to records of the Central Securities Depository, the registered ownership structure of Energoprojekt Holding Plc. shares as of December 31, 2014 is presented in the Note 33a.

4. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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

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

- The Framework for the preparation and presentation of financial statements,
- International Accounting Standards – IAS,
- International Financial Reporting Standards - IFRS and related Interpretations, issued by the International Financial Reporting Interpretations Committee, subsequent amendments to these Standards and the related Interpretations, as approved by the International Accounting Standards Committee, the translation of which was adopted and published by the Ministry in charge of finances.

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

Form and contents of the Statistical Annex for Companies, Cooperatives and Entrepreneurs were prescribed by the Rules on the Form and Contents of Statistical Annex for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 127/2014). Amounts in the Statistical Annex are to be presented in RSD thousands, and the number of shares and employees are to be presented as whole numbers.

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

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

- Law on Corporate Income Tax (RS Official Gazette, No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013 and 108/2013, 142/2014);
- Law on Added Value Tax (RS Official Gazette, No. 84/2004, 86/2004, 61/2005, 61/2007, 93/2012, 108/2013, 6/2014, 68/2014, 142/2014 and 5/2015);
- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax (RS Official Gazette, No. 99/2010, 8/2011, 13/2012, 8/2013, 20/2014 and 30/2015);
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax (RS Official Gazette, No. 24/2014);
- Rules on Method of Classification of Non-Current Assets and on Method of Calculation of Depreciation for Taxing Purposes (RS Official Gazette, No. 116/2004 and 99/2010);

- Rules on Transfer Prices and Methods Applied in compliance with the “at arm’s length” principle in determining the price of transactions among related parties (RS Official Gazette, No. 61/2013 and 8/2014).

The Rules on Accounting and Accounting Policies of the Company, as adopted on October 22, 2012 by the Company’s Executive Board and the Rules on the Amendments to the Rules on Accounting and Accounting Policies of the Company No. 10 of January 21, 2013, as well as the Amendments to the Rules on Accounting and Accounting Policies of the Company of January 19, 2015, in the part pertaining to determination of model for measuring property, plants and equipment following the initial recognition (Note 7h) (which includes practical instructions on how to draft financial statements for 2014) were applied in the preparation of financial statements as the legal documents representing the internal regulations of the Company. Other internal documents were also taken into account, such as, for example, the Company’s Collective Agreement regulating employment in the country.

Basic accounting policies applied in preparation of these financial statements were listed in the Note no. 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 financial statements of the Company, deviate from IAS/IFRS in the following aspects:

- Pursuant to the Law on Accounting (RS Official Gazette, No. 62/203) , the financial statements in the Republic of Serbia for the year 2014 are to be presented in the format stipulated by the Rules on the Contents and Form of the Financial Statements Forms for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014), which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by the Revised IAS 1 – “Presentation of Financial Statements“; and
- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

In addition to the above stated, some deviations were due to the different publishing dates of the Standards and the relevant Interpretations thereof, which are subject to continuous modifications, and the effective dates when these Standards and relevant Interpretations thereof come into force in the Republic of Serbia. Thus, for example, the deviations from the Standards came as the consequence of the fact that the published Standards and relevant Interpretations, which came into force, have not yet been officially translated or adopted in the Republic of Serbia; as the consequence of the fact that the published Standards and relevant Interpretations have not yet came 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 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 financial statements for the year 2014, 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).

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

By the date of adoption of the attached 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 came into force, nor have they been officially translated or published by the Ministry, and thus were not applied by the Company:

- Amendments to various Standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2010 - 2012, published by the IASB in December 2013, primarily through removal of inconsistencies and explanations of the texts (effective for annual periods beginning on or after July 1, 2014);
- Amendments to various Standards (IFRS 1, IFRS 3, IFRS 13 and IAS 40) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2011-2013, published by IASB in December 2013, primarily by removing the inconsistencies perceived and by providing explanations of the texts (effective for annual periods beginning on or after July 1, 2014);
- Amendments to various Standards (IFRS 5, IFRS 7, IAS 19 and IAS 34) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2012-2014, published by the IASB in September 2014, primarily through removal of inconsistencies and explanations of the texts (effective for annual periods beginning on or after January 1, 2016);

- Amendments to IAS 19 “Employee Benefits” – Defined benefits’ plans (effective for annual periods beginning on or after July 1, 2014);
- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after January 1, 2018).
- Amendments to IFRS 11 “Joint Arrangements” – Accounting Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 18 “Intangible Assets“ – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after January 1, 2016);
- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after January 1, 2016);
- IFRS 15 “Revenues from Contracts with Customers” (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IAS 16 “Property, Plant and Equipment“ and IAS 41 “Agriculture“ - Agriculture: Bearer Plants as Biological Assets (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 27 “Separate Financial Statements” – Equity Method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 28 “Investments in Associates and Joint Ventures” and IFRS 10 “Consolidated Financial Statements“ – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after January 1, 2016).

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

5. ACCOUNTING PRINCIPLES

The following principles were applied in the preparation of 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.

6. PRIOR PERIOD ERRORS, MATERIAL ERRORS AND CORRECTION OF OPENING BALANCE

Prior period errors 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**.

7. OVERVIEW OF PRINCIPAL 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.

Important accounting policies applied to 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** in financial statements of the Company. In addition to data for the current year, financial statements of the Company contain data from 2013 financial statements as **comparative data.**

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.

7a) 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.

7b) 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

Currency	*December 31, 2014*	*December 31, 2013*
	Amount in RSD	
1 EUR	120,9583	114,6421
1 USD	99,4641	83,1282
1 GBP	154,8365	136,9679

7c) Revenues

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

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

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

Operating revenues 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 valuated: 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 revenues 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 revenues** 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.

7d) 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.

7e) 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 or 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.

7f) 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.

7g) Intangible Assets

Intangible 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 intangible asset, 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 is dependent upon an assessment of whether they are created:

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

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

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

Initial measuring of an intangible asset is performed at its cost (purchase price).

Subsequent measuring of intangible 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 intangible assets is conditional upon estimate that the useful life is:
- Unlimited, or
- Limited.

Intangible 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.

7h) 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.

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.

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.

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).

7i) 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.

7j) Amortisation of Intangible Assets, Property, Plant and Equipment

Asset value (of intangible 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.

7k) Impairment of Intangible Assets, Property, Plant and Equipment

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

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

Recoverable amount is the higher amount of:

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

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

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

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

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

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

7l) 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 that 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.*

7m) 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.

7n) 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.

7o) Financial Instruments

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

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

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

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

- Financial asset or liability at fair value through the profit and loss account,
- Held-to-maturity investments,

- Loans and receivables, and
- Financial assets available for sale.

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

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

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

A financial asset of liability is classified as held for sale, if: it was acquired or created for sale or repurchase in the nearest future, a part of portfolio of identified financial instruments managed jointly and for which there is proof of recent short-term revenue model or derivate (other than the derivate as a hedging instrument).
The Company may indicate that a financial instrument is disclosed through the profit and loss account only if relevant information is obtained, since the inconsistency of measurement or recognition that would occur in the measurement of assets or liabilities or recognition of gains or losses is eliminated or considerably prevented; or a group of financial assets, liabilities or both is managed and performances valuated based on the fair value in accordance with the risk management strategy or investment management strategy and the information on the group is internally collected accordingly and presented to the key management of the Company.

Held-to-maturity investments are non-derivative financial assets with fixed or identifiable payments and fixed maturity that the Company intents 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.

7p) Cash and Cash Equivalents

The most liquid forms of financial assets of the Company are **cash and cash equivalents**, valuated 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.

7q) 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 valuated. If there is no evidence, valuators 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 financial statements.

7r) 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 provisions of IAS 27 – Consolidated and Separate Financial Statements, investments in subsidiary companies, jointly controlled companies and associated legal 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.

7s) 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.

7t) 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 valuated.

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.

7u) 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. FINANCIAL RISKS AND FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

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

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

The following will be presented below:

- Company financial risk profile, or the assessment of the financial risks' structure and level that the Company is exposed to in the course of its operations;
- Measures undertaken to manage the identified financial risks that the Company is exposed to; and
- Capital risk management, which, despite not specifically considered as a financial risk belonging to any of the individual financial risks' category, significantly affects the risk levels of each of the risk types considered.

8a) Credit Risk

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

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

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

The following data is presented in the Tables below:

- The structure of short-term receivables with no impairment in value;
- The structure of short-term receivables with impairment in value; and
- Aging structure of short-term receivables with no impairment.

Structure of short-term receivables with no impairment	In RSD thousand	
	2014	2013
Trade receivables:		
a) Domestic buyers - subsidiary companies		
Energoprojekt Visokogradnja Plc.	233,001	141,690
Energoprojekt Niskogradnja Plc.	8,383	6,739
Energoprojekt Hidroinženjering Plc.	46,603	50,006
Energoprojekt Entel Plc.	8,964	8,511
Energoprojekt Energodata Plc.	30,404	29,006
Energoprojekt Industrija Plc.	74,737	57,568
Energoprojekt Urbanizam i Arhitektura Plc.	17,429	10,611
Energoprojekt Oprema Plc.		7,569
Energoprojekt Garant Ltd.	181	172
Total	*419,702*	*311,872*
b) Domestic buyers - other related parties		
Enjub Ltd.	705	705
Total	*705*	*705*
c) Domestic buyers	37	149
Total	***420,444***	***312,726***
Receivables from specific operations and other receivables:		
Energoprojekt Visokogradnja Plc.	86,403	63,945
Energoprojekt Niskogradnja Plc.	5,279	4,547
Energoprojekt Hidroinženjering Plc.	1,229	812
Energoprojekt Entel Plc.	507	542
Energoprojekt Energodata Plc.	662	3,969
Energoprojekt Industrija Plc.	707	222
Energoprojekt Urbanizam i arhitektura Plc.	100	4,675
Energoprojekt Oprema Plc.	571	252
Energoprojekt Garant Ltd.	471	457
Enjub Ltd.	36,987	24,325
Napred razvoj Plc.	2,881	
Other	1,169	1,422
Total	***136,966***	***105,168***
TOTAL	***557,410***	***417,894***

Domestic trade receivables – subsidiaries pertain to receivables based on service agreements concluded to regulate services rendered to subsidiaries, based on which the Company was presented with blank bills of exchange with authorization as collaterals.

Structure of short-term receivables with impairment	In RSD thousand	
	2014	2013
Receivables from some specific transactions:		
Zekstra Group - Zekstra Ltd. (Notes 17 and 28)	851	
Correction	(851)	
TOTAL		

Aging structure of short-term receivables with no impairment performed	*In RSD thousand*	
	2014	*2013*
Related parties:		
a) Current	43,201	51,231
b) Up to 30 days	14,463	15,947
c) 30 - 60 days	13,915	14,824
d) 60 - 90 days	17,324	21,795
e) 90 - 365 days	129,019	119,762
f) 365 days +	335,401	192,765
Total	*553,323*	*416,324*
Buyers - domestic:		
a) Current	37	50
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +		
Total	*37*	*50*
Other:		
a) Current	419	421
b) Up to 30 days	310	88
c) 30 - 60 days	270	88
d) 60 - 90 days		88
e) 90 - 365 days	139	29
f) 365 days +	2,912	806
Total	*4,050*	*1,520*
TOTAL	***557,410***	***417,894***

Non-due receivables in the total amount of RSD 40.470 thousand include receivables from buyers amounting to RSD 43.657 thousand and are mostly due within 15 days after invoicing date or in accordance with agreed payment terms and conditions.

8b) Market Risk

A 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, first of all in euros.

The sensitivity analysis, presented in the following text, indicates that variations in the exchange rate will affect significantly variations in financial results of the Company. Therefore, we may conclude that the **Company is exposed to the currency risk**.

The following table contains, based on data from the foreign currency sub balance sheet, the book value for monetary assets and liabilities.

Assets in EUR		*Liabilities in EUR*	
2014	*2013*	*2014*	*2013*
16,612,558	**16,572,398**	**270,674**	**2,196,672**

Considering differences in foreign currency sub balance sheets, the following table contains the sensitivity analysis related to the nominal exchange rate growth for dinar of 10% in comparison to foreign currencies. The sensitivity rate of 10 % presents the valuation of maximum reasonably expected changes in foreign currency exchange rates. The sensitivity analysis includes only cash assets, outstanding receivables and outstanding liabilities stated in foreign currency and their translation is adjusted at the end of the period for potential depreciation or appreciation of the functional currency against foreign currencies.

The analysis of the foreign currency sub balance sheet of the Company indicates that the Company is most sensitive to EUR exchange rate fluctuations. The sensitivity analysis was prepared on the premise of equal fluctuation of all relevant currencies.

All variables remaining unchanged, *appreciation of the national currency* would negatively affect current period results through net exchange rate losses between foreign currency assets and liabilities. Therefore, all variables remaining unchanged, depreciation of the *national currency* would positively affect current period results through net exchange rate gains between foreign currency assets and liabilities.

Sensitivity analysis of results in case of depreciation of the national currency 10%	*In RSD thousand*	
	2014	*2013*
NET EFFECT ON THE RESULTS IN THE CURRENT PERIOD	**197,669**	**164,806**

The 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 obligations related to loans with potentially fluctuating interest rates (Belibor).

The interest-bearing structure of **financial assets and liabilities** of the Company with fluctuating interest rate at the balance sheet date is presented in the following Table.

Interest bearing structure of financial assets and liabilities with fluctuating interest rate	*In RSD thousand*	
	2014	*2013*
Interest bearing financial assets with fluctuating interest rate:		
a) Short-term loans granted to related parties	171,859	153,092
b) Long-term housing loans granted to employees	1,509	1,591
c) Housing loans granted to employees with one year maturity	78	78
TOTAL	**173,446**	**154,761**
Interest bearing financial liabilities with fluctuating interest rate:		
Short-term loan - Alpha Banka Plc.	170,000	
TOTAL	**170,000**	**-**

If other variables remain unchanged and if financial assets with fluctuating interest rate are greater than financial liabilities with fluctuating interest rate, the *interest rate growth* will have a positive effect on the current period results, due to positive effects of net interest income. Therefore, if other variables remain unchanged and if financial assets with fluctuating interest rate are less than financial liabilities with fluctuating interest rate, the *interest rate growth* would have an adverse effect on the current period results, due to adverse effects of net interest income.

Due to the presented changes in Company’s financial assets and liabilities with fluctuating interest rates, the sensitivity analysis of the Company to the interest rate growth of 1% is presented in the following Table. The 1% sensitivity rate is the estimate of potentially reasonably expected interest rate fluctuations.

The sensitivity analysis of results in case of interest rate growth of 1%	*In RSD thousands*	
	2014	*2013*
NET EFFECT ON THE CURRENT PERIOD RESULTS	**34**	**1,548**

The sensitivity analysis has showed that the negative change in interest rates (of 1%) bears no significant effect on the change in business results, since the interest bearing financial assets with fluctuating interest rates only slightly exceed the interest bearing financial liabilities with fluctuating interest rate, and it can thus be concluded that the **Company is not exposed to the interest risk**.

In relation to the potential interest risks related to financial obligations, the *supplier risk management policy* as applied in the Company shall be briefly presented below.

As presented in the Table, the interest-bearing structure of financial obligations with fluctuating interest rate, trade payables to suppliers (obligations related to the invoices issued and to non-invoiced obligations), are not included in the group. The basic fact that supports the applied approach is that suppliers usually do not apply default interest in case that the Company is in default. The fact that the default interest is not applied lies in the need to maintain long-term good business relationships between the supplier and the potentially good buyer. Therefore, *the Company is not exposed to any potential interest risks in case of default*.

The key Suppliers according to the obligations as at the balance sheet date are presented in the following Table.

Structure of obligations to suppliers	*In RSD thousand*	
	2014	*2013*
Domestic suppliers (related parties and other companies):		
Energoprojekt Oprema Plc.	12,774	33,886
EPS snabdevanje Ltd.	3,492	3,707
Agency for Investments and Housing	3,114	3,114
Neo Systems	1,335	
Beogradske elektrane Public Utility Company	894	989
Health Protection Institute RTC	444	504
Dedinje	407	407
Other	3,224	16,696
Total	*25,684*	*59,303*
International suppliers (related parties and other companies):		
Encom GmbH Consulting, Engineering&Trading, Germany	16,481	19,604
IATA	2,836	3,211
Other	1,935	77
Total	*21,252*	*22,892*
TOTAL	***46,936***	***82,195***

Most of the other trade payables to Suppliers in 2013, which amounted to RSD 16,696 thousands, consisted of liabilities to Energoprojekt Visokogradnja that amounted to RSD 11,639 thousands, which in 2014 amounted to RSD 298 thousands.

The Company has not received any collateral.

Trade payables to Suppliers were broken down and presented by aging structure in the following Table.

Aging structure of trade payables	In RSD thousand	
	2014	*2013*
Related parties:		
a) Current	479	14,645
b) Up to 30 days	12,788	
c) 30 - 60 days		
d) 60 - 90 days		33,886
e) 90 - 365 days	1,391	9,257
f) 365 days +	15,089	8,168
Total	*29,747*	*65,956*
Domestic suppliers:		
a) Current	7,478	6,638
b) Up to 30 days	1,373	2,735
c) 30 - 60 days	155	422
d) 60 - 90 days	37	42
e) 90 - 365 days	260	
f) 365 days +	3,114	3,114
Total	*12,417*	*12,951*
International suppliers:		
a) Current	4,772	3,288
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +		
Total	*4,772*	*3,288*
TOTAL	***46,936***	***82,195***

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. The Company is not exposed to this kind of risk.

8c) Liquidity Risk

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

The most important liquidity indicators for the Company are presented in the following Table, and specifically:

- Current ratio (ratio of working capital and short-term obligations) indicating the short-term liabilities coverage against working capital;
- Rigorous ratio (ratio of liquid assets that include total working capital reduced by inventories and active accruals; and short-term obligations), indicating the short-term liabilities coverage against liquid assets;
- Operating cash flow ratio (ratio of cash flow increased by cash equivalents and short-term obligations), indicating the short-term liabilities coverage against cash assets; and
- Net working capital (difference in value between the working capital and short-term obligations).

Conclusions on liquidity indicators based on the ratio analysis means, among other things, their comparison to satisfactory general standards, also indicated in the following Table.

Liquidity Indicators	**Satisfactory general standards**	***2014***	***2013***
Current ratio	2:1	5,54:1	3,54:1
Rigorous ratio	1:1	5,48:1	3,37:1
Operating cash flow ratio		0,44:1	0,44:1
Net working capital (in RSD thousand)	Positive value	1,216,152	883,794

The results of the ration analysis indicates that the Company was **liquid** during 2014, meaning that it had no difficulties to fulfil due liabilities and maintain the necessary scope and structure of the working capital and good creditworthiness.

Therefore we emphasize that:

- Considering the dynamic nature of Company's business, the finance department aims to maintain financing flexibility, which means, among other things, to keep existing lines of credit and expand them;
- The management performs continuous monitoring of Company's liquidity reserves that include available unused lines of credit, cash and cash equivalents as well as liquid potentials according to expected cash flows.

8d) Capital Risk Management

The aim of capital risk management is to keep Company's ability to operate indefinitely, in order to provide to Company's owners satisfactory profit whilst maintaining adequate structure of funding sources or good creditworthiness.

Though there are several criteria based on which conclusions on the long-term existence of the Company can be made, profitable operations and satisfactory financial structure are surely some of basic criteria. Though there are several criteria to draw conclusions on the going concern assumption, profitable operations and satisfactory financial structure are surely one of basic criteria.

The best **profitability** indicator is the *return on average own capital employed* that indicates the average return on own assets per dinar invested. In the calculation of this profitability indicator, average own capital is defined as an arithmetic average value at the beginning and at the end of a year.

Profitabilitiy indicators	*In RSD thousand*	
	2014	*2013*
Net profit/loss	43,867	399,088
Average capital:		
a) Capital at the beginning of the year	8,054,188	7,665,770
b) Capital at the end of the year	8,418,694	8,054,188
Total	*8,236,441*	*7,859,979*
Average return rate on own capital at the end of the year	***0.53%***	***5.08%***

In 2014, and contrary to the Company's operational trends so far, a significantly lower net profit has been achieved, which exclusively came as the result of impairment of equity investment od the Energoprojekt Visokogradnja subsidiary, in compliance with the IAS 36 – Impairment of Assets (Note 17), which also caused such low ROE rate (Return on Equity), which would amount to 8.32% had it not been for the impairment of equity investment in the subsidiary company.

Financial structure adequacy is reflected in the amounts and type of debts.

The most important indicators of the Company's financial structure are presented in the following Tables, and specifically:

- The ratio of borrowed funds to total assets, showing coverage per dinar of the company's assets from borrowed sources; and
- The ratio of long-term funds to total assets, showing coverage per dinar of the company's assets from long-term sources.

Financial Structure Indicators	*In RSD thousand*	
	2014	*2013*
Liabilities	268,136	364,481
Total assets	9,103,107	8,705,866
Ratio of borrowed funds to total assets	**0.03 : 1**	**0.04 : 1**
Long-term assets:		
a) Capital	8,418,694	8,054,188
b) Long-term provisions and long-term liabilities	416,277	303,864
Total	*8,834,971*	*8,358,052*
Total assets	9,103,107	8,705,866
Ration of long-term to total assets	**0.97 : 1**	**0.96 : 1**

The net debt ratio indicates the capital coverage against net debt.

Net debt means the difference between:

- Total (long-term and short-term) financial liabilities of the Company (total liabilities reduced by the capital, long-term provisions and deferred tax liabilities of the Company) plus Loss Above Equity, and
- Cash and cash equivalents.

Parameters for the net debt to capital ratio	*In RSD thousand*	
	2014	*2013*
Net debt:		
a) Liabilities	268,136	364,481
b) Cash and cash equivalents	116,713	151,476
Total	*151,423*	*213,005*
Capital	8,418,694	8,054,188
Net debt to capital ratio	**1 : 55.60**	**1 : 37.81**

INCOME STATEMENT

9. OPERATING INCOME

9a) Sales of Products and Services Rendered

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

Struktura prihoda od prodaje proizvoda i usluga	*In RSD thousand*	
	2014	*2013*
Revenues from products sold and services rendered to parent companies and subsidiaries	410,782	395,771
Revenues from products sold and services rendered domestically	70	78
Revenues from products sold and services rendered internationally	143,902	120,510
TOTAL	***554,754***	***516,359***

Revenues generated from the sales of services rendered to parent and subsidiaries in the domestic market are based on services rendered by the Company based on agreements that were approved and adopted by the relevant management bodies of the Company and of its subsidiaries, all in compliance with the relevant legislation and these amount to RSD 410,782 thousands (in 2013: RSD 395,771 thousands), as presented in the following Table.

Revenues structure from products sold and services rendered to parent companies and subsidiaries - domestic	In RSD thousand	
	2014	2013
Energoprojekt Garant Ltd.	1,761	1,696
Energoprojekt Visokogradnja Plc.	72,531	69,881
Energoprojekt Niskogradnja Plc.	90,267	86,969
Energoprojekt Hidroinženjering Plc.	32,623	31,431
Energoprojekt Entel Plc.	87,129	83,945
Energoprojekt Energodata Plc.	8,724	8,405
Energoprojekt Industrija Plc.	19,576	18,861
Energoprojekt Urbanizam i arhitektura Plc.	5,787	5,575
Energoprojekt Oprema Plc.	92,384	89,008
TOTAL	***410,782***	***395,771***

Sales Revenues generated from the sales of finished products and services rendered in the domestic market amounting to RSD 70 thousands (in 2013: RSD 78 thousands) were earned from the sales of flight tickets.

Sales Revenues from the sales of finished products and services rendered in the international market amounting to RSD 143,902 thousands (in 2013: RSD 120,510 thousands) refers to the Agreement on Construction of the Embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, in the cadastre lot No. 313, registered in the Real Estate Cadastre of the Cadastre Zone A00.

9b) Other Operating Income

Structure of other operating income	In RSD thousand	
	2014	2013
Rental income from parent companies, subsidiaries and other related parties	28,084	28,049
Rental income from other companies in the country	802	1,047
Other operating income (externally)	281	5,235
TOTAL	***29,167***	***34,331***

Revenues from the rent collected from parent, subsidiary and other related entities amounting to RSD 28,084 thousand (in 2013: RSD 28,049 thousand), were generated based on renting of the “Samacki Hotel” complex in 24 Batajnicki Drum, which has been rented since 2011 to the Energoprojekt Visokogradnja Company for RSD 23,836 thousand (in 2013: RSD 23,957 thousand) and from the rent of a portion of the Energoprojekt building, which has been rented since 2013 to the Energoprojekt Garant Company for RSD 4,248 thousand (in 2013: RSD 4,092 thousand).

Revenues from the rent collected from other legal entities in the country amounting to RSD 802 thousand, were generated from renting of the roof terrace and ground floor space of the Energoprojekt building to Telekom Srbija Company (in 2013: RSD 1,047 thousand).

Other Operating Income amounting to RSD 281 thousand was generated based on the bonus award of the Aeroflot and Lufthansa Airlines for 2014 for the sales of flight tickets (in 2013: of the total of RSD 5,235 thousands, the majority of RSD 5,078 thousands was generated from reimbursement of expenses from the Napred Razvoj Plc. for the auditor's fee for an extraordinary audit, which concluded that there was no difference in opinion with the regular external auditor concerning the individual and consolidated financial statements of the Company for 2011, which were subject to the extraordinary audit).

10. OWN WORK CAPITALIZED

Structure of own work capitalized	*In RSD thousand*	
	2014	*2013*
Income from own work capitalized	421	495
TOTAL	***421***	***495***

11. COSTS OF MATERIALS, FUEL AND ENERGY

Structure of the costs of material, fuel and energy	*In RSD thousand*	
	2014	*2013*
Material costs:		
a) Other material costs (overheads)	6,416	5,626
b) One-off write-off of tools and inventory costs	389	255
Total	*6,805*	*5,881*
Fuel and energy costs:		
a) Fuel costs	2,402	2,364
b) Electricity and heating costs	16,435	18,075
Total	*18,837*	*20,439*
TOTAL	***25,642***	***26,320***

Other Material Costs (overheads) amounting to RSD 6,416 thousand (in 2013: RSD 5,626 thousand) refer to the costs of office supplies amounting to RSD 2,219 thousand (in 2013: RSD 1,905 thousand), professional and expert literature, magazines, etc. amounting to RSD 1,411 thousand (in 2013: RSD 1,230 thousand) and other material costs amounting to RSD 2,786 thousand (in 2013: RSD 2,236 thousand).

12. COSTS OF SALARIES, FRINGE BENEFITS AND OTHER PERSONNEL EXPENSES

Structure of the costs of salaries, fringe benefits and other personnel expenses	In RSD thousand	
	2014	2013
Costs of salaries and fringe benefits (gross)	153,248	141,315
Taxes and contributions on salaries and contributions on salaries payable by employer	22,058	21,368
Service agreements contributions	3,984	3,161
Copyright agreements contributions	825	160
Contracts on temporary and periodical engagement, contributions	3,358	3,199
Considerations to General Manager and/or Management and Supervisory Board members	9,352	9,074
Other personnel expenses and remunerations	9,685	7,827
TOTAL	***202,510***	***186,104***
Average number of employees	71	72

Other personnel expenses amounting to RSD 9,685 thousand (in 2013: RSD 7,827 thousand) refer to the business trips' expenses amounting to RSD 5,148 thousand (in 2013: RSD 4,281 thousand), Company expenses for employee commuting reimbursements amounting to RSD 2,520 thousand (in 2013: RSD 2,553 thousand), solidarity fund allowances and other employee compensations amounting to RSD 2,017 thousand (in 2013: RSD 993 thousand).

13. COSTS OF PRODUCTION SERVICES

Structure of the costs of production services	In RSD thousand	
	2014	2013
Costs of production services	143,902	120,509
Transportation services' costs	2,585	3,104
Repairs and maintenance services' costs	34,481	53,367
Rental costs	759	530
Trade fair costs	50	258
Advertising costs	12,404	2,973
Costs of other services	10,453	9,810
TOTAL	***204,634***	***190,551***

Costs of production services amounting to RSD 143,902 (in 2013: RSD 120,509 thousand) refer to the completion of the agreement on the construction of the embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the registry of immovable property, cadastral zone A00.

Costs of transportation services amounting to RSD 2,585 thousand (in 2013: RSD 3,104 thousand), refer to the landline costs and mobile phone costs, Internet services, taxi services, parking services, toad tolls, etc.

Costs of maintenance services amounting to RSD 34,481 thousand (in 2013: RSD 53,367 thousand) pertain primarily to ongoing maintenance of the Energoprojekt building amounting to RSD 31,055 thousand (in 2013: RSD 42,778 thousand) and to the ongoing maintenance of equipment amounting to RSD 3,426 thousand (in 2013: RSD 2,281 thousand). In 2013, this item included the maintenance costs for the "Samacki Hotel" complex amounting to RSD 8,308 thousand, as opposed to 2014, when such were not booked as expenses.

Rental costs amounting to RSD 759 thousand (in 2013: RSD 530 thousand) refer to the rent of office space of the Company's branch office in Baghdad, Iraq, amounting to RSD 642 thousand (in 2013: RSD 394 thousand, for the office space rent from June to December) and to the rent of a projector and audio equipment for general meetings of the Company, amounting to RSD 117 thousand (in 2013: RSD 136 thousand).

Advertising costs amounting to RSD 12,404 thousand (in 2013: RSD 2,973 thousand) refer to production of a corporate promo film for the Energoprojekt Company, "Building a Better World" („Gradimo bolji svet" in Serbian), advertising in print media locally and abroad, on the web pages and online, to media presentations, participation in conferences, printing of the Corporate Review and Annual Report, and to other similar costs. Compared with 2013, advertising costs grew due to the production of the corporate promo film and intensified advertising and promotional activities for the Company and for the Energoprojekt Group, both in the country and abroad.

Costs of other services amounting to RSD 10,453 thousand (in 2013: RSD 9,810 thousand) refer primarily to the licensing costs: RSD 4,118 thousand (in 2013: RSD 3,654 thousand), photocopying costs and costs of technical and operational support provided by the Energoprojekt Energodata Company in multimedia presentations, updating and preparation of advertising and promo materials, graphic design services and other: RSD 3,438 thousand (in 2013: RSD 2,742 thousand), utility services: RSD 2,518 thousand (in 2013: RSD 2,301 thousand), safety at work and car registration: RSD 379 thousand (in 2013: RSD 383 thousand).

14. DEPRECIATION COSTS AND COSTS OF LONG-TERM PROVISIONS

Structure of depreciation costs and long-term provisions	In RSD thousand	
	2014	2013
Depreciation costs:		
a) Amortisation of intangible assets (Note 23)	508	290
b) Depreciation of property, plant and equipment (Note 24a)	8,837	9,955
Total	*9,345*	*10,245*
Long-term provisions' costs:		
a) Provisions for contributions and other personnel benefits		704
Total		*704*
TOTAL	***9,345***	***10,949***

Residual value and residual lifetime of property and equipment with significant booking value were appraised as at December 31, 2014. From the aspect of costs' depreciation, compared with the previous year, there were no changes of relevance in 2014.

In 2014, income was booked based on release of long-term provisions for employee benefits and payments (Notes 18a and 34a).

15. NON-PRODUCTION COSTS

Structure of non-production costs	In RSD thousand	
	2014	2013
Costs of non-production services	29,685	22,755
Expense account	6,066	7,305
Insurance premiums costs	1,111	914
Payment operations' costs	1,366	845
Membership fee costs	1,308	1,314
Tax duties	35,349	11,284
Other non-operating costs	8,813	16,863
TOTAL	***83,698***	***61,280***

Costs of non-production services amounting to RSD 29,685 thousand (in 2013: RSD 22,755 thousand), include the costs of audit, attorney fees, consulting and intellectual services, professional training and education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other.

Expense accounts amounting to RSD 6,066 thousand (in 2013: RSD 7,305 thousand), include catering services, gifts for business partners, etc.

Insurance premium costs amounting to RSD 1,111 thousand (in 2013: RSD 914 thousand), refer to the insurance of property and persons.

Costs of payment operations amounting to RSD 1,366 thousand include local costs of payment operations in the amount of RSD 1,359 thousand (in 2013: RSD 809 thousand) and international payment operations costs amounting to RSD 7 thousand (in 2013: RSD 36 thousand).

Membership fee costs amounting to RSD 1,308 thousand include membership fees to Chambers (Serbian Chamber of Commerce) representing a salary expense liability of RSD 234 thousand (in 2013: RSD 429 thousand) and other Chambers' membership fees and Associations' fees in the amount of RSD 1,074 thousand (in 2013: RSD 885 thousand).

Tax duties in the amount of RSD 35,349 thousand (in 2013: RSD 11,284 thousand), refer mostly to the property tax amounting to RSD 35,160 thousand, which increased significantly in comparison to the past year (in 2013: RSD 7,934 thousand), due to the newly introduced method of tax base calculation for property tax for 2014, in compliance with the newly adopted Law on Property Taxes (RS Official Gazette, No. 26/2001; FRY Official Gazette, No. 42/2002 – Federal Constitutional Court Decision, and RS Official Gazette, No. 80/2002, 80/2002 – other law, 135/2004, 61/2007, 5/2009, 101/2010, 24/2011, 78/2011, 57/2012 – Constitutional Court Decision and 47/2013).

Other non-operating costs amounting to RSD 8,813 thousand (in 2013: RSD 16,863 thousand) predominantly refer to services rendered by international companies of Encom GmbH Consulting, Engineering & Trading, Germany, and I.N.E.C. Engineering Company Limited, Great Britain, amounting to RSD 2,685 thousand (in 2013: RSD 9,986 thousand); duties and court expenses amounting to RSD 1,257 thousand (in 2013: RSD 2,489 thousand), and the remaining amount of RSD 4,871 thousand (in 2013: RSD 4,388 thousand) include: printing of the Energoprojekt Company newspaper, cost share in salaries of persons with disabilities, TV subscription fee, etc.

16. FINANCIAL INCOME AND FINANCIAL EXPENSE

16a) Financial Income

Financial income structure	*In RSD thousand*	
	2014	*2013*
Financial income from parent companies and subsidiaries	635,041	337,750
Financial income from other related parties	20,586	11,376
Other financial income:		
a) Income from dividends		2,585
Total		*2,585*
Total financial income from related parties and other financial income	*655,627*	*351,711*
Interest income (from third parties)	14,601	9,112
Income from FX gains and positive effects of FX clauses	25,052	3,708

Financial income from parent companies and subsidiaries amounting to RSD 635,041 thousand (in 2013: RSD 337,750 thousand), refer to interest income from subsidiaries amounting to RSD 33,721 thousand (in 2013: RSD 45,073 thousand); effects of foreign exchange clauses and foreign exchange gains from subsidiaries amounting to RSD 68,834 thousand (in 2013: RSD 14,072 thousand) and to the income from dividends amounting to RSD 532,486 thousand (in 2013: RSD 278,605 thousand) from the following subsidiaries:

- Energoprojekt Garant Ltd. amounting to RSD 43,847 thousand (in 2013: RSD 51,885 thousand);
- Energoprojekt Entel Plc. amounting to RSD 264,593 thousand (in 2013: RSD 148,697 thousand); and
- Energoprojekt Oprema Plc. amounting to RSD 224,046 thousand (in 2013: RSD 78,023 thousand).

Financial income from other related parties amounting to RSD 20,586 thousand (in 2013: RSD 11,376 thousand) refer to interest income amounting to RSD 10,572 thousand and to the effects of foreign exchange clauses amounting to RSD 10,014 thousand from Enjub Ltd.

Interest income (from third parties) amounting to RSD 14,601 thousand (in 2013: RSD 9,112 thousand), predominantly refer to the interest on term deposits amounting to RSD 9,109 thousand (in 2013: RSD 8,734 thousand).

Foreign exchange gains and gains from foreign exchange clauses amounting to RSD 25,052 thousand refer to foreign exchange gains amounting to RSD 9,272 thousand and income generated from gains based on the positive effects of foreign exchange clauses amounting to RSD 15,780 thousand, the major part of which relate to the effects of foreign exchange clauses pertaining to receivables for income that has not yet been invoiced from the Embassy construction in Abuja amounting to RSD 13,267 thousand.

16b) Financial Expense

Financial expense structure	*In RSD thousand*	
	2014	*2013*
Financial expense incurred with parent companies and subsidiaries	1,682	1,830
Financial expense incurred from other related parties		
Expense from share in the loss of affiliates and joint ventures		
Other financial expense		
Total financial expense incurred with related parties and other financial expense	*1,682*	*1,830*
Interest expenses (to third parties)	14,514	14,634
Negative FX differences and expenses incurred from effects of FX clauses (to third parties)	5,404	4,732
TOTAL	***21,600***	***21,196***

Financial expenses incurred with parent companies and subsidiaries amounting to RSD 1,682 thousand (in 2013: RSD 1,830 thousand), relate to expenses incurred from the effects of foreign exchange clauses amounting to RSD 699 thousand and foreign exchange losses incurred with subsidiaries amounting to RSD 983 thousand.

Interest expenses (incurred with third parties) amounting to RSD 14,514 thousand (in 2013: RSD 14,634 thousand), refer predominantly to the interest losses based on the credits approved locally for current liquidity (granted by the Republic of Serbia Development Fund, Komercijalna Banka, Erste bank and Alpha bank) amounting to RSD 14,487 thousand (in 2013: RSD 14,037 thousand).

17. LOSS FROM VALUATION ADJUSTMENTS OF OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

Structure of loss from valuation adjustments of other property carries at fair value through profit or loss	*In RSD thousand*	
	2014	*2013*
Loss from valuation adjustment of long-term financial investments and securities available for sale	641,632	
Loss from valuation adjustment of receivables and short-term financial investments	851	
TOTAL	***642,483***	***0***

Loss from valuation adjustment of long-term financial investments and securities available for sale amounting to RSD 641,632 thousand refer to impairment of Company assets, based on impairment of equity investment of the Energoprojekt Visokogradnja subsidiary as at December 31, 2014, in compliance with IAS 36 – Impairment of Assets, and based on the Report prepared by the Scientific and Research Centre of the Faculty of Economics, University of Belgrade on appraisal of Energoprojekt Visokogradnja capital for implementation of IAS/IFRS as at December 31, 2014.

Loss from valuation adjustment of receivables and short-term financial investments amounting to RSD 851 thousand relate to the correction of value of receivables from a Zekstra Group Company, Zekstra Ltd., Belgrade, as per the inventory count as at December 31, 2014, since the collection of this receivable is uncertain, despite the lawsuit initiated against the buyer in question, due to their frozen accounts.

18. OTHER INCOME AND OTHER EXPENSE

18a) Other Income

Structure of other income	In RSD thousand	
	2014	2013
Income from sales of equity investment and securities		3,689
Income from effects of agreed risk protection that cannot be posted in other comprehensive result		7
Income from cancellation of long-term and short-term provisions	1,208	
Other income	121	160
Income from property, plant and equipment valuation adjustment		19,023
TOTAL	***1,329***	***22,879***

Income from release of long-term and short-term provisions amounting to RSD 1,208 thousand refer to the release of long-term provisions for salaries, fringe benefits and other personnel expenses, in compliance with IAS 19 – Employee Benefits (Note 34a). In 2013, an expense for salaries, fringe benefits and other personnel expenses was booked based on provisions for employee salaries, fringe benefits and other personnel expenses amounting to RSD 704 thousand.

Other income amounting to RSD 121 thousand (in 2013: RSD 160 thousand) refer to the sales of used paper amounting to RSD 100 thousand (in 2013: RSD 160 thousand) and income from reimbursement of lawsuit expenses from the Napred Razvoj Plc. amounting to RSD 21 thousand.

18b) Other Expense

Structure of other expense	In RSD thousand	
	2014	2013
Losses incurred from decommissioning and disposal of intangible assets, property, plant and equipment	1,164	8
Losses incurred from the sales of equity investment and securities	646	
Expenses incurred from direct write-off of receivables	689	596
Other expenses	2,673	2,772
Impairment of property, plant and equipment	19,277	17,918
TOTAL	***24,449***	***21,294***

Losses incurred from the disposal and sales of intangible assets, property, plant and equipment amounting to RSD 1,164 thousand (in 2013: RSD 8 thousand) relate predominantly to the direct write-off of unused facilities in Budva, of the present value amounting to RSD 1,074 thousand, which was introduced in off-balance sheet, with no value, and based on the Decision of the Company Executive Board and adopted inventory count for 2014.

Losses incurred from the sales of equity investment and securities amounting to RSD 646 thousand pertain to the sale of shares of Aik Banka Plc. Nis (518 shares at RSD 1,625 per share).

Expenses incurred from direct write-off of receivables amounting to RSD 689 thousand (in 2013: RSD 596 thousand) pertain predominantly to Energoprojekt Promet Ltd. amounting to RSD 543 thousand (in 2013: RSD 520 thousand).

Other but not mentioned expenses amounting to RSD 2.673 thousand (in 2013: RSD 2,772 thousand) pertain to humanitarian flood relief in Serbia in the amount of RSD 1,268 thousand, to donations amounting to RSD 1,237 thousand (in 2013: RSD 2,759 thousand), to expenses incurred for scientific and athletic purposes in the amount of RSD 148 thousand and to the fines and penalties amounting to RSD 20 thousand.

Impairment of property, plant and equipment amounting to RSD 19,277 thousand refers to impairment of investment property, and specifically of the “Samacki Hotel“ complex and of the business premises of Stari Merkator (in 2013: RSD 17,918 thousand related to the impairment of the “Samacki Hotel“ complex, while based on reduction to the fair value of the “Stari Merkator” business premises, income was booked from adjustment of property value amounting to RSD 19,023 thousand).

19. NET INCOME / LOSS FROM DISPOSAL OF DISCONTINUING OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERRORS

Structure of net income/loss from disposal or discontinuing operations, effects of change in accounting policy and correction of prior period errors	*In RSD thousand*	
	2014	*2013*
Net income from disposal of discontinuing operations, effects of change in accounting policy and correction of prior period errors	6,989	
Net loss from disposal of discontinuing operations, effects of change in accounting policy and correction of prior period errors		657
TOTAL	***6,989***	***(657)***

Net income from disposal of discontinuing operations amounting to RSD 6,989 thousand refers to the corrections of errors from previous years of no material significance, and primarily, to the following:

- Income based on modifications in invoices for property tax expenses for the “Samacki Hotel“ complex for 2011 - 2013, which is, according to the Rent Agreement, to be borne by the tenant, Energoprojekt Visokogradnja Company, in the amount of RSD 6,467 thousand; and
- Income based on invoicing of Napred Razvoj Plc., Belgrade for Company personnel salaries for employees engaged on the occasion of extraordinary audit of Company’s individual and consolidated financial statements for 2011 by UHY EKI Revizija Ltd. Belgrade, based on the shareholders’ request, that is, by the Napred Razvoj Plc. Company Belgrade, amounting to RSD 2,881 thousand. Loss was booked on the same basis, due to the subsidiaries’ debit notes for auditor’s fee for their employees

engaged in the extraordinary audit amounting to RSD 1,554 thousand. The extraordinary audit confirmed that there was no difference of opinion with the regular external auditor concerning the individual and consolidated financial statements of the Company for 2011 which were covered by the extraordinary audit.

20. PROFIT / LOSS BEFORE TAX

Structure of gross result	*In RSD thousand*	
	2014	*2013*
Operating income	583,921	550,690
Operating expenses	525,408	474,709
Operating result	**58,513**	**75,981**
Financial revenues	695,280	364,531
Financial expenses	21,600	21,196
Financial result	**673,680**	**343,335**
Revenues from valuation adjustment of other assets disclosed at fair value through Profit or Loss		
Other revenues	1,329	22,879
Expenses from valuation adjustment of other assets disclosed at fair value through Profit or Loss	642,483	
Other expenses	24,449	21,294
Result of other revenues and expenses	**(665,603)**	**1,585**
Net income from discontinuing operations, changes in accounting policy and correction of errors from prior period	6,989	
Net expense from discontinuing operations, changes in accounting policy and correction of errors from prior period		657
TOTAL INCOME	**1,287,519**	**938,100**
TOTAL EXPENSE	**1,213,940**	**517,856**
PROFIT/LOSS BEFORE TAX	***73,579***	***420,244***

Decrease in the business result achieved in 2014 compared with the past year came as the result of the impairment of equity investment of the Energoprojekt Visokogradnja Company, in compliance with the IAS 36 – Impairment of Assets, amounting to RSD 641,632 thousand (Note 17).

21. PROFIT TAX AND NET PROFIT

Structure of profit tax and net profit	In RSD thousand	
	2014	2013
Profit before tax	73,579	420,244
Capital gains/(losses) in Profit and Loss	-646	3,689
Adjustments and net corrections of revenues/(expenses) in tax balance	109,492	-289,205
Taxable profit	**182,425**	**134,728**
Amount of loss in tax balance from previous years up to the amount of taxable profit		
Other taxable profit	**182,425**	**134,728**
Capital gains/(losses) calculated in compliance with the law	-626	
Capital losses carried from previous years up to the amount of capital profit calculated in compliance with the law		
Other capital gains		
Tax base	**182,425**	**134,728**
Calculated tax (15% of tax base)	27,364	20,209
Total deductions from the calculated tax		607
Calculated tax after deductions	**27,364**	**19,602**
Profit/(loss) before tax	73,579	420,244
Tax loss of the period	27,364	19,602
Deferred tax loss of the period (Note 41)	2,348	1,554
Net profit	***43,867***	***399,088***

22. EARNINGS PER SHARE

Indicator	In RSD thousand	
	2014	2013
Net profit	43,867	399,088
Average number of shares per year	10,931,292	10,931,292
Earnings per share (in RSD)	***4.01***	***36.51***

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

BALANCE SHEET

23. INTANGIBLE ASSETS

In RSD thousand

Structure of intangible assets	Softver and other rights	Intangible assets in preparation	Advance payments for intangible assets	Total
Purchase price				
Balance as at 01/01/2013	2,326	8,837		**11,163**
Correction of opening balance				
Transfer from one form to another				
New purchases			321	**321**
Disposal and decommissioning				
Other				
Balance as at 31/12/2013	**2,326**	**8,837**	**321**	**11,484**
Correction of opening balance				
Transfer from one form to another	8,084	(8,084)		
New purchases	3,149	1,783	90	**5,022**
Disposal and decommissioning	(1,184)			**(1,184)**
Other		(753)		**(753)**
Balance as at 31/12/2014	**12,375**	**1,783**	**411**	**14,569**
Valuation adjustment				
Balance as at 01/01/2013	1,747			**1,747**
Correction of opening balance				
Depreciation	290			**290**
Disposal and decommissioning				
Impairment				
Other				
Balance as at 31/12/2013	**2,037**			**2,037**
Correction of opening balance				
Depreciation	508			**508**
Disposal and decommissioning	(1,159)			**(1,159)**
Impairment				
Other				
Balance as at 31/12/2014	**1,386**			**1,386**
Net book value				
31-12-13	***289***	***8,837***	***321***	***9,447***
31-12-14	***10,989***	***1,783***	***411***	***13,183***

24. PROPERTY, PLANT AND EQUIPMENT

24a) Property, plant and equipment exclusive of investment properties

In RSD thousand

Structure of property, plant and equipment	Buildings	Plant and equipment	Other property, plant and equipment	Advances for property, plant and equipment	Total
Purchase price					
Balance as at 01/01/2013	**919,807**	**94,277**		**42,872**	**1,056,956**
Correction of opening balance					
New purchases during the year		3,869			**3,869**
Other transfers from / (to)				348	**348**
Disposal and decommissioning		-3,998			**-3,998**
Balance as at 31/12/2013	**919,807**	**94,148**		**43,220**	**1,057,175**
Correction of opening balance					
New purchases during the year		2,929			**2,929**
Other transfers from / (to)		-283	283		
Disposal and decommissioning	-4,965	-2,936			**-7,901**
Profit/(loss) included in "Report on Other Result" (group 330)	863,317				**863,317**
Other increases / (decreases)	-384,449			2,381	**-382,068**
Balance as at 31/12/2014	**1,393,710**	**93,858**	**283**	**45,601**	**1,533,452**
Valuation adjustment					
Balance as at 01/01/2013	**402,544**	**66,715**			**469,259**
Correction of opening balance					
Depreciation	89	9,866			**9,955**
Disposal and decommissioning	-14,381	-3,990			**-18,371**
Balance as at 31/12/2013	**388,252**	**72,591**			**460,843**
Correction of opening balance					
Depreciation	88	8,749			**8,837**
Disposal and decommissioning	-3,891	-2,871			**-6,762**
Other increases /decreases	-384,449				**-384,449**
Balance as at 31/12/2014		**78,469**			**78,469**
Net book value					
Balance as at 31/12/2013	***531,555***	***21,557***		***43,220***	***596,332***
Balance as at 31/12/2014	***1,393,710***	***15,389***	***283***	***45,601***	***1,454,983***

On December 31, 201e, the residual value and the remaining useful lifetime for the property and equipment with significant accounting value were evaluated. From the aspect of depreciation costs, there were no relevant changes in 2014 compared with the previous year.

Valuation of the Fair Value of Buildings

In 2014, due to the changes in accounting policies with regard to measuring of buildings after the initial recognition, transition was made from the acquisition price model to the revalorisation model. In compliance with the IAS 8 – Accounting Policies, changes in accounting appraisal and error, upon initial measurement, on the occasion of the transition from the acquisition price model to the revalorisation model, the value of buildings as at December 31, 2013 was not corrected.

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

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

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

The Energoprojekt building was booked at the revalorized value as at December 31, 2014 in the amount of RSD 1,393,710 thousand, in compliance with the valuation performed by an external independent qualified valuator by using the comparative method, and in such a manner that the correction of its value was completely eliminated in the amount of RSD 384,449 thousand, while the purchase price was reduced to the revalorized amount and posted under the Revaluation Reserves Adjustment Account in the amount of RSD 863,317 thousand.

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

According to the inventory country from December 31, 2014, the present value of buildings out of use in Budva was directly written-off in the amount of RSD 1,074 thousand (acquisition cost: RSD 4,965 thousand and correction of value: RSD 3,891 thousand) that was introduced in the off-balance books, without any value (Notes 18b and 42).

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

Building	Opening balance	Depreciation	Impairment (sales, wear and tear, etc.)	Income/(losses) included in "Report on Other Income"	Closing balance
Energoprojekt building	########			863,317	1,393,710
Buildings not in use in Budva	1,162	-88	-1,074		
TOTAL	***531,555***	***-88***	***-1,074***	***863,317***	***1,393,710***

If the revalorized items had been presented according to the purchase price method, their present value would amount to RSD 530,393 thousand.

The Company management was of the opinion that property and equipment value as at December 31, 2014 was not impaired compared with the presented value.

As at December 31, 2014, the Company has no property or equipment mortgaged or liened as collateral for financial obligations.

Advance for property amounting to RSD 45,601 thousand refers to the advance paid to the Republic of Serbia for the purchase of properties in Uganda, Peru and Nigeria.

24b) Investment Property

Investment property	*In RSD thousand*	
	2014	*2013*
Balance as at 01/01/2014	603,717	602,612
Income/(losses) included in Profit or Loss	(19,277)	1,105
Balance as at 31/12/2014	***584,440***	***603,717***

Concerning the investment property, the following amounts were recognized in the income statement:

Income and losses from investment property recognized in Profit or Loss	*In RSD thousand*	
	2014	*2013*
Rental income	28,886	29,096
Direct operational costs from investment property that generated rental income over the year		(8,318)
Direct operational costs from investment property that did not generate rental income over the year	(466)	(544)
TOTAL	***28,420***	***20,234***

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

- The “Samacki Hotel“ complex, with the total area of 8,034.00 m², with the municipal construction land use rights for the total area of 18,598.00 m², in 24 Batajnicki Put Street in Zemun in the amount of RSD 498,887 thousand. The fair value of this investment property as at December 31, 2013 amounted to RSD 511,574 thousand. As at the balance sheet date, a new assessment was performed and its value was reduced by RSD 12,687 thousand.

  Income amounting to RSD 23,836 thousand was generated from the rent of the property in question to Energoprojekt Visokogradnja Company in 2014 (Note 9b).

- The “Stari Merkator” office space with the total area of 643 m², in 5 Palmira Toljatija Street in Novi Beograd in the amount of RSD 85,553 thousand. The fair value of the investment property in question as at December 31, 2013 amounted to RSD 92,143 thousand. As at the balance sheet date, a new assessment was performed and its value was reduced by RSD 6,590 thousand.

  In 2014, this property was not rented. Due to the present inauspicious situation for the rent of property in the Republic of Serbia, it has been quite difficult to find adequate tenant for this property.

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

In RSD thousand

No.	Investment property	Opening balance	Profit / (losses) disclosed in balance sheet	Closing balance
1	"Samacki Hotel" complex	511,574	(12,687)	498,887
2	"Stari Merkator" office space	92,143	(6,590)	85,553
	TOTAL	***603,717***	***(19,277)***	***584,440***

Assessment of Fair Value of Investment Property

The valuation of the fair value of investment property as at December 31, 2014 was performed by an independent valuator who has recognized and relevant professional qualifications and recent relevant work experience with relevant locations and in the field of investment property. Due to the current situation on the property market and the reduced number of sales transactions compared with previous years due to the economic crisis, the valuator has mostly relied on his knowledge of the market and professional judgment and less on the results of comparable transactions in the past.

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

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

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

25. LONG-TERM FINANCIAL INVESTMENTS

Structure of long-term financial investments	*In RSD thousand*	
	2014	*2013*
Equity investments in subsidiaries	5,669,421	5,517,382
Equity investments in affiliates and joint ventures	14,612	14,612
Equity investments in other companies and other securities available for sale	152,507	154,000
Long-term investments in parent companies and subsidiaries	563,771	751,503
Other long-term financial investments	1,510	1,591
Total	*6,401,821*	*6,439,088*
Impairment	(835,608)	(174,326)
TOTAL	***5,566,213***	***6,264,762***

25a) Equity Investments

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

Structure of equity investments	% share	In RSD thousand	
		2014	2013
Equity investments in subsidiaries			
EP Visokogradnja Plc.	99.93%	1,825,076	1,706,767
EP Niskogradnja Plc.	100.00%	1,012,084	1,012,084
EP Oprema Plc.	67.87%	121,316	121,316
EP Hidroinženjering Plc.	100.00%	427,626	399,230
EP Urbanizam i arhitektura a.d.	100.00%	192,642	190,733
EP Promet Ltd.	100.00%	295	295
EP Energodata Plc.	100.00%	194,863	191,438
EP Industrija Plc.	62.77%	61,209	61,209
EP Entel Plc.	86.26%	216,422	216,422
EP Garant Ltd.	92.94%	597,545	597,545
I.N.E.C. Engineering Company Limited, Great Britain	100.00%	70,311	70,311
Encom GmbH Consulting, Engineering & Trading, Germany	100.00%	3,493	3,493
Dom 12 S.A.L., Lebanon	100.00%	924,749	924,749
Zambia Engineering and Contracting Company Limited, Zambia	100.00%	587	587
Energoprojekt Holding Guinee S.A., Guinea	100.00%	1,628	1,628
Energoprojekt (Malesia) Sdn Bhd, Kuala Lumpur	100.00%	19,574	19,574
Impairment		*(715,064)*	*(73,432)*
Total		*4,954,356*	*5,443,949*
Equity investments in affiliates and joint ventures			
Necco Nigerian Engenering and Construction CO LTD, Kano, Nigeria	40.00%	1,063	1,063
Enjub Ltd.	50.00%	13,550	13,550
Impairment		*(1,063)*	*(1,063)*
Total		*13,550*	*13,550*
Equity investments in other companies and other securities held for sale			
a) Banks and financial organizations			
Dunav Ltd.	*0.01%*	*5,814*	*5,814*
Jubmes banka Plc.	*1.41%*	*120,176*	*120,176*
Energobroker Plc.	*17,64%*	*4,371*	*4,371*
Fima see Activist Plc. Beograd	*15.97%*	*16,160*	*16,160*
Aik Banka Plc.	*0,01%*		*1,493*
Impairment		*(119,382)*	*(99,792)*
Total		*27,139*	*48,222*
b) Other companies			
Hotel Bela ladja Plc., Becej	*4.36%*	*5,986*	*5,986*
Impairment		*(99)*	*(39)*
Total		*5,887*	*5,947*
TOTAL		***5,000,932***	***5,511,668***

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

Equity investments - impairment	*In RSD thousand*		
	Gross investment amount	*Impairment*	*Net investment amount*
Equity investments in subsidiaries			
EP Visokogradnja Plc.	1,825,076	641,632	1,183,444
EP Urbanizam i arhitektura Plc.	192,642	44,277	148,365
I.N.E.C. Engineering Company Limited, Great Britain	70,311	7,953	62,358
Energoprojekt Holding Guinee S.A., Guinea	1,628	1,628	-
Energoprojekt (Malesia) sdn bhd, Kuala Lumpur	19,574	19,574	-
Total	*2,109,231*	*715,064*	*1,394,167*
Equity investments in affiliates and joint ventures			
Necco Nigerian Engenering and Construction CO LTD, Kano, Nigeria	1,063	1,063	-
Total	*1,063*	*1,063*	*-*
Equity investments in other companies and other securities held for sale			
a) Banks and financial organizations			
Dunav Ltd.	*5,814*	*5,374*	*440*
Jubmes banka Plc.	*120,176*	*108,008*	*12,168*
Fima see Activist Plc. Beograd	*16,160*	*6,000*	*10,160*
Total	*142,150*	*119,382*	*22,768*
b) Other companies			
Hotel Bela ladja Plc., Becej	*5,986*	*99*	*5,887*
Total	*5,986*	*99*	*5,887*
TOTAL	***2,258,430***	***835,608***	***1,422,822***

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

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

In 2014, the increase in equity investments in Energoprojekt Visokogradnja, Energoprojekt Hidroinzenjering, Energoprojekt Energodata and Energoprojekt Urbanizam i arhitektura compared to the previous year was due to the Decisions passed by the Company Supervisory Boards, on imposed repurchase of stock from all the remaining shareholders of the above listed companies; the price was set in compliance with the provisions of the Companies Law.

Impairment of equity investment in Energoprojekt Visokogradnja for the amount of RSD 641,632 thousand as at December 31, 2014 was performed in compliance with IAS 36 – Impairment of Assets, and based on the Energoprojekt Visokogradnja Equity Assessment Report prepared by the Scientific and Research Centre of the Faculty of Economics of the University of Belgrade for the purpose of implementing IAS/IFRS as at December 31, 2014.

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

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

Equity investment in other companies and securities held for sale are measured at market (fair) value.

The change in the position Securities available for sale came as the result of the sales of Aik Banka Plc. Nis shares (518 shares, at RSD 1,635 per share) and adjustment of the value of shares in Company’s portfolio of shares with their fair value in the secondary securities’ market as at the financial statements date (which are presented in the account for impairment of equity investments and profit and loss from securities available for sale).

The Company has made equity investments in the following Banks, financial institutions and other legal entities with listed shares in the Belgrade Stock Exchange and their fair value was determined based on their current market value at the end of the year on December 31, 2014:

- Dunav Ltd.: 527 shares, with the market value as at the balance sheet day of RSD 836.00 per share;
- Jubmes Banka Plc.: 4,056 shares, with the market value of RSD 3,000.00 per share;
- Fima See Activist Plc., Belgrade: 1,600 shares, with the market value of RSD 6,350.00 per share; and
- Hotel Bela Ladja Plc., Becej: 60,070 shares, with market value of RSD 98.00 per share.

The Company management could not make a reliable assessment of the fair value of their equity investments in the shares of Energobroker Plc. The shares of this Company are not listed and data on their latest market value is not publicly available. The Company’s equity investments in the shares of Energobroker Plc. Company are presented at purchase price in the amount of RSD 4,371 thousand.

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

Financial assets available for sale are presented in RSD.

25b) Long-Term Financial Investments

Structure of long-term investments	In RSD thousand	
	2014	2013
Long-term investments in parent companies and subsidiaries	563,771	751,503
Impairment provision		
Total	*563,771*	*751,503*
Securities held to maturity		
Other long-term financial investments:		
a) Housing loans granted to employees	1,510	1,591
Impairment provision		
Total	*1,510*	*1,591*
Total	***565,281***	***753,094***

Long-term financial investments in parent companies and subsidiaries in the amount of RSD 563,771 thousand refer to the long-term loans granted based on the Loan Rescheduling Agreement from December 31, 2014 concluded with Energoprojekt Visokogradnja Company for the amount of RSD 94,574 thousand with 1% annual interest rate and with Energoprojekt Niskogradnja Company for the amount of RSD 469,197 thousand with 4% annual interest rate and maturity period of 2 years.

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

The long-term housing loans granted to employees that are presented among other long-term financial investments refer to four interest-free housing credits granted to employees, two of which were granted on June 10, 1992 for the repayment period of 38.5 years, and the remaining two loans were granted on November 28, 1995 for the repayment period of 40 years. In compliance with the terms and provisions of the loan agreements and in compliance with the provisions of the Law on Amendments and Addenda to the Law on Housing, the Company performs revalorisation of loan instalments twice a year based on the trends in consumer prices in the Republic of Serbia for the given accounting period. A portion of the long-term financial investments made on this basis with maturity dates up to one year that is being regularly repaid/collected amounts to RSD 78 thousand (Note 30).

26. INVENTORIES

Structure of inventories	In RSD thousand	
	2014	2013
Advances paid for inventories and services		
a) Advances paid for inventories and services to parent companies and subsidiaries	13,352	57,772
b) Advances paid for material, spare parts and inventory	675	412
c) Advances paid for services	115	71
Total	*14,142*	*58,255*
Impairment provision		
TOTAL	***14,142***	***58,255***

Advances paid for inventories and services to parent companies and subsidiaries in the amount of RSD 13,352 thousand refer in the largest part, in the amount of RSD 13,173 thousand to the advances paid to Energoprojekt Oprema Plc. Company based on the Agreement on Construction of Embassy Building of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turn-key project, in the cadastre lot No. 313, registered in the Real Estate Cadastre of the Cadastre Zone A00.

27. TRADE RECEIVABLES

Structure of trade receivables	In RSD thousand	
	2014	2013
Trade receivables domestic - parent companies and	419,702	311,872
Trade receivabless domestic - other related parties	705	705
Trade receivables - domestic (externally)	*37*	*149*
Impairment provision		
TOTAL	***420,444***	***312,726***

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

The Company has not been presented with any collection collaterals for trade receivables domestic – other related parties and domestic (external).

Trade receivables and other receivables from sales bear no interest.

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

Detailed explanations of receivables from sales and aging structure of short-term receivables are presented in Note 8a, and information on adjustments of receivables and liabilities is presented in Note 44.

28. RECEIVABLES FROM SPECIFIC BUSINESS OPERATIONS

Structure of receivables from specific business operations	*In RSD thousand*	
	2014	*2013*
Receivables from specific business operations from parent companies and subisidiaries	92,276	53,163
Receivables from specific business operations from other related parties	1,353	842
Receivables from specific business operations from other companies	3,801	860
Impairment provisions	(851)	
TOTAL	***96,579***	***54,865***

Impairment provisions for receivables from specific business operations are presented in the following Table.

Changes in impairment provisions for receivables from specific business operations	*In RSD thousand*	
	2014	*2013*
Balance as at January 1		
Additional impairment provision	851	
Direct write-off of previously impaired receivables		
Collected impaired receivables		
TOTAL	***851***	***0***

Impairment provision for receivables from specific business operations from other companies (the Zekstra Group – Zekstra Ltd. Belgrade Company) amounting to RSD 851 thousand, which were matured and written-off, was performed in inventory count as at December 31, 2014.

29. OTHER RECEIVABLES

Structure of other receivables	In RSD thousand	
	2014	2013
Interest and dividend receivable:		
a) Interest and dividend receivable from parent companies and subsidiaries	3,653	26,258
b) Interest and dividend receivable from other related parties	35,634	23,483
c) Interest agreed and penalty interest receivable from other companies	122	66
Total	*39,409*	*49,807*
Receivables from employees		110
Receivables for overpaid profit tax	13,126	19,283
Receivables in respect of prepaid taxes and contributions	977	386
Impairment provisions		
TOTAL	***53,512***	***69,586***

Interest and dividend receivables in the amount of RSD 39,409 thousand comprise only of interest receivable and specifically, of the interest receivable from the subsidiaries in the amount of RSD 3,653 thousand, of the interest receivable from other related parties (Enjub Ltd.) in the amount of RSD 35,634 thousand, and from the domestic business banks in the amount of RSD 122 thousand.

When compared with the previous year, the impairment of interest receivable from subsidiaries came as the result of rescheduling of receivables from short-term loans as at December 31, 2014, where the amounts of interest receivable for that date were included in the amounts of principal from the Loan Rescheduling Agreements.

30. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short-term financial investments	In RSD thousands	
	2014	2013
Short-term loans and investments in parent companies and subsidiaries	289,257	254,016
Short-term loans and investments in other related parties	161,527	153,092
Short-term loans and advances - domestic	609	504
Portion of other long-term financial investments with maturity date up to one year (Note 25b)	78	78
Impairment provision		
TOTAL	***451,471***	***407,690***

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

No.	Borrower and Agreement No.	Loan amount in EUR thousand	Remaining receivables from the loan in EUR thousand	Remaining receivables from the loan in RSD thousand	Maturity date	Loan terms and conditions
1	**EP Visokogradnja Plc.**					
	Loan Rescheduling Agreement No. 21	1,637	1,637	198,058	31.12.2015.	4 % annually
	Loan Agreement No.365	85	85	10,332	8.12.2015	3 months' Euribor + 5.3% annually
	Total	1,722	1,722	208,390		
2	**EP Energodata Plc.**					
	Loan Rescheduling Agreement No. 24	350	350	42,355	31.12.2015.	4 % annually
3	**EP Urbanizam i arhitektura Plc.**					
	Loan Rescheduling Agreement No. 2	318	318	38,512	31.12.2015.	4 % annually
Total for subsidiaries		***2,390***	***2,390***	***289,257***		
4	**Enjub Ltd.**					
	Annex 2 to Loan Rescheduling Agreement No. 115	1,198	1,198	144,895	31.12.2014.	3 months' Euribor + 6.5% annually
	Anneks 6 to Loan Agreement No. 367	137	137	16,632	31.12.2014.	3 months' Euribor + 6.5% annually
Total for other related parties		***1,335***	***1,335***	***161,527***		
TOTAL		***3,725***	***3,725***	***450,784***		

The Company has 2 (two) signed blank solo bills of exchange to be filled out by beneficiary to be used as collateral for the collection of payments pursuant to loan agreements concluded with subsidiaries and the joint venture.
In addition to the bills of exchange, the Company has an extrajudicial mortgage for the entire loan amount for apartments in 91A Jurija Gagarina Street in Novi Beograd (Note 43), based on the Annex 6 to the Loan Agreement No. 367 concluded with Enjub Ltd. for the loan amount of RSD 16,632 thousand (EUR 137 thousand).

As collaterals for loan repayment, pursuant to Annex 2 to the Loan Agreement No. 115 concluded with Enjub Ltd. for the loan amount of RSD 144,895 thousand (EUR 1,198 thousand), a mortgage bond was issued (mortgage has not been registered) for real estate (apartments and office space) in 93, 93A and 91A Jurija Gagarina Street.

Loans granted to Enjub Ltd. in the total amount of RSD 161,527 thousand (EUR 1,335 thousand) were rescheduled to be repaid until December 31, 2015.

Domestic short-term credits and loans in the amount of RSD 609 thousand refer to the short-term loans granted to employees as interest-free loans for purchase of heating fuel and winter food supplies. These loans were granted for the period of six months and the employees are repaying them in a timely manner in agreed monthly instalments.

31. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	*In RSD thousand*	
	2014	*2013*
Current (business) account	1,310	17,256
Petty cash		33
Foreign currency account	281	11,959
Foreign currency petty cash	17	
Other cash:		
a) Short term deposits	91,687	70,038
b) Other cash	23,418	52,190
Total	*115,105*	*122,228*
TOTAL	***116,713***	***151,476***

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

Short term deposits in the amount of RSD 91,687 thousand refer to the short term deposits held with business banks in the country (Unicredit Bank, Alpha Bank and Piraeus Bank) with 1 to 3 months' terms, with interest rate ranging from 1% to 2% annually and with the option to terminate the term deposit contract at any given moment. The term deposits are in EUR (EUR 474 thousand) and in USD (USD 345 thousand).

Other cash in the amount of RSD 23,418 thousand refer to the overnight deposits with Alpha Bank.

32. VALUE ADDED TAX AND PREPAYMENTS AND DEFERRED EXPENSES

Structure of prepayments and deferred expenses	*In RSD thousand*	
	2014	*2013*
Prepaid expenses:		
Prepayments:	1,447	1,772
b) Prepaid subscriptions for expert and professional publications	461	573
c) Prepaid insurance premiums	18	34
Total	*1,926*	*2,379*
Receivables for accrued non-invoiced income:		
a) Receivables for accrued non-invoiced income - other companies	328,336	171,314
Total	*328,336*	*171,314*
Other deferred expenses:		
a) Prepaid value added tax	359	2,251
b) Other deffered expenses	806	1,066
Total	*1,165*	*3,317*
TOTAL	***331,427***	***177,010***

Prepayments – parent companies and subsidiaries in the amount of RSD 1,447 thousand refer to prepayments for licensing costs (Energoprojekt Energodata Company) and to the costs of property and personal insurance (Energoprojekt Garant Company).

Receivables on non-invoiced income in the amount of RSD 328,336 thousand refer to the realization of the Agreement on Construction of the Republic of Serbia Embassy Building in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the Real Estate Registry, Cadastral Zone A00.

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

Other prepayments and deferred expenses in the amount of RSD 806 thousand relate to the prepaid membership fees, antivirus software licenses, Internet site access, etc.

33. EQUITY

In RSD thousand

DESCRIPTION	Share capital	Other shareholders' equity	Share issue premiums	Reserves	Revaluation reserves	Unrealized gains/losses on securities	Undistributed profit	Total
Balance as at January 1, 2013	*5,068,144*	*27,178*	*1,600,485*	*134,881*	*43,080*	*2,274*	*789,728*	7,665,770
Net profit for the year							399,088	399,088
Other comprehensive result:								
a) Changes in fair value of financial assets available for sale						-23,410		-23,410
b) Revaluation								
c) Other - levelling of present value, IAS 12 et. al.					9,830			9,830
Total - other comprehensive result					9,830	-23,410		-13,580
Total comprehensive result for 2013					9,830	-23,410	399,088	385,508
Corrections							2,910	2,910
Increase in share capital	506,815							506,815
Profit distribution							-506,815	-506,815
Balance as at December 31, 2013	***5,574,959***	***27,178***	***1,600,485***	***134,881***	***52,910***	***-21,136***	***684,911***	***8,054,188***
Net profit for the year							43,867	43,867
Other comprehensive result:								
a) Changes in fair value of financial assets available for sale						-19,650		-19,650
b) Revaluation					863,317			863,317
c) Other - levelling of present value, IAS 12 et al.					-129,498			-129,498
Total - other comprehensive result					733,819	-19,650		714,169
Total comprehensive result for 2014					733,819	-19,650	43,867	758,036
Corrections					30,862		-30,865	-3
Increase in share capital								
Distribution of profit							-393,527	-393,527
Balance as at December 31, 2014	***5,574,959***	***27,178***	***1,600,485***	***134,881***	***817,591***	***-40,786***	***304,386***	***8,418,694***

33a) Basic Capital

According to the Central Securities, Depository and Clearing House Register, the Company's present ownership structure as at December 31, 2014 is as follows:

	No. of shares	% in total issue	
Shares held by private shareholders	**3.308.505**	**30.27%**	
Shares held by legal entities	**6.919.930**	**63.30%**	
- Republic of Serbia	3.671.205		33.58%
- Other legal entities	3.248.725		29.72%
Summary (custody) account	**702.857**	**6.43%**	
Total shares	**10.931.292**	**100.00%**	

Number of shareholders with equity share	Number of entities			Number of shares			% of total issue		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
To 5%	7.540	237	7.777	4.293.936	741.067	5.035.003	39.28%	6,78%	49.06%
From 5% to 10%	0	0	0	0	0	0	0.00%	0.00%	0.00%
From 10% to 25%	1	0	1	2.225.084	0	2.225.084	20.36%	0.00%	20.36%
From 25% to 33%	0	0	0	0	0	0	0.00%	0.00%	0.00%
From 33% to 50%	1	0	1	3.671.205	0	3.671.205	33.58%	0.00%	33.58%
From 50% to 66%	0	0	0	0	0	0	0.00%	0.00%	0.00%
From 66% to 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
Over 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
Total number	7.542	237	7.779	10.190.225	741.067	10.931.292	93.22%	6.78%	100.00%

List of top 10 shareholders by total shares held:

Name	Number of shares	% of total issue
Serbian Government	3.671.205	33.58%
Napred Razvoj plc New Belgrade	2.225.084	20.36%
East Capital (Lux) – Balkan Fund	370.593	3.39%
Raiffeisen Bank plc – custody	138.721	1.27%
Gustavia Fonder Aktiebelag	100.000	0.91%
Raiffeisen Bank plc Belgrade – custody	92.930	0.85%
Raiffeisen Bank plc – custody	77.977	0.71%
Societe Generale Bank Srbija plc – custody	68.877	0.63%
Unicredit Bank Serbia plc – summary account	63.065	0.58%
Global Macro Capital Opportuni	62.500	0.57%

Serbian Government 33.58%
Other 37.14%
Professional investors 29.27%

Shareholders' equity structure	*In RSD thousand*	
	2014	*2013*
Share capital:		
a) Share capital in parent companies, subsidiaries and other related parties		
b) Share capital (externally)	5,574,959	5,574,959
Total	*5,574,959*	*5,574,959*
Issue premiums	1,600,485	1,600,485
Other share capital	27,178	27,178
TOTAL	***7,202,622***	***7,202,622***

Share capital consists of 10.931.292 ordinary shares with nominal value of RSD 510 (RSD 5,574,959 thousand) and nominal book value of 770.15 RSD.

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

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

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

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

33b) Reserves

Structure of reserves	*In RSD thousand*	
	2014	*2013*
Legally prescribed reserves	23,185	23,185
Statutory and other reserves	111,696	111,696
TOTAL	**134,881**	**134,881**

Until 2004, legal reserves were mandatory and were formed by allocating at least 5% of the profit each year until the reserves reach at least 10% of the equity capital.

The Company's internal legislation, till 2011, defines the statutory reserves, which are prescribed by the General Meeting at the Board's proposal and cannot be less than 5% of the net profit.

33c) Revaluation Reserves Based on Revaluation of Intangible Assets, Property, Plant and Equipment

Structure of revaluation reserves based on revaluation of intangible assets, property, plant and equipment	In RSD thousand	
	2014	2013
Revaluation reserves based on revaluation of property - Energoprojekt building	817,591	52,910
TOTAL	***817,591***	***52,910***

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

- Effects of posting of the fair value of the Energoprojekt building as at December 31, 2014 in the amount of RSD 863,317 thousand (Note 24a);
- Levelling of the present value per m² of the Energoprojekt building in the amount of RSD 98,555 thousand; and
- Posting of 15% profit tax (negative aspect of revaluation reserves) for the amount of deferred tax on the basis of revaluation reserves, in compliance with IAS 12 – Income Taxes, in the amount of RSD 144,281 thousand (Note 41).

Changes in revaluation reserves for property revaluation – Energoprojekt building, compared with the previous year, in the amount of RSD 764,681 thousand refer to the following:

- Increase based on: assessment of the fair value of the Energoprojekt building in the amount of RSD 863,317 thousand and closing of the revaluation reserve in relation to the previously created goodwill in the amount of RSD 30,863 thousand (presented through the undistributed profit from previous years); and
- Decrease based on the implementation of IAS 12 – Income Taxes (15% of the created revaluation reserves in 2014) in the amount of RSD 129,499 thousand.

33d) Unrealized Losses on Securities and Other Components of Other Comprehensive Income (debit balances of accounts of group 33, except 330)

Structure of unrealized losses on securities and other components of other comprehensive result (dugovna salda računa 33 osim 330)	In RSD thousand	
	2014	2013
Loss on securities available for sale	40,786	21,136
TOTAL	***40,786***	***21,136***

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

33e) Undistributed Profit

Structure of undistributed profit	In RSD thousand	
	2014	2013
Undistributed profit from previous years:		
a) Balance as at January 1	684,911	789,728
b) Correction of profit based on income tax	(2)	289
c) Other corrections (IAS 12 et al.)	(30,863)	2,620
d) Profit distribution	(393,527)	(506,814)
Total	260,519	285,823
Undistributed profit from the current year	43,867	399,088
UKUPNO	***304,386***	***684,911***

In the 42nd regular General meeting of the Company held on June 17, 2014, under item 3 of the Agenda, decision was passed on distribution of the total amount of undistributed profit on December 31, 2013 in the amount of RSD 684,911 thousand, and specifically:

- Dividend payment in gross amount of RSD 36.00 per share to the Company shareholders, or in the total amount of RSD 393,527 thousand;
- The remaining portion of the undistributed profit in the amount of RSD 291,384 thousand is to be distributed into the undistributed profit.

Correction of undistributed profit from previous years in the amount of RSD 30,863 thousand refer to closing of revaluation reserve created from goodwill from previous years.

Undistributed profit for current year in the amount of RSD 43,867 thousand refer to the net Company profit in 2014 (Notes 20 and 21).

34. LONG-TERM PROVISIONS

In RSD thousand

Structure of long-term provisions	Compensations and other employee benefits	Other provisions	TOTAL
Balance as at 01/01/2013	5,017	260,000	265,017
Additional provisions	783		783
Used during the year	-745		-745
Cancelling of unused amounts			
Balance as at 31/12/2013	5,055	260,000	265,055
Additional provisions			
Used during the year	-1,559		-1,559
Cancelling of unused amounts	-1,208		-1,208
Balance as at 31/12/2014	**2,288**	**260,000**	**262,288**

34a) Provisions for compensations and other employee benefits

Provisions for compensations and other employee benefits (provisions for non-due retirement bonuses), are indicated based on actuarial calculation of the Energoprojekt Group expert team.

In the projection of provision calculation pursuant to IAS 19 the deductive approach was used, meaning that all the Companies from the Energoprojekt Group were treated as a whole, and based on general regularities and use of the number of employees as a template, allocation to specific Companies was performed. Considering that all subsidiaries are controlled by the same Company, the applied approach is objective and the projection results can be recognized as expected.

53,39% decrease of the provision amount in Energoprojekt, based on current retirement bonus values in the balance sheet as at December 31, 2014 in comparison to the retirement bonus values in the balance sheet as at December 31, 201e, was the result of several changed factors:

- On one hand, changes of some factors affect the increase of the provision amount (increase in the number of employee by 0.13%); and
- On the other hand, changes of some factors affect the decrease of the provision amount (primarily, amendments to the provisions of Collective Agreement, according to which gross amounts of retirement bonuses were cut significantly, which caused a decrease in the average expected retirement bonus by 49.98%; as well as a decrease in the average years of service in the Company by 4.35%).

In addition to the above mentioned, the change in the provision structure per specific Companies came as the result of the change in the aliquot part of the number of employees in specific Companies against the total number of employees in the entire Energoprojekt Group.

By taking into account the relevant provisions of IAS 19, the provision projections procedure was performed by following these steps:

- Firstly, according to employee gender, working experience and years of service in the Company; considering the expected annual fluctuation and mortality rate (estimated annual fluctuation and mortality rate), an estimation was made of the number of employees that will exercise the right to retirement bonus, as well as the period during which this bonus will be paid out;
- Secondly, considering provisions of the Company Collective Agreement, the bonus amount was appraised for each year of service indicated on the balance sheet date; and
- Thirdly, the discount factor, representing the discount rate to expected salary growth ratio, was used to determine the present value of the expected retirement bonus outflows.

The retirement bonus is, as of the beginning of 2015, pursuant to the provisions of the Collective Agreement in force, paid in the Company in compliance with the Article 57 of the Collective Agreement regulating employment in the country, according to which the Employer is to pay to the Employee retirement bonus amounting to two average gross salaries in the Republic of Serbia according to the latest data published by the relevant Republic authority in charge of statistics. In compliance with the legislation in force, the above mentioned amount is non-taxable.

Since the annual discount rate is necessary to determine the present value of (undue) retirement bonuses, as well as the average annual growth of salaries in the Republic of Serbia, these values shall be specified later in the text.

The rate of 9% was accepted as the **annual discount rate**.

In the paragraph 78, IAS 19 and paragraph BC 33 in the Basis for Conclusions IAS 19, it is explicitly stated that the rate used for discount should be defined according to market yields at the balance sheet date for high yield corporate bonds. In countries where there is no developed market for such bonds, market yields (at the balance sheet date) for government bonds should be used. The currency and term of the bonds should be consistent with the currency and estimated term of the post-employment benefit obligations.

Since the financial market of Serbia is insufficiently developed, the actual annual yield from the purchase of government bonds with the Republic of Serbia as the guarantor should be used as a reference for the determination of the discount rate as at the balance sheet date. In compliance to the above stated, the discount rate was determined according to the annual yield of government bonds issued on December 22, 2014 by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia. These bonds were issued with an annual interest rate of 8.00%. Since the maturity of the reference securities (of 373 days) is shorter than the average estimated maturity the benefit payment that is the subject of this calculation, in view of requirements from paragraph 81, IAS 19, the discount rate was estimated considering longer maturity.

The annual expected salary growth in the Republic of Serbia was planned at the level of 6%.

The annual discount rate and annual salaries' growth depend on inflation rate.
The Memorandum of the National Bank of Serbia on the target inflation rates by 2016, adopted at the meeting of the National Bank of Serbia Executive Board on October 18, 2013, among other things, determines the target inflation rate for 2014 of 4%, with permissible deviation (positive and negative) of 1.5 percentage points. According to the above stated, and taking into account the significant decrease in inflation rate in 2014, it would be most realistic to plan the inflation rate for the following year on the level of the target inflation rate as stipulated in the Memorandum.

The provision will thus be estimated according to the planned annual inflation rate of 4%. From the above stated, it can be concluded that the planned long-term annual growth in real salaries in the Republic of Serbia is 2%, and that the long-term annual real discount rate was planned at the level of 5%. In estimating the expected long-term real growth of salaries in the Republic of Serbia, the IMF estimate of the growth in domestic product in the Republic of Serbia over the future period was primarily used.

If the inflation rate would change in the future, the applied logic would result in the change of nominal wages, but also in the discount rate (that is predominantly defined by the inflation rate), so that the change would not lead to the change in results presented in this document. The methodology used, indicating the long-term planned annual growth of wages in the Republic of Serbia of 6% and long-term annual discount rate of 9%, assumes the same, unchanged inflation rate in future. This assumption is requested in the paragraph 75 of IAS 19.

34b) Other Long-Term Provisions

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

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

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

On December 31, 2014, 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.

35. LONG-TERM LIABILITIES

Structure of long-term liabilities	*interest rate*	*In RSD thousand*	
		2014	*2013*
Long-term loans, domestic	9% per annum		16,667
TOTAL			***16,667***
Portion of long-term liabilities with up to 1 year maturity		16,667	

The Company has no liabilities from the long-term loans as at December 31, 2014. In 2013, the Company presented a liability for a long-term loan from domestic banks - Komercijalna Bank Plc. in the amount of RSD 16,667 thousand (granted in RSD), which was, on December 31, 2014, presented in the position Part of long-term liabilities with maturity up to one year (Note 36b).

36. SHORT-TERM FINANCIAL LIABILITIES

Structure of short-term financial liabilities	In RSD thousand	
	2014	2013
Short-term loans, domestic	170,000	
Other short-term financial liabilities:		
a) Portion of long-term liabilities with up to 1 year maturity	16,667	229,538
b) Other short-term financial liabilities	348	260
Total	17,015	229,798
TOTAL	***187,015***	***229,798***

36a) Short-term loans - domestic

Structure of short-term loans - domestic	Interest rate	In RSD thousand	
		2014	2013
Short-term loans granted by banks domestically:			
Loans in RSD	*Monthly Belibor+1.35% annually*	170,000	
TOTAL		***170,000***	***0***

Short-term loans – domestic, in the amount of RSD 170,000 thousand refer to liabilities from the short-term loans regulated by the Agreement on Framework Multipurpose Multi-Currency Revolving Credit Limit granted by the Alpha Bank Plc. (in RSD), with interest rate of one month Belibor + 1.35% annually. Company bills of exchange and guarantees issued by the Energoprojekt Oprema Company, Energoprojekt Visokogradnja Company and Energoprojekt Niskogradnja Company were provided as collaterals.

36b) Other Short-Term Financial Liabilities

Structure of long-term liabilities with up to 1 year maturity	In RSD thousand	
	2014	2013
Portion of long-term loans domestic with up to one year maturity	16,667	229,538
Total	*16,667*	*229,538*
Other short-term financial liabilities:		
a) Liabilities on short-term securities		
b) Other short-term financial liabilities	348	260
Total	*348*	*260*
TOTAL	***17,015***	***229,798***

A part of the long-term loans domestic with maturity not exceeding one year in the amount of RSD 16,667 thousand relates to the long-term loan for working capital granted by the Komercijalna Bank on December 27, 2013 in the amount of RSD 50,000 thousand.
The loan was granted under the following terms:

- Maturity period of 15 months from the loan disbursement date with a grace period. The grace period for the principal is up to 6 months from the loan disbursement date;
- Interest rate is fluctuating and is 9% per annum on the loan approval date;
- Loan repayment is in equal monthly instalments starting from July 31, 2014. The final instalment is due and payable on March 31, 2015.

Company bills of exchange and guarantees issued by the Energoprojekt Visokogradnja Company, Energoprojekt Niskogradnja Company and Energoprojekt Hidroinzenjering Company were provided as loan repayment collaterals.

The entire amount of long-term loans domestic with maturity period not exceeding one year as at December 31, 2013 in the amount of RSD 229,538 thousand was repaid completely in 2014.

Other short-term financial liabilities in the amount RSD 348 thousand refer to the liabilities for expenses paid by using the business Visa cards, which were paid in January 2015.

37. RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY

Structure of received advances, deposits and caution money	*In RSD thousand*	
	2014	*2013*
Advances received from other companies in the country		660
TOTAL	***0***	***660***

38. LIABILITIES FROM OPERATIONS

Structure of liabilities from operations	*In RSD thousands*	
	2014	*2013*
Trade payables - domestic parent companies and subsidiaries	13,268	46,353
Trade payables - foreign parent companies and subsidiaries	16,480	19,604
Trade payables - domestic	12,416	12,950
Trade payables - foreign	4,772	3,288
TOTAL	***46,936***	***82,195***

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

Structure of liabilities from operations per currencies	*In RSD thousand*	
	2014	*2013*
RSD	15,240	27,356
EUR	29,760	77
USD	1,936	54,762
TOTAL	***46,936***	***82,195***

Aging structure of trade payables is presented in the Note 8b.

Trade payables are exclusive of interest and with payment currency maturity periods ranging from 5 to 30 days.

Company management is of the opinion that the disclosed value of liabilities from operations reflects their fair values as at the balance sheet date.

39. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	*In RSD thousand*	
	2014	*2013*
Liabilities from specific operations:		
a) Liabilities from specific operations - parent companies and		83
b) Liabilities from specific operations - other companies		48
Total	*-*	*131*
Liabilities for salaries, fringe benefits and compensations	12,951	12,928
Other liabilities:		
a) Liabilities for interest and financing costs	548	139
b) Liabilities for dividends	11,838	11,810
c) Liabilities to employees	232	846
d) Liabilities to General Manager, or to Management and Supervisory Boards' members	492	475
e) Liabilities to physical persons on contractual compensations	479	353
f) Other various liabilities	1,193	1,652
Total	*14,782*	*15,275*
TOTAL	***27,733***	***28,334***

Liabilities for salaries and contributions for salaries in the amount of RSD 12.951 thousand refer to the liabilities (net, taxes and contributions) for December salary that the Company paid in January 2015.

Liabilities for dividends in the amount of RSD 11,838 thousand refer primarily to the liabilities from previous years that still remain unpaid since there is no exact data on persons holding shares and those to whom dividends should be paid.

Other liabilities in the amount of RSD 1,193 thousand refer predominantly to withholding from net wages (based mostly on loans granted by employees, union fees, etc.).

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

40. LIABILITIES FOR VALUE ADDED TAX, LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES AND ACCRUALS

40a) Liabilities for Value Added Tax

Liabilities for value added tax	*In RSD thousand*	
	2014	*2013*
Liabilities for value added tax	5,540	5,887
TOTAL	***5,540***	***5,887***

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

40b) Liabilities for Other Taxes, Contributions and Other Duties

Liabilities for other taxes, contributions and other duties	*In RSD thousand*	
	2014	*2013*
Liabilities for other taxes, contributions and other duties	688	902
TOTAL	***688***	***902***

Liabilities for other taxes, contributions and other duties in the amount of RSD 688 thousand refer to the contributions for considerations to Supervisory Board members: RSD 505 thousand; liabilities for income tax on dividends: RSD 97 thousand; taxes and contributions for agreements on temporary and periodical engagements: RSD 71 thousand; liabilities for utility fees for displaying company name: RSD 13 thousand; and to the employee transportation tax: RSD 2 thousand.

The amount of RSD 591 thousand was paid of the total amount of liabilities for taxes, contributions and other duties of RSD 688 thousand in January 2015 (only the liabilities for income tax on dividends for unpaid dividends remained unsettled in the amount of RSD 97 thousand – Note 39).

40c) Accruals

Liabilities for other taxes, contributions and other duties	*In RSD thousand*	
	2014	*2013*
Costs calculated in advance:		
a) Precalculated costs - parent companies, subsidiaries and other related parties	24	
b) Precalculated costs - other companies	200	38
TOTAL	***224***	***38***

41. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities	*In RSD thousand*	
	2014	*2013*
Deferred tax assets	3,893	3,759
Deferred tax liabilities	157,882	25,901
Net effect of deffered tax assets (liabilities)	**(153,989)**	**(22,142)**

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

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

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

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

Changes in deferred tax assets balances during the year were as follows:

In RSD thousand

Deferred tax assets	Tax value exceeding the accounting value in intangible assets, plant and equipment	Capital loss in investment property	Provisions for retirement bonuses	Unpaid public taxes	Total
Balance as at 01.01.2013	**1,781**	**991**	**752**	**34**	**3,558**
Debit/credit to Profit or Loss	490	(303)	6	8	**201**
Direct debit to equity					
Balance as at 31.12.2013	**2,271**	**688**	**758**	**42**	**3,759**
Debit/credit to Profit or Loss	(96)	686	(415)	(41)	134
Direct debit to equity					
Balance as at 31.12.2014	**2,175**	**1,374**	**343**	**1**	**3,893**

Changes in deferred tax liabilities balances during the year were as follows:

In RSD thousand

Deferred tax liabilities	Accounting value exceeds tax value in property	Capital gains in investment property	Total
Balance as at 01.01.2013	**18,205**	**4,011**	**22,216**
Debit/(credit) to Profit or Loss	2,462	(707)	1,755
Direct debit to equity	2,157	(227)	1,930
Balance as at 31.12.2013	**22,824**	**3,077**	**25,901**
Debit/(credit) to Profit or Loss	2,405	77	2,482
Direct debit to equity	129,499		129,499
Balance as at 31.12.2014	**154,728**	**3,154**	**157,882**

Summary of changes in Company deferred tax liabilities balance is presented in the following Tables.

Balance and changes in balance of deferred tax liabilities	*In RSD thousand*	
	2014	*2013*
Balance of deferred tax liabilities at the end of the previous year	22,142	18,658
Balance of deferred tax liabilities at the end of the current year	153,989	22,142
Change in the balance of deferred tax liabilities	**(131,847)**	**(3,484)**

Change in the balance of deferred tax liabilities	*In RSD thousand*	
	2014	*2013*
Deferred tax expenses for the period	(2,348)	(1,554)
Revaluation reserves	(129,499)	(2,157)
Undistributed profit from previous year		227
TOTAL	**(131,847)**	**(3,484)**

Based on changes in balances of deferred tax assets and deferred tax liabilities in 2014, it can be concluded that there was an increase in deferred tax liabilities in the net effect compared with the previous year, in the amount of RSD 131,847 thousand, which was debited to:

- The net results for 2014 (deferred tax expenses for the period) in the amount of RSD 2,348 thousand, and
- The Company's equity (revaluation reserves) in the amount of RSD 129,499 thousand, based on the disclosed increase in value of the Energoprojekt building in the amount of RSD 863,317 thousand (Notes 24a and 33c).

42. OFF BALANCE SHEET ASSETS AND OFF BALANCE SHEET LIABILITIES

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

Structure of off-balance sheet assets and liabilities	*In RSD thousand*	
	2014	*2013*
Received sureties, guarantees and other rights	3,024	2,866
Provided sureties, guarantees and other rights	16,863,609	12,836,627
Received mortgages and other rights	16,632	15,764
Other off-balance sheet assets/liabilities	4,463,529	921,065
TOTAL	***21,346,794***	***13,776,322***

Received guarantees, sureties and other warranties in the amount of RSD 3,024 thousand refer to:

- Liability for received guarantee for timely settlement of liabilities for flight tickets in the amount of RSD 3,024 thousand (EUR 25 thousand) that expires on January 20, 2015, and is renewed quarterly (Alpha Bank).

Issued guarantees, sureties and other warranties amounting to RSD 16,863,609 thousand refer to the following:

- Guarantees issued for credits and guarantees for subsidiaries amounting to RSD 14,874,327 thousand; and
- Corporate guarantees issued to Energoprojekt Niskogradnja amounting to RSD 1,989,282 thousand (guarantees for the following projects: BBVA - PERU amounting to RSD 1,392,497 thousand and BANCO FINANCIERO - PERU amounting to RSD 596,785 thousand).

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

Received mortgages and other rights amounting to RSD 16,632 thousand pertain to the mortgage on Enjub Ltd. apartments, arising from the Loan Agreement regulating the loan approved to Enjub Ltd. (Note 43).

Other off-balance sheet assets/liabilities amounting to RSD 4,463,529 thousands include the following:

- The right to use the municipal construction land – in Block 25 and Block 26 in Novi Beograd, amounting to RSD 4,433,087 thousand;
- Dividends receivables from Enjub Ltd., which were directly written-off in the previous accounting period in the amount of RSD 30,442 thousand, and
- Unused construction facilities in Budva that were directly written-off in the reporting period and presented in the off-balance records without any value (Note 18b).

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

As collateral to secure the repayment of loan pursuant to the Annex No. 6 of the Loan Agreement No. 367, in the amount of RSD 16,632 thousand (EUR 137 thousand), approved 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 a collateral to secure the repayment of the loan pursuant to the Annex No. 2 to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 144,895 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.

44. RECONCILIATION OF CLAIMS AND LIABILITIES

The Company reconciled its domestic and international trade receivables as at December 31, 2014.

Of the total of twenty-four *domestic buyers*, as at December 31, 2014, with trade receivables amounting to RSD 517,023 thousand, RSD 516,677 thousand was reconciled and the amount of RSD 346 thousand remained unreconciled (Energoprojekt Industrija: RSD 215 thousand, Energoprojekt Visokogradnja: RSD 70 thousand and Energoprojekt Niskogradnja: RSD 61 thousand), due to differences in periods in which these transactions were recorded, which were reconciled in the beginning of 2015.

The Company reconciled its trade receivables as at:

- June 30, 2014,
- September 30, 2014, and
- December 31, 2014.

Each one of the total of 39 account balances received from *domestic suppliers and banks* in 2014 amounting to RSD 423,684 thousand were reconciled.

45. TRANSACTIONS WITH RELATED PARTIES

In compliance with the requirements from the IAS 24 – Related Parties Disclosures, relationship, transactions, etc. between the Company and its related parties are disclosed below. From the Company's point of view, the related parties are: **subsidiaries, affiliated companies, joint ventures and key management** (persons with authorizations and responsibilities for planning, direction and control of the activities of an entity, either directly or indirectly, including all the directors, regardless if executive or not) and their immediate family members.

From the point of view of the **related parties**, transactions resulting in revenues and expenses in the income statement and in the disclosed receivables and liabilities (for the purpose of disclosure of relationships with the related parties, we included all the balances in the Company assets within it) in the balance sheet are presented in the following two Tables.

Receivables and expenses from related parties	*In RSD thousand*	
	2014	*2013*
Receivables:		
a) EP Garant Ltd.	49,854	57,673
b) EP Visokogradnja Plc.	139,685	109,551
c) EP Niskogradnja Plc.	138,281	123,119
d) EP Hidroinženjering Plc.	34,940	31,817
e) EP Entel Plc.	351,871	232,694
f) EP Energodata Plc.	14,196	10,715
g) EP Industrija Plc.	23,060	19,407
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.	9,794	8,933
j) EP Oprema Plc.	318,673	167,642
k) I.N.E.C. Engineering Company Limited, Great Britain	16	18
l) Encom GmbH Consulting, Engineering & Trading		
m) Enjub Ltd.	20,586	11,376
Total	*1,100,956*	*772,945*
Expenses:		
a) EP Garant Ltd.	1,129	573
b) EP Visokogradnja Plc.	652,473	30,766
c) EP Niskogradnja Plc.	5,067	5,207
d) EP Hidroinženjering Plc.	279	56
e) EP Entel Plc.	480	611
f) EP Energodata Plc.	15,607	13,684
g) EP Industrija Plc.	131	49
h) EP Promet Ltd.	543	520
i) EP Urbanizam i arhitektura Plc.	2,060	2,483
j) EP Oprema Plc.	159,140	136,725
k) I.N.E.C. Engineering Company Limited, Great Britain	1,354	1,334
l) Encom GmbH Consulting,Engineering&Trading, Germany	2,314	8,800
m) Enjub Ltd.		
Total	*840,577*	*200,808*
TOTAL	***1,941,533***	***973,753***

Out of the total expenses from Energoprojekt Visokogradnja amounting to RSD 652,473 thousand, the amount of RSD 641,632 thousand pertains to expenses arising from impairment of equity investment of Energoprojekt Visokogradnja in compliance with IAS 36 – Impairment of Assets (Note 17).

Receivables and liabilities from related parties	*In RSD thousand*	
	2014	*2013*
Receivables:		
a) EP Garant Ltd.	652	629
b) EP Visokogradnja Plc.	622,367	482,410
c) EP Niskogradnja Plc.	482,860	674,028
d) EP Hidroinženjering Plc.	47,832	50,818
e) EP Entel Plc.	9,471	9,053
f) EP Energodata Plc.	74,011	68,042
g) EP Industrija Plc.	75,444	57,790
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.	56,041	46,383
j) EP Oprema Plc.	13,744	65,430
k) I.N.E.C. Engineering Company Limited, Great Britain		
l) Encom GmbH Consulting,Engineering&Trading, Germany		
m) Enjub Ltd.	199,220	178,122
Total	*1,581,642*	*1,632,705*
Liabilities:		
a) EP Garant Ltd.	19	
b) EP Visokogradnja Plc.	298	11,639
c) EP Niskogradnja Plc.	176	26
d) EP Hidroinženjering Plc.		
e) EP Entel Plc.		15
f) EP Energodata Plc.		787
g) EP Industrija Plc.		83
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.		
g) EP Oprema Plc.	12,774	33,886
j) EP Oprema Plc.		
k) I.N.E.C. Engineering Company Limited, Great Britain		
l) Encom GmbH Consulting,Engineering&Trading, Germany	16,480	19,604
m) Enjub Ltd.		
Total	*29,747*	*66,040*
TOTAL	***1,611,389***	***1,698,745***

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

Liabilities to the related parties arise primarily from the purchase transactions and have maturity periods from 5 to 30 days following the purchase date. Presented liabilities are exclusive of interest accrued.

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.

The number and estimated values of lawsuits with the Company as the defendant and not very small probability for the Company to lose the case are presented in the following Table. The disclosed lawsuits' amounts with the contingent liability as at December 31, 2014 include only the principal amount per case.

Plaintiff	The first instance proceedings	The second instance proceedings	Total
No. of lawsuits			
Physical person	3	4	7
Legal person	3		3
TOTAL	**6**	**4**	**10**
In RSD thousand			
Physical person		37,099	37,099
Legal person	89,394		89,394
TOTAL	**89,394**	**37,099**	**126,493**

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

Plaintiff	Basis for claim	Contingent liability in RSD thousand
New company	Establishment of land ownership right (IN Hotel)	-
Raonic Milan	Copyright infringement	36,016
Belgrade Land Development Public Agency	Debt and compensation for land (Hotel Hyatt Regency Beograd)	uncertain
Marko Martinoli	Compulsory redemption of shares	639
Belim Plc. In liquidation	Unfounded gains	89,394
Sreta Ivanisevic	Compensation for expropriated property (Bezanija)	uncertain
Vladan and Tomislav Krdzic	Damage compensation (for the amount of free shares that they did not acquire)	444
Goran Rakic	Establishment of ownership right	-
Pavle, Radmila and Milan Kovacevic	Compensation for expropriated land (Block 26)	-
Rajko Ljubojevic	Expropriation	-
TOTAL		**126,493**

In addition to the above stated, an out-of-court proceeding is underway in which a number of minority Energoprojekt Niskogradnja Plc. shareholders contested the prices of shares paid to them by the Company as the majority shareholder (the Company conducted the procedure of compulsory redemption of shares of the said issuer, in compliance with the procedure laid down in the Law on Companies, on the basis of the Decision of the Energoprojekt Niskogradnja Plc. Beograd Assembly from December 6, 2013). The second instance procedure before the Commercial Court of Appeal is underway.

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

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

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

Defendant	The first instance proceedings	The second instance proceedings	Total
No. of lawsuits			
Physical person			
Legal person	4	1	*5*
TOTAL	**4**	**1**	**5**
In RSD thousand			
Physical person			
Legal person	208,851		208,851
TOTAL	**208,851**		**208,851**

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

Defendant	Basis of claim	Contingent claims in RSD thousand
Stari Grad Municipality	Establishment of ownership right	-
Beogradsko mesovito preduzece Plc. (BMP)	Determining of BMP shares' value	-
Zekstra grupa Ltd.	Damage compensation (roof repair works in 38 Goce Delceva Street)	851
Republic of Serbia, EPS Srbije, Epsturs Ltd. and Republic of Montenegro	Determining of ideal ownership share in the "Park“ Hotel in Budva	-
The City of Belgrade, Belgrade Land Development Public Agency, Republic of Serbia	Debt (Arena)	208,000
TOTAL		**208,851**

It should be noted here that a correction of value of receivable from the Zekstra Grupa Ltd. Was performed in 2014 amounting to RSD 851 thousand.

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

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 February 23, 2015

Legal Representative of the
Company

Vladimir Milovanovic, Dipl. Ing.

2. IDEPENDENT AUDITOR'S REPORT (complete report)

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This is an English translation of Independent Auditor's Report originally issued in Serbian language

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ENERGOPROJEKT HOLDING a.d. BELGRADE

We have audited the accompanying financial statements of Energoprojekt Holding a.d. Belgrade (hereinafter: the "Company") which comprise the balance sheet as of 31 December 2014, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting regulations prevailing in the Republic of Serbia, based on the Law on Accounting ("Official Gazette of the Republic of Serbia", no. 62/2013), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with the accounting regulations prevailing in the Republic of Serbia based on the Law on Accounting.

Belgrade, 25 February 2015

Društvo za reviziju BDO d.o.o. Beograd

Igor Radmanovic
Certified Auditor

Name ENERGOPROJEKT HOLDING PLC,Beograd

BALANCE SHEET
as at 31.12.2014.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 20 .	Opening balance on 01.01.20
1	2	3	4	5	6	7
	ASSETS					
00	**A. SUBSCRIBED CAPITAL UNPAID**	0001		-	-	-
	B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)	0002		7,618,819	7,474,258	-
01	I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003	23	13,183	9,447	-
010 & part 019	1. Investments in development	0004		-	-	-
011, 012 & part 019	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	23	10,989	289	-
013 & part 019	3. Goodwill	0006		-	-	-
014 & part 019	4. Other intangible assets	0007		-	-	-
015 & part 019	5. Intangible assets in progress	0008	23	1,783	8,837	-
016 & part 019	6. Advances paid on intangible assets	0009	23	411	321	-
02	II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		2,039,423	1,200,049	-
020, 021 & part 029	1. Land	0011		-	-	-
022 & part 029	2. Buildings	0012	24a)	1,393,710	531,555	-
023 & part 029	3. Plant and equipment	0013	24a)	15,389	21,557	-
024 & part 029	4. Investment property	0014	24b)	584,440	603,717	-
025 & part 029	5. Other property, plant and equipment	0015	24a)	283	-	-
026 & part 029	6. Property, plant and equipment in progress	0016		-	-	-
027 & part 029	7. Investments in property, plant and equipment, not owned	0017		-	-	-
028 & part 029	8. Advances paid on property, plant and equipment	0018	24a)	45,601	43,220	-
03	III. NATURAL ASSETS (0020+0021+0022+0023)	0019		-	-	-
030, 031 & part 039	1. Forests and growing crops	0020		-	-	-
032 & part 039	2. Livestock	0021		-	-	-
037 & part 039	3. Natural assets in progress	0022		-	-	-
038 & part 039	4. Advances paid for natural assets	0023		-	-	-
04, excl. 047	IV. LONG TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024	25	5,566,213	6,264,762	-
040 & part 049	1. Shares in subsidiaries	0025	25a)	4,954,356	5,443,949	-
041 & part 049	2. Shares in affiliated companies and joint ventures	0026	25a)	13,550	13,550	-
042 & part 049	3. Shares in other companies and other available for sale securities	0027	25a)	33,026	54,169	-
part 043, part 044 & part 049	4. Long term investments in parent companies and subsidiaries	0028	25b)	563,771	751,503	-
part 043, part 044 & part 049	5. Long term investments in other affiliated companies	0029		-	-	-
part 045 & part 049	6. Long term investments, domestic	0030		-	-	-
part 045 & part 049	7. Long term investments, foreign countries	0031		-	-	-
046 & part 049	8. Securities held to maturity	0032		-	-	-
048 & part 049	9. Other long term financial investments	0033	25b)	1,510	1,591	-
05	V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		-	-	-
050 & part 059	1. Receivables from parent company and subsidiaries	0035		-	-	-
051 & part 059	2. Receivables from other affiliated companies	0036		-	-	-
052 & part 059	3. Receivables from credit sales	0037		-	-	-
053 & part 059	4. Receivables from financial leasing contracts	0038		-	-	-
054 & part 059	5. Receivables from pledged assets	0039		-	-	-
055 & part 059	6. Bad debts and uncollectible claims	0040		-	-	-
056 & part 059	7. Other long term receivables	0041		-	-	-
288	**C. DEFERRED TAX ASSETS**	0042		-	-	-
	D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		1,484,288	1,231,608	-
Class 1	I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044	26	14,142	58,255	-
10	1. Material ,parts, tools and small inventories	0045		-	-	-
11	2. Work and services in progress	0046		-	-	-
12	3. Finished products	0047		-	-	-
13	4. Goods	0048		-	-	-
14	5. Fixed assets for sale	0049		-	-	-
15	6. Advances paid for inventories and services	0050	26	14,142	58,255	-
20	II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051	27	420,444	312,726	-
200 & part 209	1. Local buyers - parent company and subsidiaries	0052		419,702	311,872	-
201 & part 209	2. Foreign buyers - parent company and subsidiaries	0053		-	-	-
202 & part 209	3. Local buyers - other affiliated companies	0054	27	705	705	-
203 & part 209	4. Foreign buyers - other affiliated companies	0055		-	-	-
204 & part 209	5. Local buyers	0056	27	37	149	-
205 & part 209	6. Foreign buyers	0057		-	-	-
206 & part 209	7. Other receivables from sales	0058		-	-	-
21	III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059	28	96,579	54,865	-
22	IV. OTHER RECEIVABLES	0060	29	53,512	69,586	-
236	V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061		-	-	-
23 excl. 236 & 237	VI. SHORT TERM FINANCIAL INVESTMENTS(0063+0064+0065+0066+0067)	0062	30	451,471	407,690	-
230 & part 239	1. Short term loans and investments - parent company and subsidiaries	0063	30	289,257	254,016	-
231 & part 239	2. Short term loans and investments - other affiliated companies	0064	30	161,527	153,092	-
232 & part 239	3. Short term credits and loans, domestic	0065	30	609	504	-
233 & part 239	4. Short term credits and loans, foreign countries	0066		-	-	-
234, 235, 238 & part 239	5. Other short term financial investments	0067	30	78	78	-
24	VII. CASH AND CASH EQUIVALENTS	0068	31	116,713	151,476	-
27	VIII. VALUE ADDED TAX	0069		-	-	-
28 excl. 288	IX. PREPAYMENTS AND ACCRUED INCOME	0070	32	331,427	177,010	-
	E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071		9,103,107	8,705,866	-
88	**F. OFF-BALANCE SHEET ASSETS**	0072	42	21,346,794	13,776,322	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 20 .	Opening balance on 01.01.20
1	2	3	4	5	6	7
	LIABILITIES					
	A. CAPITAL (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401		8,418,694	8,054,188	-
30	I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402	33,33a)	7,202,622	7,202,622	-
300	1. Share capital	0403	33,33a)	5,574,959	5,574,959	-
301	2. Shares of limited liability companies	0404		-	-	-
302	3. Investments	0405		-	-	-
303	4. State owned capital	0406		-	-	-
304	5. Socially owned capital	0407		-	-	-
305	6. Shares of cooperatives	0408		-	-	-
306	7. Issuing premium	0409	33,33a)	1,600,485	1,600,485	-
309	8. Other share capital	0410	33,33a)	27,178	27,178	-
31	II. SUBSCRIBED CAPITAL UNPAID	0411		-	-	-
047 & 237	III. TREASURY SHARES REPURCHASED	0412		-	-	-
32	IV. RESERVES	0413	33,33b)	134,881	134,881	-
330	V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	33,33c)	817,591	52,910	-
33 excl. 330	VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415		-	-	-
33 excl. 330	VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416	33,33d)	40,786	21,136	-
34	VIII. RETAINED EARNINGS (0418+0419)	0417	33,33e)	304,386	684,911	-
340	1. Retained earnings from previous years	0418	33,33e)	260,519	285,823	-
341	2. Retained earnings from current year	0419	33,33e)	43,867	399,088	-
	IX. NON-CONTROLLING INTEREST	0420		-	-	-
35	X. LOSSES (0422+0423)	0421		-	-	-
350	1. Losses from previous years	0422		-	-	-
351	2. Losses from current year	0423		-	-	-
	B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		262,288	281,722	-
40	I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425	34	262,288	265,055	-
400	1. Provisions for warranty costs	0426		-	-	-
401	2. Provisions for recovery of natural resources	0427		-	-	-
403	3. Provisions for restructuring costs	0428		-	-	-
404	4. Provisions for wages and other employee benefits	0429	34,34a)	2,288	5,055	-
405	5. Provisions for legal expenses	0430		-	-	-
402 & 409	6. Other long term provisions	0431	34,34b)	260,000	260,000	-
41	II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432	35	-	16,667	-
410	1. Liabilities convertible into capital	0433		-	-	-
411	2. Liabilities to parent company and subsidiaries	0434		-	-	-
412	3. Liabilities to other affiliated companies	0435		-	-	-
413	4. Liabilities for issued securities for more than one year	0436		-	-	-
414	5. Long term credits and loans, domestic	0437	35	-	16,667	-
415	6. Long term credits and loans, foreign countries	0438		-	-	-
416	7. Long term liabilities from financial leasing	0439		-	-	-
419	8. Other long term liabilities	0440		-	-	-
498	**C. DEFERRED TAX LIABILITIES**	0441	41	153,989	22,142	-
42 to 49 (excl. 498)	**D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)**	0442		268,136	347,814	-
42	I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443	36	187,015	229,798	-
420	1. Short term loans from parent company and subsidiaries	0444		-	-	-
421	2. Short term loans from other affiliated companies	0445		-	-	-
422	3. Short term credits and loans, domestic	0446	36,36a)	170,000	-	-
423	4. Short term credits and loans, foreign countries	0447		-	-	-
427	5. Liabilities from fixed assets and assets from discontinued operations available for sale	0448		-	-	-
424,425,426 & 429	6. Other short term financial liabilities	0449	36,36b)	17,015	229,798	-
430	II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450		-	660	-
43 excl. 430	III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451	38	46,936	82,195	-
431	1. Suppliers - parent company and subsidiaries, local	0452	38	13,268	46,353	-
432	2. Suppliers - parent company and subsidiaries, foreign countries	0453	38	16,480	19,604	-
433	3. Suppliers - other affiliated companies, local	0454		-	-	-
434	4. Suppliers - other affiliated companies, foreign countries	0455		-	-	-
435	5. Suppliers, local	0456	38	12,416	12,950	-
436	6. Suppliers, foreign countries	0457	38	4,772	3,288	-
439	7. Other operating liabilities	0458		-	-	-
44, 45 & 46	IV. OTHER SHORT TERM LIABILITIES	0459	39	27,733	28,334	-
47	V. VALUE ADDED TAX	0460	40a)	5,540	5,887	-
48	VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	40b)	688	902	-
49 excl. 498	VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	40c)	224	38	-
	D. LOSSES EXCEEDING CAPITAL (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)≥0 = (0441+0424+0442-0071) ≥0	0463		-	-	-
	E. TOTAL LIABILITIES (0424+0442+0441+0401-0463) ≥ 0	0464		9,103,107	8,705,866	-
89	**F. OFF-BALANCE LIABILITIES**	0465	42	21,346,794	13,776,322	-

Belgrade,

Date: 20.02. 2015.

Energoprojekt Holding a.d. Beograd

Legal Representative of the Company

Name ENERGOPROJEKT HOLDING PLC,Beograd

INCOME STATEMENT
from 01.01. until 31.12.2014.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
	A. INCOME FROM NORMAL ACTIVITIES				
60 to 65, excl. 62 & 63	A. OPERATING INCOME (1002+1009+1016+1017)	1001		583,921	550,690
60	I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002		-	-
600	1. Income from sale of goods to parent company and subsidiaries on local market	1003		-	-
601	2. Income from sale of goods to parent company and subsidiaries on foreign markets	1004		-	-
602	3. Income from sale of goods to other affiliated companies on local market	1005		-	-
603	4. Income from sale of goods to other affiliated companies on foreign markets	1006		-	-
604	5. Income from sale of goods on local market	1007		-	-
605	6. Income from sale of goods on foreign markets	1008		-	-
61	II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009	9a)	554,754	516,359
610	1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010	9a)	410,782	395,771
611	2. Income from sale of finished products and services to parent company and subsidiaries on foreign markets	1011		-	-
612	3. Income from sale of finished products and services to other affiliated companies on local market	1012		-	-
613	4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013		-	-
614	5. Income from sale of finished products and services on local market	1014	9a)	70	78
615	6. Income from sale of finished products and services on foreign markets	1015	9a)	143,902	120,510
64	III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016		-	-
65	IV. OTHER OPERATING INCOME	1017	9b)	29,167	34,331
	EXPENSES FROM NORMAL ACTIVITIES				
55 to 55, 62 & 63	B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029) ≥ 0	1018		525,408	474,709
50	I. COST PRICE OF GOODS SOLD	1019		-	-
62	II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020	10	421	495
630	III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021		-	-
631	IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022		-	-
51 excl. 513	V. MATERIAL COSTS	1023	11	6,805	5,881
513	VI. FUEL AND ENERGY COSTS	1024	11	18,837	20,439
52	VII. EMPLOYEE EXPENSES AND BENEFITS	1025	12	202,510	186,104
53	VIII. PRODUCTION SERVICE COSTS	1026	13	204,634	190,551
540	IX. DEPRECIATION EXPENSES	1027	14	9,345	10,245
541 to 549	X. PROVISION EXPENSES	1028	14	-	704
55	XI. INTANGIBLE EXPENSES	1029	15	83,698	61,280
	C. OPERATING INCOME (1001-1018) ≥ 0	1030		58,513	75,981
	D. OPERATING LOSSES (1018-1001) ≥ 0	1031		-	-
66	E. FINANCIAL REVENUES (1033+1038+1039)	1032	16a)	695,280	364,531
66, excl. 662, 663 & 664	I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033	16a)	655,627	351,711
660	1. Financial income from parent company and subsidiaries	1034	16a)	635,041	337,750
661	2. Financial income from other affiliated companies	1035	16a)	20,586	11,376
665	3. Share of profits in associated companies and joint ventures	1036		-	-
669	4. Other financial revenues	1037		-	2,585
662	II. INTEREST INCOME (THIRD PARTY)	1038	16a)	14,601	9,112
663 & 664	III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039	16a)	25,052	3,708
56	F. FINANCIAL EXPENSES (1041+1046+1047)	1040	16b)	21,600	21,196
56, excl. 562, 563 & 564	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041	16b)	1,682	1,830
560	1. Financial expenses from transactions with parent company and subsidiaries	1042	16b)	1,682	1,830
561	2. Financial expenses from transactions with other affiliated companies	1043		-	-
565	3. Share of losses in affiliated companies and joint ventures	1044		-	-
566 & 569	4. Other financial expenditure	1045		-	-
562	II. INTEREST EXPENSES (THIRD PARTY)	1046	16b)	14,514	14,634
563 & 564	III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047	16b)	5,404	4,732
	G. FINANCIAL GAINS (1032-1040)	1048		673,680	343,335
	H. FINANCIAL LOSSES (1040-1032)	1049		-	-

683 & 685	I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1050		-	-
583 & 585	J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1051	17	642,483	-
67 & 68, excl. 683 & 685	K. OTHER INCOME	1052	18a)	1,329	22,879
57 & 58, excl. 583 & 585	L. OTHER EXPENSES	1053	18b)	24,449	21,294
	M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		66,590	420,901
	N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		-	-
69-59	O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1056	19	6,989	-
59-69	P. NET LOSSES FROM DISCONTINUED OPERATIONS, EXPENSES FROM CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1057		-	657
	Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058	20	73,579	420,244
	R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059		-	-
	S. INCOME TAX				
721	I. TAXABLE EXPENSES FOR THE PERIOD	1060	21	27,364	19,602
part 722	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061	21	2,348	1,554
part 722	III. DEFERRED TAX INCOME FOR THE PERIOD	1062		-	-
723	T. MANAGEMENT EARNINGS	1063		-	-
	U. NET PROFIT (1058-1059-1060-1061+1062-1063)	1064	21	43,867	399,088
	V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065		-	-
	I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066		-	-
	II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067		-	-
	III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS	1068		-	-
	IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER	1069		-	-
	V. EARNINGS PER SHARE				
	1. Basic earnings per share	1070		-	-
	2. Reduced (diluted) earnings per share	1071		-	-
	TOTAL INCOME			1,287,940	938,595
	TOTAL EXPENSES			1,214,361	518,351
	GROSS PROFIT			73,579	420,244

Belgrade,

Date: 20.02.2015.

Energoprojekt Holding a.d. Beograd

Legal Representative of the Company

Name ENERGOPROJEKT HOLDING PLC,Beograd

STATEMENT OF OTHER RESULTS
from 01.01. until 31.12.2014.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. NET OPERATING RESULTS				
	I. NET PROFIT (EDP 1064)	2001	21	43,867	399,088
	II. NET LOSSES (EDP 1065)	2002		0	0
	B. OTHER COMPREHENSIVE RESULTS OR LOSSES				
	a) Items not reclassifiable in the balance sheet in future periods				
330	1. Change of revaluation of intangibles, property, plant and equipment				
	a) increase in revaluation reserves	2003	33c)	863,317	14,380
	b) decrease in revaluation reserves	2004		0	0
331	2. Actuarial gains or losses from defined income plans				
	a) gains	2005		0	0
	b) losses	2006		0	0
332	3. Gains and losses from equity instrument investments				
	a) gains	2007		0	0
	b) losses	2008		0	0
333	4. Gains and losses from share of other comprehensive profits and losses of affiliates				
	a) gains	2009		0	0
	b) losses	2010		0	0
	b) Items that may be reclassified in the balance sheet in future periods				
334	1. Gains and losses from translation of financial statements for foreign operations				
	a) gains	2011		0	0
	b) losses	2012		0	0
335	2. Gains and losses from hedging of net investments in foreign operations				
	a) gains	2013		0	0
	b) losses	2014		0	0
336	3. Gains and losses from cash flow hedging				
	a) gains	2015		0	0
	b) losses	2016		0	0
337	4. Gains and losses from available for sale securities				
	a) gains	2017		0	102
	b) losses	2018		19,650	23,512
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019		843,667	0
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020		0	9,030
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021	33c)	129,499	4,550
	IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022		714,168	0
	V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023		0	13,580
	C. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD			0	0
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024		758,035	385,508
	II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) ≥ 0	2025		0	0
	D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026		758,035	385,508
	1. Payable to majority shareholders	2027		0	0
	2. Payable to non-controlling shareholders	2028		0	0

Belgrade,

Date: 20.02.2015.

Energoprojekt Holding * Beograd *

Legal Representative of the Company

Name ENERGOPROJEKT HOLDING PLC,Beograd

CASH FLOW STATEMENT
from 01.01. until 31.12. 2014.

RSD thousand

Description	EDP	Total	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)	3001	**500,518**	**474,068**
1. Sales and prepayments	3002	484,178	462,457
2. Interests from operating activities	3003	-	3
3. Other inflow from normal operations	3004	16,340	11,608
II. Cash outflow from operating activities (1 to 5)	3005	**724,889**	**630,325**
1. Payments to suppliers and prepayments	3006	383,819	304,601
2. Employee expenses and benefits	3007	202,350	195,740
3. Interests paid	3008	12,782	6,447
4. Income tax	3009	21,210	47,109
5. Payments based on other public revenues	3010	104,728	76,428
III. Net cash inflow from operating activities (I-II)	3011	-	-
IV. Net cash outflow from operating activities (II-I)	3012	**224,371**	**156,257**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3013	**800,533**	**392,324**
1. Sale of shares and stocks (net inflow)	3014	-	7,276
2. Sale of intangible investments, property, plant, equipment and natural assets	3015	-	-
3. Other financial investments (net inflow)	3016	253,772	96,310
4. Interest received from investment activities	3017	14,287	10,135
5. Dividends received	3018	532,474	278,603
II. Cash outflow from investing activities (1 to 3)	3019	**160,576**	**164,217**
1. Purchase of shares and stocks (net outflow)	3020	151,848	159,167
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	8,728	5,050
3. Other financial investments (net outflow)	3022	-	-
III. Net cash inflow from investing activities (I-II)	3023	**639,957**	**228,107**
IV. Net cash outflow from investing activities (II-I)	3024	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)	3025	**170,000**	-
1. Equity increase	3026	-	-
2. Long term loans (net inflow)	3027	-	-
3. Short term loans (net inflow)	3028	170,000	-
4. Other long term liabilities	3029	-	-
5. Other short term liabilities	3030	-	-
II. Cash outflow from financing activities (1 to 6)	3031	**628,907**	**253,066**
1. Repurchase of own shares and stocks	3032	-	-
2. Long term loans (net outflow)	3033	235,408	252,863
3. Short term loans (net outflow)	3034	-	-
4. Other liabilities	3035	-	-
5. Financial leasing	3036	-	171
6. Dividends paid	3037	393,499	32
III. Net cash inflow from financing activities (I -II)	3038	-	-
D. Net cash outflow from financing activities (II-I)	3039	**458,907**	**253,066**
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	**1,471,051**	**866,392**
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	**1,514,372**	**1,047,608**
G. NET CASH INFLOW (3040-3041)	3042	-	-
H. NET CASH OUTFLOW (3041-3040)	3043	**43,321**	**181,216**
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	151,476	333,972
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	8,558	-
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046	-	1,280
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	**116,713**	**151,476**

Belgrade,

Date: 20.02.2015.

Legal Representative of the Company

Energoprojekt Holding a.d. Beograd

Name ENERGOPROJEKT HOLDING PLC,Beograd

STATEMENT OF CHANGES IN EQUITY
from 01.01. until 31.12.2014.

No.	DESCRIPTION	Equity component															
		EDP	30 Equity capital	EDP	31 Subscribed capital unpaid	EDP	32 Provisions	EDP	35 Losses	EDP	047 & 237 Treasury shares repurchased	EDP	34 Retained earnings	EDP	330 Revaluation reserves	EDP	331 Actuarial gains or losses
1	2		3		4		5		6		7		8		9		10
1	Opening balance on 01.01. -----																
	a) debit balance	4001		4019		4037		4055		4073		4091		4109		4127	
	b) credit balance	4002	6,695,807	4020		4038	134,881	4056		4074		4092	789,728	4110	43,080	4128	
2	Adjustment for materially significant errors and changes in accounting policies																
	a) adjustment of debit balance	4003		4021		4039		4057		4075		4093		4111		4129	
	b) adjustment of credit balance	4004		4022		4040		4058		4076		4094		4112		4130	
3	Adjustment of opening balance on 01.01. -----																
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4005	-	4023	-	4041	-	4059	-	4077	-	4095	-	4113	-	4131	-
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4006	6,695,807	4024	-	4042	134,881	4060	-	4078	-	4096	789,728	4114	43,080	4132	-
4	Changes in previous ---- year																
	a) debit balance activity	4007		4025		4043		4061		4079		4097	506,815	4115	4,550	4133	
	b) credit balance activity	4008	506,815	4026		4044		4062		4080		4098	401,998	4116	14,380	4134	
5	Closing balance previous year at 31.12. -------																
	a) debit balance (3a+4a-4b) ≥ 0	4009	-	4027	-	4045	-	4063	-	4081	-	4099	-	4117	-	4135	-
	b) credit balance (3b-4a+4b) ≥ 0	4010	7,202,622	4028	-	4046	134,881	4064	-	4082	-	4100	684,911	4118	52,910	4136	-
6	Adjustment for materially significant errors and changes in accounting policies																
	a) adjustment of debit balance	4011		4029		4047		4065		4083		4101		4119		4137	
	b) adjustment of credit balance	4012		4030		4048		4066		4084		4102		4120		4138	
7	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	-
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4014	7,202,622	4032	-	4050	134,881	4068	-	4086	-	4104	684,911	4122	52,910	4140	-
8	Changes in current ---- year																
	a) debit balance activity	4015		4033		4051		4069		4087		4105	424,392	4123	144,281	4141	
	b) credit balance activity	4016		4034		4052		4070		4088		4106	43,867	4124	908,962	4142	
9	Closing balance end of year at 31.12. --------																
	a) debit balance (7a+8a-8b) ≥ 0	4017	-	4035	-	4053	-	4071	-	4089	-	4107	-	4125	-	4143	-
	b) credit balance (7b-8a+8b) ≥ 0	4018	7,202,622	4036	0	4054	134,881	4072	-	4090	-	4108	304,386	4126	817,591	4144	-

Belgrade,

dana 20.02.2015. godine

Name **ENERGOPROJEKT HOLDING PLC,Beograd**

RSD thousand

No.	DESCRIPTION	Other results component										EDP	Total capital [Σ (row 1b col.3 to col.15) - Σ(row 1a col.3 to col.15)] ≥ 0	EDP	Losses exceeding capital [Σ(row 1a col.3 to col.15) - Σ(row 1b col.3 to col.15)] ≥ 0
		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 & 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				
1	2		11		12		13		14		15		16		17
1	Opening balance on 01.01. ------ a)														
	debit balance b)	4145		4163		4181		4199		4217		4235	7,665,770	4244	-
	credit balance	4146		4164		4182		4200		4218	2,274				
2	Adjustment for materially significant errors and changes in accounting policies a)														
	adjustment of debit balance b)	4147		4165		4183		4201		4219		4236		4245	-
	adjustment of credit balance	4148		4166		4184		4202		4220					
3	Adjustment of opening balance on 01.01. ------ a)														
	adjustment of debit balance (1a+2a-2b) ≥ 0 b)	4149	-	4167	-	4185	-	4203	-	4221	-	4237	7,665,770	4246	-
	adjustment of credit balance (1b-2a+2b) ≥ 0	4150	-	4168		4186	-	4204	-	4222	2,274				
4	Changes in previous ----- year a)														
	debit balance activity b)	4151		4169		4187		4205		4223	23,410	4238		4247	-
	credit balance activity	4152		4170		4188		4206		4224					
5	Closing balance previous year at 31.12. -------- a)														
	debit balance (3a+4a-4b) ≥ 0 b)	4153	-	4171	-	4189	-	4207	-	4225	21,136	4239	8,054,188	4248	-
	credit balance (3b-4a+4b) ≥ 0	4154	-	4172	-	4190	-	4208	-	4226	-				
6	Adjustment for materially significant errors and changes in accounting policies a)														
	adjustment of debit balance b)	4155		4173		4191		4209		4227		4240		4249	-
	adjustment of credit balance	4156		4174		4192		4210		4228					
7	Adjustment of opening balance current year at 01.01.-- a)														
	adjustment of debit balance (5a+6a-6b) ≥ 0 b)	4157	-	4175	-	4193	-	4211	-	4229	21,136	4241	8,054,188	4250	-
	adjustment of credit balance (5b-6a+6b) ≥ 0	4158	-	4176	-	4194	-	4212	-	4230	-				
8	Changes in current ----- year a)														
	debit balance activity b)	4159		4177		4195		4213		4231	20,560	4242		4251	-
	credit balance activity	4160		4178		4196		4214		4232	910				
9	Closing balance end of year at 31.12. -------- a)														
	debit balance (7a+8a-8b) ≥ 0 b)	4161	-	4179	-	4197	-	4215	-	4233	40,786	4243	8,418,694	4252	-
	credit balance (7b-8a+8b) ≥ 0	4162	-	4180	-	4198	-	4216	0	4234	-				

Belgrade,

dana 20.02.2015. godine

Energoprojekt Holding a.d. * Beograd *

Legal Representative of the Company

ENERGOPROJEKT
HOLDING p.l.c.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR 2014

Belgrade, 2015

C O N T E N T S

1. COMPANY BACKGROUND

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

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

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

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

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

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

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

General Company Data

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

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

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

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

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

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

- Enjub Ltd.

The following table contains data on the ownership share in subsidiaries.

Equity Investments in Subsidiaries	
Subsidiary	*Ownership share in %*
Energoprojekt Visokogradnja plc.	99.93
Energoprojekt Niskogradnja plc.	100.00
Energoprojekt Oprema plc.	67.87
Energoprojekt Hidroinzenjering plc.	100.00
Energoprojekt Urbanizam i arhitektura plc.	100.00
Energoprojekt Energodata plc.	100.00
Energoprojekt Industrija plc.	62.77
Energoprojekt Entel plc.	86.26
Energoprojekt Garant Ltd.	92.94
Energoprojekt Promet Ltd.	100.00

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

Equity investments in affiliated company (joint venture)	
Affiliated company	*Ownership share in %*
Enjub Ltd.	50.00

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

The average number of employees with the Company in 2014, based on the actual number of employees at the end of each month, is 71 (in 2013: 72).

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

Regular annual financial statements for 2014 that are subject of these Notes are **separate financial statements of the Company** and were approved by the Supervisory Board of the Company on February 26, 2015, at the 30th meeting.

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

2. MANAGEMENT STRUCTURE

Key management of the Company in 2014 included the following persons:

- Vladimir Milovanović - General Manager;
- Dr Dimitraki Zipovski - Executive Manager for finances, accounting and plan;
- Zoran Radosavljević - Executive Manager for corporate projects, development and quality;
- Mr Zoran Jovanović - Executive Manager for legal affairs; and
- Dragan Tadić - Executive Manager for "Real Estate" projects.

3. OWNERSHIP STRUCTURE

According to records of the Central Securities Depository, the registered ownership structure of Energoprojekt Holding Plc. shares as of December 31, 2014 is presented in the Note 33a.

4. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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

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

- The Framework for the preparation and presentation of financial statements,
- International Accounting Standards – IAS,
- International Financial Reporting Standards - IFRS and related Interpretations, issued by the International Financial Reporting Interpretations Committee, subsequent amendments to these Standards and the related Interpretations, as approved by the International Accounting Standards Committee, the translation of which was adopted and published by the Ministry in charge of finances.

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

Form and contents of the Statistical Annex for Companies, Cooperatives and Entrepreneurs were prescribed by the Rules on the Form and Contents of Statistical Annex for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 127/2014). Amounts in the Statistical Annex are to be presented in RSD thousands, and the number of shares and employees are to be presented as whole numbers.

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

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

- Law on Corporate Income Tax (RS Official Gazette, No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013 and 108/2013, 142/2014);
- Law on Added Value Tax (RS Official Gazette, No. 84/2004, 86/2004, 61/2005, 61/2007, 93/2012, 108/2013, 6/2014, 68/2014, 142/2014 and 5/2015);
- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax (RS Official Gazette, No. 99/2010, 8/2011, 13/2012, 8/2013, 20/2014 and 30/2015);
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax (RS Official Gazette, No. 24/2014);
- Rules on Method of Classification of Non-Current Assets and on Method of Calculation of Depreciation for Taxing Purposes (RS Official Gazette, No. 116/2004 and 99/2010);

- Rules on Transfer Prices and Methods Applied in compliance with the “at arm’s length” principle in determining the price of transactions among related parties (RS Official Gazette, No. 61/2013 and 8/2014).

The Rules on Accounting and Accounting Policies of the Company, as adopted on October 22, 2012 by the Company’s Executive Board and the Rules on the Amendments to the Rules on Accounting and Accounting Policies of the Company No. 10 of January 21, 2013, as well as the Amendments to the Rules on Accounting and Accounting Policies of the Company of January 19, 2015, in the part pertaining to determination of model for measuring property, plants and equipment following the initial recognition (Note 7h) (which includes practical instructions on how to draft financial statements for 2014) were applied in the preparation of financial statements as the legal documents representing the internal regulations of the Company. Other internal documents were also taken into account, such as, for example, the Company’s Collective Agreement regulating employment in the country.

Basic accounting policies applied in preparation of these financial statements were listed in the Note no. 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 financial statements of the Company, deviate from IAS/IFRS in the following aspects:

- Pursuant to the Law on Accounting (RS Official Gazette, No. 62/203) , the financial statements in the Republic of Serbia for the year 2014 are to be presented in the format stipulated by the Rules on the Contents and Form of the Financial Statements Forms for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014), which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by the Revised IAS 1 – “Presentation of Financial Statements“; and
- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

In addition to the above stated, some deviations were due to the different publishing dates of the Standards and the relevant Interpretations thereof, which are subject to continuous modifications, and the effective dates when these Standards and relevant Interpretations thereof come into force in the Republic of Serbia. Thus, for example, the deviations from the Standards came as the consequence of the fact that the published Standards and relevant Interpretations, which came into force, have not yet been officially translated or adopted in the Republic of Serbia; as the consequence of the fact that the published Standards and relevant Interpretations have not yet came 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 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 financial statements for the year 2014, 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).

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

By the date of adoption of the attached 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 came into force, nor have they been officially translated or published by the Ministry, and thus were not applied by the Company:

- Amendments to various Standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2010 - 2012, published by the IASB in December 2013, primarily through removal of inconsistencies and explanations of the texts (effective for annual periods beginning on or after July 1, 2014);
- Amendments to various Standards (IFRS 1, IFRS 3, IFRS 13 and IAS 40) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2011-2013, published by IASB in December 2013, primarily by removing the inconsistencies perceived and by providing explanations of the texts (effective for annual periods beginning on or after July 1, 2014);
- Amendments to various Standards (IFRS 5, IFRS 7, IAS 19 and IAS 34) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2012-2014, published by the IASB in September 2014, primarily through removal of inconsistencies and explanations of the texts (effective for annual periods beginning on or after January 1, 2016);

- Amendments to IAS 19 “Employee Benefits” – Defined benefits’ plans (effective for annual periods beginning on or after July 1, 2014);
- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after January 1, 2018).
- Amendments to IFRS 11 “Joint Arrangements” – Accounting Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 18 “Intangible Assets“ – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after January 1, 2016);
- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after January 1, 2016);
- IFRS 15 “Revenues from Contracts with Customers” (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IAS 16 “Property, Plant and Equipment“ and IAS 41 “Agriculture“ - Agriculture: Bearer Plants as Biological Assets (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 27 “Separate Financial Statements” – Equity Method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 28 “Investments in Associates and Joint Ventures” and IFRS 10 “Consolidated Financial Statements“ – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after January 1, 2016).

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

5. ACCOUNTING PRINCIPLES

The following principles were applied in the preparation of 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.

6. PRIOR PERIOD ERRORS, MATERIAL ERRORS AND CORRECTION OF OPENING BALANCE

Prior period errors 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**.

7. OVERVIEW OF PRINCIPAL 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.

Important accounting policies applied to 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** in financial statements of the Company. In addition to data for the current year, financial statements of the Company contain data from 2013 financial statements as **comparative data.**

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.

7a) 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.

7b) 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

Currency	*December 31, 2014*	*December 31, 2013*
	Amount in RSD	
1 EUR	120,9583	114,6421
1 USD	99,4641	83,1282
1 GBP	154,8365	136,9679

7c) Revenues

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

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

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

Operating revenues 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 valuated: 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 revenues 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 revenues** 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.

7d) 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.

7e) 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 or 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.

7f) 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.

7g) Intangible Assets

Intangible 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 intangible asset, 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 is dependent upon an assessment of whether they are created:

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

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

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

Initial measuring of an intangible asset is performed at its cost (purchase price).

Subsequent measuring of intangible 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 intangible assets is conditional upon estimate that the useful life is:
- Unlimited, or
- Limited.

Intangible 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.

7h) 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.

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.

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.

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).

7i) 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.

7j) Amortisation of Intangible Assets, Property, Plant and Equipment

Asset value (of intangible 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.

7k) Impairment of Intangible Assets, Property, Plant and Equipment

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

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

Recoverable amount is the higher amount of:

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

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

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

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

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

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

7l) 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 that 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.*

7m) 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.

7n) 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.

7o) Financial Instruments

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

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

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

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

- Financial asset or liability at fair value through the profit and loss account,
- Held-to-maturity investments,

- Loans and receivables, and
- Financial assets available for sale.

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

A financial asset or liability classified in this category must fulfil either one of the following conditions:
- Classified as held for trading, or
- After initial recognition, it will be classified and stated as a financial asset (liability) through profit and loss statement.

A financial asset of liability is classified as held for sale, if: it was acquired or created for sale or repurchase in the nearest future, a part of portfolio of identified financial instruments managed jointly and for which there is proof of recent short-term revenue model or derivate (other than the derivate as a hedging instrument).
The Company may indicate that a financial instrument is disclosed through the profit and loss account only if relevant information is obtained, since the inconsistency of measurement or recognition that would occur in the measurement of assets or liabilities or recognition of gains or losses is eliminated or considerably prevented; or a group of financial assets, liabilities or both is managed and performances valuated based on the fair value in accordance with the risk management strategy or investment management strategy and the information on the group is internally collected accordingly and presented to the key management of the Company.

Held-to-maturity investments are non-derivative financial assets with fixed or identifiable payments and fixed maturity that the Company intents 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.

7p) Cash and Cash Equivalents

The most liquid forms of financial assets of the Company are **cash and cash equivalents**, valuated 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.

7q) 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 valuated. If there is no evidence, valuators 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 financial statements.

7r) 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 provisions of IAS 27 – Consolidated and Separate Financial Statements, investments in subsidiary companies, jointly controlled companies and associated legal 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.

7s) 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.

7t) 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 valuated.

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.

7u) 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. FINANCIAL RISKS AND FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

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

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

The following will be presented below:

- Company financial risk profile, or the assessment of the financial risks' structure and level that the Company is exposed to in the course of its operations;
- Measures undertaken to manage the identified financial risks that the Company is exposed to; and
- Capital risk management, which, despite not specifically considered as a financial risk belonging to any of the individual financial risks' category, significantly affects the risk levels of each of the risk types considered.

8a) Credit Risk

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

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

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

The following data is presented in the Tables below:

- The structure of short-term receivables with no impairment in value;
- The structure of short-term receivables with impairment in value; and
- Aging structure of short-term receivables with no impairment.

Structure of short-term receivables with no impairment	In RSD thousand	
	2014	2013
Trade receivables:		
a) Domestic buyers - subsidiary companies		
Energoprojekt Visokogradnja Plc.	233,001	141,690
Energoprojekt Niskogradnja Plc.	8,383	6,739
Energoprojekt Hidroinženjering Plc.	46,603	50,006
Energoprojekt Entel Plc.	8,964	8,511
Energoprojekt Energodata Plc.	30,404	29,006
Energoprojekt Industrija Plc.	74,737	57,568
Energoprojekt Urbanizam i Arhitektura Plc.	17,429	10,611
Energoprojekt Oprema Plc.		7,569
Energoprojekt Garant Ltd.	181	172
Total	*419,702*	*311,872*
b) Domestic buyers - other related parties		
Enjub Ltd.	705	705
Total	*705*	*705*
c) Domestic buyers	37	149
Total	***420,444***	***312,726***
Receivables from specific operations and other receivables:		
Energoprojekt Visokogradnja Plc.	86,403	63,945
Energoprojekt Niskogradnja Plc.	5,279	4,547
Energoprojekt Hidroinženjering Plc.	1,229	812
Energoprojekt Entel Plc.	507	542
Energoprojekt Energodata Plc.	662	3,969
Energoprojekt Industrija Plc.	707	222
Energoprojekt Urbanizam i arhitektura Plc.	100	4,675
Energoprojekt Oprema Plc.	571	252
Energoprojekt Garant Ltd.	471	457
Enjub Ltd.	36,987	24,325
Napred razvoj Plc.	2,881	
Other	1,169	1,422
Total	***136,966***	***105,168***
TOTAL	***557,410***	***417,894***

Domestic trade receivables – subsidiaries pertain to receivables based on service agreements concluded to regulate services rendered to subsidiaries, based on which the Company was presented with blank bills of exchange with authorization as collaterals.

Structure of short-term receivables with impairment	In RSD thousand	
	2014	2013
Receivables from some specific transactions:		
Zekstra Group - Zekstra Ltd. (Notes 17 and 28)	851	
Correction	(851)	
TOTAL		

Aging structure of short-term receivables with no impairment performed	*In RSD thousand*	
	2014	*2013*
Related parties:		
a) Current	43,201	51,231
b) Up to 30 days	14,463	15,947
c) 30 - 60 days	13,915	14,824
d) 60 - 90 days	17,324	21,795
e) 90 - 365 days	129,019	119,762
f) 365 days +	335,401	192,765
Total	*553,323*	*416,324*
Buyers - domestic:		
a) Current	37	50
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +		
Total	*37*	*50*
Other:		
a) Current	419	421
b) Up to 30 days	310	88
c) 30 - 60 days	270	88
d) 60 - 90 days		88
e) 90 - 365 days	139	29
f) 365 days +	2,912	806
Total	*4,050*	*1,520*
TOTAL	***557,410***	***417,894***

Non-due receivables in the total amount of RSD 40.470 thousand include receivables from buyers amounting to RSD 43.657 thousand and are mostly due within 15 days after invoicing date or in accordance with agreed payment terms and conditions.

8b) Market Risk

A 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, first of all in euros.

The sensitivity analysis, presented in the following text, indicates that variations in the exchange rate will affect significantly variations in financial results of the Company. Therefore, we may conclude that the **Company is exposed to the currency risk**.

The following table contains, based on data from the foreign currency sub balance sheet, the book value for monetary assets and liabilities.

Assets in EUR		*Liabilities in EUR*	
2014	*2013*	*2014*	*2013*
16,612,558	**16,572,398**	**270,674**	**2,196,672**

Considering differences in foreign currency sub balance sheets, the following table contains the sensitivity analysis related to the nominal exchange rate growth for dinar of 10% in comparison to foreign currencies. The sensitivity rate of 10 % presents the valuation of maximum reasonably expected changes in foreign currency exchange rates. The sensitivity analysis includes only cash assets, outstanding receivables and outstanding liabilities stated in foreign currency and their translation is adjusted at the end of the period for potential depreciation or appreciation of the functional currency against foreign currencies.

The analysis of the foreign currency sub balance sheet of the Company indicates that the Company is most sensitive to EUR exchange rate fluctuations. The sensitivity analysis was prepared on the premise of equal fluctuation of all relevant currencies.

All variables remaining unchanged, *appreciation of the national currency* would negatively affect current period results through net exchange rate losses between foreign currency assets and liabilities. Therefore, all variables remaining unchanged, depreciation of the *national currency* would positively affect current period results through net exchange rate gains between foreign currency assets and liabilities.

Sensitivity analysis of results in case of depreciation of the national currency 10%	*In RSD thousand*	
	2014	*2013*
NET EFFECT ON THE RESULTS IN THE CURRENT PERIOD	**197,669**	**164,806**

The 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 obligations related to loans with potentially fluctuating interest rates (Belibor).

The interest-bearing structure of **financial assets and liabilities** of the Company with fluctuating interest rate at the balance sheet date is presented in the following Table.

Interest bearing structure of financial assets and liabilities with fluctuating interest rate	*In RSD thousand*	
	2014	*2013*
Interest bearing financial assets with fluctuating interest rate:		
a) Short-term loans granted to related parties	171,859	153,092
b) Long-term housing loans granted to employees	1,509	1,591
c) Housing loans granted to employees with one year maturity	78	78
TOTAL	**173,446**	**154,761**
Interest bearing financial liabilities with fluctuating interest rate:		
Short-term loan - Alpha Banka Plc.	170,000	
TOTAL	**170,000**	**-**

If other variables remain unchanged and if financial assets with fluctuating interest rate are greater than financial liabilities with fluctuating interest rate, the *interest rate growth* will have a positive effect on the current period results, due to positive effects of net interest income. Therefore, if other variables remain unchanged and if financial assets with fluctuating interest rate are less than financial liabilities with fluctuating interest rate, the *interest rate growth* would have an adverse effect on the current period results, due to adverse effects of net interest income.

Due to the presented changes in Company's financial assets and liabilities with fluctuating interest rates, the sensitivity analysis of the Company to the interest rate growth of 1% is presented in the following Table. The 1% sensitivity rate is the estimate of potentially reasonably expected interest rate fluctuations.

The sensitivity analysis of results in case of interest rate growth of 1%	*In RSD thousands*	
	2014	*2013*
NET EFFECT ON THE CURRENT PERIOD RESULTS	**34**	**1,548**

The sensitivity analysis has showed that the negative change in interest rates (of 1%) bears no significant effect on the change in business results, since the interest bearing financial assets with fluctuating interest rates only slightly exceed the interest bearing financial liabilities with fluctuating interest rate, and it can thus be concluded that the **Company is not exposed to the interest risk**.

In relation to the potential interest risks related to financial obligations, the *supplier risk management policy* as applied in the Company shall be briefly presented below.

As presented in the Table, the interest-bearing structure of financial obligations with fluctuating interest rate, trade payables to suppliers (obligations related to the invoices issued and to non-invoiced obligations), are not included in the group. The basic fact that supports the applied approach is that suppliers usually do not apply default interest in case that the Company is in default. The fact that the default interest is not applied lies in the need to maintain long-term good business relationships between the supplier and the potentially good buyer. Therefore, *the Company is not exposed to any potential interest risks in case of default*.

The key Suppliers according to the obligations as at the balance sheet date are presented in the following Table.

Structure of obligations to suppliers	*In RSD thousand*	
	2014	*2013*
Domestic suppliers (related parties and other companies):		
Energoprojekt Oprema Plc.	12,774	33,886
EPS snabdevanje Ltd.	3,492	3,707
Agency for Investments and Housing	3,114	3,114
Neo Systems	1,335	
Beogradske elektrane Public Utility Company	894	989
Health Protection Institute RTC	444	504
Dedinje	407	407
Other	3,224	16,696
Total	*25,684*	*59,303*
International suppliers (related parties and other companies):		
Encom GmbH Consulting, Engineering&Trading, Germany	16,481	19,604
IATA	2,836	3,211
Other	1,935	77
Total	*21,252*	*22,892*
TOTAL	***46,936***	***82,195***

Most of the other trade payables to Suppliers in 2013, which amounted to RSD 16,696 thousands, consisted of liabilities to Energoprojekt Visokogradnja that amounted to RSD 11,639 thousands, which in 2014 amounted to RSD 298 thousands.

The Company has not received any collateral.

Trade payables to Suppliers were broken down and presented by aging structure in the following Table.

Aging structure of trade payables	In RSD thousand	
	2014	*2013*
Related parties:		
a) Current	479	14,645
b) Up to 30 days	12,788	
c) 30 - 60 days		
d) 60 - 90 days		33,886
e) 90 - 365 days	1,391	9,257
f) 365 days +	15,089	8,168
Total	*29,747*	*65,956*
Domestic suppliers:		
a) Current	7,478	6,638
b) Up to 30 days	1,373	2,735
c) 30 - 60 days	155	422
d) 60 - 90 days	37	42
e) 90 - 365 days	260	
f) 365 days +	3,114	3,114
Total	*12,417*	*12,951*
International suppliers:		
a) Current	4,772	3,288
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +		
Total	*4,772*	*3,288*
TOTAL	***46,936***	***82,195***

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. The Company is not exposed to this kind of risk.

8c) Liquidity Risk

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

The most important liquidity indicators for the Company are presented in the following Table, and specifically:

- Current ratio (ratio of working capital and short-term obligations) indicating the short-term liabilities coverage against working capital;
- Rigorous ratio (ratio of liquid assets that include total working capital reduced by inventories and active accruals; and short-term obligations), indicating the short-term liabilities coverage against liquid assets;
- Operating cash flow ratio (ratio of cash flow increased by cash equivalents and short-term obligations), indicating the short-term liabilities coverage against cash assets; and
- Net working capital (difference in value between the working capital and short-term obligations).

Conclusions on liquidity indicators based on the ratio analysis means, among other things, their comparison to satisfactory general standards, also indicated in the following Table.

Liquidity Indicators	**Satisfactory general standards**	***2014***	***2013***
Current ratio	2:1	5,54:1	3,54:1
Rigorous ratio	1:1	5,48:1	3,37:1
Operating cash flow ratio		0,44:1	0,44:1
Net working capital (in RSD thousand)	Positive value	1,216,152	883,794

The results of the ration analysis indicates that the Company was **liquid** during 2014, meaning that it had no difficulties to fulfil due liabilities and maintain the necessary scope and structure of the working capital and good creditworthiness.

Therefore we emphasize that:

- Considering the dynamic nature of Company's business, the finance department aims to maintain financing flexibility, which means, among other things, to keep existing lines of credit and expand them;
- The management performs continuous monitoring of Company’s liquidity reserves that include available unused lines of credit, cash and cash equivalents as well as liquid potentials according to expected cash flows.

8d) Capital Risk Management

The aim of capital risk management is to keep Company's ability to operate indefinitely, in order to provide to Company's owners satisfactory profit whilst maintaining adequate structure of funding sources or good creditworthiness.

Though there are several criteria based on which conclusions on the long-term existence of the Company can be made, profitable operations and satisfactory financial structure are surely some of basic criteria. Though there are several criteria to draw conclusions on the going concern assumption, profitable operations and satisfactory financial structure are surely one of basic criteria.

The best **profitability** indicator is the *return on average own capital employed* that indicates the average return on own assets per dinar invested. In the calculation of this profitability indicator, average own capital is defined as an arithmetic average value at the beginning and at the end of a year.

Profitabilitiy indicators	*In RSD thousand*	
	2014	*2013*
Net profit/loss	43,867	399,088
Average capital:		
a) Capital at the beginning of the year	8,054,188	7,665,770
b) Capital at the end of the year	8,418,694	8,054,188
Total	*8,236,441*	*7,859,979*
Average return rate on own capital at the end of the year	***0.53%***	***5.08%***

In 2014, and contrary to the Company’s operational trends so far, a significantly lower net profit has been achieved, which exclusively came as the result of impairment of equity investment od the Energoprojekt Visokogradnja subsidiary, in compliance with the IAS 36 – Impairment of Assets (Note 17), which also caused such low ROE rate (Return on Equity), which would amount to 8.32% had it not been for the impairment of equity investment in the subsidiary company.

Financial structure adequacy is reflected in the amounts and type of debts.

The most important indicators of the Company’s financial structure are presented in the following Tables, and specifically:

- The ratio of borrowed funds to total assets, showing coverage per dinar of the company's assets from borrowed sources; and
- The ratio of long-term funds to total assets, showing coverage per dinar of the company's assets from long-term sources.

Financial Structure Indicators	*In RSD thousand*	
	2014	*2013*
Liabilities	268,136	364,481
Total assets	9,103,107	8,705,866
Ratio of borrowed funds to total assets	**0.03 : 1**	**0.04 : 1**
Long-term assets:		
a) Capital	8,418,694	8,054,188
b) Long-term provisions and long-term liabilities	416,277	303,864
Total	*8,834,971*	*8,358,052*
Total assets	9,103,107	8,705,866
Ration of long-term to total assets	**0.97 : 1**	**0.96 : 1**

The net debt ratio indicates the capital coverage against net debt.

Net debt means the difference between:

- Total (long-term and short-term) financial liabilities of the Company (total liabilities reduced by the capital, long-term provisions and deferred tax liabilities of the Company) plus Loss Above Equity, and
- Cash and cash equivalents.

Parameters for the net debt to capital ratio	*In RSD thousand*	
	2014	*2013*
Net debt:		
a) Liabilities	268,136	364,481
b) Cash and cash equivalents	116,713	151,476
Total	*151,423*	*213,005*
Capital	8,418,694	8,054,188
Net debt to capital ratio	**1 : 55.60**	**1 : 37.81**

INCOME STATEMENT

9. OPERATING INCOME

9a) Sales of Products and Services Rendered

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

Struktura prihoda od prodaje proizvoda i usluga	*In RSD thousand*	
	2014	*2013*
Revenues from products sold and services rendered to parent companies and subsidiaries	410,782	395,771
Revenues from products sold and services rendered domestically	70	78
Revenues from products sold and services rendered internationally	143,902	120,510
TOTAL	***554,754***	***516,359***

Revenues generated from the sales of services rendered to parent and subsidiaries in the domestic market are based on services rendered by the Company based on agreements that were approved and adopted by the relevant management bodies of the Company and of its subsidiaries, all in compliance with the relevant legislation and these amount to RSD 410,782 thousands (in 2013: RSD 395,771 thousands), as presented in the following Table.

Revenues structure from products sold and services rendered to parent companies and subsidiaries - domestic	In RSD thousand	
	2014	2013
Energoprojekt Garant Ltd.	1,761	1,696
Energoprojekt Visokogradnja Plc.	72,531	69,881
Energoprojekt Niskogradnja Plc.	90,267	86,969
Energoprojekt Hidroinženjering Plc.	32,623	31,431
Energoprojekt Entel Plc.	87,129	83,945
Energoprojekt Energodata Plc.	8,724	8,405
Energoprojekt Industrija Plc.	19,576	18,861
Energoprojekt Urbanizam i arhitektura Plc.	5,787	5,575
Energoprojekt Oprema Plc.	92,384	89,008
TOTAL	***410,782***	***395,771***

Sales Revenues generated from the sales of finished products and services rendered in the domestic market amounting to RSD 70 thousands (in 2013: RSD 78 thousands) were earned from the sales of flight tickets.

Sales Revenues from the sales of finished products and services rendered in the international market amounting to RSD 143,902 thousands (in 2013: RSD 120,510 thousands) refers to the Agreement on Construction of the Embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, in the cadastre lot No. 313, registered in the Real Estate Cadastre of the Cadastre Zone A00.

9b) Other Operating Income

Structure of other operating income	In RSD thousand	
	2014	2013
Rental income from parent companies, subsidiaries and other related parties	28,084	28,049
Rental income from other companies in the country	802	1,047
Other operating income (externally)	281	5,235
TOTAL	***29,167***	***34,331***

Revenues from the rent collected from parent, subsidiary and other related entities amounting to RSD 28,084 thousand (in 2013: RSD 28,049 thousand), were generated based on renting of the “Samacki Hotel” complex in 24 Batajnicki Drum, which has been rented since 2011 to the Energoprojekt Visokogradnja Company for RSD 23,836 thousand (in 2013: RSD 23,957 thousand) and from the rent of a portion of the Energoprojekt building, which has been rented since 2013 to the Energoprojekt Garant Company for RSD 4,248 thousand (in 2013: RSD 4,092 thousand).

Revenues from the rent collected from other legal entities in the country amounting to RSD 802 thousand, were generated from renting of the roof terrace and ground floor space of the Energoprojekt building to Telekom Srbija Company (in 2013: RSD 1,047 thousand).

Other Operating Income amounting to RSD 281 thousand was generated based on the bonus award of the Aeroflot and Lufthansa Airlines for 2014 for the sales of flight tickets (in 2013: of the total of RSD 5,235 thousands, the majority of RSD 5,078 thousands was generated from reimbursement of expenses from the Napred Razvoj Plc. for the auditor's fee for an extraordinary audit, which concluded that there was no difference in opinion with the regular external auditor concerning the individual and consolidated financial statements of the Company for 2011, which were subject to the extraordinary audit).

10. OWN WORK CAPITALIZED

Structure of own work capitalized	*In RSD thousand*	
	2014	*2013*
Income from own work capitalized	421	495
TOTAL	***421***	***495***

11. COSTS OF MATERIALS, FUEL AND ENERGY

Structure of the costs of material, fuel and energy	*In RSD thousand*	
	2014	*2013*
Material costs:		
a) Other material costs (overheads)	6,416	5,626
b) One-off write-off of tools and inventory costs	389	255
Total	*6,805*	*5,881*
Fuel and energy costs:		
a) Fuel costs	2,402	2,364
b) Electricity and heating costs	16,435	18,075
Total	*18,837*	*20,439*
TOTAL	***25,642***	***26,320***

Other Material Costs (overheads) amounting to RSD 6,416 thousand (in 2013: RSD 5,626 thousand) refer to the costs of office supplies amounting to RSD 2,219 thousand (in 2013: RSD 1,905 thousand), professional and expert literature, magazines, etc. amounting to RSD 1,411 thousand (in 2013: RSD 1,230 thousand) and other material costs amounting to RSD 2,786 thousand (in 2013: RSD 2,236 thousand).

12. COSTS OF SALARIES, FRINGE BENEFITS AND OTHER PERSONNEL EXPENSES

Structure of the costs of salaries, fringe benefits and other personnel expenses	In RSD thousand	
	2014	2013
Costs of salaries and fringe benefits (gross)	153,248	141,315
Taxes and contributions on salaries and contributions on salaries payable by employer	22,058	21,368
Service agreements contributions	3,984	3,161
Copyright agreements contributions	825	160
Contracts on temporary and periodical engagement, contributions	3,358	3,199
Considerations to General Manager and/or Management and Supervisory Board members	9,352	9,074
Other personnel expenses and remunerations	9,685	7,827
TOTAL	***202,510***	***186,104***
Average number of employees	71	72

Other personnel expenses amounting to RSD 9,685 thousand (in 2013: RSD 7,827 thousand) refer to the business trips' expenses amounting to RSD 5,148 thousand (in 2013: RSD 4,281 thousand), Company expenses for employee commuting reimbursements amounting to RSD 2,520 thousand (in 2013: RSD 2,553 thousand), solidarity fund allowances and other employee compensations amounting to RSD 2,017 thousand (in 2013: RSD 993 thousand).

13. COSTS OF PRODUCTION SERVICES

Structure of the costs of production services	In RSD thousand	
	2014	2013
Costs of production services	143,902	120,509
Transportation services' costs	2,585	3,104
Repairs and maintenance services' costs	34,481	53,367
Rental costs	759	530
Trade fair costs	50	258
Advertising costs	12,404	2,973
Costs of other services	10,453	9,810
TOTAL	***204,634***	***190,551***

Costs of production services amounting to RSD 143,902 (in 2013: RSD 120,509 thousand) refer to the completion of the agreement on the construction of the embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the registry of immovable property, cadastral zone A00.

Costs of transportation services amounting to RSD 2,585 thousand (in 2013: RSD 3,104 thousand), refer to the landline costs and mobile phone costs, Internet services, taxi services, parking services, toad tolls, etc.

Costs of maintenance services amounting to RSD 34,481 thousand (in 2013: RSD 53,367 thousand) pertain primarily to ongoing maintenance of the Energoprojekt building amounting to RSD 31,055 thousand (in 2013: RSD 42,778 thousand) and to the ongoing maintenance of equipment amounting to RSD 3,426 thousand (in 2013: RSD 2,281 thousand). In 2013, this item included the maintenance costs for the “Samacki Hotel“ complex amounting to RSD 8,308 thousand, as opposed to 2014, when such were not booked as expenses.

Rental costs amounting to RSD 759 thousand (in 2013: RSD 530 thousand) refer to the rent of office space of the Company’s branch office in Baghdad, Iraq, amounting to RSD 642 thousand (in 2013: RSD 394 thousand, for the office space rent from June to December) and to the rent of a projector and audio equipment for general meetings of the Company, amounting to RSD 117 thousand (in 2013: RSD 136 thousand).

Advertising costs amounting to RSD 12,404 thousand (in 2013: RSD 2,973 thousand) refer to production of a corporate promo film for the Energoprojekt Company, “Building a Better World” („Gradimo bolji svet“ in Serbian), advertising in print media locally and abroad, on the web pages and online, to media presentations, participation in conferences, printing of the Corporate Review and Annual Report, and to other similar costs. Compared with 2013, advertising costs grew due to the production of the corporate promo film and intensified advertising and promotional activities for the Company and for the Energoprojekt Group, both in the country and abroad.

Costs of other services amounting to RSD 10,453 thousand (in 2013: RSD 9,810 thousand) refer primarily to the licensing costs: RSD 4,118 thousand (in 2013: RSD 3,654 thousand), photocopying costs and costs of technical and operational support provided by the Energoprojekt Energodata Company in multimedia presentations, updating and preparation of advertising and promo materials, graphic design services and other: RSD 3,438 thousand (in 2013: RSD 2,742 thousand), utility services: RSD 2,518 thousand (in 2013: RSD 2,301 thousand), safety at work and car registration: RSD 379 thousand (in 2013: RSD 383 thousand).

14. DEPRECIATION COSTS AND COSTS OF LONG-TERM PROVISIONS

Structure of depreciation costs and long-term provisions	In RSD thousand	
	2014	2013
Depreciation costs:		
a) Amortisation of intangible assets (Note 23)	508	290
b) Depreciation of property, plant and equipment (Note 24a)	8,837	9,955
Total	*9,345*	*10,245*
Long-term provisions' costs:		
a) Provisions for contributions and other personnel benefits		704
Total		*704*
TOTAL	***9,345***	***10,949***

Residual value and residual lifetime of property and equipment with significant booking value were appraised as at December 31, 2014. From the aspect of costs' depreciation, compared with the previous year, there were no changes of relevance in 2014.

In 2014, income was booked based on release of long-term provisions for employee benefits and payments (Notes 18a and 34a).

15. NON-PRODUCTION COSTS

Structure of non-production costs	In RSD thousand	
	2014	2013
Costs of non-production services	29,685	22,755
Expense account	6,066	7,305
Insurance premiums costs	1,111	914
Payment operations' costs	1,366	845
Membership fee costs	1,308	1,314
Tax duties	35,349	11,284
Other non-operating costs	8,813	16,863
TOTAL	***83,698***	***61,280***

Costs of non-production services amounting to RSD 29,685 thousand (in 2013: RSD 22,755 thousand), include the costs of audit, attorney fees, consulting and intellectual services, professional training and education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other.

Expense accounts amounting to RSD 6,066 thousand (in 2013: RSD 7,305 thousand), include catering services, gifts for business partners, etc.

Insurance premium costs amounting to RSD 1,111 thousand (in 2013: RSD 914 thousand), refer to the insurance of property and persons.

Costs of payment operations amounting to RSD 1,366 thousand include local costs of payment operations in the amount of RSD 1,359 thousand (in 2013: RSD 809 thousand) and international payment operations costs amounting to RSD 7 thousand (in 2013: RSD 36 thousand).

Membership fee costs amounting to RSD 1,308 thousand include membership fees to Chambers (Serbian Chamber of Commerce) representing a salary expense liability of RSD 234 thousand (in 2013: RSD 429 thousand) and other Chambers' membership fees and Associations' fees in the amount of RSD 1,074 thousand (in 2013: RSD 885 thousand).

Tax duties in the amount of RSD 35,349 thousand (in 2013: RSD 11,284 thousand), refer mostly to the property tax amounting to RSD 35,160 thousand, which increased significantly in comparison to the past year (in 2013: RSD 7,934 thousand), due to the newly introduced method of tax base calculation for property tax for 2014, in compliance with the newly adopted Law on Property Taxes (RS Official Gazette, No. 26/2001; FRY Official Gazette, No. 42/2002 – Federal Constitutional Court Decision, and RS Official Gazette, No. 80/2002, 80/2002 – other law, 135/2004, 61/2007, 5/2009, 101/2010, 24/2011, 78/2011, 57/2012 – Constitutional Court Decision and 47/2013).

Other non-operating costs amounting to RSD 8,813 thousand (in 2013: RSD 16,863 thousand) predominantly refer to services rendered by international companies of Encom GmbH Consulting, Engineering & Trading, Germany, and I.N.E.C. Engineering Company Limited, Great Britain, amounting to RSD 2,685 thousand (in 2013: RSD 9,986 thousand); duties and court expenses amounting to RSD 1,257 thousand (in 2013: RSD 2,489 thousand), and the remaining amount of RSD 4,871 thousand (in 2013: RSD 4,388 thousand) include: printing of the Energoprojekt Company newspaper, cost share in salaries of persons with disabilities, TV subscription fee, etc.

16. FINANCIAL INCOME AND FINANCIAL EXPENSE

16a) Financial Income

Financial income structure	*In RSD thousand*	
	2014	*2013*
Financial income from parent companies and subsidiaries	635,041	337,750
Financial income from other related parties	20,586	11,376
Other financial income:		
a) Income from dividends		2,585
Total		*2,585*
Total financial income from related parties and other financial income	*655,627*	*351,711*
Interest income (from third parties)	14,601	9,112
Income from FX gains and positive effects of FX clauses	25,052	3,708

Financial income from parent companies and subsidiaries amounting to RSD 635,041 thousand (in 2013: RSD 337,750 thousand), refer to interest income from subsidiaries amounting to RSD 33,721 thousand (in 2013: RSD 45,073 thousand); effects of foreign exchange clauses and foreign exchange gains from subsidiaries amounting to RSD 68,834 thousand (in 2013: RSD 14,072 thousand) and to the income from dividends amounting to RSD 532,486 thousand (in 2013: RSD 278,605 thousand) from the following subsidiaries:

- Energoprojekt Garant Ltd. amounting to RSD 43,847 thousand (in 2013: RSD 51,885 thousand);
- Energoprojekt Entel Plc. amounting to RSD 264,593 thousand (in 2013: RSD 148,697 thousand); and
- Energoprojekt Oprema Plc. amounting to RSD 224,046 thousand (in 2013: RSD 78,023 thousand).

Financial income from other related parties amounting to RSD 20,586 thousand (in 2013: RSD 11,376 thousand) refer to interest income amounting to RSD 10,572 thousand and to the effects of foreign exchange clauses amounting to RSD 10,014 thousand from Enjub Ltd.

Interest income (from third parties) amounting to RSD 14,601 thousand (in 2013: RSD 9,112 thousand), predominantly refer to the interest on term deposits amounting to RSD 9,109 thousand (in 2013: RSD 8,734 thousand).

Foreign exchange gains and gains from foreign exchange clauses amounting to RSD 25,052 thousand refer to foreign exchange gains amounting to RSD 9,272 thousand and income generated from gains based on the positive effects of foreign exchange clauses amounting to RSD 15,780 thousand, the major part of which relate to the effects of foreign exchange clauses pertaining to receivables for income that has not yet been invoiced from the Embassy construction in Abuja amounting to RSD 13,267 thousand.

16b) Financial Expense

Financial expense structure	*In RSD thousand*	
	2014	*2013*
Financial expense incurred with parent companies and subsidiaries	1,682	1,830
Financial expense incurred from other related parties		
Expense from share in the loss of affiliates and joint ventures		
Other financial expense		
Total financial expense incurred with related parties and other financial expense	*1,682*	*1,830*
Interest expenses (to third parties)	14,514	14,634
Negative FX differences and expenses incurred from effects of FX clauses (to third parties)	5,404	4,732
TOTAL	***21,600***	***21,196***

Financial expenses incurred with parent companies and subsidiaries amounting to RSD 1,682 thousand (in 2013: RSD 1,830 thousand), relate to expenses incurred from the effects of foreign exchange clauses amounting to RSD 699 thousand and foreign exchange losses incurred with subsidiaries amounting to RSD 983 thousand.

Interest expenses (incurred with third parties) amounting to RSD 14,514 thousand (in 2013: RSD 14,634 thousand), refer predominantly to the interest losses based on the credits approved locally for current liquidity (granted by the Republic of Serbia Development Fund, Komercijalna Banka, Erste bank and Alpha bank) amounting to RSD 14,487 thousand (in 2013: RSD 14,037 thousand).

17. LOSS FROM VALUATION ADJUSTMENTS OF OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

Structure of loss from valuation adjustments of other property carries at fair value through profit or loss	*In RSD thousand*	
	2014	*2013*
Loss from valuation adjustment of long-term financial investments and securities available for sale	641,632	
Loss from valuation adjustment of receivables and short-term financial investments	851	
TOTAL	***642,483***	***0***

Loss from valuation adjustment of long-term financial investments and securities available for sale amounting to RSD 641,632 thousand refer to impairment of Company assets, based on impairment of equity investment of the Energoprojekt Visokogradnja subsidiary as at December 31, 2014, in compliance with IAS 36 – Impairment of Assets, and based on the Report prepared by the Scientific and Research Centre of the Faculty of Economics, University of Belgrade on appraisal of Energoprojekt Visokogradnja capital for implementation of IAS/IFRS as at December 31, 2014.

Loss from valuation adjustment of receivables and short-term financial investments amounting to RSD 851 thousand relate to the correction of value of receivables from a Zekstra Group Company, Zekstra Ltd., Belgrade, as per the inventory count as at December 31, 2014, since the collection of this receivable is uncertain, despite the lawsuit initiated against the buyer in question, due to their frozen accounts.

18. OTHER INCOME AND OTHER EXPENSE

18a) Other Income

Structure of other income	In RSD thousand	
	2014	2013
Income from sales of equity investment and securities		3,689
Income from effects of agreed risk protection that cannot be posted in other comprehensive result		7
Income from cancellation of long-term and short-term provisions	1,208	
Other income	121	160
Income from property, plant and equipment valuation adjustment		19,023
TOTAL	***1,329***	***22,879***

Income from release of long-term and short-term provisions amounting to RSD 1,208 thousand refer to the release of long-term provisions for salaries, fringe benefits and other personnel expenses, in compliance with IAS 19 – Employee Benefits (Note 34a). In 2013, an expense for salaries, fringe benefits and other personnel expenses was booked based on provisions for employee salaries, fringe benefits and other personnel expenses amounting to RSD 704 thousand.

Other income amounting to RSD 121 thousand (in 2013: RSD 160 thousand) refer to the sales of used paper amounting to RSD 100 thousand (in 2013: RSD 160 thousand) and income from reimbursement of lawsuit expenses from the Napred Razvoj Plc. amounting to RSD 21 thousand.

18b) Other Expense

Structure of other expense	In RSD thousand	
	2014	2013
Losses incurred from decommissioning and disposal of intangible assets, property, plant and equipment	1,164	8
Losses incurred from the sales of equity investment and securities	646	
Expenses incurred from direct write-off of receivables	689	596
Other expenses	2,673	2,772
Impairment of property, plant and equipment	19,277	17,918
TOTAL	***24,449***	***21,294***

Losses incurred from the disposal and sales of intangible assets, property, plant and equipment amounting to RSD 1,164 thousand (in 2013: RSD 8 thousand) relate predominantly to the direct write-off of unused facilities in Budva, of the present value amounting to RSD 1,074 thousand, which was introduced in off-balance sheet, with no value, and based on the Decision of the Company Executive Board and adopted inventory count for 2014.

Losses incurred from the sales of equity investment and securities amounting to RSD 646 thousand pertain to the sale of shares of Aik Banka Plc. Nis (518 shares at RSD 1,625 per share).

Expenses incurred from direct write-off of receivables amounting to RSD 689 thousand (in 2013: RSD 596 thousand) pertain predominantly to Energoprojekt Promet Ltd. amounting to RSD 543 thousand (in 2013: RSD 520 thousand).

Other but not mentioned expenses amounting to RSD 2.673 thousand (in 2013: RSD 2,772 thousand) pertain to humanitarian flood relief in Serbia in the amount of RSD 1,268 thousand, to donations amounting to RSD 1,237 thousand (in 2013: RSD 2,759 thousand), to expenses incurred for scientific and athletic purposes in the amount of RSD 148 thousand and to the fines and penalties amounting to RSD 20 thousand.

Impairment of property, plant and equipment amounting to RSD 19,277 thousand refers to impairment of investment property, and specifically of the “Samacki Hotel“ complex and of the business premises of Stari Merkator (in 2013: RSD 17,918 thousand related to the impairment of the “Samacki Hotel“ complex, while based on reduction to the fair value of the “Stari Merkator” business premises, income was booked from adjustment of property value amounting to RSD 19,023 thousand).

19. NET INCOME / LOSS FROM DISPOSAL OF DISCONTINUING OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERRORS

Structure of net income/loss from disposal or discontinuing operations, effects of change in accounting policy and correction of prior period errors	*In RSD thousand*	
	2014	*2013*
Net income from disposal of discontinuing operations, effects of change in accounting policy and correction of prior period errors	6,989	
Net loss from disposal of discontinuing operations, effects of change in accounting policy and correction of prior period errors		657
TOTAL	***6,989***	***(657)***

Net income from disposal of discontinuing operations amounting to RSD 6,989 thousand refers to the corrections of errors from previous years of no material significance, and primarily, to the following:

- Income based on modifications in invoices for property tax expenses for the “Samacki Hotel“ complex for 2011 - 2013, which is, according to the Rent Agreement, to be borne by the tenant, Energoprojekt Visokogradnja Company, in the amount of RSD 6,467 thousand; and
- Income based on invoicing of Napred Razvoj Plc., Belgrade for Company personnel salaries for employees engaged on the occasion of extraordinary audit of Company’s individual and consolidated financial statements for 2011 by UHY EKI Revizija Ltd. Belgrade, based on the shareholders’ request, that is, by the Napred Razvoj Plc. Company Belgrade, amounting to RSD 2,881 thousand. Loss was booked on the same basis, due to the subsidiaries’ debit notes for auditor’s fee for their employees

engaged in the extraordinary audit amounting to RSD 1,554 thousand. The extraordinary audit confirmed that there was no difference of opinion with the regular external auditor concerning the individual and consolidated financial statements of the Company for 2011 which were covered by the extraordinary audit.

20. PROFIT / LOSS BEFORE TAX

Structure of gross result	*In RSD thousand*	
	2014	*2013*
Operating income	583,921	550,690
Operating expenses	525,408	474,709
Operating result	**58,513**	**75,981**
Financial revenues	695,280	364,531
Financial expenses	21,600	21,196
Financial result	**673,680**	**343,335**
Revenues from valuation adjustment of other assets disclosed at fair value through Profit or Loss		
Other revenues	1,329	22,879
Expenses from valuation adjustment of other assets disclosed at fair value through Profit or Loss	642,483	
Other expenses	24,449	21,294
Result of other revenues and expenses	**(665,603)**	**1,585**
Net income from discontinuing operations, changes in accounting policy and correction of errors from prior period	6,989	
Net expense from discontinuing operations, changes in accounting policy and correction of errors from prior period		657
TOTAL INCOME	**1,287,519**	**938,100**
TOTAL EXPENSE	**1,213,940**	**517,856**
PROFIT/LOSS BEFORE TAX	***73,579***	***420,244***

Decrease in the business result achieved in 2014 compared with the past year came as the result of the impairment of equity investment of the Energoprojekt Visokogradnja Company, in compliance with the IAS 36 – Impairment of Assets, amounting to RSD 641,632 thousand (Note 17).

21. PROFIT TAX AND NET PROFIT

Structure of profit tax and net profit	In RSD thousand	
	2014	2013
Profit before tax	73,579	420,244
Capital gains/(losses) in Profit and Loss	-646	3,689
Adjustments and net corrections of revenues/(expenses) in tax balance	109,492	-289,205
Taxable profit	**182,425**	**134,728**
Amount of loss in tax balance from previous years up to the amount of taxable profit		
Other taxable profit	**182,425**	**134,728**
Capital gains/(losses) calculated in compliance with the law	-626	
Capital losses carried from previous years up to the amount of capital profit calculated in compliance with the law		
Other capital gains		
Tax base	**182,425**	**134,728**
Calculated tax (15% of tax base)	27,364	20,209
Total deductions from the calculated tax		607
Calculated tax after deductions	**27,364**	**19,602**
Profit/(loss) before tax	73,579	420,244
Tax loss of the period	27,364	19,602
Deferred tax loss of the period (Note 41)	2,348	1,554
Net profit	***43,867***	***399,088***

22. EARNINGS PER SHARE

Indicator	In RSD thousand	
	2014	2013
Net profit	43,867	399,088
Average number of shares per year	10,931,292	10,931,292
Earnings per share (in RSD)	***4.01***	***36.51***

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

BALANCE SHEET

23. INTANGIBLE ASSETS

In RSD thousand

Structure of intangible assets	Softver and other rights	Intangible assets in preparation	Advance payments for intangible assets	Total
Purchase price				
Balance as at 01/01/2013	2,326	8,837		**11,163**
Correction of opening balance				
Transfer from one form to another				
New purchases			321	**321**
Disposal and decommissioning				
Other				
Balance as at 31/12/2013	**2,326**	**8,837**	**321**	**11,484**
Correction of opening balance				
Transfer from one form to another	8,084	(8,084)		
New purchases	3,149	1,783	90	**5,022**
Disposal and decommissioning	(1,184)			**(1,184)**
Other		(753)		**(753)**
Balance as at 31/12/2014	**12,375**	**1,783**	**411**	**14,569**
Valuation adjustment				
Balance as at 01/01/2013	1,747			**1,747**
Correction of opening balance				
Depreciation	290			**290**
Disposal and decommissioning				
Impairment				
Other				
Balance as at 31/12/2013	**2,037**			**2,037**
Correction of opening balance				
Depreciation	508			**508**
Disposal and decommissioning	(1,159)			**(1,159)**
Impairment				
Other				
Balance as at 31/12/2014	**1,386**			**1,386**
Net book value				
31-12-13	***289***	***8,837***	***321***	***9,447***
31-12-14	***10,989***	***1,783***	***411***	***13,183***

24. PROPERTY, PLANT AND EQUIPMENT

24a) Property, plant and equipment exclusive of investment properties

In RSD thousand

Structure of property, plant and equipment	Buildings	Plant and equipment	Other property, plant and equipment	Advances for property, plant and equipment	Total
Purchase price					
Balance as at 01/01/2013	**919,807**	**94,277**		**42,872**	**1,056,956**
Correction of opening balance					
New purchases during the year		3,869			**3,869**
Other transfers from / (to)				348	**348**
Disposal and decommissioning		-3,998			**-3,998**
Balance as at 31/12/2013	**919,807**	**94,148**		**43,220**	**1,057,175**
Correction of opening balance					
New purchases during the year		2,929			**2,929**
Other transfers from / (to)		-283	283		
Disposal and decommissioning	-4,965	-2,936			**-7,901**
Profit/(loss) included in "Report on Other Result" (group 330)	863,317				**863,317**
Other increases / (decreases)	-384,449			2,381	**-382,068**
Balance as at 31/12/2014	**1,393,710**	**93,858**	**283**	**45,601**	**1,533,452**
Valuation adjustment					
Balance as at 01/01/2013	**402,544**	**66,715**			**469,259**
Correction of opening balance					
Depreciation	89	9,866			**9,955**
Disposal and decommissioning	-14,381	-3,990			**-18,371**
Balance as at 31/12/2013	**388,252**	**72,591**			**460,843**
Correction of opening balance					
Depreciation	88	8,749			**8,837**
Disposal and decommissioning	-3,891	-2,871			**-6,762**
Other increases /decreases	-384,449				**-384,449**
Balance as at 31/12/2014		**78,469**			**78,469**
Net book value					
Balance as at 31/12/2013	***531,555***	***21,557***		***43,220***	***596,332***
Balance as at 31/12/2014	***1,393,710***	***15,389***	***283***	***45,601***	***1,454,983***

On December 31, 201e, the residual value and the remaining useful lifetime for the property and equipment with significant accounting value were evaluated. From the aspect of depreciation costs, there were no relevant changes in 2014 compared with the previous year.

Valuation of the Fair Value of Buildings

In 2014, due to the changes in accounting policies with regard to measuring of buildings after the initial recognition, transition was made from the acquisition price model to the revalorisation model. In compliance with the IAS 8 – Accounting Policies, changes in accounting appraisal and error, upon initial measurement, on the occasion of the transition from the acquisition price model to the revalorisation model, the value of buildings as at December 31, 2013 was not corrected.

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

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

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

The Energoprojekt building was booked at the revalorized value as at December 31, 2014 in the amount of RSD 1,393,710 thousand, in compliance with the valuation performed by an external independent qualified valuator by using the comparative method, and in such a manner that the correction of its value was completely eliminated in the amount of RSD 384,449 thousand, while the purchase price was reduced to the revalorized amount and posted under the Revaluation Reserves Adjustment Account in the amount of RSD 863,317 thousand.

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

According to the inventory country from December 31, 2014, the present value of buildings out of use in Budva was directly written-off in the amount of RSD 1,074 thousand (acquisition cost: RSD 4,965 thousand and correction of value: RSD 3,891 thousand) that was introduced in the off-balance books, without any value (Notes 18b and 42).

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

Building	Opening balance	Depreciation	Impairment (sales, wear and tear, etc.)	Income/(losses) included in "Report on Other Income"	Closing balance
Energoprojekt building	########			863,317	1,393,710
Buildings not in use in Budva	1,162	-88	-1,074		
TOTAL	***531,555***	***-88***	***-1,074***	***863,317***	***1,393,710***

If the revalorized items had been presented according to the purchase price method, their present value would amount to RSD 530,393 thousand.

The Company management was of the opinion that property and equipment value as at December 31, 2014 was not impaired compared with the presented value.

As at December 31, 2014, the Company has no property or equipment mortgaged or liened as collateral for financial obligations.

Advance for property amounting to RSD 45,601 thousand refers to the advance paid to the Republic of Serbia for the purchase of properties in Uganda, Peru and Nigeria.

24b) Investment Property

Investment property	*In RSD thousand*	
	2014	*2013*
Balance as at 01/01/2014	603,717	602,612
Income/(losses) included in Profit or Loss	(19,277)	1,105
Balance as at 31/12/2014	***584,440***	***603,717***

Concerning the investment property, the following amounts were recognized in the income statement:

Income and losses from investment property recognized in Profit or Loss	*In RSD thousand*	
	2014	*2013*
Rental income	28,886	29,096
Direct operational costs from investment property that generated rental income over the year		(8,318)
Direct operational costs from investment property that did not generate rental income over the year	(466)	(544)
TOTAL	***28,420***	***20,234***

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

- The “Samacki Hotel“ complex, with the total area of 8,034.00 m², with the municipal construction land use rights for the total area of 18,598.00 m², in 24 Batajnicki Put Street in Zemun in the amount of RSD 498,887 thousand. The fair value of this investment property as at December 31, 2013 amounted to RSD 511,574 thousand. As at the balance sheet date, a new assessment was performed and its value was reduced by RSD 12,687 thousand.

  Income amounting to RSD 23,836 thousand was generated from the rent of the property in question to Energoprojekt Visokogradnja Company in 2014 (Note 9b).

- The “Stari Merkator” office space with the total area of 643 m², in 5 Palmira Toljatija Street in Novi Beograd in the amount of RSD 85,553 thousand. The fair value of the investment property in question as at December 31, 2013 amounted to RSD 92,143 thousand. As at the balance sheet date, a new assessment was performed and its value was reduced by RSD 6,590 thousand.

  In 2014, this property was not rented. Due to the present inauspicious situation for the rent of property in the Republic of Serbia, it has been quite difficult to find adequate tenant for this property.

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

In RSD thousand

No.	Investment property	Opening balance	Profit / (losses) disclosed in balance sheet	Closing balance
1	"Samacki Hotel" complex	511,574	(12,687)	498,887
2	"Stari Merkator" office space	92,143	(6,590)	85,553
	TOTAL	***603,717***	***(19,277)***	***584,440***

Assessment of Fair Value of Investment Property

The valuation of the fair value of investment property as at December 31, 2014 was performed by an independent valuator who has recognized and relevant professional qualifications and recent relevant work experience with relevant locations and in the field of investment property. Due to the current situation on the property market and the reduced number of sales transactions compared with previous years due to the economic crisis, the valuator has mostly relied on his knowledge of the market and professional judgment and less on the results of comparable transactions in the past.

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

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

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

25. LONG-TERM FINANCIAL INVESTMENTS

Structure of long-term financial investments	*In RSD thousand*	
	2014	*2013*
Equity investments in subsidiaries	5,669,421	5,517,382
Equity investments in affiliates and joint ventures	14,612	14,612
Equity investments in other companies and other securities available for sale	152,507	154,000
Long-term investments in parent companies and subsidiaries	563,771	751,503
Other long-term financial investments	1,510	1,591
Total	*6,401,821*	*6,439,088*
Impairment	(835,608)	(174,326)
TOTAL	***5,566,213***	***6,264,762***

25a) Equity Investments

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

Structure of equity investments	% share	In RSD thousand 2014	2013
Equity investments in subsidiaries			
EP Visokogradnja Plc.	99.93%	1,825,076	1,706,767
EP Niskogradnja Plc.	100.00%	1,012,084	1,012,084
EP Oprema Plc.	67.87%	121,316	121,316
EP Hidroinženjering Plc.	100.00%	427,626	399,230
EP Urbanizam i arhitektura a.d.	100.00%	192,642	190,733
EP Promet Ltd.	100.00%	295	295
EP Energodata Plc.	100.00%	194,863	191,438
EP Industrija Plc.	62.77%	61,209	61,209
EP Entel Plc.	86.26%	216,422	216,422
EP Garant Ltd.	92.94%	597,545	597,545
I.N.E.C. Engineering Company Limited, Great Britain	100.00%	70,311	70,311
Encom GmbH Consulting, Engineering & Trading, Germany	100.00%	3,493	3,493
Dom 12 S.A.L., Lebanon	100.00%	924,749	924,749
Zambia Engineering and Contracting Company Limited, Zambia	100.00%	587	587
Energoprojekt Holding Guinee S.A., Guinea	100.00%	1,628	1,628
Energoprojekt (Malesia) Sdn Bhd, Kuala Lumpur	100.00%	19,574	19,574
Impairment		*(715,064)*	*(73,432)*
Total		*4,954,356*	*5,443,949*
Equity investments in affiliates and joint ventures			
Necco Nigerian Engenering and Construction CO LTD, Kano, Nigeria	40.00%	1,063	1,063
Enjub Ltd.	50.00%	13,550	13,550
Impairment		*(1,063)*	*(1,063)*
Total		*13,550*	*13,550*
Equity investments in other companies and other securities held for sale			
a) Banks and financial organizations			
Dunav Ltd.	*0.01%*	*5,814*	*5,814*
Jubmes banka Plc.	*1.41%*	*120,176*	*120,176*
Energobroker Plc.	*17,64%*	*4,371*	*4,371*
Fima see Activist Plc. Beograd	*15.97%*	*16,160*	*16,160*
Aik Banka Plc.	*0,01%*		*1,493*
Impairment		*(119,382)*	*(99,792)*
Total		*27,139*	*48,222*
b) Other companies			
Hotel Bela ladja Plc., Becej	*4.36%*	*5,986*	*5,986*
Impairment		*(99)*	*(39)*
Total		*5,887*	*5,947*
TOTAL		***5,000,932***	***5,511,668***

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

Equity investments - impairment	In RSD thousand		
	Gross investment amount	*Impairment*	*Net investment amount*
Equity investments in subsidiaries			
EP Visokogradnja Plc.	1,825,076	641,632	1,183,444
EP Urbanizam i arhitektura Plc.	192,642	44,277	148,365
I.N.E.C. Engineering Company Limited, Great Britain	70,311	7,953	62,358
Energoprojekt Holding Guinee S.A., Guinea	1,628	1,628	-
Energoprojekt (Malesia) sdn bhd, Kuala Lumpur	19,574	19,574	-
Total	*2,109,231*	*715,064*	*1,394,167*
Equity investments in affiliates and joint ventures			
Necco Nigerian Engenering and Construction CO LTD, Kano, Nigeria	1,063	1,063	-
Total	*1,063*	*1,063*	*-*
Equity investments in other companies and other securities held for sale			
a) Banks and financial organizations			
Dunav Ltd.	*5,814*	*5,374*	*440*
Jubmes banka Plc.	*120,176*	*108,008*	*12,168*
Fima see Activist Plc. Beograd	*16,160*	*6,000*	*10,160*
Total	*142,150*	*119,382*	*22,768*
b) Other companies			
Hotel Bela ladja Plc., Becej	*5,986*	*99*	*5,887*
Total	*5,986*	*99*	*5,887*
TOTAL	***2,258,430***	***835,608***	***1,422,822***

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

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

In 2014, the increase in equity investments in Energoprojekt Visokogradnja, Energoprojekt Hidroinzenjering, Energoprojekt Energodata and Energoprojekt Urbanizam i arhitektura compared to the previous year was due to the Decisions passed by the Company Supervisory Boards, on imposed repurchase of stock from all the remaining shareholders of the above listed companies; the price was set in compliance with the provisions of the Companies Law.

Impairment of equity investment in Energoprojekt Visokogradnja for the amount of RSD 641,632 thousand as at December 31, 2014 was performed in compliance with IAS 36 – Impairment of Assets, and based on the Energoprojekt Visokogradnja Equity Assessment Report prepared by the Scientific and Research Centre of the Faculty of Economics of the University of Belgrade for the purpose of implementing IAS/IFRS as at December 31, 2014.

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

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

Equity investment in other companies and securities held for sale are measured at market (fair) value.

The change in the position Securities available for sale came as the result of the sales of Aik Banka Plc. Nis shares (518 shares, at RSD 1,635 per share) and adjustment of the value of shares in Company's portfolio of shares with their fair value in the secondary securities' market as at the financial statements date (which are presented in the account for impairment of equity investments and profit and loss from securities available for sale).

The Company has made equity investments in the following Banks, financial institutions and other legal entities with listed shares in the Belgrade Stock Exchange and their fair value was determined based on their current market value at the end of the year on December 31, 2014:

- Dunav Ltd.: 527 shares, with the market value as at the balance sheet day of RSD 836.00 per share;
- Jubmes Banka Plc.: 4,056 shares, with the market value of RSD 3,000.00 per share;
- Fima See Activist Plc., Belgrade: 1,600 shares, with the market value of RSD 6,350.00 per share; and
- Hotel Bela Ladja Plc., Becej: 60,070 shares, with market value of RSD 98.00 per share.

The Company management could not make a reliable assessment of the fair value of their equity investments in the shares of Energobroker Plc. The shares of this Company are not listed and data on their latest market value is not publicly available. The Company's equity investments in the shares of Energobroker Plc. Company are presented at purchase price in the amount of RSD 4,371 thousand.

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

Financial assets available for sale are presented in RSD.

25b) Long-Term Financial Investments

Structure of long-term investments	In RSD thousand	
	2014	2013
Long-term investments in parent companies and subsidiaries	563,771	751,503
Impairment provision		
Total	*563,771*	*751,503*
Securities held to maturity		
Other long-term financial investments:		
a) Housing loans granted to employees	1,510	1,591
Impairment provision		
Total	*1,510*	*1,591*
Total	***565,281***	***753,094***

Long-term financial investments in parent companies and subsidiaries in the amount of RSD 563,771 thousand refer to the long-term loans granted based on the Loan Rescheduling Agreement from December 31, 2014 concluded with Energoprojekt Visokogradnja Company for the amount of RSD 94,574 thousand with 1% annual interest rate and with Energoprojekt Niskogradnja Company for the amount of RSD 469,197 thousand with 4% annual interest rate and maturity period of 2 years.

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

The long-term housing loans granted to employees that are presented among other long-term financial investments refer to four interest-free housing credits granted to employees, two of which were granted on June 10, 1992 for the repayment period of 38.5 years, and the remaining two loans were granted on November 28, 1995 for the repayment period of 40 years. In compliance with the terms and provisions of the loan agreements and in compliance with the provisions of the Law on Amendments and Addenda to the Law on Housing, the Company performs revalorisation of loan instalments twice a year based on the trends in consumer prices in the Republic of Serbia for the given accounting period. A portion of the long-term financial investments made on this basis with maturity dates up to one year that is being regularly repaid/collected amounts to RSD 78 thousand (Note 30).

26. INVENTORIES

Structure of inventories	*In RSD thousand*	
	2014	*2013*
Advances paid for inventories and services		
a) Advances paid for inventories and services to parent companies and subsidiaries	13,352	57,772
b) Advances paid for material, spare parts and inventory	675	412
c) Advances paid for services	115	71
Total	*14,142*	*58,255*
Impairment provision		
TOTAL	***14,142***	***58,255***

Advances paid for inventories and services to parent companies and subsidiaries in the amount of RSD 13,352 thousand refer in the largest part, in the amount of RSD 13,173 thousand to the advances paid to Energoprojekt Oprema Plc. Company based on the Agreement on Construction of Embassy Building of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turn-key project, in the cadastre lot No. 313, registered in the Real Estate Cadastre of the Cadastre Zone A00.

27. TRADE RECEIVABLES

Structure of trade receivables	*In RSD thousand*	
	2014	*2013*
Trade receivables domestic - parent companies and	419,702	311,872
Trade receivabless domestic - other related parties	705	705
Trade receivables - domestic (externally)	*37*	*149*
Impairment provision		
TOTAL	***420,444***	***312,726***

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

The Company has not been presented with any collection collaterals for trade receivables domestic – other related parties and domestic (external).

Trade receivables and other receivables from sales bear no interest.

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

Detailed explanations of receivables from sales and aging structure of short-term receivables are presented in Note 8a, and information on adjustments of receivables and liabilities is presented in Note 44.

28. RECEIVABLES FROM SPECIFIC BUSINESS OPERATIONS

Structure of receivables from specific business operations	*In RSD thousand*	
	2014	*2013*
Receivables from specific business operations from parent companies and subisidiaries	92,276	53,163
Receivables from specific business operations from other related parties	1,353	842
Receivables from specific business operations from other companies	3,801	860
Impairment provisions	(851)	
TOTAL	***96,579***	***54,865***

Impairment provisions for receivables from specific business operations are presented in the following Table.

Changes in impairment provisions for receivables from specific business operations	*In RSD thousand*	
	2014	*2013*
Balance as at January 1		
Additional impairment provision	851	
Direct write-off of previously impaired receivables		
Collected impaired receivables		
TOTAL	***851***	***0***

Impairment provision for receivables from specific business operations from other companies (the Zekstra Group – Zekstra Ltd. Belgrade Company) amounting to RSD 851 thousand, which were matured and written-off, was performed in inventory count as at December 31, 2014.

29. OTHER RECEIVABLES

Structure of other receivables	In RSD thousand	
	2014	*2013*
Interest and dividend receivable:		
a) Interest and dividend receivable from parent companies and subsidiaries	3,653	26,258
b) Interest and dividend receivable from other related parties	35,634	23,483
c) Interest agreed and penalty interest receivable from other companies	122	66
Total	*39,409*	*49,807*
Receivables from employees		110
Receivables for overpaid profit tax	13,126	19,283
Receivables in respect of prepaid taxes and contributions	977	386
Impairment provisions		
TOTAL	***53,512***	***69,586***

Interest and dividend receivables in the amount of RSD 39,409 thousand comprise only of interest receivable and specifically, of the interest receivable from the subsidiaries in the amount of RSD 3,653 thousand, of the interest receivable from other related parties (Enjub Ltd.) in the amount of RSD 35,634 thousand, and from the domestic business banks in the amount of RSD 122 thousand.

When compared with the previous year, the impairment of interest receivable from subsidiaries came as the result of rescheduling of receivables from short-term loans as at December 31, 2014, where the amounts of interest receivable for that date were included in the amounts of principal from the Loan Rescheduling Agreements.

30. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short-term financial investments	In RSD thousands	
	2014	*2013*
Short-term loans and investments in parent companies and subsidiaries	289,257	254,016
Short-term loans and investments in other related parties	161,527	153,092
Short-term loans and advances - domestic	609	504
Portion of other long-term financial investments with maturity date up to one year (Note 25b)	78	78
Impairment provision		
TOTAL	***451,471***	***407,690***

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

No.	Borrower and Agreement No.	Loan amount in EUR thousand	Remaining receivables from the loan in EUR thousand	Remaining receivables from the loan in RSD thousand	Maturity date	Loan terms and conditions
1	**EP Visokogradnja Plc.**					
	Loan Rescheduling Agreement No. 21	1,637	1,637	198,058	31.12.2015.	4 % annually
	Loan Agreement No.365	85	85	10,332	8.12.2015	3 months' Euribor + 5.3% annually
	Total	1,722	1,722	208,390		
2	**EP Energodata Plc.**					
	Loan Rescheduling Agreement No. 24	350	350	42,355	31.12.2015.	4 % annually
3	**EP Urbanizam i arhitektura Plc.**					
	Loan Rescheduling Agreement No. 2	318	318	38,512	31.12.2015.	4 % annually
Total for subsidiaries		***2,390***	***2,390***	***289,257***		
4	**Enjub Ltd.**					
	Annex 2 to Loan Rescheduling Agreement No. 115	1,198	1,198	144,895	31.12.2014.	3 months' Euribor + 6.5% annually
	Anneks 6 to Loan Agreement No. 367	137	137	16,632	31.12.2014.	3 months' Euribor + 6.5% annually
Total for other related parties		***1,335***	***1,335***	***161,527***		
TOTAL		***3,725***	***3,725***	***450,784***		

The Company has 2 (two) signed blank solo bills of exchange to be filled out by beneficiary to be used as collateral for the collection of payments pursuant to loan agreements concluded with subsidiaries and the joint venture.
In addition to the bills of exchange, the Company has an extrajudicial mortgage for the entire loan amount for apartments in 91A Jurija Gagarina Street in Novi Beograd (Note 43), based on the Annex 6 to the Loan Agreement No. 367 concluded with Enjub Ltd. for the loan amount of RSD 16,632 thousand (EUR 137 thousand).

As collaterals for loan repayment, pursuant to Annex 2 to the Loan Agreement No. 115 concluded with Enjub Ltd. for the loan amount of RSD 144,895 thousand (EUR 1,198 thousand), a mortgage bond was issued (mortgage has not been registered) for real estate (apartments and office space) in 93, 93A and 91A Jurija Gagarina Street.

Loans granted to Enjub Ltd. in the total amount of RSD 161,527 thousand (EUR 1,335 thousand) were rescheduled to be repaid until December 31, 2015.

Domestic short-term credits and loans in the amount of RSD 609 thousand refer to the short-term loans granted to employees as interest-free loans for purchase of heating fuel and winter food supplies. These loans were granted for the period of six months and the employees are repaying them in a timely manner in agreed monthly instalments.

31. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	*In RSD thousand*	
	2014	*2013*
Current (business) account	1,310	17,256
Petty cash		33
Foreign currency account	281	11,959
Foreign currency petty cash	17	
Other cash:		
a) Short term deposits	91,687	70,038
b) Other cash	23,418	52,190
Total	*115,105*	*122,228*
TOTAL	***116,713***	***151,476***

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

Short term deposits in the amount of RSD 91,687 thousand refer to the short term deposits held with business banks in the country (Unicredit Bank, Alpha Bank and Piraeus Bank) with 1 to 3 months' terms, with interest rate ranging from 1% to 2% annually and with the option to terminate the term deposit contract at any given moment. The term deposits are in EUR (EUR 474 thousand) and in USD (USD 345 thousand).

Other cash in the amount of RSD 23,418 thousand refer to the overnight deposits with Alpha Bank.

32. VALUE ADDED TAX AND PREPAYMENTS AND DEFERRED EXPENSES

Structure of prepayments and deferred expenses	*In RSD thousand*	
	2014	*2013*
Prepaid expenses:		
Prepayments:	1,447	1,772
b) Prepaid subscriptions for expert and professional publications	461	573
c) Prepaid insurance premiums	18	34
Total	*1,926*	*2,379*
Receivables for accrued non-invoiced income:		
a) Receivables for accrued non-invoiced income - other companies	328,336	171,314
Total	*328,336*	*171,314*
Other deferred expenses:		
a) Prepaid value added tax	359	2,251
b) Other deffered expenses	806	1,066
Total	*1,165*	*3,317*
TOTAL	***331,427***	***177,010***

Prepayments – parent companies and subsidiaries in the amount of RSD 1,447 thousand refer to prepayments for licensing costs (Energoprojekt Energodata Company) and to the costs of property and personal insurance (Energoprojekt Garant Company).

Receivables on non-invoiced income in the amount of RSD 328,336 thousand refer to the realization of the Agreement on Construction of the Republic of Serbia Embassy Building in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the Real Estate Registry, Cadastral Zone A00.

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

Other prepayments and deferred expenses in the amount of RSD 806 thousand relate to the prepaid membership fees, antivirus software licenses, Internet site access, etc.

33. EQUITY

In RSD thousand

DESCRIPTION	Share capital	Other shareholders' equity	Share issue premiums	Reserves	Revaluation reserves	Unrealized gains/losses on securities	Undistributed profit	Total
Balance as at January 1, 2013	*5,068,144*	*27,178*	*1,600,485*	*134,881*	*43,080*	*2,274*	*789,728*	7,665,770
Net profit for the year							399,088	399,088
Other comprehensive result:								
a) Changes in fair value of financial assets available for sale						-23,410		-23,410
b) Revaluation								
c) Other - levelling of present value, IAS 12 et. al.					9,830			9,830
Total - other comprehensive result					9,830	-23,410		-13,580
Total comprehensive result for 2013					9,830	-23,410	399,088	385,508
Corrections							2,910	2,910
Increase in share capital	506,815							506,815
Profit distribution							-506,815	-506,815
Balance as at December 31, 2013	***5,574,959***	***27,178***	***1,600,485***	***134,881***	***52,910***	***-21,136***	***684,911***	***8,054,188***
Net profit for the year							43,867	43,867
Other comprehensive result:								
a) Changes in fair value of financial assets available for sale						-19,650		-19,650
b) Revaluation					863,317			863,317
c) Other - levelling of present value, IAS 12 et al.					-129,498			-129,498
Total - other comprehensive result					733,819	-19,650		714,169
Total comprehensive result for 2014					733,819	-19,650	43,867	758,036
Corrections					30,862		-30,865	-3
Increase in share capital								
Distribution of profit							-393,527	-393,527
Balance as at December 31, 2014	***5,574,959***	***27,178***	***1,600,485***	***134,881***	***817,591***	***-40,786***	***304,386***	***8,418,694***

33a) Basic Capital

According to the Central Securities, Depository and Clearing House Register, the Company's present ownership structure as at December 31, 2014 is as follows:

	No. of shares	% in total issue	
Shares held by private shareholders	**3.308.505**	**30.27%**	
Shares held by legal entities	**6.919.930**	**63.30%**	
- Republic of Serbia	3.671.205		33.58%
- Other legal entities	3.248.725		29.72%
Summary (custody) account	**702.857**	**6.43%**	
Total shares	**10.931.292**	**100.00%**	

Number of shareholders with equity share	Number of entities			Number of shares			% of total issue		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
To 5%	7.540	237	7.777	4.293.936	741.067	5.035.003	39.28%	6,78%	49.06%
From 5% to 10%	0	0	0	0	0	0	0.00%	0.00%	0.00%
From 10% to 25%	1	0	1	2.225.084	0	2.225.084	20.36%	0.00%	20.36%
From 25% to 33%	0	0	0	0	0	0	0.00%	0.00%	0.00%
From 33% to 50%	1	0	1	3.671.205	0	3.671.205	33.58%	0.00%	33.58%
From 50% to 66%	0	0	0	0	0	0	0.00%	0.00%	0.00%
From 66% to 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
Over 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
Total number	7.542	237	7.779	10.190.225	741.067	10.931.292	93.22%	6.78%	100.00%

List of top 10 shareholders by total shares held:

Name	Number of shares	% of total issue
Serbian Government	3.671.205	33.58%
Napred Razvoj plc New Belgrade	2.225.084	20.36%
East Capital (Lux) – Balkan Fund	370.593	3.39%
Raiffeisen Bank plc – custody	138.721	1.27%
Gustavia Fonder Aktiebelag	100.000	0.91%
Raiffeisen Bank plc Belgrade – custody	92.930	0.85%
Raiffeisen Bank plc – custody	77.977	0.71%
Societe Generale Bank Srbija plc – custody	68.877	0.63%
Unicredit Bank Serbia plc – summary account	63.065	0.58%
Global Macro Capital Opportuni	62.500	0.57%

Serbian Government 33.58%
Other 37.14%
Professional investors 29.27%

Shareholders' equity structure	In RSD thousand	
	2014	2013
Share capital:		
a) Share capital in parent companies, subsidiaries and other related parties		
b) Share capital (externally)	5,574,959	5,574,959
Total	*5,574,959*	*5,574,959*
Issue premiums	1,600,485	1,600,485
Other share capital	27,178	27,178
TOTAL	***7,202,622***	***7,202,622***

Share capital consists of 10.931.292 ordinary shares with nominal value of RSD 510 (RSD 5,574,959 thousand) and nominal book value of 770.15 RSD.

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

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

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

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

33b) Reserves

Structure of reserves	In RSD thousand	
	2014	2013
Legally prescribed reserves	23,185	23,185
Statutory and other reserves	111,696	111,696
TOTAL	**134,881**	**134,881**

Until 2004, legal reserves were mandatory and were formed by allocating at least 5% of the profit each year until the reserves reach at least 10% of the equity capital.

The Company’s internal legislation, till 2011, defines the statutory reserves, which are prescribed by the General Meeting at the Board’s proposal and cannot be less than 5% of the net profit.

33c) Revaluation Reserves Based on Revaluation of Intangible Assets, Property, Plant and Equipment

Structure of revaluation reserves based on revaluation of intangible assets, property, plant and equipment	*In RSD thousand*	
	2014	*2013*
Revaluation reserves based on revaluation of property - Energoprojekt building	817,591	52,910
TOTAL	***817,591***	***52,910***

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

- Effects of posting of the fair value of the Energoprojekt building as at December 31, 2014 in the amount of RSD 863,317 thousand (Note 24a);
- Levelling of the present value per m² of the Energoprojekt building in the amount of RSD 98,555 thousand; and
- Posting of 15% profit tax (negative aspect of revaluation reserves) for the amount of deferred tax on the basis of revaluation reserves, in compliance with IAS 12 – Income Taxes, in the amount of RSD 144,281 thousand (Note 41).

Changes in revaluation reserves for property revaluation – Energoprojekt building, compared with the previous year, in the amount of RSD 764,681 thousand refer to the following:

- Increase based on: assessment of the fair value of the Energoprojekt building in the amount of RSD 863,317 thousand and closing of the revaluation reserve in relation to the previously created goodwill in the amount of RSD 30,863 thousand (presented through the undistributed profit from previous years); and
- Decrease based on the implementation of IAS 12 – Income Taxes (15% of the created revaluation reserves in 2014) in the amount of RSD 129,499 thousand.

33d) Unrealized Losses on Securities and Other Components of Other Comprehensive Income (debit balances of accounts of group 33, except 330)

Structure of unrealized losses on securities and other components of other comprehensive result (dugovna salda računa 33 osim 330)	*In RSD thousand*	
	2014	*2013*
Loss on securities available for sale	40,786	21,136
TOTAL	***40,786***	***21,136***

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

33e) Undistributed Profit

Structure of undistributed profit	In RSD thousand	
	2014	2013
Undistributed profit from previous years:		
a) Balance as at January 1	684,911	789,728
b) Correction of profit based on income tax	(2)	289
c) Other corrections (IAS 12 et al.)	(30,863)	2,620
d) Profit distribution	(393,527)	(506,814)
Total	260,519	285,823
Undistributed profit from the current year	43,867	399,088
UKUPNO	***304,386***	***684,911***

In the 42nd regular General meeting of the Company held on June 17, 2014, under item 3 of the Agenda, decision was passed on distribution of the total amount of undistributed profit on December 31, 2013 in the amount of RSD 684,911 thousand, and specifically:

- Dividend payment in gross amount of RSD 36.00 per share to the Company shareholders, or in the total amount of RSD 393,527 thousand;
- The remaining portion of the undistributed profit in the amount of RSD 291,384 thousand is to be distributed into the undistributed profit.

Correction of undistributed profit from previous years in the amount of RSD 30,863 thousand refer to closing of revaluation reserve created from goodwill from previous years.

Undistributed profit for current year in the amount of RSD 43,867 thousand refer to the net Company profit in 2014 (Notes 20 and 21).

34. LONG-TERM PROVISIONS

In RSD thousand

Structure of long-term provisions	Compensations and other employee benefits	Other provisions	TOTAL
Balance as at 01/01/2013	5,017	260,000	265,017
Additional provisions	783		783
Used during the year	-745		-745
Cancelling of unused amounts			
Balance as at 31/12/2013	5,055	260,000	265,055
Additional provisions			
Used during the year	-1,559		-1,559
Cancelling of unused amounts	-1,208		-1,208
Balance as at 31/12/2014	**2,288**	**260,000**	**262,288**

34a) Provisions for compensations and other employee benefits

Provisions for compensations and other employee benefits (provisions for non-due retirement bonuses), are indicated based on actuarial calculation of the Energoprojekt Group expert team.

In the projection of provision calculation pursuant to IAS 19 the deductive approach was used, meaning that all the Companies from the Energoprojekt Group were treated as a whole, and based on general regularities and use of the number of employees as a template, allocation to specific Companies was performed. Considering that all subsidiaries are controlled by the same Company, the applied approach is objective and the projection results can be recognized as expected.

53,39% decrease of the provision amount in Energoprojekt, based on current retirement bonus values in the balance sheet as at December 31, 2014 in comparison to the retirement bonus values in the balance sheet as at December 31, 201e, was the result of several changed factors:

- On one hand, changes of some factors affect the increase of the provision amount (increase in the number of employee by 0.13%); and
- On the other hand, changes of some factors affect the decrease of the provision amount (primarily, amendments to the provisions of Collective Agreement, according to which gross amounts of retirement bonuses were cut significantly, which caused a decrease in the average expected retirement bonus by 49.98%; as well as a decrease in the average years of service in the Company by 4.35%).

In addition to the above mentioned, the change in the provision structure per specific Companies came as the result of the change in the aliquot part of the number of employees in specific Companies against the total number of employees in the entire Energoprojekt Group.

By taking into account the relevant provisions of IAS 19, the provision projections procedure was performed by following these steps:

- Firstly, according to employee gender, working experience and years of service in the Company; considering the expected annual fluctuation and mortality rate (estimated annual fluctuation and mortality rate), an estimation was made of the number of employees that will exercise the right to retirement bonus, as well as the period during which this bonus will be paid out;
- Secondly, considering provisions of the Company Collective Agreement, the bonus amount was appraised for each year of service indicated on the balance sheet date; and
- Thirdly, the discount factor, representing the discount rate to expected salary growth ratio, was used to determine the present value of the expected retirement bonus outflows.

The retirement bonus is, as of the beginning of 2015, pursuant to the provisions of the Collective Agreement in force, paid in the Company in compliance with the Article 57 of the Collective Agreement regulating employment in the country, according to which the Employer is to pay to the Employee retirement bonus amounting to two average gross salaries in the Republic of Serbia according to the latest data published by the relevant Republic authority in charge of statistics. In compliance with the legislation in force, the above mentioned amount is non-taxable.

Since the annual discount rate is necessary to determine the present value of (undue) retirement bonuses, as well as the average annual growth of salaries in the Republic of Serbia, these values shall be specified later in the text.

The rate of 9% was accepted as the **annual discount rate**.

In the paragraph 78, IAS 19 and paragraph BC 33 in the Basis for Conclusions IAS 19, it is explicitly stated that the rate used for discount should be defined according to market yields at the balance sheet date for high yield corporate bonds. In countries where there is no developed market for such bonds, market yields (at the balance sheet date) for government bonds should be used. The currency and term of the bonds should be consistent with the currency and estimated term of the post-employment benefit obligations.

Since the financial market of Serbia is insufficiently developed, the actual annual yield from the purchase of government bonds with the Republic of Serbia as the guarantor should be used as a reference for the determination of the discount rate as at the balance sheet date. In compliance to the above stated, the discount rate was determined according to the annual yield of government bonds issued on December 22, 2014 by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia. These bonds were issued with an annual interest rate of 8.00%. Since the maturity of the reference securities (of 373 days) is shorter than the average estimated maturity the benefit payment that is the subject of this calculation, in view of requirements from paragraph 81, IAS 19, the discount rate was estimated considering longer maturity.

The annual expected salary growth in the Republic of Serbia was planned at the level of 6%.

The annual discount rate and annual salaries' growth depend on inflation rate.
The Memorandum of the National Bank of Serbia on the target inflation rates by 2016, adopted at the meeting of the National Bank of Serbia Executive Board on October 18, 2013, among other things, determines the target inflation rate for 2014 of 4%, with permissible deviation (positive and negative) of 1.5 percentage points. According to the above stated, and taking into account the significant decrease in inflation rate in 2014, it would be most realistic to plan the inflation rate for the following year on the level of the target inflation rate as stipulated in the Memorandum.

The provision will thus be estimated according to the planned annual inflation rate of 4%. From the above stated, it can be concluded that the planned long-term annual growth in real salaries in the Republic of Serbia is 2%, and that the long-term annual real discount rate was planned at the level of 5%. In estimating the expected long-term real growth of salaries in the Republic of Serbia, the IMF estimate of the growth in domestic product in the Republic of Serbia over the future period was primarily used.

If the inflation rate would change in the future, the applied logic would result in the change of nominal wages, but also in the discount rate (that is predominantly defined by the inflation rate), so that the change would not lead to the change in results presented in this document. The methodology used, indicating the long-term planned annual growth of wages in the Republic of Serbia of 6% and long-term annual discount rate of 9%, assumes the same, unchanged inflation rate in future. This assumption is requested in the paragraph 75 of IAS 19.

34b) Other Long-Term Provisions

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

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

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

On December 31, 2014, 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.

35. LONG-TERM LIABILITIES

Structure of long-term liabilities	*interest rate*	*In RSD thousand*	
		2014	*2013*
Long-term loans, domestic	9% per annum		16,667
TOTAL			***16,667***
Portion of long-term liabilities with up to 1 year maturity		16,667	

The Company has no liabilities from the long-term loans as at December 31, 2014. In 2013, the Company presented a liability for a long-term loan from domestic banks - Komercijalna Bank Plc. in the amount of RSD 16,667 thousand (granted in RSD), which was, on December 31, 2014, presented in the position Part of long-term liabilities with maturity up to one year (Note 36b).

36. SHORT-TERM FINANCIAL LIABILITIES

Structure of short-term financial liabilities	In RSD thousand	
	2014	2013
Short-term loans, domestic	170,000	
Other short-term financial liabilities:		
a) Portion of long-term liabilities with up to 1 year maturity	16,667	229,538
b) Other short-term financial liabilities	348	260
Total	17,015	229,798
TOTAL	***187,015***	***229,798***

36a) Short-term loans - domestic

Structure of short-term loans - domestic	Interest rate	In RSD thousand	
		2014	2013
Short-term loans granted by banks domestically:			
Loans in RSD	*Monthly Belibor+1.35% annually*	170,000	
TOTAL		***170,000***	***0***

Short-term loans – domestic, in the amount of RSD 170,000 thousand refer to liabilities from the short-term loans regulated by the Agreement on Framework Multipurpose Multi-Currency Revolving Credit Limit granted by the Alpha Bank Plc. (in RSD), with interest rate of one month Belibor + 1.35% annually. Company bills of exchange and guarantees issued by the Energoprojekt Oprema Company, Energoprojekt Visokogradnja Company and Energoprojekt Niskogradnja Company were provided as collaterals.

36b) Other Short-Term Financial Liabilities

Structure of long-term liabilities with up to 1 year maturity	In RSD thousand	
	2014	2013
Portion of long-term loans domestic with up to one year maturity	16,667	229,538
Total	*16,667*	*229,538*
Other short-term financial liabilities:		
a) Liabilities on short-term securities		
b) Other short-term financial liabilities	348	260
Total	*348*	*260*
TOTAL	***17,015***	***229,798***

A part of the long-term loans domestic with maturity not exceeding one year in the amount of RSD 16,667 thousand relates to the long-term loan for working capital granted by the Komercijalna Bank on December 27, 2013 in the amount of RSD 50,000 thousand.
The loan was granted under the following terms:

- Maturity period of 15 months from the loan disbursement date with a grace period. The grace period for the principal is up to 6 months from the loan disbursement date;
- Interest rate is fluctuating and is 9% per annum on the loan approval date;
- Loan repayment is in equal monthly instalments starting from July 31, 2014. The final instalment is due and payable on March 31, 2015.

Company bills of exchange and guarantees issued by the Energoprojekt Visokogradnja Company, Energoprojekt Niskogradnja Company and Energoprojekt Hidroinzenjering Company were provided as loan repayment collaterals.

The entire amount of long-term loans domestic with maturity period not exceeding one year as at December 31, 2013 in the amount of RSD 229,538 thousand was repaid completely in 2014.

Other short-term financial liabilities in the amount RSD 348 thousand refer to the liabilities for expenses paid by using the business Visa cards, which were paid in January 2015.

37. RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY

Structure of received advances, deposits and caution money	*In RSD thousand*	
	2014	*2013*
Advances received from other companies in the country		660
TOTAL	***0***	***660***

38. LIABILITIES FROM OPERATIONS

Structure of liabilities from operations	*In RSD thousands*	
	2014	*2013*
Trade payables - domestic parent companies and subsidiaries	13,268	46,353
Trade payables - foreign parent companies and subsidiaries	16,480	19,604
Trade payables - domestic	12,416	12,950
Trade payables - foreign	4,772	3,288
TOTAL	***46,936***	***82,195***

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

Structure of liabilities from operations per currencies	*In RSD thousand*	
	2014	*2013*
RSD	15,240	27,356
EUR	29,760	77
USD	1,936	54,762
TOTAL	***46,936***	***82,195***

Aging structure of trade payables is presented in the Note 8b.

Trade payables are exclusive of interest and with payment currency maturity periods ranging from 5 to 30 days.

Company management is of the opinion that the disclosed value of liabilities from operations reflects their fair values as at the balance sheet date.

39. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	*In RSD thousand*	
	2014	*2013*
Liabilities from specific operations:		
a) Liabilities from specific operations - parent companies and		83
b) Liabilities from specific operations - other companies		48
Total	*-*	*131*
Liabilities for salaries, fringe benefits and compensations	12,951	12,928
Other liabilities:		
a) Liabilities for interest and financing costs	548	139
b) Liabilities for dividends	11,838	11,810
c) Liabilities to employees	232	846
d) Liabilities to General Manager, or to Management and Supervisory Boards' members	492	475
e) Liabilities to physical persons on contractual compensations	479	353
f) Other various liabilities	1,193	1,652
Total	*14,782*	*15,275*
TOTAL	***27,733***	***28,334***

Liabilities for salaries and contributions for salaries in the amount of RSD 12.951 thousand refer to the liabilities (net, taxes and contributions) for December salary that the Company paid in January 2015.

Liabilities for dividends in the amount of RSD 11,838 thousand refer primarily to the liabilities from previous years that still remain unpaid since there is no exact data on persons holding shares and those to whom dividends should be paid.

Other liabilities in the amount of RSD 1,193 thousand refer predominantly to withholding from net wages (based mostly on loans granted by employees, union fees, etc.).

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

40. LIABILITIES FOR VALUE ADDED TAX, LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES AND ACCRUALS

40a) Liabilities for Value Added Tax

Liabilities for value added tax	*In RSD thousand*	
	2014	*2013*
Liabilities for value added tax	5,540	5,887
TOTAL	***5,540***	***5,887***

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

40b) Liabilities for Other Taxes, Contributions and Other Duties

Liabilities for other taxes, contributions and other duties	*In RSD thousand*	
	2014	*2013*
Liabilities for other taxes, contributions and other duties	688	902
TOTAL	***688***	***902***

Liabilities for other taxes, contributions and other duties in the amount of RSD 688 thousand refer to the contributions for considerations to Supervisory Board members: RSD 505 thousand; liabilities for income tax on dividends: RSD 97 thousand; taxes and contributions for agreements on temporary and periodical engagements: RSD 71 thousand; liabilities for utility fees for displaying company name: RSD 13 thousand; and to the employee transportation tax: RSD 2 thousand.

The amount of RSD 591 thousand was paid of the total amount of liabilities for taxes, contributions and other duties of RSD 688 thousand in January 2015 (only the liabilities for income tax on dividends for unpaid dividends remained unsettled in the amount of RSD 97 thousand – Note 39).

40c) Accruals

Liabilities for other taxes, contributions and other duties	*In RSD thousand*	
	2014	*2013*
Costs calculated in advance:		
a) Precalculated costs - parent companies, subsidiaries and other related parties	24	
b) Precalculated costs - other companies	200	38
TOTAL	***224***	***38***

41. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities	*In RSD thousand*	
	2014	*2013*
Deferred tax assets	3,893	3,759
Deferred tax liabilities	157,882	25,901
Net effect of deffered tax assets (liabilities)	**(153,989)**	**(22,142)**

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

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

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

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

Changes in deferred tax assets balances during the year were as follows:

In RSD thousand

Deferred tax assets	Tax value exceeding the accounting value in intangible assets, plant and equipment	Capital loss in investment property	Provisions for retirement bonuses	Unpaid public taxes	Total
Balance as at 01.01.2013	**1,781**	**991**	**752**	**34**	**3,558**
Debit/credit to Profit or Loss	490	(303)	6	8	**201**
Direct debit to equity					
Balance as at 31.12.2013	**2,271**	**688**	**758**	**42**	**3,759**
Debit/credit to Profit or Loss	(96)	686	(415)	(41)	134
Direct debit to equity					
Balance as at 31.12.2014	**2,175**	**1,374**	**343**	**1**	**3,893**

Changes in deferred tax liabilities balances during the year were as follows:

In RSD thousand

Deferred tax liabilities	Accounting value exceeds tax value in property	Capital gains in investment property	Total
Balance as at 01.01.2013	**18,205**	**4,011**	**22,216**
Debit/(credit) to Profit or Loss	2,462	(707)	1,755
Direct debit to equity	2,157	(227)	1,930
Balance as at 31.12.2013	**22,824**	**3,077**	**25,901**
Debit/(credit) to Profit or Loss	2,405	77	2,482
Direct debit to equity	129,499		129,499
Balance as at 31.12.2014	**154,728**	**3,154**	**157,882**

Summary of changes in Company deferred tax liabilities balance is presented in the following Tables.

Balance and changes in balance of deferred tax liabilities	*In RSD thousand*	
	2014	*2013*
Balance of deferred tax liabilities at the end of the previous year	22,142	18,658
Balance of deferred tax liabilities at the end of the current year	153,989	22,142
Change in the balance of deferred tax liabilities	**(131,847)**	**(3,484)**

Change in the balance of deferred tax liabilities	*In RSD thousand*	
	2014	*2013*
Deferred tax expenses for the period	(2,348)	(1,554)
Revaluation reserves	(129,499)	(2,157)
Undistributed profit from previous year		227
TOTAL	**(131,847)**	**(3,484)**

Based on changes in balances of deferred tax assets and deferred tax liabilities in 2014, it can be concluded that there was an increase in deferred tax liabilities in the net effect compared with the previous year, in the amount of RSD 131,847 thousand, which was debited to:

- The net results for 2014 (deferred tax expenses for the period) in the amount of RSD 2,348 thousand, and
- The Company's equity (revaluation reserves) in the amount of RSD 129,499 thousand, based on the disclosed increase in value of the Energoprojekt building in the amount of RSD 863,317 thousand (Notes 24a and 33c).

42. OFF BALANCE SHEET ASSETS AND OFF BALANCE SHEET LIABILITIES

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

Structure of off-balance sheet assets and liabilities	*In RSD thousand*	
	2014	*2013*
Received sureties, guarantees and other rights	3,024	2,866
Provided sureties, guarantees and other rights	16,863,609	12,836,627
Received mortgages and other rights	16,632	15,764
Other off-balance sheet assets/liabilities	4,463,529	921,065
TOTAL	***21,346,794***	***13,776,322***

Received guarantees, sureties and other warranties in the amount of RSD 3,024 thousand refer to:

- Liability for received guarantee for timely settlement of liabilities for flight tickets in the amount of RSD 3,024 thousand (EUR 25 thousand) that expires on January 20, 2015, and is renewed quarterly (Alpha Bank).

Issued guarantees, sureties and other warranties amounting to RSD 16,863,609 thousand refer to the following:

- Guarantees issued for credits and guarantees for subsidiaries amounting to RSD 14,874,327 thousand; and
- Corporate guarantees issued to Energoprojekt Niskogradnja amounting to RSD 1,989,282 thousand (guarantees for the following projects: BBVA - PERU amounting to RSD 1,392,497 thousand and BANCO FINANCIERO - PERU amounting to RSD 596,785 thousand).

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

Received mortgages and other rights amounting to RSD 16,632 thousand pertain to the mortgage on Enjub Ltd. apartments, arising from the Loan Agreement regulating the loan approved to Enjub Ltd. (Note 43).

Other off-balance sheet assets/liabilities amounting to RSD 4,463,529 thousands include the following:

- The right to use the municipal construction land – in Block 25 and Block 26 in Novi Beograd, amounting to RSD 4,433,087 thousand;
- Dividends receivables from Enjub Ltd., which were directly written-off in the previous accounting period in the amount of RSD 30,442 thousand, and
- Unused construction facilities in Budva that were directly written-off in the reporting period and presented in the off-balance records without any value (Note 18b).

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

As collateral to secure the repayment of loan pursuant to the Annex No. 6 of the Loan Agreement No. 367, in the amount of RSD 16,632 thousand (EUR 137 thousand), approved 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 a collateral to secure the repayment of the loan pursuant to the Annex No. 2 to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 144,895 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.

44. RECONCILIATION OF CLAIMS AND LIABILITIES

The Company reconciled its domestic and international trade receivables as at December 31, 2014.

Of the total of twenty-four *domestic buyers*, as at December 31, 2014, with trade receivables amounting to RSD 517,023 thousand, RSD 516,677 thousand was reconciled and the amount of RSD 346 thousand remained unreconciled (Energoprojekt Industrija: RSD 215 thousand, Energoprojekt Visokogradnja: RSD 70 thousand and Energoprojekt Niskogradnja: RSD 61 thousand), due to differences in periods in which these transactions were recorded, which were reconciled in the beginning of 2015.

The Company reconciled its trade receivables as at:

- June 30, 2014,
- September 30, 2014, and
- December 31, 2014.

Each one of the total of 39 account balances received from *domestic suppliers and banks* in 2014 amounting to RSD 423,684 thousand were reconciled.

45. TRANSACTIONS WITH RELATED PARTIES

In compliance with the requirements from the IAS 24 – Related Parties Disclosures, relationship, transactions, etc. between the Company and its related parties are disclosed below. From the Company's point of view, the related parties are: **subsidiaries, affiliated companies, joint ventures and key management** (persons with authorizations and responsibilities for planning, direction and control of the activities of an entity, either directly or indirectly, including all the directors, regardless if executive or not) and their immediate family members.

From the point of view of the **related parties**, transactions resulting in revenues and expenses in the income statement and in the disclosed receivables and liabilities (for the purpose of disclosure of relationships with the related parties, we included all the balances in the Company assets within it) in the balance sheet are presented in the following two Tables.

Receivables and expenses from related parties	*In RSD thousand*	
	2014	*2013*
Receivables:		
a) EP Garant Ltd.	49,854	57,673
b) EP Visokogradnja Plc.	139,685	109,551
c) EP Niskogradnja Plc.	138,281	123,119
d) EP Hidroinženjering Plc.	34,940	31,817
e) EP Entel Plc.	351,871	232,694
f) EP Energodata Plc.	14,196	10,715
g) EP Industrija Plc.	23,060	19,407
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.	9,794	8,933
j) EP Oprema Plc.	318,673	167,642
k) I.N.E.C. Engineering Company Limited, Great Britain	16	18
l) Encom GmbH Consulting, Engineering & Trading		
m) Enjub Ltd.	20,586	11,376
Total	*1,100,956*	*772,945*
Expenses:		
a) EP Garant Ltd.	1,129	573
b) EP Visokogradnja Plc.	652,473	30,766
c) EP Niskogradnja Plc.	5,067	5,207
d) EP Hidroinženjering Plc.	279	56
e) EP Entel Plc.	480	611
f) EP Energodata Plc.	15,607	13,684
g) EP Industrija Plc.	131	49
h) EP Promet Ltd.	543	520
i) EP Urbanizam i arhitektura Plc.	2,060	2,483
j) EP Oprema Plc.	159,140	136,725
k) I.N.E.C. Engineering Company Limited, Great Britain	1,354	1,334
l) Encom GmbH Consulting,Engineering&Trading, Germany	2,314	8,800
m) Enjub Ltd.		
Total	*840,577*	*200,808*
TOTAL	***1,941,533***	***973,753***

Out of the total expenses from Energoprojekt Visokogradnja amounting to RSD 652,473 thousand, the amount of RSD 641,632 thousand pertains to expenses arising from impairment of equity investment of Energoprojekt Visokogradnja in compliance with IAS 36 – Impairment of Assets (Note 17).

Receivables and liabilities from related parties	*In RSD thousand*	
	2014	*2013*
Receivables:		
a) EP Garant Ltd.	652	629
b) EP Visokogradnja Plc.	622,367	482,410
c) EP Niskogradnja Plc.	482,860	674,028
d) EP Hidroinženjering Plc.	47,832	50,818
e) EP Entel Plc.	9,471	9,053
f) EP Energodata Plc.	74,011	68,042
g) EP Industrija Plc.	75,444	57,790
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.	56,041	46,383
j) EP Oprema Plc.	13,744	65,430
k) I.N.E.C. Engineering Company Limited, Great Britain		
l) Encom GmbH Consulting,Engineering&Trading, Germany		
m) Enjub Ltd.	199,220	178,122
Total	*1,581,642*	*1,632,705*
Liabilities:		
a) EP Garant Ltd.	19	
b) EP Visokogradnja Plc.	298	11,639
c) EP Niskogradnja Plc.	176	26
d) EP Hidroinženjering Plc.		
e) EP Entel Plc.		15
f) EP Energodata Plc.		787
g) EP Industrija Plc.		83
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.		
g) EP Oprema Plc.	12,774	33,886
j) EP Oprema Plc.		
k) I.N.E.C. Engineering Company Limited, Great Britain		
l) Encom GmbH Consulting,Engineering&Trading, Germany	16,480	19,604
m) Enjub Ltd.		
Total	*29,747*	*66,040*
TOTAL	***1,611,389***	***1,698,745***

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

Liabilities to the related parties arise primarily from the purchase transactions and have maturity periods from 5 to 30 days following the purchase date. Presented liabilities are exclusive of interest accrued.

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.

The number and estimated values of lawsuits with the Company as the defendant and not very small probability for the Company to lose the case are presented in the following Table. The disclosed lawsuits' amounts with the contingent liability as at December 31, 2014 include only the principal amount per case.

Plaintiff	The first instance proceedings	The second instance proceedings	Total
No. of lawsuits			
Physical person	3	4	7
Legal person	3		3
TOTAL	**6**	**4**	**10**
In RSD thousand			
Physical person		37,099	37,099
Legal person	89,394		89,394
TOTAL	**89,394**	**37,099**	**126,493**

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

Plaintiff	Basis for claim	Contingent liability in RSD thousand
New company	Establishment of land ownership right (IN Hotel)	-
Raonic Milan	Copyright infringement	36,016
Belgrade Land Development Public Agency	Debt and compensation for land (Hotel Hyatt Regency Beograd)	uncertain
Marko Martinoli	Compulsory redemption of shares	639
Belim Plc. In liquidation	Unfounded gains	89,394
Sreta Ivanisevic	Compensation for expropriated property (Bezanija)	uncertain
Vladan and Tomislav Krdzic	Damage compensation (for the amount of free shares that they did not acquire)	444
Goran Rakic	Establishment of ownership right	-
Pavle, Radmila and Milan Kovacevic	Compensation for expropriated land (Block 26)	-
Rajko Ljubojevic	Expropriation	-
TOTAL		**126,493**

In addition to the above stated, an out-of-court proceeding is underway in which a number of minority Energoprojekt Niskogradnja Plc. shareholders contested the prices of shares paid to them by the Company as the majority shareholder (the Company conducted the procedure of compulsory redemption of shares of the said issuer, in compliance with the procedure laid down in the Law on Companies, on the basis of the Decision of the Energoprojekt Niskogradnja Plc. Beograd Assembly from December 6, 2013). The second instance procedure before the Commercial Court of Appeal is underway.

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

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

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

Defendant	The first instance proceedings	The second instance proceedings	Total
No. of lawsuits			
Physical person			
Legal person	4	1	5
TOTAL	**4**	**1**	**5**
In RSD thousand			
Physical person			
Legal person	208,851		208,851
TOTAL	**208,851**		**208,851**

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

Defendant	Basis of claim	Contingent claims in RSD thousand
Stari Grad Municipality	Establishment of ownership right	-
Beogradsko mesovito preduzece Plc. (BMP)	Determining of BMP shares' value	-
Zekstra grupa Ltd.	Damage compensation (roof repair works in 38 Goce Delceva Street)	851
Republic of Serbia, EPS Srbije, Epsturs Ltd. and Republic of Montenegro	Determining of ideal ownership share in the "Park“ Hotel in Budva	-
The City of Belgrade, Belgrade Land Development Public Agency, Republic of Serbia	Debt (Arena)	208,000
TOTAL		**208,851**

It should be noted here that a correction of value of receivable from the Zekstra Grupa Ltd. Was performed in 2014 amounting to RSD 851 thousand.

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

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 February 23, 2015

Legal Representative of the
Company

Vladimir Milovanovic, Dipl. Ing.

3. ANNUAL BUSINESS REPORT

- Company background;
- Summary of Company's business operations and organizational structure;
- Overview of Company's development, financial position and business results, including relevant financial and non-financial indicators and personnel-related information;
- 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;
- Significant events after the end of the reporting business year;
- Significant transactions with related parties;
- Company's research and development activities;
- Information on investments aimed at environmental protection;
- Information on redemption of own stock and/or shares;
- Company branches;
- Financial instruments of significance for the assessment of Company's financial position and business results;
- Objectives and policies related to financial risk management and protection policy for each type of planned significant transaction for which protection is applied; Exposure to price risk, credit risk, liquidity risk and cash flow risk, management strategy for these risks and assessment of their effectiveness;
- Statement on Code of Corporate Governance Implementation

Note:

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

Company Background

Business name: Energoprojekt Holding Plc.

Head office and address: Beograd, Bulevar Mihaila Pupina 12

Registration number: 07023014

TIN: 100001513

Web site and e-mail address: www.energoprojekt.rs ; ep@energoprojekt.rs

Number and date of the Decision on Company Registration with the Companies Register: BD 8020/2005

Registered business activity (code and description): 06420 - Holding Company

Number of employees (average number of employees in 2014): 71

Auditor's business name, head office and business address: BDO doo. Beograd, Knez Mihailova 10

Number of shareholders (as at December 31, 2014): 7,779

Ten principal Company's shareholders (as at December 31, 2014):

No.	Name and family name (business name)	No. of shares	% of total issue
1.	Republic of Serbia	3.671.205	33.58%
2.	Napred Razvoj Plc. Novi Beograd	2,225,084	20.36%
3.	East Capital (Lux) - Balkan Fund	370,593	3.39%
4.	Raiffeisen Bank Plc. - custody	138,721	1.27%
5.	Gustavia Fonder Aktiebolag	100,000	0.91%
6.	Raiffeisenbank Plc. Beograd - custody	92,930	0.85%
7.	Raiffeisen Bank Plc. - custody	77,977	0.71%
8.	Societe generale Bank Srbija Plc. - custody	68,877	0.63%
9.	Unicredit Bank Serbia Plc. – summary account	63,065	0.58%
10.	Global Macro Capital Opportuni	62,500	0.57%

Basic capital: Share capital RSD 5,574,958,920

Number of shares: 10,931,292 ordinary shares

Nominal value of share is RSD 510

ISIN number: RSHOLDE58279

CIF with: ESVUFR

Price of shares over the reported period:

- Last price (as at December 31, 2014): RSD 910/share
- Highest price: RSD 980/share
- Lowest price: RSD 706/share

Market capitalization (as at December 31, 2014): RSD 9,947,475,720

Organized market: Belgrade Stock Exchange, Novi Beograd, Omladinskih brigada 1

Energoprojekt Holding Plc. shares are prime-listed on the Belgrade Stock Exchange.

Shares of other companies of the Enegoprojekt Group are traded in the Open Market of the Belgrade Stock Exchange (share of Energoprojekt Entel Plc. and Energoprojekt Industrija Plc. Companies) and in the MTP Belex market segment of the Belgrade Stock Exchange (share of the Energoprojekt Oprema Plc. and Energoprojekt Garant Ltd. Companies).

In 2014 and upon request from the issuers (following completion of ownership consolidation procedure), the shares of Energoprojekt Visokogradnja Plc., Energoprojekt Niskogradnja Plc., Energoprojekt Hidroinženjering Plc., Energoprojekt Urbanizam i arhitektura Plc. and Energoprojekt Energodata Plc. were excluded from the Belgrade Stock Exchange market (pursuant to the relevant Decisions of the Belgrade Stock Exchange).

Overview of Company’s Business Activities and Organizational Structure

Energoprojekt Group comprises of the Energoprojekt Holding Plc. as the parent company and its subsidiaries in the country and abroad. Based on equity investments, Companies of the Energoprojekt Group are related companies, since the Energoprojekt Holding Plc. directly or indirectly (through its subsidiaries) holds the majority ownership share in all these companies.

Energoprojekt Holding Plc. is the controlling – parent company pursuing holding operations, or financing and management of subsidiaries. In addition to energy and water management, the business activity of Energoprojekt Group includes design and construction of industrial plants, public and residential complexes, telecommunication systems, service provision in the fields of urbanism and environmental protection, information technologies, trade, real estate and insurance.

According to the Company's turnover, except for the domestic market, the most important markets are those in the African countries (Nigeria, Uganda, Ghana, Algeria, Zambia), Kazakhstan, Russia, Near East (Qatar, UAE, Oman, Jordan) and South America (Peru).

Information about subsidiaries (principal subjects of consolidation procedure):

No.	Business Name	Business Seat and Address
1.	Energoprojekt Visokogradnja Plc.	Bulevar Mihaila Pupina 12, Beograd
2.	Energoprojekt Niskogradnja Plc.	Bulevar Mihaila Pupina 12, Beograd
3.	Energoprojekt Oprema Plc.	Bulevar Mihaila Pupina 12, Beograd
4.	Energoprojekt Entel Plc.	Bulevar Mihaila Pupina 12, Beograd
5.	Energoprojekt Hidroinženjering Plc.	Bulevar Mihaila Pupina 12, Beograd
6.	Energoprojekt Industrija Plc.	Bulevar Mihaila Pupina 12, Beograd
7.	Energoprojekt Energodata Plc.	Bulevar Mihaila Pupina 12, Beograd
8.	Energoprojekt Urbanizam i Arhitektura Plc.	Bulevar Mihaila Pupina 12, Beograd
9.	Energoprojekt Garant	Bulevar Mihaila Pupina 12, Beograd

Information about Company management:

Supervisory Board members (as at December 31, 2014):

Name, family name and place of residence	Educational background/ Present position	No. of ENHL shares
1. Dragan Veljić, Belgrade, President	VIII degree, M. Sc. Law, Elektroprivreda Srbije	0
2. Milun Trivunac, Belgrade, member	VII-2 degree, B. Sc. Ecc, RS Privatization Agency	0
3. Dragan Aleksić, Belgrade, member	VII-2 degree, B. Sc. Ecc, Sector Head, Energoprojekt Holding	1.172

4. Nebojša Peruničić, Belgrade, member	VII-1 degree, M. Sc. Law, RS Civil Aviation Directorate	1.000
5. Slobodan Jovanović, Belgrade, member	VII-1 degree, B. Sc. EE, Advisor, Energoprojekt Holding	1.299
6. Aleksandar Glišić, Belgrade, member	VII-2 degree, B. Sc. EE, Lead Engineer, Energoprojekt Hidroinženjering	1.197
7. Vladimir Sekulić, Belgrade, member	VII-1 degree, B. Sc. Ecc, Primary Broker, BDD M&V Investments	1.220

Executive Board members (as at December 31, 2014):

Name, family name and place of residence	Educational background/ Present position	No. of ENHL shares
1. Vladimir Milovanović, Belgrade,	VII-1 degree, B. Sc. EE, General Manager, Energoprojekt Holding	15.323
2. Dimitraki Zipovski, Beograd,	VIII degree, B. Sc. Ecc, Executive Manager for Finances, Accounting and Planning, Energoprojekt Holding	11.378
3. Zoran Jovanović, Belgrade,	VII-2 degree, M. Sc. Law, Executive Manager for Legal Affairs, Energoprojekt Holding	7.924
4. Zoran Radosavljević, Belgrade,	VII-1 degree, B. Sc. CE, Executive Manager for Corporative Projects, Development and Quality, Energoprojekt Holding	2.541
5. Dragan Tadić, Belgrade,	VII-1 degree, B. Sc. CE, Executive Manager for Real Estate, Energoprojekt Holding	8.328

Overview of Company's development, financial position and business results, including relevant financial and non-financial indicators and personnel-related information

Energoprojekt Group Beograd (hereinafter: Energoprojekt Group) comprises of the parent joint stock company - Energoprojekt Holding Plc., Beograd (hereinafter: Energoprojekt Holding) and 11 subsidiaries, 10 of which are directly controlled (9 joint stock companies and 1 limited liability company) and 1 of which is indirectly controlled through other subsidiary companies (1 limited liability company) and of one joint venture, which will hereinafter be referred to as joint undertaking (1 limited liability company) with ownership share of 50%. Subsidiaries' organization includes units for investment works and branch offices abroad (the total of 102) and own companies in the country and abroad (12 subsidiaries abroad, 1 affiliated company abroad and 2 affiliated companies in the country), which jointly conduct construction, design, equipping, making of studies, research, programming of investment facilities and systems, sales of goods and services and other business activities.

In 2014, organizational structure of Energoprojekt Group included the following units:

Business Activity	No. of subsidiaries, affiliates and joint undertakings in the country	No. of units for investment works abroad and branch offices abroad	No. of subsidiaries and affiliates abroad
Design and Research	4	25	5
Construction and equipping	4	76	10
Holding	1	1	
Other	5		4
Total	**14**	**102**	**19**

Group for consolidation comprises of the Energoprojekt Holding parent company and of the following subsidiary companies and joint undertakings in the country listed below, and of the subsidiary companies abroad – international companies:

Subsidiaries and joint undertakings in the country:

No.	N a m e	% ownership share
Subsidiary Companies		
	Construction and Equipping	
1.	Energoprojekt Visokogradnja Plc.	99.93 %
2.	Energoprojekt Niskogradnja Plc.	100.00 %
3.	Energoprojekt Oprema Plc.	67.87 %
	Design and Research	
4.	Energoprojekt Urbanizam i arhitektura Plc.	100.00 %
5.	Energoprojekt Industrija Plc.	62.77 %
6.	Energoprojekt Entel Plc.	86.26 %
7.	Energoprojekt Hidroinženjering Plc.	100.00 %
	Other	
8.	Energoprojekt Energodata Plc.	100.00 %
9.	Energoprojekt Promet Ltd.	100.00 %
10.	Energoprojekt Garant	92.94 %
11.	Energoplast Ltd.	60.00 %
Joint Undertakings		
	Construction and Equipping	
12.	Enjub Ltd.	50.00 %

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

Subsidiary companies abroad – international companies:

No.	N a m e	% ownership share
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, United Kingdom	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

A number of the above listed companies in foreign countries (such as the Energoprojekt Holding Guinee S.A., Guinea; Zambia Engineering and Contracting Company Limited, Zambia and Energo (Private) Limited, Zimbabwe) is registered as companies owned by the Energoprojekt Holding Company, despite the fact that these are coordinated and managed by certain subsidiary companies.

Among the above listed subsidiary companies in the country, 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, and thus their subsidiary and affiliated companies listed in the following table are included through the primary consolidation.

No.	N a m e	Included through primary consolidation
Foreign countries		
	Subsidiary companies abroad - international companies	
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, the Sultanate of Oman	EP Entel Plc.
10.	Energoprojekt Entel L.L.C., Doha, Qatar	EP Entel Plc.
11.	Energoconsult L.L.C., Abu Dhabi, UAE	EP Entel Plc.
12.	Energoprojekt Energodata Montenegro Ltd., Montenegro	EP Energodata Plc.
	Associated Companies abroad	
13.	Energo Nigeria Ltd., Lagos, Nigeria (40.00%)	EP Oprema Plc.

Domestically

	Associated Companies domestically	
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%)

Through the consolidated financial statements of the Energoprojekt Group, the inclusion of Energoplast Ltd. was eliminated by applying the equity method through its primary consolidation in EP Industrija (40.00%) and EP Entel (20.00%), and it was including by using the method of complete consolidation, since it became a Group member as a subsidiary, with the ownership share of 60.00%, as it was stated above.

In 2014, Energoprojekt Visokogradnja Company established a new Company abroad, the Energoprojekt Rus Ltd., Moscow, Russia.

In 2014, the international company of ECO MEP Technology, Dubai, UAE was excluded from the primary consolidation, as opposed to 2013, since this Company has been inactive for a number of years now, it has no assets or liabilities, and it is in the liquidation process in compliance with the local regulations.

Authentic overview of the development and business results of the Company, its financial position and information of significance for the assessment of the Company's assets are presented in detail and explained in the Notes to Financial Statements for the Year of 2014. Only some of the relevant parameters of the parent company's (Energoprojekt Holding Plc.) and of the

Energoprojekt Group's business operations are presented below, which are of significance for adequate understanding of the presented subject matter.

Structure of the total business result of Energoprojekt Holding Plc. (parent company) in 2014

Structure of gross result	*In RSD thousands*	
	2014	*2013*
Operating income	583,921	550,690
Operating expenses	525,408	474,709
Operating result	**58,513**	**75,981**
Financial revenues	695,280	364,531
Financial expenses	21,600	21,196
Financial result	**673,680**	**343,335**
Revenues from valuation adjustment of other assets disclosed at fair value through Profit or Loss		
Other revenues	1,329	22,879
Expenses from valuation adjustment of other assets disclosed at fair value through Profit or Loss	642,483	
Other expenses	24,449	21,294
Result of other revenues and expenses	**(665,603)**	**1,585**
Net income from discontinuing operations, changes in accounting policy and correction of errors from previous period	6,989	
Net expense from discontinuing operations, changes in accounting policy and correction of errors from previous period		657
TOTAL INCOME	**1,287,519**	**938,100**
TOTAL EXPENSE	**1,213,940**	**517,856**
PROFIT/LOSS BEFORE TAX	***73,579***	***420,244***

Decrease in the business result in 2014 compared with the previous year came as the result of the impairment of equity investment in Energoprojekt Visokogradnja Company, in compliance with IAS 36 – Impairment of Assets, amounting to RSD 641,632 thousand.

Earnings per Share:

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

Indicator	In RSD thousand	
	2014	*2013*
Net profit	43,867	399,088
Average number of shares per year	10,931,292	10,931,292
Earnings per share (in RSD)	***4.01***	***36.51***

The most important liquidity indicators for the Company's business in 2014 are presented in the following table, and specifically:

- The current liquidity ratio (ratio of working capital and short-term liabilities), indicating the short-term liabilities coverage against working capital;
- Quick ratio (ratio of liquid assets, which include total working capital reduced by inventories, and short-term liabilities), indicating the short-term liabilities coverage against liquid assets;
- Operating cash flow liquidity ratio (ratio of cash flow increased by cash equivalents and short-term liabilities), indicating the short-term liabilities coverage against cash assets; and
- Net working capital (the excess of working capital over short-term liabilities).

Drawing conclusions on liquidity indicators based on the ratio analysis means, *inter alia*, comparison of these indicators against satisfactory general standards, which are presented in the following table.

Liqudity Indicators	**Satisfactory General Standards**	***2014***	***2013***
Current liquidity ratio	2:1	5.54:1	3.54:1
Quick ratio	1:1	5.48:1	3.37:1
Operating cash flow ratio		0.44:1	0.44:1
Net working capital (in RSD thousand)	Positive value	1,216,152	883,794

The results of the ratio analysis indicate that the Company was **liquid** during 2014, meaning that it had no difficulties to meet its due liabilities or to maintain the necessary scope and structure of the working capital and to preserve its good creditworthiness.

The best **profitability** indicator is the *return on average own capital employed* that indicates the average return on own assets per dinar invested. In the calculation of this profitability indicator, average own capital is defined as an arithmetic average value at the beginning and at the end of a year.

Profitability indicators	*In RSD thousand*	
	2014	*2013*
Net profit	43,867	399,088
Average capital:		
a) Capital at the beginning of the year	8,054,188	7,665,770
b) Capital at the end of the year	8,418,694	8,054,188
Total	*8,236,441*	*7,859,979*
Average return rate on own capital at the end of the year	***0.53%***	***5.08%***

In 2014, and contrary to the Company's operational trends so far, a significantly lower net profit has been achieved, which exclusively came as the result of impairment of equity investment of the Energoprojekt Visokogradnja subsidiary, in compliance with the IAS 36 – Impairment of Assets (Note 17), which additionally caused such low ROE rate (Return on Equity), which would amount to 8.32% had it not been for the impairment of equity investment in the subsidiary company.

Financial adequacy structure is reflected in the amounts and types of debts.

The most significant indicators of Company's financial structure are presented in the following Tables, and specifically:

- The ratio of borrowed funds to total assets, indicating coverage per dinar of the Company's assets from borrowed sources; and
- The ratio of long-term funds to total assets, indicating coverage per dinar of the Company's assets from long-term sources.

Financial structure indicators	*In RSD thousand*	
	2014	*2013*
Liabilities	268,136	364,481
Total assets	9,103,107	8,705,866
Ratio of borrowed funds to total assets	**0.03 : 1**	**0.04 : 1**
Long-term assets:		
a) Capital	8,418,694	8,054,188
b) Long-term provisions and long-term liabilites	416,277	303,864
Total	*8,834,971*	*8,358,052*
Total assets	9,103,107	8,705,866
Ratio of long-term to total assets	**0.97 : 1**	**0.96 : 1**

The net debt ratio indicates the Company's capital coverage against Company's net debt.

Net debt means the difference between:

- Total (long-term and short-term) financial liabilities of the Company (total liabilities reduced by the capital, long-term provisions and deferred tax liabilities of the Company) plus Loss Above Equity, and
- Cash and cash equivalents.

Parameters for the net debt to capital ratio	*In RSD thousand*	
	2014	*2013*
Net debt:		
a) Liabilities	268,136	364,481
b) Cash and cash equivalents	116,713	151,476
Total	*151,423*	*213,005*
Capital	8,418,694	8,054,188
Net debt to capital ratio	**1 : 55.60**	**1 : 37.81**

Energoprojekt Group operating income structure for 2014

Structure of gross operating income	*In RSD thousand*	
	2014	*2013*
Operating income	33,832,266	22,247,208
Operating expense	32,753,077	21,969,112
Operating income	**1,079,189**	**278,096**
Financial income	2,534,584	938,236
Financial expenses	2,430,316	945,003
Financial income	**104,268**	**(6,767)**
Revenues from valuation adjustment of other assets disclosed at fair value through Profit or Loss	21,457	30,470
Other income	756,597	686,414
Expenses from valuation adjustment of other assets disclosed at fair value through Profit or Loss	40,711	93,500
Other expense	606,776	276,784
Result of other revenues and expenses	**130,567**	**346,600**
Result from regular operations before tax	**1,314,024**	**617,929**
Net income from disposal of discontinuing operations, effects of change in accounting policy and corrections of errors from previous periods		
Net loss from disposal of discontinuing operations, effects of change in accounting policy and corrections of effors from previous periods	34,280	13,617
TOTAL INCOME	**37,144,904**	**23,902,328**
TOTAL EXPENSE	**35,865,160**	**23,298,016**
PROFIT/LOSS BEFORE TAX	***1,279,744***	***604,312***

The achieved income of the Energoprojekt over the reporting year of RSD 1.279.744 thousand came predominantly as the result of the achieved consolidated operating income of RSD 1.079.189 thousand, which was primarily earned by Energoprojekt Niskogradnja and Energoprojekt Oprema Companies. In comparison with the previous year, almost all the Companies of the Energoprojekt Group achieved better operating income results, as the consequence of the increase in their operating activities primarily through the new projects in foreign countries.

Earnings per share:

Indicator	In RSD thousand	
	2014	2013
Net profit	825,122	373,717
Average number of shares per year	10,931,292	10,931,292
Earnings per share (in RSD)	***75.48***	***34.19***

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

Net profit for the parent company's owners for the reporting period is RSD 825.122 thousand, and the average weighted number of ordinary shares in circulation was 10.931.292, so that the earnings per share as at December 31, 2014 was RSD 75.48 per share.

Average number of employees with the Energoprojekt Group in 2014, based on the actual number of employees at the end of each month, was 2,355 (in 2013: 2,259); local workforce was not taken into account for this calculation.

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

The Company's expected development over the following period shall be realized in compliance with the following adopted strategic documents of the Company:

- ***"Medium-Term (four years')Business Policy Program of the Energoprojekt Holding Plc. and Energoprojekt Group for 2011-2015"*** (adopted in the 36th annual Shareholders' Assembly meeting of the Energoprojekt Holding Plc. 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. Management Board 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 2015–2020“;
- Further development of the business and information system that is matched to the needs of the Energoprojekt Holding Plc. Company;
- 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 introduce 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 in 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 one of the principal functions of the Company's internal audit, and this system needs to be integrated with all the executive functions. 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.

Significant events after the end of the year for which the reports are prepared

There were no significant 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.

We are hereby noting that it is possible that the amount of corporate income tax could be changed and thus the reported amount of net profit for 2014 could change (owing to the transfer prices' amounts). Statutory deadline for submission of tax balances is June 30, 2015.

Relevant business news on significant 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.

Significant business transactions with the related parties

In compliance with the requirements contained in the IAS 24 – Related Parties Disclosures, relationship, transactions, etc. between the Company and its related parties are disclosed below. From the Company's point of view, the related parties are: **subsidiaries, associated companies, joint ventures and key management personnel** (persons with authorizations and responsibilities for planning, direction and control of the activities of an entity, either directly or indirectly, including all the directors, whether executive or otherwise or the entity) and the close members of these persons' families.

From the point of view of the **related parties**, transactions resulting in revenues and expenses in the Income Statement and in the disclosed receivables and liabilities (for the purpose of disclosure of relationships with the related parties, we included all the balances in the Company assets within it) in the Balance Sheet are presented in the following two Tables.

Receivables and expenses from the related parties	*In RSD thousand*	
	2014	*2013*
Receivables:		
a) EP Garant Ltd.	49,854	57,673
b) EP Visokogradnja Plc.	139,685	109,551
c) EP Niskogradnja Plc.	138,281	123,119
d) EP Hidroinženjering Plc.	34,940	31,817
e) EP Entel Plc.	351,871	232,694
f) EP Energodata Plc.	14,196	10,715
g) EP Industrija Plc.	23,060	19,407
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.	9,794	8,933
j) EP OpremaPlc.	318,673	167,642
k) I.N.E.C. Engineering Company Limited, Great Britain	16	18
l) Encom GmbH Consulting, Engineering & Trading		
m) Enjub Ltd.	20,586	11,376
Total	*1,100,956*	*772,945*
Expenses:		
a) EP Garant Ltd.	1,129	573
b) EP Visokogradnja Plc.	652,473	30,766
c) EP Niskogradnja Plc.	5,067	5,207
d) EP Hidroinženjering Plc.	279	56
e) EP Entel Plc.	480	611
f) EP Energodata Plc.	15,607	13,684
g) EP Industrija Plc.	131	49
h) EP Promet Ltd.	543	520
i) EP Urbanizam i arhitektura Plc.	2,060	2,483
j) EP Oprema Plc.	159,140	136,725
k) I.N.E.C. Engineering Company Limited, Great Britain	1,354	1,334
l) Encom GmbH Consulting,Engineering&Trading, Germany	2,314	8,800
m) Enjub Ltd.		
Total	*840,577*	*200,808*
TOTAL	***1,941,533***	***973,753***

Out of the total expenses from Energoprojekt Visokogradnja amounting to RSD 652,473 thousand, the amount of RSD 641,632 thousand pertains to expenses arising from the impairment of equity investment of Energoprojekt Visokogradnja in compliance with IAS 36 – Impairment of Assets.

Receivables and liabilities from the related parties	*In RSD thousand*	
	2014	*2013*
Receivables:		
a) EP Garant Ltd.	652	629
b) EP Visokogradnja Plc.	622,367	482,410
c) EP Niskogradnja Plc.	482,860	674,028
d) EP Hidroinženjering Plc.	47,832	50,818
e) EP Entel Plc.	9,471	9,053
f) EP Energodata Plc.	74,011	68,042
g) EP Industrija Plc.	75,444	57,790
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.	56,041	46,383
j) EP Oprema Plc.	13,744	65,430
k) I.N.E.C. Engineering Company Limited, Great Britain		
l) Encom GmbH Consulting,Engineering&Trading, Germany		
m) Enjub Ltd.	199,220	178,122
Total	*1,581,642*	*1,632,705*
Liabilities:		
a) EP Garant Ltd.	19	
b) EP Visokogradnja Plc.	298	11,639
c) EP Niskogradnja Plc.	176	26
d) EP Hidroinženjering Plc.		
e) EP Entel Plc.		15
f) EP Energodata Plc.		787
g) EP Industrija Plc.		83
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.		
g) EP Oprema Plc.	12,774	33,886
j) EP Oprema Plc.		
k) I.N.E.C. Engineering Company Limited, Great Britain		
l) Encom GmbH Consulting,Engineering&Trading, Germany	16,480	19,604
m) Enjub Ltd.		
Total	*29,747*	*66,040*
TOTAL	***1,611,389***	***1,698,745***

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

Liabilities to the related parties arise primarily from the purchase transactions and have maturity periods from 5 to 30 days following the purchase date. Presented liabilities are exclusive of interest accrued.

Company activities in the field of research and development

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 2015-2020" will be prepared in the following period, which will, among other things, include information about new Company's projects in the field of research and development.

Information on investments aimed at environmental protection

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

Company's business activities are regularly harmonized with the applicable requirements of the positive legal regulations in the field of environmental protection, environmental protection programs are adopted and efforts are made towards the strict compliance with such requirements and programs. The said programs are being implemented through impact and/or risk analyses and assessments in the field of environmental protection, as well as through the implementation of relevant technical and technological solutions and instructions for elimination and/or reduction of adverse environmental effects. In that sense, Energoprojekt management organize and continuously monitor, review and direct activities of all the organizational units, services and individuals in order to completely implement the said IMS policy.

Company's activities aimed at environmental protection are integrated and implemented in compliance with the business philosophy and through joint activities on the level of the Energoprojekt Group. Thus, the Waste Management Project is an example of the said activities, which is being implemented in a coordinated manner, in compliance with the Rulebook on Waste Management in the Energoprojekt Building. Participation of the representatives of each Company of the Energoprojekt Group in the waste management working group serves as a guarantee that all the planned activities will be implemented in the least expensive and most effective manner: such as, for example, the selection of various office waste materials (used paper, used batteries, car batteries, discarded electrical and electronic appliances and devices), recycling of these items, as well as the disposal of such items in compliance with the legally prescribed standards, etc.

Information about redemption of own stock and/or shares

Company does not hold its own shares. Company has not acquired its own shares since the previous annual report.

Company branches

Energoprojekt Holding Plc. does not have any registered branches in Serbia.

The official seat of the Parent Company and its subsidiaries is located in 12 Bulevar Mihaila Pupina Street in Novi Beograd.

Detailed reviews of and comments on the business operations of the (foreign) entities of the Energoprojekt Group are presented in the Notes to the Consolidated Financial Statements of the Energoprojekt Group and in the Notes to the Consolidated Financial Statements of its subsidiary companies.

Financial instruments of significance for the assessment of Company's financial position and business results

Disclosure of financial instruments 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 available 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.

All the relevant financial instruments of significance for the assessment of the financial position and business results of the Company are presented in greater detail in the Notes to the Financial Statements.

Objectives and policies related to financial risk management and protection policies for each type of planned significant transaction for which protection is applied; Exposure to price risk, credit risk, liquidity risk and cash flow risk, management strategy for these risks and the assessment of their effectiveness

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.

Credit Risk

A credit risk is a risk of adverse effects to the financial result and capital of the Company due to a 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.

Market Risk

A 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, first of all in euros.

The sensitivity analysis indicates that variations in the exchange rate will significantly affect variations in financial results of the Company and it can therefore be concluded that the Company is exposed to the currency risk to a significant extent.

- **The 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 to a significant extent due to financial obligations related to loans with potentially fluctuating interest rates (Belibor).

- **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 changes in market prices (not prices that result from interest or currency risk) regardless of whether these changes are caused by specific factors related to a specific financial instrument or its issuer or regardless of whether the factors affect all similar financial instruments traded on the market. The Company is not exposed to this kind of risk to any significant extent.

Liquidity Risk

Liquidity risk is a risk of having difficulties to fulfil due obligations and maintain the necessary scope and structure of the working capital and good creditworthiness. The results of the ratio analysis indicate that the Company was **liquid** during 2014, meaning that it had no difficulties to meet its due liabilities or to maintain the necessary scope and structure of the working capital and to preserve its good creditworthiness.

Therefore we emphasise that:

- Considering the dynamic nature of the Company's business, the finance department aims to maintain financial flexibility, which means, among other things, to keep the existing lines of credit available and to expand them; and
- The management performs continuous monitoring of Company's liquidity reserves that include available unused lines of credit, cash and cash equivalents, as well as the liquid potentials according to the expected cash flows.

This subject matter was defined in and it is being implemented in compliance with the following adopted internal acts of the Company:

- *"Rulebook on the Basic Elements of the Internal Control System and Risk Management in Energoprojekt Holding Plc.",*
- *"Rulebook on the Operations of the Internal Supervision Sector of Energoprojekt Holding Plc.",*
- *"Rulebook on Accounting and Accounting Policies of Energoprojekt Holding Plc."*.

All the Companies in the Energoprojekt Group have adopted and are implementing their own individual acts regulating the said subject matter.

Most of the above listed risks, as well as some other risks not mentioned herein, are presented in greater detail in the Notes to the Financial Statements (which are primarily focusing on the review of the financial risks: the credit risk, market risk and liquidity risk) and/or other internal acts of the Company.

Statement on Code of Corporate Governance Implementation

Energoprojekt Holding Plc. implements its own Code of Corporate Governance (as adopted in the 11th meeting of the Management Board of the Energoprojekt Holding Plc. held on January 26, 2012). The Code has been made publicly available on the Company's Internet page (at www.energoprojekt.rs).

The Energoprojekt Holding Plc. Code on Corporate Governance set out the principles of corporate practices and organizational culture that the principal holders of the corporate governance function of the Energoprojekt Holding Plc. comply with, with regard to the shareholders' rights, corporate governance frameworks and methods, public relations and transparency of the Company's business operations. The main objective of this Code is to introduce good business practice in the field of corporate management, which should provide for the right balance between the influences exerted by the principal corporate governance holders, consistency of the control system and strengthening of shareholders' and investors' trust in the Company, all with the aim to achieve long-term development of the Company.

Relevant Company's bodies make a point of presenting the principles laid down in the Code in greater detail in other general acts of the Company, whenever necessary. In the application thereof, there are no significant deviations from the rules of the Code of Corporate Governance.

In compliance with the Rules on Listing and Quotation of the Belgrade Stock Exchange, parallel with the disclosure of its Annual Business Report, Energoprojekt Holding Plc. delivers and discloses the completed "Questionnaire on Corporate Governance Practices" and has agreed to its online publication on the Internet page of the Belgrade Stock Exchange.

All the Companies of the Energoprojekt Group have adopted and are now implementing their own codes of corporate governance regulating the said subject matter.

Energoprojekt Holding Plc.

Executive Director for Finance, Accounting and Planning

Dimitraki Zipovski, D.Sc. Ecc.

Energoprojekt Holding Plc.

Chief Executive Officer

Vladimir Milovanović, B.Sc. Mech. Eng.

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**INDEPENDENT AUDITOR'S REPORT
ON ANNUAL BUSINESS REPORT**

To the Shareholders of Energoprojekt Holding a.d. Belgrade

We have audited the accompanying standalone and consolidated financial statements of Energoprojekt Holding a.d. Belgrade (hereinafter: "The Company") for the year ended 31 December 2014 and presented in the consolidated annual business report for 2014, on which we issued our audit opinion on 25 February 2015 and 24 April 2015, respectively.

Management's Responsibility for the Annual Business Report

Management of the Company is responsible for the preparation and fair presentation of consolidated annual business report in accordance with the requirements of the Law on Accounting and Law on the Capital Market ("Official Gazette of the Republic of Serbia", no. 31/2011).

Auditor's Responsibility

Our responsibility is to express an opinion on the consistency of the Company's consolidated annual business report for the year ended 31 December 2014 with the standalone and consolidated financial statements for the year then ended. Our procedures in this regard were performed in accordance with International Standard on Auditing 720 "The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements", and are only limited to the assessment of the consistency of the consolidated annual business report with the audited standalone and consolidated financial statements.

Opinion

In our opinion, the Company's consolidated annual business report for the year ended 31 December 2014 is consistent, in all material respects, with the Company's audited standalone and consolidated financial statements for the year ended 31 December 2014.

Belgrade, 24 April 2015

Društvo za reviziju BDO d.o.o. Beograd

Igor Radmanovic
Certified Auditor

4. STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

To the best of our knowledge, Annual Financial Statements for the year of 2014 were prepared in compliance with the relevant International Financial Reporting Standards and these 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.

Person responsible for preparation of the Annual Report:	Legal Representative:
Energoprojekt Holding Plc.	Energoprojekt Holding Plc.
Executive Director for Finance, Accounting and Planning	Chief Executive Officer
Dimitraki Zipovski, D.Sc. Ecc.	Vladimir Milovanović, B.Sc. Mech. Eng.

5. DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF ANNUAL FINANCIAL STATEMENTS *

Note *:

- Financial Statements of Energoprojekt Holding Plc. for the year 2014 were approved on February 26, 2015 in the 30th meeting of the Supervisory Board of the Issuer. At the moment when the Company's Annual Report is published, it has not yet been adopted by the competent Company's body (Shareholders' Assembly). The Company shall publish the complete the Decision of the competent body on the adoption of Company's Annual Report at a later date.

6. DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES *

Note *:

- Decision on Distribution of Company's Profit for 2014 shall be passed in the regular annual General Assembly meeting. The Company shall publish the complete Decision of the competent body on distribution of Company's profit at a later date.

A public company is legally obliged to prepare their annual consolidated financial statements, to disclose them and to deliver them to the Commission, and, providing that the securities of such company are admitted for trading, to deliver these Statements to the regulated market or to the MTP four months after the end of each business year at the latest, and to ensure that the annual financial statements are available to the general public over the course of five years at the minimum from the date of its disclosure.

The Company shall be held responsible for the accuracy and authenticity of information presented in the Annual Report.

In Belgrade, April 2015

Person responsible for preparation of Annual Report:	Legal Representative:
Energoprojekt Holding Plc.	Energoprojekt Holding Plc.
Executive Director for Finance, Accounting and Planning	Chief Executive Officer
Dimitraki Zipovski, D.Sc. Ecc.	Vladimir Milovanović, B.Sc. Mech. Eng.