

Consolidated Annual Report of  
Energoprojekt Holding Plc.  
for the year 2016

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Pursuant to Articles 50 and 51 of the Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015 and 108/2016) and pursuant to Article 3 of the Rulebook on the Content, Form and Method of Publication of Annual, Half-Yearly and Quarterly Reports of Public Companies (RS Official Gazette, No. 14/2012, 5/2015 and 24/2017), **Energoprojekt Holding Plc. from Belgrade, registration No.: 07023014 hereby publishes the following:**

## **CONSOLIDATED ANNUAL REPORT**

### **OF ENERGOPROJEKT HOLDING PLC. FOR THE YEAR OF 2016**

#### C O N T E N T S

1. CONSOLIDATED FINANCIAL STATEMENTS OF THE ENERGOPROJEKT HOLDING PLC. FOR THE YEAR 2016

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

2. INDEPENDENT AUDITOR'S REPORT (complete report)

3. ANNUAL BUSINESS REPORT

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

4. STATEMENT BY THE PERSONS RESPONSIBLE FOR PREPARATION OF REPORTS

5. DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF ANNUAL CONSOLIDATED FINANCIAL STATEMENTS\* (Note)

6. DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES\* (Note)

1. CONSOLIDATED FINANCIAL STATEMENTS OF THE ENERGOPROJEKT HOLDING PLC. FOR THE YEAR 2016 (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement on Changes in Equity, Notes to Financial Statements)

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**CONSOLIDATED BALANCE SHEET**  
as at 31.12.2016.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2014.	Opening balance on 01.01.2014.
1	2	3	4	5	6	7
	<b>ASSETS</b>					
00	A. SUBSCRIBED CAPITAL UNPAID	0001		-	-	-
	<b>B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)</b>	0002		17,288,090	17,421,296	-
01	I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003		58,922	69,295	-
010 & part 019	1. Investments in development	0004	25.	3,544	4,039	-
011, 012 & part 019	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	25.	55,371	64,245	-
013 & part 019	3. Goodwill	0006		-	-	-
014 & part 019	4. Other intangible assets	0007		-	-	-
015 & part 019	5. Intangible assets in progress	0008	25.	7	1,011	-
016 & part 019	6. Advances paid on intangible assets	0009		-	-	-
02	II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		15,428,649	15,474,905	-
020, 021 & part 029	1. Land	0011	26.	710,095	882,471	-
022 & part 029	2. Buildings	0012	26.	7,210,943	7,339,649	-
023 & part 029	3. Plant and equipment	0013	26.	3,581,944	3,665,434	-
024 & part 029	4. Investment property	0014	26.	3,568,839	3,275,616	-
025 & part 029	5. Other property, plant and equipment	0015	26.	131,006	109,492	-
026 & part 029	6. Property, plant and equipment in progress	0016	26.	69,091	70,345	-
027 & part 029	7. Investments in property, plant and equipment, not owned	0017	26.	107,176	35,596	-
028 & part 029	8. Advances paid on property, plant and equipment	0018	26.	49,555	96,302	-
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		975,399	1,049,392	-
040 & part 049	1. Shares in subsidiaries	0025		-	-	-
041 & part 049	2. Shares in affiliated companies and joint ventures	0026	27.	760,624	833,041	-
042 & part 049	3. Shares in other companies and other available for sale securities	0027	27.	19,460	26,251	-
part 043, part 044 & part 049	4. Long term investments in parent companies and subsidiaries	0028		-	-	-
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	27.	195,315	190,100	-
05	V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		825,060	827,704	-
050 & part 059	1. Receivables from parent company and subsidiaries	0035		-	-	-
051 & part 059	2. Receivables from other affiliated companies	0036	28.	49,052	43,500	-
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	28.	776,008	784,204	-
288	C. DEFERRED TAX ASSETS	0042		-	-	-
	<b>D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)</b>	0043		29,717,196	24,954,277	-
Class 1	I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044		6,034,278	5,458,231	-
10	1. Material, parts, tools and small inventories	0045	29.	1,383,780	1,196,693	-
11	2. Work and services in progress	0046	29.	1,771,463	1,456,325	-
12	3. Finished products	0047	29.	363,525	132,958	-
13	4. Goods	0048	29.	179,630	77,372	-
14	5. Non-current assets held for sale	0049	29.	51,058	70,307	-
15	6. Advances paid for inventories and services	0050	29.	2,284,822	2,524,576	-
20	II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051		12,524,660	9,751,353	-
200 & part 209	1. Local buyers - parent company and subsidiaries	0052		-	-	-
201 & part 209	2. Foreign buyers - parent company and subsidiaries	0053		-	-	-
202 & part 209	3. Local buyers - other affiliated companies	0054	30.	3,602	4,141	-
203 & part 209	4. Foreign buyers - other affiliated companies	0055	30.	551,284	826,804	-
204 & part 209	5. Local buyers	0056	30.	3,444,487	2,373,683	-
205 & part 209	6. Foreign buyers	0057	30.	8,525,287	6,546,725	-
206 & part 209	7. Other receivables from sales	0058		-	-	-
21	III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059	31.	49,811	80,168	-
22	IV. OTHER RECEIVABLES	0060	32.	563,537	493,729	-
236	V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061	33.	334,232	333,759	-
23 excl. 236 & 237	VI. SHORT TERM FINANCIAL INVESTMENTS (0063+0064+0065+0066+0067)	0062		1,492,942	1,789,496	-
230 & part 239	1. Short term loans and investments - parent company and subsidiaries	0063		-	-	-
231 & part 239	2. Short term loans and investments - other affiliated companies	0064	34.	164,884	162,419	-
232 & part 239	3. Short term credits and loans, domestic	0065		-	-	-
233 & part 239	4. Short term credits and loans, foreign countries	0066	34.	9,727	16,549	-
234, 235, 238 & part 239	5. Other short term financial investments	0067	34.	1,318,331	1,610,528	-
24	VII. CASH AND CASH EQUIVALENTS	0068	35.	4,671,949	4,800,373	-
27	VIII. VALUE ADDED TAX	0069	36.1.	249,257	112,663	-
28 excl. 288	IX. PREPAYMENTS AND ACCRUED INCOME	0070	36.2.	3,796,530	2,134,505	-
	<b>E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)</b>	0071		47,005,226	42,375,573	-
88	F. OFF-BALANCE SHEET ASSETS	0072	45.	29,131,806	28,278,584	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2014.	Opening balance on 01.01.2014.
1	2	3	4	5	6	7
	<b>CAPITAL AND LIABILITIES</b>					
	A. CAPITAL (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401		20,669,841	19,547,906	-
30	I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402		5,892,478	5,894,010	-
300	1. Share capital	0403	37.1.	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	37.1.	237,014	237,014	-
309	8. Other share capital	0410	37.1.	80,505	82,037	-
31	II. SUBSCRIBED CAPITAL UNPAID	0411		-	-	-
047 & 237	III. TREASURY SHARES REPURCHASED	0412		-	-	-
32	IV. RESERVES	0413	37.2.	374,657	374,590	-
330	V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	37.3.	6,365,390	6,211,764	-
33 excl. 330	VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415	37.4.	432,474	450,976	-
33 excl. 330	VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416	37.5.	30,226	30,504	-
34	VIII. RETAINED EARNINGS (0418+0419)	0417		7,470,703	6,481,980	-
340	1. Retained earnings from previous years	0418	37.6.	6,320,236	5,434,490	-
341	2. Retained earnings from current year	0419	37.6.	1,150,467	1,047,490	-
	IX. NON-CONTROLLING INTEREST	0420	37.7.	164,365	165,090	-
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		1,817,389	3,855,014	-
40	I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		705,355	1,137,466	-
400	1. Provisions for warranty costs	0426	38.	400,624	491,826	-
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	38.	271,419	270,777	-
405	5. Provisions for legal expenses	0430		-	-	-
402 & 409	6. Other long term provisions	0431	38.	33,312	374,863	-
41	II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		1,112,034	2,717,548	-
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	39.1.	614,027	218,927	-
415	6. Long term credits and loans, foreign countries	0438	39.1.	226,661	215,266	-
416	7. Long term liabilities from financial leasing	0439	39.2.	68,901	122,071	-
419	8. Other long term liabilities	0440	39.3.	202,445	2,161,284	-
498	C. DEFERRED TAX LIABILITIES	0441		814,622	792,571	-
42 to 49 (excl. 498)	D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		23,703,374	18,180,082	-
42	I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		5,009,605	3,856,625	-
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	40.1.	3,728,809	3,163,179	-
423	4. Short term credits and loans, foreign countries	0447	40.2.	986,438	154,864	-
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	40.3.	294,358	538,582	-
430	II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450	41.	8,006,909	5,476,677	-
43 excl. 430	III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451		4,968,280	3,848,637	-
431	1. Suppliers - parent company and subsidiaries, local	0452		-	-	-
432	2. Suppliers - parent company and subsidiaries, foreign countries	0453		-	-	-
433	3. Suppliers - other affiliated companies, local	0454		-	-	-
434	4. Suppliers - other affiliated companies, foreign countries	0455	42.	6,066	5,975	-
435	5. Suppliers, local	0456	42.	2,784,572	2,182,699	-
436	6. Suppliers, foreign countries	0457	42.	1,958,315	1,642,578	-
439	7. Other operating liabilities	0458	42.	219,327	17,385	-
44, 45 & 46	IV. OTHER SHORT TERM LIABILITIES	0459	43.	1,764,645	1,778,493	-
47	V. VALUE ADDED TAX	0460	44.1.	521,871	559,499	-
48	VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	44.2.	776,150	855,653	-
49 excl. 498	VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	44.3.	2,655,914	1,804,498	-
	D. LOSSES EXCEEDING CAPITAL (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402) ≥ 0 = (0441+0424+0442-0071) ≥ 0	0463		-	-	-
	E. TOTAL CAPITAL AND LIABILITIES (0424+0442+0441+0401-0463) ≥ 0	0464		47,005,226	42,375,573	-
89	F. OFF-BALANCE SHEET LIABILITIES	0465	45.	29,131,806	28,278,584	-

Belgrade,

Date: 13.04.2017.



**CONSOLIDATED INCOME STATEMENT**  
from 01.01. until 31.12.2016.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. INCOME FROM NORMAL ACTIVITIES</b>				
60 to 65, excl. 62 & 63	<b>A. OPERATING INCOME (1002+1009+1016+1017)</b>	1001		<b>32,266,527</b>	<b>36,268,170</b>
60	<b>I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)</b>	1002		196,622	165,604
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	11.1.	1,539	184
604	5. Income from sale of goods on local market	1007	11.1.	103,211	145,658
605	6. Income from sale of goods on foreign markets	1008	11.1.	91,872	19,762
61	<b>II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)</b>	1009		<b>31,857,086</b>	<b>34,442,139</b>
610	1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010		-	-
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		-	1,461
613	4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013	11.2.	254,939	685,561
614	5. Income from sale of finished products and services on local market	1014	11.2.	12,904,196	13,287,847
615	6. Income from sale of finished products and services on foreign markets	1015	11.2.	18,697,951	20,467,270
64	<b>III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.</b>	1016		-	-
65	<b>IV. OTHER OPERATING INCOME</b>	1017	11.3.	202,819	650,427
	<b>EXPENSES FROM NORMAL ACTIVITIES</b>				
55 to 55, 62 & 63	<b>B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029) ≥ 0</b>	1018		<b>31,556,698</b>	<b>33,419,193</b>
50	<b>I. COST PRICE OF GOODS SOLD</b>	1019	12.	190,517	160,332
62	<b>II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE</b>	1020	13.	129,198	45,459
630	<b>III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS</b>	1021	13.	1,110,639	187,843
631	<b>IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS</b>	1022	13.	564,934	53,031
51 excl. 513	<b>V. MATERIAL COSTS</b>	1023	14.	6,628,181	7,495,481
513	<b>VI. FUEL AND ENERGY COSTS</b>	1024	14.	1,058,123	1,383,470
52	<b>VII. EMPLOYEE EXPENSES AND BENEFITS</b>	1025	15.	9,573,740	9,606,952
53	<b>VIII. PRODUCTION SERVICE COSTS</b>	1026	16.	11,222,415	11,762,808
540	<b>IX. DEPRECIATION EXPENSES</b>	1027	17.	769,573	809,641
541 to 549	<b>X. PROVISION EXPENSES</b>	1028	17.	297,253	276,293
55	<b>XI. INTANGIBLE EXPENSES</b>	1029	18.	2,491,799	2,104,487
	<b>C. OPERATING INCOME (1001-1018) ≥ 0</b>	1030		699,829	1,838,977
	<b>D. OPERATING LOSSES (1018-1001) ≥ 0</b>	1031		-	-
66	<b>E. FINANCIAL REVENUES (1033+1038+1039)</b>	1032		1,688,958	1,845,349
66, excl. 662, 663 & 664	<b>I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)</b>	1033		<b>207,433</b>	<b>188,050</b>
660	1. Financial income from parent company and subsidiaries	1034		-	-
661	2. Financial income from other affiliated companies	1035	19.1.	30,073	22,806
665	3. Share of profits in associated companies and joint ventures	1036	19.1.	83,644	66,698
669	4. Other financial revenues	1037	19.1.	93,716	98,546
662	<b>II. INTEREST INCOME (THIRD PARTY)</b>	1038	19.1.	178,810	98,378
663 & 664	<b>III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)</b>	1039	19.1.	1,302,715	1,558,921
56	<b>F. FINANCIAL EXPENSES (1041+1046+1047)</b>	1040		1,647,261	2,077,322
56, excl. 562, 563 & 564	<b>I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)</b>	1041		<b>7,854</b>	<b>18,002</b>
560	1. Financial expenses from transactions with parent company and subsidiaries	1042		-	-
561	2. Financial expenses from transactions with other affiliated companies	1043	19.2.	6,647	3,185
565	3. Share of losses in affiliated companies and joint ventures	1044		-	14,476
566 & 569	4. Other financial expenditure	1045	19.2.	1,207	341
562	<b>II. INTEREST EXPENSES (THIRD PARTY)</b>	1046	19.2.	411,983	295,787
563 & 564	<b>III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)</b>	1047	19.2.	1,227,424	1,763,533
	<b>G. FINANCIAL GAINS (1032-1040)</b>	1048		41,697	-
	<b>H. FINANCIAL LOSSES (1040-1032)</b>	1049		-	231,973
683 & 685	<b>I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	1050	20.1.	40,734	18,431
583 & 585	<b>J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	1051	20.2.	77,964	302,084
67 & 68, excl. 683 & 685	<b>K. OTHER INCOME</b>	1052	21.1.	1,168,041	437,908
57 & 58, excl. 583 & 585	<b>L. OTHER EXPENSES</b>	1053	21.2.	497,660	599,865
	<b>M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)</b>	1054		<b>1,374,677</b>	<b>1,161,394</b>
	<b>N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)</b>	1055		-	-

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
69-59	O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1056		-	42,818
59-69	P. NET LOSSES FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1057	22.	85,922	-
	Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058		1,288,755	1,204,212
	R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059		-	-
	S. INCOME TAX				
721	I. TAXABLE EXPENSES FOR THE PERIOD	1060		135,172	160,248
part 722	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061		14,336	1,404
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		1,139,247	1,042,560
	V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065		-	-
	I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066		178,531	186,117
	II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067		960,716	856,443
	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	24.	-	-
	2. Reduced (diluted) earnings per share	1071		-	-

Belgrade,

Legal Representative of the Company

Date: 13.04.2017.



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**CONSOLIDATED STATEMENT OF OTHER RESULTS**  
from 01.01. until 31.12.2016.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. NET OPERATING RESULTS</b>				
	I. NET PROFIT (EDP 1064)	2001		1,139,247	1,042,560
	II. NET LOSSES (EDP 1065)	2002			
	<b>B. OTHER COMPREHENSIVE RESULTS OR LOSSES</b>				
	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		210,161	616,232
	b) decrease in revaluation reserves	2004		148,708	2,627
331	2. Actuarial gains or losses from defined income plans				
	a) gains	2005			
	b) losses	2006			
332	3. Gains and losses from equity instrument investments				
	a) gains	2007			
	b) losses	2008			
333	4. Gains and losses from share of other comprehensive profits and losses of affiliates				
	a) gains	2009			
	b) losses	2010			
	b) Items that may be reclassified in the balance sheet in future periods				
334	1. Gains and losses from translation of financial statements for foreign operations				
	a) gains	2011		48,184	132,447
	b) losses	2012		67,409	96,991
335	2. Gains and losses from hedging of net investments in foreign operations				
	a) gains	2013			
	b) losses	2014			
336	3. Gains and losses from cash flow hedging				
	a) gains	2015			
	b) losses	2016			
337	4. Gains and losses from available for sale securities				
	a) gains	2017		311	12,413
	b) losses	2018		756	1,452
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019		41,783	660,022
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020			
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021		27,467	
	IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022		14,316	660,022
	V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023			
	<b>C. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD</b>				
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024		1,153,563	1,702,582
	II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) ≥ 0	2025			
	<b>D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 &gt; 0</b>	2026		1,153,563	1,702,582
	1. Payable to majority shareholders	2027		985,519	1,517,801
	2. Payable to non-controlling shareholders	2028		168,044	184,781

Belgrade,

Date: 13.04.2017.



Legal Representative of the Company



**CONSOLIDATED CASH FLOW STATEMENT**  
from 01.01. until 31.12.2016.

RSD thousand

Description	EDP	Total	
		Current year	Previous year
1	2	3	4
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>I. Cash inflow from operating activities ( 1 to 3)</b>	3001	32,269,533	42,144,720
1. Sales and prepayments	3002	31,592,834	41,206,553
2. Interests from operating activities	3003	109,261	139,026
3. Other inflow from normal operations	3004	567,438	799,141
<b>II. Cash outflow from operating activities ( 1 to 5)</b>	3005	32,899,104	39,401,619
1. Payments to suppliers and prepayments	3006	21,011,169	27,171,046
2. Employee expenses and benefits	3007	9,795,218	9,526,724
3. Interests paid	3008	311,546	314,742
4. Income tax	3009	481,090	865,338
5. Payments based on other public revenues	3010	1,300,081	1,523,769
<b>III. Net cash inflow from operating activities (I-II)</b>	3011	-	2,743,101
<b>IV. Net cash outflow from operating activities (II-I)</b>	3012	629,571	-
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>I. Cash inflow from investing activities (1 to 5 )</b>	3013	285,657	105,833
1. Sale of shares and stocks (net inflow)	3014	5,114	-
2. Sale of intangible investments, property, plant, equipment and natural assets	3015	41,456	11,332
3. Other financial investments (net inflow)	3016	149,863	-
4. Interest received from investment activities	3017	30,410	42,422
5. Dividends received	3018	58,814	52,079
<b>II. Cash outflow from investing activities (1 to 3)</b>	3019	535,554	522,860
1. Purchase of shares and stocks (net outflow)	3020	-	91,560
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	535,554	306,551
3. Other financial investments (net outflow)	3022	-	124,749
<b>III. Net cash inflow from investing activities (I-II)</b>	3023	-	-
<b>IV. Net cash outflow from investing activities (II-I)</b>	3024	249,897	417,027
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>I. Cash inflow from financing activities ( 1 to 5)</b>	3025	1,275,097	650,568
1. Equity increase	3026	-	101
2. Long term loans (net inflow)	3027	413,407	-
3. Short term loans (net inflow)	3028	808,578	650,467
4. Other long term liabilities	3029	50,451	-
5. Other short term liabilities	3030	2,661	-
<b>II. Cash outflow from financing activities (1 to 6 )</b>	3031	528,400	1,131,356
1. Repurchase of own shares and stocks	3032	-	-
2. Long term loans (net outflow)	3033	-	202,676
3. Short term loans (net outflow)	3034	-	-
4. Other liabilities	3035	1,086	246,506
5. Financial leasing	3036	206,148	386,227
6. Dividends paid	3037	321,166	295,947
<b>III. Net cash inflow from financing activities ( I-II)</b>	3038	746,697	-
<b>D. Net cash outflow from financing activities (II-I)</b>	3039	-	480,788
<b>E. TOTAL CASH INFLOW (3001+3013+3025)</b>	3040	33,830,287	42,901,121
<b>F. TOTAL CASH OUTFLOW (3005+3019+3031)</b>	3041	33,963,058	41,055,835
<b>G. NET CASH INFLOW ( 3040-3041 )</b>	3042	-	1,845,286
<b>H. NET CASH OUTFLOW (3041-3040)</b>	3043	132,771	-
<b>I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD</b>	3044	4,800,373	3,099,258
<b>J. EXCHANGE RATE GAINS FROM CASH TRANSLATION</b>	3045	177,237	96,715
<b>K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION</b>	3046	172,890	240,886
<b>L. CASH BALANCE AT END OF REPORTING PERIOD ( 3042-3043+3044+3045-3046)</b>	3047	4,671,949	4,800,373

Belgrade,

Date: 13.04.2017.



Legal Representative of the Company

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
as at 31.12.2016.

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
1	2	3	4	5	6	7	8	9	10							
1	Opening balance on 01.01.2014.															
	a) debit balance	4001	-	4037	-	4073	-	4091	-	4109	-	4127	-	4137	-	4127
	b) credit balance	4002	6,059,920	4020	374,453	4056	-	4092	5,402,867	4110	5,788,138	4128	-	-	-	-
2	Adjustment for materially significant errors and changes in accounting policies															
	a) adjustment of debit balance	4003	-	4039	-	4075	-	4093	-	4111	-	4129	-	-	-	-
	b) adjustment of credit balance	4004	-	4040	-	4076	-	4094	-	4112	-	4130	-	-	-	-
3	Adjustment of opening balance on 01.01.2014.															
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4005	-	4041	-	4077	-	4095	-	4113	-	4131	-	-	-	-
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4006	6,059,920	4024	374,453	4060	-	4096	5,402,867	4114	5,788,138	4132	-	-	-	-
4	Changes in previous 2014. year															
	a) debit balance activity	4007	820	4025	-	4061	-	4097	353,845	4115	231,462	4133	-	-	-	-
	b) credit balance activity	4008	-	4026	137	4062	-	4098	1,432,958	4116	655,088	4134	-	-	-	-
5	Closing balance previous year at 31.12.2014.															
	a) debit balance (3a+4a-4b) ≥ 0	4009	-	4027	-	4081	-	4099	-	4117	-	4135	-	-	-	-
	b) credit balance (3b-4a+4b) ≥ 0	4010	6,059,100	4028	374,590	4064	-	4100	6,481,980	4118	6,711,764	4136	-	-	-	-
6	Adjustment for materially significant errors and changes in accounting policies															
	a) adjustment of debit balance	4011	-	4029	-	4083	-	4101	-	4119	-	4137	-	-	-	-
	b) adjustment of credit balance	4012	-	4030	-	4084	-	4102	-	4120	-	4138	-	-	-	-
7	Adjustment of opening balance current year at 01.01.2015.															
	a) adjustment of debit balance (5a+6a-6b) ≥ 0	4013	-	4031	-	4085	-	4103	-	4121	-	4139	-	-	-	-
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4014	6,059,100	4032	374,590	4068	-	4104	6,481,980	4122	6,711,764	4140	-	-	-	-
8	Changes in current 2015. year															
	a) debit balance activity	4015	2,257	4033	-	4087	-	4105	456,125	4123	210,210	4141	-	-	-	-
	b) credit balance activity	4016	-	4034	67	4070	-	4106	1,444,848	4124	365,896	4142	-	-	-	-
9	Closing balance at 31.12.2015.															
	a) debit balance (7a+8a-8b) ≥ 0	4017	-	4035	-	4071	-	4107	-	4125	-	4143	-	-	-	-
	b) credit balance (7b-8a+8b) ≥ 0	4018	6,056,843	4036	374,657	4072	-	4108	7,470,703	4126	6,365,390	4144	-	-	-	-

No.	DESCRIPTION	Other results component										Total capital [Σ (row 1a col.3 to col.15) - Σ (row 1b 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				15	16	17		
1	2																		
1	Opening balance on 01.01.2014.																		
	a) debit balance	4145	-	4163	-	4181	-	4199	-	4199	-	4217	-	4235	-	4244	-		
	b) credit balance	4146	-	4164	-	4182	-	4200	-	4200	-	4218	-		-		-		
2	Adjustment for materially significant errors and changes in accounting policies																		
	a) adjustment of debit balance	4147	-	4165	-	4183	-	4201	-	4201	-	4219	-		-	4245	-		
	b) adjustment of credit balance	4148	-	4166	-	4184	-	4202	-	4202	-	4220	-		-		-		
3	Adjustment of opening balance on 01.01.2014.																		
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4149	-	4167	-	4185	-	4203	-	4203	-	4221	-		-	4246	-		
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4150	-	4168	-	4186	-	4204	-	4204	-	4222	-		-		-		
4	Changes in previous 2014. year																		
	a) debit balance activity	4151	-	4169	-	4187	-	4205	-	4205	-	4223	-		-	4247	-		
	b) credit balance activity	4152	-	4170	-	4188	-	4206	-	4206	-	4224	-		-		-		
5	Closing balance previous year at 31.12.2014.																		
	a) debit balance (3a+4a-4b) ≥ 0	4153	-	4171	-	4189	-	4207	-	4207	-	4225	-		-	4248	-		
	b) credit balance (3b-4a+4b) ≥ 0	4154	-	4172	-	4190	-	4208	-	4208	-	4226	-		-		-		
6	Adjustment for materially significant errors and changes in accounting policies																		
	a) adjustment of debit balance	4155	-	4173	-	4191	-	4209	-	4209	-	4227	-		-	4249	-		
	b) adjustment of credit balance	4156	-	4174	-	4192	-	4210	-	4210	-	4228	-		-		-		
7	Adjustment of opening balance current year at 01.01.2015.																		
	a) adjustment of debit balance (5a+6a-6b) ≥ 0	4157	-	4175	-	4193	-	4211	-	4211	-	4229	-		-	4250	-		
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4158	-	4176	-	4194	-	4212	-	4212	-	4230	-		-		-		
8	Changes in current 2015. year																		
	a) debit balance activity	4159	-	4177	-	4195	-	4213	-	4213	-	4231	-		-	4251	-		
	b) credit balance activity	4160	-	4178	-	4196	-	4214	-	4214	-	4232	-		-		-		
9	Closing balance at 31.12.2015.																		
	a) debit balance (7a+8a-8b) ≥ 0	4161	-	4179	-	4197	-	4215	-	4215	-	4233	-		-	4252	-		
	b) credit balance (7b-8a+8b) ≥ 0	4162	-	4180	-	4198	-	4216	-	4216	-	4234	-		-		-		

Belgrade,  Date: 13.04.2017.

Legal Representative of the Company

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
ENERGOPROJEKT HOLDING PLC  
FOR 2016**

Belgrade, 2017

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## 1. COMPANY BACKGROUND

Consolidated financial statements of the Energoprojekt Holding a.d., Belgrade (hereinafter: Energoprojekt Holding or Company) consists of a parent joint stock company Energoprojekt Holding Plc., Belgrade (hereinafter: Energoprojekt Holding or Company) and:

- 12 subsidiary companies in the country, 11 of which are direct subsidiaries (9 share-based and 2 limited liability companies) and 1 subsidiary company indirectly controlled by other subsidiaries (1 limited liability company),
- 1 joint venture company, hereinafter: joint venture (1 limited liability company) with 50% equity share,
- 1 affiliated company (1 share company), and
- 7 direct subsidiaries abroad.

Subsidiary companies comprise of operating units for investments work and branch offices in foreign countries (the total of 99) and own companies in the country and abroad (14 subsidiaries abroad, 1 affiliate abroad and 1 affiliated company in the country), which jointly engage in building construction, design, fitting, study preparation, research, investment facilities' and systems' programming, sales of goods and services and other business activities.

In 2016, system Energoprojekt was organized as follows:

Activity	No. of business units for		
	No. of local subsidiaries, affiliates and joint ventures	investment works and branch offices abroad	No. of subsidiaries and affiliates abroad
Planning and research	4	29	6
Construction and fitting	5	70	12
Holding	1		
Other	6		4
<b>Total</b>	<b>16</b>	<b>99</b>	<b>22</b>

Parent and subsidiary companies' headquarters is in 12 Bulevar Mihajla Pupina Street, New Belgrade.

In 2016, the average number of employees in system Energoprojekt, based on the actual number of employees at the end of each month, was 2,345 (compared to 2,316 in 2015), not including the local workforce in foreign entities.

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

Financial statements for 2016 that are subject to these Notes are **consolidated financial statements of the Energoprojekt Holding Plc.** approved by the Supervisory Board of the Company, on April 25, 2017 in the 9th meeting of Supervisory Board of the Company and are subject of audit conducted by an independent auditor.

Comparable data and opening balance consist of data incorporated in consolidated financial statements for 2015.



## 2. CONSOLIDATION GROUP

The consolidation group the system Energoprojekt (hereinafter: Energoprojekt) consists of parent company and its local subsidiaries, joint venture and affiliated companies and foreign subsidiary companies listed below:

### Local subsidiaries, joint ventures and affiliated companies

No.	Company Name	% ownership
<i>Subsidiary Companies</i>		
<i>Building Construction and Fitting</i>		
1.	Energoprojekt Visokogradnja Plc.	100.00
2.	Energoprojekt Niskogradnja Plc.	100.00
3.	Energoprojekt Oprema Plc.	67.87
4.	Energoprojekt Sunnyville Ltd.	100.00
<i>Planning and Research</i>		
5.	Energoprojekt Urbanizam i arhitektura Plc.	100.00
6.	Energoprojekt Industrija Plc.	62.77
7.	Energoprojekt Entel Plc.	86.26
8.	Energoprojekt Hidroinženjering Plc.	100.00
<i>Other</i>		
9.	Energoprojekt Energodata Plc.	100.00
10.	Energoprojekt Promet Ltd.	100.00
11.	Energoprojekt Garant Ltd.	92.94
12.	Energoplast Plc.	60.00
	(Energoprojekt Industrija Plc. 40.00% and Energoprojekt Entel Plc. 20.00%)	
<i>Joint ventures</i>		
<i>Building Construction and Fitting</i>		
13.	Enjub Ltd.	50.00
<b>Affiliated Companies</b>		
<b>Other</b>		
14.	Fima See Activist Plc.	30.16

Applying the total consolidation method, the consolidated financial statements of the Energoprojekt Holding Plc. are including the subsidiary company Energoplast Ltd., with prior elimination, by equity method, of its presence in financial statements of Energoprojekt Industrija Plc. (40.00%) and Energoprojekt Entel Plc. (20.00%), made through primary consolidation.

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

By equity method, closed-end investment fund Fima See Activist Plc. is included in consolidated financial statements of Energoprojekt Holding Plc. as of December 31, 2015, in compliance with IFRS 11 - Joint Arrangements, since the percentage of Energoprojekt Holding shares in equity of subject company at the end of 2015 was over 20.00%.

#### **Subsidiaries abroad - overseas companies**

No.	Company Name	% ownership
1.	Zambia Engineering and Contracting Company Limited, Zambia	100.00
2.	Energoprojekt Holding Guinee S.A, Guinea	100.00
3.	I.N.E.C. Engineering Company Limited, Great Britain	100.00
4.	Encom GmbH Consulting, Engineering & Trading, Germany	100.00
5.	Dom 12 S.A.L, Lebanon	100.00
6.	Energo (Private) Limited, Zimbabwe	100.00
7.	Energo Kaz Ltd, Kazakhstan	100.00

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

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

No.	Company Name	Included through primary consolidation
<b>Overseas</b>		
<b><i>Subsidiary Companies Abroad - Overseas Companies</i></b>		
<b><i>Building Construction and Fitting</i></b>		
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.	Energoprojekt 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.	Energoprojekt Zambia Limited, Zambia	Zambia Engineering and Contracting Company Limited, Zambia
<b><i>Planning and Research</i></b>		
8.	Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman	EP Entel Plc.
9.	Energoprojekt Entel LTD, Doha, Qatar	EP Entel Plc.
10.	Energoprojekt Entel L.L.C., Abu Dhabi, UAE	EP Entel Plc.
11.	Energoprojekt Entel Company, Bahrein	EP Entel Plc.
12.	Zahinos Ltd., Cyprus	EP Industrija Plc.
13.	Enhisa S.A., Lima, Peru	EP Hidroinženjering Plc.
<b><i>Other</i></b>		
14.	Energoprojekt Energodata Montenegro Ltd., Montenegro	EP Energodata Plc.
<b><i>Affiliated Companies Abroad</i></b>		
<b><i>Building Construction and Fitting</i></b>		
15.	Energoprojekt Nigeria Ltd., Lagos, Nigeria (40.00%)	EP Oprema Plc.
<b>Domestic</b>		
<b><i>Affiliated Local Companies</i></b>		
<b><i>Other</i></b>		
16.	Energopet Ltd. (33.33 %)	EP Industrija Plc.

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

Consolidated financial statements of Energoprojekt Holding Plc. were prepared pursuant to the Law on Accounting ("RS Official Gazette", No. 62/2013 – hereinafter: the Law).

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

- The Framework for the preparation and presentation of financial statements,
- International Accounting Standards – IAS, and
- 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.

Consolidated financial statements of Energoprojekt Holding Plc. 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 for companies, cooperatives and entrepreneurs ("RS Official Gazette", No. 95/2014 and 144/2014). These Rules, among other things, laid down the form and content of individual positions in the Balance Sheet, Income Statement, Other Comprehensive Income Report, Cash Flow Statement, Statement of Changes in Equity and Notes to Financial Statements. Pursuant to the above mentioned Rules, amounts in RSD thousands are to be presented in these forms.

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

In preparation of consolidated financial statements of Energoprojekt Holding Plc., 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, 108/2013, 68/2014 - and other law, 142/2014, 91/2015 - authentic interpretation and 112/2015),
- Law on Value Added Tax ("RS Official Gazette" No. 84/2004, 6/2014 – adjusted RSD amounts, 86/2004 - corrigendum, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 - and other law, 142/2014, 83/2015, 5/2016 – adjusted RSD amounts and 108/2016),
- 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 i 20/2014 - and other rules),
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax ("RS Official Gazette" 24/2014, 30/2015, 101/2016),
- 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 arms's length“ principle in determining the price of transactions among parties ("RS Official Gazette" No. 61/2013 and 8/2014) and other regulations.

Among the legal acts comprising the internal regulations of the Company, in preparation of consolidated financial statements, the Rules on Accounting and Accounting Policies of the Company, as adopted on 27/11/2015 by the Executive Board of the Company, was used. In addition to the above listed, other internal acts of the Company were used, such as, for example, the Collective Agreement of Company 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, 112/2015 and 108/2016) 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 IFRS or of the Interpretations thereof were taken into account in preparation of the Energoprojekt Holding Plc. consolidated financial statements. Detail explanation is provided below:*

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

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

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

*The new Standards, Interpretations and amendments to the existing Standards in force in the current period that have not yet been officially translated or adopted in the Republic of Serbia*

By the date of adoption of the consolidated financial statements, the following version of standards and amendments to standards were issued by the International Accounting Standards Board, and the following interpretation were issued by International Financial Reporting Standards' Interpretations

Committee, but have not yet been officially applied in the Republic of Serbia

- 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 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 27 "Separate Financial Statements" - Exemption from Consolidation of Subsidiaries under IFRS 10 (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);
- IFRIC 21 - Levies (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 19 - Employee Benefits – Defined benefit plans (effective for annual periods beginning on or after July 1, 2014).
- Amendments to various standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38), which are the result of the annual standards' improvement project, "Cycle 2010-2012", primarily through the removal of inconsistencies and clarification of text (in force for the annual periods beginning on or after July 1, 2014);
- Amendments to various standards (IFRS 1, IFRS 3, IFRS 13 and IAS 40), which are the result of the annual standard's improvement project, "Cycle 2011-2013", published by the IASB in December 2013, primarily through the removal of inconsistencies and clarification of text (effective for annual periods beginning on or after July 1, 2014),
- Amendments to IFRS 11 "Joint Arrangements" - Accounting for acquisition of participation in joint businesses (effective for annual periods beginning on or after January 1, 2016);
- IFRS 14 "Accounts regulatory prepayments" - effective for annual periods beginning on or after January 1, 2016;
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Interpretation of the accepted methods of depreciation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Industrial plants (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 IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - The sale or transfer of assets between the investor and its associates or joint ventures (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 28 "Investments in Associates and Joint Ventures" - investing companies: exception of application for consolidation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 1 "Presentation of Financial Statements" - Initiative for disclosure (effective for annual periods beginning on or after January 1, 2016); and

- Amendments to various standards "Improvements IFRS" (for period from 2012 to 2014), which are the result of Project annual improvement IFRS (IFRS 5, IFRS 7, IAS 19, IAS 34) primarily through the elimination of inconsistencies and explanations of the text (effective for annual periods beginning on or after January 1, 2016).

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

By the date of adoption of the consolidated financial statements, the following standards, their amendments and interpretations were issued, but have not yet come into force:

- IAS 1 (when IFRS is adopted);
- Amendment to IAS 7 – “Cash Flow Statement” (effective from January 1, 2017);
- Amendment to IAS 12 – “Income taxes” (effective from January 1, 2017);
- Amendments to IFRS 12 – “Disclosures in the participation in other entities” (effective from January 1, 2017);
- Amendments to various standards (IAS 28, IAS 40 and IFRS 2) shall take effect from January 1, 2018;
- IFRS 9 "Financial Instruments" and subsequent amendments, which replaces requirements of IAS 39 "Financial Instruments: Recognition and Measurement" relating to the classification and measurement of financial assets. Standard eliminates the existing categories of IAS 39 - Assets held to maturity, available for sale and loans and receivables. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, earlier application is permitted;

According to IFRS 9, financial assets will be classified into one of two categories at the initial recognition: at amortized cost or fair value. Financial asset will be recognized at amortized cost if the following two criteria are met: assets relate to business model based on the business model for managing the financial assets and their contractual cash flow characteristics. All other assets will be measured at fair value. Gains and losses arising from measurement of financial assets at fair value will be recognized in the income statement, except investments in equity instruments not held for trading, where IFRS 9 permits, at initial recognition, subsequent unchangeable choice that all changes in fair value are recognized within other gains and losses in the statement of other comprehensive income. The amount that will be recognized in the statement of comprehensive income will not be able to be recognized in the income statement subsequently. Change in IFRS 9 will lead to changes in IFRS 7 and IFRS 4;

- IFRS 15 "Revenue from contracts with customers", which defines the framework for the recognition of revenue. IFRS 15 supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts", IFRIC13 "Customer Loyalty Programs", IFRIC15 "Agreements for the Construction of Real Estate" and IFRIC18 "Transfers of assets from customers" and SIC - 31 "Revenue - exchange transactions involving advertising services ". IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted;
- IFRIC 22 “Foreign Currency Transactions and Advance Consideration” - interpretation applies to foreign exchange transactions where the entity recognizes non-monetary asset or non-financial liability for the payment or receipt of advance payment, before the entity recognizes asset, expense or income, after which the non-monetary asset or liability is recognized again. The interpretation is effective on or after January 1, 2018, but early application is permitted; and
- IFRS 16 "Lease" - published in January 2016, the application is for business periods beginning on or after January 1, 2019. The standards will replace current IAS 17.

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

#### **4. MANAGEMENT ESTIMATION AND ASSESSMENT**

Preparation of consolidated financial statements in compliance with IAS and IFRS requires that the management perform assessments, provide judgements and assumptions that are reflected on the reported amounts of assets, liabilities, income and expenses. The goal of this approach by management is to reach that achieved results do not differ significantly from the estimated ones (Note 7.1).

#### **5. CONSOLIDATION**

Consolidated financial statements are financial statements of the group, presented as financial statements of unique economic entity.

Consolidated financial statements are composed by applying unified accounting policies for similar transactions and events, in similar circumstances. In case that a group member, consisting of a parent company together with its subsidiaries, for similar transactions and events in similar circumstances, applies accounting policies different from those adopted in consolidated financial statements, the appropriate corrections of those financial statements (according to provisions of rules on Accounting and Accounting Policies of the Company) are made at consolidated financial statements composing.

##### **5.1. Subsidiary Companies**

*The Subsidiary Company* means a company controlled by the Company (parent company).

Parent company controls the company where it has made investments if it fulfills all following requirements only:

- the power over the company with his investments (meaning present capability to direct relevant activities, ie. activities reflecting significantly at yield of the company with its investments);
- exposure, meaning the right to yield variabilities based on its share in the company with its investments, and
- capability of using its own power over the company with its investment to influence the yield level for investor.

The consolidated method used for subsidiaries, according to IFRS 10 - Consolidated Financial Statements, is full consolidation. Intra group balances and intra group transactions are eliminated in full in the consolidation process. Equity investments without controlling rights are presented separately.

##### **5.2. Affiliated Companies**

*Affiliated Company* is a company over which the Group exerts significant influence, but not control, or holds between 20% to 50% ownership or voting power.

The applied method of consolidation for affiliated companies, according to IAS 28 - Investment in



Associates and Joint Ventures, is equity method. Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognize the investors' share of the profits or losses of the investee after the date of acquisition. If investors' share of losses of the associate exceeds the carrying amount of the investment, the investment is reported at nil value; exceptionally, if there are certain irrevocable contractual obligations for covering the losses, the difference of the greater loss against capital is recognized as an expenditure of the parent company.

### 5.3. Joint Ventures

The Joint Venture arrangement is an arrangement where two or more parties have the joint control. The joint control exists only if the relevant activities decisions require unanimous decision of sides sharing the joint control.

Depending on rights and liabilities defined in arrangement, the joint arrangement could be:

- the joint business, or
- the joint venture.

*The Joint Business* means the joint arrangement where parties sharing the joint control over the arrangement (participating together in business activities), have the right to property and responsibility for obligations related to the arrangement. Participants in joint business recognize:

- their own property, including their share in jointly owned property;
- their own obligations, including their share in obligations accepted;
- their own income from selling of own share in results deriving from joint business activities;
- their own part of income from selling joint business activity results, and
- their own costs, including their share in joint business activity costs.

The joint business accounting in separated and consolidated financial statements is made according to IFRS applicable for related property, liability, profit or loss.

*Joint Venture* is a joint arrangement where parties sharing the joint control over the arrangement (participating together in joint venture), have the right to net-assets of the arrangement, meaning that the financial structure, and not the parties in joint venture, has the right to property and responsibility for obligations accepted through the arrangement.

The joint venture sharing in consolidated financial statements is treated by the equity method, according to IAS 28, meanwhile in separated financial statements is treated by cost value, according to IAS 27.

The joint venture parties sharing the arrangement, but not having any control over it, in their respected separated and consolidated financial statements treat their joint business activities and joint ventures according to relevant provisions of IFRS 11.

An overview of subsidiary, affiliated and joint venture companies, which, together with the parent Company, comprise the Group for consolidation of the System Energoprojekt, is presented in Note 2.

## 6. ACCOUNTING PRINCIPLES

The following principles were applied in the preparation of consolidated financial statements of the system Energoprojekt:

- 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, reasoning for the change must be provided and the effects are disclosed according to the professional regulations concerning the change in valuation methods.

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

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

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

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

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

## 7. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

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

Significant accounting policies applied to consolidated financial statements of the Energoprojekt Holding Plc. 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 and internal regulations in force.

As for the general data, we are hereby noting that in compliance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, the RSD is the **functional and presentation reporting currency in consolidated financial statements of the Energoprojekt Holding Plc.**

In preparation of consolidated financial statements of Energoprojekt Holding Plc., relevant provisions IAS 10 – Events after the Reporting period 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, and if there were any, these Notes will disclose the nature of events and the valuation of their financial effects, or, if impossible to evaluate the financial effects thereof, it is disclosed that such estimate cannot be made.

### 7.1. Valuation

In preparation and presentation of financial statements in compliance with the requirements of the legal regulations in force in the Republic of Serbia, the Company management is required to use the best possible valuations and reasonable assumptions. Although, understandably, the actual future results may vary, valuations and assumptions are based on information available at the balance sheet date.

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

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

## 7.2. Effects of Foreign Exchange Rates

**Transactions in foreign currency**, upon initial recognition, are registered in RSD counter value by applying the official middle exchange rate on the transaction 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	31/12/2016	31/12/2015
	<i>Amount in RSD</i>	
EUR 1	123.4723	121.6261
USD 1	117.1353	111.2468
GBP 1	143.8065	164.9391

Applied average FX rates for the Income Statement items in 2016 and 2015 were as follows:

Currency	31/12/2016	31/12/2015
	<i>Amount in RSD</i>	
EUR 1	123.1179	120.7328
USD 1	111.2903	108.8543
GBP 1	150.5377	166.4218

## 7.3. Income

**Incomes** in accordance with IAS 18 - 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.

Incomes include: operating revenues, financial revenues, other revenues (including also revenues from the property value adjustment), and net profit from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous years.

Among the **operating incomes**, the most important are the sales revenues from the sales of goods, products and services, and as other revenues the following may appear: income from the own use of products, services and merchandize, increase of finished goods, work in progress and services in

progress (if there were any reductions in the finished goods, work in progress and services in progress, during the year, the total operating revenues shall be reduced by the amount of such reduction), income from premiums, subventions, donations, etc.; and other operating income.

For the purpose of financial reporting, within the operating revenues in Income Statement no income from the own use of products, services and merchandize and income from the change in value of products, services and merchandize (increases, ie. decreases in the value of inventories of unfinished and finished products and unfinished services), and instead operating expenses are corrected by such amounts in the Income Statement.

Income from the sales of merchandize is recognized when the following conditions are met cumulatively:

- The company has transferred to the buyer significant risks and benefits from the ownership of the product and goods;
- The company does not keep the share in management of the product sold and merchandize that is usually related to ownership, nor does it keep the control over products and goods sold;
- The amount of income cannot be measured in a reliable manner;
- Economic benefit for the Company related to such transaction is probable, and
- Costs incurred or cost that will be incurred in such transactions can be measured in a reliable manner.

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

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

Incomes from dividends are recognized when the right to receive the dividend is established.

Within **other income** (that additionally include income from value adjustments of other assets disclosed at fair value through Income Statement), in addition to other income, gains are presented that may, but do not have to result from the usual activities of the Company. Gains are increases in economic benefits of the Company and as such, by their nature, are not different from other revenues. For example, gains include gains from the sales of property, plant and equipment; at greater value from accounting one at the moment of sale.

Within **income from the disposal of discontinuing operations, effects from change in accounting policy and correction of prior periods errors and transfer of income**, income according to the names of account of this groups are presented and the transfer of total income at the end of the period, which are, for the purposes of financial reporting, presented as net effect, after the decrease for the relevant expenses.

#### 7.4. Expenses

**Expenses** are the outflow of economic benefits over a given period that result in the decrease of the capital of the Company, except for the reduction that refers to the allocation of profit to owners or

reduction that resulted from partial withdrawal of capital from operations by the owner. Expenses include outflow of assets, impairment of assets and/or increase of liabilities.

Expenses include operating expenses, financial expenses, other expenses (including expenses from value adjustments of other property assets disclosed at fair value through Income Statement) and net losses from from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year.

**Operating expenses** include: cost price of goods sold, material cost, employee expenses and benefits, production service cost, intangible expenses, depreciation expenses and provisions expenses, etc.

For the purposes of financial reporting, operating expenses are corrected in the Income Statement for the amount of income from the own use of products and merchandize and income from the depreciation of inventories of products (increase, ie. decrease of inventories of intermediate and finished products and services in progress).

**Financial expenses** include financial expenses arising from the related legal entities, gains arising on the translation of foreign currency, interest-related expenses and other financial expenses.

**Other expenses** (that additionally include expenses from value adjustments of other property assets disclosed at fair value through Income Statement), 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.

Within **losses from from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year and transfer of expenses**, expenses according to the names of accounts comprising this group are presented and the transfer of total expenses at the end of accounting period, which are for the purposes of financial reporting presented in net effect, after offsetting against relevant income.

## 7.5. Interest and Other Borrowing Costs

**Borrowing costs** include interest and other costs borne by the Company in relation to the borrowing of funds. Based on relevant provisions IAS 23 – Borrowing Costs, interest and other borrowing costs 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.

## 7.6. Income Tax

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

- The current tax, and
- The deferred tax.

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

The *deferred tax* includes:

- Deferred tax assets or
- Deferred tax liabilities.

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

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

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

**Deductible temporary difference** arises in cases where an expense has already been recorded in Company books, on certain bases, which, from the taxation aspect, is to be recognized in the following periods. Some typical examples of cases where the deductible temporary differences arise include the following: tax value of assets that are subject to depreciation exceeds the accounting value thereof; from the taxation aspect, certain provisions are not recognized (IAS 19, issued guarantees and other sureties), impairment of assets (merchandise, materials, etc.) and impairment of investment immovable property; from the taxation aspect expenses for unpaid public revenues that do not depend on business performance and losses occurring when securities are measured at fair value and effect is presented through the Income Statement.

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.

The amount of deferred tax assets is determined by applying the prescribed (or notified) income tax rate on Company income on the amount of deductible temporary difference that is determined as at the Balance Sheet date.

If at the end of previous year the temporary difference was deductible, on the basis of which the deferred tax assets were recognized, and at the end of current year, on the basis of the same assets, the temporary difference is taxable, the previously established deferred tax assets are released in their entirety, and at the same time the deferred tax liabilities are recognized in the amount determined as at the Balance Sheet date.

A deferred tax asset based on **unused tax losses** is recognized only in case that the Company management may reliably assess 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 the reduction of which the unused tax credit may be used, only until this type of tax credit may be used in the legally prescribed manner.

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.

**Taxable temporary difference** arises in cases where a certain expense is recognized from the taxation aspect, while from the accounting aspect it will be recognized in the Company books in the following periods.

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.

The amount of deferred tax liability is determined by applying the prescribed (or expected) tax rate on the Company profit on the amount of taxable temporary difference that is determined as at the Balance Sheet date.

On each Balance Sheet date, the deferred tax liabilities are reduced to the amount determined based on temporary difference as at that date. If at the end of the previous year the temporary difference was taxable, on the basis of which the deferred tax liabilities were recognized, and at the end of the current year, based on the same assets, the temporary difference is deductible, the previously established deferred tax liabilities are released in their entirety, and at the same time the deferred tax assets of the Company are recognized in the amount determined as at the Balance Sheet date.

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

## 7.7. Intangible Assets

**Intangible assets** are assets without identifiable physical substance, such as: software, 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.

If one of the requirements is not fulfilled, expenses on the basis of intangible investments are recognized as debit to expenses in the period in which the expenses incurred.



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

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

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

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

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

**Subsequent measuring of intangible asset**, 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).

## 7.8. Property, Plant and Equipment

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

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

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

**Initial measuring of property, plant and equipment is performed at purchase cost (purchase price)**, which includes: the purchase price and all the related costs of acquisition, that is, all the directly attributable costs of bringing the assets to the condition of functional readiness.

With the aim to perform subsequent measuring of property, plant and equipment, these are grouped in the following categories:

- a) Land;
- b) Facilities;
- c) Plants and equipment, and
- d) 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

appraiser expert, based on the evidence collected on the market. Where there is no evidence of the fair value on the market, due to the specific nature of facilities and due to the fact that such items are only rarely sold, except as a part of continuous business operation, it may be necessary that the Company performs an assessment of the fair value by using the income approach or the approach of depreciated costs of replacement. Any change in the fair value of facilities is to be recognized in principle 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).

**Measuring of subsequent expenses for property, plant and equipment** is performed when:

- It is a case of the investments that extend the useful life of the use of such asset;
- It increases the capacity;
- It improves the asset, whereby the quality of product is improved, or
- It reduces the production costs compared with the costs prior to such investment.

The costs of servicing, technical maintenance, minor repairs and other, do not increase the value of an asset, but comprise the expense for the period.

**Investments in other person's property, plant and equipment** are presented and recognized in a special account, if it is probable that the Company will make the future economic benefits related to such asset. Amortization of investment in other person's property, plant and equipment is performed on the basis of the estimated useful life of such assets, which may be equal or shorter than the validity period of the lease agreement.

## 7.9. 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** (lease whereby all the risks and benefits related to ownership of the assets are essentially transferred, and upon expiry of the lease period, the property right may, but does not necessarily need to, be transferred), 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.

In case of **business (operational) lease** (the lease whereby all the risks and benefits related to the ownership of the assets are not essentially transferred), the lease payments are recognized as expense, and in general at the linear basis during the lease period.

## 7.10. Amortisation of Intangibles 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 useful lifetime.

The residual value of intangible assets is always presumed to be zero, except in the following cases:

- When there is an obligation of a third party to purchase intangible asset at the end of its useful life, or
- When there is an active market for the intangible asset, with the presumption that such market will exist at the end of the useful lifetime of the asset as well, when the residual value may be determined by referring to such market.

The residual value and the remaining useful lifetime of the asset are examined at the end of each financial year by the competent valuers. In case that the new valuations are different from the previous valuations, the change is treated by changing the accounting assessment and it is recognized in the books on the basis of IAS 8 – Accounting Policies, Changes in Accounting Policies and Errors.

The residual value may be increased as the result of a valuation for an individual asset to the amount that is equal to the book value of such asset or larger than such value. In that case, the depreciation cost will, during the remaining useful lifetime of such asset, be zero, unless, as the result of subsequent valuations, the residual value is reduced to the amount that is lower than the book value.

Amortization of assets is performed by the **linear write-off** (proportional method), and the **calculation of amortisation starts** from the beginning of the following month from the moment when the asset becomes available for use, i.e. employment, or when it is at the location and ready-for-use as intended by the Company.

Amortization of intangible assets is conditional on the assessment of whether the useful lifetime is unlimited or limited. Intangible assets are not subject to amortization if it is estimated that the useful lifetime is unlimited, that is, if, based on the analysis of all the relevant factors, the end of the period when is it expected that the intangible asset will cease to generate incoming net cash flows for the

Company cannot be foreseen.

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 (land, for example).

For an assets acquired by means of financial lease, amortization is calculated in the same manner as for other assets, except when it is not known whether the Company will acquire the ownership right on such asset, when the assets is amortized in its entirety in a shorter period than the lease period or the useful lifetime.

Calculation of amortization ceases when the asset is derecognized (ceases to be recognized as an asset) and when it is reclassified as a non-current asset held for sale or within discontinuing operations. Thus, amortization is calculated even when the asset is not used, that is, even when the asset is not being used actively, if such asset is not reclassified as a non-current asset held for sale or within the discontinuing operations.

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

Assets that are, in accordance with the IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations, classified as assets held for sale, as at the balance sheet date are presented as working capital and are assessed at the lower value of the accounting value and fair value reduced by the costs of sale.

### **7.11. Impairment of Intangibles Assets, Property, Plant and Equipment**

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

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

**Recoverable amount** is the higher amount of:

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

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

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

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

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

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

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

## 7.12. Investment Property

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

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

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

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

Subsequent expenditure related to an already recognized investment property is attributed to the expressed amount of the investment property if it can be recognized as an asset, 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. In the opposite case, the subsequent expenditure is presented as an operating expense in the period in which it was incurred.

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.**

Investment property is not recognized as such any more upon the disposal thereof or if it is not in use any more and no future benefits are expected from the disposal thereof. Profits or losses from decommissioning or disposal of investment property are recognized in Income Statement in the year in which the asset was disposed of or decommissioned.

### 7.13. Inventories

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

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

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

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

**The purchase price** (cost) includes all:

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

**The costs of purchase of materials and goods** as basis for the valuation of inventories of materials and 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 and goods inventories spent* is performed by applying the **weighted average cost formulas**.

In the recognition of assets of lower value (for example small inventory items, spare parts and servicing equipment), 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 and non-production costs and borrowing costs.

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

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

### 7.14. Non-Current Assets Held for Sale

The Company recognizes and presents a non-current asset (or available group of assets) as an **asset held for sale** in compliance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations 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 (or group for disposal) must be available for immediate sale in the current condition, solely under the usual conditions for the sale of such property (or disposal group), and
- The sale of the asset must be very probable.

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

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

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

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

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

Non-current assets held for sale are not depreciated.

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

## 7.15. Financial Instruments

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

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

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

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

- Financial assets at fair value through the profit and loss account;
- Held-to-maturity financial assets (investments);
- Loans (credits) and receivables, and
- Financial assets available for sale.

**Financial assets or liabilities at fair value through profit and loss** include 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 or 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 derivative (other than the derivative as a *hedging* instrument).

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

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

**Loans (credits) 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;
- The assets marked by the Company as available for sale after their initial recognition, or
- 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 through the balance sheet increased, in case that the financial instrument has not been marked for measurement at fair value with changes of fair value through the Income Statement, by the transaction costs that are directly attributable to the acquisition thereof.

**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;
- Financial assets (investments) held-to-maturity, measured at amortized cost using the effective interest method; and



- Investments in capital instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and it is measured at cost.

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

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

#### 7.16. Cash and Cash Equivalents

The most liquid forms of financial assets of the Company are **cash and cash equivalents**, valued at nominal or fair value. Cash and cash equivalents consist of: securities, petty cash in RSD and in foreign currencies, deposits in accounts in RSD and foreign currencies with banks, allocated monetary assets for letters of credit opened in the country, letters of credit in foreign currencies, short-term high liquidity investments with short maturity period which may be transferred into cash that are not under the influence of significant risk of value changes, monetary assets the use of which is limited or value decreased, etc.

Criteria according to which the Company assets are classified within cash and cash equivalents are specified in the relevant provisions of IAS 7 – Statement of Cash Flows, according to which:

- Cash includes cash and demand deposits, and
- Cash equivalents and short-term, highly liquid investments, that can be quickly turned into known cash amount and that are not under the influence of significant risk of value changes, which implies investments with short maturity term (of three months or shorter).

#### 7.17. Short-Term Receivables

**Short term receivables** comprise receivables from the sale of products, goods and services to related parties and other legal and physical entities in the country and abroad, as well as the receivables on other bases (receivables for interest and dividend, receivables from employees, receivables from state authorities and organizations, receivables from overpaid taxes and contributions, etc.), expected to be realized within 12 months from the balance sheet date.

*Short term trade receivables* from the sale are measured by the cost stated in the issued invoice, and subsequently at invoice value reduced by the correction of value based on uncollectible receivables. If the cost on the invoice is stated in the foreign currency, translation to the functional currency is done by

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

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

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

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

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

*Indirect write-off* of receivables for which the Company is debited is performed on the value adjustment account. The decision on indirect write-off (value adjustment) of receivables on the value adjustment account, upon proposal by the Committee for Inventory of Liabilities and Receivables within the regular inventory, or upon proposal of the expert services in the course of the year, is made by the authorized Company body.

*Direct write-off* of receivables is performed based on the assessment of Company management if there is almost no probability of recovery (in cases where the receivables are outdated, debtors are bankrupt, etc.). The decision on direct write-off of receivables, after consideration and upon proposal by the Committee for Inventory of liabilities and receivables within the regular inventory, or upon proposal by the expert services in the course of the year, is adopted by the authorized Company body.

The indirect and direct write-off of receivables is applied only based on relevant circumstances and the balances as at the balance sheet date, i.e. during the year.

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

## 7.18. Financial Investments

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

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

As for other assets that are presented as short-term assets, Company securities the realization (collection) of which is expected within the period of one year from the balance sheet date are also presented within the short-term financial investments. Thus, for example, securities that are classified as

securities held to maturity are presented as short-term financial investments – the portion thereof that will mature within the period of one year.

**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.

Shares in subsidiary companies and other affiliated companies, based on the relevant provisions of IAS 27 – 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 at fair value through Income Statement, held-to-maturity financial assets (investments), loans (credits) and available-for-sale financial assets) is relevant for subsequent measurement of long-term financial investments.

## 7.19. Liabilities

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

In the **valuation of liabilities** pursuant to the Framework for the preparation and presentation of financial statements, the liability is stated in the balance sheet:

- If there is a probability that an outflow of resources with economic benefits will result in the settlement of present liabilities, and
- If settlement amount may be reliably measured.

In addition to that, the *prudence principle* may be 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 related parties; long-term loans and credits in the country and abroad, liabilities for long-term securities, liabilities for long-term financial lease and other long-term liabilities); short-term liabilities (short-term credits and loans related parties, short-term credits and loans in the country and abroad, part of the long-term credits and loans as well as 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.

For liabilities presented in a foreign currency, as well as for the liabilities with foreign currency clause, translation in functional currency is performed at the middle exchange rate on the transaction date. The change in exchange rate until the settlement date is presented as positive (negative) differences in exchange rate. Liabilities in a foreign currency are calculated on the balance sheet date by using the exchange rate valid as at the balance sheet date, and any differences in exchange rates are recognized as income or expenses of that period.

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

## **7.20. Provisions, Contingent Liabilities and Contingent Assets**

A provision, according to IAS 37 - Provisions, Contingent Liability and Contingent Assets, means a liability of uncertain due date or amount.

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

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

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

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

Provisions may be made on various bases, and specifically, these may include: 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, provisions for lawsuits and for other purposes.

**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. Cancellation of provisions 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; or
- present liability that arises from past events, yet not recognized, because it is not probable that an outflow of resources that represents economic benefit of the Company will be required to settle the obligation or because the amount of liability cannot be reliably valued.

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

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

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

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

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

## 7.21. Employee Benefits

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 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 newly amended provisions of the Collective Agreement, adjusted with legislation (at the level of two average gross earnings in Republic of Serbia, pursuant to the ultimate data published by national institution in charge for statistics).

## 7.22. Information on Business Segments

A business segment is a part of assets and business operations that provide products or services that are subject to risks and benefits different from those present in some other business segments.

The geographical segment provides products or services within a specific economic environment that are subject to risks and benefits different from the segments operating in some other economic environments.

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

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

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

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

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

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

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

Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1.5% of the total income in the previous year.**

## 9. FINANCIAL RISKS

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

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

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

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

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

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

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

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

### 9.1. Credit Risk

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

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

The Company has substantial concentrations of credit risk in collection from certain buyers with long lending periods due to poor liquidity. However, since that, as a rule, the company has been operating with these customers for many years, the fear of bad debt is small.

### 9.2. Market Risk

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

The market risk includes three risk types:

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

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

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

**Interest risk** is a risk of adverse effects to the result and capital of the Company due to unfavourable interest rates' fluctuations. The Company is exposed to this type of risk due to financial liabilities related to loans with potentially fluctuating interest rates (Euribor and 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 change in market prices (not prices that result from interest or currency risk) regardless if these changes are caused by specific factors related to a specific financial instrument or its issuer or regardless if factors affect all similar financial instruments traded on the market.

### 9.3. Liquidity Risk

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

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

## 10. INFORMATION OF BUSINESS SEGMENTS

System Energoprojekt, locally as well as abroad, was on December 31, 2016, organized in main business segments as follows:

- Planning and Research;
- Construction and Fitting, and
- Other.

Business and geographical segments of system Energoprojekt are presented in tables below, at the balance sheet date.

## Business segments

	Design and research		Construction and fitting		Other		Total		Eliminations		Consolidated	
	2016	2015	2016	2015	2015	2014	2016	2015	2016	2015	2016	2015
Income from sales	7.287.605	6.734.192	25.555.289	29.655.004	1.372.108	1.425.090	34.215.002	37.814.286	(2.161.294)	(3.206.543)	32.053.708	34.607.743
<b>SEGMENT RESULT</b>												
<b>Operating profit/loss</b>	433.481	369.179	181.938	1.351.153	86.165	126.283	701.584	1.846.615	(1.755)	(7.638)	699.829	1.838.977
Interest income (third party)	13.829	11.443	142.491	67.254	22.490	19.681	178.810	98.378			178.810	98.378
Interest expenses (third party)	10.010	6.517	371.234	261.139	30.739	28.131	411.983	295.787			411.983	295.787
Profit/loss from regular operations before tax	737.608	612.720	706.685	701.956	365.549	308.845	1.809.842	1.623.521	(435.165)	(462.127)	1.374.677	1.161.394
Net profit/loss from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year	3.749	1.876	(93.467)	45.959	991	(5.048)	(88.727)	42.787	2.805	31	(85.922)	42.818
Income tax	32.418	32.850	86.287	99.065	30.803	29.737	149.508	161.652			149.508	161.652
<b>Net profit/loss</b>	708.939	581.746	526.931	648.850	335.737	274.060	1.571.607	1.504.656	(432.360)	(462.096)	1.139.247	1.042.560
<b>Total assets</b>	9.324.888	8.707.444	32.554.432	27.796.402	13.297.349	13.217.817	55.176.669	49.721.663	(8.171.443)	(7.346.090)	47.005.226	42.375.573
<b>Total liabilities</b>	9.324.888	8.707.444	32.554.432	27.796.402	13.297.349	13.217.817	55.176.669	49.721.663	(8.171.443)	(7.346.090)	47.005.226	42.375.573
Depreciation	94.617	92.117	616.077	662.757	56.168	52.288	766.862	807.162	2.711	2.479	769.573	809.641

## Geographical segments

	Serbia		Commonwealth of Independent States (CIS)		Europe		Africa		Asia		America		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Income from sales</b>	13.007.407	13.470.430	4.955.404	4.762.882	212.609	210.283	6.186.706	6.797.150	5.928.776	5.584.728	1.762.806	3.782.270	32.053.708	34.607.743
Income from the sales of goods to other affiliated companies in the international market (Energoprojekt Ltd., Lagos, Nigeria)							1.539	184					1.539	184
Income from the sales of goods - external	103.211	148.589	1.291	796	2.646	852	5.390		60		82.485	15.183	195.083	165.420
<b>Income from the sales of goods</b>	103.211	148.589	1.291	796	2.646	852	6.929	184	60		82.485	15.183	196.622	165.604
Income from the sales of products and services to other affiliated companies (Energoprojekt Ltd., Lagos, Nigeria)		1.461					254.939	685.561					254.939	687.022
Income from the sales of products and services - external	12.904.196	13.320.380	4.954.113	4.762.086	209.963	209.431	5.924.838	6.111.405	5.928.716	5.584.728	1.680.321	3.767.087	31.602.147	33.755.117
<b>Income from the sales of products and services</b>	12.904.196	13.321.841	4.954.113	4.762.086	209.963	209.431	6.179.777	6.796.966	5.928.716	5.584.728	1.680.321	3.767.087	31.857.086	34.442.139

## INCOME STATEMENT

## 11. OPERATING INCOME

## 11.1. Income from Sale of Merchandise

Structure of income from the sales of goods	In RSD thousand	
	2016	2015
Income from sale of goods to other related companies - foreign market	1,539	184
Income from sale of goods on local market	103,211	145,658
Income from sale of goods on foreign market	91,872	19,762
<b>TOTAL</b>	<b>196,622</b>	<b>165,604</b>

• **Income from sale of goods to other related companies on foreign market** in the amount of RSD 1,539 thousand relates to the Encom GmbH Consulting, Engineering & Trading, Germany, were generated from sale of goods to affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

• **Income from sale of goods on local market in the amount** of RSD 103,211 thousand, relate mostly to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 56,305 thousand primarily based on the sales to subcontractors on projects "Lajkovac-Ljig": RSD 39,064 thousand, "Tunel Sarani": RSD 12,310 thousand, Highway Belgrade - Novi Sad: RSD 3,426 thousand and "Koridor X": RSD 1,444 thousand. Stocks, consisting primarily of fuel and spare parts required for unobstructed performance of works, were supplied (sold) to subcontractors with the aim to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor (Note 12);

- Energoplast in the amount of RSD 22,070 thousand;

- Energoprojekt Energodata in the amount of RSD 17,096 thousand and

- Energoprojekt Visokogradnja in the amount of RSD 6,223 thousand.

Referring to the last year comparative period, the decrease by RSD 42,447 thousand of sale of goods on local market is related, mostly, to decrease within Energoprojekt Visokogradnja, in the amount of RSD 36,154 thousand primarily due to finished works performed on the Project Prokop.

• **Income from sale of goods on foreign market in the amount** of RSD 91,872 thousand are related, predominantly, to Energoprojekt Niskogradnja, in the amount of RSD 87,875 thousand, based on material selling (mainly, fuel) and spare parts required for unobstructed performance of works, supplied to subcontractors for projects in Peru and Uganda, with the aim to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor.

**11.2. Income from Sale of Products and Services**

Structure of income from the sales of products and services	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Income from sale of products and services to other related companies - domestic		1,461
Income from sale of products and services to other related companies - foreign	254,939	685,561
Income from sale of products and services on local market	12,904,196	13,287,847
Income from sale of products and services on foreign market	18,697,951	20,467,270
<b>TOTAL</b>	<b>31,857,086</b>	<b>34,442,139</b>

- **Income from sale of products and services to other related companies on foreign market** in the amount of RSD 254,939 thousand derived from products and services to the affiliated company of Energo Nigeria Ltd., Lagos, Nigeria, dominantly within Energoprojekt Oprema, in the amount of RSD 254,268 thousand. Decrease of related income comparing to the last year, in the amount of RSD 430,622 thousand, came as result of, mainly, decrease within Energoprojekt Oprema, in the amount of 406,401 thousand;
- **Income from sale of products and services on local market** in the amount of RSD 12,904,196 thousand, are related, mostly, to the following companies within system Energoprojekt:
  - Energoprojekt Niskogradnja, in the amount of RSD 8,244,746 thousand, mainly for projects: "Lajkovac-Ljig", "Tunel Sarani", "Kolubara Phase II", "Vranjska Banja Ristovac", "Pruga Pancevo" and "Koridor X",
  - Energoprojekt Visokogradnja in the amount of RSD 1,801,390 thousand, primarily for projects Belgrade Waterfront: RSD 1,130,259 thousand and Banca Intesa - reconstruction and renovation of commercial buildings: RSD 175,776 thousand and for sale of finished products (real estate) in Car Nikolaja street in Belgrade: RSD 442,601 thousand, and
  - Energoprojekt Oprema, in the amount of RSD 1,521,923 thousand, dominantly for the project "DV Pancevo - Rumunska granica": RSD 1.237.235 thousand, "Kolubara Deponija": RSD 110,071 thousand and "Prokop": RSD 94,944 thousand.

Referring to last year comparative period, the decrease of income from sales of products and services on local market in 2016, in the amount of RSD 383,651 thousand, resulted primarily from decrease in Energoprojekt Oprema by RSD 3,052,286 thousand (completion of the project Prokop) and from increase in Energoprojekt Visokogradnja by RSD 1,748,196 thousand (primarily on the projects Belgrade Waterfront and Banca Intesa), from Energoprojekt Niskogradnja by RSD 661,861 thousand (predominantly from the increase of revenues in the project Lajkovac - Ljig, and from the decrease of revenues in the following following projects: Corridor X, Railway Pancevo and Tunnel Sarani).

- **Income from sale of products and services on foreign market** in the amount of RSD 18,697,951 thousand, are related, mostly, to the following companies of system Energoprojekt:
  - Energoprojekt Visokogradnja, in the amount of RSD 6,685,541 thousand, based on works realized for investors, mainly in company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 3.031.888 thousand, as well as in Russia and Kazakhstan, on projects: "Z-096 Forte bank", Astana, Kazakhstan: RSD 2,781,749

thousand, "Z-103 Talan Towers", Astana, Kazakhstan: RSD 393,124 thousand, "Z-085 Business Building Ukhta", Russia: RSD 323,402 thousand, "Z-101 Underground Garage 2 Syktyvkar", Russia: RSD 45,908 thousand and other;

- Energoprojekt Entel in the amount of RSD 5,851,566 thousand derived from companies of the System abroad (Energoprojekt Entel LTD, Doha, Qatar: RSD 3,204,115 thousand, EP Entel LLC, Muscat, Sultanate of Oman: RSD 773,162 thousand and Energoconsult LLC Abu Dhabi, UAE: RSD 1,861,313 thousand), and

- Energoprojekt Niskogradnja, in the amount of RSD 3,944,485 thousand, on projects in Uganda: RSD 2,288,175 thousand (primarily Z-027 Mpigi Kanoni, Uganda: RSD 1,504,492 thousand) and in Peru: RSD 1,656,310 thousand (primarily Z-034 Road Puerto Bermudez, Peru: RSD 1,069,220 thousand);

- Energoprojekt Oprema in the amount of RSD 1,312,111 thousand predominantly on the Project Energoentar Minsk, Belarus: RSD 1,309,172 thousand.

Referring to the last year comparative period, decrease of income from sale of products and services on foreign market in 2016, in the amount of RSD 1,769,319 thousand came as result of, mainly, decrease recorded within Energoprojekt Niskogradnja in the amount of RSD 2,722,834 thousand (dominantly on projects in Peru) and within Energoprojekt Visokogradnja in the amount of RSD 726,364 thousand (dominantly due to the completion of the project Z-096 Forte Bank, Astana, Kazakhstan in the first six-months of previous year and suspension of works on project Z-088 Hyatt Hotel, Rostov, Russia), meanwhile within Energoprojekt Oprema recorded the increase of related income in the amount of RSD 1,253,121 thousand (dominantly on project Energoentar Minsk, Belarus) and within Energoprojekt Entel in the amount of RSD 546,156 thousand (dominantly in companies in the United Arab Emirates and Qatar, dominantly exchange rate differences).

### 11.3. Other Operating Income

Structure of other operating income	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Income from premiums, subventions, subsidies, donations, etc.		
Other operating income:		
a) Rent from other legal entities in the country	20,599	23,468
b) Rent from other legal entities abroad	89,658	87,615
c) Other operating income from parent companies, subsidiaries and other related parties		
d) Other operating income	92,562	539,344
<i>Total</i>	<i>202,819</i>	<i>650,427</i>
<b>GRAND TOTAL</b>	<b>202,819</b>	<b>650,427</b>

• **Rental income from other legal entities in the country** in the amount of RSD 20,599 thousand was primarily generated in the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 7,907 thousand, primarily based on the rental of facility in Ub and facility in Preradoviceva Street in Belgrade;

- Energoprojekt Energodata in the amount of RSD 5,730 thousand primarily based on the rental of business facility in Palmir Toljatij Street in New Belgrade;

- Energoprojekt Garant in the amount of RSD 4,787 thousand, based on the rental of the business facility in Bulevar Zoran Djindjic Street and of the business premises in YU business centre in New Belgrade; and

• **Income from the rent from other legal entities abroad** in the amount of RSD 89,658 thousand was predominantly generated by the following companies of the system Energoprojekt:

- Dom 12 S.A.L., Lebanon in the amount of RSD 26,747 thousand, based on the rent of the office building in Moscow;

- Zambia Engineering and Contracting Company Limited, Zambia in the amount of RSD 26,198 thousand, based on the rent of a number of properties in Zambia and

- Energoprojekt Niskogradnja in the amount of RSD 19,224 thousand, based on the rent of a part of the office building "Cruz del Sur" in Lima, Peru and of the machinery in Peru;

- I.N.E.C. Engineering Company Limited, United Kingdom in the amount of RSD 7,812 thousand, based on the rent of office building in London; and

- Energo (Private) Limited, Zimbabwe in the amount of RSD 4,986 thousand (based on the rent of properties in Zimbabwe).

• **Other operating income** in the amount of RSD 92,562 thousand was primarily generated in the following companies of the system Energoprojekt:

- Energoprojekt Garant in the amount of RSD 50,038 thousand relate to the income from the share in reinsurance and reinsurance in damage compensation: RSD 34,757 thousand, income from commission arising from premiums transferred to co-insurance and reinsurance in the amount of RSD 15,018 thousand;

- Energoprojekt Visokogradnja in the amount of RSD 26,289 thousand, primarily in the company Energoprojekt Ghana Ltd., Akra, Ghana, in the amount of RSD 22,260 thousand, based on re-invoiced costs by various reasons;

- Energoprojekt Niskogradnja in the amount of RSD 13,242 thousand, out of which the most significant part in the amount of RSD 11,562 thousand relates to the portion of income based on the arbitration award rendered in 2016 in favour of the company on the project Z-016 Chavimochic, Peru in the cost of bank guarantees;

Referring to the last year comparative period, decrease of other operating income in 2016, in the amount of RSD 446,782 thousand came as result of, mainly, decrease recorded in Energoprojekt Visokogradnja in the amount of RSD 407,952 thousand, primarily arising from collected claim in the company Energoprojekt Ghana Ltd., Accra, Project Bank of Ghana in 2015 in the amount of RSD 405,021 thousand.

**12. COST PRICE OF GOODS SOLD**

Structure of cost price of goods sold	<i>In RSD thousand</i>	
	<i>01.01-31.12.16</i>	<i>01.01-31.12.15</i>
Cost price value of goods sold:		
a) Cost price of goods sold to parent company, subsidiaries and other related parties	1,438	168
b) Cost price of goods sold on local market	106,441	145,417
c) Cost price of goods sold on foreign market	82,638	14,747
<b>TOTAL</b>	<b>190,517</b>	<b>160,332</b>

● **Cost price of goods sold to their related companies** in the amount of RSD 1,438 thousand, was recorded within Encom GmbH Consulting, Engineering & Trading, Germany, based on goods purchased for affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

● **Cost price of goods sold on local market** in the amount of RSD 106,441 thousand primarily is related to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 55,991 thousand, for purchase of inventory and spare parts, with the aim to provide the subconstructor with the inventories necessary to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor mainly on projects: "Tunel Sarani", "Lajkovac-Ljig", "Koridor X" Highway Beograd – Novi Sad;

- Energoprojekt Energodata in the amount of RSD 22,206 thousand, for purchasing of ATM, software, hardware and graphic design type of goods and

- Energoplast in the amount of RSD 21,856 thousand, for purchasing of finished lock-patent delivered for further sales.

● **Cost price of goods sold on foreign market** in the amount of RSD 82,638 thousand is related to Energoprojekt Niskogradnja, in the amount of RSD 75,683 thousand, for inventory costs (mostly fuel) and spare parts sold as per agreements to subcontractors for projects in Peru: RSD 70,735 thousand and Uganda: RSD 4,948 thousand, with the aim to avoid the consequences of delays in performance of works (contractually agreed deadlines) and Energoprojekt Visokogradnja, in the amount of RSD 5,805 thousand (primarily on projects Z-088 Hyatt Hotel, Rostov, Russia, and Z-091 Schlumberger, Astrakhan, Kazakhstan).

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

Increase/decrease in inventories of intermediate and finished goods and services in progress	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Income from use of own products and merchandise	129,198	45,459
Increase in inventories of intermediate and finished goods and services in progress	1,110,639	187,843
Decrease in inventories of intermediate and finished goods and services in progress	564,934	53,031
<b>TOTAL</b>	<b>674,903</b>	<b>180,271</b>

- **Income from use of own products and merchandise** in the amount of RSD 129,198 thousand relate mainly to Energoprojekt Niskogradnja, in the amount of RSD 127,587 thousand, based on completed equipment repair: RSD 31,484 thousand (in the country: RSD 12,586 thousand and abroad: RSD 18,898 thousand) own construction project Z-034 Road Puerto Bermudez, Peru: RSD 96,103 thousand (access roads, workshops, warehouse, etc.).

- In the reporting period, the **increase in inventories of intermediate and finished goods and services in progress** amounting to RSD 1,110,639 thousand relate to the following Companies of the system Energoprojekt:

- Energoprojekt Sunnyville in the amount of RSD 840,314 thousand, based on the increase of value in inventories of intermediate production of commercial and residence complex construction "Sannyville" Belgrade (the main reason for increase in balance item compared to the previous one),

- Energoprojekt Niskogradnja in the amount of RSD 146,296 thousand, based on production of crashed stone and sand for concrete production for projects in Peru (Z-034 Road Puerto Bermudez, Peru).

- Energoprojekt Visokogradnja in the amount of RSD 124,029 thousand based on the increase in value of inventories of intermediate on the construction of residential and business building in Cara Nikolaja Street in Belgrade, in the amount of RSD 122,063 thousand and Bežanijska Kosa (in the amount of RSD 1,313 thousand), and Knez Danilova Street (in the amount of RSD 653 thousand) locations development;

- **Decrease in inventories of the intermediate and finished goods and services in progress** in the amount of RSD 564,934 thousand relates, mainly, to the following companies of the Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 555,709 thousand, based on sold finished products (property) in Cara Nikolaja Street in Belgrade: RSD 499,828 thousand, sold property in Herceg Novi in the amount of RSD 55,703 thousand and sold parking place in Block 12 in New Belgrade in the amount of RSD 178 thousand (the main reason for increase in balance item compared to the previous one) and

- Energoprojekt Niskogradnja in the amount of RSD 5,091 thousand, based on decrease (use) of inventory of produced goods used for production of base, asphalt, concrete fractions for projects in Peru, Z-034 Road Puerto Bermudez, Peru.



## 14. MATERIAL COSTS AND FUEL AND ENERGY COSTS

Structure of material cost and fuel and energy costs	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Material costs:		
a) Costs of materials used in production	5,914,471	6,812,693
b) Costs of other materials (overheads)	298,180	333,806
c) Costs of spare parts	282,315	292,780
d) Costs of one-off write-off of tools and inventory	133,215	56,202
<i>Total</i>	<i>6,628,181</i>	<i>7,495,481</i>
Fuels and energy costs:		
a) Fuel costs	848,286	1,161,067
b) Costs of electrical energy and heating	209,837	222,403
<i>Total</i>	<i>1,058,123</i>	<i>1,383,470</i>
<b>TOTAL</b>	<b>7,686,304</b>	<b>8,878,951</b>

• **Cost of materials used in production** in the amount of RSD 5,914,471 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja, in the amount of RSD 2,733,652 thousand, out of which costs incurred in Projects realized abroad: "Z-096 Forte bank", Astana Kazakhstan (RSD 1,205,781 thousand), "Z-103 Talan Towers", Astana, Kazakhstan (RSD 99,501 thousand), "Z-088 Hotel Hyatt", Rostov Russia (RSD 20,516 thousands) and Z-085 Uhta Russia (RSD 37,937 thousand) and others, as well as within Energoprojekt Ghana Ltd., Accra, Ghana (RSD 440,362 thousand), meanwhile the most significant part of costs locally are related to projects: Belgrade Waterfront: (RSD 604,804 thousand), Sunnyville (RSD 213,132 thousand) and Banca Intesa (reconstruction and renovation of commercial buildings) in the amount of RSD 35,102 thousand;

- Energoprojekt Oprema, in the amount of RSD 1,703,277 thousand, out of which costs incurred in projects in the country amount RSD 462,234 thousand (mostly on project "DV Pančevo Rumunska granica": RSD 269,549 thousand, "Tunnel Sarani": RSD 110,790 thousand and Kolubara Deponija: RSD 68,310 thousand), meanwhile RSD 1,241,043 thousand are related on abroad (primarily on the project Energoentar Minsk, Belarus: RSD 1,039,811 thousand), and

- Energoprojekt Niskogradnja, in the amount of RSD 1,161,527 thousand, out of which costs incurred in Projects realized abroad (in Peru and Uganda) amount to RSD 350,187 thousand, meanwhile the projects in the country amount to RSD 811,340 thousand.

• The largest shares in **costs of other materials (overhead)** amounting to RSD 298,180 thousand are those of Energoprojekt Niskogradnja, in the amount of RSD 198,399 thousand (abroad: RSD 189,558 thousand, in the country: RSD 8,841 thousand), Energoprojekt Entel, in the amount of RSD 40,085 thousand and Energoprojekt Visokogradnja in the amount of RSD 22,213 thousand.

• **Costs of spare parts** in the amount of RSD 282,315 thousand relate, dominantly, to Energoprojekt Niskogradnja in the amount of RSD 249,170 thousand (abroad: RSD 196,098 thousand, in the country: RSD 53,072 thousand).

• **Costs of one-off write-off of tools and inventory** in the amount of RSD 133,215 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 93,387 thousand and Energoprojekt Visokogradnja in the amount of RSD 32,339 thousand.

- The largest share in **fuel and energy costs** amounting to RSD 1,058,123 thousand are those of Energoprojekt Niskogradnja in the amount of RSD 733,663 thousand, which were predominantly incurred abroad.

## 15. EMPLOYEE EXPENSES AND BENEFITS

Structure of employee expenses and benefits	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Expenses of wages and fringe benefits (gross)	7,871,664	7,761,360
Taxes and contributions on wages and contributions on wages payable by employer	740,939	786,800
Service agreements contributions	12,814	15,168
Copyright agreements contributions	22,387	38,940
Costs of contributions for contract fees for temporary and periodical engagement	112,510	154,446
Considerations to physical persons based on other agreements	49,153	74,191
Considerations to General Manager and/or Management and Supervisory Board members	33,130	24,465
Other personnel expenses and fringe benefits	731,143	751,582
<b>TOTAL</b>	<b>9,573,740</b>	<b>9,606,952</b>

- **Expenses of wages and fringe benefits (gross) as well as taxes and contributions on wages and contributions on wages payable by employer** amounting to RSD 8,612,603 thousand relate primarily to Energoprojekt Entel in the amount of RSD 3,673,636 thousand, Energoprojekt Niskogradnja in the amount of RSD 1,786,277 thousand, Energoprojekt Visokogradnja in the amount of RSD 1,666,219 thousand, Energoprojekt Oprema in the amount of RSD 416,593 thousand.

- **Costs of contributions for contract fees for temporary and periodical engagement** amounting to RSD 112,510 thousand were predominantly incurred in Energoprojekt Niskogradnja in the amount of RSD 81,733 thousand (in the country: RSD 9,655 thousand, abroad: RSD 72,078 thousand) and are the result of Company's periodical needs for workforce with adequate qualifications for realization of projects (in construction sites) in compliance with the agreed schedules and types of works.

- **Other personnel expenses and fringe benefits** amounting to RSD 731,143 thousand predominantly relate to Energoprojekt Visokogradnja in the amount of RSD 310,148 thousand abroad: RSD 234,448 thousand based on catering on the site of works, transportation and other personnel related costs in the projects realized abroad (RSD 187,943 thousand) and in Energoprojekt Ghana Ltd., Accra, Ghana of RSD 46,505 while in the country: RSD 75,700 thousand (primarily arising from redundancy costs: RSD 41,128 thousand.).

Other personnel expenses include the costs of business trips, costs for transportation to and from site of works, solidarity fund allowances, scholarship allowances and other compensations. In addition to Energoprojekt Visokogradnja, a significant share in other personnel expenses was incurred in Energoprojekt Niskogradnja amounting to RSD 206,770 thousand (in the country: RSD 106,337 thousand and abroad: RSD 100,433 thousand), Energoprojekt Entel in the amount of RSD 62,899

thousand, Energoprojekt Hidroinženjering in the amount of RSD 44,888 thousand and Energoprojekt Oprema in the amount of RSD 44,535 thousand.

## 16. PRODUCTION SERVICE COSTS

Structure of costs of production services	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Production service cost	9,301,883	9,941,452
Transportation services' costs	473,684	577,733
Repairs and maintenance services' costs	202,782	225,637
Rental costs	1,009,226	813,201
Trade fairs' costs	8,090	8,047
Advertising costs	27,512	15,969
Research costs	4,831	2,794
Costs of other services	194,407	177,975
<b>TOTAL</b>	<b>11,222,415</b>	<b>11,762,808</b>

• **Production service costs** in the amount of RSD 9,301,883 thousand are predominantly related to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 5,129,351 thousand for the costs based on subcontracting agreements in the country amounting to RSD 4,888,837 thousand (mainly on projects: Lajkovac - Ljig, Tunel Šarani and Kolubara Phase II) and abroad (in Uganda and Peru) amounting to RSD 240,514 thousand. Significant hiring of subcontractors for projects' realization was due to the specific nature of works required and/or mechanization for the realization of the said projects (works in tunnels, hydro power plant construction, etc.). Decreased production service costs in 2016, referring to last year comparative period, in the amount of RSD 989,631 thousand, mostly came as a result of decreased realization of projects abroad where subcontractors were hired for certain agreement positions;

- Energoprojekt Visokogradnja in the amount of RSD 2,543,301 thousand comprise of the costs of associates and subcontractors incurred within projects in the country in the amount of RSD 352,061 thousand and abroad, in the amount of RSD 2,191,240 thousand (mainly, in Energoprojekt Ghana Ltd., Accra, GHana: RSD 1,767,718 thousand and on project "Z-096 Forte bank", Astana: RSD 307,042 thousand), which increased compared to last year period, for RSD 546,884 thousand (predominantly as increase recorded in the company Energoprojekt Ghana Ltd., Accra, Ghana) and

- Energoprojekt Oprema in the amount of RSD 1,159,481 thousand comprise of the subcontractors' costs and consortium partners' costs in a number of projects in the country (primarily, DV Pancevo - Romanian border, Tunnel Šarani, Prokop, Kolubara Deponija) and abroad (primarily, Energocentar Minsk, Belarus), which decreased for RSD 188,873 thousand comparing to the last year period.

• **Transportation services' costs** comprise of the transportation services' costs in the country and abroad, landline telephone bills, mobile phone bills, etc. These costs amount to RSD 473,684 thousand and relate predominantly to Energoprojekt Entel in the amount of RSD 270,284 thousand, Energoprojekt Visokogradnja in the amount of RSD 96,010 thousand and Energoprojekt Niskogradnja in the amount of RSD 67,467 thousand.

- **Repair and maintenance services' costs** amounting to RSD 202,782 thousand were incurred primarily in Energoprojekt Niskogradnja in the amount of RSD 102,178 thousand, in Energoprojekt Entel in the amount of RSD 27,583 thousand and in Energoprojekt Visokogradnja in the amount of RSD 20,819 thousand. These costs were predominantly incurred for regular equipment maintenance.

- **Rental costs** amount to RSD 1,009,226 thousand and are predominantly related to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 501,097 thousand, comprising of the rental costs of equipment, sites, business, residential and warehousing facilities abroad amounting to RSD 409,386 thousand (in Peru and Uganda) and in the country in the amount of RSD 91,711 thousand where the rent of large machinery for the Projects realized in Serbia and Peru are dominately, representing the result of inability to meet needs of available equipment (defined by dynamics of works) at the several projects simuntaneously. Increase in costs in comparison to the same period of previous year in the amount of RSD 192,013 thousand, mainly refers to increase in cost of renting large machinery in Peru, predominantly on the project Z-024 Road Puerto Bermudez, Peru (comincement date in 2016) while on other projects in Peru decrease is registered (works completed during 2015 and 2016);

- Energoprojekt Entel in the amount of RSD 352,077 thousand, recorded primarily for the rent of apartments and office premises in the Companies of this Group abroad (Quatar dominantly);

- Energoprojekt Visokogradnja in the amount of RSD 136,352 thousand are predominantly related to the rental costs of apartments and machinery abroad, amounting to RSD 89,678 thousand (predominantly in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 51,400 thousand and on the Project Z-096 Forte Bank, Astana, Kazakhstan: RSD 18,745 thousand), while in the country amount to RSD 46,674 thousand (predominantly rent of equipment on the project Belgrade Waterfront: RSD 40,688 thousand); and

- Energoprojekt Oprema in the amount of RSD 10,399 thousand are predominantly related to the rental costs of apartments, office spaces and equipment (heavy booms and cranes).

- **Trade fairs' costs** in the amount of RSD 8,090 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 7,759 thousand (primarily incurred abroad).

- **Advertising costs** amounting to RSD 27,512 thousand relate predominantly to Energoprojekt Holding in the amount of RSD 8,165 thousand (based on the sponsorship expenses for Serbian Water Polo Association, advertising costs on billboards, media presentations, etc.) and to Energoprojekt Entel in the amount of RSD 4,170 thousand (based on promotional costs, advertising, brochure and catalogue production, market researching, etc.), Energoprojekt Garant in the amount of RSD 6,711 thousand (media presentation), Energoprojekt Oprema in the amount of RSD 5,368 thousand (primarily based on the sponsorships – Serbian Water Polo Association and expenses for opening the railway station Prokop) Energoprojekt Industrija in the amount of RSD 2,189 thousand (primarily based on sponsorships – Serbian Water Polo Association) and Energoprojekt Entel in the amount of RSD 1,875 thousand (promotion, advertising, making brochures and publications, market research, etc.).

- **Costs of other services** in the amount of RSD 194,407 thousand were primarily incurred in the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 57,948 thousand, primarily based on the construction sites' security costs, geotechnical elaboration costs, utility services' costs, costs of licenses,

legalization costs, personal protection at work, registration of vehicles, etc.;

- Energoprojekt Visokogradnja in the amount of RSD 45,294 thousand primarily based on the costs of personal protection at work, registration of vehicles, photocopying costs, etc.;

- Energoprojekt Energodata in the amount of RSD 25,563 thousand, primarily based on the costs incurred for ATM maintenance, graphic design and hardware services.

## 17. DEPRECIATION EXPENSES AND PROVISION EXPENSES

Structure of depreciation expenses and provision expenses	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Depreciation expenses:		
a) Depreciation of intangible assets (Note 25)	19,434	17,664
b) Depreciation of property, plant and equipment (Note 26)	750,139	791,977
<i>Total</i>	<i>769,573</i>	<i>809,641</i>
Provisions expenses		
a) Warranty period provisions' expenses	216,453	186,281
b) Provisions for contributions and other personnel benefits	62,396	23,729
c) Other long-term provisions	18,404	66,283
<i>Total</i>	<i>297,253</i>	<i>276,293</i>
<b>TOTAL</b>	<b>1,066,826</b>	<b>1,085,934</b>

- Depreciation expenses for the reporting period were calculated based on the assessments of residual value and remaining useful life of property and equipment with significant booking value as at December 31, 2016,

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

- Within the structure of provision expenses, in the amount of RSD 297,253 thousand, the cost significant are **provision expenses for guarantees** amounting RSD 216,453 thousand (Note 38).

The management of companies within Energoprojekt appraises provision expenses for future guarantees based on information of applications from previous periods, as well as based on recent trends which could announce that information on previous expenses could differ from those from future demands. Final amount of liability to be paid could differ from the one defined before, depending on future circumstances.

Pursuant to the above mentioned, the fund reservation for provision expenses in the related period was performed in following companies of the Energoprojekt:

- Energoprojekt Entel in the amount of RSD 184,142 thousand for projects “Phasa 11“: RSD 153,452 thousand and “Phasa 12“: RSD 30,690 thousand (executing for Qatar General Electricity and Water Corporation “KAHRAMAA”) within the Energoprojekt Entel LTD, Doha, Qatar. Reservation for

provision expenses calculation was performed as precaution, presuming that the agreed payment, with all modifications and date of payment prolongation, will not be respected;

- Energoprojekt Visokogradnja in the amount of RSD 32,311 thousand, relate to calculated expenses on project "Z-096 Forte bank", Astana, completed within reporting period. The usual practice is that company guarantees for the buildings finished, expecting to have expenses in the period of warranty.

- **Provisions for contributions and other personnel benefits** in the amount of RSD 62,396 thousand relate, mostly, to Energoprojekt Entel, in the amount of RSD 57,055 thousand (mostly within Energoprojekt Entel LTD, Qatar: RSD 42,076 thousand) and Energoprojekt Visokogradnja, in the amount of RSD 2,550 thousand.

In 2016, the majority of companies within Energoprojekt recorded provisions for contribution and other personnel benefits (income was recorded in Energoprojekt Garant: RSD 64 thousand), presented according to actuarial calculation of the expert team from Energoprojekt (Note 38).

- **Other provisions** in the amount of RSD 18,404 thousand relate in their entirety to Energoprojekt Garant Company based on the provisions for risk levelling: RSD 15,011 thousand, provisions for damage compensation amounting to RSD 2,288 thousand and provisions for financing of activities on various risks' prevention amounting to RSD 1,105 thousand.

## 18. INTANGIBLE EXPENSES

Structure of intangible expenses	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Intangible expenses	1,070,395	907,748
Expense account	84,634	76,633
Insurance premiums expenses	176,868	202,795
Payment operations' expenses	376,256	378,449
Membership fee expenses	11,119	10,736
Tax duties	599,749	357,811
Contribution expenses	3,095	9,368
Other non-operating expenses	169,683	160,947
<b>TOTAL</b>	<b>2,491,799</b>	<b>2,104,487</b>

- **Intangible expenses** in the amount of RSD 1,070,395 thousand (which include the attorney fees, consulting and intellectual services, audit costs, professional training and education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other costs) consist primarily of the costs of Energoprojekt Entel amounting to RSD 387,449 thousand, Energoprojekt Sunnyville in the amount of RSD 321,562 thousand (primarily based on cost of procurement construction land: RSD 173,840 thousand and fees for land: RSD 143,877 thousand, included in the cost of building under construction: residential - business complex "Sunnyville"), Energoprojekt Niskogradnja amounting to RSD 159,166 thousand and Energoprojekt Visokogradnja in the amount of RSD 97,106 thousand.

- **Insurance premium expenses** amounting to RSD 176,868 thousand were incurred based on the insurance of works, property and persons, primarily in the Energoprojekt Niskogradnja in the amount of RSD 83,066 thousand, in Energoprojekt Entel in the amount of RSD 66,070 thousand, in Energoprojekt Visokogradnja in the amount of RSD 12,488 thousand and in Energoprojekt Hidroinženjering in the amount of RSD 10,713 thousand.
- **Payment operation expenses** in the amount of RSD 376,256 thousand predominantly relate to the following companies of Energoprojekt:
  - Energoprojekt Niskogradnja amounting to RSD 130,586 thousand (most of which pertain to the bank fee costs for guarantees provided in the country: RSD 64,522 thousand and abroad (Peru and Uganda): RSD 66,064 thousand;
  - Energoprojekt Visokogradnja amounting to RSD 122,221 thousand, in the country: RSD 24,052 thousand and abroad: RSD 98,169 thousand, mainly on projects "Z-096 Forte bank", Astana: RSD 55,969 thousand and "Z-103 Talan Towers" Astan Kazachastan: RSD 19,706 thousand, as well as to Energoprojekt Ghana Ltd., Accra, Ghana: RSD 19,977 thousand;
  - Energoprojekt Oprema amounting RSD 60,135 thousand mainly for project Energoentar Minsk, Belarus: RSD 38,495 thousand, of which the costs of bank fees for issued guarantees relating RSD 33,580 thousand,
  - Energoprojekt Entel amounting RSD 30,753 thousand, predominantly, based on bank fees for guarantees providing expenses, in the amount of RSD 18,463 thousand and cost of payment transactions: RSD 12,290 thousand (dominantly within Energoprojekt Entel LTD, Qatar: RSD 22,044 thousand) and;
  - Energoprojekt Hidroinženjering amounting RSD 24,316 thousand.
- **Tax duties** in the amount of RSD 599,749 thousand consist of the property tax, utility duties, income tax in foreign countries according to the local regulations, etc. Tax duties are mainly related to the following companies of Energoprojekt:
  - Energoprojekt Visokogradnja in the amount of RSD 399,982 thousand, abroad: RSD 362,503 thousand (mostly on project "Z-096 Forte bank", Astana, Kazahstan: RSD 275,140 thousand (based on calculated income tax for the year 2016) and in the country: RSD 37,479 thousand (mostly, based on property tax: RSD 11,563 thousand);
  - Energoprojekt Entel in the amount of RSD 79,991 thousand, abroad: RSD 74,173 thousand, in the country: RSD 5,818 thousand;
  - Energoprojekt Niskogradnja in the amount of RSD 35,836 thousand, abroad: RSD 32,432 thousand, in the country: RSD 3,404 thousand and
  - Energoprojekt Holding in the amount of RSD 26,262 thousand, in the country, dominantly based on property tax: RSD 25,575 thousand.
- Within the **other non-operating expenses** item (administrative, court and other fees, expert professional magazines, publication of announcements and tenders, visa costs for employees working abroad, hiring of local workforce in foreign countries for international projects' realization, etc.) amounting to the total of RSD 169,683 thousand consist primarily to the costs incurred by Energoprojekt Visokogradnja in the amount of RSD 66,660 thousand, Energoprojekt Entel in the amount of RSD 49,920 thousand, Energoprojekt Niskogradnja in the amount of RSD 20,316 thousand and Energoprojekt Oprema in the amount of RSD 11,963 thousand.

**19. FINANCIAL INCOME AND FINANCIAL EXPENSE****19.1. Financial Income**

Structure of financial income	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Financial income from other related companies	30,073	22,806
Financial income from the profit of affiliated companies and joint ventures	83,644	66,698
Other financial income:		
a) Income from dividends	2,528	4,904
b) Other financial income	91,188	93,642
<i>Total</i>	<i>93,716</i>	<i>98,546</i>
<i>Total financial income from related companies and other financial income</i>	<i>207,433</i>	<i>188,050</i>
Interest income (third party)	178,810	98,378
Exchange rate gains and positive currency clause effects (third party)	1,302,715	1,558,921
<b>TOTAL</b>	<b>1,688,958</b>	<b>1,845,349</b>

• **Financial income from other related companies** in the amount of RSD 30,073 thousand consist of the financial income from:

- Affiliated Company Energo Nigeria Ltd., Lagos, Nigeria, in the amount of RSD 16,600 thousand, which were recorded in Energoprojekt Oprema in the amount of RSD 16,231 and by Energoprojekt Hidroinzenjering in the amount of RSD 369 thousand as foreign exchange gains; and

- Joint Venture Company Enjub Ltd. in the amount of RSD 13,470 thousand, which were recorded, in Energoprojekt Holding based on income from interest on loan granted: RSD 10,282 thousand and effects of foreign currency clauses: RSD 3,188 thousand.

• **Financial income from the profit of affiliated companies and joint ventures** in the amount of RSD 83,644 thousand relate to generated net result of the reporting period of the affiliated companies Energo Nigeria Ltd., Lagos, Nigeria in the amount of RSD 9,939 thousand (40,00%), Energopet Ltd. in the amount of RSD 62,600 thousand (33.33%), Enjub Ltd. in the amount of RSD 8,776 thousand (50.00%) and closed investment fund Fima See Activist Plc. in the amount of RSD 2,329 thousand (30.16%).

Affiliated companies Energo Nigeria Ltd., Lagos, Nigeria and Energopet Ltd., are included by the equity method into primary consolidation into consolidated financial statements of the related companies Energoprojekt Oprema and Energoprojekt Industrija, and consequently into consolidated financial statements of system Energoprojekt.



• **Interest income (third party)** in the amount of RSD 178,810 thousand are mainly related to the following companies of Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 107,514 thousand predominantly from the agreed default interest invoiced to the Investor in Uganda for unpaid receivables till defined date of payment: RSD 70,312 thousand (Project "Z-027" Mpigi-Kanoni Uganda: RSD 24,335 thousand and "Z-017" Kawempe Kafu Uganda: RSD 45,977 thousand) interest on completion court case from municipality of Surco, Peru: RSD 18,764 thousand, interest on completion arbitrage Project "Z-016 Chavimochic", Peru: RSD 17,111 thousand and income from the short term deposits: RSD 1,327 thousand;

- Energoprojekt Garant, in the amount of RSD 19,687 thousand, mainly from interest on coupon bonds: RSD 12,355 thousand and income from the short term deposits: RSD 6,321 thousand,

- Energoprojekt Visokogradnja, in the amount of RSD 18,656 thousand, mainly incurred abroad: RSD 16,313 thousand (primarily within the company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 11,702 thousand and "Z-085 Ukhta", Russia: RSD 3,608 thousand); and

- Energoprojekt Oprema, in the amount of RSD 16,291 thousand and Energoprojekt Entel, in the amount of RSD RSD 12,849 predominantly income from the short term deposits with commercial banks.

• **Exchange rate gains and positive currency clauses effects (third party)** amounted to RSD 1,302,715 thousand dinars, while exchange rate losses and negative currency clause effects amounted to RSD 1,227,424 thousand, so that in the reporting period recorded net exchange gains and positive currency clauses effects in the amount of RSD 75,291 thousand.

From the beginning of the year until December 31, 2016, RSD was depreciated to EUR by 1.52% (in 2015: 0.55%) and to USD by 5.29% (in 2015: 11.85%), and RSD was depreciated to RUB by 27.69% (in 2015 was appreciated by 14.97%).

## 19.2. Financial Expense

Structure of financial expense	<i>In RSD thousand</i>	
	<i>01.01-31.12.16</i>	<i>01.01-31.12.15</i>
Financial expenses from transactions with other related company	6,647	3,185
Financial expense from the losses of affiliated companies and joint ventures		14,476
Other financial expenses	1,207	341
<i>Total financial expenses from related parties and other financial expenses</i>	<i>7,854</i>	<i>18,002</i>
Interest expenses (third party)	411,983	295,787
Exchange rate losses and negative currency clause effects (third party)	1,227,424	1,763,533
<b>TOTAL</b>	<b>1,647,261</b>	<b>2,077,322</b>

• **Financial expense from transactions with other related companies** in the amount of RSD 6,647 thousand comprise affiliated company Energo Nigeria Ltd., Lagos, Nigeria, based on the negative FX differences and expenses incurred from the effects of FX clauses recorded in Energoprojekt Oprema.

- **Interest expense (third party)** comprise of expenses from interest on loans and default interest incurred in debtor – creditor transactions. Interest expenses in the amount of RSD 411,983 thousand relate predominantly to the companies within Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 264,948 thousand in the country: RSD 183,544 thousand (of which default interest from lost court case with the company Belim Plc. relates RSD 98,732 thousand) and abroad: RSD 81,404 thousand (of which Energoprojekt Ghana Ltd., Accra, Ghana registered RSD 38,255 thousand) and

- Energoprojekt Niskogradnja in the amount of RSD 98,540 thousand (in the country: RSD 52,534 thousand and abroad: RSD 46,006 thousand), primarily incurred from interest on loans granted by commercial banks and interest on leasing contracts.

Increase in interest expense (by third parties) in relation to comparative period of previous year by RSD 116,196 thousand, predominantly is the result of increase recorded in the Energoprojekt Visokogradnja in the amount of RSD 79,774 thousand (default interest on lost court case with Belim Plc.) and in the Energoprojekt Niskogradnja in the amount of RSD 25,833 thousand (increase in interest expenses abroad).

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

### 20.1. Income from Value Adjustment of other Assets Disclosed at Fair Value through Income Statement

Structure of income from value adjustment of other assets disclosed at fair value through income statement	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Income from value adjustment of long-term financial investments and securities available for sale	20,779	13,056
Income from value adjustment of receivables and short-term financial investments	19,955	5,375
<b>TOTAL</b>	<b>40,734</b>	<b>18,431</b>

- **Income from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 20,779 thousand relate, mostly, to Energoprojekt Garant in the amount of RSD 20,709 thousand based on adjustment of fair value of old foreign currency savings bonds of the Republic of Serbia (certain series).

- **Income from value adjustment of receivables and short-term financial investments** in the amount of RSD 19,955 thousand consist predominantly from Energoprojekt Oprema in the amount of RSD 19,756 thousand from collected receivables prior indirectly written-off, primarily from SNC Lavalin: RSD 16,385 thousand and Instalaciones Inabensa S.A.: RSD 3,325 thousand.

## 20.2. Expenses from Value Adjustment of other Assets Disclosed at Fair Value through Income Statement

Structure of expenses from value adjustment of other assets disclosed at fair value through Income Statement	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Expenses from value adjustment of long-term financial investments and securities available for sale	8,870	11,306
Expenses from value adjustment of receivables and short-term financial investments	69,094	290,778
<b>TOTAL</b>	<b>77,964</b>	<b>302,084</b>

- **Expenses from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 8,870 thousand relate to Energoprojekt Garant in the amount of RSD 8,123 based on fair value adjustments of state coupon bonds of Republic of Serbia (certain series).
- **Expenses from value adjustment of receivables and short-term financial investments** in the amount of RSD 69,094 thousand relate mostly to the following companies of Energoprojekt:
  - Energoprojekt Visokogradnja in the amount of RSD 28,065 thousand, in the country: RSD 17,935 thousand and abroad: RSD 10,130 thousand (Project Z-088 Hyatt Hotel, Rostov - value adjustment of short-term loans granted to Tandem Inter, due to the inability of collection).
  - Energoprojekt Hidroinženjering in the amount of RSD 23,231 thousand on the projects in the country: RSD 6,931 thousand and abroad: RSD 16,300 thousand.
  - Energoprojekt Niskogradnja in the amount of RSD 12,396 thousand, from adjusted receivables in Peru: RSD 7,133 thousand and allowances for advances of the country: RSD 5,263 thousand.

Decrease of expenses from value adjustment of receivables and short-term financial investments, comparing to the last year period, in the amount of RSD 221,684 thousand, dominantly came as result of indirect write-off receivables of clients in 2015, within Energoprojekt Oprema in the amount of RSD 250,068 thousand (SNC Lavalin: RSD 132,428 thousand and International Project Services Ltd. - Branch: RSD 117,640 thousand - Project RTB Bor), while, the greatest increase is recorded in the Energoprojekt Niskogradnja on impairment of receivables in the reporting year in the amount of RSD 12,396 thousand.

**21. OTHER INCOME AND OTHER EXPENSE****21.1. Other Income**

Structure of other income	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Income from disposal of intangible assets, property, plant and equipment	15,947	5,506
Income from disposal of shares and securities		
Income from disposal of materials	17,055	1,535
Surpluses	5,046	557
Collected written-off receivables	3,050	28,198
Income from the effects of agreed risk protection that cannot be posted in other comprehensive result	225	303
Income from reduction of liabilities	380,170	47,871
Income from release of long-term and short-term provisions	617,194	212,872
Other income not posted elsewhere	84,963	94,375
Income from value adjustment of property, plant and equipment	44,391	46,691
<b>TOTAL</b>	<b>1,168,041</b>	<b>437,908</b>

• **Income from disposal of intangibles assets, property, plant and equipment** in the amount of RSD 15,947 thousand relate mostly to the following companies of Energoprojekt:

- Energoprojekt Entel in the amount of RSD 6,267 thousand from sale of apartment in Block 20 in Bezanjska Kosa Belgrade and car sales,
- Energoprojekt Visokogradnja in the amount of RSD 5,535 thousand, based on disposal of equipment and
- Energoprojekt Niskogradnja in the amount of RSD 2,869 thousand, based on disposal of construction machines and equipment.

• **Income from disposal of materials** in the amount of RSD 17,055 thousand entirely relate to the Energoprojekt Visokogradnja, abroad: RSD 15,381 thousand and in the country: RSD 1,674 thousand.

• **Income from reduction of liabilities** in the amount of RSD 380,170 thousand relate mostly to the following companies of Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 273,260 thousand, mainly from write-off of VAT duty in the company Energoprojekt Ghana Ltd., Accra, Ghana, in the amount of RSD 145,297 thousand and reversal of accrued liabilities for tax on foreign earnings (according to regulations that were in force until 2015) in the amount of RSD 82,662 thousand, and
- Energoprojekt Oprema in the amount of RSD 92,409 thousand mainly refers from reduction of liabilities according to inventory count, due to obsolescence and lack of attempts to collect receivables in previous period: RSD 64,330 thousand and reduction of liability according to Protocol made with the creditor Instalaciones Inabensa: RSD 27,887 thousand.

Increase of income from reduction of liabilities comparing to last years' comparable period, in the amount of RSD 332,299 thousand relates mostly to Energoprojekt Visokogradnja in the amount of RSD 260,466 thousand - tax liability write-off related to Energoprojekt Ghana Ltd., Accra, Ghana: RSD 145,297 thousand and write-off of accrued liabilities for taxes on foreign earnings: RSD 82,662 thousand in 2016.

• **Income from release of long-term and short-term provisions** in the amount of RSD 617,194 thousand relate mostly to the following companies of Energoprojekt:

- Energoprojekt Holding in the amount of RSD 260,000 thousand from abolition of other long-term provisions formed in 2006 on behalf of possible expenses according to realization of Agreement on Joint Construction in Block 26, Novi Beograd, concluded between consortium "Energoprojekt - Napred" and Trinity Capital Ltd. Repeal of the provision was made on December 31, 2016 pursuant to decision of the Executive Board, since the conditions required for recognition of provision by IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (Note 7.20. and 38) are not met,

- Energoprojekt Entel in the amount of RSD 235,011 thousand based on release of long-term provisions costs within the warranty period in the companies abroad, in Energoprojekt Entel LTD, Qatar in the amount of RSD 158,975 thousand, Project Phase 9: RSD 122,761 thousand (provisions were repealed in its entirety since the work was completed and receivables collected) and in project GTC 385 performed for Qatar General Electricity and Water Corporation "KAHRAMAA": RSD 36,214 thousand (partially repealed provisions since part of work was completed and receivables from investors were collected in that part) and in the company Energoconsult L.L.C., Abu Dhabi, UAE in the amount of RSD 76,036 thousand in the project Dewa 697 (since the work was completed and receivables from investors collected) performed for The Dubai Electricity and Water Authority "DEWA"; and

- Energoprojekt Niskogradnja in the amount of RSD 97,097 thousand based on release of long-term provisions formed in 2006 in relation to potential liability to the company MCC, China Project "Z-0163 Navigation Lock", Iraq. Repeal of the provision was made on December 31, 2016 pursuant to decision made by the Board of Directors, given that, among other, for the last 10 years no written request for settlement obligations issued by the company MCC, China is nor single request for confirmation of mutual receivables and liabilities (Note 38.).

The aforementioned incomes recorded in Energoprojekt Holding, Energoprojekt Entel and Energoprojekt Niskogradnja are the main reason for increase of income from reversal of long-term and short-term provisions in relation to the same period last year.

• **Other income not posted elsewhere** in the amount of RSD 84,963 thousand relate mostly to the following companies of Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 37,991 thousand, in the country: RSD 21,040 thousand (mostly based on the release of provisions for overstated financial statements in other functional currency in relation to the reporting currency of the completed projects realized abroad that were accounted for, in compliance with IAS 21: RSD 17,933 thousand) and abroad RSD 16,951 thousand,

- Energoprojekt Oprema in the amount of RSD 17,051 thousand, mostly based on the release of provisions for overstated financial statements in other functional currency in relation to the reporting currency of the completed projects realized abroad that were accounted for, in compliance with IAS 21: RSD 16,384 thousand,

- Energoprojekt Niskogradnja in the amount of RSD 13,683 thousand, mostly based on compensation for damages arising from destruction of the equipment in the amount of RSD 8,830 thousand (in the country: RSD 7,857 thousand and abroad: RSD 973 thousand) and from sale of secondary raw materials (scrap) in the country in the amount of RSD 1,114 thousand and

- Energoprojekt Hidroinženjering in the amount of RSD 9,759 thousand, based on collection of down payment for participation in tenders in Algeria from previous period.

• **Income from value adjustment of, property, plant and equipment** in the amount of RSD 44,391 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 40,146 thousand based on settlement of investment property value - office premises “Cruz del Sur“, Peru - on its fair value at the balance sheet day, pursuant to IAS 40 – Investment Property.

## 21.2. Other Expense

Structure of other expense	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Losses incurred from decommissioning and disposal of intangibles assets, property, plant and equipment	67,578	28,159
Losses incurred from disposal of equity investments and securities		
Losses incurred from the sales of materials	1,281	2,792
Shortages	5,135	4,942
Expenses from direct write-off of receivables	99,075	305,245
Expenses from decommissioning of inventories	18,468	11,711
Other expenses not otherwise mentioned	244,650	153,397
Impairment of other assets		
Impairment of property, plant and equipment	42,003	59,465
Impairment of inventory of material and goods	19,470	34,154
<b>TOTAL</b>	<b>497,660</b>	<b>599,865</b>

• **Losses from decommissioning and disposal of intangibles assets, property, plant and equipment** in the amount of RSD 67,578 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 43,556 thousand (based on decommissioning of equipment: RSD 22,419 thousand and sales of equipment: RSD 21,137 thousand) and Energoprojekt Niskogradnja in the amount of RSD 19,444 thousand (mostly based net book value of destroyed buildings on land leased: RSD 18,527 thousand).

• **Expenses from direct write-off of receivables** in the amount of RSD 99,075 thousand relate, mostly, to the following companies of Energoprojekt:

- Energoprojekt Entel in the amount of RSD 45,271 thousand, based on direct written off receivables from companies that are ceased their operations in Qatar and unrecognized receivable for guarantee deposit within Energoprojekt Entel LTD, Qatar: RSD 40,263 thousand and Energoprojekt Entel LLC, Muscat, Sultanate Oman: RSD 5,008 thousand,

- Energoprojekt Visokogradnja in the amount of RSD 15,837 thousand, based on writte-off receivables from clients and other receivables based on advance payment which cannot be recollected, mostly in the country: RSD 7,772 thousand and abroad: RSD 8,065 thousand (primarily Project Z-090 Projecting Telekom Center in Kazakhstan: RSD 4,259 thousand and Project Z-080 Hospital Aktau, Kazakhstan: RSD 3,622 thousand), and
- Energoprojekt Hidroinzenjering in the amount of RSD 15,439 thousand, based on direct write-off of receivables from prior period on the projects Tarzout, Algeria: RSD 11,464 thousand (due to the impossibility of implementation) and Mellila, Algeria: RSD 3,975 thousand (work was terminated on Client request).

• **Other expenses not otherwise mentioned** in the amount of RSD 244,650 thousand predominantly relate to the following companies of the Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 145,154 thousand, mostly based on costs of the negative outcome of the lawsuit against the company Belim Plc. in the amount of RSD 138,004 thousand;
- Energoprojekt Entel in the amount of RSD 32,431 thousand, predominantly for humanitarian, cultural and medical purposes: RSD 26,791 thousand and donations granted: RSD 2,786 thousand;
- Energoprojekt Oprema in the amount of RSD 20,264 thousand, mostly for collecting the damage compensation, in the amount of RSD 17,635 thousand and costs of donation granted, in the amount of RSD 1,946 thousand ,
- Energoprojekt Holding in the amount of RSD 16,943 thousand, mostly costs of donation granted, in the amount of RSD 16,387 thousand,
- Energoprojekt Niskogradnja in the amount of RSD 13,113 thousand, primarily based on penalties and court rulings in the amount of RSD 7,483 thousand and based on the costs of donations granted, in the amount of RSD 2,313 thousand (mostly in Peru), and
- Energoprojekt Hidroinzenjering in the amount of RSD 12,109 thousand, predominantly based on fullfilling of agreed liabilities for construction designing in Algeria, costs of donation granted and penalties and fines for projects in the country.

Increase of **other expenses not otherwise mentioned** comparing to the last year comparable period, in the amount of RSD 91,253 thousand relate, mainly, on increase within Energoprojekt Visokogradnja, in the amount of RSD 58,288 thousand (mostly, based on costs of negative outcome of lawsuits with the company Belim Plc.), within Energoprojekt Holding in the amount of RSD 9,651 thousand (mostly from increase of costs of donations granted) and within Energoprojekt Oprema, in the amount of RSD 8,076 thousand (mainly, based on compensation of damages).

• **Impairment of property, plant and equipment** in the amount of RSD 42,003 thousand relate to Dom 12 S.A.L, Lebanon, in the amount of RSD 7,790 thousand (impairment of commercial building in Moscow), Energoprojekt Garant in the amount of RSD 12,328 thousand (impairment of investment properties in New Belgrade), Energoprojekt Urbanizam and Arhitektura in the amount of RSD 18,520 thousand (impairment investment property - barracks in New Belgrade), Energoprojekt Holding in the amount of RSD 2,028 thousand (impairment of investment property PTC Stari Merkator in New Belgrade) and Energoprojekt Energodata in the amount of RSD 1,337 thousand (impairment of investment property PTC Stari Merkator in New Belgrade).

- **Impairment of inventory of material and goods** in the amount of RSD 19,470 thousand relate, completely, to Energoprojekt Energodata, based on impairment of 74 ATMs.

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

Structure of net profit/loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	<i>In RSD thousand</i>	
	<i>01.01-31.12.16</i>	<i>01.01-31.12.15</i>
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	-	42,818
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	85,922	-
<b>TOTAL</b>	<b>(85,922)</b>	<b>42,818</b>

- **Net loss from discontinued operations effects of change in accounting policy and adjustment of errors from previous year** in the amount of RSD 85,922 thousand came as a result of, mainly, subsequently determined profit and /or loss from previous period in the amounts that are of no material significance and which were credited/debited to the current period mainly within Energoprojekt Niskogradnja (primarily based on adjusted overcalculated income from work carried out in December 2015 on the project Tunnel Šarani: RSD 41,357 thousand, adjusted undercalculated income tax for 2015 compared to the amount from tax return (within the legal deadline: June 2016), in Uganda: RSD 38,251 thousand and adjusted overcalculated income tax for 2015 compared to the amount from tax return (within the legal deadline: March 2016) in Peru: 5,479 thousand).



**23. PROFIT BEFORE TAX**

Structure of gross result	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Operating income	32,256,527	35,258,170
Operating expenses	31,556,698	33,419,193
<i>Operating result</i>	<i>699,829</i>	<i>1,838,977</i>
Financial income	1,688,958	1,845,349
Financial expenses	1,647,261	2,077,322
<i>Finanial result</i>	<i>41,697</i>	<i>(231,973)</i>
Income from value adjustment of other assets disclosed at fair value through income statement	40,734	18,431
Other revenues	1,168,041	437,908
Expenses from value adjustment of other assets disclosed at fair value through income statement	77,964	302,084
Other expenses	497,660	599,865
<i>Result of other revenues and expenses</i>	<i>633,151</i>	<i>(445,610)</i>
<i>Result from regular operations before tax</i>	<i>1,374,677</i>	<i>1,161,394</i>
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		42,818
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	85,922	
<b>TOTAL INCOME</b>	<b>35,154,260</b>	<b>37,602,676</b>
<b>TOTAL EXPENSES</b>	<b>33,865,505</b>	<b>36,398,464</b>
<b>PROFIT/LOSS BEFORE TAX</b>	<b>1,288,755</b>	<b>1,204,212</b>

**Profit before tax (Gross Profit)** of the system Energoprojekt in the reporting year in the amount of RSD 1,288,755 thousand is a result of realized:

- business profit in the amount of RSD 699,829 thousand, mainly within Energoprojekt Niskogradnja and Energoprojekt Entel; and,
- profit from other operating activities in the amount of RSD 547,229 thousand, mainly based on income from release of long-term provisions primarily in Energoprojekt Holding and Energoprojekt Entel (Note 21.1.) and income from reduction of liabilities, primarily in Energoprojekt Visokogradnja (based on write-off of VAT duty in Energoprojekt Ghana Ltd., Accra, Ghana and reversal of tax duties on salaries abroad - Note 21.1.) and from other unmentioned expenses, primarily, in Energoprojekt Visokogradnja (mainly based on negative outcome of lawsuit with the Company Belim Plc.) and
- financial profit in the amount of RSD 41,697 thousand.

The main reason for decrease in business results of system Energoprojekt in 2016 in relation to comparative period of previous year is, primarily due to fall in Energoprojekt Visokogradnja (despite increase in sales in the country), given the significant amount of collected claim in 2015, in Energoprojekt Oprema due to decrease in sales in the country and in Energoprojekt Niskogradnja based on reduced implementation projects abroad.

**24. EARNINGS PER SHARE**

<b>Indicator</b>	<i>In RSD thousand</i>	
	<i>01.01-31.12.16</i>	<i>01.01-31.12.15</i>
Net-profit pertaining to parent company shareholders	960,716	856,443
Weighted average number of regular shares in the period	10,931,292	10,931,292
<b>Profit per share (RSD)</b>	<b>87.89</b>	<b>78.35</b>

**BALANCE SHEET****25. INTANGIBLES ASSETS**

Structure of intangible assets	Development investments	Software and other rights	Intangible assets in progress	Total
<b><u>Purchase value</u></b>				
<b>Balance as at January 1, 2016</b>	<b>4,945</b>	<b>196,171</b>	<b>1,011</b>	<b>202,127</b>
New purchases		8,783	7	<b>8,790</b>
Disposal and decommissioning		(883)		<b>(883)</b>
Increase by transfer from investments in progress		1,011	(1,011)	
Other transfers (from)/to				
FX gains and losses		1,239		<b>1,239</b>
Other increase/(decrease)		(9,272)		<b>(9,272)</b>
<b>Balance as at December 31, 2016</b>	<b>4,945</b>	<b>197,049</b>	<b>7</b>	<b>202,001</b>
<b><u>Valuation adjustment</u></b>				
<b>Balance as at January 1, 2016</b>	<b>906</b>	<b>131,926</b>		<b>132,832</b>
Depreciation	495	18,939		<b>19,434</b>
Disposal and decommissioning		(883)		<b>(883)</b>
FX gains and losses		969		<b>969</b>
Other increase/(decrease)		(9,273)		<b>(9,273)</b>
<b>Balance as at December 31, 2016</b>	<b>1,401</b>	<b>141,678</b>		<b>143,079</b>
<b><u>Net book value</u></b>				
<b>31.12.2015</b>	<b>4,039</b>	<b>64,245</b>	<b>1,011</b>	<b>69,295</b>
<b>31.12.2016</b>	<b>3,544</b>	<b>55,371</b>	<b>7</b>	<b>58,922</b>

Software and other rights as at December 31, 2016 relate to various software used by the Energoprojekt for own purposes, which are depreciated in compliance with the relevant accounting policy.

## 26. PROPERTY, PLANT AND EQUIPMENT

Structure of property, plant and equipment	Land	Buildings	Plant and equipment	Investment property and investment property in progress	Other property, plant and equipment	Property, plant and equipment in progress	Investments in other property, plant and equipment	Advances for property, plant and equipment	Total
<i>Purchase value</i>									
<b>Balance as at January 1, 2016</b>	<b>882,471</b>	<b>7,440,392</b>	<b>10,205,812</b>	<b>3,275,616</b>	<b>233,241</b>	<b>70,345</b>	<b>44,402</b>	<b>96,302</b>	<b>22,248,581</b>
Purchase during the year		4,017	545,127	936	17,399	17,746	96,103	3,006	<b>684,334</b>
Increase by transfer from investments in progress			65,141		4,308	(19,000)		(50,449)	
Transfer to fixed assets held for sale			(1,371)						<b>(1,371)</b>
Other transfers from / (to)	(172,841)	(103,039)	(20,786)	103,039	20,786				<b>(172,841)</b>
Disposal and decommissioning		(8,299)	(402,206)		(51,750)		(17,889)		<b>(480,144)</b>
Profit/(loss) included in Report on Other Result (group 330)		49,132	(13,200)	(20,779)	13,198				<b>28,351</b>
Profit/(loss) included in Income Statement		3,792		(1,404)					<b>2,388</b>
FX gains and losses	465	17,812	95,215	211,431	4			696	<b>325,623</b>
Other increases / (decreases)		(145,586)	621		(10,338)		(11,071)		<b>(166,374)</b>
<b>Balance as at December 31, 2016</b>	<b>710,095</b>	<b>7,258,221</b>	<b>10,474,353</b>	<b>3,568,839</b>	<b>226,848</b>	<b>69,091</b>	<b>111,545</b>	<b>49,555</b>	<b>22,468,547</b>
<i>Valuation adjustment</i>									
<b>Balance as at January 1, 2016</b>		<b>100,743</b>	<b>6,540,378</b>		<b>123,749</b>		<b>8,806</b>		<b>6,773,676</b>
Correction of opening balance									
Depreciation		90,274	637,204		14,721		7,940		<b>750,139</b>
Disposal and decommissioning		(375)	(279,523)		(39,225)		(1,306)		<b>(320,429)</b>
Transfer to fixed assets held for sale			(1,076)						<b>(1,076)</b>
Other transfers from / (to)			(6,935)		6,935				
Impairment			(57,646)						<b>(57,646)</b>
FX gains and losses		2,222	60,007						<b>62,229</b>
Other increases /decreases		(145,586)			(10,338)		(11,071)		<b>(166,995)</b>
<b>Balance as at December 31, 2016</b>		<b>47,278</b>	<b>6,892,409</b>		<b>95,842</b>		<b>4,369</b>		<b>7,039,898</b>
<i>Net book value</i>									
<b>Balance as at December 31, 2015</b>	<b>882,471</b>	<b>7,339,649</b>	<b>3,665,434</b>	<b>3,275,616</b>	<b>109,492</b>	<b>70,345</b>	<b>35,596</b>	<b>96,302</b>	<b>15,474,905</b>
<b>Balance as December 31, 2016</b>	<b>710,095</b>	<b>7,210,943</b>	<b>3,581,944</b>	<b>3,568,839</b>	<b>131,006</b>	<b>69,091</b>	<b>107,176</b>	<b>49,555</b>	<b>15,428,649</b>

- **Land**

Value of land of the system Energoprojekt amounting to RSD 710,095 thousand primarily relate to the Energoprojekt Visokogradnja in the amount of RSD 517,735 (land owned by Energoprojekt Montenegro Ltd. in Montenegro, land owned by Energoprojekt Ghana Ltd. in Ghana and in the country – land in Ub and in Stara Pazova), Energoprojekt Niskogradnja in the amount of RSD 98,048 (land in Peru and in the country – in Stara Pazova) and to the Energoprojekt Oprema Company in the amount of RSD 75,058 thousand (Sevino polje plot – in New Belgrade).

- **Buildings**

Measuring of buildings after their initial recognition, transition was made from Cost model to the Revalorization model (Note 7.8).

The fair value of buildings usually is their market value defined by valuation made by independent qualified appraisers, based on market evidence.

In cases where there is 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.

In compliance with the relevant provisions of IAS 16, bearing in mind that the fluctuations of the fair value of the system Energoprojekt building in question are insignificant, it was not necessary to perform any appraisal of its fair value but once in three or five years.

As of December 31, 2016, the residual value and remaining useful life of buildings was appraised, which resulted in change of depreciation costs for the year 2016.

As at December 31, 2016, the item of buildings is carried at revalued amount of RSD 7,210,943 thousand, which represents the fair value of building determined by appraisal made by qualified appraiser as at December 31, 2016.

Value adjustment of buildings at fair value estimated as of December 31, 2016 were carried out in the books, by abolishing previously made impairment (shown in the table above under the item Other decreases – cost and accumulated depreciation in the amount of RSD 145,586 thousand).

Effect of fair value of buildings as at December 31, 2016 adjustment was recorded through the item equity - Revaluation reserve of property (shown in the table above under the item profit included in Report on Other Result: RSD 49,132 thousand) and through the item within the income statement - Income from value adjustments of property (shown in the table above, to the level of reported expenses from previous years, under the item profit included in Income statement: RSD 3,792 thousand).

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

- Office building in Bulevar Mihaila Pupina, in New Belgrade;
- Samacki Hotel Complex of the Energoprojekt Holding in Zemun;
- A part of the office building Cruz del Sur of the Energoprojekt Niskogradnja in Peru;

- Office building of the Energoprojekt Entel in Oman; and
- Office building of the I.N.E.C. Engineering Ltd. in London.

• **Plant and Equipment**

As at December 31, 2016, appraisal of the residual value and the remaining useful lifetime of the equipment with significant accounting value were performed. Changes in accounting estimates impacted depreciation costs for 2016, and, consequently, the the carrying value of assets as of December 31, 2016.

In acquisitions of plant and equipment in the reporting period that amounted to RSD 545,127 thousand, the largest share belongs to Energoprojekt Niskogradnja, in the amount of RSD 220,425 thousand (in the country: RSD 130,797 thousand and abroad: RSD 89,628 thousand - Uganda and Peru) and Energoprojekt Visokogradnja, in the amount of RSD 201,865 thousand (in the country: RSD 127,056 thousand, within Energoprojekt Ghana Ltd., Accra, Ghana: RSD 61,216 thousand and in projects abroad: RSD 13,593 thousand, mainly in project Z-096 Forte Bank, Astana, Kazakhstan: RSD 8,391 thousand and in project Z-103 Talan Tower Astana, Kazakhstan: RSD 4,664 thousand).

Of the total items in the reporting period, the amount of RSD 85,752 thousand relates to equipment regulated by the Financial Lease Agreement, which is related to Energoprojekt Niskogradnja: RSD 81,529 thousand, Energoprojekt Oprema: RSD 2,185 thousand and Energoprojekt Energodata: RSD 2,038 thousand.

Liabilities of the system Energoprojekt based on the financial lease are explained in the Note 39.2.

• **Investment property** as at December 31, 2016, amount to RSD 3,568,839 thousand.

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

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

Increased amount of investment properties comparing the last year comparable period, in the amount of RSD 293,223 thousand, came on the one hand, as a result of increase from transfer from the item Building in the company Energo (Private) Limited, Zimbabwe in the amount of RSD 103,039 thousand, increase from exchange rate differences: RSD 211,431 thousand and investment in office space within Energoprojekt Garant (Goce Delceva street, in New Belgrade): RSD 936 thousand, and on the other

hand, decrease based on reducing to fair value as at balance sheet day, in the amount of RSD 22,183 thousand.

Valuation of the fair value of investment property as at December 31, 2016 was performed by independent valuers with recognized and relevant professional qualifications and recent relevant work experience with relevant locations and categories of investment property appraised.

In the reporting period, the system Energoprojekt generated income from the rent of investment property in the amount of RSD 88,117 thousand, and the main share of such amount relate to the income generated from the rent of the office building in Moscow (within Dom 12 S.A.L, Lebanon), in the amount of RSD 26,747 thousand, from the rent of a number of properties in Lusaka, Zambia, in the amount of RSD 26,198 thousand (within Zambia Engineering and Contracting Company Limited, Zambia) and a part of office building „Cruz del Sur“ in Peru, in the amount of RSD 12,036 thousand (within Energoprojekt Niskogradnja).

Information on mortgages on the system Energoprojekt properties is presented in detail in Note 46.

- **Advances paid for property, plant and equipment** in the amount of RSD 49,555 thousand mainly relate to advance payment to the Republic of Serbia for the property purchase in Uganda, Peru and Nigeria in the amount of RSD 46,549 thousand.

## 27. LONG-TERM FINANCIAL INVESTMENTS

Structure of long-term financial investments	In RSD thousand	
	31/12/2016	31/12/2015
Shares in affiliated companies and joint ventures	760,624	833,041
Shares in other companies and other available for sale securities	19,460	26,251
Other long-term financial investments	195,315	190,100
<b>TOTAL</b>	<b>975,399</b>	<b>1,049,392</b>

- **Shares in affiliated companies and joint ventures** in the amount of RSD 760,624 thousand are presented in the following table.

Equity investments in affiliated legal entities and joint ventures	In RSD thousand	
	31/12/2016	31/12/2015
Energoprojekt Nigeria Ltd., Lagos, Nigeria	257,216	376,574
Energoprojekt Ltd., Belgrade	436,545	408,093
Fima See Activist Plc., Belgrade	34,990	25,277
Enjub Ltd., Belgrade	31,873	23,097
<b>TOTAL</b>	<b>760,624</b>	<b>833,041</b>

Energoprojekt Holding Plc., Belgrade

Financial data pertaining to affiliate Energo Nigeria Ltd., Lagos, Nigeria on the 40.00% equity share of the Energoprojekt Oprema in the affiliate is presented in the following table.

Energo Nigeria Ltd., Lagos, Nigeria	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Non-current assets	69,834	109,168
Operating assets	1,274,153	1,604,756
<b>Assets</b>	<b>1,343,987</b>	<b>1,713,924</b>
Liabilities	1,086,771	1,337,350
<b>Capital</b>	<b>257,216</b>	<b>376,574</b>
Income	614,762	1,170,444
<b>Net profit of the current period</b>	<b>9,939</b>	<b>12,756</b>

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

Energopet Ltd., Belgrade	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Non-current assets	408,492	403,782
Operating assets	557,570	461,192
<b>Assets</b>	<b>966,062</b>	<b>864,974</b>
Liabilities	529,517	456,881
<b>Capital</b>	<b>436,545</b>	<b>408,093</b>
Income	1,019,856	995,919
<b>Net profit of the current period</b>	<b>62,600</b>	<b>52,535</b>

Financial data pertaining to affiliate Fima See Activist, Plc. Belgrade on the 30.16% (31.12.2015: 20.93%) equity share of Energoprojekt Holding in the affiliate is presented in the following table.

Fima See Activist Plc., Belgrade	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Non-current assets		
Operating assets	35,122	25,386
<b>Assets</b>	<b>35,122</b>	<b>25,386</b>
Liabilities	132	109
<b>Capital</b>	<b>34,990</b>	<b>25,277</b>
Income	13,284	12,162
<b>Net profit of the current period</b>	<b>2,329</b>	<b>1,407</b>



Closed - end investment fund Fima See Activist Plc., for the first time was included in the consolidated financial statements of Energoprojekt Holding Plc. as of December 31, 2015. (Note 2).

Financial data pertaining to Enjub Ltd. Belgrade on the 50.00% equity share of Energoprojekt Holding in the joint venture is presented in the following table.

Enjub Ltd., Belgrade	In RSD thousand	
	31/12/2016	31/12/2015
Non-current assets	128,957	128,978
Operating assets	139,091	118,894
<b>Assets</b>	<b>268,048</b>	<b>247,872</b>
Liabilities	236,175	224,775
<b>Capital</b>	<b>31,873</b>	<b>23,097</b>
Income	24,360	8,292
<b>Net profit / (loss) of the current period</b>	<b>8,776</b>	<b>(14,476)</b>

• **Shares in other companies and available for sale securities** in the amount of RSD 19,460 thousand are presented in the following table.

Shares in other companies and available for sale securities	In RSD thousand	
	31/12/2016	31/12/2015
Shares in other companies		
a) Banks, financial organisations and other legal entities	19,448	26,236
b) Other securities available for sale	12	15
<b>TOTAL</b>	<b>19,460</b>	<b>26,251</b>

Share in other companies and other securities available for sale are valued according to their market (fair) value.

**Share in banks, financial organizations and other legal entities** in the amount of RSD 19,448 thousand relate, mostly, to Energoprojekt Holding, in the amount of RSD 18,686 thousand (Jubmes banka Plc., Dunav osiguranje Plc., Belgrade, Beogradska Berza Plc., and other).

• **Other long-term financial investments** in the amount of RSD 195,315 thousand are presented in the following table.

Other long-term financial investments	In RSD thousand	
	31/12/2016	31/12/2015
Housing loans granted to employees	44,171	46,482
Deposits for bank guarantees	31,922	32,192
Other	119,222	111,426
<b>TOTAL</b>	<b>195,315</b>	<b>190,100</b>

- **Long-term housing loans granted to employees** are interest-free and in compliance with the Housing Loan Agreement provisions and pursuant to the Law on Amendments and Addenda to the Law on Housing, the Company performs legally prescribed revalorization of loan instalments based on the trends in consumer prices in the Republic of Serbia for the accounting period in question. Of the total of RSD 44,171 thousand, the largest portion relates to Energoprojekt Visokogradnja in the amount of RSD 22,769 thousand, Energoprojekt Oprema in the amount of RSD 10,037 thousand, Energoprojekt Entel in the amount of RSD 5,497 thousand and Energoprojekt Niskogradnja in the amount of RSD 3,228 thousand.

- **Deposits for bank guarantees** in the amount of RSD 31,922 thousand entirely relate to Energoprojekt Entel (within Energoprojekt Entel LTD, Doha, Qatar: RSD 25,904 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 6,018 thousand).

- **Other long-term financial investments** in the amount of RSD 119,222 thousand relate to the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 91,497 thousand, the largest share of which or RSD 82,407 thousand relate to a building within the tourist complex of Crni Vrh (which has not yet been completed), in which the Company holds ownership rights up to 5%, based on its co-financing; and
- Energoprojekt Entel in the amount of RSD 27,639 thousand, based on deposits for working visas in the amount of RSD 17,413 thousand (within Energoconsult L.L.C., Abu Dhabi, UAE) and the deposits for apartments abroad in the amount of RSD 10,226 thousand (mainly within Energoconsult L.L.C., Abu Dhabi, UAE: RSD 5,165 thousand and Energoprojekt Entel LTD, Doha, Qatar: RSD 4,060 thousand).

## 28. LONG-TERM RECEIVABLES

Structure of long-term receivables	In RSD thousand	
	31/12/2016	31/12/2015
Receivables from other related companies	49,052	43,500
Other long-term receivables	776,008	784,204
<b>TOTAL</b>	<b>825,060</b>	<b>827,704</b>

- **Receivables from other related companies** in the amount of RSD 49,052 thousand relate to the receivables of Energoprojekt Oprema from its affiliated company Energo Nigeria Ltd., Lagos, Nigeria, based on the long-term guarantee deposit in its projects abroad.

- **Other long-term receivables** in the amount of RSD 776,008 thousand comprise only of the receivables of the Energoprojekt Entel Company based on its long-term receivables for guarantee deposit, which is in most of the cases a deposit amounting to 10% of the invoice amount and which can be collected only upon expiry of the guarantee term (within Energoprojekt Entel Ltd. Doha, Qatar: RSD 667,883 thousand and Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman: RSD 108,125 thousand).

**29. INVENTORIES**

Structure of inventories	In RSD thousand	
	31/12/2016	31/12/2015
Material, parts, tools and small inventories	1,383,780	1,196,693
Work and services in progress	1,771,463	1,456,325
Finished products	363,525	132,958
Goods	179,630	77,372
Non-current assets held for sale	51,058	70,307
Advances paid for inventories and services:		
a) Advances paid for inventories and services to other related companies	127,049	125,149
b) Advances paid for material, parts and inventory	823,524	374,358
c) Advances paid for goods	56	7,945
d) Advances paid for services	1,334,193	2,017,124
<i>Total</i>	<i>2,284,822</i>	<i>2,524,576</i>
<b>TOTAL</b>	<b>6,034,278</b>	<b>5,458,231</b>

• **Material, parts, tools and small inventories** in the amount of RSD 1,383,780 thousand relate predominantly to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 655,027 thousand, out of which inventories abroad amount to RSD 470,740 thousand (Uganda: RSD 268,700 thousand, Peru: RSD 202,040 thousand), and inventories in the country amount to RSD 184,286 thousand. Stock levels, primarily those of the materials and parts, are determined by the work schedule and timely supply in the relevant regions;
- Energoprojekt Visokogradnja in the amount of RSD 456,640 thousand, out of which inventories abroad amount to RSD 337,021 thousand (mainly, in Z-103 Talan Tower, Astana: RSD 173,370 thousand and Z-085 Uhta Russia: RSD 79,160 thousand), meanwhile the inventories in the country amount to RSD 119,619 thousand;
- Energoprojekt Oprema in the amount of RSD 179,798 thousand, out of which mainly relate to the project DV Pancevo - Romanian Border: RSD 139,070 thousand and
- Energoplast in the amount of RSD 82,526 thousand, out of which material inventories amount to RSD 65,235 thousand, and parts inventories amount to RSD 16,811 thousand.

• **Work and services in progress** in the amount of RSD 1,771,463 thousand relate to following companies of the system Energoprojekt:

- Energoprojekt Sunnyville in the amount of RSD 862,376 thousand, relate to production in progress based on construction of business and residential complex „Sunnyville“ in Belgrade,
- Energoprojekt Visokogradnja in the amount of RSD 756,306 thousand, out of which work in progress in the country amounts to RSD 239,357 thousand (based on own investments in Belgrade, in Knez Danilova Street: RSD 80,339 thousand, in Bezanijska Kosa: RSD 48,375 thousand, in Vozdovac: RSD 25,937 thousand and in Bor, in Bor Shopping Mall: RSD 84,706 thousand), and abroad RSD 516,949 thousand (based on the works on the residential complex Sistet Bare in Herceg Novi, Montenegro) and

- Energoprojekt Niskogradnja in the amount of RSD 152,781 thousand relate to production of crashed stone for upper level, crashed stone for filtering, concrete aggregate and material for lower level (filling) in projects abroad (Peru).

• **Finished products** in the amount of RSD 363,525 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 317,144 thousand mostly relate to the constructed property in Car Nikolaj street: RSD 289,268 thousand and in Bezanijska Kosa in the amount of RSD 27,698 thousand and

- Energoplast in the amount of RSD 46,381 thousand that relate to the finished plastic stoppers.

• The total value of **goods** in the amount of RSD 179,630 thousand primarily relate to Energoprojekt Visokogradnja in the amount of RSD 139,278 thousand (mainly refers to goods purchased for further processing, intended for the project Z-103 Talan Towers, Astana, Kazakhstan: RSD 100,129 thousand), Energoprojekt Niskogradnja in the amount of RSD 34,211 thousand (that almost entirely relate to the invoiced materials and spare part, predominantly for the projects realized abroad, in Peru and Uganda, which were not received until December 31, 2016 - Goods in Transit); and Energoplast in the amount of RSD 5,574 thousand (acquired finished stoppers for resale).

• **Non-current assets held for sale** amount to RSD 51,058 thousand, out of which the amount of RSD 50,688 thousand relate to Energoprojekt Niskogradnja and RSD 370 thousand relate to Energoprojekt Energodata.

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

Description	Location	Surface Area in sq.m	Present Value In RSD thousand
Land - Mombasa Road, Kenya	Nairobi, Kenya	12,140.55	4,066
Land "Santa Clara", Peru	Santa Clara, Lima, Peru	23,009.70	18,601
Warehouse facility "Santa Clara", Lima	Santa Clara, Lima, Peru	792.35	22,273
Business premises - Buenos Aires, Argentina	Buenos Aires, Argentina	86.30	5,748
<b>TOTAL</b>			<b>50,688</b>

Reclassification of land for sale was performed based on the Decision passed by the Board of Directors of the Energoprojekt Niskogradnja from 2012, on the sale of land in Kenya and land "Santa Clara" in Lima, Peru, with accompanying facilities (warehouse facility); the total value thereof is RSD 22,667 thousand and the value of buildings held for sale amount to RSD 22,273 thousand in compliance with IFRS 5.

Based on the Decision of competent body of the Company from 2011, on the sale of office and residential facilities in Argentina, reclassification of these facilities was performed into the facilities held for sale amounting to RSD 5,748 thousand, in compliance with IFRS 5.

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

- In 2015 and 2016, in Energoprojekt Energodata, based on the management Decision, ATMs were reclassified and posted as fixed assets held for sale in the total amount of RSD 16,452 thousand which, due to obsolescence, is impaired in the amount of RSD 370 thousand (as of the inventory count 31.12.2016).

- **Advances paid for inventories and services to other related companies** in the amount of RSD 127,049 thousand and entirely relate to Energoprojekt Oprema, based on advances paid for services to affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

- **Advances paid for material, spare parts and inventory** in the amount of RSD 823,524 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 499,925 thousand out of which for advances paid for projects in the country amount to RSD 246,313 thousand, and those paid to suppliers abroad amount to RSD 253,612 thousand and

- Energoprojekt Visokogradnja in the amount of RSD 308,837 thousand, out of which advances paid abroad amount to RSD 199,519 thousand, and in the country RSD 109,318 thousand.

- **Advances paid for services** in the amount of RSD 1,334,193 thousand, relate, mostly, to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 908,286 thousand, out of which advances paid abroad amount to RSD 863,030 thousand, and in the country RSD 45,256 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 363,302 thousand relate, mainly, to advances paid to suppliers for projects abroad: RSD 87,392 thousand (Uganda and Peru) and in the country RSD 275,910 thousand (mainly project Lajkovac – Ljig) and

- Energoprojekt Oprema in the amount of RSD 47,643 thousand relate to advances paid to suppliers for projects in the country: RSD 43,645 thousand, and abroad: RSD 3,998 thousand.

Advances paid are secured by mortgage placed in favour of Energoprojekt Niskogradnja, disclosed in Note 46.

**30. RECEIVABLES FROM SALES**

Structure of receivables from sales	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Local buyers - other related companies	3,602	4,141
Foreign buyers - other related companies	551,284	826,804
Local buyers	3,444,487	2,373,683
Foreign buyers	8,525,287	6,546,725
<b>TOTAL</b>	<b>12,524,660</b>	<b>9,751,353</b>

• **Local buyers - other related companies** in the amount of RSD 3,602 thousand relate to the receivables from joint venture Enjub Ltd., mostly to Energoprojekt Visokogradnja in the amount of RSD 2,124 thousand.

• **Foreign buyers– other related companies** in the amount of RSD 551,284 thousand relate to receivables from the affiliate company Energo Nigeria Ltd., Lagos, Nigeria, primarily in Energoprojekt Oprema in the amount of RSD 526,475 thousand and Energoprojekt Hidroinzenjering, in the amount of RSD 24,694 thousand.

• **Local buyers** amounting to RSD 3,444,487 thousand and relate primarily to the receivables of Energoprojekt Niskogradnja: RSD 2,287,515 thousand, Energoprojekt Visokogradnja: RSD 458,905 thousand and to those of Energoprojekt Oprema: RSD 367,619 thousand and Energoplast in the amount of RSD 115,530 thousand.

Structure of **local buyers** is presented in the following table as at the financial statements date in system Energoprojekt companies, with the highest amount of such receivables.

Structure of local buyers	In RSD thousand	
	31/12/2016	31/12/2015
<b><i>Energoprojekt Niskogradnja:</i></b>		
China Shandong Intern.E&T org. Belgrade (Project Ljig - Lajkovac)	1,526,539	438,256
AzVirt, Belgrade (Project Tunnel Šarani)	533,744	319,625
JP EPS/Kolubara Peštan (Project Kolubara II phase)	121,466	25,958
West - Gradnja d.o.o. (Project Ljig - Lajkovac)	36,467	-
RZD International (Project Koridor X II phase in 2016) (projects Pruga Pančevo and Koridor X in 2015)	32,695	467,801
Other	36,604	137,219
<b>Total</b>	<b>2,287,515</b>	<b>1,388,859</b>
<b><i>Energoprojekt Visokogradnja:</i></b>		
Beograd na vodi d.o.o. (Project Belgrade Waterfront)	412,404	-
Other	46,501	28,284
<b>Total</b>	<b>458,905</b>	<b>28,284</b>
<b><i>Energoprojekt Oprema:</i></b>		
PC Elektromreža Serbia	238,096	179,217
PC Elektroprivreda Serbia	66,005	832
Energotehnika Južna Bačka Ltd.	41,731	10,147
SNC Lavalin International	3,162	3,014
Železnice Srbije Plc.	-	415,129
Other	18,625	44,964
<b>Total</b>	<b>367,619</b>	<b>653,303</b>

Increase of receivables of local buyers, respecting the last year comparative period, in the amount of RSD 1,070,804 thousand, mainly came as result of increase within Energoprojekt Niskogradnja in the amount of RSD 898,656 thousand (mostly from China Shandong Intern.E&T org. Belgrade, on project Ljig - Lajkovac) and Energoprojekt Visokogradnja, in the amount of RSD 430,621 thousand (mostly from Beograd na vodi Ltd. on the project Belgrade Waterfront) and on the other hand, decrease within Energoprojekt Oprema, in the amount of RSD 285,684 thousand (mainly from Serbian Railways JSC Project Prokop).

- **Foreign buyers** in the amount of RSD 8,525,287 thousand relate predominantly to Energoprojekt Niskogradnja, in the amount of RSD 3,742,685 thousand, Energoprojekt Visokogradnja in the amount of RSD 2,012,055 thousand and Energoprojekt Entel in the amount of RSD 2,231,167 thousand.

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

Structure of foreign buyers	In RSD thousand	
	31/12/2016	31/12/2015
<b><i>Energoprojekt Niskogradnja:</i></b>		
<b><i>Uganda:</i></b>		
Uganda National Roads Authority, Uganda (Z-017, Z-027 and Z-035 in 2016.; Z-017 and Z-027 in 2015)	2,657,239	2,025,501
Ministry of Works and Transport (Z-010)	510,914	499,293
Kampala Capital City Authority	288,238	189,973
The Civil Aviation Authority	23,073	108,717
<b>Total Uganda</b>	<b>3,479,464</b>	<b>2,823,484</b>
<b><i>Peru:</i></b>		
Consorcio Pericos San Ignacio, Peru (Z-023)	72,456	70,265
Consorcio Vial San Alejandro (Z-034)	51,633	34,716
Sindicato Energetico SA (Z-030)	35,111	69,192
Empresa de Generacion Electrica Rio Banos SAC (Z-030)	21,280	176,192
Conalvias (Z-023)	13,979	19,978
Other	68,762	88,457
<b>Total Peru</b>	<b>263,221</b>	<b>458,800</b>
<b>Other foreign buyers</b>		262
<b>TOTAL</b>	<b>3,742,685</b>	<b>3,282,546</b>
<b><i>Energoprojekt Entel:</i></b>		
Within Energoprojekt Entel L.L.C., Doha, Qatar	1,381,906	816,034
Within Energoconsult L.L.C., Abu Dhabi, UAE	598,866	274,953
Within Energoprojekt Entel L.L.C., Muskat, Sultanat Oman	248,618	191,690
Other	1,777	
<b>TOTAL</b>	<b>2,231,167</b>	<b>1,282,677</b>
<b><i>Energoprojekt Visokogradnja:</i></b>		
Cargo centar Ghana	702,695	355,843
GazEnergoServis (Z-085 Uhta, Russia)	473,812	-
Ecobank Ghana	329,483	-
Astana Property Menagement (Z-103 Talan Towers, Astana, Kazahstan)	140,334	-
Accent Development Solutions, Astana, Kazahstan (Z-096 Forte Banka, Astana, Kazahstan)	117,135	744,542
Prombistroi (Z-092)	10,162	8,790
NCA Tower, Ghana		29,155
Other	238,434	361,528
<b>TOTAL</b>	<b>2,012,055</b>	<b>1,499,858</b>



Increase in receivables from foreign buyers respecting the last year comparative period, in the amount of RSD 1,978,562 thousand mainly came as result of increase within Energoprojekt Entel: RSD 948,490 thousand (in companies abroad), Energoprojekt Visokogradnja: RSD 512,197 thousand (mainly on project Z-085 Ukhta, Russia and Energoprojekt Ghana Ltd., Accra, Ghana) and within Energoprojekt Niskogradnja: RSD 460,139 thousand (on projects in Uganda).

### 31. RECEIVABLES FROM SPECIFIC TRANSACTIONS

Structure of receivables from special transactions	In RSD thousand	
	31/12/2016	31/12/2015
Receivables from special transactions from other related companies	46,899	76,032
Receivables from special transactions from other companies	2,912	4,136
<b>TOTAL</b>	<b>49,811</b>	<b>80,168</b>

• **Receivables from special transactions from other related companies** in the amount of RSD 46,899 thousand relate to Energoprojekt Oprema in the amount of RSD 44,997 thousand, based on the expenses passed through to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria and to Energoprojekt Holding in the amount of RSD 1,902 thousand, based on the transfer of expenses to the Enjub Ltd. joint venture.

• **Receivables from special transactions from other companies** in the amount of RSD 2,912 thousand relate predominantly to Energoprojekt Garant, in the amount of RSD 2,784 thousand, based on receivables from commission of reinsurance and co-insurance.

### 32. OTHER RECEIVABLES

Structure of other receivables	In RSD thousand	
	31/12/2016	31/12/2015
Interest and dividend receivables:		
a) Interest and dividend receivable from affiliated companies	57,377	46,372
b) Interest agreed and default interest receivable from other companies	246	56
<i>Total</i>	<i>57,623</i>	<i>46,428</i>
Receivables from employees	28,574	24,705
Receivables from state institutions	375	-
Receivables for overpaid income tax	84,041	87,870
Receivables in respect of prepaid other taxes and contributions	19,736	11,192
Receivables for fringe benefits' returns	12,661	9,329
Receivables for damage compensation	1,654	2,141
Other short-term receivables	358,873	312,064
<b>TOTAL</b>	<b>563,537</b>	<b>493,729</b>

- **Interest and dividend receivables from other affiliated companies** in the amount of RSD 57,377 thousand comprise exclusively of the receivables of Energoprojekt Holding, based on the interest receivables for loans granted to the joint venture Enjub Ltd.
- **Receivables from employees** in the amount of RSD 28,574 thousand relate predominantly to unjustifiably paid advance payments to employees leaving to work in foreign countries and to loans granted to employees, and specifically Zambia Engineering and Contracting Company Limited in the amount of RSD 6,787 thousand, Energoprojekt Niskogradnja, in the amount of RSD 5,130 thousand, Energoprojekt Vosokogradnja, in the amount of RSD 5,104 thousand, Energoprojekt Oprema, in the amount of RSD 4,948 thousand and Energoprojekt Energodata in the amount of RSD 3,497 thousand.
- **Receivables for overpaid income tax** in the amount of RSD 84,041 thousand predominantly refer to Energoprojekt Niskogradnja, in the amount of RSD 43,567 thousand (predominantly, in the country: RSD 39,790 thousand), Energoprojekt Oprema in the amount of RSD 27,542 thousand (predominantly, in the country: RSD 18,930 thousand) and Energoprojekt Holding in the amount of RSD 5,773 thousand.
- **Receivables in respect of prepaid other taxes and contributions** amount to RSD 19,736 thousand and predominantly refer to Energoprojekt Visokogradnja in the amount of RSD 7,338 thousand, Zambia Engineering and Contracting Company Limited, in the amount of RSD 7,731 thousand and Energoprojekt Hidroinženjering in the amount of RSD 3,004 thousand.
- **Receivables for fringe benefits' returns** (sick leaves longer exceeding 30 days, maternity leave, etc.) in the amount of RSD 12,661 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 4,547 thousand, Energoprojekt Holding in the amount of RSD 2,388 thousand, Energoprojekt Hidroinženjering in the amount of RSD 1,886 thousand and Energoprojekt Niskogradnja in the amount of RSD 1,407 thousand.
- **Other short-term receivables** amounting to RSD 358,873 thousand and predominantly relate to Energoprojekt Niskogradnja in the amount of RSD 279,297 thousand (mainly based on the receivables from Tax Administration for overpaid income tax in Peru: RSD 187,014 thousand and receivables from Tax Administration for overpaid VAT in Uganda: RSD 66,539 thousand) and Energoprojekt Hidroinženjering, in the amount of RSD 64,535 thousand, mostly based on receivables from partners in Consortium on the project Yaraskay - Peru for the works finished.

Increase of other short-term receivables in reported period in comparison to the previous period, in the amount of RSD 46,809 thousand mainly came as result within Energoprojekt Niskogradnja, in the amount of RSD 53,170 thousand, based on increased receivables for overpaid income tax in Peru and receivables for overpaid VAT in Uganda.

**33. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH INCOME STATEMENT**

Structure of financial assets assessed at fair value through Income Statement	In RSD thousand	
	31/12/2016	31/12/2015
Shares	1,359	1,359
Bonds	332,873	332,400
<b>TOTAL</b>	<b>334,232</b>	<b>333,759</b>

Financial assets assessed at fair value through Income statement relate entirely to the shares and bonds (say: 45 shares of Belgrade Stock Exchange, total value of RSD 1,359 thousand and 2,661 foreign currency coupon bonds, in the amount of RSD 332,873 thousand).

Valuation adjustment of financial assets assessed at fair value through Income statement is performed for foreign currency coupon bonds based on data obtained from the secondary market for such assets and by applying the foreign exchange rate as of the balance sheet date.

**34. SHORT-TERM FINANCIAL INVESTMENTS**

Structure of short term financial investments	In RSD thousand	
	31/12/2016	31/12/2015
Short-term loans and investments - other related companies	164,884	162,419
Short-term international credits and loans	9,727	16,549
Portion of long-term financial investments with maturity date up to one year:	1,179	949
Securities held to maturity - portion with maturity date up to one year	-	9,569
Other short-term financial investments:		
a) Short term deposits	1,309,984	1,593,710
b) Other short-term financial investments	7,168	6,300
<i>Total</i>	<i>1,317,152</i>	<i>1,600,010</i>
<b>TOTAL</b>	<b>1,492,942</b>	<b>1,789,496</b>

• **Short-term loans and investments - other related companies** in the amount of RSD 164,884 thousand relate entirely to Energoprojekt Holding based on the loans granted to the Enjub Ltd. joint venture.

Energoprojekt Holding has 2 (two) signed blank solo bills of exchange to be filled out by beneficiary to be used as collateral for the collection of payments pursuant to loan agreements concluded with the Enjub Ltd. joint venture and an extrajudicial mortgage for the entire loan amount (for apartments and business premises) in Jurija Gagarina Street in New Belgrade.

• **Short-term international credits and loans** in the amount of RSD 9,727 thousand relate entirely to Energoprojekt Visokogradnja, to complete the work on Project Z-088 Hotel Hyatt Rostov, Russia.

• **Short term deposits** in the amount of RSD 1,309,984 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 953,099 thousand relate to the deposits with international commercial banks within Energoprojekt Entel Qatar: RSD 757,048 thousand, with interest rate of 1.00% to 1.20% annually and Energo Consult LLC Abu Dhabi, UAE: RSD 196,051 thousand, with interest rate of 1.00% to 1.20% annually and
- Energoprojekt Garant in the amount of RSD 356,885 thousand relate to the foreign currencies deposits in EUR and USD with the domestic commercial banks with interest rate ranging from 1.50 % to 2.53 % annually.

• **Other short term financial investments** in the amount of RSD 7,168 thousand, relate, mainly, to Energoprojekt Niskogradnja in the amount of RSD 6,967 thousand, out of which the biggest share, in the amount of RSD 6,782 thousand relate to working licences for personnel non-citizens of Republic of Uganda.

### 35. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	In RSD thousand	
	31/12/2016	31/12/2015
Current (business) account	151,472	145,321
Earmarked cash and letters of credit	6,736	5
Petty cash	291	667
Foreign currency account	2,749,778	3,067,170
Letters of credit in foreign currencies	766	366
Foreign currency petty cash	82,067	132,158
Other cash:		
a) Short term deposits	1,080,107	887,484
b) Other cash	596,781	525,124
<i>Total</i>	<i>1,676,888</i>	<i>1,412,608</i>
Value-impaired or restricted cash	3,951	42,078
<b>TOTAL</b>	<b>4,671,949</b>	<b>4,800,373</b>

• **Current (business) account** of the system Energoprojekt in the amount of RSD 151,472 thousand predominantly refer to the current accounts of the following companies of the Energoprojekt: Energoprojekt Visokogradnja in the amount of RSD 47,820 thousand, Energoprojekt Holding in the amount of RSD 26,867 thousand, Energoprojekt Urbanizam i arhitektura in the amount of RSD 19,844 thousand, Energoprojekt Entel in the amount of RSD 19,498 thousand, Energoprojekt Oprema in the amount of RSD 10,893 thousand and Energoprojekt Hidroinzenjering in the amount of RSD 18,219 thousand.

- **Foreign currency account** in the amount of RSD 2,749,778 thousand predominantly refer to the foreign currency accounts of the following companies in the system Energoprojekt: Energoprojekt Entel in the amount of RSD 919,854 thousand, Energoprojekt Oprema in the amount of RSD 829,319 hiljada dinara, Energoprojekt Visokogradnja in the amount of RSD 448,650 thousand, Energoprojekt Niskogradnja in the amount of RSD 256,418 thousand and Energoprojekt Hidroinženjering in the amount of RSD 137,028 thousand.
- **Foreign currency petty cash** in the amount of RSD 82,067 thousand primarily refer to Energoprojekt Visokogradnja in the amount of RSD 67,003 thousand, Energoprojekt Niskogradnja in the amount of RSD 10,945 thousand and Energoprojekt Hidroinženjering in the amount of RSD 2,737 thousand.
- **Short term deposits** in the amount of RSD 1,080,107 thousand predominantly recorded within Energoprojekt Oprema in the amount of RSD 591,988 thousand (in the country: RSD 468,872 thousand and Belarus: RSD 123,116 thousand), within Energoprojekt Visokogradnja in the amount of RSD 367,101 thousand (abroad: RSD 230,992 thousand and in the country: RSD 136,109 thousand, primarily at Unicredit Bank: RSD 34,749 thousand) and within Energoprojekt Holding in the amount of RSD 101,390 thousand.
- **Other cash** in the amount of RSD 596,781 thousand refer predominantly to Energoprojekt Visokogradnja in the amount of RSD 591,819 thousand (predominantly to the collaterals provided for the projects of the Energoprojekt Ghana Ltd., Accra, Ghana).
- **Value-impaired or restricted cash** in the amount of RSD 3,951 thousand relate entirely to Energoprojekt Hidroinženjering, based on bank deposits serving as collaterals for guarantees' issuing for the project Ourkiss, Alegra. Cash will be available upon the release of the guarantees in question.

## 36. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME

### 36.1. Value Added Tax

Structure of VAT	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Value added tax	249,257	112,663
<b>TOTAL</b>	<b>249,257</b>	<b>112,663</b>

- **Value added tax** in the amount of RSD 249,257 thousand refer to the difference between calculated tax and input tax, and primarily in Energoprojekt Visokogradnja in the amount of RSD 143,742 thousand, Energoprojekt Oprema in the amount of RSD 61,150 thousand and Energoprojekt Niskogradnja in the amount of RSD 14,867 thousand.

**36.2. Prepayments and Accrued Income and Deferred Expenses**

Structure of prepayments and accrued income	In RSD thousand	
	31/12/2016	31/12/2015
Prepayments:		
a) Prepaid subscriptions for professional publications	2,001	1,629
b) Prepaid rent	239,323	290,006
c) Prepaid insurance premiums	38,466	26,129
d) Prepaid advertizing and marketing expenses	55	-
e) Other prepaid expenses	80,716	53,042
<i>Total</i>	<i>360,561</i>	<i>370,806</i>
Receivables for accrued non-invoiced income:		
a) Receivables for accrued non-invoiced income - other related entities	76,617	-
b) Receivables for accrued non-invoiced income - other legal entities	3,227,797	1,691,909
<i>Total</i>	<i>3,304,414</i>	<i>1,691,909</i>
Deferred costs from liabilities	137	-
Other accruals		
a) Accrued value added tax	46,740	43,618
b) Other deferred expenses	84,678	28,172
<i>Total</i>	<i>131,418</i>	<i>71,790</i>
<b>TOTAL</b>	<b>3,796,530</b>	<b>2,134,505</b>

• **Prepaid rent** in the amount of RSD 239,323 thousand primarily refer to Energoprojekt Entel in the amount of RSD 230,088 thousand based on leasing of business premises and apartments for workers in companies abroad.

• **Receivables for accrued non-invoiced income - other related parties** in the amount of RSD 76,617 thousand relate to receivables of Energoprojekt Oprema to affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

• **Receivables for accrued non-invoiced income – other legal entities** in the amount of RSD 3,227,797 thousand refer primarily to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 1,386,294 thousand, primarily refer to the receivables from interim payment certificates for work completed in 2016 for the following projects:

- Lajkovac-Ljig: RSD 513,627 thousand;
- Z-024 Road Puerto Bermudez, Peru: RSD 271,365 thousand;
- Tunel Sarani: RSD 96,139 thousand;
- Z-027 Mpigi Kanoni Uganda: RSD 86,783 thousand;
- Z-035 Sungira Hill, Uganda: RSD 79,308 thousand;
- Z-037 Airport Entebbe, Uganda: RSD 79,185 thousand;
- Replacing and regulation of Kolubara River, II phase: RSD 70,422 thousand;

- Energoprojekt Oprema in the amount of RSD 1,108,717 thousand, primarily refer to:
  - accrued non-invoiced income - project Energocentar Minsk, Belarus: RSD 1,039,473 thousand;
  - accrued non-invoiced income - project Kolubara Landfill: RSD 33,488 thousand and
  - invoices issued in 2016 that are not certified, based on the works carried out in 2015 on the project RTB Bor: RSD 32,614 thousand.
- Energoprojekt Holding in the amount of RSD 391,685 thousand relate entirely to the realization of the Agreement on Construction of Republic of Serbia Embassy in Abuja, Federal Republic of Nigeria, a turn-key project, in the Cadastral parcel No. 313, registered in the Real Estate Registry, Cadastral Zone A00.
- Energoprojekt Visokogradnja in the amount of RSD 225,240 thousand relate to the receivables for payment certificates submitted to the Investor for verification, but not verified before the balance sheet submission date. The largest receivables for the accrued non-invoiced income are recorded for the following projects in the country and abroad:
  - Prokop Railway Station: RSD 147,977 thousand;
  - Car Nikolaj Street: RSD 2,010 thousand and
  - Z-103 Talan Towers, Astana, Kazahstan: RSD 68,055 thousand;
- Mentionig other companies of system Energoprojekt, reveivables for accrued non-invoiced income were recorded at Energoprojekt Industrija, in the amount of RSD 74,715 thousand, Energoprojekt Hidroinzenjering in the amount of RSD 35,771 thousand and Energoprojekt Energodata in the amount of RSD 5,375 thousand.
- **Accrued Value Added Tax (VAT) in** the amount of RSD 46,740 thousand include VAT presented in received invoices for reported year, and the right to tax return from previous period occurs in the next one, due to the fact that invoices came after the financial statement for December of the reported year. The most important amount of accrued VAT was recorded within Energoprojekt Oprema in the amount of RSD 20,957 thousand and within Energoprojekt Visokogradnja in the amount of RSD 18,464 thousand.
- **Other deferred expenses** in the amount of RSD 84,678 thousand predominantly refer to Energoprojekt Visokogradnja in the amount of RSD 45,934 thousand (calculated costs in advance on project Z-085 Uhta, Russia: RSD 45,846 thousand) and Energoprojekt Garant in the amount of RSD 36,123 thousand (interest on bank deposits, transferrable premiums and claims charged to coinsurer and reinsurer calculated in advance).

**37. CAPITAL**

Structure of capital	In RSD thousand	
	31/12/2016	31/12/2015
Equity capital – reduced for non-controlling interest in equity capital	5,892,478	5,894,010
Reserves	374,657	374,590
Revaluation reserves from revaluation of intangibles, property, plant and equipment	6,365,390	6,211,764
Unrealized gains from securities and other components of other comprehensible result (credit balances under accounts class 33 except 330)	432,474	450,976
Unrealized losses from securities and other components of other comprehensible result (credit balances under accounts class 33 except 330)	30,226	30,504
Retained earnings	7,470,703	6,481,980
Non-controlling interest - in equity capital	164,365	165,090
<b>TOTAL</b>	<b>20,669,841</b>	<b>19,547,906</b>

**37.1. Equity Capital**

Structure of equity capital where non-controlling interest is defined for equity capital items	In RSD thousand	
	31/12/2016	31/12/2015
Share capital - total	5,724,580	5,724,580
Non-controlling interest - in share capital	(149,621)	(149,621)
<i>Total share capital (Energoprojekt Holding)</i>	<i>5,574,959</i>	<i>5,574,959</i>
Stakes in limited liability companies - total	9,289	9,289
Non-controlling interest - in limited liability companies	(9,289 )	(9,289)
<i>Total stakes in limited liability companies</i>		
Issuing premium	237,014	237,014
Other share capital - total	85,960	88,217
Other non-controlling interest	(5,455 )	(6,180)
<i>Total other share capital</i>	<i>80,505</i>	<i>82,037</i>
<b>TOTAL</b>	<b>5,892,478</b>	<b>5,894,010</b>

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

Share capital of the parent company Energoprojekt Holding as at the balance sheet date consists of 10.931.292 ordinary shares with nominal value of RSD 510.00 or RSD 5,574,959 thousand worth share capital of the majority shareholder.



- **Issuing premium** in the amount of RSD 237,014 thousand is recorded based on purchase and sale of own shares at the value which is above their nominal value achieved in the period from 2006 to 2011.

### 37.2. Reserves

Structure of reserves	In RSD thousand	
	31/12/2016	31/12/2015
Legal reserves	218,856	218,856
Statutory and other reserves	155,801	155,734
<b>TOTAL</b>	<b>374,657</b>	<b>374,590</b>

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

### 37.3. Revaluation Reserves from Revaluation of Intangibles, Property, Plant and Equipment

Structure of revaluation reserves from intangibles, property, plant and equipment	In RSD thousand	
	31/12/2016	31/12/2015
Revaluation reserves from revaluation of property:		
a) Revaluation reserves from revaluation of property - Energoprojekt office building	3,043,172	3,168,802
b) Revaluation reserves from revaluation of other property	1,213,752	1,127,301
<i>Total</i>	<i>4,256,924</i>	<i>4,296,103</i>
Revaluation reserves from revaluation of investment property	1,955,266	1,739,041
Revaluation reserves from revaluation of plant and equipment	153,200	176,620
<b>TOTAL</b>	<b>6,365,390</b>	<b>6,211,764</b>

- **Revaluation reserves from revaluation of property** in the amount of RSD 4,256,924 thousand relate to valuation of fair value of buildings (positive revaluation reserves) and application of IAS 12 – Income Taxes, 15% of revaluation reserves (negative aspect of revaluation reserves) (Note 26).

The revaluation reserves based on revaluation of property - Energoprojekt office building in the amount of RSD 3,043,172 thousand, relate to:

- the fair value booking effects of Energoprojekt office building as at December 31, 2014, in the amount of RSD 2,907,974 thousand;
- present value adjustment according to sq.m. of Energoprojekt office building, in the amount of RSD 672,228 thousand and

- 15% of income tax booking (the negative aspect of revaluation reserves) for the amount of deferred tax liabilities based on revaluation reserves, pursuant to IAS 12 – Income Taxes, in the amount of RSD 537,030 thousand.

The most significant amounts of revaluation reserves based on revaluation of other property in the amount of RSD 1,213,752 thousand relate to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja: RSD 399,393 thousand (a part of the “Cruz del Sur“ office building in Lima, Peru, business facilities, Lima, Peru, residential building in Kampala, Uganda and other facilities in Serbia and Peru);
- Energoprojekt Visokogradnja: RSD 253,251 thousand (buildings in Belgrade, in Vozdovac and in Stara Pazova);
- I.N.E.C. Engineering Company Limited, Great Britain: RSD 188,837 thousand (an office building in London);
- Energo (Private) Limited, Zimbabwe: RSD 85,276 thousand (business and residential buildings in Harare, Zimbabwe) and
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 79,293 thousand (business and residential buildings in Lusaka, Zambia).

• **Revaluation reserves from revaluation of investment property** in the amount of RSD 1,955,266 thousand relate to the adjustment of fair value of such investment properties, and specifically, primarily to the following companies of the system Energoprojekt:

- Zambia Engineering and Contracting Company Limited, Zambia: RSD 1,071,291 thousand (business and residential facility in Zambia);
- Dom 12 S.A.L, Liban: RSD 540,422 thousand (an office building in Moscow);
- Energoprojekt Niskogradnja: RSD 144,624 (a part of the “Cruz del Sur“ office building in Peru) and
- Energoprojekt Visokogradnja: RSD 108,333 thousand.

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

Structure of unrealized gains from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	In RSD thousand	
	31/12/2016	31/12/2015
Unrealized gains on transaction of financial statements for international operations	432,474	450,976
<b>TOTAL</b>	<b>432,474</b>	<b>450,976</b>

• **Unrealized gains on transaction of financial statements for international operations** in the amount of RSD 432,474 thousand relate primarily to Energoprojekt Entel, Energoprojekt Visokogradnja, Dom 12 S.A.L, Lebanon, I.N.E.C. Engineering Company Limited, Great Britain and Encom GmbH Consulting, Engineering & Trading, Germany.

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

Structure of unrealized losses from securities and other components of other comprehensive result (debit balances under account class 33 except 330)	In RSD thousand	
	31/12/2016	31/12/2015
Unrealized losses on securities available for sale	30,226	30,504
<b>TOTAL</b>	<b>30,226</b>	<b>30,504</b>

- **Unrealized losses on securities available for sale** in the amount of RSD 30,226 thousand, which predominantly relate to Energoprojekt Holding in the amount of RSD 28,869 thousand, were recorded based on the adjustment of value of securities in Company portfolio with their fair value in the secondary securities market as at the financial statements date (the negative effect of which could not be covered with the positive effects of the change in the fair value of the security in question).

### 37.6. Retained Earnings

Structure of retained earnings	In RSD thousand	
	31/12/2016	31/12/2015
Retained earnings from previous years:		
a) Balance as at January 1	6,481,980	5,402,867
b) Changes	(161,744)	31,623
<i>Total</i>	6,320,236	5,434,490
Retained earnings from the current year	1,150,467	1,047,490
<b>TOTAL</b>	<b>7,470,703</b>	<b>6,481,980</b>

- Total change of **retained earnings** of the current year in the amount of RSD 988,723 thousand mainly came as a result of the net profit of the system Energoprojekt in the reporting period, in the amount of RSD 1,150,467 thousand, decreases based on the distribution of retained earnings (dividend payments in Energoprojekt Holding, Energoprojekt Oprema, Energoprojekt Entel and in Energoprojekt Garant), in the amount of RSD 309,530 thousand, FX differences between the opening balance of the retained earnings of the companies abroad in the amount of RSD 156,496 thousand (primarily of Energoprojekt Entel in Qatar, Oman and UAE, and also due to the rise of the value of local currencies linked to USD, in relation to RSD).

### 37.7. Non-Controlling Interest

Non-controlling interest	In RSD thousand	
	31/12/2016	31/12/2015
Non-controlling interest - in equity capital	164,365	165,090
<b>TOTAL</b>	<b>164,365</b>	<b>165,090</b>

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

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

Structure of non-controlling interest for total capital of the Companies with shares of minority shareholders	<i>in RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Equity capital	6,056,843	6,059,100
Non-controlling interest - in equity capital	(164,365)	(165,090)
<i>Total equity capital</i>	<i>5,892,478</i>	<i>5,894,010</i>
Reserves	374,657	374,590
Non-controlling interest - in reserves	(21,306)	(21,297)
<i>Total reserves</i>	<i>353,351</i>	<i>353,293</i>
Revaluation reserves from revaluation of intangibles, property, plant and equipment	6,365,390	6,211,764
Non-controlling interest - in revaluation reserves	(292,309)	(303,808)
<i>Total revaluation reserves from revaluation of intangibles, property, plant and equipment</i>	<i>6,073,081</i>	<i>5,907,956</i>
Unrealized gains from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	432,474	450,976
Non-controlling interest - in unrealized gains	(6,816)	(15,975)
<i>Total unrealized gains from securities and other components of other comprehensive result</i>	<i>425,658</i>	<i>435,001</i>
Unrealized losses from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	30,226	30,504
Non-controlling interest - in unrealized losses	(994)	(1,017)
<i>Total unrealized losses from securities and other components of other comprehensive result</i>	<i>29,232</i>	<i>29,487</i>
Retained earnings	7,470,703	6,481,980
Non-controlling interest - in retained earnings	(931,298)	(853,821)
<i>Total retained earnings</i>	<i>6,539,405</i>	<i>5,628,159</i>
<b>Tota capital of the companies with shares of majority shareholders</b>	<b>19,254,741</b>	<b>18,188,932</b>
Non-controlling interest - in total capital	1,415,100	1,358,974
<b>TOTAL CAPITAL</b>	<b>20,669,841</b>	<b>19,547,906</b>

**38. LONG-TERM PROVISIONS**

Structure of long-term provisions	<i>in RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Provisions for warranty period costs	400,624	491,826
Provisions for wages and other employee benefits	271,419	270,777
Other long-term provisions	33,312	374,863
<b>TOTAL</b>	<b>705,355</b>	<b>1,137,466</b>

- **Provisions for wages and other employee benefits** (provisions for non-due retirement bonuses), are disclosed based on actuarial calculation of the system Energoprojekt expert team.

In the projection of provision calculation pursuant to IAS 19 the deductive approach was used, meaning that all the Companies from the system Energoprojekt 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.

An increase of the provision amount based on current retirement bonus values (by 0.43%) in the balance sheet as at December 31, 2016 in comparison to the retirement bonus values in the balance sheet as at December 31, 2015, was the result of several changed factors:

- On one hand, changes of some factors affect the increase of the provision amount (increase in the average expected retirement bonus by 3.53% and an 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 (a decrease in average number of years spent in the company by 2.71%).

In addition to the above mentioned, the change in the provision structure per individual companies came as the result of the change in the aliquot part of the number of employees in individual companies against the total number of employees in the entire Company.

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 **7%** was accepted as the **annual discount rate**.

In the paragraph 83, 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 October 19, 2016 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 4.20%. Since it is an EURO security, by taking into account the estimated inflation in the Euro zone (Source: the Government of the Republic of Serbia "Fiscal Strategy for 2017 with Projections for 2018 and 2019), by extrapolating the yield curve for a longer period (since the maturity of the reference securities is shorter (15 years) than the average estimated maturity of the benefit payment that is subject to this calculation), in view of the requirements from paragraph 86, IAS 19, a realistic annual yield of 4% was adopted.

**The annual expected salary growth** in the Republic of Serbia was planned at the level of **4%**.

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 2018, adopted at the 14<sup>th</sup> meeting of the National Bank of Serbia Executive Board on October 10, 2016, in addition to other things, determines the target inflation rate for 2017 of 3%, 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 2015 and 2016, 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 3%. From the above stated, it can be concluded that the planned long-term annual growth in real salaries in the Republic of Serbia is 1%, which is, bearing in mind the planned growth in domestic product in the following period (Source: the Government of the Republic of Serbia "Fiscal Strategy for 2017 with Projections for 2018 and 2019), realistically achievable.

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 4% and long-term annual discount rate of 7%, assumes the same, unchanged inflation rate in future. This assumption is requested in the paragraph 78 of IAS 19.

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

Structure of long-term provisions	In RSD thousand	
	Costs of provisions during warranty period	Other provisions
<b>Balance as at January 1, 2015</b>	<b>454,572</b>	<b>358,827</b>
Additional provisions	186,281	16,036
Used during the year	(25,433)	-
Release of unused provision amounts	(164,634)	-
Differences in foreign exchange rates	41,040	-
<b>Balance as at January 1, 2016</b>	<b>491,826</b>	<b>374,863</b>
Additional provisions	216,453	15,546
Used during the year	(68,698)	-
Release of unused provision amounts	(259,283)	(357,097)
Differences in foreign exchange rates	20,326	-
<b>Balance as at December 31, 2016</b>	<b>400,624</b>	<b>33,312</b>

• **Provisions for warranty period** in the amount of RSD 400,624 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 378,318 thousand disclosed based on the provisions within Energoprojekt Entel LTD, Qatar based on projects Phase 11, Phase 12 and GTC 385 performed by Qatar General Electricity and Water Corporation „KAHRAMAA “.

Costs of provisions during warranty period was performed based on the best Management assessment and based on the previous experiences and is expected to be payable in a period of less than 5 years. Final amount of liability to be paid may differ from the provision amount, depending on the future developments. These provisions are not discounted, since the impact of such discount is of no material significance.

Comparing to the previous reporting period, the decrease in the said provisions in the amount of RSD 31,637 thousand, on the one hand came as result of unused reserves deleting in the amount of RSD 235,011 thousand in Energoprojekt Entel LTD Qatar: RSD 158,975 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 76,036 thousand (Note 21.1) and on the other by the increase in relation to additional provision in the amount of RSD 184,142 thousand within Energoprojekt Entel LTD Qatar (Note 17) and recording of FX gains, in the amount of RSD 19,232 thousand (considering the activities abroad introducing in financial records of the company, pursuant to IFRS 21 – Effects of Changes in Foreign Exchange Rates);

- Energoprojekt Oprema in the amount of RSD 18,340 thousand, performed in 2015, for „Prokop“ project: RSD 12,347 thousand, „TENT“ Obrenovac: RSD 2,813 thousand, „Prelaz preko Dunava“: RSD 1,184 thousand and „DV Belgrade Pancevo“: RSD 1,996 thousand.

The Company usually provides guarantee for its products for the period of 1-5 years, depending on the project in question. Management assessed the provisions costs for the future warranty claims based on information about such claims from the previous periods, as well as based on the recent trends that may provide some indication that information on the costs from the past may differ from the future claims.

Comparing to previous year, a decrease of related reserves in the amount of RSD 36,558 thousand relate to unused reserves deleting, emerged in 2015 for project Prokop, in the amount of RSD 24,272 thousand and utilization of provisions in the amount of RSD 12,286 thousand (for projects Prokop: RSD 2,301 thousand, TENT Obrenovac: RSD 9,578 thousand, Prelaz preko Dunava: RSD 180 thousand and DV Belgrade Pancevo: RSD 272 thousand).

- Energoprojekt Visokogradnja in the amount of RSD 3,966 thousand, for project Z-096 Forte bank, Astana completed in 2016. The provision will be closed quartaly in the next two years.

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

Comparing to reported period, decrease of related provisions in the amount of RSD 23,007 thousand was recorded, on one hand, by reduction of utilization of provision the amount of RSD 56,412 thousand (entirely for the project Z-091 Schlumberger, Astrakhan, Russia: RSD 11,686 thousand and partial utilization of provision for the project Z-096 Forte Bank, Astana, Kazakhstan: RSD 44,726 thousand), and, on other hand, by increase in costs of provision in 2016 in the amount of RSD 32,311 thousand (for the project Z-096 Forte Bank, Astana, Kazakhstan) and FX gains in the amount of RSD 1,094 thousand.

- **Other long-term provisions** in the amount of RSD 33,312 thousand relate to Energoprojekt Garant predominantly on allocation for risk equalization reserves in the amount of RSD 28,996 thousand.

Compared to previous year decrease in other long-term provisions by RSD 341,551 thousand, on one hand, is caused by reduction of reversal unused provisions as at 31.12.2016 in the amount of RSD 357,097 thousand within Energoprojekt Holding in the amount of RSD 260,000 thousand (deleted provisions formed in 2006 for possible costs incurred in realization of the Agreement on Joint Construction in Block 26, Novi Beograd no. 507, signed between the Consortium „Energoprojekt - Napred "and Trinity Capital Ltd.) and within Energoprojekt Niskogradnja in the amount of RSD 97,097 thousand (deleted provisions formed in 2006 for possible liability to the company MCC, China project Z-0163 Navigation Lock, Iraq) (Note 21.1. ) and on other hand, the increase in provision costs in 2016 within Energoprojekt Garant in the amount of RSD 15,546 thousand (primarily provision for risk leveling in the amount of RSD 15,011 thousand).



**39. LONG-TERM LIABILITIES**

Structure of long-term liabilities	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Long-term credits and loans domestic	614,027	218,927
Long-term credits and loans foreign countries	226,661	215,266
Long term liabilities from financial leasing	68,901	122,071
Other long-term liabilities	202,445	2,161,284
<b>TOTAL</b>	<b>1,112,034</b>	<b>2,717,548</b>
Part of long-term liabilities with maturity date up to one year (Note 40.3.)	294,157	535,007

**39.1. Long-Term Credits and Loans**

Structure of long-term credits and loans	<i>in RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
<b><u>In the country:</u></b>		
a) Long-term loans granted by banks in the country:		
Societe Generale banka	-	218,927
Erste banka	303,552	-
Komercijalna banka	94,300	-
Jubmes banka	216,175	-
<b>Total</b>	<b>614,027</b>	<b>218,927</b>
b) Long-term loans granted by other entities in the country		
<i>Total - loans domestic</i>	<i>614,027</i>	<i>218,927</i>
<b><u>Abroad:</u></b>		
Long-term loans granted by other entities abroad	226,661	215,266
<i>Total - loans abroad</i>	<i>226,661</i>	<i>215,266</i>
<b>TOTAL</b>	<b>840,688</b>	<b>434,193</b>

- **Long-term loans granted by banks in the country** in the amount of RSD 614,027 thousand entirely relate to Energoprojekt Sunnyville in the amount of RSD 303,552 thousand (Erste Bank), Energoprojekt Visokogradnja in the amount of RSD 216,175 dinars (Komercijalna banka) and Energoprojekt Niskogradnja in the amount of RSD 94,300 thousand (Komercijalna Banka).

Long-term loans granted by the domestic banks as at December 31, 2016 are presented in the following tables, categorized as liabilities with maturity date up to one year (posted within other short-term liabilities, Note 40.3.) and as liabilities with maturity date longer than one year (posted within long-term loans), as well as maturity dates of the long-term loans and currencies in which such loans were denominated broken down per individual companies of the system Energoprojekt to which such long-term loans relate.

Energoprojekt Holding Plc., Belgrade

Creditor	Interest rate	In RSD thousand			
		31/12/2016		31/12/2015	
		Long-term liability	Short-term liability	Long-term liability	Short-term liability
Energoprojekt Sunnyville					
Erste banka	3m Euribor + 3.5% ann.	303,552			
Svega		303,552	-	-	-
Energoprojekt Visokogradnja:					
VTB banka	3 M Euribor + 5.3% ann.				176,358
Societe Generale banka	5.15% ann.				71,712
Societe Generale banka	3m Euribor + 4% ann.			218,927	72,976
Jubmes banka	3.5% ann.	216,175	134,980		
<b>Total</b>		<b>216,175</b>	<b>134,980</b>	<b>218,927</b>	<b>321,046</b>
Energoprojekt Niskogradnja					
Komercijalna banka	1M Bellibor + 1.20% ann.	94,300	28,700		
<b>Total</b>		<b>94,300</b>	<b>28,700</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>		<b>614,027</b>	<b>163,680</b>	<b>218,927</b>	<b>321,046</b>

Structure of long-term loans' maturity dates	in RSD thousand	
	31/12/2016	31/12/2015
1 to 2 years	614,027	-
2 to 5 years	-	218,927
<b>TOTAL</b>	<b>614,027</b>	<b>218,927</b>

Structure of accounting liabilities for long-term loans granted to Company as per denomination currency	in RSD thousand	
	31/12/2016	31/12/2015
RSD	94,300	-
EUR	519,727	218,927
<b>TOTAL</b>	<b>614,027</b>	<b>218,927</b>

- **Long-term loans granted by other companies abroad** in the amount of RSD 226,661 thousand relate to Energoprojekt Niskogradnja, based on liabilities towards associates engaged on the former SFRY Republics on the HPP Banieya II Project in Guinea (USD 1,935 thousand). Since the succession process of former SFRY Republics is not completed and in view of the principle of prudence, the management of the Company is of the opinion that conditions for the write-off of the said liabilities have not yet been met at the moment.

### 39.2. Long Term Liabilities from Financial Leasing

Structure financial leasing liabilities	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Financial leasing liabilities	68,901	122,071
<b>TOTAL</b>	<b>68,901</b>	<b>122,071</b>

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

Of the total long-term financial lease liabilities amounting to RSD 68,901 thousand, the largest share in the amount of RSD 60,221 thousand relate to Energoprojekt Niskogradnja.

Detailed information on total financial lease (long-term as well as short-term) liabilities of the Energoprojekt Niskogradnja is presented in the following table.

Creditor	Currency	Outstanding debt in currency	Outstanding debt in RSD thousand	Repayment and maturity date	Annual interest rate
<i>Lease liabilities in the country:</i>					
Sogelease	EUR	941,638	116,266	monthly until 15.10.2019	6m Euribor + margins 2.99% - 4.23%
Unicredit Leasing	EUR	458,138	56,568	monthly until 11.09.2018	3m Euribor + 4.20%
<b>Total</b>			<b>172,834</b>		
<i>Lease liabilities abroad:</i>					
Banco Financiero leasing, Peru	USD	112,916	13,226	monthly until 25.11.2018	6.25%
<b>Total</b>			<b>13,226</b>		
<b>TOTAL</b>			<b>186,060</b>		

Financial lease liabilities of Energoprojekt Niskogradnja denominated in RSD as at December 31, 2016 are presented in the following table, broken down into:

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

Creditor	<i>In RSD thousand</i>	
	<i>Long-term liability</i>	<i>Short-term liability</i>
Sogelease, Srbija	47,880	68,386
UniCredit Leasing, Serbia	5,842	50,744
Banco Financiero Leasing, Peru	6,517	6,709
<b>TOTAL</b>	<b>60,221</b>	<b>125,839</b>

Structure of financial leasing liabilities per maturity dates	<i>u 000 dinara</i>	
	<i>Present Value</i>	<i>Future Value</i>
Up to 1 year	125,839	127,382
1 to 5 years	60,221	65,348
More than 5 years		
<b>TOTAL</b>	<b>186,060</b>	<b>192,730</b>

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

### 39.3. Other Long-Term Liabilities

Structure of other long-term liabilities	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Other long-term liabilities	202,445	2,161,284
<b>TOTAL</b>	<b>202,445</b>	<b>2,161,284</b>

• **Other long-term liabilities** in the amount of RSD 202,445 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Sunnyville in the amount of RSD 173,182 thousand comprising of the liability from the Agreement on purchase of 85,6a of construction land that is due and mature in 6 (six) equal monthly instalments starting from May 2018;
- Energoprojekt Niskogradnja in the amount of RSD 27,915 thousand that relate in their entirety to the portion of total liabilities for advances received with the due date of January 1, 2018, in compliance with the adopted schedule of works and advance payments repayment schedule for the Project „Z-034 Put Puerto Bermudez“, Peru; and
- Energoprojekt Visokogradnja in the amount of RSD 1,348 thousand relate to guarantee deposited money in accordance with Agreement made with Putevi Invest LTD on the Project Prokop.

Decrease in other long-term liabilities compared to the previous year, amounting to RSD 1,958,839 thousand, primarily is the result of reduction in liabilities for advances received within Energoprojekt Niskogradnja in the amount of RSD 1,877,874 thousand (projects Lajkovac - Ljig, Z-027 Mpiji Kanoni Uganda and Z-034 Put Puerto Bermudez Peru) and reduction within Energoprojekt Visokogradnja in the amount of RSD 83,554 thousand, considering that obligations to former land owners who sold land for construction residential and commercial property, and thus the Company assumed the obligation to provide properties that will be built in Car Nikolaj street in Belgrade (in the amount of projected future cost price of property of RSD 84,902 thousand, which in the reporting year was transferred to current liabilities). The liability was settled on 31.12.2016 and properties provided to old owners.

**40. SHORT-TERM FINANCIAL LIABILITIES**

Structure of short-term financial liabilities	In RSD thousand	
	31/12/2016	31/12/2015
Short-term credits and loans in the country	3,728,809	3,163,179
Short-term credits and loans abroad	986,438	154,864
Other short-term financial liabilities:		
a) Portion of long-term liabilities with maturity dates up to one year	294,157	538,381
b) Other short-term financial liabilities	201	201
Total	294,358	538,582
<b>TOTAL</b>	<b>5,009,605</b>	<b>3,856,625</b>

**40.1. Short-Term Credits and Loans Domestic**

Structure of short-term credits and loans in the country	In RSD thousand	
	31/12/2016	31/12/2015
Short-term loans granted by banks in the country:		
a) Loans in RSD	2,010,609	1,100,844
b) Loans with foreign currency clause	1,718,200	2,062,335
<b>TOTAL</b>	<b>3,728,809</b>	<b>3,163,179</b>

• **Short-term loans granted by banks in the country** in the amount of RSD 3,728,809 thousand relate to the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 1,706,474 thousand, and specifically:

• RSD loans granted by Unicredit bank and Alpha bank in the amount of RSD 1,036,019 thousand; interest rates ranging from 1m Belibor + 1.10% to 1m Belibor + 1.20% per annum; and

• Loans with foreign currency clause (in EUR) granted by Unicredit bank, Addiko bank, Sberbank and Societe Generale Bank in the amount of RSD 670,455 thousand; interest rates ranging from 3m Euribor + 3% per annum to 2.8% per annum;

- Energoprojekt Niskogradnja in the amount of RSD 1,120,686 thousand, namely:

• RSD loan granted by Societe General bank, Unicredit bank, Komercijalna banka and OTP Bank in the amount of RSD 798,423 thousand; interest rate 1m Belibor + 1,2% per annum and

• Loan with the foreign currency clause (in EUR) granted by Societe Generale Bank, Addiko Bank, Piraeus Bank and Raiffeisen Bank in the amount of RSD 322,263 thousand, interest rate from 1m Euribor + 2,7% per annum to 3m Euribor + 3,25% per annum;

- Energoprojekt Holding in the amount of RSD 638,307 thousand, and specifically:

• RSD loan granted by Alpha bank in the amount of RSD 30,000 thousand; interest rate 1m Belibor + 1.1% per annum and

• Loan with foreign currency clause (in EUR) in the amount of RSD 608,307 thousand granted by Erste

bank, Addiko Bank and Eurobank interest rate from 3m Euribor + 3.25% to 3m Euribor + 3.75% per annum;

- Energoprojekt Energodata in the amount of RSD 152,217 thousand, namely:

- RSD loans granted by the Alpha bank and Jubmes Bank, with the interest rate from 1m Belibor + 1.1% to 6.0% per annum, and
- Loan with the foreign currency clause (in EUR) granted by Societe Generale Bank and Jubmes Bank in the amount of RSD 6,050 thousand, interest rate from 2.80% to 3.5% per annum;

- Energoprojekt Hidroinženjering in the amount of RSD 111,125 thousand, namely:

- Loans with FX clause (EUR) granted by the Societe Generale bank, Jubmes Bank and Addiko bank, with the interest rate from 2.80% to 3.50% per annum.

Repayment of short-term loans granted by domestic banks are secured by bonds provided by borrowers of credit lines and guarantee provided by Energoprojekt Holding.

Net book value of short-term loans denominated in currencies is presented in the following table.

Structure of book value of short-term credit and loans in the country denominated in foreign currencies	In RSD thousand	
	31/12/2016	31/12/2015
RSD	2,010,609	1,100,844
EUR	1,718,200	2,062,335
<b>TOTAL</b>	<b>3,728,809</b>	<b>3,163,179</b>

#### 40.2. Short-Term Credits and Loans Foreign Countries

Structure of short-term credits and loans abroad	In RSD thousand	
	31/12/2016	31/12/2015
Short-term loans granted by foreign banks	985,412	154,864
Short-term loans granted by other legal and physical persons abroad	1,026	
<b>TOTAL</b>	<b>986,438</b>	<b>154,864</b>

- **Short-term loans granted by foreign banks** in the amount of RSD 985,412 thousand relate to Energoprojekt Niskogradnja in the amount of RSD 644,477 thousand (loans granted by the commercial banks in Peru and Uganda, as presented in the following table), to Energoprojekt Visokogradnja in the amount of RSD 311,960 thousand (within Energoprojekt Ghana Ltd., Accra, Ghana, based on overdraft with banks), to Energoprojekt Entel in the amount of RSD 6,314 thousand (within Energoprojekt Entel LLC, Muscat, Sultanate of Oman based on overdrafts) and Zambia Engineering and Contracting Company Limited, Zambia in an amount of RSD 2,661 thousand (based on overdraft).

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

Bank	Currency	Outstanding debt balance in foreign currency	Outstanding debt balance in RSD thousand	Repayment and maturity date	Annual interest rate
Standard Chartered Bank, Uganda	USD	673,593	78,901	31.03.2017	11.00%
Standard Chartered Bank, Uganda	USD	350,000	40,997	28.03.2017	11.00%
Standard Chartered Bank, Uganda	USD	700,000	81,995	05.05.2017	11.00%
Standard Chartered Bank, Uganda	USD	883,965	103,543	07.06.2017	11.00%
Banco Financiero, Peru	SOL	674,868	23,527	monthly to 18.08.2017	7.35%
Banco Financiero, Peru	SOL	1,012,102	35,283	monthly to 22.08.2017	7.35%
Banco Financiero, Peru	SOL	1,000,000	34,862	19.01.2017	6.70%
Banco Financiero, Peru	SOL	1,500,000	52,293	19.01.2017	6.70%
Scotiabank, Peru	SOL	300,000	10,459	14.01.2017	6.75%
Scotiabank, Peru	SOL	350,000	12,202	14.01.2017	6.75%
Scotiabank, Peru	SOL	500,000	17,431	18.01.2017	6.75%
Scotiabank, Peru	SOL	450,000	15,688	18.01.2017	6.75%
Banco GNB, Peru	SOL	1,500,000	52,293	26.01.2017	6.95%
Banco GNB, Peru	SOL	1,500,000	52,293	09.02.2017	6.95%
Banco GNB, Peru	USD	350,000	40,997	26.01.2017	2.50%
Banco GNB, Peru	USD	100,000	11,713	14.03.2017	2.50%
<b>TOTAL</b>			<b>664,477</b>		

Repayment of loans granted by banks in Peru is secured by lien on land and buildings of the Company (Note 46).

#### 40.3. Other Short-Term Financial Liabilities

Structure of other short-term financial liabilities	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Portion of long-term loans with maturity date up to one year:		
a) Portion of long-term loans in the country and abroad with maturity date up to one year	163,680	364,754
b) Financial lease liabilities with maturity date up to one year	130,477	173,627
<i>Total</i>	<i>294,157</i>	<i>538,381</i>
Other short-term financial liabilities	201	201
<b>TOTAL</b>	<b>294,358</b>	<b>538,582</b>

• **Portion of long-term loans domestic and foreign with maturity date up to one year** in the amount of RSD 163,680 thousand relate to the following Companies of the system Energoprojekt (Note 39.1).

- Energoprojekt Visokogradnja in the amount of RSD 134,980 thousand, as presented in the following table.

Bank	Approval Date	Maturity Date Dospeća	Currency	Approved Amount in foreign currency	Outstanding Balance in RSD thousand	Interest Rate	One-of f Rate	Collateral
Jubmes banka	26.06.2016 29.06.2019	at the end of each quartal	EUR	2,400,000	118,533	3.5 % per annum	0.15%	EP Holding, EP Niskogradnja, EP Oprema EP Hidroinženjering, EP Energodata and EP Industrija
Jubmes banka	05.08.2016/ 05.08.2019	05.05.2005. 08.2017 05.11.2017.	EUR	444,000	16,447			
<b>TOTAL</b>					<b>134,980</b>			

- Energoprojekt Niskogradnja in the amount of RSD 28,700 thousand that relate to long-term loans granted by Komercijalna Banka, with maturity up to one year (in RSD, with interest rate of 5,69%).

• **Financial lease liabilities with maturity dates up to one year** in the amount of RSD 130,477 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 125,839 thousand (Note 39.2).

#### 41. RECEIVED ADVANCES, DEPOSITS AND BONDS

Structure of received advances, deposits and bonds	In RSD thousand	
	31/12/2016	31/12/2015
Advances received from other related companies	317,113	245,808
Advances received from other legal entities in the country	2,515,321	2,028,298
Advances received from other legal entities, abroad	5,166,346	3,198,971
Deposits received, abroad	8,129	3,600
<b>TOTAL</b>	<b>8,006,909</b>	<b>5,476,677</b>

• **Advances received from other related companies** in the amount of RSD 317,113 thousand relate to liabilities towards Energo Nigeria Ltd., Lagos, Nigeria, recorded predominantly within Energoprojekt Oprema in the amount of RSD 316,905 thousand.



• **Advances received from other legal entities in the country** in the amount of RSD 2,515,231 thousand mostly relate to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 1,392,887 thousand for advances received on the Projects “Lajkovac-Ljig” (China Standong International E&T Branch Belgrade): RSD 1,360,285 thousand, “Kolubara” (PC Elektroprivreda Srbije): RSD 27,944 thousand etc;

- Energoprojekt Oprema in the amount of RSD 591,839 thousand for the advances received from the Investor for the “DV Pancevo - Rumunska granica“: RSD 308,634 thousand, Kolubara Deponija: RSD 275,689 thousand and other projects; and

- Energoprojekt Visokogradnja in the amount of RSD 511,100 thousand for the advances received from investor for the project Belgrade Waterfront: RSD 502,780 thousand and others.

• **Advances received from other legal entities, abroad** in the amount of RSD 5,166,346 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 2,162,190 thousand for performance of works for the Investors, primarily within the Project of Z-103 Talan Towers Astana: RSD 1,052,134 thousand and based on the advances received in the Energoprojekt Ghana Ltd., Accra, Ghana: RSD 1,105,885 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 1,599,011 thousand for advances received in Uganda in the amount of RSD 621,721 thousand (for Projects Z-027 Mpigi Kanoni, Uganda, Z-036 Streets in Kampali Kawempe Lubaga, Uganda and other) and in Peru in the amount of RSD 977,290 thousand (for project „Z-034 Put P. Bermudez“) and

- Energoprojekt Oprema in the amount of RSD 1,249,089 thousand, primarily within the Project Energocentar Minsk, Belarus in the amount of RSD 1,246,805 thousand.

• **Deposits received, abroad** in the amount of RSD 8,129 thousand relate mainly to Energoprojekt Niskogradnja, based on the deposits received for the rent of apartments in the „Cruz del Sur“ in Peru in the amount of RSD 3,042 thousand and to Energoprojekt Hidroinženjering based on the deposits for security guarantee for the project Machu Pichu, Peru by Integral partner (will be returned to the partner after completion and when the client release all guarantees under this contract) in the amount of RSD 2,000 thousand.

## 42. OPERATING LIABILITIES

Structure of operating liabilities	In RSD thousand	
	31/12/2016	31/12/2015
Suppliers - other affiliated companies, abroad	6,066	5,975
Suppliers, local	2,784,572	2,182,699
Suppliers, abroad	1,958,315	1,642,578
Other operating liabilities	219,327	17,385
<b>TOTAL</b>	<b>4,968,280</b>	<b>3,848,637</b>

- **Suppliers – other affiliated companies, abroad** in the amount of RSD 6,066 thousand relate to the liabilities of the Energoprojekt Oprema towards Energo Nigeria Ltd., Lagos, Nigeria.
- **Suppliers, local** in the amount of RSD 2,784,572 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 1,504,843 thousand, to Energoprojekt Oprema in the amount of RSD 724,902 thousand, to Energoprojekt Visokogradnja in the amount of RSD 488,825 thousand and Energoprojekt Energodata in the amount of RSD 29,134 thousand.

Suppliers, local - companies within system Energoprojekt with largest liabilities for trade payables as at the balance date are broken down in the following table.

Structure of suppliers in the country	in RSD thousand	
	31/12/2016	31/12/2015
<b><i>Energoprojekt Niskogradnja:</i></b>		
Nukleus Ltd.	693,163	329,727
Geosonda Fundiranje Plc.	166,939	54,103
Hidrotehnika Hidroenergetika Plc.	95,662	18,605
Atlas Copco Plc., Belgrade	72,988	6,707
Evrogradnja Plc.	53,980	74,713
Europolis Plus Plc.	33,019	4,700
Erozija Plc., Valjevo	20,415	
Ingrap Omni Plc.	19,260	289,314
Other	349,417	536,677
<b>Total</b>	<b>1,504,843</b>	<b>1,314,546</b>
<b><i>Energoprojekt Oprema:</i></b>		
Energotehnika - Južna Bačka, Novi Sad Ltd.	278,321	29,032
Blue line Ltd.	194,666	-
Hidro-tan Ltd., Belgrade	48,426	-
Coptech Ltd., Belgrade	32,398	-
Energomontaža Plc.	30,000	36,881
IEE Ltd., Novi Sad	22,404	-
GP Planum Plc.	21,254	-
Termoco Plat Ltd., Pančevo	16,350	21,274
Other	81,083	283,537
<b>Total</b>	<b>724,902</b>	<b>370,724</b>
<b><i>Energoprojekt Visokogradnja:</i></b>		
Metalfer Steel Mill Ltd.	154,005	-
Beton plus Ltd.	59,969	-
Normativ MR Ltd.	23,062	-
Brigate Ltd.	20,310	-
Crna Trava Gradnja Ltd.	15,070	-
Other	216,409	315,944
<b>Total</b>	<b>488,825</b>	<b>315,944</b>

- **Suppliers, abroad** in the amount of RSD 1,958,315 thousand relate primarily to Energoprojekt Entel in the amount of RSD 704,401 thousand (primarily within company Energoprojekt Entel LTD, Doha, Qatar: RSD 520,754 thousand, Energoprojekt Entel LLC Oman, Oman: RSD 100,799 thousand and Energo Consult LLC Abu Dhabi, UAE: RSD 80,812 thousand), Energoprojekt Visokogradnja in the amount of RSD 512,058 thousand (mainly, within Energoprojekt Ghana Ltd., Accra, Ghana: RSD 272,883 thousand and on projects Z-085 Uhta Russia: RSD 144,158 thousand, Z-103 Talan Towers, Astana, Kazakhstan: RSD 22,353 thousand and Z-088 Hyatt Hotel Rostov, Russia: RSD 24,480 thousand), Energoprojekt Niskogradnja in the amount of RSD 455,860 thousand (mainly in Uganda: RSD 280,481 thousand and in Peru: RSD 172,211 thousand) and Energoprojekt Oprema in the amount of RSD 215,814 thousand.

- **Other operating liabilities** in the amount of RSD 219,327 thousand predominantly refer to Energoprojekt Visokogradnja in the amount of RSD 191,889 thousand, primarily in the company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 191,708 thousand, based on obligations to subcontractors on the project Eco Bank, Ghana.

#### 43. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	In RSD thousand	
	31/12/2016	31/12/2015
Liabilities from special transactions - other legal entities	252,906	16,174
Liabilities for wages, fringe benefits and compensations	1,303,559	1,566,937
Other liabilities:		
a) Liabilities for interest and financing costs	6,952	4,389
b) Liabilities for dividends	127,861	126,724
c) Liabilities to employees	34,328	16,590
d) Liabilities to General Manager, or to management and Supervisory Board members	4,050	3,205
e) Liabilities to physical persons for contractual compensations	2,523	4,043
f) Liabilities for short-term provisions		5,294
g) Other various liabilities	32,466	35,137
<i>Total</i>	<i>208,180</i>	<i>195,382</i>
<b>TOTAL</b>	<b>1,764,645</b>	<b>1,778,493</b>

- **Liabilities from special transactions - other legal entities** in the amount of RSD 252,906 thousand, mainly relate to Energoprojekt Visokogradnja in the amount of RSD 238,432 thousand based on obligations to the company Belim Plc. according to verdict of the Commercial Court of Appeals from 29.12.2016, and Protocol no. 40/64 made between Energoprojekt Visokogradnja and Energoprojekt Holding.

- **Liabilities for wages, fringe benefits and compensations** in the amount of RSD 1,303,559 thousand (liabilities for net salaries and fringe benefits, taxes and contributions, liabilities to Chambers for salaries in the country and abroad, etc.) relate predominantly to Energoprojekt Entel in the amount of RSD

590,939 thousand (abroad: RSD 560,782 thousand, in the country: RSD 30,157 thousand), Energoprojekt Visokogradnja in the amount of RSD 323,638 thousand (abroad: RSD 215,037 thousand, in the country: RSD 108,601 thousand), Energoprojekt Niskogradnja in the amount of RSD 199,701 thousand (abroad: RSD 140,872 thousand, in the country: RSD 58,829 thousand), Energoprojekt Hidroinženjering in the amount of RSD 82,217 thousand (abroad: RSD 64,817 thousand, in the country: RSD 17,400 thousand) and Energoprojekt Oprema in the amount of RSD 38,154 thousand (abroad: RSD 4,107 thousand, in the country: RSD 34,047 thousand).

- **Liabilities for dividends** in the amount of RSD 127,861 thousand relate predominantly to Energoplast in the amount of RSD 90,499 thousand, Energoprojekt Entel in the amount of RSD 13,294 thousand (since the shareholders did not open accounts for their securities), Energoprojekt Holding in the amount of RSD 18,192 thousand (mainly, liabilities for dividends from previous period, not paid till today – probte proceedings, etc.) and Energoprojekt Oprema in the amount of RSD 5,202 thousand.
- **Other various liabilities** in the amount of RSD 32,466 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 14,447 thousand (liabilities to Company's Workers' Union, Social Security Fund for Employees, liabilities towards third persons based on withholding from net employees' salaries for statutory and administrative bans, etc.), and to Energoprojekt Visokogradnja in the amount of RSD 12,192 thousand (withholding from salaries for Union fees and charities, alimonies, etc.).

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

##### 44.1. Liabilities for Value Added Tax

Liabilities for value added tax	In RSD thousand	
	31/12/2016	31/12/2015
Liabilities for value added tax	521,871	559,499
<b>TOTAL</b>	<b>521,871</b>	<b>559,499</b>

- **Liabilities for value added tax** in the amount of RSD 521,871 thousand relate to the difference between the calculated tax and input tax, primarily in Energoprojekt Visokogradnja in the amount of RSD 389,443 thousand (mainly within Energoprojekt Ghana Ltd., Accra: RSD 350,610 thousand) and in Energoprojekt Niskogradnja in the amount of RSD 81,790 thousand.

##### 44.2. Liabilities for Other Taxes, Contributions and Fees Payable

Liabilities for other taxes, contributions and fees payable	In RSD thousand	
	31/12/2016	31/12/2015
Liabilities for income tax	689,964	654,522
Liabilities for other taxes, contributions and fees payable	86,186	201,131
<b>TOTAL</b>	<b>776,150</b>	<b>855,653</b>

- **Liabilities for income tax** in the amount of RSD 689,964 thousand relate primarily to Energoprojekt Entel in the amount of RSD 687,999 thousand.

Liabilities for income tax within Energoprojekt Entel in the amount of RSD 687,999 thousand primarily relate entirely to Energoprojekt Entel LTD, Doha, Qatar, based on the liabilities disclosed in 2011 for the expenses of the Head Office or for the Energoprojekt Entel for the period of 3 years (for 2008, 2009 and 2010) by the local Tax Administration in the amount of RSD 672,878 thousand. Namely, the local Tax Administration does not recognize the amount disclosed as costs for services rendered by the Energoprojekt Entel Company over the said period as costs, but is of the opinion that income tax should have additionally been paid on that amount as well. A lawsuit was initiated to resolve this issue and the outcome of this lawsuit is uncertain. The short term deposit with the Doha Bank includes cash earmarked and kept in case of a negative outcome of this lawsuit.

- **Liabilities for other taxes, contributions and fees payable** in the amount of RSD 86,186 thousand relate primarily to the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 35,453 thousand, the largest part of which relate to the unpaid liabilities for taxes and contributions for workers abroad in the amount of RSD 29,973 thousand, and within Energoprojekt Ghana Ltd., Accra, Ghana withholding tax liability amount RSD 2,204 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 30,733 thousand, mostly for income tax based on tax return for December 2016 in Peru: RSD 23,664 thousand (liabilities were settled in due time, in January 2017) and

- Energoprojekt Hidroinženjering in the amount of RSD 7,618 thousand, predominantly abroad (in Jordan, Peru and Republika Srpska), mostly based on income taxes.

Decrease for other taxes, contributions, fees and other liabilities, respecting the last year comparable period, in the amount of RSD 114,945 thousand, mainly came as a result of decrease of those liabilities within Energoprojekt Visokogradnja, in the amount of RSD 106,184 thousand, as a consequence of, mostly, decreased amount of taxes and contributions for workers abroad in the amount of RSD 71,905 thousand and decreased taxable income abroad within company Energoprojekt Ghana Ltd., Akra, Gana: RSD 28,942 thousand and with Energoprojekt Niskogradnja in the amount of RSD 9,728 thousand (primarily as less amount of taxable profit abroad compared to the previous year, and thus also liabilities of income tax in the country of work). Besides, in 2016, according to presented financial statements for 2015 abroad, the amount of advance payment for income tax in 2016 were increased comparing to recorder period last year, thus influencing on decrease of the remaining calculated income tax liabilities as at December 31, 2016.

**44.3. Accrued Expenses and Deferred Income**

Liabilities for accrued expenses and deferred income	In RSD thousand	
	31/12/2016	31/12/2015
Accrued expenses:		
a) Accrued expenses - other related companies		
b) Accrued expenses - other legal entities	1,806,859	1,113,969
<i>Total</i>	<i>1,806,859</i>	<i>1,113,969</i>
Deferred income - other legal entities	498,638	433,874
Other accruals	350,417	256,655
<b>TOTAL</b>	<b>2,655,914</b>	<b>1,804,498</b>

**Accrued expenses – other related companies** in the amount of RSD 1,806,859 thousand relate primarily to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 1,033,415 thousand from calculated cost of the period for which no invoices received in the accounting period, primarily on projects Energocentar Minsk, Belarus: RSD 934,740 thousand, Tunnel Sarani: RSD 41,491 thousand, DV Pancevo - Romanian border: RSD 36,992 thousand and RTB Bor: 20,192 thousand.

- Energoprojekt Niskogradnja in the amount of RSD 475,334 thousand, with no invoices received as at December 31, 2016 (cost calculation performed, mainly, based on invoices received in 2017 (for 2016), as well as valuation costs by experts for projects in the country and abroad, based on appropriate records: construction log, surveying, subcontractors demands for present situation verification etc.), mostly related to:

- Calculated costs in “Lajkovac – Ljig” project: RSD 291,252 thousand and Kolubara II phase: RSD 61,993 thousand (for December);

- Other calculated costs on projects in Serbia: RSD 6,850 thousand (primarily costs incurred in previous period for which up to the reporting date invoices are not received: RSD 4,000 thousand and costs of laboratory services on a project Tunel Sarani: RSD 1,442 thousand);

- Calculated costs for 2016 in Peru: RSD 41,183 thousand (primarily, cost of insurance works and property: RSD 13,670 thousand, cost of leasing machinery: RSD 6,901 thousand, legal advisory services: RSD 3,923 thousand, utilities: RSD 3,360 thousand, administrative costs of consortium (corresponding part of contractual obligations of the company): RSD 3,626 thousand, interest costs: RSD 2,808 thousand and etc.);

- Calculated costs for projects in Uganda: RSD 13,526 thousand (machinery rental costs: RSD 8,641 thousand, audit engagement: RSD 4,586 thousand and utilities: RSD 299 thousand); and

- Calculated costs for long-term liabilities interests towards other legal entities for project HE Banieya II, Guinea: RSD 60,348 thousand;

- Energoprojekt Visokogradnja in the amount of RSD 270,439 thousand relating to calculated costs abroad: RSD 269,519 thousand, mainly for the project „Z-096 Forte bank“, Astana: RSD 211,075 thousand (based on estimation, considering the fact that financial statement in Kazakhstan is to be presented till March 31, 2017) and in the country: RSD 920 thousand.

- **Deferred income – other legal entities** in the amount of RSD 498,638 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 409,163 thousand based on verified, but not registered, income from investors in 2016, for projects abroad: RSD 374,592 thousand (primarily on „Z-085 Uhta“, Russia: RSD 374,495 thousand) and in the country: RSD 34,571 thousand (Banka Intesa: RSD 19,260 thousand and Belgrade Waterfront: RSD 15,311 thousand) and;

- Energoprojekt Garant in the amount of RSD 87,856 thousand based on transferrable premiums.

- **Other accruals** in the amount of RSD 350,417 thousand relate predominantly to the following companies of the system Energoprojekt:

- Energoprojekt Garant in the amount of RSD 120,280 thousand based on outstanding claims in non-life insurance

- Energoprojekt Oprema in the amount of RSD 100,810 thousand, based on collected guarantees for Elwo, Poljska, in the amount of RSD 98,876 thousand and deferred VAT expenses of invoices in the amount of RSD 1,934 thousand and on the project EnergoCenter Minsk, Belorus; and

- Energoprojekt Niskogradnja in the amount of RSD 56,815 thousand, primarily based on accrued liabilities for VAT in Uganda: RSD 55,698 thousand and in the country: RSD 573 thousand.

#### 45. OFF BALANCE SHEET ASSETS AND LIABILITIES

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

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

Structure of off balance sheet assets and liabilities	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Issued and received guarantees and letters of credits	23,711,083	22,733,809
Construction land use rights	4,537,892	4,663,306
Other off balance sheet assets/liabilities	882,831	881,469
<b>TOTAL</b>	<b>29,131,806</b>	<b>28,278,584</b>

**46. MORTGAGES REGISTERED IN FAVOUR AND/OR AGAINST THE COMPANY**

- **Mortgages registered against companies of the system Energoprojekt**

- Energoprojekt Entel LTD, Doha, Qatar reserves the disposal and usufruct right with regard to the properties of total area of 4,488 m<sup>2</sup>, located on cadastral parcels number 65582, 65583, 65584, 65585, 65586, 65587, 65588, 65589 and 65590 with area of 10,736 m<sup>2</sup>, in Doha - Qatar, Zone 44, East Al Naija, Al Mumtaza Street Doha Qatar, registered owner is a local private individual. The owner has mortgaged the property in the “Doha Bank” as collateral for performance guarantees for Energoprojekt Entel L.L.C., Doha, Qatar company.

Mortgage registered against Energoprojekt Niskogradnja:

- In order to secure a credit line granted by the Scotiabank Peru, property was mortgaged for the amount of RSD 1,175,129 thousand (USD 10,032,240) which is 71.72% of the total appraised value of the property mortgaged. Appraisal was performed by an external independent qualified appraiser, “J.R.Z. Valuaciones S.A.C.” in Peru, which holds recognized and relevant professional qualifications and recent experience with property locations and categories appraised. This Appraiser was hired by the Scotiabank Peru.

- In order to secure a credit line granted by the Banco Financiero Peru, property was mortgaged for the amount of RSD 970,289 thousand (USD 8,283,492) which is 97.30% of the total appraised value of the property mortgaged. Appraisal was performed by an external independent qualified appraiser, “Layseca Asociados S.A.C.” in Peru, which holds recognized and relevant professional qualifications and recent experience with property locations and categories appraised. This Appraiser was hired by the Banco Financiero Peru.

Mortgage registered against Energoprojekt Niskogradnja is presented in the table below:

Property	sq. m	Book value	Appraised value	Appraised value
		In RSD thousand	In USD	In RSD thousand
<b>Mortgage 1- Sotiabank, Peru</b>				
Land - Camp Primavera, Sullana, Peru	95,907.47	29,479	6,233,986	730,220
Office facility in 16-18 floor in Lima, Peru	427.73	118,436	1,011,102	118,436
Cruz Del Sur building in Lima, Peru	4,295.38	789,842	6,742,989	789,842
<i>Total (100%)</i>		937,757	13,988,077	1,638,498
<b>Total (71.72%)</b>			<b>10,032,240</b>	<b>1,175,129</b>
<b>Mortgage 2 -Banco Financiero, Peru</b>				
Land - Santa Clara, Peru	23,009.70	18,601	8,513,589	997,242
<i>Total (100%)</i>		18,601	8,513,589	997,242
<b>Total (97.30%)</b>			<b>8,283,492</b>	<b>970,289</b>

- As a collateral for the advance payment and professional performance of work warranty at Sberbank Serbia Plc., Energoprojekt Oprema registered its right for receivables.



- The overdraft loan granted by the Indo-Zambia Bank to Zambia Engineering and Contracting Company Limited, Zambia was secured by a lien on the mortgage over the following property: Plot 3148 Mukwa Road, Zambia.
- Energoprojekt Holding pledged 100% share capital of Energoprojekt Sunnyville for securing receivable of Erste Bank ad, Novi Sad based on long-term construction loan approved to Energoprojekt Sunnyville.

- **Mortgages registered in favour of the companies of the system Energoprojekt**

- In Energoprojekt Niskogradnja as a collateral of receivables based on the advance paid to the Subcontractors' Consortium on Lajkovac- Ljig Project in compliance with the provisions of the Agreement on Subcontracting of Construction Works within the Lajkovac-Ljig Highway Construction Project, Section V: Lajkovac-Ljig, from km 53+139.91 to km 77+118.23 a first order mortgage was registered based on a final out-of-court order, namely, as a collateral for 50% receivables on fuel, euro-diesel, owned by the subcontractor to the maximum amount of RSD 328,663 thousand (USD 3,787,376.84),
- In Energoprojekt Holding:
  - As collateral to secure the repayment of loan pursuant to the Annex No. 9 of the Loan Agreement No. 367, in the amount of RSD 16.977 thousand (EUR 137 thousand), granted by the Company to Enjub Ltd, the extrajudicial mortgage for the entire loan amount was registered for apartments in 91A Juriša Gagarina Street, on the second and third floors, Cadastre lot No. 5089/9, Cadastral Municipality of New Belgrade, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality New Belgrade, in favour of the Company, and
  - As collateral to secure the repayment of the loan pursuant to the Annex No. 5 of the Agreement on Rescheduling of Approved Loan pursuant to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 147,907 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 Juriša Gagarina Street.

#### 47. COMMITMENT AND CONTINGENCIES

**Contingent liabilities** that can potentially result in an outflow of economic benefits of the Company can primarily arise from the lawsuits. **Contingent liabilities arising from lawsuits** are primarily reflected in the potential completion of lawsuits against the Company, yet no liability or provision was recorded in the balance sheet.

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

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

An overview of lawsuits is presented in the following tables. The presented amounts of lawsuits, with potential level of liabilities and receivables defined as at December 31, 2016, include principal amount only for each lawsuits.

Energoprojekt Holding Plc., Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
1.	Sreta Ivanišević	EP Holding Plc.	Compensation for expropriated property (Bezanija)	Uncertain	1st Basic Court in Belgrade	Uncertain	Uncertain First instance
2.	Vladan and Tomislav Krdžić	EP Holding Plc.	Damage compensation (free shares were not allotted to the Plaintiffs)	RSD 444,000,00	Commercial Court in Belgrade	2017	Unfounded, according to the Decision of the Court of first instance, the application was rejected; Court Decision on Plaintiffs' appeal is pending. Second instance proceedings
3.	Rajko Ljubojević	EP Holding Plc.	Expropriation 1957		1st Basic Court in Belgrade	2017	Uncertain First instance
4.	Kovacevic Pavle, Radmila i Milan	EP Holding Plc. and others	Compensation for expropriated land (in Block 26)	Amount not defined	Administrative Court in Belgrade	Uncertain	According to the Decision of RS MF, appeals against the Decision of the Court of first instance, according to which plaintiffs are entitled to pecuniary compensation for expropriated land, were rejected; an administrative lawsuit initiated.
5.	EP Holding Plc.	Zekstra grupa Ltd.	Damage compensation (roof repair in G. Delceva 38 Street)	EUR 7,032.68	Commercial Court in Belgrade	2017	According to Decision of the first instance Court EP Holding claim rejected. EP Holding appeal pending. Second instance proceedings
6.	EP Holding Plc.	Republika Srbija, EPS Srbije, Epsturs Ltd. and Rep. of Montenegro	Determining the ideal ownership share of the Park Hotel in Budva	Amount not defined	Basic court, Niksic	2017	Claim is grounded; first-instance court accepted the claim; in appeal Respondents Second instance proceedings

Energoprojekt Holding Plc., Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
7.	Direkcija za građevinsko zemljište	EP Holding Plc., NIS and Putnik Plc.	Claim for construction land for Hayat	Uncertain	Higher court in Belgrade	2017	First instance proceedings is pending – expert assessment
8.	EP Holding Plc.	Beogradsko mesovito preduzeće Plc.	Establishing the value of shares in forced sale procedure	RSD 638,825,892.39	Commercial Court in Belgrade	2017	Grounded First Instance decision fortified value of one share of the opposing party in the amount of RSD 1.448.584,79
9.	Goran Rakic	EP Holding Plc. and Kompresor automobili Ltd.	Ownership title to be determined	No amount	2nd Basic Court in Belgrade	2017	Ungrounded; first instance decision complaint is hereby deemed to be withdrawn; in appeal prosecutor Second instance proceedings
10.	EP Holding Plc.	Trinity capital Ltd.i GP Napred Plc.	Nullification of the contract for Block 26		Commercial Court in Belgrade	2017	Justified First instance proceedings
11.	EP Holding a.d	Ivan Musić	Damage compensation (repairing roof in 38 Goce Delčeva street)	250.61 EUR	Basic Court in Belgrade	2018	Justified First instance proceedings
12.	Radovanac Aleksandar and Nenad	EP Holding Plc. And others	Eviction from barracks in Visnjiceva Banja		Higher court in Belgrade	2017	Ungrounded for EP Holding First instance proceedings
13.	EP Visokogradnja Plc.	Vesna Perinčić	Debt	RSD 88,500.00	3rd Basic Court in Belgrade	2017	First instance verdict rejected our claim; in proceedings on our appeals Second instance proceedings
14.	EP Visokogradnja Plc.	Promex TV Zvornik	Debt	RSD 667,104.25	Commercial Court in Belgrade	2017	According to the final court decision, Plaintiff's claim was granted.

**Energoprojekt Holding Plc., Belgrade**

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
15.	Milan Branković	EP Visokogradnja Plc.	Annulment of a temporary employment contract		1st Basic Court in Belgrade	2017	Ungrounded, proceedings suspended until completion of lawsuit physical body against Enjub Ltd.
16.	EP Visokogradnja Plc.	Trudbenik gradnja in bankruptcy	Claim recognized in liquidation procedure	RSD 2,767,501.76	Commercial Court in Belgrade	Uncertain	Uncertain collection of claim.
17.	Đorđe Mikša	EP Visokogradnja Plc.	Contractual fine payment	RSD 512,000.00	1st Basic Court in Belgrade	2017	First instance court decision granted plaintiff's claim. EP Visokogradnja initiated appeal proceedings.
18.	Sladan Pavlović	EP Visokogradnja Plc.	Damage compensation	RSD 1,700,000.00	3rd Basic Court in Belgrade	2017	Our appeal was adopted and the case was returned for a new trial First instance procedure
19.	EP Visokogradnja Plc.	Cvitan Dragan	Debt	RSD 122,922.87	3rd Basic Court in Belgrade	2017	Grounded. Partially collected. Enforced performance pending.
20.	Nataša Milojević	EP Visokogradnja Plc.	Ownership title to be determined		1st Basic Court in Belgrade	The final completion in 2016; declared revision	By final judgment the claim is adopted; Appeal against the decision of revision
21.	EP Visokogradnja Plc.	Beton gradnja Ltd.	Debt	RSD 271,813.90	Commercial Court in Belgrade	2017	Grounded First-instance proceeding
22.	EP Visokogradnja Plc.	Alumaks sistemi d.o.o	Damage compensation (Block 29)	RSD 31,605,600.00	Commercial Court in Belgrade	2017	First instance court rejected claim in appeal of EP Visokogradnja  Second instance proceeding
23.	EP Visokogradnja Plc.	Veso Romić	Unfounded acquisition	RSD 35,301,780.00	Commercial Court in Belgrade	2017	Grounded In the process of forced execution
24.	EP Visokogradnja Plc.	JP Železnice, Beočvor	Debt (Prokop)	RSD 290,385,390.00	Commercial Court in Belgrade	2017	Grounded; proceedings suspended.
25.	EP Visokogradnja Plc.	Beobanka Plc. in bankruptcy	Claims registration	USD 1,022,048.61	Commercial Court in Belgrade	Uncertain	Justified; claim recognized in liquidation procedure
26.	EP Visokogradnja Plc.	Jugobanka Plc. in bankruptcy	Claims registration	USD 2,002,932.98, USD 701.47, CHF 507,920.43, FRF 1,239,624.62, EUR 24,880.49	Commercial Court in Belgrade	Uncertain	Justified; claim recognized in liquidation procedure

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
27.	EP Visokogradnja Plc.	Belim Plc.	Debt under settlement agreement	USD 612,000.00	Commercial Court in Belgrade	Completed	Justified; is not collected In the process of enforcement
28.	EP Visokogradnja Plc.	Grad Beograd, Direkcija za građevinsko zemljište, RS	Debt (Arena)	RSD 208,000,245.40 Adopted in court: RSD 34,115,606.10 in behalf of principal debt	Commercial Court in Belgrade	2017	The claim of Hala BG Ltd was adopted by final judgment In process according to our revision
29.	EP Visokogradnja Plc.	JP Železnice, Beočvor	Debt (Prokop)	RSD 153,674,990.16	Commercial Court in Belgrade	2017	Justified; proceedings suspended.
30.	Božo Tomašević	EP Visokogradnja Plc.	Annulment of employment contract termination	140,000.00 RSD	1st Basic Court in Belgrade	2017	Our appeal was adopted and the case was returned for new trial First instance procedure
31.	Aleksandar Petrović	EP Visokogradnja Plc.	Agreement termination and damage compensation	RSD 3,500,000.00	3rd Basic Court in Belgrade	2017	Decision on Court incompetence in Serbia adjudicated. Positive result expected. Second instance proceedings
32.	Sava Krajinović	EP Visokogradnja Plc.	Unfounded acquisition	RSD 269,000.00	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
33.	Ljiljana Damjano	EP Visokogradnja Plc.	Performance and damage compensation	RSD 350,000.00	1st Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
34.	Nenad Dautović	EP Visokogradnja Plc.	Annulment of employment contract termination		3rd Basic Court in Belgrade	2017	Ungrounded
35.	SIEN Ltd.	EP Visokogradnja Plc.	Debt, SMIP	RSD 438,530.00	Commercial Court in Belgrade	Uncertain	Partly grounded, lawsuit stopped due to plaintiffs' bankruptcy.
36.	Residence object, B.M.Pupina 10e	EP Visokogradnja Plc.	Unfounded acquisition	RSD 2,000,000.00	3rd Basic Court in Belgrade	Uncertain	Ungrounded, procedure stopped. First-instance proceeding
37.	EP Visokogradnja Plc.	Siniša and Dragan Romić	Contesting of share transfer agreement		Higher court in Belgrade	2017	Justified
38.	Kojić Milan	EP Visokogradnja Plc.	Debt - salaries	EUR 1,130.00	1st Basic Court in Belgrade	2017	First instance court accepted the claim; in proceeding upon our appeal Second instance proceeding

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
39.	EP Visokogradnja Plc.	Farmakom MB Ltd. in bankruptcy	Debt	RSD 1,340,520.00	Commercial Court in Valjevo	Uncertain	Receivables recognized through bankruptcy procedure.
40.	EP Visokogradnja Plc.	LP Gas Ltd.	Debt	RSD 1,098,898.15	Commercial Court in Belgrade	2017	First instance court accepted the claim; in proceeding upon appeal Second instance proceeding
41.	Drago Stupar and others	EP Visokogradnja Plc.	Ownership land title to be determined		Basic court, Herceg Novi	2017	Uncertain First-instance proceeding
42.	Dušan Petrović, Vladimir Glišović and EGP Investments	EP Visokogradnja Plc.	Share value appraisal		Commercial Court in Belgrade	2017	Uncertain First-instance proceeding
43.	Saša Bošković	EP Visokogradnja Plc.	Share value appraisal		Commercial Court in Belgrade	2017	Uncertain First-instance proceeding
44.	Husein Smailović	EP Visokogradnja Plc.	Adjustment of monthly rent for damage compensation	RSD 59,000.00 monthly as of January 2010	3rd Basic Court in Belgrade	2017	Uncertain; partly justified First-instance proceeding
45.	Naim Hajdari	EP Visokogradnja Plc.	Monthly rent for damage compensation	RSD 15,000.00 monthly as of January 21, 1989	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
46.	Radosavljević Velibor	EP Visokogradnja Plc.	Annulment of employment contract termination		3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
47.	EGP Investments	EP Viskogradnja Plc.	Share value appraisal		Commercial Court in Belgrade	2017	Uncertain First-instance proceeding
48.	Ostojić Dragomir, Đurić Milorad and Jorgić broker Plc.	EP Visokogradnja Plc.	Share value appraisal		Commercial Court in Belgrade	2017	Uncertain First-instance proceeding

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
49.	EP Visokogradnja Plc.	PIK Zemun in bankruptcy	Debt	RSD 33,705.46	Commercial Court in Belgrade	Uncertain	Presented receivables in bankruptcy.
50.	EP Visokogradnja Plc.	GZR Krstic, with Krstic Radimir as owner	Debt	RSD 115,776.00	Commercial Court in Belgrade	2017	Justified. Compulsory payment on the way.
51.	EP Visokogradnja Plc.	SZR Kvirin, with Tanaskovic Milan as owner	Debt	31,642.40 RSD	Commercial Court in Belgrade	2017	Justified. Compulsory payment on the way.
52.	Dragan Petrović	EP Visokogradnja Plc.	Annulment of employment contract termination		3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
53.	Fond PIO	Kolex Ltd. and EP Visokogradnja Plc.	Agreement annulment defined		Higher court in Belgrade	2017	Plaintiffs' appeal rejected by Court Decision. Plaintiffs' revision pending.
54.	EP Visokogradnja Plc.	Arching Federation	Debt	RSD 70,803.28	Uncertain	Uncertain	Ungrounded
55.	Milić Janković	Direkcija za građevinsko zemljište, EP Visokogradnja Plc. and Aleksić Ružica	Ownership title to be determined		1st Basic Court in Belgrade	2017	Justified First-instance proceeding
56.	Residence object 10G, Bul. Mihajla Pupina	EP Visokogradnja Plc. and Stevanović Milinko	Court should determine whether the Agreement is null and void or not		3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
57.	Residence object 10G, Bul. Mihajla Pupina	EP Visokogradnja Plc. and Omni promet Ltd.	Court should determine whether the Agreement is null and void or not		3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
58.	Dević Ljubinko	EP Visokogradnja Plc.	Salary payment	EUR 5,774.42	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
59.	Milorad Vasić	EP Visokogradnja Plc.	Damage compensation (Block 12)	RSD 25,732,877.55	Higher court in Belgrade	2017	Plaintiffs' appeal adopted by Court Decision. Revision adopted.

Energoprojekt Holding Plc., Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
60.	JP ViK Stara Pazova	EP Visokogradnja	Debt	RSD 167,162.40 RSD 33,558.94	Commercial Court in Sremska Mitrovica	2017	Uncertain; First instance court accepted the claim; in proceeding upon our appeals  Second instance proceedings
61.	EP Visokogradnja Plc.	Utva silosi Plc. Kovin u reorganizaciji	Debt		Commercial Court in Pančevo	Uncertain	Receivables grounded but payment depending on restructuring plan.
62.	EP Visokogradnja Plc.	Amiga Ltd.Kraljevo in restructuring	Debt	RSD 114,425.00	Commercial Court in Kraljevo	Uncertain	Receivables grounded but payment depending on restructuring plan.
63.	EP Visokogradnja Plc.	Нуро Alpe-Adria-Bank Srbija	Injunctive relief		Commercial Court in Belgrade	2017	First-instance proceeding
64.	EP Visokogradnja Plc.	Uni Credit bank Srbija	Injunctive relief		Commercial Court in Belgrade	Completed in 2016, temporary measure is determined	Injunctive relief of forbidden guaranteed payment by Court decision.
65.	EP Visokogradnja Plc.	Бон-Апетит ООО, Ростов, РФ	Debt based on loan	RUB 5,048,082.19	Arbitration Court in Rostov, RF	2017	Justified
66.	EP Visokogradnja Plc.	Тандем-Интер ООО, Ростов, РФ	Debt based on loan	RUB 5,236,849.31	Arbitration Court in Rostov, RF	2017	Justified
67.	EP Visokogradnja Plc.	МКЦ РосЕвроДевелопмент ООО, Ростов, РФ	Debt for works performed	RUB 175,502,823.20	Arbitration Court in Rostov, RF	2017	Justified
68.	Kombit	EP Visokogradnja Plc.	Debt (Prokop)	RSD 1,269,860.00	Commercial Court in Belgrade	Uncertain	Partly paid, cca RSD 160.000,00, for the rest the procedure is stopped. First-instance proceeding
69.	Radoš Nenad	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2017	Uncertain; arrears of salary paid in their entirety First-instance proceeding
70.	Vidojević Vladan	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2017	Uncertain; arrears of salary paid in their entirety First-instance proceeding



Energoprojekt Holding Plc., Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
71.	Paunović Ljubiša	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2017	Uncertain; arrears of salary paid in their entirety First-instance proceeding
72.	Jovičić Dejan	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2017	Uncertain; arrears of salary paid in their entirety First-instance proceeding
73.	Alen Vasić	EP Visokogradnja Plc.	Damage compensation for injury at work	RSD 600,000.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
74.	Topalović Igor	EP Visokogradnja Plc.	Annulment of employment termination		3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
75.	Predrag Radeka	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		Treći Basic Court in Belgrade	2017	Uncertain; arrears of salary paid in their entirety First-instance proceeding
76.	Danijel Šalipur	EP Visokogradnja Plc.	Fortification existence of an employment and Damage compensation	RSD 1,320,000.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
77.	Miloje Živanović	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries		3rd Basic Court in Belgrade	2017	Principal debt paid off; interest remaind First-instance proceeding
78.	Ivanović Siniša	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries		3rd Basic Court in Belgrade	2017	Principal debt paid off; interest remaind First-instance proceeding
79.	Rajko Vasiljević	EP Visokogradnja	Damage compensation on behalf of less paid overtime	EUR 2,500.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding

Energoprojekt Holding Plc., Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
80.	Topalović Igor	EP Visokogradnja	Damage compensation on behalf of less paid overtime and payment of interest on delayed payment of salaries		3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
81.	Miloje Živanović	EP Visokogradnja	Damage compensation on behalf of less severance paid and and payment of interest on delayed payment of salaries	EUR 2,487.94 and RSD 137,478.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
82.	Miloje Živanović	EP Visokogradnja	Damage compensation based on excess of overtime and individual performance	RSD 420,000.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
83.	Kalinić Jovica	EP Visokogradnja	Payment of annual leave for 2014	EUR 772.00	3rd Basic Court in Belgrade	2017	Principal debt is paid off First-instance proceeding
84.	Šerbedžija Đorđe	EP Visokogradnja	Damage compensation based on excess of overtime and individual performance	EUR 1,500.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
85.	Pavlović Vladimir	EP Visokogradnja	Damage compensation due to delays in construction	RSD 2,628,897.70	3rd Basic Court in Belgrade	2018	Ungrounded First-instance proceeding
86.	Stanković Nenad	EP Visokogradnja	Annulment of the decision on termination of employment contract		3rd Basic Court in Belgrade	2018	Ungrounded First-instance proceeding
87.	EP Oprema Plc.	DGP Zlatibor	Paid off works	RSD 42,000,000.00	Commercial Court in Belgrade	Completed	Justified, difficult collection, borrower in bankruptcy
88.	EP Oprema Plc.	GP Rad in bankruptcy	Debt	USD 1,100,000.00	Commercial Court in Belgrade	Uncertain	Established claim in bankruptcy proceedings
89.	EP Oprema Plc.	Graditelj Leskovac	Works performed upon contract made	RSD 71,129,042.82	Commercial Court in Leskovac	Completed	Justified, difficult collection, borrower in bankruptcy

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
90.	EP Oprema Plc. i EP Holding Plc.	Municipality Medveda	Return	RSD 120,000,000.00	Commercial Court in Leskovac	Uncertain; proceeding terminated	Uncertain First-instance proceeding
91.	EP Oprema Plc.	Clinical Center of Serbia	Debt for works	EUR 255,544.13	Commercial Court in Belgrade	2017	Proceeding is in process, expert opinion confirmed the request of EP Oprema First-instance proceeding
92.	EP Oprema Plc.	Clinical Center of Serbia	Damage compensation	EUR 1,559,000.00	Commercial Court in Belgrade	2017	First instance decision adopted the claim; KCS appealed Second instance proceedings
93.	EP Oprema Plc.	Nemanja Ivović	Illegal acquisition	RSD 64.600.50	1st Basic Court in Belgrade	2017	The claim is adopted by final judgment; execution of the judgment pending
94.	Đorđević Goran	JP EMS and EP Oprema Plc.	Disturbance of possession		Basic Court in Kruševac	2017	First instance court accepted claim; the second instance decision returned to First-instance proceeding
95.	Stanković Vladan	EP Oprema Plc.	Damage compensation	RSD 2.300.000.00	Basic Court in Bor	2017	First instance court accepted claim; in appeal proceedings by EP Oprema  Second instance proceedings
96.	Stanojković Milorad	EP Oprema Plc. and JP EMS	Damage compensation	RSD 10.000.00	Basic Court in Vranje	2017	Partly justified; by appeal EP Oprema Second instance proceedings in process
97.	Marinković Staniša	EP Oprema Plc.-intervener	Damage compensation	RSD 304.000.00	Basic Court in Vranje	2017	Partly justified First-instance proceeding
98.	Stanojlović Čedomir	EP Oprema Plc.-intervener	Damage compensation	RSD 261.000.00	Basic Court in Vranje	2017	Partly justified First-instance proceeding
99.	Ristić Čedomir	EP Oprema Plc.-intervener	Damage compensation	RSD 63.000.00	Basic Court in Vranje	2017	Partly justified; by appeal EP Oprema Second instance proceedings in process
100.	Ćirović Novica	EP Oprema Plc.-second respondent JP EMS	Damage compensation	RSD 100.000.00	Basic Court in Leskovac	2017	First-instance proceeding in process

Energoprojekt Holding Plc., Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
101.	Cvetković Milan	EP Oprema Plc. i JP EMS	Damage compensation	RSD 1.381.278.00	Basic Court in Vranje	2017	First-instance proceeding in process
102.	Stanković Vladan	EP Oprema Plc.	Damage compensation in monthly rent	RSD 8.000.00 monthly starting from 14.03.2016	Basic Court in Bor	2017	Uncertain First-instance proceeding
103.	EP Oprema Plc. As consortium leader	Republic Commission for the Protection of Rights in Public Procurement Procedures	Annulment of the Commission's decision in public procurement procedure for works on the District Heating Plant "Novi Beograd"		Administrative Court	Uncertain	Uncertain
104.	Jovan Čvokić and others	EP Niskogradnja Plc.	Bonus	EUR 20,145.11	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
105.	Tanić Dušan	EP Niskogradnja Plc.	Annulment of decision on amount of salary		3rd Basic Court in Belgrade	2017	Ungrounded; proceeding terminated First-instance proceeding
106.	EP Niskogradnja Plc.	Internacional CG in bankruptcy	Debt	RSD 182,056.00	Commercial Court in Belgrade	Uncertain	Justified; due to bankruptcy of the debtor, payment is uncertain
107.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Performance guarantee	KM 3,500,000.00	Municipality court in Sarajevo	Uncertain	Uncertain
108.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Guarantees for regular repayment of advances	KM 7,000,000.00	Municipality court in Sarajevo	Uncertain	Uncertain
109.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Guarantees for regular repayment of advances	KM 4,000,000.00	Municipality court in Sarajevo	Uncertain	Uncertain
110.	EP Niskogradnja Plc.	JIK Banka Plc. in bankruptcy	Claims registration	USD 218,000.00	Commercial Court in Belgrade	Uncertain	Justified
111.	EP Niskogradnja Plc.	Jugobanka Plc. Branch in New York	Claims registration	USD 455,877.88 and RSD 12,060,320.00	Commercial Court in Belgrade	Uncertain	Justified
112.	EP Niskogradnja Plc.	Beogradska banka Plc. in bankruptcy	Claims registration	USD 4,546.10 and RSD 16,278,517.00	Commercial Court in Belgrade	Uncertain	Justified
113.	Simić Ljubiša	JP Putevi Srbije and EP Niskogradnja Plc.	Damage compensation	EUR 4,598.80	1st Basic Court in Belgrade	2017	Ungrounded

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
114.	Sent Andrea Ltd.	EP Niskogradnja Plc.	Damage compensation – lost profit on occasion of termination contract	RSD 2,912,451.60	Commercial Court in Belgrade	2017	Uncertain. First-instance proceeding
115.	Strajnić Nenad	JP Putevi Srbije i EP Niskogradnja Plc. –intervener	Damage compensation	RSD 183,928.48	Basic Court in Novi Sad	2017	Uncertain First-instance proceeding
116.	Sekulić Dragan	JP Putevi Srbije; Dunav osiguranje Plc.o. and EP Niskogradnja Plc.–intervener	Damage compensation		Basic Court in Novi Sad	2017	First instance court refused the request to EP Niskogradnji Second instance proceeding
117.	DIN Ltd.	EP Niskogradnja Plc.	Debt by accounts	RSD 542,836.83	Commercial Court in Belgrade	2017	Ungrounded; First instance court refused the request to appeal Second instance proceeding
118.	Jokić Todor	EP Niskogradnja Plc.	Annulment of termination of temporary employment contract		Basic Court in Gornji Milanovac	2017	Ungrounded First-instance proceeding
119.	Daničić Nemanja	EP Niskogradnja Plc.	Damage compensation for injury at work	RSD 268,520.00	Basic Court in Gornji Milanovac	2017	Uncertain First-instance proceeding
120.	Stanišić Tomo	EP Niskogradnja Plc.	Damage compensation	RSD 244,413.97	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
121.	Matković Ljubiša, Milostiva and Gordana	Koridori Srbije, Azvirt; EP Niskogradnja Plc.	Damage compensation	RSD 290,000.00	Basic Court in Gornji Milanovac	2017	Uncertain First-instance proceeding
122.	Matković Milan, Mirjana, Dragana and Marko	Koridori Srbije, Azvirt; EP Niskogradnja Plc.	Damage compensation	RSD 380,000.00	Basic Court in Gornji Milanovac	2017	Uncertain First-instance proceeding
123.	RF PIO Filijala Beograd	EP Niskogradnja Plc.	Recourse lawsuit	RSD 419,600.10	Commercial court in Belgrade	Uncertain	Uncertain; proceeding terminated First-instance proceeding
124.	Aleksandar Babić and others	EP Niskogradnja Plc.	Bonus payment	EUR 40,906.00	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
125.	Gordana and Veselin Medenica	EP Niskogradnja Plc.	Damage compensation for injury at work	RSD 3,200,000.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding

**Energoprojekt Holding Plc., Belgrade**

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
126.	Bosna putevi Sarajevo	EP Niskogradnja Plc.	Debt arising from work carried out in Yemen Compensation protest	Legal claim: USD 17,604,299.00 Compensation protest: USD 17,390,380.06	Commercial Court in Belgrade	2017	First instance expert procedure pending, expecting the first instance decision for settlement Second instance proceeding
127.	Vladimir Marinković	EP Niskogradnja Plc.	Overtime, Peru	USD 5,552.84	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
128.	EP Niskogradnja Plc.	Dejan Vujić PR Dey trade Vreoci	Unjust enrichment	RSD 304,749.89	Commercial Court in Belgrade	2017	Justified
129.	Mušikić Vera and Branislav	JP Putevi Srbije EP Niskogradnja Plc. - intervener	Damage compensation death of people close	RSD 1,920,000.00	Basic Court in Vrbas	2017	Uncertain First-instance proceeding
130.	Jovanović Vojislav, Mirjana, Dragana and Jovana	Koridori Srbije, Azvirt and EP Niskogradnja Plc.	Damage compensation	RSD 380,000.00	Basic Court in Gornji Milanovac	2017	Uncertain
131.	Angelina and Dejan Lukić	EP Niskogradnja Plc.	Damage compensation	RSD 2,000,000.00	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
132.	EP Niskogradnja Plc. i	Intermost Ltd.in bankruptcy	Debt (Novi Sad)	RSD 378,685,160.00	Commercial Court in Belgrade	2017	Plaintiffs appeal of EP Niskogradnja grounded, returned to the first instance for repeated lawsuit, on appeal of Intermost Ltd. First-instance proceeding
	Intermost Ltd.in bankruptcy	EP Niskogradnja Plc.	Debt (Novi Sad)	RSD 189,827,985.00	Commercial Court in Belgrade	2017	
133.	Dunav osiguranje Plc.	JP Putevi Srbije EP and Niskogradnja Plc.- intervener	Damage compensation	RSD 170,536.00	Commercial Court in Belgrade	2017	Uncertain First-instance proceeding
134.	Adis Oprašić	EP Niskogradnja Plc.	Debt according to agency contract	EUR 6,000.00	Municipality court in Sarajevo	2017	Uncertain First-instance proceeding
135.	S.Stojić	EP Hidroinženjering Plc.	Claims for unpaid salaries earned abroad	USD 6,466.00 or RSD 482,865.00	1st Basic Court in Belgrade	2017	Favourable First-instance proceeding
136.	P. Stanišić and J. Blagojević	EP Hidroinženjering Plc.	Annulment of Decision of Housing Committee	Not a pecuniary claim	1st Basic Court in Belgrade	2017	Uncertain First-instance proceeding

**Energoprojekt Holding Plc., Belgrade**

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
137.	M.Bojić	EP Hidroinženjering Plc.	Claims for unpaid salaries and food allowance earned abroad	USD 5,816.00	3 <sup>rd</sup> Basic Court in Belgrade	2017	Favourable First-instance proceeding
138.	EP Hidroinženjering Plc.	RIKO Ljubljana Slovenija	Unpaid invoices	EUR 159,425.89	Municipal Court in Ljubljana Slovenia	Uncertain	Favourable; first instance verdict in our favor Second instance proceeding
139.	Z. Crnobrnja	EP Hidroinženjering Plc.	Fortifications of existence employment terms for the period 1985-1991		3 <sup>rd</sup> Basic Court in Belgrade	2017	Favourable First-instance proceeding
140.	Técnica y Proyectos S.A.; Energoprojekt Hidroinženjering S.A. i Carlos Alfredo Machicao Pereyra y Asociados S.R.L.	Proyecto Especial de Afianzamiento y Ampliación de los Recursos Hidricos de TACNA - PET	Ungrounded protesting financial guarantee of performance for the project Yaraskay + 30% of the balance upon the Agreement	USD 464,376.27 and USD 218,216.99	Arbitration Court in TACNA, Peru	Current estimates of lawyers is that both processes could take approximately 24 months; preparation and presentation of technical-economic reports of independent expert is in process	Favorable outcome regarding protesting guarantees and collection of final invoice; uncertain damage compensation
141.	Lahmeyer Agua y Energía S.A.; Energoprojekt Hidroinženjering S.A. i Técnica y Proyectos S.A.	Proyecto Especial de Irrigación e Hidroenergético del Alto PIURA - PEIHAP	Final liquidation and our request for damage compensation	USD 46,352.03 (our request upon agreement); USD 541,319.18 (our request for suffered damage) and USD 2,277,471.61 (request by defendant)	Arbitration Court in PIURA, Peru	Both parties filed their final submissions regarding the request for damage compensation; estimate - arbitration could be completed by mid-2017	Favorable - final liquidation; uncertain - damage compensation
142.	EP Energodata Plc.	Šipad komerc in bankruptcy	Unpaid services performed	RSD 258,586.20	Commercial Court in Belgrade	Executive decision granted, defendant in bankruptcy	Uncertain payment amount.
143.	Violeta Nikolić	EP Garant Plc.o.	Request to be reappointed to position of Executive Manager		3 <sup>rd</sup> Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
144.	EP Garant Plc.o.	JKP BVK Beogradski vodovod	Regres – Damage compensation	RSD 1,900,000.00	Commercial Court in Belgrade	2017	Up to 40% of demanded (700.000 RSD)

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
145.	Marko Martinoli	EP Entel Plc.	Annulment of separate financial statement		Commercial Court in Belgrade	2017	First instance rejected Plaintiffs appeal. Second instance proceeding
146.	Vladimir Grabež, Marko Martinoli, Activist Ltd.and Activeast management ltd.	EP Entel Plc.	Share buy-off based on claim of unwilling shareholder	RSD 452,071,063.00	Commercial Court in Belgrade	2017.	Ungrounded; first instance rejected Plaintiffs appeal, Plaintiff presented new appeal. Second instance proceeding
147.	Siniša Kisić	EP Entel Plc.	Share buy-off based on claim of unwilling shareholder	RSD 104,803,172.80	Commercial Court in Belgrade	2017	Ungrounded; first instance rejected Plaintiffs appeal, Plaintiff presented new appeal. Second instance proceeding
148.	EP Entel Plc.	JP EPS (RB Kolubara)	Debt payment on different accounts	RSD 11,628,000.00	Commercial Court in Belgrade	2017	First instance court accepted claim of EP Entel Plc. Second instance proceeding
149.	Paripović Duško	EP Entel Plc., as second Defendant, out of four in total	Damage compensation – injury at work	RSD 1,300,000.00	Basic Court in Požarevac	Uncertain	Uncertain; proceeding terminated First-instance proceeding
150.	Milanka Bančić	EP Industrija a.d	Housing lawsuit		3rd Basic Court in Belgrade	2017	First instance in favour of EP Industrija Second instance proceeding
151.	EP Industrija Plc.	Jugoremedija Plc.- in bankruptcy	Claims registration	EUR 321,146.18	Commercial Court in Zrenjanin	Uncertain	RSD 28.884.312,77 – approved by decision on correction
152.	Marko Martinoli	EP Industrija Plc.	Annulment of separate financial statement		1st Basic Court in Belgrade	Uncertain	First instance in favor of EP Industrija Second instance proceeding
153.	EP Industrija	Milanka Bančić	Eviction		Municipality Novi Beograd	Uncertain	Uncertain



**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
154.	Marko Martinoli and other minority shareholders	EP Industrija Plc.	Request for an emergency session of Assembly		Commercial Court in Belgrade	2017	Uncertain; final decision partially rejected proposals of minority shareholders; remaining deciding on one other point required
155.	EP Urbanizam i arhitektura. Plc.	M. Cvijić	Damage compensation	RSD 1,523,072.42	3rd Basic Court in Belgrade	Uncertain	Uncertain; in process of forced execution
156.	Tamara Vukadinović	EP Urbanizam i arhitektura Plc.	Annulment of dismissal		3rd Basic Court in Belgrade	Uncertain	Uncertain First-instance proceeding
157.	Jelena Davidović	EP Urbanizam i arhitektura Plc.	Annulment of dismissal		3rd Basic Court in Belgrade	Uncertain	First instance court rejected claim Second instance proceeding
158.	Veljković Novica	EP Urbanizam i arhitektura Plc.	Annulment of Anex 3		3rd Basic Court in Belgrade	Uncertain	First-instance proceeding terminated
159.	Veljković Novica	EP Urbanizam i arhitektura Plc.	Annulment of Anex 4		1st Basic Court in Belgrade	Uncertain	First-instance proceeding
160.	Marković Vladimir	EP Urbanizam i arhitektura Plc.	Debt	10,147.80 USD	1st Basic Court in Belgrade	Uncertain	First instance accepted claim of Prosecutor Second instance proceeding by appeal of EP Urbanizam i arhitektura in process
161.	Milan Raonić	EP Urbanizam i arhitektura Plc.	Damage compensation for Copyright Infringement		Higher court in Belgrade	2017	Uncertain First-instance proceeding

In addition of the above listed court cases in which Energoprojekt Holding is the defendant, there is a lawsuit with the New Company Ltd. branch IN Hotel, in which the plaintiff requests the GP Napred Razvoj Plc. company to determine the ownership right over the hotel building constructed on a lot for which Energoprojekt Holding was registered as a holder of rights in addition to the GP Napred Razvoj Plc. company. In this lawsuit, Energoprojekt Holding is a passive co-litigant, and thus there are no potential commitments for Energoprojekt Holding, but it had to be included in the action due to the formal reasons.

In addition, the first instance procedure is also in progress in which a small number of minority shareholders of the Energoprojekt Visokogradnja called into question the price paid to them in the procedure initiated at their request for compulsory sale of shares.

#### **48. POST BALANCE SHEET EVENTS**

On February 7, 2017 the Energoprojekt Holding made Agreement with the Directorate for Property of the Republic of Serbia on purchase of construction land in public ownership of the Republic of Serbia, area of 59a 91m<sup>2</sup>, located on the cadastral lot 1005/28 registered in the register list 6400 KO Novi Beograd in the amount of RSD 274,609 thousand, which was paid on February 14, 2017.

Pursuant to the Decision on acquisition of own shares on the regulated market made by the Supervisory Board of the Company on February 13, 2017, in the period from issuing the decision until the day of adopting the financial statements, the Company acquired on the BSE 97,700 shares (equivalent to 0.89376% of the total number of shares with voting rights) in the amount of RSD 124,148 thousand.

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, beside aforementioned.

In Belgrade,  
On April 13, 2017

Legal Representative

  


Vladimir Milovanovic, Dipl. Ing.

## 2. INDEPENDENT AUDITOR'S REPORT (complete report)

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**ENERGOPROJEKT HOLDING PLC, BELGRADE**

Consolidated Financial Statements for the  
Year Ended 31 December 2016  
and  
Independent Auditor's Report

MOORE STEPHENS  
REVIZIJA I RAČUNOVODSTVO

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*This version of our report/ the accompanying documents is a translation from the original, which was prepared in Serbian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions. The original language version of our report takes precedence over this translation*

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE SHAREHOLDERS OF ENERGOPROJEKT HOLDING PLC, BELGRADE**

#### **Report on the Consolidated Financial Statements**

*We have audited the accompanying consolidated financial statements of parent company Energoprojekt Holding Plc., Belgrade (hereinafter: Parent Company) and its consolidated subsidiaries (hereinafter: Group) which comprise the consolidated balance sheet as of 31 December 2016, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.*

#### **Management's Responsibility for the Consolidated Financial Statements**

*Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the current accounting regulations in effect in the Republic of Serbia and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.*

*An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.*

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

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE SHAREHOLDERS OF ENERGOPROJEKT HOLDING PLC, BELGRADE**

#### **Report on the Consolidated Financial Statements – continued**

#### Opinion

*In our opinion, the consolidated financial statements, in all material respects, give a true and fair view of the financial position of the parent company Energoprojekt Holding Plc., Belgrade and its subsidiaries as at 31 December 2016, and its financial performances and its cash flows for the year then ended in accordance with the current accounting regulations in effect in the Republic of Serbia and accounting policies disclosed in the notes to the consolidated financial statements.*

#### Other Matter

*The consolidated financial statements of the Parent Company for the year ended 31 December 2015 were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on 26 April 2016.*

*Belgrade, 19 April 2017*

„MOORE STEPHENS  
Revizija i Računovodstvo“ Ltd., Belgrade



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Bogoljub Aleksić  
Managing Partner

*This version of our report/ the accompanying documents is a translation from the original, which was prepared in Serbian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions. The original language version of our report takes precedence over this translation*

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE OF THE ANNUAL BUSINESS REPORT WITH FINANCIAL STATEMENTS

**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 2016, on which we issued our audit opinion on 06 March 2017 and 19 April 2017, respectively.*

*According to the requirements arising from Article 30 of the Law on Auditing ("Official Gazette of the Republic of Serbia", no. 62/2013) and Article 11 of the Rulebook on Conditions for Conducting Audit of the Financial Statements of Public Companies ("Official Gazette of the Republic of Serbia", no. 114/2013), we performed a compliance checking of the annual business report with annual financial statements of the Company.*

*Management of the Company is responsible for the preparation and fair presentation of the annual business report (which includes information disclosed both in the standalone and consolidated financial statements) in accordance with current regulations in effect.*

*Our responsibility is to express our conclusion on the consistency of the Company's annual business report with the standalone and consolidated financial statements for the year 2016. 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".*

*Based on the audit procedures performed we have not noticed any material inconsistencies, which would indicate that the annual business report for 2016 is not consistent with the annual financial statements of the Company for the same financial year.*

Belgrade, 25 April 2017

„MOORE STEPHENS  
Revizija i Računovodstvo" d.o.o. Beograd

Bogoljub Aleksić  
Managing Partner





**CONSOLIDATED BALANCE SHEET**  
as at 31.12.2016

Account class, account	DESCRIPTION	EDP	Note No.	Total in RSD thousand		
				Current year	Previous year	
				Closing balance on 31.12. 2015	Opening balance on 01.01.2015	
	<b>ASSETS</b>					
00	<b>A. SUBSCRIBED CAPITAL UNPAID</b>	0001				
	<b>B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)</b>	0002		<b>17,288,030</b>	<b>17,421,296</b>	
01	1. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003		58,922	69,295	
010 & part 019	1. Investments in development	0004	25.	3,544	4,039	
011, 012 & part 019	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	25.	55,371	64,245	
013 & part 019	3. Goodwill	0006				
014 & part 019	4. Other intangible assets	0007				
015 & part 019	5. Intangible assets In progress	0008	25.	7	1,011	
016 & part 019	6. Advances paid on intangible assets	0009				
02	<b>II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)</b>	0010		<b>15,428,649</b>	<b>15,474,905</b>	
020,021 & part 029	1. Land	0011	26.	710,095	882,471	
022 & part 029	2. Buildings	0012	26.	7,210,943	7,339,649	
023 & part 029	3. Plant and equipment	0013	26.	3,581,944	3,665,434	
024 & part 029	4. Investment property	0014	26.	3,568,839	3,275,616	
025 & part 029	5. Other property, plant and equipment	0015	26.	131,006	109,492	
026 & part 029	6. Property, plant and equipment in progress	0016	26.	69,091	70,345	
027 & part 029	7. Investments in property, plant and equipment, not owned	0017	26.	107,176	35,596	
028 & part 029	8. Advances paid on property, plant and equipment	0018	26.	49,555	96,302	
03	<b>III. NATURAL ASSETS (0020+0021+0022+0023)</b>	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	<b>IV. LONG TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)</b>	0024		<b>975,399</b>	<b>1,049,392</b>	
040 & part 049	1. Shares in subsidiaries	0025				
041 & part 049	2. Shares in affiliated companies and joint ventures	0026	27.	760,624	833,041	
042 & part 049	3. Shares in other companies and other available for sale securities	0027	27.	19,460	26,251	
part 043, part 044 & part 049	4. Long term investments in parent companies and subsidiaries	0028				
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	27.	195,315	190,100	
05	<b>V. LONG-TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)</b>	0034		<b>825,060</b>	<b>827,704</b>	
050 & part 059	1. Receivables from parent company and subsidiaries	0035				
051 & part 059	2. Receivables from other affiliated companies	0036	28.	49,052	43,500	
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 debts	0040				
056 & part 059	7. Other long term receivables	0041	28.	776,008	784,204	
288	<b>C. DEFERRED TAX ASSETS</b>	0042				
	<b>D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)</b>	0043		<b>29,717,196</b>	<b>24,954,277</b>	
Class 1	1. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044		6,034,278	5,458,231	
10	1. Material, parts, tools and small inventories	0045	29.	1,383,780	1,196,693	
11	2. Work and services in progress	0046	29.	1,771,463	1,456,325	
12	3. Finished products	0047	29.	363,525	132,958	
13	4. Goods	0048	29.	179,630	77,372	
14	5. Non-current assets held for sale	0049	29.	51,058	70,307	
15	6. Advances paid for inventories and services	0050	29.	2,284,822	2,524,576	
20	<b>II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)</b>	0051		<b>12,524,660</b>	<b>9,751,353</b>	
200 & part 209	1. Local buyers - parent company and subsidiaries	0052				
201 & part 209	2. Foreign buyers - parent company and subsidiaries	0053				
202 & part 209	3. Local buyers - other affiliated companies	0054	30.	3,602	4,141	
203 & part 209	4. Foreign buyers - other affiliated companies	0055	30.	551,284	826,804	
204 & part 209	5. Local buyers	0056	30.	3,444,487	2,373,683	
205 & part 209	6. Foreign buyers	0057	30.	8,525,287	6,546,725	
206 & part 209	7. Other receivables from sales	0058				
21	<b>III. RECEIVABLES FROM SPECIAL TRANSACTIONS</b>	0059	31.	49,811	80,168	
22	<b>IV. OTHER RECEIVABLES</b>	0060	32.	563,537	493,729	
236	<b>V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET</b>	0061	33.	334,232	333,759	
23 excl. 236 & 237	<b>VI. SHORT TERM FINANCIAL INVESTMENTS(0063+0064+0065+0066+0067)</b>	0062		<b>1,492,942</b>	<b>1,789,496</b>	
230 & part 239	1. Short term loans and investments - parent company and subsidiaries	0063				
231 & part 239	2. Short term loans and investments - other affiliated companies	0064	34.	164,884	162,419	
232 & part 239	3. Short term credits and loans, domestic	0065				
233 & part 239	4. Short term credits and loans, foreign countries	0066	34.	9,727	16,549	
234, 235, 238 & part 238	5. Other short term financial investments	0067	34.	1,318,331	1,610,528	
24	<b>VII. CASH AND CASH EQUIVALENTS</b>	0068	35.	4,671,949	4,800,373	
27	<b>VIII. VALUE ADDED TAX</b>	0069	36.1.	249,257	112,663	
28 excl. 288	<b>IX. PREPAYMENTS AND ACCRUED INCOME</b>	0070	36.2.	3,796,530	2,134,505	
	<b>E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)</b>	0071		<b>47,005,226</b>	<b>42,375,573</b>	
88	<b>F. OFF-BALANCE SHEET ASSETS</b>	0072	45.	<b>29,131,806</b>	<b>28,278,584</b>	

This version of our report/the accompanying documents is a translation from the original which was prepared in Serbian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

**CONSOLIDATED BALANCE SHEET - continued**  
as at 31.12.2016

Account class, account	DESCRIPTION	EDP	Note No.	Total in RSD thousand		
				Current year	Previous year	
					Closing balance on 31.12.2015	Opening balance on 31.12.2015
	<b>CAPITAL AND LIABILITIES</b>					
	<b>A. CAPITAL</b> <b>(0402+0411-0412-H)413-KI414+0415-0416+0417+0420-0421</b> <b>&amp; 0 = (0071-0424-0441-0442)</b>	0401		<b>20,669,841</b>	<b>19,547,906</b>	
30	I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402		5,892,478	5,894,010	
300	1. Share capital	0403	37.1.	5,574,959	5,574,959	
301	2. Shares of limited liability company	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	37.1.	237,014	237,014	
309	8. Other share capital	0410	37.1.	80,505	82,037	
31	II. SUBSCRIBED CAPITAL UNPAID	0411				
047 & 237	III. TREASURY SHARES REPURCHASED	0412				
32	IV. RESERVES	0413	37.2.	374,657	374,590	
330	V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	37.3.	6,365,390	6,211,764	
33 excl. 330	VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415	37.4.	432,474	450,976	
33 excl. 330	VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 ex. 330)	0416	37.5.	30,226	30,504	
34	<b>VIII. RETAINED EARNINGS (0418+0419)</b>	0417		<b>7,470,703</b>	<b>6,481,980</b>	
340	1. Retained earnings from previous years	0418	37.6.	6,320,236	5,434,490	
341	2. Retained earnings from current year	0419	37.6.	1,150,467	1,047,490	
	<b>IX. NON-CONTROLLING INTEREST</b>	0420	37.7.	<b>164,365</b>	<b>165,090</b>	
35	<b>X. LOSSES (0422+0423)</b>	0421				
350	1. Losses from previous years	0422				
351	2. Losses from current year	0423				
	<b>B. LONG TERM PROVISIONS AND LIABILITIES</b> <b>(0425+D432)</b>	0424		<b>1,817,389</b>	<b>3,855,014</b>	
40	1. LONG-TERM Provisions (0426+0427+0428+0429+0430+0431)	0425		705,355	1,137,466	
400	1. Provisions for warranty costs	0426	38.	400,624	491,826	
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	38.	271,419	270,777	
405	5. Provisions for legal expenses	0430				
402 & 409	6. Other long term provisions	0431	38.	33,312	374,863	
41	II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		1,112,034	2,717,548	
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	39.1.	614,027	218,927	
415	6. Long term credits and loans, foreign countries	0438	39.1.	226,661	215,266	
416	7. long term liabilities from financial leasing	0439	39.2.	68,901	122,071	
419	8. Other long term liabilities	0440	39.3.	202,445	2,161,284	
498	<b>C. DEFERRED TAX LIABILITIES</b>	0441		<b>814,622</b>	<b>792,571</b>	
42 to 49 (excl. 498)	<b>D. SHORT TERM LIABILITIES</b> <b>(0443+0450+0451+0459+0460+-0461+0462)</b>	0442		<b>23,703,374</b>	<b>18,180,082</b>	
42	I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		5,009,605	3,856,625	
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	40.1.	3,728,809	3,163,179	
423	4. Short term credits and loans, foreign countries	0447	40.2.	986,438	154,864	
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	40.3.	294,358	538,582	
430	II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450	41.	8,006,909	5,476,677	
43 excl. 430	III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451		4,968,280	3,848,637	
431	1. Suppliers - parent company and subsidiaries, local	0452				
432	2. Suppliers - parent company and subsidiaries, foreign countries	0453				
433	3. Suppliers - other affiliated companies, local	0454				
434	4. Suppliers - other affiliated companies, foreign countries	0455	42.	6,066	5,975	
435	5. Suppliers, local	0456	42.	2,784,572	2,182,699	
436	6. Suppliers, foreign countries	0457	42.	1,958,315	1,642,578	
439	7. Other operating liabilities	0458	42.	219,327	17,385	
44, 45 & 46	IV. OTHER SHORT-TERM LIABILITIES	0459	43.	1,764,645	1,778,493	
47	V. VALUE ADDED TAX	0460	44.1.	521,871	559,499	
48	VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	44.2.	776,150	855,653	
49 excl. 498	VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	44.3.	2,655,914	1,804,498	
	D. LOSSES EXCEEDING CAPITAL (0412+0416+0421-0420-0417-0415-04 4- 0413-0411-0402) >0 = (0441+0424+0442-0071) >=0	0463				
	<b>E. TOTAL CAPITAL AND LIABILITIES (0424</b> <b>+0442+0441+0441-0463) &gt;= 0</b>	0464		<b>47,005,226</b>	<b>42,375,573</b>	
89	<b>F. OFF-BALANCE SHEET LIABILITIES</b>	0465	45.	<b>29,131,806</b>	<b>28,278,584</b>	

**CONSOLIDATED INCOME STATEMENT  
from 01.01. until 31.12.2016**

Account class, account	DESCRIPTION	EDP	Note No.	Total in RSD thousand	
				Current year	Previous year
	A. INCOME FROM NORMAL ACTIVITIES				
60 to 65, excl. 62 & 63	<b>A. OPERATING INCOME (1002+1009+1016+1017)</b>	1001		<b>32,256,527</b>	<b>35,258,170</b>
60	I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002		196,622	165,604
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	11.1.	1,539	184
604	5. Income from sale of goods on local market	1007	11.1.	103,211	145,658
605	6. Income from sale of goods on foreign markets	1008	11.1.	91,872	19,762
61	II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		31,857,086	34,442,139
610	1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010		-	-
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	11.2.	-	1,461
613	4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013	11.2.	254,939	685,561
614	5. Income from sale of finished products and services on local market	1014	11.2.	12,904,196	13,287,847
615	6. Income from sale of finished products and services on foreign markets	1015	11.2.	18,697,951	20,467,270
64	III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016		-	-
65	IV. OTHER OPERATING INCOME	1017	11.3.	202,819	650,427
	EXPENSES FROM NORMAL ACTIVITIES				
55 to 55, 62 & 63	<b>B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029) &gt; 0</b>	1018		<b>31,556,698</b>	<b>33,419,193</b>
50	I. COST PRICE OF GOODS SOLD	1019	12.	190,517	160,332
62	II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020	13.	129,198	45,459
630	III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021	13.	1,110,639	187,843
631	IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022	13.	564,934	53,031
51 excl. 513	V. MATERIAL COSTS	1023	14.	6,628,181	7,495,481
513	VI. FUEL AND ENERGY COSTS	1024	14.	1,058,123	1,383,470
52	VII. EMPLOYEE EXPENSES AND BENEFITS	1025	15.	9,573,740	9,606,952
53	VIII. PRODUCTION SERVICE COSTS	1026	16.	11,222,415	11,762,808
540	IX. DEPRECIATION EXPENSES	1027	17.	769,573	809,641
541 to 549	X. PROVISION EXPENSES	1028	17.	297,253	276,293
55	XI. INTANGIBLE EXPENSES	1029	18.	2,491,799	2,104,487
	C. OPERATING INCOME (1001-1018)> 0	1030		699,829	1,838,977
	D. OPERATING LOSSES (1018-1001) > 0	1031		-	-
66	<b>E. FINANCIAL REVENUES (1033+1038+1039)</b>	1032		<b>1,688,958</b>	<b>1,845,349</b>
66, excl. 662, 663 & 664	I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033		207,433	188,050
660	1. Financial income from parent company and subsidiaries	1034		-	-
661	2. Financial income from other affiliated companies	1035	19.1.	30,073	22,800
665	3. Share of profits in associated companies and joint ventures	1036	19.1.	83,644	66,698
669	4. Other financial revenues	1037	19.1.	93,716	98,546
662	II. INTEREST INCOME (THIRD PARTY)	1038	19.1.	178,810	98,378
663 & 664	III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039	19.1.	1,302,715	1,558,921
56	<b>F. FINANCIAL EXPENSES (1041+1046+1047)</b>	1040		<b>1,647,261</b>	<b>2,077,322</b>
56, excl. 562, 563 & 564	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041		7,854	18,002
560	1. Financial expenses from transactions with parent company and subsidiaries	1042		-	-
561	2. Financial expenses from transactions with other affiliated companies	1043	19.2.	6,647	3,185
565	3. Share of losses in affiliated companies and joint ventures	1044	19.2.	-	14,476
566 & 569	4. Other financial expenditure	1045	19.2.	1,207	341
562	II. INTEREST EXPENSES (THIRD PARTY)	1046	19.2.	411,983	295,787
563 & 564	III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047	19.2.	1,227,424	1,763,533
	<b>G. FINANCIAL GAINS (1032-1040)</b>	1048		<b>41,697</b>	<b>-</b>
	<b>H. FINANCIAL LOSSES (1040-1032)</b>	1049		<b>-</b>	<b>231,973</b>
683 & 685	I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1050	20.1.	40,734	18,431
583 & 585	J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1051	20.2.	77,964	302,084
67 & 68, excl. 683 & 685	<b>K. OTHER INCOME</b>	1052	21.1.	<b>1,168,041</b>	<b>437,908</b>
57 & 58, excl. 583 & 585	<b>L. OTHER EXPENSES</b>	1053	21.2.	<b>497,660</b>	<b>599,865</b>
	M. INCOME FROM Normal OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		1,374,677	1,161,394
	N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		-	-

**CONSOLIDATED INCOME STATEMENT - continued**  
**from 01.01. until 31.12.2016**

Account class. account	DESCRIPTION	EDP	Note No.	Total in RSD thousand	
				Current year	Previous year
69-59	O. NET PROFIT FROM DISCONTINUED OPERATIONS. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1056		-	42,818
59-69	P. NET LOSSES FROM DISCONTINUED OPERATIONS. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1057	22.	85,922	-
	<b>Q. PROFIT BEFORE TAX (1054-1055+1056-1057)</b>	1058	23.	<b>1,288,755</b>	<b>1,204,212</b>
	R- LOSSES BEFORE TAX (1055-1054+1057-1056)	1059			
	S. INCOME TAX				
721	I. TAXABLE EXPENSES FOR THE PERIOD	1060		135,172	160,248
part 722	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061		14,336	1,404
part 722	III. DEFERRED TAX INCOME FOR THE PERIOD	1062			
723	T. MANAGEMENT EARNINGS	1063			
	<b>U. NET PROFIT (1058-1059-1060-1061+1062-1063)</b>	1064		<b>1,139,247</b>	<b>1,042,560</b>
	V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065			
	I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066		178,531	186,117
	II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067		960,716	856,443
	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	24.		
	2. Reduced (diluted) earnings per share	1071			

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE RESULTS**  
**from 01.01. until 31.12.2016**

Account class. Account	DESCRIPTION	EDP	Note No.	Total in RSD thousand	
				Current year	Previous year
	A. NET OPERATING RESULTS				
	I. NET PROFIT (EDP 1064)	2001		1,139,247	1,042,560
	II. NET LOSSES (EDP 1065)	2002			
	B. OTHER COMPREHENSIVE RESULTS OR LOSSES				
	a) Items not re-classifiable in the balance sheet in future periods				
330	1. Change of revaluation of intangibles. property, plant and equipment				
	a) increase in revaluation reserves	2003		210,161	616,232
	b) decrease in revaluation reserves	2004		148,708	2,627
331	2. Actuarial gains or losses from defined income plans				
	a) gains	2005			
	b) losses	2006			
332	3. Gains and losses from equity instrument investments				
	a) gains	2007			
	b) losses	2008			
333	4. Gains and losses from share of other comprehensive profits and losses of affiliates				
	a) gains	2009			
	b) losses	2010			
	b) Items that may be reclassified in the balance sheet in future periods				
334	1. Gains and losses from translation of financial statements for foreign operations				
	a) gains	2011		48,184	132,447
	b) losses	2012		67,409	96,991
335	2. Gains and losses from hedging of net investments in foreign operations				
	a) gains	2013			
	b) losses	2014			
336	3. Gains and losses from cash flow hedging				
	a) gains	2015			
	b) losses	2016			
337	4. Gains and losses from available for sale securities				
	a) gains	2017		311	12,413
	b) losses	2018		756	1,452
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017)-(2004+2006+2008+2010+2012+2014+2016+2018)>0	2019		41,783	660,022
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018)-(2003+2005+2007+2009+2011+2013+2015+2017)>0	2020			
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021		27,467	-
	IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) >0	2022		14,316	660,022
	V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) >0	2023			
	C. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD				
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) >0	2024		1,153,563	1,702,582
	II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) >0	2025			
	D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES (2027+2028) = EDP 2024 > 0 or EDP 2025 > 0	2026		1,153,563	1,702,582
	1. Payable to majority shareholders	2027		985,519	1,517,801
	2. Payable to non-controlling shareholders	2028		168,044	184,781

**CONSOLIDATED CASH FLOW STATEMENT**  
from 01.01. until 31.12.2016

Description	EDP	Total in RSD thousand	
		Current year	Previous year
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>I. Cash inflow from operating activities (1 to 3)</b>	3001	<b>32,269,533</b>	<b>42,144,720</b>
1. Sales and prepayments	3002	31,592,834	41,206,553
2. Interests from operating activities	3003	109,261	139,026
3. Other inflow from normal operations	3004	567,438	799,141
<b>II. Cash outflow from operating activities (1 to 5)</b>	3005	<b>32,899,104</b>	<b>39,401,619</b>
1. Payments to suppliers and prepayments	3006	21,011,169	27,171,046
2. Employee expenses and benefits	3007	9,795,218	9,526,724
3. Interests paid	3008	311,546	314,742
4. Income tax	3009	481,090	865,338
5. Payments based on other public revenues	3010	1,300,081	1,523,769
<b>III. Net cash inflow from operating activities (I-II)</b>	3011	-	<b>2,743,101</b>
<b>IV. Net cash outflow from operating activities (II-I)</b>	3012	<b>629,571</b>	-
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>I. Cash inflow from investing activities (1 to 5)</b>	3013	<b>285,657</b>	<b>105,833</b>
1. Sale of shares and stocks (net inflow)	3014	5,114	-
2. Sale of intangible investments, property, plant, equipment and natural assets	3015	41,456	11,332
3. Other financial investments (net inflow)	3016	149,863	-
4. Interest received from investment activities	3017	30,410	42,422
5. Dividends received	3018	58,814	52,079
<b>II. Cash outflow from investing activities (1 to 3)</b>	3019	<b>535,554</b>	<b>522,860</b>
1. Purchase of shares and stocks (net outflow)	3020	-	91,560
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	535,554	306,551
3. Other financial investments (net outflow)	3022	-	124,749
<b>III. Net cash inflow from investing activities (I-II)</b>	3023	-	-
<b>IV. Net cash outflow from investing activities (II-I)</b>	3024	<b>249,897</b>	<b>417,027</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>I. Cash inflow from financing activities (1 to 5)</b>	3025	<b>1,275,097</b>	<b>650,568</b>
1. Equity increase	3026	-	101
2. Long term loans (net inflow)	3027	413,407	-
3. Short term loans (net inflow)	3028	808,578	650,467
4. Other long term liabilities	3029	50,451	-
5. Other short term liabilities	3030	2,661	-
<b>II. Cash outflow from financing activities (1 to 6)</b>	3031	<b>528,400</b>	<b>1,131,356</b>
1. Repurchase of own shares and stocks	3032	-	-
2. Long term loans (net outflow)	3033	-	202,676
3. Short term loans (net outflow)	3034	-	-
4. Other liabilities	3035	1,086	246,506
5. Financial leasing	3036	206,148	386,227
6. Dividends paid	3037	321,166	295,947
<b>III. Net cash inflow from financing activities (I -II)</b>	3038	<b>746,697</b>	-
<b>D. Net cash outflow from financing activities (II-I)</b>	3039	-	<b>480,788</b>
<b>E. TOTAL CASH INFLOW (3001+3013+3025)</b>	3040	<b>33,830,287</b>	<b>42,901,121</b>
<b>F. TOTAL CASH OUTFLOW (3005+3019+3031)</b>	3041	<b>33,963,058</b>	<b>41,055,835</b>
<b>G. NET CASH INFLOW (3040-3041)</b>	3042	-	<b>1,845,286</b>
<b>II. NET CASH OUTFLOW (3041-3040)</b>	3043	<b>132,771</b>	-
<b>I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD</b>	3044	<b>4,800,373</b>	<b>3,099,258</b>
<b>J. EXCHANGE RATE GAINS FROM CASH TRANSLATION</b>	3045	<b>177,237</b>	<b>96,715</b>
<b>K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION</b>	3046	<b>172,890</b>	<b>240,886</b>
<b>L. CASH BALANCE AT END OF REPORTING PERIOD ( 3042-3043+3044+3045-3046)</b>	3047	<b>4,671,949</b>	<b>4,800,373</b>

# Energoprojekt Holding Plc., Belgrade

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY as at 31.12.2016

Total in RSD thousand

No.	DESCRIPTION	Equity component															
		EDP	30 Equity capital	EDP	31 Subscribed capital unpaid	EDP	32 Provision	EDP	35 Losses	EDP	047 & 237 Treasury shares repurchased	EDP	34 Retained earnings	EDP	330 Revaluation reserves	EDP	331 Actuarial gains or losses
1	Opening balance on 01.01.2015																
	a) debit balance	4001	-	4019	-	4037	-	4055	-	4073	-	4091	-	4109	-	4127	-
	b) credit balance	4002	6,059,920	4020	-	4038	374,453	4056	-	4074	-	4092	5,402,867	4110	5,788,138	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 open balance																
	a) adjustment of debit balance	4005	-	4023	-	4041	-	4059	-	4077	-	4095	-	4113	-	4131	-
	b) adjustment of credit balance	4006	6,059,920	4024	-	4042	374,453	4060	-	4078	-	4096	5,402,867	4114	5,788,138	4132	-
4	Changes in previous 2015																
	a) debit balance activity	4007	820	4025	-	4043	-	4061	-	4079	-	4097	353,845	4115	231,462	4133	-
	b) credit balance activity	4008	-	4026	-	4044	137	4062	-	4080	-	4098	1,432,958	4116	655,088	4134	-
5	Closing Balance previous year at 31.12.2015																
	a) debit balance	4009	-	4027	-	4045	-	4063	-	4081	-	4099	-	4117	-	4135	-
	b) credit balance	4010	6,059,100	4028	-	4046	374,590	4064	-	4082	-	4100	6,481,980	4118	6,211,764	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 01.01.2016																
	a) adjustment of debit balance	4013	-	4031	-	4049	-	4067	-	4085	-	4103	-	4121	-	4139	-
	b) adjustment of credit balance	4014	6,059,100	4032	-	4050	374,590	4068	-	4086	-	4104	6,481,980	4122	6,211,764	4140	-
8	Changes in current year																
	a) debit balance activity	4015	2,257	4033	-	4051	-	4069	-	4087	-	4105	456,125	4123	210,210	4141	-
	b) credit balance activity	4016	-	4034	-	4052	67	4070	-	4088	-	4106	1,444,848	4124	363,836	4142	-
9	Closing balance at 31.12.2016																
	a) debit balance	4017	-	4035	-	4053	-	4071	-	4089	-	4107	-	4125	-	4143	-
	b) credit balance	4018	6,056,843	4036	-	4054	374,657	4072	-	4090	-	4108	7,470,703	4126	6,365,390	4144	-

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All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

Energoprojekt Holding Plc., Belgrade

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued**  
as at 31.12.2016

Total in RSD thousand

No.	DESCRIPTION	Other results component										EDP	Total capital	EDP	Losses exceeding capital	
		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	Opening balance on 01.01.2015															
	a) debit balance	4145	-	4163	-	4181	-	4199	-	4217	41,501					
	b) credit balance	4146	-	4164	-	4182	415,520	4200	-	4218	-	4235	17,999,397	4244	-	
2	Adjustment for materially significant errors and changes in accounting policies															
	a) adjustment of debit balance	4147	-	4165	-	4183	-	4201	-	4219	-					
	b) adjustment of credit balance	4148	-	4166	-	4184	-	4202	-	4220	-	4236	-	4245	-	
3	Adjustment to open balance on 01.01.2015															
	a) adjustment of debit balance	4149	-	4167	-	4185	-	4203	-	4221	41,501					
	b) adjustment of credit balance	4150	-	4168	-	4186	415,520	4204	-	4222	-	4237	17,999,397	4246	-	
4	Changes in previous 2015 year															
	a) debit balance activity	4151	-	4169	-	4187	96,991	4205	-	4223	1,452					
	b) credit balance activity	4152	-	4170	-	4188	132,447	4206	-	4224	12,449	4238	-	4247	-	
5	Closing balance previous year 31.12.2015															
	a) debit balance	4153	-	4171	-	4189	-	4207	-	4225	30,504					
	b) credit balance	4154	-	4172	-	4190	450,976	4208	-	4226	-	4239	19,547,906	4248	-	
6	Adjustment for materially significant errors and changes in accounting policies															
	a) adjustment of debit balance	4155	-	4173	-	4191	-	4209	-	4227	-					
	b) adjustment of credit balance	4156	-	4174	-	4192	-	4210	-	4228	-	4240	-	4249	-	
7	Adjustment of opening balance current year at 01.01.2016															
	a) adjustment of debit balance	4157	-	4175	-	4193	-	4211	-	4229	30,504					
	b) adjustment of credit balance	4158	-	4176	-	4194	450,976	4212	-	4230	-	4241	19,547,906	4250	-	
8	Changes in current 2016 year															
	a) debit balance activity	4159	-	4177	-	4195	67,409	4213	-	4231	756					
	b) credit balance activity	4160	-	4178	-	4196	48,907	4214	-	4232	1,034	4242	-	4251	-	
9	Closing balance at 31.12.2016															
	a) debit balance	4161	-	4179	-	4197	-	4215	-	4233	30,226					
	b) credit balance	4162	-	4180	-	4198	-	4216	-	4234	-	4243	20,669,841	4252	-	

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
ENERGOPROJEKT HOLDING A.D.  
FOR 2016**

Belgrade, 2017

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## 1. COMPANY BACKGROUND

Consolidated financial statements of the Energoprojekt Holding a.d., Belgrade (hereinafter: Energoprojekt Holding or Company) consists of a parent joint stock company Energoprojekt Holding Plc., Belgrade (hereinafter: Energoprojekt Holding or Company) and:

- 12 subsidiary companies in the country, 11 of which are direct subsidiaries (9 share-based and 2 limited liability companies) and 1 subsidiary company indirectly controlled by other subsidiaries (1 limited liability company),
- 1 joint venture company, hereinafter: joint venture (1 limited liability company) with 50% equity share,
- 1 affiliated company (1 share company), and
- 7 direct subsidiaries abroad.

Subsidiary companies comprise of operating units for investments work and branch offices in foreign countries (the total of 99) and own companies in the country and abroad (14 subsidiaries abroad, 1 affiliate abroad and 1 affiliated company in the country), which jointly engage in building construction, design, fitting, study preparation, research, investment facilities' and systems' programming, sales of goods and services and other business activities.

In 2016, system Energoprojekt was organized as follows:

Activity	No. of local subsidiaries, affiliates and joint ventures	No. of business units for	
		investment works and branch offices abroad	No. of subsidiaries and affiliates abroad
Planning and research	4	29	6
Construction and fitting	5	70	12
Holding	1		
Other	6		4
<b>Total</b>	<b>16</b>	<b>99</b>	<b>22</b>

Parent and subsidiary companies' headquarters is in 12 Bulevar Mihajla Pupina Street, New Belgrade.

In 2016, the average number of employees in system Energoprojekt, based on the actual number of employees at the end of each month, was 2,345 (compared to 2,316 in 2015), not including the local workforce in foreign entities.

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

Financial statements for 2016 that are subject to these Notes are **consolidated financial statements of the Energoprojekt Holding Plc.** approved by the Supervisory Board of the Company, on April 25, 2017 in the 9th meeting of Supervisory Board of the Company and are subject of audit conducted by an independent auditor.

Comparable data and opening balance consist of data incorporated in consolidated financial statements for 2015.

## 2. CONSOLIDATION GROUP

The consolidation group the system Energoprojekt (hereinafter: Energoprojekt) consists of parent company and its local subsidiaries, joint venture and affiliated companies and foreign subsidiary companies listed below:

### Local subsidiaries, joint ventures and affiliated companies

No.	Company Name	% ownership
<i>Subsidiary Companies</i>		
<i>Building Construction and Fitting</i>		
1.	Energoprojekt Visokogradnja Plc.	100.00
2.	Energoprojekt Niskogradnja Plc.	100.00
3.	Energoprojekt Oprema Plc.	67.87
4.	Energoprojekt Sunnyville Ltd.	100.00
<i>Planning and Research</i>		
5.	Energoprojekt Urbanizam i arhitektura Plc.	100.00
6.	Energoprojekt Industrija Plc.	62.77
7.	Energoprojekt Entel Plc.	86.26
8.	Energoprojekt Hidroinženjering Plc.	100.00
<i>Other</i>		
9.	Energoprojekt Energodata Plc.	100.00
10.	Energoprojekt Promet Ltd.	100.00
11.	Energoprojekt Garant Ltd.	92.94
12.	Energoplast Plc.	60.00
	(Energoprojekt Industrija Plc. 40.00% and Energoprojekt Entel Plc. 20.00%)	
<i>Joint ventures</i>		
<i>Building Construction and Fitting</i>		
13.	Enjub Ltd.	50.00
<b>Affiliated Companies</b>		
<b>Other</b>		
14.	Fima See Activist Plc.	30.16

Applying the total consolidation method, the consolidated financial statements of the Energoprojekt Holding Plc. are including the subsidiary company Energoplast Ltd., with prior elimination, by equity method, of its presence in financial statements of Energoprojekt Industrija Plc. (40.00%) and Energoprojekt Entel Plc. (20.00%), made through primary consolidation.

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

By equity method, closed-end investment fund Fima See Activist Plc. is included in consolidated financial statements of Energoprojekt Holding Plc. as of December 31, 2015, in compliance with IFRS 11 - Joint Arrangements, since the percentage of Energoprojekt Holding shares in equity of subject company at the end of 2015 was over 20.00%.

### **Subsidiaries abroad - overseas companies**

No.	Company Name	% ownership
1.	Zambia Engineering and Contracting Company Limited, Zambia	100.00
2.	Energoprojekt Holding Guinee S.A, Guinea	100.00
3.	I.N.E.C. Engineering Company Limited, Great Britain	100.00
4.	Encom GmbH Consulting, Engineering & Trading, Germany	100.00
5.	Dom 12 S.A.L, Lebanon	100.00
6.	Energo (Private) Limited, Zimbabwe	100.00
7.	Energo Kaz Ltd, Kazakhstan	100.00

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

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

No.	Company Name	Included through primary consolidation
<b>Overseas</b>		
<b><i>Subsidiary Companies Abroad - Overseas Companies</i></b>		
<b><i>Building Construction and Fitting</i></b>		
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.	Energoprojekt 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.	Energoprojekt Zambia Limited, Zambia	Zambia Engineering and Contracting Company Limited, Zambia
<b><i>Planning and Research</i></b>		
8.	Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman	EP Entel Plc.
9.	Energoprojekt Entel LTD, Doha, Qatar	EP Entel Plc.
10.	Energoprojekt Entel L.L.C., Abu Dhabi, UAE	EP Entel Plc.
11.	Energoprojekt Entel Company, Bahrein	EP Entel Plc.
12.	Zahinos Ltd., Cyprus	EP Industrija Plc.
13.	Enhisa S.A., Lima, Peru	EP Hidroinženjering Plc.
<b><i>Other</i></b>		
14.	Energoprojekt Energodata Montenegro Ltd., Montenegro	EP Energodata Plc.
<b><i>Affiliated Companies Abroad</i></b>		
<b><i>Building Construction and Fitting</i></b>		
15.	Energoprojekt Nigeria Ltd., Lagos, Nigeria (40.00%)	EP Oprema Plc.
<b>Domestic</b>		
<b><i>Affiliated Local Companies</i></b>		
<b><i>Other</i></b>		
16.	Energopet Ltd. (33.33 %)	EP Industrija Plc.



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

Consolidated financial statements of Energoprojekt Holding Plc. were prepared pursuant to the Law on Accounting ("RS Official Gazette", No. 62/2013 – hereinafter: the Law).

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

- The Framework for the preparation and presentation of financial statements,
- International Accounting Standards – IAS, and
- 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.

Consolidated financial statements of Energoprojekt Holding Plc. 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 for companies, cooperatives and entrepreneurs ("RS Official Gazette", No. 95/2014 and 144/2014). These Rules, among other things, laid down the form and content of individual positions in the Balance Sheet, Income Statement, Other Comprehensive Income Report, Cash Flow Statement, Statement of Changes in Equity and Notes to Financial Statements. Pursuant to the above mentioned Rules, amounts in RSD thousands are to be presented in these forms.

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

In preparation of consolidated financial statements of Energoprojekt Holding Plc., 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, 108/2013, 68/2014 - and other law, 142/2014, 91/2015 - authentic interpretation and 112/2015),
- Law on Value Added Tax ("RS Official Gazette" No. 84/2004, 6/2014 – adjusted RSD amounts, 86/2004 - corrigendum, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 - and other law, 142/2014, 83/2015, 5/2016 – adjusted RSD amounts and 108/2016),
- 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 i 20/2014 - and other rules),
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax ("RS Official Gazette" 24/2014, 30/2015, 101/2016),
- 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 arms's length“ principle in determining the price of transactions among parties ("RS Official Gazette" No. 61/2013 and 8/2014) and other regulations.

Among the legal acts comprising the internal regulations of the Company, in preparation of consolidated financial statements, the Rules on Accounting and Accounting Policies of the Company, as adopted on 27/11/2015 by the Executive Board of the Company, was used. In addition to the above listed, other internal acts of the Company were used, such as, for example, the Collective Agreement of Company 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, 112/2015 and 108/2016) 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 IFRS or of the Interpretations thereof were taken into account in preparation of the Energoprojekt Holding Plc. consolidated financial statements. Detail explanation is provided below:*

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

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

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

*The new Standards, Interpretations and amendments to the existing Standards in force in the current period that have not yet been officially translated or adopted in the Republic of Serbia*

By the date of adoption of the consolidated financial statements, the following version of standards and amendments to standards were issued by the International Accounting Standards Board, and the following interpretation were issued by International Financial Reporting Standards' Interpretations

Committee, but have not yet been officially applied in the Republic of Serbia

- 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 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 27 "Separate Financial Statements" - Exemption from Consolidation of Subsidiaries under IFRS 10 (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);
- IFRIC 21 - Levies (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 19 - Employee Benefits – Defined benefit plans (effective for annual periods beginning on or after July 1, 2014).
- Amendments to various standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38), which are the result of the annual standards' improvement project, "Cycle 2010-2012", primarily through the removal of inconsistencies and clarification of text (in force for the annual periods beginning on or after July 1, 2014);
- Amendments to various standards (IFRS 1, IFRS 3, IFRS 13 and IAS 40), which are the result of the annual standard's improvement project, "Cycle 2011-2013", published by the IASB in December 2013, primarily through the removal of inconsistencies and clarification of text (effective for annual periods beginning on or after July 1, 2014),
- Amendments to IFRS 11 "Joint Arrangements" - Accounting for acquisition of participation in joint businesses (effective for annual periods beginning on or after January 1, 2016);
- IFRS 14 "Accounts regulatory prepayments" - effective for annual periods beginning on or after January 1, 2016;
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Interpretation of the accepted methods of depreciation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Industrial plants (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 IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - The sale or transfer of assets between the investor and its associates or joint ventures (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 28 "Investments in Associates and Joint Ventures" - investing companies: exception of application for consolidation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 1 "Presentation of Financial Statements" - Initiative for disclosure (effective for annual periods beginning on or after January 1, 2016); and

- Amendments to various standards "Improvements IFRS" (for period from 2012 to 2014), which are the result of Project annual improvement IFRS (IFRS 5, IFRS 7, IAS 19, IAS 34) primarily through the elimination of inconsistencies and explanations of the text (effective for annual periods beginning on or after January 1, 2016).

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

By the date of adoption of the consolidated financial statements, the following standards, their amendments and interpretations were issued, but have not yet come into force:

- IAS 1 (when IFRS is adopted);
- Amendment to IAS 7 – “Cash Flow Statement” (effective from January 1, 2017);
- Amendment to IAS 12 – “Income taxes” (effective from January 1, 2017);
- Amendments to IFRS 12 – “Disclosures in the participation in other entities” (effective from January 1, 2017);
- Amendments to various standards (IAS 28, IAS 40 and IFRS 2) shall take effect from January 1, 2018;
- IFRS 9 "Financial Instruments" and subsequent amendments, which replaces requirements of IAS 39 "Financial Instruments: Recognition and Measurement" relating to the classification and measurement of financial assets. Standard eliminates the existing categories of IAS 39 - Assets held to maturity, available for sale and loans and receivables. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, earlier application is permitted;

According to IFRS 9, financial assets will be classified into one of two categories at the initial recognition: at amortized cost or fair value. Financial asset will be recognized at amortized cost if the following two criteria are met: assets relate to business model based on the business model for managing the financial assets and their contractual cash flow characteristics. All other assets will be measured at fair value. Gains and losses arising from measurement of financial assets at fair value will be recognized in the income statement, except investments in equity instruments not held for trading, where IFRS 9 permits, at initial recognition, subsequent unchangeable choice that all changes in fair value are recognized within other gains and losses in the statement of other comprehensive income. The amount that will be recognized in the statement of comprehensive income will not be able to be recognized in the income statement subsequently. Change in IFRS 9 will lead to changes in IFRS 7 and IFRS 4;

- IFRS 15 "Revenue from contracts with customers", which defines the framework for the recognition of revenue. IFRS 15 supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts", IFRIC13 "Customer Loyalty Programs", IFRIC15 "Agreements for the Construction of Real Estate" and IFRIC18 "Transfers of assets from customers" and SIC - 31 "Revenue - exchange transactions involving advertising services ". IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted;
- IFRIC 22 “Foreign Currency Transactions and Advance Consideration” - interpretation applies to foreign exchange transactions where the entity recognizes non-monetary asset or non-financial liability for the payment or receipt of advance payment, before the entity recognizes asset, expense or income, after which the non-monetary asset or liability is recognized again. The interpretation is effective on or after January 1, 2018, but early application is permitted; and
- IFRS 16 "Lease" - published in January 2016, the application is for business periods beginning on or after January 1, 2019. The standards will replace current IAS 17.

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

#### **4. MANAGEMENT ESTIMATION AND ASSESSMENT**

Preparation of consolidated financial statements in compliance with IAS and IFRS requires that the management perform assessments, provide judgements and assumptions that are reflected on the reported amounts of assets, liabilities, income and expenses. The goal of this approach by management is to reach that achieved results do not differ significantly from the estimated ones (Note 7.1).

#### **5. CONSOLIDATION**

Consolidated financial statements are financial statements of the group, presented as financial statements of unique economic entity.

Consolidated financial statements are composed by applying unified accounting policies for similar transactions and events, in similar circumstances. In case that a group member, consisting of a parent company together with its subsidiaries, for similar transactions and events in similar circumstances, applies accounting policies different from those adopted in consolidated financial statements, the appropriate corrections of those financial statements (according to provisions of rules on Accounting and Accounting Policies of the Company) are made at consolidated financial statements composing.

##### **5.1. Subsidiary Companies**

*The Subsidiary Company* means a company controlled by the Company (parent company).

Parent company controls the company where it has made investments if it fulfills all following requirements only:

- the power over the company with his investments (meaning present capability to direct relevant activities, ie. activities reflecting significantly at yield of the company with its investments);
- exposure, meaning the right to yield variabilities based on its share in the company with its investments, and
- capability of using its own power over the company with its investment to influence the yield level for investor.

The consolidated method used for subsidiaries, according to IFRS 10 - Consolidated Financial Statements, is full consolidation. Intra group balances and intra group transactions are eliminated in full in the consolidation process. Equity investments without controlling rights are presented separately.

##### **5.2. Affiliated Companies**

*Affiliated Company* is a company over which the Group exerts significant influence, but not control, or holds between 20% to 50% ownership or voting power.

The applied method of consolidation for affiliated companies, according to IAS 28 - Investment in

Associates and Joint Ventures, is equity method. Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognize the investors' share of the profits or losses of the investee after the date of acquisition. If investors' share of losses of the associate exceeds the carrying amount of the investment, the investment is reported at nil value; exceptionally, if there are certain irrevocable contractual obligations for covering the losses, the difference of the greater loss against capital is recognized as an expenditure of the parent company.

### 5.3. Joint Ventures

The Joint Venture arrangement is an arrangement where two or more parties have the joint control. The joint control exists only if the relevant activities decisions require unanimous decision of sides sharing the joint control.

Depending on rights and liabilities defined in arrangement, the joint arrangement could be:

- the joint business, or
- the joint venture.

*The Joint Business* means the joint arrangement where parties sharing the joint control over the arrangement (participating together in business activities), have the right to property and responsibility for obligations related to the arrangement. Participants in joint business recognize:

- their own property, including their share in jointly owned property;
- their own obligations, including their share in obligations accepted;
- their own income from selling of own share in results deriving from joint business activities;
- their own part of income from selling joint business activity results, and
- their own costs, including their share in joint business activity costs.

The joint business accounting in separated and consolidated financial statements is made according to IFRS applicable for related property, liability, profit or loss.

*Joint Venture* is a joint arrangement where parties sharing the joint control over the arrangement (participating together in joint venture), have the right to net-assets of the arrangement, meaning that the financial structure, and not the parties in joint venture, has the right to property and responsibility for obligations accepted through the arrangement.

The joint venture sharing in consolidated financial statements is treated by the equity method, according to IAS 28, meanwhile in separated financial statements is treated by cost value, according to IAS 27.

The joint venture parties sharing the arrangement, but not having any control over it, in their respected separated and consolidated financial statements treat their joint business activities and joint ventures according to relevant provisions of IFRS 11.

An overview of subsidiary, affiliated and joint venture companies, which, together with the parent Company, comprise the Group for consolidation of the System Energoprojekt, is presented in Note 2.

## 6. ACCOUNTING PRINCIPLES

The following principles were applied in the preparation of consolidated financial statements of the system Energoprojekt:

- 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, reasoning for the change must be provided and the effects are disclosed according to the professional regulations concerning the change in valuation methods.

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

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

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

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

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

## 7. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

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

Significant accounting policies applied to consolidated financial statements of the Energoprojekt Holding Plc. 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 and internal regulations in force.

As for the general data, we are hereby noting that in compliance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, the RSD is the **functional and presentation reporting currency in consolidated financial statements of the Energoprojekt Holding Plc.**

In preparation of consolidated financial statements of Energoprojekt Holding Plc., relevant provisions IAS 10 – Events after the Reporting period 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, and if there were any, these Notes will disclose the nature of events and the valuation of their financial effects, or, if impossible to evaluate the financial effects thereof, it is disclosed that such estimate cannot be made.

### 7.1. Valuation

In preparation and presentation of financial statements in compliance with the requirements of the legal regulations in force in the Republic of Serbia, the Company management is required to use the best possible valuations and reasonable assumptions. Although, understandably, the actual future results may vary, valuations and assumptions are based on information available at the balance sheet date.

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

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



## 7.2. Effects of Foreign Exchange Rates

**Transactions in foreign currency**, upon initial recognition, are registered in RSD counter value by applying the official middle exchange rate on the transaction 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	31/12/2016	31/12/2015
	<i>Amount in RSD</i>	
EUR 1	123.4723	121.6261
USD 1	117.1353	111.2468
GBP 1	143.8065	164.9391

Applied average FX rates for the Income Statement items in 2016 and 2015 were as follows:

Currency	31/12/2016	31/12/2015
	<i>Amount in RSD</i>	
EUR 1	123.1179	120.7328
USD 1	111.2903	108.8543
GBP 1	150.5377	166.4218

## 7.3. Income

**Incomes** in accordance with IAS 18 - 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.

Incomes include: operating revenues, financial revenues, other revenues (including also revenues from the property value adjustment), and net profit from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous years.

Among the **operating incomes**, the most important are the sales revenues from the sales of goods, products and services, and as other revenues the following may appear: income from the own use of products, services and merchandize, increase of finished goods, work in progress and services in

progress (if there were any reductions in the finished goods, work in progress and services in progress, during the year, the total operating revenues shall be reduced by the amount of such reduction), income from premiums, subventions, donations, etc.; and other operating income.

For the purpose of financial reporting, within the operating revenues in Income Statement no income from the own use of products, services and merchandize and income from the change in value of products, services and merchandize (increases, ie. decreases in the value of inventories of unfinished and finished products and unfinished services), and instead operating expenses are corrected by such amounts in the Income Statement.

Income from the sales of merchandize is recognized when the following conditions are met cumulatively:

- The company has transferred to the buyer significant risks and benefits from the ownership of the product and goods;
- The company does not keep the share in management of the product sold and merchandize that is usually related to ownership, nor does it keep the control over products and goods sold;
- The amount of income cannot be measured in a reliable manner;
- Economic benefit for the Company related to such transaction is probable, and
- Costs incurred or cost that will be incurred in such transactions can be measured in a reliable manner.

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

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

Incomes from dividends are recognized when the right to receive the dividend is established.

Within **other income** (that additionally include income from value adjustments of other assets disclosed at fair value through Income Statement), in addition to other income, gains are presented that may, but do not have to result from the usual activities of the Company. Gains are increases in economic benefits of the Company and as such, by their nature, are not different from other revenues. For example, gains include gains from the sales of property, plant and equipment; at greater value from accounting one at the moment of sale.

Within **income from the disposal of discontinuing operations, effects from change in accounting policy and correction of prior periods errors and transfer of income**, income according to the names of account of this groups are presented and the transfer of total income at the end of the period, which are, for the purposes of financial reporting, presented as net effect, after the decrease for the relevant expenses.

#### 7.4. Expenses

**Expenses** are the outflow of economic benefits over a given period that result in the decrease of the capital of the Company, except for the reduction that refers to the allocation of profit to owners or

reduction that resulted from partial withdrawal of capital from operations by the owner. Expenses include outflow of assets, impairment of assets and/or increase of liabilities.

Expenses include operating expenses, financial expenses, other expenses (including expenses from value adjustments of other property assets disclosed at fair value through Income Statement) and net losses from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year.

**Operating expenses** include: cost price of goods sold, material cost, employee expenses and benefits, production service cost, intangible expenses, depreciation expenses and provisions expenses, etc.

For the purposes of financial reporting, operating expenses are corrected in the Income Statement for the amount of income from the own use of products and merchandize and income from the depreciation of inventories of products (increase, ie. decrease of inventories of intermediate and finished products and services in progress).

**Financial expenses** include financial expenses arising from the related legal entities, gains arising on the translation of foreign currency, interest-related expenses and other financial expenses.

**Other expenses** (that additionally include expenses from value adjustments of other property assets disclosed at fair value through Income Statement), 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.

Within **losses from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year and transfer of expenses**, expenses according to the names of accounts comprising this group are presented and the transfer of total expenses at the end of accounting period, which are for the purposes of financial reporting presented in net effect, after offsetting against relevant income.

## 7.5. Interest and Other Borrowing Costs

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

## 7.6. Income Tax

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

- The current tax, and
- The deferred tax.

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

The *deferred tax* includes:

- Deferred tax assets or
- Deferred tax liabilities.

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

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

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

**Deductible temporary difference** arises in cases where an expense has already been recorded in Company books, on certain bases, which, from the taxation aspect, is to be recognized in the following periods. Some typical examples of cases where the deductible temporary differences arise include the following: tax value of assets that are subject to depreciation exceeds the accounting value thereof; from the taxation aspect, certain provisions are not recognized (IAS 19, issued guarantees and other sureties), impairment of assets (merchandise, materials, etc.) and impairment of investment immovable property; from the taxation aspect expenses for unpaid public revenues that do not depend on business performance and losses occurring when securities are measured at fair value and effect is presented through the Income Statement.

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.

The amount of deferred tax assets is determined by applying the prescribed (or notified) income tax rate on Company income on the amount of deductible temporary difference that is determined as at the Balance Sheet date.

If at the end of previous year the temporary difference was deductible, on the basis of which the deferred tax assets were recognized, and at the end of current year, on the basis of the same assets, the temporary difference is taxable, the previously established deferred tax assets are released in their entirety, and at the same time the deferred tax liabilities are recognized in the amount determined as at the Balance Sheet date.

A deferred tax asset based on **unused tax losses** is recognized only in case that the Company management may reliably assess 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 the reduction of which the unused tax credit may be used, only until this type of tax credit may be used in the legally prescribed manner.

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.

**Taxable temporary difference** arises in cases where a certain expense is recognized from the taxation aspect, while from the accounting aspect it will be recognized in the Company books in the following periods.

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.

The amount of deferred tax liability is determined by applying the prescribed (or expected) tax rate on the Company profit on the amount of taxable temporary difference that is determined as at the Balance Sheet date.

On each Balance Sheet date, the deferred tax liabilities are reduced to the amount determined based on temporary difference as at that date. If at the end of the previous year the temporary difference was taxable, on the basis of which the deferred tax liabilities were recognized, and at the end of the current year, based on the same assets, the temporary difference is deductible, the previously established deferred tax liabilities are released in their entirety, and at the same time the deferred tax assets of the Company are recognized in the amount determined as at the Balance Sheet date.

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

## 7.7. Intangible Assets

**Intangible assets** are assets without identifiable physical substance, such as: software, 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.

If one of the requirements is not fulfilled, expenses on the basis of intangible investments are recognized as debit to expenses in the period in which the expenses incurred.

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

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

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

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

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

**Subsequent measuring of intangible asset**, 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).

## 7.8. Property, Plant and Equipment

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

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

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

**Initial measuring of property, plant and equipment is performed at purchase cost (purchase price)**, which includes: the purchase price and all the related costs of acquisition, that is, all the directly attributable costs of bringing the assets to the condition of functional readiness.

With the aim to perform subsequent measuring of property, plant and equipment, these are grouped in the following categories:

- a) Land;
- b) Facilities;
- c) Plants and equipment, and
- d) 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

appraiser expert, based on the evidence collected on the market. Where there is no evidence of the fair value on the market, due to the specific nature of facilities and due to the fact that such items are only rarely sold, except as a part of continuous business operation, it may be necessary that the Company performs an assessment of the fair value by using the income approach or the approach of depreciated costs of replacement. Any change in the fair value of facilities is to be recognized in principle 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).

**Measuring of subsequent expenses for property, plant and equipment** is performed when:

- It is a case of the investments that extend the useful life of the use of such asset;
- It increases the capacity;
- It improves the asset, whereby the quality of product is improved, or
- It reduces the production costs compared with the costs prior to such investment.

The costs of servicing, technical maintenance, minor repairs and other, do not increase the value of an asset, but comprise the expense for the period.

**Investments in other person's property, plant and equipment** are presented and recognized in a special account, if it is probable that the Company will make the future economic benefits related to such asset. Amortization of investment in other person's property, plant and equipment is performed on the basis of the estimated useful life of such assets, which may be equal or shorter than the validity period of the lease agreement.

## 7.9. 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** (lease whereby all the risks and benefits related to ownership of the assets are essentially transferred, and upon expiry of the lease period, the property right may, but does not necessarily need to, be transferred), 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.

In case of **business (operational) lease** (the lease whereby all the risks and benefits related to the ownership of the assets are not essentially transferred), the lease payments are recognized as expense, and in general at the linear basis during the lease period.

## 7.10. Amortisation of Intangibles 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 useful lifetime.

The residual value of intangible assets is always presumed to be zero, except in the following cases:

- When there is an obligation of a third party to purchase intangible asset at the end of its useful life, or
- When there is an active market for the intangible asset, with the presumption that such market will exist at the end of the useful lifetime of the asset as well, when the residual value may be determined by referring to such market.

The residual value and the remaining useful lifetime of the asset are examined at the end of each financial year by the competent valuers. In case that the new valuations are different from the previous valuations, the change is treated by changing the accounting assessment and it is recognized in the books on the basis of IAS 8 – Accounting Policies, Changes in Accounting Policies and Errors.

The residual value may be increased as the result of a valuation for an individual asset to the amount that is equal to the book value of such asset or larger than such value. In that case, the depreciation cost will, during the remaining useful lifetime of such asset, be zero, unless, as the result of subsequent valuations, the residual value is reduced to the amount that is lower than the book value.

Amortization of assets is performed by the **linear write-off** (proportional method), and the **calculation of amortisation starts** from the beginning of the following month from the moment when the asset becomes available for use, i.e. employment, or when it is at the location and ready-for-use as intended by the Company.

Amortization of intangible assets is conditional on the assessment of whether the useful lifetime is unlimited or limited. Intangible assets are not subject to amortization if it is estimated that the useful lifetime is unlimited, that is, if, based on the analysis of all the relevant factors, the end of the period when is it expected that the intangible asset will cease to generate incoming net cash flows for the



Company cannot be foreseen.

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 (land, for example).

For an assets acquired by means of financial lease, amortization is calculated in the same manner as for other assets, except when it is not known whether the Company will acquire the ownership right on such asset, when the assets is amortized in its entirety in a shorter period than the lease period or the useful lifetime.

Calculation of amortization ceases when the asset is derecognized (ceases to be recognized as an asset) and when it is reclassified as a non-current asset held for sale or within discontinuing operations. Thus, amortization is calculated even when the asset is not used, that is, even when the asset is not being used actively, if such asset is not reclassified as a non-current asset held for sale or within the discontinuing operations.

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

Assets that are, in accordance with the IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations, classified as assets held for sale, as at the balance sheet date are presented as working capital and are assessed at the lower value of the accounting value and fair value reduced by the costs of sale.

### **7.11. Impairment of Intangibles Assets, Property, Plant and Equipment**

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

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

**Recoverable amount** is the higher amount of:

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

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

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

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

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

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

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

## 7.12. Investment Property

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

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

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

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

Subsequent expenditure related to an already recognized investment property is attributed to the expressed amount of the investment property if it can be recognized as an asset, 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. In the opposite case, the subsequent expenditure is presented as an operating expense in the period in which it was incurred.

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.**

Investment property is not recognized as such any more upon the disposal thereof or if it is not in use any more and no future benefits are expected from the disposal thereof. Profits or losses from decommissioning or disposal of investment property are recognized in Income Statement in the year in which the asset was disposed of or decommissioned.

### 7.13. Inventories

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

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

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

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

**The purchase price** (cost) includes all:

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

**The costs of purchase of materials and goods** as basis for the valuation of inventories of materials and 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 and goods inventories spent* is performed by applying the **weighted average cost formulas**.

In the recognition of assets of lower value (for example small inventory items, spare parts and servicing equipment), 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 and non-production costs and borrowing costs.

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

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

### 7.14. Non-Current Assets Held for Sale

The Company recognizes and presents a non-current asset (or available group of assets) as an **asset held for sale** in compliance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations 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 (or group for disposal) must be available for immediate sale in the current condition, solely under the usual conditions for the sale of such property (or disposal group), and
- The sale of the asset must be very probable.

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

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

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

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

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

Non-current assets held for sale are not depreciated.

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

## 7.15. Financial Instruments

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

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

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

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

- Financial assets at fair value through the profit and loss account;
- Held-to-maturity financial assets (investments);
- Loans (credits) and receivables, and
- Financial assets available for sale.

**Financial assets or liabilities at fair value through profit and loss** include 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 or 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 derivative (other than the derivative as a *hedging* instrument).

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

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

**Loans (credits) 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;
- The assets marked by the Company as available for sale after their initial recognition, or
- 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 through the balance sheet increased, in case that the financial instrument has not been marked for measurement at fair value with changes of fair value through the Income Statement, by the transaction costs that are directly attributable to the acquisition thereof.

**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;
- Financial assets (investments) held-to-maturity, measured at amortized cost using the effective interest method; and

- Investments in capital instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and it is measured at cost.

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

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

#### 7.16. Cash and Cash Equivalents

The most liquid forms of financial assets of the Company are **cash and cash equivalents**, valued at nominal or fair value. Cash and cash equivalents consist of: securities, petty cash in RSD and in foreign currencies, deposits in accounts in RSD and foreign currencies with banks, allocated monetary assets for letters of credit opened in the country, letters of credit in foreign currencies, short-term high liquidity investments with short maturity period which may be transferred into cash that are not under the influence of significant risk of value changes, monetary assets the use of which is limited or value decreased, etc.

Criteria according to which the Company assets are classified within cash and cash equivalents are specified in the relevant provisions of IAS 7 – Statement of Cash Flows, according to which:

- Cash includes cash and demand deposits, and
- Cash equivalents and short-term, highly liquid investments, that can be quickly turned into known cash amount and that are not under the influence of significant risk of value changes, which implies investments with short maturity term (of three months or shorter).

#### 7.17. Short-Term Receivables

**Short term receivables** comprise receivables from the sale of products, goods and services to related parties and other legal and physical entities in the country and abroad, as well as the receivables on other bases (receivables for interest and dividend, receivables from employees, receivables from state authorities and organizations, receivables from overpaid taxes and contributions, etc.), expected to be realized within 12 months from the balance sheet date.

*Short term trade receivables* from the sale are measured by the cost stated in the issued invoice, and subsequently at invoice value reduced by the correction of value based on uncollectible receivables. If the cost on the invoice is stated in the foreign currency, translation to the functional currency is done by

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

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

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

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

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

*Indirect write-off* of receivables for which the Company is debited is performed on the value adjustment account. The decision on indirect write-off (value adjustment) of receivables on the value adjustment account, upon proposal by the Committee for Inventory of Liabilities and Receivables within the regular inventory, or upon proposal of the expert services in the course of the year, is made by the authorized Company body.

*Direct write-off* of receivables is performed based on the assessment of Company management if there is almost no probability of recovery (in cases where the receivables are outdated, debtors are bankrupt, etc.). The decision on direct write-off of receivables, after consideration and upon proposal by the Committee for Inventory of liabilities and receivables within the regular inventory, or upon proposal by the expert services in the course of the year, is adopted by the authorized Company body.

The indirect and direct write-off of receivables is applied only based on relevant circumstances and the balances as at the balance sheet date, i.e. during the year.

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

## **7.18. Financial Investments**

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

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

As for other assets that are presented as short-term assets, Company securities the realization (collection) of which is expected within the period of one year from the balance sheet date are also presented within the short-term financial investments. Thus, for example, securities that are classified as

securities held to maturity are presented as short-term financial investments – the portion thereof that will mature within the period of one year.

**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.

Shares in subsidiary companies and other affiliated companies, based on the relevant provisions of IAS 27 – 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 at fair value through Income Statement, held-to-maturity financial assets (investments), loans (credits) and available-for-sale financial assets) is relevant for subsequent measurement of long-term financial investments.

## 7.19. Liabilities

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

In the **valuation of liabilities** pursuant to the Framework for the preparation and presentation of financial statements, the liability is stated in the balance sheet:

- If there is a probability that an outflow of resources with economic benefits will result in the settlement of present liabilities, and
- If settlement amount may be reliably measured.

In addition to that, the *prudence principle* may be 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 related parties; long-term loans and credits in the country and abroad, liabilities for long-term securities, liabilities for long-term financial lease and other long-term liabilities); short-term liabilities (short-term credits and loans related parties, short-term credits and loans in the country and abroad, part of the long-term credits and loans as well as 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.



For liabilities presented in a foreign currency, as well as for the liabilities with foreign currency clause, translation in functional currency is performed at the middle exchange rate on the transaction date. The change in exchange rate until the settlement date is presented as positive (negative) differences in exchange rate. Liabilities in a foreign currency are calculated on the balance sheet date by using the exchange rate valid as at the balance sheet date, and any differences in exchange rates are recognized as income or expenses of that period.

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

## **7.20. Provisions, Contingent Liabilities and Contingent Assets**

A provision, according to IAS 37 - Provisions, Contingent Liability and Contingent Assets, means a liability of uncertain due date or amount.

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

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

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

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

Provisions may be made on various bases, and specifically, these may include: 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, provisions for lawsuits and for other purposes.

**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. Cancellation of provisions 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; or
- present liability that arises from past events, yet not recognized, because it is not probable that an outflow of resources that represents economic benefit of the Company will be required to settle the obligation or because the amount of liability cannot be reliably valued.

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

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

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

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

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

**7.21. Employee Benefits**

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 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 newly amended provisions of the Collective Agreement, adjusted with legislation (at the level of two average gross earnings in Republic of Serbia, pursuant to the ultimate data published by national institution in charge for statistics).

## 7.22. Information on Business Segments

A business segment is a part of assets and business operations that provide products or services that are subject to risks and benefits different from those present in some other business segments.

The geographical segment provides products or services within a specific economic environment that are subject to risks and benefits different from the segments operating in some other economic environments.

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

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

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

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

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

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

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

Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1.5% of the total income in the previous year.**

## 9. FINANCIAL RISKS

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

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

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

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

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

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

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

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

### 9.1. Credit Risk

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

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

The Company has substantial concentrations of credit risk in collection from certain buyers with long lending periods due to poor liquidity. However, since that, as a rule, the company has been operating with these customers for many years, the fear of bad debt is small.

### 9.2. Market Risk

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

The market risk includes three risk types:

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

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

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

**Interest risk** is a risk of adverse effects to the result and capital of the Company due to unfavourable interest rates' fluctuations. The Company is exposed to this type of risk due to financial liabilities related to loans with potentially fluctuating interest rates (Euribor and 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 change in market prices (not prices that result from interest or currency risk) regardless if these changes are caused by specific factors related to a specific financial instrument or its issuer or regardless if factors affect all similar financial instruments traded on the market.

### 9.3. Liquidity Risk

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

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

## 10. INFORMATION OF BUSINESS SEGMENTS

System Energoprojekt, locally as well as abroad, was on December 31, 2016, organized in main business segments as follows:

- Planning and Research;
- Construction and Fitting, and
- Other.

Business and geographical segments of system Energoprojekt are presented in tables below, at the balance sheet date.

## Business segments

	Design and research		Construction and fitting		Other		Total		Eliminations		Consolidated	
	2016	2015	2016	2015	2015	2014	2016	2015	2016	2015	2016	2015
Income from sales	7.287.605	6.734.192	25.555.289	29.655.004	1.372.108	1.425.090	34.215.002	37.814.286	(2.161.294)	(3.206.543)	32.053.708	34.607.743
<b>SEGMENT RESULT</b>												
<b>Operating profit/loss</b>	433.481	369.179	181.938	1.351.153	86.165	126.283	701.584	1.846.615	(1.755)	(7.638)	699.829	1.838.977
Interest income (third party)	13.829	11.443	142.491	67.254	22.490	19.681	178.810	98.378			178.810	98.378
Interest expenses (third party)	10.010	6.517	371.234	261.139	30.739	28.131	411.983	295.787			411.983	295.787
Profit/loss from regular operations before tax	737.608	612.720	706.685	701.956	365.549	308.845	1.809.842	1.623.521	(435.165)	(462.127)	1.374.677	1.161.394
Net profit/loss from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year	3.749	1.876	(93.467)	45.959	991	(5.048)	(88.727)	42.787	2.805	31	(85.922)	42.818
Income tax	32.418	32.850	86.287	99.065	30.803	29.737	149.508	161.652			149.508	161.652
<b>Net profit/loss</b>	708.939	581.746	526.931	648.850	335.737	274.060	1.571.607	1.504.656	(432.360)	(462.096)	1.139.247	1.042.560
<b>Total assets</b>	9.324.888	8.707.444	32.554.432	27.796.402	13.297.349	13.217.817	55.176.669	49.721.663	(8.171.443)	(7.346.090)	47.005.226	42.375.573
<b>Total liabilities</b>	9.324.888	8.707.444	32.554.432	27.796.402	13.297.349	13.217.817	55.176.669	49.721.663	(8.171.443)	(7.346.090)	47.005.226	42.375.573
Depreciation	94.617	92.117	616.077	662.757	56.168	52.288	766.862	807.162	2.711	2.479	769.573	809.641

## Geographical segments

	Serbia		Commonwealth of Independent States (CIS)		Europe		Africa		Asia		America		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Income from sales</b>	13.007.407	13.470.430	4.955.404	4.762.882	212.609	210.283	6.186.706	6.797.150	5.928.776	5.584.728	1.762.806	3.782.270	32.053.708	34.607.743
Income from the sales of goods to other affiliated companies in the international market (Energoprojekt Ltd., Lagos, Nigeria)							1.539	184					1.539	184
Income from the sales of goods - external	103.211	148.589	1.291	796	2.646	852	5.390		60		82.485	15.183	195.083	165.420
<b>Income from the sales of goods</b>	103.211	148.589	1.291	796	2.646	852	6.929	184	60		82.485	15.183	196.622	165.604
Income from the sales of products and services to other affiliated companies (Energoprojekt Ltd., Lagos, Nigeria)		1.461					254.939	685.561					254.939	687.022
Income from the sales of products and services - external	12.904.196	13.320.380	4.954.113	4.762.086	209.963	209.431	5.924.838	6.111.405	5.928.716	5.584.728	1.680.321	3.767.087	31.602.147	33.755.117
<b>Income from the sales of products and services</b>	12.904.196	13.321.841	4.954.113	4.762.086	209.963	209.431	6.179.777	6.796.966	5.928.716	5.584.728	1.680.321	3.767.087	31.857.086	34.442.139

## INCOME STATEMENT

## 11. OPERATING INCOME

## 11.1. Income from Sale of Merchandise

Structure of income from the sales of goods	<i>In RSD thousand</i>	
	2016	2015
Income from sale of goods to other related companies - foreign market	1,539	184
Income from sale of goods on local market	103,211	145,658
Income from sale of goods on foreign market	91,872	19,762
<b>TOTAL</b>	<b>196,622</b>	<b>165,604</b>

• **Income from sale of goods to other related companies on foreign market** in the amount of RSD 1,539 thousand relates to the Encom GmbH Consulting, Engineering & Trading, Germany, were generated from sale of goods to affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

• **Income from sale of goods on local market in the amount** of RSD 103,211 thousand, relate mostly to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 56,305 thousand primarily based on the sales to subcontractors on projects "Lajkovac-Ljig": RSD 39,064 thousand, "Tunel Sarani": RSD 12,310 thousand, Highway Belgrade - Novi Sad: RSD 3,426 thousand and "Koridor X": RSD 1,444 thousand. Stocks, consisting primarily of fuel and spare parts required for unobstructed performance of works, were supplied (sold) to subcontractors with the aim to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor (Note 12);

- Energoplast in the amount of RSD 22,070 thousand;

- Energoprojekt Energodata in the amount of RSD 17,096 thousand and

- Energoprojekt Visokogradnja in the amount of RSD 6,223 thousand.

Referring to the last year comparative period, the decrease by RSD 42,447 thousand of sale of goods on local market is related, mostly, to decrease within Energoprojekt Visokogradnja, in the amount of RSD 36,154 thousand primarily due to finished works performed on the Project Prokop.

• **Income from sale of goods on foreign market in the amount** of RSD 91,872 thousand are related, predominantly, to Energoprojekt Niskogradnja, in the amount of RSD 87,875 thousand, based on material selling (mainly, fuel) and spare parts required for unobstructed performance of works, supplied to subcontractors for projects in Peru and Uganda, with the aim to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor.



**11.2. Income from Sale of Products and Services**

Structure of income from the sales of products and services	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Income from sale of products and services to other related companies - domestic		1,461
Income from sale of products and services to other related companies - foreign	254,939	685,561
Income from sale of products and services on local market	12,904,196	13,287,847
Income from sale of products and services on foreign market	18,697,951	20,467,270
<b>TOTAL</b>	<b>31,857,086</b>	<b>34,442,139</b>

- **Income from sale of products and services to other related companies on foreign market** in the amount of RSD 254,939 thousand derived from products and services to the affiliated company of Energo Nigeria Ltd., Lagos, Nigeria, dominantly within Energoprojekt Oprema, in the amount of RSD 254,268 thousand. Decrease of related income comparing to the last year, in the amount of RSD 430,622 thousand, came as result of, mainly, decrease within Energoprojekt Oprema, in the amount of 406,401 thousand;
- **Income from sale of products and services on local market** in the amount of RSD 12,904,196 thousand, are related, mostly, to the following companies within system Energoprojekt:
  - Energoprojekt Niskogradnja, in the amount of RSD 8,244,746 thousand, mainly for projects: "Lajkovac-Ljig", "Tunel Sarani", "Kolubara Phase II", "Vranjska Banja Ristovac", "Pruga Pancevo" and "Koridor X",
  - Energoprojekt Visokogradnja in the amount of RSD 1,801,390 thousand, primarily for projects Belgrade Waterfront: RSD 1,130,259 thousand and Banca Intesa - reconstruction and renovation of commercial buildings: RSD 175,776 thousand and for sale of finished products (real estate) in Car Nikolaja street in Belgrade: RSD 442,601 thousand, and
  - Energoprojekt Oprema, in the amount of RSD 1,521,923 thousand, dominantly for the project "DV Pancevo - Rumunska granica": RSD 1.237.235 thousand, "Kolubara Deponija": RSD 110,071 thousand and "Prokop": RSD 94,944 thousand.

Referring to last year comparative period, the decrease of income from sales of products and services on local market in 2016, in the amount of RSD 383,651 thousand, resulted primarily from decrease in Energoprojekt Oprema by RSD 3,052,286 thousand (completion of the project Prokop) and from increase in Energoprojekt Visokogradnja by RSD 1,748,196 thousand (primarily on the projects Belgrade Waterfront and Banca Intesa), from Energoprojekt Niskogradnja by RSD 661,861 thousand (predominantly from the increase of revenues in the project Lajkovac - Ljig, and from the decrease of revenues in the following following projects: Corridor X, Railway Pancevo and Tunnel Sarani).

- **Income from sale of products and services on foreign market** in the amount of RSD 18,697,951 thousand, are related, mostly, to the following companies of system Energoprojekt:
  - Energoprojekt Visokogradnja, in the amount of RSD 6,685,541 thousand, based on works realized for investors, mainly in company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 3.031.888 thousand, as well as in Russia and Kazakhstan, on projects: "Z-096 Forte bank", Astana, Kazakhstan: RSD 2,781,749

thousand, "Z-103 Talan Towers", Astana, Kazakhstan: RSD 393,124 thousand, "Z-085 Business Building Ukhta", Russia: RSD 323,402 thousand, "Z-101 Underground Garage 2 Syktyvkar", Russia: RSD 45,908 thousand and other;

- Energoprojekt Entel in the amount of RSD 5,851,566 thousand derived from companies of the System abroad (Energoprojekt Entel LTD, Doha, Qatar: RSD 3,204,115 thousand, EP Entel LLC, Muscat, Sultanate of Oman: RSD 773,162 thousand and Energoconsult LLC Abu Dhabi, UAE: RSD 1,861,313 thousand), and

- Energoprojekt Niskogradnja, in the amount of RSD 3,944,485 thousand, on projects in Uganda: RSD 2,288,175 thousand (primarily Z-027 Mpigi Kanoni, Uganda: RSD 1,504,492 thousand) and in Peru: RSD 1,656,310 thousand (primarily Z-034 Road Puerto Bermudez, Peru: RSD 1,069,220 thousand);

- Energoprojekt Oprema in the amount of RSD 1,312,111 thousand predominantly on the Project Energoentar Minsk, Belarus: RSD 1,309,172 thousand.

Referring to the last year comparative period, decrease of income from sale of products and services on foreign market in 2016, in the amount of RSD 1,769,319 thousand came as result of, mainly, decrease recorded within Energoprojekt Niskogradnja in the amount of RSD 2,722,834 thousand (dominantly on projects in Peru) and within Energoprojekt Visokogradnja in the amount of RSD 726,364 thousand (dominantly due to the completion of the project Z-096 Forte Bank, Astana, Kazakhstan in the first six-months of previous year and suspension of works on project Z-088 Hyatt Hotel, Rostov, Russia), meanwhile within Energoprojekt Oprema recorded the increase of related income in the amount of RSD 1,253,121 thousand (dominantly on project Energoentar Minsk, Belarus) and within Energoprojekt Entel in the amount of RSD 546,156 thousand (dominantly in companies in the United Arab Emirates and Qatar, dominantly exchange rate differences).

### 11.3. Other Operating Income

Structure of other operating income	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Income from premiums, subventions, subsidies, donations, etc.		
Other operating income:		
a) Rent from other legal entities in the country	20,599	23,468
b) Rent from other legal entities abroad	89,658	87,615
c) Other operating income from parent companies, subsidiaries and other related parties		
d) Other operating income	92,562	539,344
<i>Total</i>	<i>202,819</i>	<i>650,427</i>
<b>GRAND TOTAL</b>	<b>202,819</b>	<b>650,427</b>

• **Rental income from other legal entities in the country** in the amount of RSD 20,599 thousand was primarily generated in the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 7,907 thousand, primarily based on the rental of facility in Ub and facility in Preradoviceva Street in Belgrade;

- Energoprojekt Energodata in the amount of RSD 5,730 thousand primarily based on the rental of business facility in Palmir Toljatij Street in New Belgrade;

- Energoprojekt Garant in the amount of RSD 4,787 thousand, based on the rental of the business facility in Bulevar Zoran Djindjic Street and of the business premises in YU business centre in New Belgrade; and

• **Income from the rent from other legal entities abroad** in the amount of RSD 89,658 thousand was predominantly generated by the following companies of the system Energoprojekt:

- Dom 12 S.A.L., Lebanon in the amount of RSD 26,747 thousand, based on the rent of the office building in Moscow;

- Zambia Engineering and Contracting Company Limited, Zambia in the amount of RSD 26,198 thousand, based on the rent of a number of properties in Zambia and

- Energoprojekt Niskogradnja in the amount of RSD 19,224 thousand, based on the rent of a part of the office building "Cruz del Sur" in Lima, Peru and of the machinery in Peru;

- I.N.E.C. Engineering Company Limited, United Kingdom in the amount of RSD 7,812 thousand, based on the rent of office building in London; and

- Energo (Private) Limited, Zimbabwe in the amount of RSD 4,986 thousand (based on the rent of properties in Zimbabwe).

• **Other operating income** in the amount of RSD 92,562 thousand was primarily generated in the following companies of the system Energoprojekt:

- Energoprojekt Garant in the amount of RSD 50,038 thousand relate to the income from the share in reinsurance and reinsurance in damage compensation: RSD 34,757 thousand, income from commission arising from premiums transferred to co-insurance and reinsurance in the amount of RSD 15,018 thousand;

- Energoprojekt Visokogradnja in the amount of RSD 26,289 thousand, primarily in the company Energoprojekt Ghana Ltd., Akra, Ghana, in the amount of RSD 22,260 thousand, based on re-invoiced costs by various reasons;

- Energoprojekt Niskogradnja in the amount of RSD 13,242 thousand, out of which the most significant part in the amount of RSD 11,562 thousand relates to the portion of income based on the arbitration award rendered in 2016 in favour of the company on the project Z-016 Chavimochic, Peru in the cost of bank guarantees;

Referring to the last year comparative period, decrease of other operating income in 2016, in the amount of RSD 446,782 thousand came as result of, mainly, decrease recorded in Energoprojekt Visokogradnja in the amount of RSD 407,952 thousand, primarily arising from collected claim in the company Energoprojekt Ghana Ltd., Accra, Project Bank of Ghana in 2015 in the amount of RSD 405,021 thousand.

**12. COST PRICE OF GOODS SOLD**

Structure of cost price of goods sold	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Cost price value of goods sold:		
a) Cost price of goods sold to parent company, subsidiaries and other related parties	1,438	168
b) Cost price of goods sold on local market	106,441	145,417
c) Cost price of goods sold on foreign market	82,638	14,747
<b>TOTAL</b>	<b>190,517</b>	<b>160,332</b>

● **Cost price of goods sold to their related companies** in the amount of RSD 1,438 thousand, was recorded within Encom GmbH Consulting, Engineering & Trading, Germany, based on goods purchased for affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

● **Cost price of goods sold on local market** in the amount of RSD 106,441 thousand primarily is related to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 55,991 thousand, for purchase of inventory and spare parts, with the aim to provide the subconstructor with the inventories necessary to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor mainly on projects: "Tunel Sarani", "Lajkovac-Ljig", "Koridor X" Highway Beograd – Novi Sad;

- Energoprojekt Energodata in the amount of RSD 22,206 thousand, for purchasing of ATM, software, hardware and graphic design type of goods and

- Energoplast in the amount of RSD 21,856 thousand, for purchasing of finished lock-patent delivered for further sales.

● **Cost price of goods sold on foreign market** in the amount of RSD 82,638 thousand is related to Energoprojekt Niskogradnja, in the amount of RSD 75,683 thousand, for inventory costs (mostly fuel) and spare parts sold as per agreements to subcontractors for projects in Peru: RSD 70,735 thousand and Uganda: RSD 4,948 thousand, with the aim to avoid the consequences of delays in performance of works (contractually agreed deadlines) and Energoprojekt Visokogradnja, in the amount of RSD 5,805 thousand (primarily on projects Z-088 Hyatt Hotel, Rostov, Russia, and Z-091 Schlumberger, Astrakhan, Kazakhstan).

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

Increase/decrease in inventories of intermediate and finished goods and services in progress	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Income from use of own products and merchandise	129,198	45,459
Increase in inventories of intermediate and finished goods and services in progress	1,110,639	187,843
Decrease in inventories of intermediate and finished goods and services in progress	564,934	53,031
<b>TOTAL</b>	<b>674,903</b>	<b>180,271</b>

- **Income from use of own products and merchandise** in the amount of RSD 129,198 thousand relate mainly to Energoprojekt Niskogradnja, in the amount of RSD 127,587 thousand, based on completed equipment repair: RSD 31,484 thousand (in the country: RSD 12,586 thousand and abroad: RSD 18,898 thousand) own construction project Z-034 Road Puerto Bermudez, Peru: RSD 96,103 thousand (access roads, workshops, warehouse, etc.).

- In the reporting period, the **increase in inventories of intermediate and finished goods and services in progress** amounting to RSD 1,110,639 thousand relate to the following Companies of the system Energoprojekt:

- Energoprojekt Sunnyville in the amount of RSD 840,314 thousand, based on the increase of value in inventories of intermediate production of commercial and residence complex construction "Sannyville" Belgrade (the main reason for increase in balance item compared to the previous one),

- Energoprojekt Niskogradnja in the amount of RSD 146,296 thousand, based on production of crashed stone and sand for concrete production for projects in Peru (Z-034 Road Puerto Bermudez, Peru).

- Energoprojekt Visokogradnja in the amount of RSD 124,029 thousand based on the increase in value of inventories of intermediate on the construction of residential and business building in Cara Nikolaja Street in Belgrade, in the amount of RSD 122,063 thousand and Bežanijska Kosa (in the amount of RSD 1,313 thousand), and Knez Danilova Street (in the amount of RSD 653 thousand) locations development;

- **Decrease in inventories of the intermediate and finished goods and services in progress** in the amount of RSD 564,934 thousand relates, mainly, to the following companies of the Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 555,709 thousand, based on sold finished products (property) in Cara Nikolaja Street in Belgrade: RSD 499,828 thousand, sold property in Herceg Novi in the amount of RSD 55,703 thousand and sold parking place in Block 12 in New Belgrade in the amount of RSD 178 thousand (the main reason for increase in balance item compared to the previous one) and

- Energoprojekt Niskogradnja in the amount of RSD 5,091 thousand, based on decrease (use) of inventory of produced goods used for production of base, asphalt, concrete fractions for projects in Peru, Z-034 Road Puerto Bermudez, Peru.

**14. MATERIAL COSTS AND FUEL AND ENERGY COSTS**

Structure of material cost and fuel and energy costs	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Material costs:		
a) Costs of materials used in production	5,914,471	6,812,693
b) Costs of other materials (overheads)	298,180	333,806
c) Costs of spare parts	282,315	292,780
d) Costs of one-off write-off of tools and inventory	133,215	56,202
<i>Total</i>	<i>6,628,181</i>	<i>7,495,481</i>
Fuels and energy costs:		
a) Fuel costs	848,286	1,161,067
b) Costs of electrical energy and heating	209,837	222,403
<i>Total</i>	<i>1,058,123</i>	<i>1,383,470</i>
<b>TOTAL</b>	<b>7,686,304</b>	<b>8,878,951</b>

• **Cost of materials used in production** in the amount of RSD 5,914,471 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja, in the amount of RSD 2,733,652 thousand, out of which costs incurred in Projects realized abroad: "Z-096 Forte bank", Astana Kazakhstan (RSD 1,205,781 thousand), "Z-103 Talan Towers", Astana, Kazakhstan (RSD 99,501 thousand), "Z-088 Hotel Hyatt", Rostov Russia (RSD 20,516 thousands) and Z-085 Uhta Russia (RSD 37,937 thousand) and others, as well as within Energoprojekt Ghana Ltd., Accra, Ghana (RSD 440,362 thousand), meanwhile the most significant part of costs locally are related to projects: Belgrade Waterfront: (RSD 604,804 thousand), Sunnyville (RSD 213,132 thousand) and Banca Intesa (reconstruction and renovation of commercial buildings) in the amount of RSD 35,102 thousand;

- Energoprojekt Oprema, in the amount of RSD 1,703,277 thousand, out of which costs incurred in projects in the country amount RSD 462,234 thousand (mostly on project "DV Pančevo Rumunska granica": RSD 269,549 thousand, "Tunnel Sarani": RSD 110,790 thousand and Kolubara Deponija: RSD 68,310 thousand), meanwhile RSD 1,241,043 thousand are related on abroad (primarily on the project Energoentar Minsk, Belarus: RSD 1,039,811 thousand), and

- Energoprojekt Niskogradnja, in the amount of RSD 1,161,527 thousand, out of which costs incurred in Projects realized abroad (in Peru and Uganda) amount to RSD 350,187 thousand, meanwhile the projects in the country amount to RSD 811,340 thousand.

• The largest shares in **costs of other materials (overhead)** amounting to RSD 298,180 thousand are those of Energoprojekt Niskogradnja, in the amount of RSD 198,399 thousand (abroad: RSD 189,558 thousand, in the country: RSD 8,841 thousand), Energoprojekt Entel, in the amount of RSD 40,085 thousand and Energoprojekt Visokogradnja in the amount of RSD 22,213 thousand.

• **Costs of spare parts** in the amount of RSD 282,315 thousand relate, dominantly, to Energoprojekt Niskogradnja in the amount of RSD 249,170 thousand (abroad: RSD 196,098 thousand, in the country: RSD 53,072 thousand).

• **Costs of one-off write-off of tools and inventory** in the amount of RSD 133,215 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 93,387 thousand and Energoprojekt Visokogradnja in the amount of RSD 32,339 thousand.

- The largest share in **fuel and energy costs** amounting to RSD 1,058,123 thousand are those of Energoprojekt Niskogradnja in the amount of RSD 733,663 thousand, which were predominantly incurred abroad.

## 15. EMPLOYEE EXPENSES AND BENEFITS

Structure of employee expenses and benefits	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Expenses of wages and fringe benefits (gross)	7,871,664	7,761,360
Taxes and contributions on wages and contributions on wages payable by employer	740,939	786,800
Service agreements contributions	12,814	15,168
Copyright agreements contributions	22,387	38,940
Costs of contributions for contract fees for temporary and periodical engagement	112,510	154,446
Considerations to physical persons based on other agreements	49,153	74,191
Considerations to General Manager and/or Management and Supervisory Board members	33,130	24,465
Other personnel expenses and fringe benefits	731,143	751,582
<b>TOTAL</b>	<b>9,573,740</b>	<b>9,606,952</b>

- **Expenses of wages and fringe benefits (gross) as well as taxes and contributions on wages and contributions on wages payable by employer** amounting to RSD 8,612,603 thousand relate primarily to Energoprojekt Entel in the amount of RSD 3,673,636 thousand, Energoprojekt Niskogradnja in the amount of RSD 1,786,277 thousand, Energoprojekt Visokogradnja in the amount of RSD 1,666,219 thousand, Energoprojekt Oprema in the amount of RSD 416,593 thousand.

- **Costs of contributions for contract fees for temporary and periodical engagement** amounting to RSD 112,510 thousand were predominantly incurred in Energoprojekt Niskogradnja in the amount of RSD 81,733 thousand (in the country: RSD 9,655 thousand, abroad: RSD 72,078 thousand) and are the result of Company's periodical needs for workforce with adequate qualifications for realization of projects (in construction sites) in compliance with the agreed schedules and types of works.

- **Other personnel expenses and fringe benefits** amounting to RSD 731,143 thousand predominantly relate to Energoprojekt Visokogradnja in the amount of RSD 310,148 thousand abroad: RSD 234,448 thousand based on catering on the site of works, transportation and other personnel related costs in the projects realized abroad (RSD 187,943 thousand) and in Energoprojekt Ghana Ltd., Accra, Ghana of RSD 46,505 while in the country: RSD 75,700 thousand (primarily arising from redundancy costs: RSD 41,128 thousand.).

Other personnel expenses include the costs of business trips, costs for transportation to and from site of works, solidarity fund allowances, scholarship allowances and other compensations. In addition to Energoprojekt Visokogradnja, a significant share in other personnel expenses was incurred in Energoprojekt Niskogradnja amounting to RSD 206,770 thousand (in the country: RSD 106,337 thousand and abroad: RSD 100,433 thousand), Energoprojekt Entel in the amount of RSD 62,899

thousand, Energoprojekt Hidroinženjering in the amount of RSD 44,888 thousand and Energoprojekt Oprema in the amount of RSD 44,535 thousand.

## 16. PRODUCTION SERVICE COSTS

Structure of costs of production services	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Production service cost	9,301,883	9,941,452
Transportation services' costs	473,684	577,733
Repairs and maintenance services' costs	202,782	225,637
Rental costs	1,009,226	813,201
Trade fairs' costs	8,090	8,047
Advertising costs	27,512	15,969
Research costs	4,831	2,794
Costs of other services	194,407	177,975
<b>TOTAL</b>	<b>11,222,415</b>	<b>11,762,808</b>

• **Production service costs** in the amount of RSD 9,301,883 thousand are predominantly related to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 5,129,351 thousand for the costs based on subcontracting agreements in the country amounting to RSD 4,888,837 thousand (mainly on projects: Lajkovac - Ljig, Tunel Šarani and Kolubara Phase II) and abroad (in Uganda and Peru) amounting to RSD 240,514 thousand. Significant hiring of subcontractors for projects' realization was due to the specific nature of works required and/or mechanization for the realization of the said projects (works in tunnels, hydro power plant construction, etc.). Decreased production service costs in 2016, referring to last year comparative period, in the amount of RSD 989,631 thousand, mostly came as a result of decreased realization of projects abroad where subcontractors were hired for certain agreement positions;

- Energoprojekt Visokogradnja in the amount of RSD 2,543,301 thousand comprise of the costs of associates and subcontractors incurred within projects in the country in the amount of RSD 352,061 thousand and abroad, in the amount of RSD 2,191,240 thousand (mainly, in Energoprojekt Ghana Ltd., Accra, GHana: RSD 1,767,718 thousand and on project "Z-096 Forte bank", Astana: RSD 307,042 thousand), which increased compared to last year period, for RSD 546,884 thousand (predominantly as increase recorded in the company Energoprojekt Ghana Ltd., Accra, Ghana) and

- Energoprojekt Oprema in the amount of RSD 1,159,481 thousand comprise of the subcontractors' costs and consortium partners' costs in a number of projects in the country (primarily, DV Pancevo - Romanian border, Tunnel Šarani, Prokop, Kolubara Deponija) and abroad (primarily, Energocentar Minsk, Belarus), which decreased for RSD 188,873 thousand comparing to the last year period.

• **Transportation services' costs** comprise of the transportation services' costs in the country and abroad, landline telephone bills, mobile phone bills, etc. These costs amount to RSD 473,684 thousand and relate predominantly to Energoprojekt Entel in the amount of RSD 270,284 thousand, Energoprojekt Visokogradnja in the amount of RSD 96,010 thousand and Energoprojekt Niskogradnja in the amount of RSD 67,467 thousand.



- **Repair and maintenance services' costs** amounting to RSD 202,782 thousand were incurred primarily in Energoprojekt Niskogradnja in the amount of RSD 102,178 thousand, in Energoprojekt Entel in the amount of RSD 27,583 thousand and in Energoprojekt Visokogradnja in the amount of RSD 20,819 thousand. These costs were predominantly incurred for regular equipment maintenance.

- **Rental costs** amount to RSD 1,009,226 thousand and are predominantly related to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 501,097 thousand, comprising of the rental costs of equipment, sites, business, residential and warehousing facilities abroad amounting to RSD 409,386 thousand (in Peru and Uganda) and in the country in the amount of RSD 91,711 thousand where the rent of large machinery for the Projects realized in Serbia and Peru are dominately, representing the result of inability to meet needs of available equipment (defined by dynamics of works) at the several projects simuntaneously. Increase in costs in comparison to the same period of previous year in the amount of RSD 192,013 thousand, mainly refers to increase in cost of renting large machinery in Peru, predominantly on the project Z-024 Road Puerto Bermudez, Peru (comincement date in 2016) while on other projects in Peru decrease is registered (works completed during 2015 and 2016);

- Energoprojekt Entel in the amount of RSD 352,077 thousand, recorded primarily for the rent of apartments and office premises in the Companies of this Group abroad (Quatar dominantly);

- Energoprojekt Visokogradnja in the amount of RSD 136,352 thousand are predominantly related to the rental costs of apartments and machinery abroad, amounting to RSD 89,678 thousand (predominantly in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 51,400 thousand and on the Project Z-096 Forte Bank, Astana, Kazakhstan: RSD 18,745 thousand), while in the country amount to RSD 46,674 thousand (predominantly rent of equipment on the project Belgrade Waterfront: RSD 40,688 thousand); and

- Energoprojekt Oprema in the amount of RSD 10,399 thousand are predominantly related to the rental costs of apartments, office spaces and equipment (heavy booms and cranes).

- **Trade fairs' costs** in the amount of RSD 8,090 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 7,759 thousand (primarily incurred abroad).

- **Advertising costs** amounting to RSD 27,512 thousand relate predominantly to Energoprojekt Holding in the amount of RSD 8,165 thousand (based on the sponsorship expenses for Serbian Water Polo Association, advertising costs on billboards, media presentations, etc.) and to Energoprojekt Entel in the amount of RSD 4,170 thousand (based on promotional costs, advertising, brochure and catalogue production, market researching, etc.), Energoprojekt Garant in the amount of RSD 6,711 thousand (media presentation), Energoprojekt Oprema in the amount of RSD 5,368 thousand (primarily based on the sponsorships – Serbian Water Polo Association and expenses for opening the railway station Prokop) Energoprojekt Industrija in the amount of RSD 2,189 thousand (primarily based on sponsorships – Serbian Water Polo Association) and Energoprojekt Entel in the amount of RSD 1,875 thousand (promotion, advertising, making brochures and publications, market research, etc.).

- **Costs of other services** in the amount of RSD 194,407 thousand were primarily incurred in the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 57,948 thousand, primarily based on the construction sites' security costs, geotechnical elaboration costs, utility services' costs, costs of licenses,

legalization costs, personal protection at work, registration of vehicles, etc.;

- Energoprojekt Visokogradnja in the amount of RSD 45,294 thousand primarily based on the costs of personal protection at work, registration of vehicles, photocopying costs, etc.;

- Energoprojekt Energodata in the amount of RSD 25,563 thousand, primarily based on the costs incurred for ATM maintenance, graphic design and hardware services.

## 17. DEPRECIATION EXPENSES AND PROVISION EXPENSES

Structure of depreciation expenses and provision expenses	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Depreciation expenses:		
a) Depreciation of intangible assets (Note 25)	19,434	17,664
b) Depreciation of property, plant and equipment (Note 26)	750,139	791,977
<i>Total</i>	<i>769,573</i>	<i>809,641</i>
Provisions expenses		
a) Warranty period provisions' expenses	216,453	186,281
b) Provisions for contributions and other personnel benefits	62,396	23,729
c) Other long-term provisions	18,404	66,283
<i>Total</i>	<i>297,253</i>	<i>276,293</i>
<b>TOTAL</b>	<b>1,066,826</b>	<b>1,085,934</b>

- Depreciation expenses for the reporting period were calculated based on the assessments of residual value and remaining useful life of property and equipment with significant booking value as at December 31, 2016,

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

- Within the structure of provision expenses, in the amount of RSD 297,253 thousand, the cost significant are **provision expenses for guarantees** amounting RSD 216,453 thousand (Note 38).

The management of companies within Energoprojekt appraises provision expenses for future guarantees based on information of applications from previous periods, as well as based on recent trends which could announce that information on previous expenses could differ from those from future demands. Final amount of liability to be paid could differ from the one defined before, depending on future circumstances.

Pursuant to the above mentioned, the fund reservation for provision expenses in the related period was performed in following companies of the Energoprojekt:

- Energoprojekt Entel in the amount of RSD 184,142 thousand for projects “Phasa 11“: RSD 153,452 thousand and “Phasa 12“: RSD 30,690 thousand (executing for Qatar General Electricity and Water Corporation “KAHRAMAA”) within the Energoprojekt Entel LTD, Doha, Qatar. Reservation for

provision expenses calculation was performed as precaution, presuming that the agreed payment, with all modifications and date of payment prolongation, will not be respected;

- Energoprojekt Visokogradnja in the amount of RSD 32,311 thousand, relate to calculated expenses on project "Z-096 Forte bank", Astana, completed within reporting period. The usual practice is that company guarantees for the buildings finished, expecting to have expenses in the period of warranty.

- **Provisions for contributions and other personnel benefits** in the amount of RSD 62,396 thousand relate, mostly, to Energoprojekt Entel, in the amount of RSD 57,055 thousand (mostly within Energoprojekt Entel LTD, Qatar: RSD 42,076 thousand) and Energoprojekt Visokogradnja, in the amount of RSD 2,550 thousand.

In 2016, the majority of companies within Energoprojekt recorded provisions for contribution and other personnel benefits (income was recorded in Energoprojekt Garant: RSD 64 thousand), presented according to actuarial calculation of the expert team from Energoprojekt (Note 38).

- **Other provisions** in the amount of RSD 18,404 thousand relate in their entirety to Energoprojekt Garant Company based on the provisions for risk levelling: RSD 15,011 thousand, provisions for damage compensation amounting to RSD 2,288 thousand and provisions for financing of activities on various risks' prevention amounting to RSD 1,105 thousand.

## 18. INTANGIBLE EXPENSES

Structure of intangible expenses	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Intangible expenses	1,070,395	907,748
Expense account	84,634	76,633
Insurance premiums expenses	176,868	202,795
Payment operations' expenses	376,256	378,449
Membership fee expenses	11,119	10,736
Tax duties	599,749	357,811
Contribution expenses	3,095	9,368
Other non-operating expenses	169,683	160,947
<b>TOTAL</b>	<b>2,491,799</b>	<b>2,104,487</b>

- **Intangible expenses** in the amount of RSD 1,070,395 thousand (which include the attorney fees, consulting and intellectual services, audit costs, professional training and education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other costs) consist primarily of the costs of Energoprojekt Entel amounting to RSD 387,449 thousand, Energoprojekt Sunnyville in the amount of RSD 321,562 thousand (primarily based on cost of procurement construction land: RSD 173,840 thousand and fees for land: RSD 143,877 thousand, included in the cost of building under construction: residential - business complex "Sunnyville"), Energoprojekt Niskogradnja amounting to RSD 159,166 thousand and Energoprojekt Visokogradnja in the amount of RSD 97,106 thousand.

- **Insurance premium expenses** amounting to RSD 176,868 thousand were incurred based on the insurance of works, property and persons, primarily in the Energoprojekt Niskogradnja in the amount of RSD 83,066 thousand, in Energoprojekt Entel in the amount of RSD 66,070 thousand, in Energoprojekt Visokogradnja in the amount of RSD 12,488 thousand and in Energoprojekt Hidroinženjering in the amount of RSD 10,713 thousand.
- **Payment operation expenses** in the amount of RSD 376,256 thousand predominantly relate to the following companies of Energoprojekt:
  - Energoprojekt Niskogradnja amounting to RSD 130,586 thousand (most of which pertain to the bank fee costs for guarantees provided in the country: RSD 64,522 thousand and abroad (Peru and Uganda): RSD 66,064 thousand;
  - Energoprojekt Visokogradnja amounting to RSD 122,221 thousand, in the country: RSD 24,052 thousand and abroad: RSD 98,169 thousand, mainly on projects "Z-096 Forte bank", Astana: RSD 55,969 thousand and "Z-103 Talan Towers" Astan Kazachastan: RSD 19,706 thousand, as well as to Energoprojekt Ghana Ltd., Accra, Ghana: RSD 19,977 thousand;
  - Energoprojekt Oprema amounting RSD 60,135 thousand mainly for project Energoentar Minsk, Belarus: RSD 38,495 thousand, of which the costs of bank fees for issued guarantees relating RSD 33,580 thousand,
  - Energoprojekt Entel amounting RSD 30,753 thousand, predominantly, based on bank fees for guarantees providing expenses, in the amount of RSD 18,463 thousand and cost of payment transactions: RSD 12,290 thousand (dominantly within Energoprojekt Entel LTD, Qatar: RSD 22,044 thousand) and;
  - Energoprojekt Hidroinženjering amounting RSD 24,316 thousand.
- **Tax duties** in the amount of RSD 599,749 thousand consist of the property tax, utility duties, income tax in foreign countries according to the local regulations, etc. Tax duties are mainly related to the following companies of Energoprojekt:
  - Energoprojekt Visokogradnja in the amount of RSD 399,982 thousand, abroad: RSD 362,503 thousand (mostly on project "Z-096 Forte bank", Astana, Kazahstan: RSD 275,140 thousand (based on calculated income tax for the year 2016) and in the country: RSD 37,479 thousand (mostly, based on property tax: RSD 11,563 thousand);
  - Energoprojekt Entel in the amount of RSD 79,991 thousand, abroad: RSD 74,173 thousand, in the country: RSD 5,818 thousand;
  - Energoprojekt Niskogradnja in the amount of RSD 35,836 thousand, abroad: RSD 32,432 thousand, in the country: RSD 3,404 thousand and
  - Energoprojekt Holding in the amount of RSD 26,262 thousand, in the country, dominantly based on property tax: RSD 25,575 thousand.
- Within the **other non-operating expenses** item (administrative, court and other fees, expert professional magazines, publication of announcements and tenders, visa costs for employees working abroad, hiring of local workforce in foreign countries for international projects' realization, etc.) amounting to the total of RSD 169,683 thousand consist primarily to the costs incurred by Energoprojekt Visokogradnja in the amount of RSD 66,660 thousand, Energoprojekt Entel in the amount of RSD 49,920 thousand, Energoprojekt Niskogradnja in the amount of RSD 20,316 thousand and Energoprojekt Oprema in the amount of RSD 11,963 thousand.

**19. FINANCIAL INCOME AND FINANCIAL EXPENSE****19.1. Financial Income**

Structure of financial income	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Financial income from other related companies	30,073	22,806
Financial income from the profit of affiliated companies and joint ventures	83,644	66,698
Other financial income:		
a) Income from dividends	2,528	4,904
b) Other financial income	91,188	93,642
<i>Total</i>	<i>93,716</i>	<i>98,546</i>
<i>Total financial income from related companies and other financial income</i>	<i>207,433</i>	<i>188,050</i>
Interest income (third party)	178,810	98,378
Exchange rate gains and positive currency clause effects (third party)	1,302,715	1,558,921
<b>TOTAL</b>	<b>1,688,958</b>	<b>1,845,349</b>

• **Financial income from other related companies** in the amount of RSD 30,073 thousand consist of the financial income from:

- Affiliated Company Energo Nigeria Ltd., Lagos, Nigeria, in the amount of RSD 16,600 thousand, which were recorded in Energoprojekt Oprema in the amount of RSD 16,231 and by Energoprojekt Hidroinzenjering in the amount of RSD 369 thousand as foreign exchange gains; and

- Joint Venture Company Enjub Ltd. in the amount of RSD 13,470 thousand, which were recorded, in Energoprojekt Holding based on income from interest on loan granted: RSD 10,282 thousand and effects of foreign currency clauses: RSD 3,188 thousand.

• **Financial income from the profit of affiliated companies and joint ventures** in the amount of RSD 83,644 thousand relate to generated net result of the reporting period of the affiliated companies Energo Nigeria Ltd., Lagos, Nigeria in the amount of RSD 9,939 thousand (40,00%), Energopet Ltd. in the amount of RSD 62,600 thousand (33.33%), Enjub Ltd. in the amount of RSD 8,776 thousand (50.00%) and closed investment fund Fima See Activist Plc. in the amount of RSD 2,329 thousand (30.16%).

Affiliated companies Energo Nigeria Ltd., Lagos, Nigeria and Energopet Ltd., are included by the equity method into primary consolidation into consolidated financial statements of the related companies Energoprojekt Oprema and Energoprojekt Industrija, and consequently into consolidated financial statements of system Energoprojekt.

• **Interest income (third party)** in the amount of RSD 178,810 thousand are mainly related to the following companies of Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 107,514 thousand predominantly from the agreed default interest invoiced to the Investor in Uganda for unpaid receivables till defined date of payment: RSD 70,312 thousand (Project "Z-027" Mpigi-Kanoni Uganda: RSD 24,335 thousand and "Z-017" Kawempe Kafu Uganda: RSD 45,977 thousand) interest on completion court case from municipality of Surco, Peru: RSD 18,764 thousand, interest on completion arbitrage Project "Z-016 Chavimochic", Peru: RSD 17,111 thousand and income from the short term deposits: RSD 1,327 thousand;

- Energoprojekt Garant, in the amount of RSD 19,687 thousand, mainly from interest on coupon bonds: RSD 12,355 thousand and income from the short term deposits: RSD 6,321 thousand,

- Energoprojekt Visokogradnja, in the amount of RSD 18,656 thousand, mainly incurred abroad: RSD 16,313 thousand (primarily within the company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 11,702 thousand and "Z-085 Ukhta", Russia: RSD 3,608 thousand); and

- Energoprojekt Oprema, in the amount of RSD 16,291 thousand and Energoprojekt Entel, in the amount of RSD RSD 12,849 predominantly income from the short term deposits with commercial banks.

• **Exchange rate gains and positive currency clauses effects (third party)** amounted to RSD 1,302,715 thousand dinars, while exchange rate losses and negative currency clause effects amounted to RSD 1,227,424 thousand, so that in the reporting period recorded net exchange gains and positive currency clauses effects in the amount of RSD 75,291 thousand.

From the beginning of the year until December 31, 2016, RSD was depreciated to EUR by 1.52% (in 2015: 0.55%) and to USD by 5.29% (in 2015: 11.85%), and RSD was depreciated to RUB by 27.69% (in 2015 was appreciated by 14.97%).

## 19.2. Financial Expense

Structure of financial expense	<i>In RSD thousand</i>	
	<i>01.01-31.12.16</i>	<i>01.01-31.12.15</i>
Financial expenses from transactions with other related company	6,647	3,185
Financial expense from the losses of affiliated companies and joint ventures		14,476
Other financial expenses	1,207	341
<i>Total financial expenses from related parties and other financial expenses</i>	<i>7,854</i>	<i>18,002</i>
Interest expenses (third party)	411,983	295,787
Exchange rate losses and negative currency clause effects (third party)	1,227,424	1,763,533
<b>TOTAL</b>	<b>1,647,261</b>	<b>2,077,322</b>

• **Financial expense from transactions with other related companies** in the amount of RSD 6,647 thousand comprise affiliated company Energo Nigeria Ltd., Lagos, Nigeria, based on the negative FX differences and expenses incurred from the effects of FX clauses recorded in Energoprojekt Oprema.

- **Interest expense (third party)** comprise of expenses from interest on loans and default interest incurred in debtor – creditor transactions. Interest expenses in the amount of RSD 411,983 thousand relate predominantly to the companies within Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 264,948 thousand in the country: RSD 183,544 thousand (of which default interest from lost court case with the company Belim Plc. relates RSD 98,732 thousand) and abroad: RSD 81,404 thousand (of which Energoprojekt Ghana Ltd., Accra, Ghana registered RSD 38,255 thousand) and

- Energoprojekt Niskogradnja in the amount of RSD 98,540 thousand (in the country: RSD 52,534 thousand and abroad: RSD 46,006 thousand), primarily incurred from interest on loans granted by commercial banks and interest on leasing contracts.

Increase in interest expense (by third parties) in relation to comparative period of previous year by RSD 116,196 thousand, predominantly is the result of increase recorded in the Energoprojekt Visokogradnja in the amount of RSD 79,774 thousand (default interest on lost court case with Belim Plc.) and in the Energoprojekt Niskogradnja in the amount of RSD 25,833 thousand (increase in interest expenses abroad).

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

### 20.1. Income from Value Adjustment of other Assets Disclosed at Fair Value through Income Statement

Structure of income from value adjustment of other assets disclosed at fair value through income statement	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Income from value adjustment of long-term financial investments and securities available for sale	20,779	13,056
Income from value adjustment of receivables and short-term financial investments	19,955	5,375
<b>TOTAL</b>	<b>40,734</b>	<b>18,431</b>

- **Income from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 20,779 thousand relate, mostly, to Energoprojekt Garant in the amount of RSD 20,709 thousand based on adjustment of fair value of old foreign currency savings bonds of the Republic of Serbia (certain series).

- **Income from value adjustment of receivables and short-term financial investments** in the amount of RSD 19,955 thousand consist predominantly from Energoprojekt Oprema in the amount of RSD 19,756 thousand from collected receivables prior indirectly written-off, primarily from SNC Lavalin: RSD 16,385 thousand and Instalaciones Inabensa S.A.: RSD 3,325 thousand.

## 20.2. Expenses from Value Adjustment of other Assets Disclosed at Fair Value through Income Statement

Structure of expenses from value adjustment of other assets disclosed at fair value through Income Statement	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Expenses from value adjustment of long-term financial investments and securities available for sale	8,870	11,306
Expenses from value adjustment of receivables and short-term financial investments	69,094	290,778
<b>TOTAL</b>	<b>77,964</b>	<b>302,084</b>

- **Expenses from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 8,870 thousand relate to Energoprojekt Garant in the amount of RSD 8,123 based on fair value adjustments of state coupon bonds of Republic of Serbia (certain series).
- **Expenses from value adjustment of receivables and short-term financial investments** in the amount of RSD 69,094 thousand relate mostly to the following companies of Energoprojekt:
  - Energoprojekt Visokogradnja in the amount of RSD 28,065 thousand, in the country: RSD 17,935 thousand and abroad: RSD 10,130 thousand (Project Z-088 Hyatt Hotel, Rostov - value adjustment of short-term loans granted to Tandem Inter, due to the inability of collection).
  - Energoprojekt Hidroinženjering in the amount of RSD 23,231 thousand on the projects in the country: RSD 6,931 thousand and abroad: RSD 16,300 thousand.
  - Energoprojekt Niskogradnja in the amount of RSD 12,396 thousand, from adjusted receivables in Peru: RSD 7,133 thousand and allowances for advances of the country: RSD 5,263 thousand.

Decrease of expenses from value adjustment of receivables and short-term financial investments, comparing to the last year period, in the amount of RSD 221,684 thousand, dominantly came as result of indirect write-off receivables of clients in 2015, within Energoprojekt Oprema in the amount of RSD 250,068 thousand (SNC Lavalin: RSD 132,428 thousand and International Project Services Ltd. - Branch: RSD 117,640 thousand - Project RTB Bor), while, the greatest increase is recorded in the Energoprojekt Niskogradnja on impairment of receivables in the reporting year in the amount of RSD 12,396 thousand.



**21. OTHER INCOME AND OTHER EXPENSE****21.1. Other Income**

Structure of other income	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Income from disposal of intangible assets, property, plant and equipment	15,947	5,506
Income from disposal of shares and securities		
Income from disposal of materials	17,055	1,535
Surpluses	5,046	557
Collected written-off receivables	3,050	28,198
Income from the effects of agreed risk protection that cannot be posted in other comprehensive result	225	303
Income from reduction of liabilities	380,170	47,871
Income from release of long-term and short-term provisions	617,194	212,872
Other income not posted elsewhere	84,963	94,375
Income from value adjustment of property, plant and equipment	44,391	46,691
<b>TOTAL</b>	<b>1,168,041</b>	<b>437,908</b>

• **Income from disposal of intangibles assets, property, plant and equipment** in the amount of RSD 15,947 thousand relate mostly to the following companies of Energoprojekt:

- Energoprojekt Entel in the amount of RSD 6,267 thousand from sale of apartment in Block 20 in Bezanijska Kosa Belgrade and car sales,
- Energoprojekt Visokogradnja in the amount of RSD 5,535 thousand, based on disposal of equipment and
- Energoprojekt Niskogradnja in the amount of RSD 2,869 thousand, based on disposal of construction machines and equipment.

• **Income from disposal of materials** in the amount of RSD 17,055 thousand entirely relate to the Energoprojekt Visokogradnja, abroad: RSD 15,381 thousand and in the country: RSD 1,674 thousand.

• **Income from reduction of liabilities** in the amount of RSD 380,170 thousand relate mostly to the following companies of Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 273,260 thousand, mainly from write-off of VAT duty in the company Energoprojekt Ghana Ltd., Accra, Ghana, in the amount of RSD 145,297 thousand and reversal of accrued liabilities for tax on foreign earnings (according to regulations that were in force until 2015) in the amount of RSD 82,662 thousand, and
- Energoprojekt Oprema in the amount of RSD 92,409 thousand mainly refers from reduction of liabilities according to inventory count, due to obsolescence and lack of attempts to collect receivables in previous period: RSD 64,330 thousand and reduction of liability according to Protocol made with the creditor Instalaciones Inabensa: RSD 27,887 thousand.

Increase of income from reduction of liabilities comparing to last years' comparable period, in the amount of RSD 332,299 thousand relates mostly to Energoprojekt Visokogradnja in the amount of RSD 260,466 thousand - tax liability write-off related to Energoprojekt Ghana Ltd., Accra, Ghana: RSD 145,297 thousand and write-off of accrued liabilities for taxes on foreign earnings: RSD 82,662 thousand in 2016.

• **Income from release of long-term and short-term provisions** in the amount of RSD 617,194 thousand relate mostly to the following companies of Energoprojekt:

- Energoprojekt Holding in the amount of RSD 260,000 thousand from abolition of other long-term provisions formed in 2006 on behalf of possible expenses according to realization of Agreement on Joint Construction in Block 26, Novi Beograd, concluded between consortium "Energoprojekt - Napred" and Trinity Capital Ltd. Repeal of the provision was made on December 31, 2016 pursuant to decision of the Executive Board, since the conditions required for recognition of provision by IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (Note 7.20. and 38) are not met,

- Energoprojekt Entel in the amount of RSD 235,011 thousand based on release of long-term provisions costs within the warranty period in the companies abroad, in Energoprojekt Entel LTD, Qatar in the amount of RSD 158,975 thousand, Project Phase 9: RSD 122,761 thousand (provisions were repealed in its entirety since the work was completed and receivables collected) and in project GTC 385 performed for Qatar General Electricity and Water Corporation "KAHRAMAA": RSD 36,214 thousand (partially repealed provisions since part of work was completed and receivables from investors were collected in that part) and in the company Energoconsult L.L.C., Abu Dhabi, UAE in the amount of RSD 76,036 thousand in the project Dewa 697 (since the work was completed and receivables from investors collected) performed for The Dubai Electricity and Water Authority "DEWA"; and

- Energoprojekt Niskogradnja in the amount of RSD 97,097 thousand based on release of long-term provisions formed in 2006 in relation to potential liability to the company MCC, China Project "Z-0163 Navigation Lock", Iraq. Repeal of the provision was made on December 31, 2016 pursuant to decision made by the Board of Directors, given that, among other, for the last 10 years no written request for settlement obligations issued by the company MCC, China is nor single request for confirmation of mutual receivables and liabilities (Note 38.).

The aforementioned incomes recorded in Energoprojekt Holding, Energoprojekt Entel and Energoprojekt Niskogradnja are the main reason for increase of income from reversal of long-term and short-term provisions in relation to the same period last year.

• **Other income not posted elsewhere** in the amount of RSD 84,963 thousand relate mostly to the following companies of Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 37,991 thousand, in the country: RSD 21,040 thousand (mostly based on the release of provisions for overstated financial statements in other functional currency in relation to the reporting currency of the completed projects realized abroad that were accounted for, in compliance with IAS 21: RSD 17,933 thousand) and abroad RSD 16,951 thousand,

- Energoprojekt Oprema in the amount of RSD 17,051 thousand, mostly based on the release of provisions for overstated financial statements in other functional currency in relation to the reporting currency of the completed projects realized abroad that were accounted for, in compliance with IAS 21: RSD 16,384 thousand,

- Energoprojekt Niskogradnja in the amount of RSD 13,683 thousand, mostly based on compensation for damages arising from destruction of the equipment in the amount of RSD 8,830 thousand (in the country: RSD 7,857 thousand and abroad: RSD 973 thousand) and from sale of secondary raw materials (scrap) in the country in the amount of RSD 1,114 thousand and

- Energoprojekt Hidroinženjering in the amount of RSD 9,759 thousand, based on collection of down payment for participation in tenders in Algeria from previous period.

• **Income from value adjustment of, property, plant and equipment** in the amount of RSD 44,391 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 40,146 thousand based on settlement of investment property value - office premises “Cruz del Sur“, Peru - on its fair value at the balance sheet day, pursuant to IAS 40 – Investment Property.

## 21.2. Other Expense

Structure of other expense	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Losses incurred from decommissioning and disposal of intangibles assets, property, plant and equipment	67,578	28,159
Losses incurred from disposal of equity investments and securities		
Losses incurred from the sales of materials	1,281	2,792
Shortages	5,135	4,942
Expenses from direct write-off of receivables	99,075	305,245
Expenses from decommissioning of inventories	18,468	11,711
Other expenses not otherwise mentioned	244,650	153,397
Impairment of other assets		
Impairment of property, plant and equipment	42,003	59,465
Impairment of inventory of material and goods	19,470	34,154
<b>TOTAL</b>	<b>497,660</b>	<b>599,865</b>

• **Losses from decommissioning and disposal of intangibles assets, property, plant and equipment** in the amount of RSD 67,578 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 43,556 thousand (based on decommissioning of equipment: RSD 22,419 thousand and sales of equipment: RSD 21,137 thousand) and Energoprojekt Niskogradnja in the amount of RSD 19,444 thousand (mostly based net book value of destroyed buildings on land leased: RSD 18,527 thousand).

• **Expenses from direct write-off of receivables** in the amount of RSD 99,075 thousand relate, mostly, to the following companies of Energoprojekt:

- Energoprojekt Entel in the amount of RSD 45,271 thousand, based on direct written off receivables from companies that are ceased their operations in Qatar and unrecognized receivable for guarantee deposit within Energoprojekt Entel LTD, Qatar: RSD 40,263 thousand and Energoprojekt Entel LLC, Muscat, Sultanate Oman: RSD 5,008 thousand,

- Energoprojekt Visokogradnja in the amount of RSD 15,837 thousand, based on writte-off receivables from clients and other receivables based on advance payment which cannot be recollected, mostly in the country: RSD 7,772 thousand and abroad: RSD 8,065 thousand (primarily Project Z-090 Projecting Telekom Center in Kazakhstan: RSD 4,259 thousand and Project Z-080 Hospital Aktau, Kazakhstan: RSD 3,622 thousand), and

- Energoprojekt Hidroinzenjering in the amount of RSD 15,439 thousand, based on direct write-off of receivables from prior period on the projects Tarzout, Algeria: RSD 11,464 thousand (due to the impossibility of implementation) and Mellila, Algeria: RSD 3,975 thousand (work was terminated on Client request).

• **Other expenses not otherwise mentioned** in the amount of RSD 244,650 thousand predominantly relate to the following companies of the Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 145,154 thousand, mostly based on costs of the negative outcome of the lawsuit against the company Belim Plc. in the amount of RSD 138,004 thousand;

- Energoprojekt Entel in the amount of RSD 32,431 thousand, predominantly for humanitarian, cultural and medical purposes: RSD 26,791 thousand and donations granted: RSD 2,786 thousand;

- Energoprojekt Oprema in the amount of RSD 20,264 thousand, mostly for collecting the damage compensation, in the amount of RSD 17,635 thousand and costs of donation granted, in the amount of RSD 1,946 thousand ,

- Energoprojekt Holding in the amount of RSD 16,943 thousand, mostly costs of donation granted, in the amount of RSD 16,387 thousand,

- Energoprojekt Niskogradnja in the amount of RSD 13,113 thousand, primarily based on penalties and court rulings in the amount of RSD 7,483 thousand and based on the costs of donations granted, in the amount of RSD 2,313 thousand (mostly in Peru), and

- Energoprojekt Hidroinzenjering in the amount of RSD 12,109 thousand, predominantly based on fullfilling of agreed liabilities for construction designing in Algeria, costs of donation granted and penalties and fines for projects in the country.

Increase of **other expenses not otherwise mentioned** comparing to the last year comparable period, in the amount of RSD 91,253 thousand relate, mainly, on increase within Energoprojekt Visokogradnja, in the amount of RSD 58,288 thousand (mostly, based on costs of negative outcome of lawsuits with the company Belim Plc.), within Energoprojekt Holding in the amount of RSD 9,651 thousand (mostly from increase of costs of donations granted) and within Energoprojekt Oprema, in the amount of RSD 8,076 thousand (mainly, based on compensation of damages).

• **Impairment of property, plant and equipment** in the amount of RSD 42,003 thousand relate to Dom 12 S.A.L, Lebanon, in the amount of RSD 7,790 thousand (impairment of commercial building in Moscow), Energoprojekt Garant in the amount of RSD 12,328 thousand (impairment of investment properties in New Belgrade), Energoprojekt Urbanizam and Arhitektura in the amount of RSD 18,520 thousand (impairment investment property - barracks in New Belgrade), Energoprojekt Holding in the amount of RSD 2,028 thousand (impairment of investment property PTC Stari Merkator in New Belgrade) and Energoprojekt Energodata in the amount of RSD 1,337 thousand (impairment of investment property PTC Stari Merkator in New Belgrade).

- **Impairment of inventory of material and goods** in the amount of RSD 19,470 thousand relate, completely, to Energoprojekt Energodata, based on impairment of 74 ATMs.

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

Structure of net profit/loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	<i>In RSD thousand</i>	
	<i>01.01-31.12.16</i>	<i>01.01-31.12.15</i>
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	-	42,818
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	85,922	-
<b>TOTAL</b>	<b>(85,922)</b>	<b>42,818</b>

- **Net loss from discontinued operations effects of change in accounting policy and adjustment of errors from previous year** in the amount of RSD 85,922 thousand came as a result of, mainly, subsequently determined profit and /or loss from previous period in the amounts that are of no material significance and which were credited/debited to the current period mainly within Energoprojekt Niskogradnja (primarily based on adjusted overcalculated income from work carried out in December 2015 on the project Tunnel Šarani: RSD 41,357 thousand, adjusted undercalculated income tax for 2015 compared to the amount from tax return (within the legal deadline: June 2016), in Uganda: RSD 38,251 thousand and adjusted overcalculated income tax for 2015 compared to the amount from tax return (within the legal deadline: March 2016) in Peru: 5,479 thousand).

**23. PROFIT BEFORE TAX**

Structure of gross result	In RSD thousand	
	01.01-31.12.16	01.01-31.12.15
Operating income	32,256,527	35,258,170
Operating expenses	31,556,698	33,419,193
<i>Operating result</i>	<i>699,829</i>	<i>1,838,977</i>
Financial income	1,688,958	1,845,349
Financial expenses	1,647,261	2,077,322
<i>Finanial result</i>	<i>41,697</i>	<i>(231,973)</i>
Income from value adjustment of other assets disclosed at fair value through income statement	40,734	18,431
Other revenues	1,168,041	437,908
Expenses from value adjustment of other assets disclosed at fair value through income statement	77,964	302,084
Other expenses	497,660	599,865
<i>Result of other revenues and expenses</i>	<i>633,151</i>	<i>(445,610)</i>
<i>Result from regular operations before tax</i>	<i>1,374,677</i>	<i>1,161,394</i>
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		42,818
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	85,922	
<b>TOTAL INCOME</b>	<b>35,154,260</b>	<b>37,602,676</b>
<b>TOTAL EXPENSES</b>	<b>33,865,505</b>	<b>36,398,464</b>
<b>PROFIT/LOSS BEFORE TAX</b>	<b>1,288,755</b>	<b>1,204,212</b>

**Profit before tax (Gross Profit)** of the system Energoprojekt in the reporting year in the amount of RSD 1,288,755 thousand is a result of realized:

- business profit in the amount of RSD 699,829 thousand, mainly within Energoprojekt Niskogradnja and Energoprojekt Entel; and,
- profit from other operating activities in the amount of RSD 547,229 thousand, mainly based on income from release of long-term provisions primarily in Energoprojekt Holding and Energoprojekt Entel (Note 21.1.) and income from reduction of liabilities, primarily in Energoprojekt Visokogradnja (based on write-off of VAT duty in Energoprojekt Ghana Ltd., Accra, Ghana and reversal of tax duties on salaries abroad - Note 21.1.) and from other unmentioned expenses, primarily, in Energoprojekt Visokogradnja (mainly based on negative outcome of lawsuit with the Company Belim Plc.) and
- financial profit in the amount of RSD 41,697 thousand.

The main reason for decrease in business results of system Energoprojekt in 2016 in relation to comparative period of previous year is, primarily due to fall in Energoprojekt Visokogradnja (despite increase in sales in the country), given the significant amount of collected claim in 2015, in Energoprojekt Oprema due to decrease in sales in the country and in Energopojekt Niskogradnja based on reduced implementation projects abroad.

**24. EARNINGS PER SHARE**

<b>Indicator</b>	<i>In RSD thousand</i>	
	<i>01.01-31.12.16</i>	<i>01.01-31.12.15</i>
Net-profit pertaining to parent company shareholders	960,716	856,443
Weighted average number of regular shares in the period	10,931,292	10,931,292
<b>Profit per share (RSD)</b>	<b>87.89</b>	<b>78.35</b>

**BALANCE SHEET****25. INTANGIBLES ASSETS**

Structure of intangible assets	Development investments	Software and other rights	Intangible assets in progress	Total
<b><u>Purchase value</u></b>				
<b>Balance as at January 1, 2016</b>	<b>4,945</b>	<b>196,171</b>	<b>1,011</b>	<b>202,127</b>
New purchases		8,783	7	<b>8,790</b>
Disposal and decommissioning		(883)		<b>(883)</b>
Increase by transfer from investments in progress		1,011	(1,011)	
Other transfers (from)/to				
FX gains and losses		1,239		<b>1,239</b>
Other increase/(decrease)		(9,272)		<b>(9,272)</b>
<b>Balance as at December 31, 2016</b>	<b>4,945</b>	<b>197,049</b>	<b>7</b>	<b>202,001</b>
<b><u>Valuation adjustment</u></b>				
<b>Balance as at January 1, 2016</b>	<b>906</b>	<b>131,926</b>		<b>132,832</b>
Depreciation	495	18,939		<b>19,434</b>
Disposal and decommissioning		(883)		<b>(883)</b>
FX gains and losses		969		<b>969</b>
Other increase/(decrease)		(9,273)		<b>(9,273)</b>
<b>Balance as at December 31, 2016</b>	<b>1,401</b>	<b>141,678</b>		<b>143,079</b>
<b><u>Net book value</u></b>				
<b>31.12.2015</b>	<b>4,039</b>	<b>64,245</b>	<b>1,011</b>	<b>69,295</b>
<b>31.12.2016</b>	<b>3,544</b>	<b>55,371</b>	<b>7</b>	<b>58,922</b>

Software and other rights as at December 31, 2016 relate to various software used by the Energoprojekt for own purposes, which are depreciated in compliance with the relevant accounting policy.



## 26. PROPERTY, PLANT AND EQUIPMENT

Structure of property, plant and equipment	Land	Buildings	Plant and equipment	Investment property and investment property in progress	Other property, plant and equipment	Property, plant and equipment in progress	Investments in other property, plant and equipment	Advances for property, plant and equipment	Total
<i>Purchase value</i>									
<b>Balance as at January 1, 2016</b>	<b>882,471</b>	<b>7,440,392</b>	<b>10,205,812</b>	<b>3,275,616</b>	<b>233,241</b>	<b>70,345</b>	<b>44,402</b>	<b>96,302</b>	<b>22,248,581</b>
Purchase during the year		4,017	545,127	936	17,399	17,746	96,103	3,006	<b>684,334</b>
Increase by transfer from investments in progress			65,141		4,308	(19,000)		(50,449)	
Transfer to fixed assets held for sale			(1,371)						<b>(1,371)</b>
Other transfers from / (to)	(172,841)	(103,039)	(20,786)	103,039	20,786				<b>(172,841)</b>
Disposal and decommissioning		(8,299)	(402,206)		(51,750)		(17,889)		<b>(480,144)</b>
Profit/(loss) included in Report on Other Result (group 330)		49,132	(13,200)	(20,779)	13,198				<b>28,351</b>
Profit/(loss) included in Income Statement		3,792		(1,404)					<b>2,388</b>
FX gains and losses	465	17,812	95,215	211,431	4			696	<b>325,623</b>
Other increases / (decreases)		(145,586)	621		(10,338)		(11,071)		<b>(166,374)</b>
<b>Balance as at December 31, 2016</b>	<b>710,095</b>	<b>7,258,221</b>	<b>10,474,353</b>	<b>3,568,839</b>	<b>226,848</b>	<b>69,091</b>	<b>111,545</b>	<b>49,555</b>	<b>22,468,547</b>
<i>Valuation adjustment</i>									
<b>Balance as at January 1, 2016</b>		<b>100,743</b>	<b>6,540,378</b>		<b>123,749</b>		<b>8,806</b>		<b>6,773,676</b>
Correction of opening balance									
Depreciation		90,274	637,204		14,721		7,940		<b>750,139</b>
Disposal and decommissioning		(375)	(279,523)		(39,225)		(1,306)		<b>(320,429)</b>
Transfer to fixed assets held for sale			(1,076)						<b>(1,076)</b>
Other transfers from / (to)			(6,935)		6,935				
Impairment			(57,646)						<b>(57,646)</b>
FX gains and losses		2,222	60,007						<b>62,229</b>
Other increases /decreases		(145,586)			(10,338)		(11,071)		<b>(166,995)</b>
<b>Balance as at December 31, 2016</b>		<b>47,278</b>	<b>6,892,409</b>		<b>95,842</b>		<b>4,369</b>		<b>7,039,898</b>
<i>Net book value</i>									
<b>Balance as at December 31, 2015</b>	<b>882,471</b>	<b>7,339,649</b>	<b>3,665,434</b>	<b>3,275,616</b>	<b>109,492</b>	<b>70,345</b>	<b>35,596</b>	<b>96,302</b>	<b>15,474,905</b>
<b>Balance as December 31, 2016</b>	<b>710,095</b>	<b>7,210,943</b>	<b>3,581,944</b>	<b>3,568,839</b>	<b>131,006</b>	<b>69,091</b>	<b>107,176</b>	<b>49,555</b>	<b>15,428,649</b>

- **Land**

Value of land of the system Energoprojekt amounting to RSD 710,095 thousand primarily relate to the Energoprojekt Visokogradnja in the amount of RSD 517,735 (land owned by Energoprojekt Montenegro Ltd. in Montenegro, land owned by Energoprojekt Ghana Ltd. in Ghana and in the country – land in Ub and in Stara Pazova), Energoprojekt Niskogradnja in the amount of RSD 98,048 (land in Peru and in the country – in Stara Pazova) and to the Energoprojekt Oprema Company in the amount of RSD 75,058 thousand (Sevino polje plot – in New Belgrade).

- **Buildings**

Measuring of buildings after their initial recognition, transition was made from Cost model to the Revalorization model (Note 7.8).

The fair value of buildings usually is their market value defined by valuation made by independent qualified appraisers, based on market evidence.

In cases where there is 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.

In compliance with the relevant provisions of IAS 16, bearing in mind that the fluctuations of the fair value of the system Energoprojekt building in question are insignificant, it was not necessary to perform any appraisal of its fair value but once in three or five years.

As of December 31, 2016, the residual value and remaining useful life of buildings was appraised, which resulted in change of depreciation costs for the year 2016.

As at December 31, 2016, the item of buildings is carried at revalued amount of RSD 7,210,943 thousand, which represents the fair value of building determined by appraisal made by qualified appraiser as at December 31, 2016.

Value adjustment of buildings at fair value estimated as of December 31, 2016 were carried out in the books, by abolishing previously made impairment (shown in the table above under the item Other decreases – cost and accumulated depreciation in the amount of RSD 145,586 thousand).

Effect of fair value of buildings as at December 31, 2016 adjustment was recorded through the item equity - Revaluation reserve of property (shown in the table above under the item profit included in Report on Other Result: RSD 49,132 thousand) and through the item within the income statement - Income from value adjustments of property (shown in the table above, to the level of reported expenses from previous years, under the item profit included in Income statement: RSD 3,792 thousand).

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

- Office building in Bulevar Mihaila Pupina, in New Belgrade;
- Samacki Hotel Complex of the Energoprojekt Holding in Zemun;
- A part of the office building Cruz del Sur of the Energoprojekt Niskogradnja in Peru;

- Office building of the Energoprojekt Entel in Oman; and
- Office building of the I.N.E.C. Engineering Ltd. in London.

• **Plant and Equipment**

As at December 31, 2016, appraisal of the residual value and the remaining useful lifetime of the equipment with significant accounting value were performed. Changes in accounting estimates impacted depreciation costs for 2016, and, consequently, the the carrying value of assets as of December 31, 2016.

In acquisitions of plant and equipment in the reporting period that amounted to RSD 545,127 thousand, the largest share belongs to Energoprojekt Niskogradnja, in the amount of RSD 220,425 thousand (in the country: RSD 130,797 thousand and abroad: RSD 89,628 thousand - Uganda and Peru) and Energoprojekt Visokogradnja, in the amount of RSD 201,865 thousand (in the country: RSD 127,056 thousand, within Energoprojekt Ghana Ltd., Accra, Ghana: RSD 61,216 thousand and in projects abroad: RSD 13,593 thousand, mainly in project Z-096 Forte Bank, Astana, Kazakhstan: RSD 8,391 thousand and in project Z-103 Talan Tower Astana, Kazakhstan: RSD 4,664 thousand).

Of the total items in the reporting period, the amount of RSD 85,752 thousand relates to equipment regulated by the Financial Lease Agreement, which is related to Energoprojekt Niskogradnja: RSD 81,529 thousand, Energoprojekt Oprema: RSD 2,185 thousand and Energoprojekt Energodata: RSD 2,038 thousand.

Liabilities of the system Energoprojekt based on the financial lease are explained in the Note 39.2.

• **Investment property** as at December 31, 2016, amount to RSD 3,568,839 thousand.

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

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

Increased amount of investment properties comparing the last year comparable period, in the amount of RSD 293,223 thousand, came on the one hand, as a result of increase from transfer from the item Building in the company Energo (Private) Limited, Zimbabwe in the amount of RSD 103,039 thousand, increase from exchange rate differences: RSD 211,431 thousand and investment in office space within Energoprojekt Garant (Goce Delceva street, in New Belgrade): RSD 936 thousand, and on the other

hand, decrease based on reducing to fair value as at balance sheet day, in the amount of RSD 22,183 thousand.

Valuation of the fair value of investment property as at December 31, 2016 was performed by independent valuers with recognized and relevant professional qualifications and recent relevant work experience with relevant locations and categories of investment property appraised.

In the reporting period, the system Energoprojekt generated income from the rent of investment property in the amount of RSD 88,117 thousand, and the main share of such amount relate to the income generated from the rent of the office building in Moscow (within Dom 12 S.A.L, Lebanon), in the amount of RSD 26,747 thousand, from the rent of a number of properties in Lusaka, Zambia, in the amount of RSD 26,198 thousand (within Zambia Engineering and Contracting Company Limited, Zambia) and a part of office building „Cruz del Sur“ in Peru, in the amount of RSD 12,036 thousand (within Energoprojekt Niskogradnja).

Information on mortgages on the system Energoprojekt properties is presented in detail in Note 46.

- **Advances paid for property, plant and equipment** in the amount of RSD 49,555 thousand mainly relate to advance payment to the Republic of Serbia for the property purchase in Uganda, Peru and Nigeria in the amount of RSD 46,549 thousand.

## 27. LONG-TERM FINANCIAL INVESTMENTS

Structure of long-term financial investments	In RSD thousand	
	31/12/2016	31/12/2015
Shares in affiliated companies and joint ventures	760,624	833,041
Shares in other companies and other available for sale securities	19,460	26,251
Other long-term financial investments	195,315	190,100
<b>TOTAL</b>	<b>975,399</b>	<b>1,049,392</b>

- **Shares in affiliated companies and joint ventures** in the amount of RSD 760,624 thousand are presented in the following table.

Equity investments in affiliated legal entities and joint ventures	In RSD thousand	
	31/12/2016	31/12/2015
Energoprojekt Nigeria Ltd., Lagos, Nigeria	257,216	376,574
Energoprojekt Ltd., Belgrade	436,545	408,093
Fima See Activist Plc., Belgrade	34,990	25,277
Enjub Ltd., Belgrade	31,873	23,097
<b>TOTAL</b>	<b>760,624</b>	<b>833,041</b>

Energoprojekt Holding Plc., Belgrade

Financial data pertaining to affiliate Energo Nigeria Ltd., Lagos, Nigeria on the 40.00% equity share of the Energoprojekt Oprema in the affiliate is presented in the following table.

Energo Nigeria Ltd., Lagos, Nigeria	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Non-current assets	69,834	109,168
Operating assets	1,274,153	1,604,756
<b>Assets</b>	<b>1,343,987</b>	<b>1,713,924</b>
Liabilities	1,086,771	1,337,350
<b>Capital</b>	<b>257,216</b>	<b>376,574</b>
Income	614,762	1,170,444
<b>Net profit of the current period</b>	<b>9,939</b>	<b>12,756</b>

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

Energopet Ltd., Belgrade	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Non-current assets	408,492	403,782
Operating assets	557,570	461,192
<b>Assets</b>	<b>966,062</b>	<b>864,974</b>
Liabilities	529,517	456,881
<b>Capital</b>	<b>436,545</b>	<b>408,093</b>
Income	1,019,856	995,919
<b>Net profit of the current period</b>	<b>62,600</b>	<b>52,535</b>

Financial data pertaining to affiliate Fima See Activist, Plc. Belgrade on the 30.16% (31.12.2015: 20.93%) equity share of Energoprojekt Holding in the affiliate is presented in the following table.

Fima See Activist Plc., Belgrade	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Non-current assets		
Operating assets	35,122	25,386
<b>Assets</b>	<b>35,122</b>	<b>25,386</b>
Liabilities	132	109
<b>Capital</b>	<b>34,990</b>	<b>25,277</b>
Income	13,284	12,162
<b>Net profit of the current period</b>	<b>2,329</b>	<b>1,407</b>

Closed - end investment fund Fima See Activist Plc., for the first time was included in the consolidated financial statements of Energoprojekt Holding Plc. as of December 31, 2015. (Note 2).

Financial data pertaining to Enjub Ltd. Belgrade on the 50.00% equity share of Energoprojekt Holding in the joint venture is presented in the following table.

Enjub Ltd., Belgrade	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Non-current assets	128,957	128,978
Operating assets	139,091	118,894
<b>Assets</b>	<b>268,048</b>	<b>247,872</b>
Liabilities	236,175	224,775
<b>Capital</b>	<b>31,873</b>	<b>23,097</b>
Income	24,360	8,292
<b>Net profit / (loss) of the current period</b>	<b>8,776</b>	<b>(14,476)</b>

• **Shares in other companies and available for sale securities** in the amount of RSD 19,460 thousand are presented in the following table.

Shares in other companies and available for sale securities	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Shares in other companies		
a) Banks, financial organisations and other legal entities	19,448	26,236
b) Other securities available for sale	12	15
<b>TOTAL</b>	<b>19,460</b>	<b>26,251</b>

Share in other companies and other securities available for sale are valued according to their market (fair) value.

**Share in banks, financial organizations and other legal entities** in the amount of RSD 19,448 thousand relate, mostly, to Energoprojekt Holding, in the amount of RSD 18,686 thousand (Jubmes banka Plc., Dunav osiguranje Plc., Belgrade, Beogradska Berza Plc., and other).

• **Other long-term financial investments** in the amount of RSD 195,315 thousand are presented in the following table.

Other long-term financial investments	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Housing loans granted to employees	44,171	46,482
Deposits for bank guarantees	31,922	32,192
Other	119,222	111,426
<b>TOTAL</b>	<b>195,315</b>	<b>190,100</b>

- **Long-term housing loans granted to employees** are interest-free and in compliance with the Housing Loan Agreement provisions and pursuant to the Law on Amendments and Addenda to the Law on Housing, the Company performs legally prescribed revalorization of loan instalments based on the trends in consumer prices in the Republic of Serbia for the accounting period in question. Of the total of RSD 44,171 thousand, the largest portion relates to Energoprojekt Visokogradnja in the amount of RSD 22,769 thousand, Energoprojekt Oprema in the amount of RSD 10,037 thousand, Energoprojekt Entel in the amount of RSD 5,497 thousand and Energoprojekt Niskogradnja in the amount of RSD 3,228 thousand.

- **Deposits for bank guarantees** in the amount of RSD 31,922 thousand entirely relate to Energoprojekt Entel (within Energoprojekt Entel LTD, Doha, Qatar: RSD 25,904 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 6,018 thousand).

- **Other long-term financial investments** in the amount of RSD 119,222 thousand relate to the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 91,497 thousand, the largest share of which or RSD 82,407 thousand relate to a building within the tourist complex of Crni Vrh (which has not yet been completed), in which the Company holds ownership rights up to 5%, based on its co-financing; and
- Energoprojekt Entel in the amount of RSD 27,639 thousand, based on deposits for working visas in the amount of RSD 17,413 thousand (within Energoconsult L.L.C., Abu Dhabi, UAE) and the deposits for apartments abroad in the amount of RSD 10,226 thousand (mainly within Energoconsult L.L.C., Abu Dhabi, UAE: RSD 5,165 thousand and Energoprojekt Entel LTD, Doha, Qatar: RSD 4,060 thousand).

## 28. LONG-TERM RECEIVABLES

Structure of long-term receivables	In RSD thousand	
	31/12/2016	31/12/2015
Receivables from other related companies	49,052	43,500
Other long-term receivables	776,008	784,204
<b>TOTAL</b>	<b>825,060</b>	<b>827,704</b>

- **Receivables from other related companies** in the amount of RSD 49,052 thousand relate to the receivables of Energoprojekt Oprema from its affiliated company Energo Nigeria Ltd., Lagos, Nigeria, based on the long-term guarantee deposit in its projects abroad.

- **Other long-term receivables** in the amount of RSD 776,008 thousand comprise only of the receivables of the Energoprojekt Entel Company based on its long-term receivables for guarantee deposit, which is in most of the cases a deposit amounting to 10% of the invoice amount and which can be collected only upon expiry of the guarantee term (within Energoprojekt Entel Ltd. Doha, Qatar: RSD 667,883 thousand and Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman: RSD 108,125 thousand).

**29. INVENTORIES**

Structure of inventories	In RSD thousand	
	31/12/2016	31/12/2015
Material, parts, tools and small inventories	1,383,780	1,196,693
Work and services in progress	1,771,463	1,456,325
Finished products	363,525	132,958
Goods	179,630	77,372
Non-current assets held for sale	51,058	70,307
Advances paid for inventories and services:		
a) Advances paid for inventories and services to other related companies	127,049	125,149
b) Advances paid for material, parts and inventory	823,524	374,358
c) Advances paid for goods	56	7,945
d) Advances paid for services	1,334,193	2,017,124
<i>Total</i>	<i>2,284,822</i>	<i>2,524,576</i>
<b>TOTAL</b>	<b>6,034,278</b>	<b>5,458,231</b>

• **Material, parts, tools and small inventories** in the amount of RSD 1,383,780 thousand relate predominantly to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 655,027 thousand, out of which inventories abroad amount to RSD 470,740 thousand (Uganda: RSD 268,700 thousand, Peru: RSD 202,040 thousand), and inventories in the country amount to RSD 184,286 thousand. Stock levels, primarily those of the materials and parts, are determined by the work schedule and timely supply in the relevant regions;
- Energoprojekt Visokogradnja in the amount of RSD 456,640 thousand, out of which inventories abroad amount to RSD 337,021 thousand (mainly, in Z-103 Talan Tower, Astana: RSD 173,370 thousand and Z-085 Uhta Russia: RSD 79,160 thousand), meanwhile the inventories in the country amount to RSD 119,619 thousand;
- Energoprojekt Oprema in the amount of RSD 179,798 thousand, out of which mainly relate to the project DV Pancevo - Romanian Border: RSD 139,070 thousand and
- Energoplast in the amount of RSD 82,526 thousand, out of which material inventories amount to RSD 65,235 thousand, and parts inventories amount to RSD 16,811 thousand.

• **Work and services in progress** in the amount of RSD 1,771,463 thousand relate to following companies of the system Energoprojekt:

- Energoprojekt Sunnyville in the amount of RSD 862,376 thousand, relate to production in progress based on construction of business and residential complex „Sunnyville“ in Belgrade,
- Energoprojekt Visokogradnja in the amount of RSD 756,306 thousand, out of which work in progress in the country amounts to RSD 239,357 thousand (based on own investments in Belgrade, in Knez Danilova Street: RSD 80,339 thousand, in Bezanijska Kosa: RSD 48,375 thousand, in Vozdovac: RSD 25,937 thousand and in Bor, in Bor Shopping Mall: RSD 84,706 thousand), and abroad RSD 516,949 thousand (based on the works on the residential complex Sistet Bare in Herceg Novi, Montenegro) and



- Energoprojekt Niskogradnja in the amount of RSD 152,781 thousand relate to production of crashed stone for upper level, crashed stone for filtering, concrete aggregate and material for lower level (filling) in projects abroad (Peru).

- **Finished products** in the amount of RSD 363,525 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 317,144 thousand mostly relate to the constructed property in Car Nikolaj street: RSD 289,268 thousand and in Bezanijska Kosa in the amount of RSD 27,698 thousand and

- Energoplast in the amount of RSD 46,381 thousand that relate to the finished plastic stoppers.

- The total value of **goods** in the amount of RSD 179,630 thousand primarily relate to Energoprojekt Visokogradnja in the amount of RSD 139,278 thousand (mainly refers to goods purchased for further processing, intended for the project Z-103 Talan Towers, Astana, Kazakhstan: RSD 100,129 thousand), Energoprojekt Niskogradnja in the amount of RSD 34,211 thousand (that almost entirely relate to the invoiced materials and spare part, predominantly for the projects realized abroad, in Peru and Uganda, which were not received until December 31, 2016 - Goods in Transit); and Energoplast in the amount of RSD 5,574 thousand (acquired finished stoppers for resale).

- **Non-current assets held for sale** amount to RSD 51,058 thousand, out of which the amount of RSD 50,688 thousand relate to Energoprojekt Niskogradnja and RSD 370 thousand relate to Energoprojekt Energodata.

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

Description	Location	Surface Area in sq.m	Present Value In RSD thousand
Land - Mombasa Road, Kenya	Nairobi, Kenya	12,140.55	4,066
Land "Santa Clara", Peru	Santa Clara, Lima, Peru	23,009.70	18,601
Warehouse facility "Santa Clara", Lima	Santa Clara, Lima, Peru	792.35	22,273
Business premises - Buenos Aires, Argentina	Buenos Aires, Argentina	86.30	5,748
<b>TOTAL</b>			<b>50,688</b>

Reclassification of land for sale was performed based on the Decision passed by the Board of Directors of the Energoprojekt Niskogradnja from 2012, on the sale of land in Kenya and land "Santa Clara" in Lima, Peru, with accompanying facilities (warehouse facility); the total value thereof is RSD 22,667 thousand and the value of buildings held for sale amount to RSD 22,273 thousand in compliance with IFRS 5.

Based on the Decision of competent body of the Company from 2011, on the sale of office and residential facilities in Argentina, reclassification of these facilities was performed into the facilities held for sale amounting to RSD 5,748 thousand, in compliance with IFRS 5.

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

- In 2015 and 2016, in Energoprojekt Energodata, based on the management Decision, ATMs were reclassified and posted as fixed assets held for sale in the total amount of RSD 16,452 thousand which, due to obsolescence, is impaired in the amount of RSD 370 thousand (as of the inventory count 31.12.2016).

- **Advances paid for inventories and services to other related companies** in the amount of RSD 127,049 thousand and entirely relate to Energoprojekt Oprema, based on advances paid for services to affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

- **Advances paid for material, spare parts and inventory** in the amount of RSD 823,524 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 499,925 thousand out of which for advances paid for projects in the country amount to RSD 246,313 thousand, and those paid to suppliers abroad amount to RSD 253,612 thousand and

- Energoprojekt Visokogradnja in the amount of RSD 308,837 thousand, out of which advances paid abroad amount to RSD 199,519 thousand, and in the country RSD 109,318 thousand.

- **Advances paid for services** in the amount of RSD 1,334,193 thousand, relate, mostly, to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 908,286 thousand, out of which advances paid abroad amount to RSD 863,030 thousand, and in the country RSD 45,256 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 363,302 thousand relate, mainly, to advances paid to suppliers for projects abroad: RSD 87,392 thousand (Uganda and Peru) and in the country RSD 275,910 thousand (mainly project Lajkovac – Ljig) and

- Energoprojekt Oprema in the amount of RSD 47,643 thousand relate to advances paid to suppliers for projects in the country: RSD 43,645 thousand, and abroad: RSD 3,998 thousand.

Advances paid are secured by mortgage placed in favour of Energoprojekt Niskogradnja, disclosed in Note 46.

**30. RECEIVABLES FROM SALES**

Structure of receivables from sales	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Local buyers - other related companies	3,602	4,141
Foreign buyers - other related companies	551,284	826,804
Local buyers	3,444,487	2,373,683
Foreign buyers	8,525,287	6,546,725
<b>TOTAL</b>	<b>12,524,660</b>	<b>9,751,353</b>

• **Local buyers - other related companies** in the amount of RSD 3,602 thousand relate to the receivables from joint venture Enjub Ltd., mostly to Energoprojekt Visokogradnja in the amount of RSD 2,124 thousand.

• **Foreign buyers– other related companies** in the amount of RSD 551,284 thousand relate to receivables from the affiliate company Energo Nigeria Ltd., Lagos, Nigeria, primarily in Energoprojekt Oprema in the amount of RSD 526,475 thousand and Energoprojekt Hidroinzenjering, in the amount of RSD 24,694 thousand.

• **Local buyers** amounting to RSD 3,444,487 thousand and relate primarily to the receivables of Energoprojekt Niskogradnja: RSD 2,287,515 thousand, Energoprojekt Visokogradnja: RSD 458,905 thousand and to those of Energoprojekt Oprema: RSD 367,619 thousand and Energoplast in the amount of RSD 115,530 thousand.

Structure of **local buyers** is presented in the following table as at the financial statements date in system Energoprojekt companies, with the highest amount of such receivables.

Structure of local buyers	In RSD thousand	
	31/12/2016	31/12/2015
<b><i>Energoprojekt Niskogradnja:</i></b>		
China Shandong Intern.E&T org. Belgrade (Project Ljig - Lajkovac)	1,526,539	438,256
AzVirt, Belgrade (Project Tunnel Šarani)	533,744	319,625
JP EPS/Kolubara Peštan (Project Kolubara II phase)	121,466	25,958
West - Gradnja d.o.o. (Project Ljig - Lajkovac)	36,467	-
RZD International (Project Koridor X II phase in 2016) (projects Pruga Pančevo and Koridor X in 2015)	32,695	467,801
Other	36,604	137,219
<b>Total</b>	<b>2,287,515</b>	<b>1,388,859</b>
<b><i>Energoprojekt Visokogradnja:</i></b>		
Beograd na vodi d.o.o. (Project Belgrade Waterfront)	412,404	-
Other	46,501	28,284
<b>Total</b>	<b>458,905</b>	<b>28,284</b>
<b><i>Energoprojekt Oprema:</i></b>		
PC Elektromreža Serbia	238,096	179,217
PC Elektroprivreda Serbia	66,005	832
Energotehnika Južna Bačka Ltd.	41,731	10,147
SNC Lavalin International	3,162	3,014
Železnice Srbije Plc.	-	415,129
Other	18,625	44,964
<b>Total</b>	<b>367,619</b>	<b>653,303</b>

Increase of receivables of local buyers, respecting the last year comparative period, in the amount of RSD 1,070,804 thousand, mainly came as result of increase within Energoprojekt Niskogradnja in the amount of RSD 898,656 thousand (mostly from China Shandong Intern.E&T org. Belgrade, on project Ljig - Lajkovac) and Energoprojekt Visokogradnja, in the amount of RSD 430,621 thousand (mostly from Beograd na vodi Ltd. on the project Belgrade Waterfront) and on the other hand, decrease within Energoprojekt Oprema, in the amount of RSD 285,684 thousand (mainly from Serbian Railways JSC Project Prokop).

- **Foreign buyers** in the amount of RSD 8,525,287 thousand relate predominantly to Energoprojekt Niskogradnja, in the amount of RSD 3,742,685 thousand, Energoprojekt Visokogradnja in the amount of RSD 2,012,055 thousand and Energoprojekt Entel in the amount of RSD 2,231,167 thousand.

Energoprojekt Holding Plc., Belgrade

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

Structure of foreign buyers	In RSD thousand	
	31/12/2016	31/12/2015
<b><i>Energoprojekt Niskogradnja:</i></b>		
<b><i>Uganda:</i></b>		
Uganda National Roads Authority, Uganda (Z-017, Z-027 and Z-035 in 2016.; Z-017 and Z-027 in 2015)	2,657,239	2,025,501
Ministry of Works and Transport (Z-010)	510,914	499,293
Kampala Capital City Authority	288,238	189,973
The Civil Aviation Authority	23,073	108,717
<b>Total Uganda</b>	<b>3,479,464</b>	<b>2,823,484</b>
<b><i>Peru:</i></b>		
Consorcio Pericos San Ignacio, Peru (Z-023)	72,456	70,265
Consorcio Vial San Alejandro (Z-034)	51,633	34,716
Sindicato Energetico SA (Z-030)	35,111	69,192
Empresa de Generacion Electrica Rio Banos SAC (Z-030)	21,280	176,192
Conalvias (Z-023)	13,979	19,978
Other	68,762	88,457
<b>Total Peru</b>	<b>263,221</b>	<b>458,800</b>
<b>Other foreign buyers</b>		262
<b>TOTAL</b>	<b>3,742,685</b>	<b>3,282,546</b>
<b><i>Energoprojekt Entel:</i></b>		
Within Energoprojekt Entel L.L.C., Doha, Qatar	1,381,906	816,034
Within Energoconsult L.L.C., Abu Dhabi, UAE	598,866	274,953
Within Energoprojekt Entel L.L.C., Muskat, Sultanat Oman	248,618	191,690
Other	1,777	
<b>TOTAL</b>	<b>2,231,167</b>	<b>1,282,677</b>
<b><i>Energoprojekt Visokogradnja:</i></b>		
Cargo centar Ghana	702,695	355,843
GazEnergoServis (Z-085 Uhta, Russia)	473,812	-
Ecobank Ghana	329,483	-
Astana Property Menangement (Z-103 Talan Towers, Astana, Kazahstan)	140,334	-
Accent Development Solutions, Astana, Kazahstan (Z-096 Forte Banka, Astana, Kazahstan)	117,135	744,542
Prombistroi (Z-092)	10,162	8,790
NCA Tower, Ghana		29,155
Other	238,434	361,528
<b>TOTAL</b>	<b>2,012,055</b>	<b>1,499,858</b>

Increase in receivables from foreign buyers respecting the last year comparative period, in the amount of RSD 1,978,562 thousand mainly came as result of increase within Energoprojekt Entel: RSD 948,490 thousand (in companies abroad), Energoprojekt Visokogradnja: RSD 512,197 thousand (mainly on project Z-085 Ukhta, Russia and Energoprojekt Ghana Ltd., Accra, Ghana) and within Energoprojekt Niskogradnja: RSD 460,139 thousand (on projects in Uganda).

### 31. RECEIVABLES FROM SPECIFIC TRANSACTIONS

Structure of receivables from special transactions	In RSD thousand	
	31/12/2016	31/12/2015
Receivables from special transactions from other related companies	46,899	76,032
Receivables from special transactions from other companies	2,912	4,136
<b>TOTAL</b>	<b>49,811</b>	<b>80,168</b>

• **Receivables from special transactions from other related companies** in the amount of RSD 46,899 thousand relate to Energoprojekt Oprema in the amount of RSD 44,997 thousand, based on the expenses passed through to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria and to Energoprojekt Holding in the amount of RSD 1,902 thousand, based on the transfer of expenses to the Enjub Ltd. joint venture.

• **Receivables from special transactions from other companies** in the amount of RSD 2,912 thousand relate predominantly to Energoprojekt Garant, in the amount of RSD 2,784 thousand, based on receivables from commission of reinsurance and co-insurance.

### 32. OTHER RECEIVABLES

Structure of other receivables	In RSD thousand	
	31/12/2016	31/12/2015
Interest and dividend receivables:		
a) Interest and dividend receivable from affiliated companies	57,377	46,372
b) Interest agreed and default interest receivable from other companies	246	56
<i>Total</i>	<i>57,623</i>	<i>46,428</i>
Receivables from employees	28,574	24,705
Receivables from state institutions	375	-
Receivables for overpaid income tax	84,041	87,870
Receivables in respect of prepaid other taxes and contributions	19,736	11,192
Receivables for fringe benefits' returns	12,661	9,329
Receivables for damage compensation	1,654	2,141
Other short-term receivables	358,873	312,064
<b>TOTAL</b>	<b>563,537</b>	<b>493,729</b>

- **Interest and dividend receivables from other affiliated companies** in the amount of RSD 57,377 thousand comprise exclusively of the receivables of Energoprojekt Holding, based on the interest receivables for loans granted to the joint venture Enjub Ltd.
- **Receivables from employees** in the amount of RSD 28,574 thousand relate predominantly to unjustifiably paid advance payments to employees leaving to work in foreign countries and to loans granted to employees, and specifically Zambia Engineering and Contracting Company Limited in the amount of RSD 6,787 thousand, Energoprojekt Niskogradnja, in the amount of RSD 5,130 thousand, Energoprojekt Vosokogradnja, in the amount of RSD 5,104 thousand, Energoprojekt Oprema, in the amount of RSD 4,948 thousand and Energoprojekt Energodata in the amount of RSD 3,497 thousand.
- **Receivables for overpaid income tax** in the amount of RSD 84,041 thousand predominantly refer to Energoprojekt Niskogradnja, in the amount of RSD 43,567 thousand (predominantly, in the country: RSD 39,790 thousand), Energoprojekt Oprema in the amount of RSD 27,542 thousand (predominantly, in the country: RSD 18,930 thousand) and Energoprojekt Holding in the amount of RSD 5,773 thousand.
- **Receivables in respect of prepaid other taxes and contributions** amount to RSD 19,736 thousand and predominantly refer to Energoprojekt Visokogradnja in the amount of RSD 7,338 thousand, Zambia Engineering and Contracting Company Limited, in the amount of RSD 7,731 thousand and Energoprojekt Hidroinženjering in the amount of RSD 3,004 thousand.
- **Receivables for fringe benefits' returns** (sick leaves longer exceeding 30 days, maternity leave, etc.) in the amount of RSD 12,661 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 4,547 thousand, Energoprojekt Holding in the amount of RSD 2,388 thousand, Energoprojekt Hidroinženjering in the amount of RSD 1,886 thousand and Energoprojekt Niskogradnja in the amount of RSD 1,407 thousand.
- **Other short-term receivables** amounting to RSD 358,873 thousand and predominantly relate to Energoprojekt Niskogradnja in the amount of RSD 279,297 thousand (mainly based on the receivables from Tax Administration for overpaid income tax in Peru: RSD 187,014 thousand and receivables from Tax Administration for overpaid VAT in Uganda: RSD 66,539 thousand) and Energoprojekt Hidroinženjering, in the amount of RSD 64,535 thousand, mostly based on receivables from partners in Consortium on the project Yaraskay - Peru for the works finished.

Increase of other short-term receivables in reported period in comparison to the previous period, in the amount of RSD 46,809 thousand mainly came as result within Energoprojekt Niskogradnja, in the amount of RSD 53,170 thousand, based on increased receivables for overpaid income tax in Peru and receivables for overpaid VAT in Uganda.

**33. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH INCOME STATEMENT**

Structure of financial assets assessed at fair value through Income Statement	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Shares	1,359	1,359
Bonds	332,873	332,400
<b>TOTAL</b>	<b>334,232</b>	<b>333,759</b>

Financial assets assessed at fair value through Income statement relate entirely to the shares and bonds (say: 45 shares of Belgrade Stock Exchange, total value of RSD 1,359 thousand and 2,661 foreign currency coupon bonds, in the amount of RSD 332,873 thousand).

Valuation adjustment of financial assets assessed at fair value through Income statement is performed for foreign currency coupon bonds based on data obtained from the secondary market for such assets and by applying the foreign exchange rate as of the balance sheet date.

**34. SHORT-TERM FINANCIAL INVESTMENTS**

Structure of short term financial investments	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Short-term loans and investments - other related companies	164,884	162,419
Short-term international credits and loans	9,727	16,549
Portion of long-term financial investments with maturity date up to one year:	1,179	949
Securities held to maturity - portion with maturity date up to one year	-	9,569
Other short-term financial investments:		
a) Short term deposits	1,309,984	1,593,710
b) Other short-term financial investments	7,168	6,300
<i>Total</i>	<i>1,317,152</i>	<i>1,600,010</i>
<b>TOTAL</b>	<b>1,492,942</b>	<b>1,789,496</b>

- **Short-term loans and investments - other related companies** in the amount of RSD 164,884 thousand relate entirely to Energoprojekt Holding based on the loans granted to the Enjub Ltd. joint venture.

Energoprojekt Holding has 2 (two) signed blank solo bills of exchange to be filled out by beneficiary to be used as collateral for the collection of payments pursuant to loan agreements concluded with the Enjub Ltd. joint venture and an extrajudicial mortgage for the entire loan amount (for apartments and business premises) in Jurija Gagarina Street in New Belgrade.

- **Short-term international credits and loans** in the amount of RSD 9,727 thousand relate entirely to Energoprojekt Visokogradnja, to complete the work on Project Z-088 Hotel Hyatt Rostov, Russia.



• **Short term deposits** in the amount of RSD 1,309,984 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 953,099 thousand relate to the deposits with international commercial banks within Energoprojekt Entel Qatar: RSD 757,048 thousand, with interest rate of 1.00% to 1.20% annually and Energo Consult LLC Abu Dhabi, UAE: RSD 196,051 thousand, with interest rate of 1.00% to 1.20% annually and
- Energoprojekt Garant in the amount of RSD 356,885 thousand relate to the foreign currencies deposits in EUR and USD with the domestic commercial banks with interest rate ranging from 1.50 % to 2.53 % annually.

• **Other short term financial investments** in the amount of RSD 7,168 thousand, relate, mainly, to Energoprojekt Niskogradnja in the amount of RSD 6,967 thousand, out of which the biggest share, in the amount of RSD 6,782 thousand relate to working licences for personnel non-citizens of Republic of Uganda.

### 35. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	In RSD thousand	
	31/12/2016	31/12/2015
Current (business) account	151,472	145,321
Earmarked cash and letters of credit	6,736	5
Petty cash	291	667
Foreign currency account	2,749,778	3,067,170
Letters of credit in foreign currencies	766	366
Foreign currency petty cash	82,067	132,158
Other cash:		
a) Short term deposits	1,080,107	887,484
b) Other cash	596,781	525,124
<i>Total</i>	<i>1,676,888</i>	<i>1,412,608</i>
Value-impaired or restricted cash	3,951	42,078
<b>TOTAL</b>	<b>4,671,949</b>	<b>4,800,373</b>

• **Current (business) account** of the system Energoprojekt in the amount of RSD 151,472 thousand predominantly refer to the current accounts of the following companies of the Energoprojekt: Energoprojekt Visokogradnja in the amount of RSD 47,820 thousand, Energoprojekt Holding in the amount of RSD 26,867 thousand, Energoprojekt Urbanizam i arhitektura in the amount of RSD 19,844 thousand, Energoprojekt Entel in the amount of RSD 19,498 thousand, Energoprojekt Oprema in the amount of RSD 10,893 thousand and Energoprojekt Hidroinzenjering in the amount of RSD 18,219 thousand.

- **Foreign currency account** in the amount of RSD 2,749,778 thousand predominantly refer to the foreign currency accounts of the following companies in the system Energoprojekt: Energoprojekt Entel in the amount of RSD 919,854 thousand, Energoprojekt Oprema in the amount of RSD 829,319 hiljada dinara, Energoprojekt Visokogradnja in the amount of RSD 448,650 thousand, Energoprojekt Niskogradnja in the amount of RSD 256,418 thousand and Energoprojekt Hidroinženjering in the amount of RSD 137,028 thousand.
- **Foreign currency petty cash** in the amount of RSD 82,067 thousand primarily refer to Energoprojekt Visokogradnja in the amount of RSD 67,003 thousand, Energoprojekt Niskogradnja in the amount of RSD 10,945 thousand and Energoprojekt Hidroinženjering in the amount of RSD 2,737 thousand.
- **Short term deposits** in the amount of RSD 1,080,107 thousand predominantly recorded within Energoprojekt Oprema in the amount of RSD 591,988 thousand (in the country: RSD 468,872 thousand and Belarus: RSD 123,116 thousand), within Energoprojekt Visokogradnja in the amount of RSD 367,101 thousand (abroad: RSD 230,992 thousand and in the country: RSD 136,109 thousand, primarily at Unicredit Bank: RSD 34,749 thousand) and within Energoprojekt Holding in the amount of RSD 101,390 thousand.
- **Other cash** in the amount of RSD 596,781 thousand refer predominantly to Energoprojekt Visokogradnja in the amount of RSD 591,819 thousand (predominantly to the collaterals provided for the projects of the Energoprojekt Ghana Ltd., Accra, Ghana).
- **Value-impaired or restricted cash** in the amount of RSD 3,951 thousand relate entirely to Energoprojekt Hidroinženjering, based on bank deposits serving as collaterals for guarantees' issuing for the project Ourkiss, Alegra. Cash will be available upon the release of the guarantees in question.

## 36. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME

### 36.1. Value Added Tax

Structure of VAT	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Value added tax	249,257	112,663
<b>TOTAL</b>	<b>249,257</b>	<b>112,663</b>

- **Value added tax** in the amount of RSD 249,257 thousand refer to the difference between calculated tax and input tax, and primarily in Energoprojekt Visokogradnja in the amount of RSD 143,742 thousand, Energoprojekt Oprema in the amount of RSD 61,150 thousand and Energoprojekt Niskogradnja in the amount of RSD 14,867 thousand.

**36.2. Prepayments and Accrued Income and Deferred Expenses**

Structure of prepayments and accrued income	In RSD thousand	
	31/12/2016	31/12/2015
Prepayments:		
a) Prepaid subscriptions for professional publications	2,001	1,629
b) Prepaid rent	239,323	290,006
c) Prepaid insurance premiums	38,466	26,129
d) Prepaid advertizing and marketing expenses	55	-
e) Other prepaid expenses	80,716	53,042
<i>Total</i>	<i>360,561</i>	<i>370,806</i>
Receivables for accrued non-invoiced income:		
a) Receivables for accrued non-invoiced income - other related entities	76,617	-
b) Receivables for accrued non-invoiced income - other legal entities	3,227,797	1,691,909
<i>Total</i>	<i>3,304,414</i>	<i>1,691,909</i>
Deferred costs from liabilities	137	-
Other accruals		
a) Accrued value added tax	46,740	43,618
b) Other deferred expenses	84,678	28,172
<i>Total</i>	<i>131,418</i>	<i>71,790</i>
<b>TOTAL</b>	<b>3,796,530</b>	<b>2,134,505</b>

• **Prepaid rent** in the amount of RSD 239,323 thousand primarily refer to Energoprojekt Entel in the amount of RSD 230,088 thousand based on leasing of business premises and apartments for workers in companies abroad.

• **Receivables for accrued non-invoiced income - other related parties** in the amount of RSD 76,617 thousand relate to receivables of Energoprojekt Oprema to affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

• **Receivables for accrued non-invoiced income – other legal entities** in the amount of RSD 3,227,797 thousand refer primarily to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 1,386,294 thousand, primarily refer to the receivables from interim payment certificates for work completed in 2016 for the following projects:

- Lajkovac-Ljig: RSD 513,627 thousand;
- Z-024 Road Puerto Bermudez, Peru: RSD 271,365 thousand;
- Tunel Sarani: RSD 96,139 thousand;
- Z-027 Mpigi Kanoni Uganda: RSD 86,783 thousand;
- Z-035 Sungira Hill, Uganda: RSD 79,308 thousand;
- Z-037 Airport Entebbe, Uganda: RSD 79,185 thousand;
- Replacing and regulation of Kolubara River, II phase: RSD 70,422 thousand;

- Energoprojekt Oprema in the amount of RSD 1,108,717 thousand, primarily refer to:
  - accrued non-invoiced income - project Energocentar Minsk, Belarus: RSD 1,039,473 thousand;
  - accrued non-invoiced income - project Kolubara Landfill: RSD 33,488 thousand and
  - invoices issued in 2016 that are not certified, based on the works carried out in 2015 on the project RTB Bor: RSD 32,614 thousand.
- Energoprojekt Holding in the amount of RSD 391,685 thousand relate entirely to the realization of the Agreement on Construction of Republic of Serbia Embassy in Abuja, Federal Republic of Nigeria, a turn-key project, in the Cadastral parcel No. 313, registered in the Real Estate Registry, Cadastral Zone A00.
- Energoprojekt Visokogradnja in the amount of RSD 225,240 thousand relate to the receivables for payment certificates submitted to the Investor for verification, but not verified before the balance sheet submission date. The largest receivables for the accrued non-invoiced income are recorded for the following projects in the country and abroad:
  - Prokop Railway Station: RSD 147,977 thousand;
  - Car Nikolaj Street: RSD 2,010 thousand and
  - Z-103 Talan Towers, Astana, Kazahstan: RSD 68,055 thousand;
- Mentionig other companies of system Energoprojekt, reveivables for accrued non-invoiced income were recorded at Energoprojekt Industrija, in the amount of RSD 74,715 thousand, Energoprojekt Hidroinzenjering in the amount of RSD 35,771 thousand and Energoprojekt Energodata in the amount of RSD 5,375 thousand.
- **Accrued Value Added Tax (VAT) in** the amount of RSD 46,740 thousand include VAT presented in received invoices for reported year, and the right to tax return from previous period occurs in the next one, due to the fact that invoices came after the financial statement for December of the reported year. The most important amount of accrued VAT was recorded within Energoprojekt Oprema in the amount of RSD 20,957 thousand and within Energoprojekt Visokogradnja in the amount of RSD 18,464 thousand.
- **Other deferred expenses** in the amount of RSD 84,678 thousand predominantly refer to Energoprojekt Visokogradnja in the amount of RSD 45,934 thousand (calculated costs in advance on project Z-085 Uhta, Russia: RSD 45,846 thousand) and Energoprojekt Garant in the amount of RSD 36,123 thousand (interest on bank deposits, transferrable premiums and claims charged to coinsurer and reinsurer calculated in advance).

### 37. CAPITAL

Structure of capital	In RSD thousand	
	31/12/2016	31/12/2015
Equity capital – reduced for non-controlling interest in equity capital	5,892,478	5,894,010
Reserves	374,657	374,590
Revaluation reserves from revaluation of intangibles, property, plant and equipment	6,365,390	6,211,764
Unrealized gains from securities and other components of other comprehensible result (credit balances under accounts class 33 except 330)	432,474	450,976
Unrealized losses from securities and other components of other comprehensible result (credit balances under accounts class 33 except 330)	30,226	30,504
Retained earnings	7,470,703	6,481,980
Non-controlling interest - in equity capital	164,365	165,090
<b>TOTAL</b>	<b>20,669,841</b>	<b>19,547,906</b>

#### 37.1. Equity Capital

Structure of equity capital where non-controlling interest is defined for equity capital items	In RSD thousand	
	31/12/2016	31/12/2015
Share capital - total	5,724,580	5,724,580
Non-controlling interest - in share capital	(149,621)	(149,621)
<i>Total share capital (Energoprojekt Holding)</i>	<i>5,574,959</i>	<i>5,574,959</i>
Stakes in limited liability companies - total	9,289	9,289
Non-controlling interest - in limited liability companies	(9,289 )	(9,289)
<i>Total stakes in limited liability companies</i>		
Issuing premium	237,014	237,014
Other share capital - total	85,960	88,217
Other non-controlling interest	(5,455 )	(6,180)
<i>Total other share capital</i>	<i>80,505</i>	<i>82,037</i>
<b>TOTAL</b>	<b>5,892,478</b>	<b>5,894,010</b>

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

Share capital of the parent company Energoprojekt Holding as at the balance sheet date consists of 10.931.292 ordinary shares with nominal value of RSD 510.00 or RSD 5,574,959 thousand worth share capital of the majority shareholder.

- **Issuing premium** in the amount of RSD 237,014 thousand is recorded based on purchase and sale of own shares at the value which is above their nominal value achieved in the period from 2006 to 2011.

### 37.2. Reserves

Structure of reserves	In RSD thousand	
	31/12/2016	31/12/2015
Legal reserves	218,856	218,856
Statutory and other reserves	155,801	155,734
<b>TOTAL</b>	<b>374,657</b>	<b>374,590</b>

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

### 37.3. Revaluation Reserves from Revaluation of Intangibles, Property, Plant and Equipment

Structure of revaluation reserves from intangibles, property, plant and equipment	In RSD thousand	
	31/12/2016	31/12/2015
Revaluation reserves from revaluation of property:		
a) Revaluation reserves from revaluation of property - Energoprojekt office building	3,043,172	3,168,802
b) Revaluation reserves from revaluation of other property	1,213,752	1,127,301
<i>Total</i>	<i>4,256,924</i>	<i>4,296,103</i>
Revaluation reserves from revaluation of investment property	1,955,266	1,739,041
Revaluation reserves from revaluation of plant and equipment	153,200	176,620
<b>TOTAL</b>	<b>6,365,390</b>	<b>6,211,764</b>

- **Revaluation reserves from revaluation of property** in the amount of RSD 4,256,924 thousand relate to valuation of fair value of buildings (positive revaluation reserves) and application of IAS 12 – Income Taxes, 15% of revaluation reserves (negative aspect of revaluation reserves) (Note 26).

The revaluation reserves based on revaluation of property - Energoprojekt office building in the amount of RSD 3,043,172 thousand, relate to:

- the fair value booking effects of Energoprojekt office building as at December 31, 2014, in the amount of RSD 2,907,974 thousand;
- present value adjustment according to sq.m. of Energoprojekt office building, in the amount of RSD 672,228 thousand and

- 15% of income tax booking (the negative aspect of revaluation reserves) for the amount of deferred tax liabilities based on revaluation reserves, pursuant to IAS 12 – Income Taxes, in the amount of RSD 537,030 thousand.

The most significant amounts of revaluation reserves based on revaluation of other property in the amount of RSD 1,213,752 thousand relate to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja: RSD 399,393 thousand (a part of the “Cruz del Sur“ office building in Lima, Peru, business facilities, Lima, Peru, residential building in Kampala, Uganda and other facilities in Serbia and Peru);
- Energoprojekt Visokogradnja: RSD 253,251 thousand (buildings in Belgrade, in Vozdovac and in Stara Pazova);
- I.N.E.C. Engineering Company Limited, Great Britain: RSD 188,837 thousand (an office building in London);
- Energo (Private) Limited, Zimbabwe: RSD 85,276 thousand (business and residential buildings in Harare, Zimbabwe) and
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 79,293 thousand (business and residential buildings in Lusaka, Zambia).

• **Revaluation reserves from revaluation of investment property** in the amount of RSD 1,955,266 thousand relate to the adjustment of fair value of such investment properties, and specifically, primarily to the following companies of the system Energoprojekt:

- Zambia Engineering and Contracting Company Limited, Zambia: RSD 1,071,291 thousand (business and residential facility in Zambia);
- Dom 12 S.A.L, Liban: RSD 540,422 thousand (an office building in Moscow);
- Energoprojekt Niskogradnja: RSD 144,624 (a part of the “Cruz del Sur“ office building in Peru) and
- Energoprojekt Visokogradnja: RSD 108,333 thousand.

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

Structure of unrealized gains from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	In RSD thousand	
	31/12/2016	31/12/2015
Unrealized gains on transaction of financial statements for international operations	432,474	450,976
<b>TOTAL</b>	<b>432,474</b>	<b>450,976</b>

• **Unrealized gains on transaction of financial statements for international operations** in the amount of RSD 432,474 thousand relate primarily to Energoprojekt Entel, Energoprojekt Visokogradnja, Dom 12 S.A.L, Lebanon, I.N.E.C. Engineering Company Limited, Great Britain and Encom GmbH Consulting, Engineering & Trading, Germany.

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

Structure of unrealized losses from securities and other components of other comprehensive result (debit balances under account class 33 except 330)	In RSD thousand	
	31/12/2016	31/12/2015
Unrealized losses on securities available for sale	30,226	30,504
<b>TOTAL</b>	<b>30,226</b>	<b>30,504</b>

- **Unrealized losses on securities available for sale** in the amount of RSD 30,226 thousand, which predominantly relate to Energoprojekt Holding in the amount of RSD 28,869 thousand, were recorded based on the adjustment of value of securities in Company portfolio with their fair value in the secondary securities market as at the financial statements date (the negative effect of which could not be covered with the positive effects of the change in the fair value of the security in question).

### 37.6. Retained Earnings

Structure of retained earnings	In RSD thousand	
	31/12/2016	31/12/2015
Retained earnings from previous years:		
a) Balance as at January 1	6,481,980	5,402,867
b) Changes	(161,744)	31,623
<i>Total</i>	6,320,236	5,434,490
Retained earnings from the current year	1,150,467	1,047,490
<b>TOTAL</b>	<b>7,470,703</b>	<b>6,481,980</b>

- Total change of **retained earnings** of the current year in the amount of RSD 988,723 thousand mainly came as a result of the net profit of the system Energoprojekt in the reporting period, in the amount of RSD 1,150,467 thousand, decreases based on the distribution of retained earnings (dividend payments in Energoprojekt Holding, Energoprojekt Oprema, Energoprojekt Entel and in Energoprojekt Garant), in the amount of RSD 309,530 thousand, FX differences between the opening balance of the retained earnings of the companies abroad in the amount of RSD 156,496 thousand (primarily of Energoprojekt Entel in Qatar, Oman and UAE, and also due to the rise of the value of local currencies linked to USD, in relation to RSD).

### 37.7. Non-Controlling Interest

Non-controlling interest	In RSD thousand	
	31/12/2016	31/12/2015
Non-controlling interest - in equity capital	164,365	165,090
<b>TOTAL</b>	<b>164,365</b>	<b>165,090</b>

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



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

Structure of non-controlling interest for total capital of the Companies with shares of minority shareholders	<i>in RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Equity capital	6,056,843	6,059,100
Non-controlling interest - in equity capital	(164,365)	(165,090)
<i>Total equity capital</i>	<i>5,892,478</i>	<i>5,894,010</i>
Reserves	374,657	374,590
Non-controlling interest - in reserves	(21,306)	(21,297)
<i>Total reserves</i>	<i>353,351</i>	<i>353,293</i>
Revaluation reserves from revaluation of intangibles, property, plant and equipment	6,365,390	6,211,764
Non-controlling interest - in revaluation reserves	(292,309)	(303,808)
<i>Total revaluation reserves from revaluation of intangibles, property, plant and equipment</i>	<i>6,073,081</i>	<i>5,907,956</i>
Unrealized gains from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	432,474	450,976
Non-controlling interest - in unrealized gains	(6,816)	(15,975)
<i>Total unrealized gains from securities and other components of other comprehensive result</i>	<i>425,658</i>	<i>435,001</i>
Unrealized losses from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	30,226	30,504
Non-controlling interest - in unrealized losses	(994)	(1,017)
<i>Total unrealized losses from securities and other components of other comprehensive result</i>	<i>29,232</i>	<i>29,487</i>
Retained earnings	7,470,703	6,481,980
Non-controlling interest - in retained earnings	(931,298)	(853,821)
<i>Total retained earnings</i>	<i>6,539,405</i>	<i>5,628,159</i>
<b>Tota capital of the companies with shares of majority shareholders</b>	<b>19,254,741</b>	<b>18,188,932</b>
Non-controlling interest - in total capital	1,415,100	1,358,974
<b>TOTAL CAPITAL</b>	<b>20,669,841</b>	<b>19,547,906</b>

**38. LONG-TERM PROVISIONS**

Structure of long-term provisions	<i>in RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Provisions for warranty period costs	400,624	491,826
Provisions for wages and other employee benefits	271,419	270,777
Other long-term provisions	33,312	374,863
<b>TOTAL</b>	<b>705,355</b>	<b>1,137,466</b>

- **Provisions for wages and other employee benefits** (provisions for non-due retirement bonuses), are disclosed based on actuarial calculation of the system Energoprojekt expert team.

In the projection of provision calculation pursuant to IAS 19 the deductive approach was used, meaning that all the Companies from the system Energoprojekt 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.

An increase of the provision amount based on current retirement bonus values (by 0.43%) in the balance sheet as at December 31, 2016 in comparison to the retirement bonus values in the balance sheet as at December 31, 2015, was the result of several changed factors:

- On one hand, changes of some factors affect the increase of the provision amount (increase in the average expected retirement bonus by 3.53% and an 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 (a decrease in average number of years spent in the company by 2.71%).

In addition to the above mentioned, the change in the provision structure per individual companies came as the result of the change in the aliquot part of the number of employees in individual companies against the total number of employees in the entire Company.

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 **7%** was accepted as the **annual discount rate**.

In the paragraph 83, 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 October 19, 2016 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 4.20%. Since it is an EURO security, by taking into account the estimated inflation in the Euro zone (Source: the Government of the Republic of Serbia "Fiscal Strategy for 2017 with Projections for 2018 and 2019), by extrapolating the yield curve for a longer period (since the maturity of the reference securities is shorter (15 years) than the average estimated maturity of the benefit payment that is subject to this calculation), in view of the requirements from paragraph 86, IAS 19, a realistic annual yield of 4% was adopted.

**The annual expected salary growth** in the Republic of Serbia was planned at the level of **4%**.

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 2018, adopted at the 14<sup>th</sup> meeting of the National Bank of Serbia Executive Board on October 10, 2016, in addition to other things, determines the target inflation rate for 2017 of 3%, 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 2015 and 2016, 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 3%. From the above stated, it can be concluded that the planned long-term annual growth in real salaries in the Republic of Serbia is 1%, which is, bearing in mind the planned growth in domestic product in the following period (Source: the Government of the Republic of Serbia "Fiscal Strategy for 2017 with Projections for 2018 and 2019), realistically achievable.

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 4% and long-term annual discount rate of 7%, assumes the same, unchanged inflation rate in future. This assumption is requested in the paragraph 78 of IAS 19.

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

Structure of long-term provisions	In RSD thousand	
	Costs of provisions during warranty period	Other provisions
<b>Balance as at January 1, 2015</b>	<b>454,572</b>	<b>358,827</b>
Additional provisions	186,281	16,036
Used during the year	(25,433)	-
Release of unused provision amounts	(164,634)	-
Differences in foreign exchange rates	41,040	-
<b>Balance as at January 1, 2016</b>	<b>491,826</b>	<b>374,863</b>
Additional provisions	216,453	15,546
Used during the year	(68,698)	-
Release of unused provision amounts	(259,283)	(357,097)
Differences in foreign exchange rates	20,326	-
<b>Balance as at December 31, 2016</b>	<b>400,624</b>	<b>33,312</b>

• **Provisions for warranty period** in the amount of RSD 400,624 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 378,318 thousand disclosed based on the provisions within Energoprojekt Entel LTD, Qatar based on projects Phase 11, Phase 12 and GTC 385 performed by Qatar General Electricity and Water Corporation „KAHRAMAA “.

Costs of provisions during warranty period was performed based on the best Management assessment and based on the previous experiences and is expected to be payable in a period of less than 5 years. Final amount of liability to be paid may differ from the provision amount, depending on the future developments. These provisions are not discounted, since the impact of such discount is of no material significance.

Comparing to the previous reporting period, the decrease in the said provisions in the amount of RSD 31,637 thousand, on the one hand came as result of unused reserves deleting in the amount of RSD 235,011 thousand in Energoprojekt Entel LTD Qatar: RSD 158,975 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 76,036 thousand (Note 21.1) and on the other by the increase in relation to additional provision in the amount of RSD 184,142 thousand within Energoprojekt Entel LTD Qatar (Note 17) and recording of FX gains, in the amount of RSD 19,232 thousand (considering the activities abroad introducing in financial records of the company, pursuant to IFRS 21 – Effects of Changes in Foreign Exchange Rates);

- Energoprojekt Oprema in the amount of RSD 18,340 thousand, performed in 2015, for „Prokop“ project: RSD 12,347 thousand, „TENT“ Obrenovac: RSD 2,813 thousand, „Prelaz preko Dunava“: RSD 1,184 thousand and „DV Belgrade Pancevo“: RSD 1,996 thousand.

The Company usually provides guarantee for its products for the period of 1-5 years, depending on the project in question. Management assessed the provisions costs for the future warranty claims based on information about such claims from the previous periods, as well as based on the recent trends that may provide some indication that information on the costs from the past may differ from the future claims.

Comparing to previous year, a decrease of related reserves in the amount of RSD 36,558 thousand relate to unused reserves deleting, emerged in 2015 for project Prokop, in the amount of RSD 24,272 thousand and utilization of provisions in the amount of RSD 12,286 thousand (for projects Prokop: RSD 2,301 thousand, TENT Obrenovac: RSD 9,578 thousand, Prelaz preko Dunava: RSD 180 thousand and DV Belgrade Pancevo: RSD 272 thousand).

- Energoprojekt Visokogradnja in the amount of RSD 3,966 thousand, for project Z-096 Forte bank, Astana completed in 2016. The provision will be closed quartaly in the next two years.

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

Comparing to reported period, decrease of related provisions in the amount of RSD 23,007 thousand was recorded, on one hand, by reduction of utilization of provision the amount of RSD 56,412 thousand (entirely for the project Z-091 Schlumberger, Astrakhan, Russia: RSD 11,686 thousand and partial utilization of provision for the project Z-096 Forte Bank, Astana, Kazakhstan: RSD 44,726 thousand), and, on other hand, by increase in costs of provision in 2016 in the amount of RSD 32,311 thousand (for the project Z-096 Forte Bank, Astana, Kazakhstan) and FX gains in the amount of RSD 1,094 thousand.

- **Other long-term provisions** in the amount of RSD 33,312 thousand relate to Energoprojekt Garant predominantly on allocation for risk equalization reserves in the amount of RSD 28,996 thousand.

Compared to previous year decrease in other long-term provisions by RSD 341,551 thousand, on one hand, is caused by reduction of reversal unused provisions as at 31.12.2016 in the amount of RSD 357,097 thousand within Energoprojekt Holding in the amount of RSD 260,000 thousand (deleted provisions formed in 2006 for possible costs incurred in realization of the Agreement on Joint Construction in Block 26, Novi Beograd no. 507, signed between the Consortium „Energoprojekt - Napred "and Trinity Capital Ltd.) and within Energoprojekt Niskogradnja in the amount of RSD 97,097 thousand (deleted provisions formed in 2006 for possible liability to the company MCC, China project Z-0163 Navigation Lock, Iraq) (Note 21.1. ) and on other hand, the increase in provision costs in 2016 within Energoprojekt Garant in the amount of RSD 15,546 thousand (primarily provision for risk leveling in the amount of RSD 15,011 thousand).

**39. LONG-TERM LIABILITIES**

Structure of long-term liabilities	In RSD thousand	
	31/12/2016	31/12/2015
Long-term credits and loans domestic	614,027	218,927
Long-term credits and loans foreign countries	226,661	215,266
Long term liabilities from financial leasing	68,901	122,071
Other long-term liabilities	202,445	2,161,284
<b>TOTAL</b>	<b>1,112,034</b>	<b>2,717,548</b>
Part of long-term liabilities with maturity date up to one year (Note 40.3.)	294,157	535,007

**39.1. Long-Term Credits and Loans**

Structure of long-term credits and loans	in RSD thousand	
	31/12/2016	31/12/2015
<b><u>In the country:</u></b>		
a) Long-term loans granted by banks in the country:		
Societe Generale banka	-	218,927
Erste banka	303,552	-
Komercijalna banka	94,300	-
Jubmes banka	216,175	-
<b>Total</b>	<b>614,027</b>	<b>218,927</b>
b) Long-term loans granted by other entities in the country		
<b>Total - loans domestic</b>	<b>614,027</b>	<b>218,927</b>
<b><u>Abroad:</u></b>		
Long-term loans granted by other entities abroad	226,661	215,266
<b>Total - loans abroad</b>	<b>226,661</b>	<b>215,266</b>
<b>TOTAL</b>	<b>840,688</b>	<b>434,193</b>

- **Long-term loans granted by banks in the country** in the amount of RSD 614,027 thousand entirely relate to Energoprojekt Sunnyville in the amount of RSD 303,552 thousand (Erste Bank), Energoprojekt Visokogradnja in the amount of RSD 216,175 dinars (Komercijalna banka) and Energoprojekt Niskogradnja in the amount of RSD 94,300 thousand (Komercijalna Banka).

Long-term loans granted by the domestic banks as at December 31, 2016 are presented in the following tables, categorized as liabilities with maturity date up to one year (posted within other short-term liabilities, Note 40.3.) and as liabilities with maturity date longer than one year (posted within long-term loans), as well as maturity dates of the long-term loans and currencies in which such loans were denominated broken down per individual companies of the system Energoprojekt to which such long-term loans relate.

Creditor	Interest rate	In RSD thousand			
		31/12/2016		31/12/2015	
		Long-term liability	Short-term liability	Long-term liability	Short-term liability
Energoprojekt Sunnyville					
Erste banka	3m Euribor + 3.5% ann.	303,552			
Svega		303,552	-	-	-
Energoprojekt Visokogradnja:					
VTB banka	3 M Euribor + 5.3% ann.				176,358
Societe Generale banka	5.15% ann.				71,712
Societe Generale banka	3m Euribor + 4% ann.			218,927	72,976
Jubmes banka	3.5% ann.	216,175	134,980		
<b>Total</b>		<b>216,175</b>	<b>134,980</b>	<b>218,927</b>	<b>321,046</b>
Energoprojekt Niskogradnja					
Komercijalna banka	1M Bellibor + 1.20% ann.	94,300	28,700		
<b>Total</b>		<b>94,300</b>	<b>28,700</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>		<b>614,027</b>	<b>163,680</b>	<b>218,927</b>	<b>321,046</b>

Structure of long-term loans' maturity dates	in RSD thousand	
	31/12/2016	31/12/2015
1 to 2 years	614,027	-
2 to 5 years	-	218,927
<b>TOTAL</b>	<b>614,027</b>	<b>218,927</b>

Structure of accounting liabilities for long-term loans granted to Company as per denomination currency	in RSD thousand	
	31/12/2016	31/12/2015
RSD	94,300	-
EUR	519,727	218,927
<b>TOTAL</b>	<b>614,027</b>	<b>218,927</b>

- **Long-term loans granted by other companies abroad** in the amount of RSD 226,661 thousand relate to Energoprojekt Niskogradnja, based on liabilities towards associates engaged on the former SFRY Republics on the HPP Banieya II Project in Guinea (USD 1,935 thousand). Since the succession process of former SFRY Republics is not completed and in view of the principle of prudence, the management of the Company is of the opinion that conditions for the write-off of the said liabilities have not yet been met at the moment.

**39.2. Long Term Liabilities from Financial Leasing**

Structure financial leasing liabilities	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Financial leasing liabilities	68,901	122,071
<b>TOTAL</b>	<b>68,901</b>	<b>122,071</b>

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

Of the total long-term financial lease liabilities amounting to RSD 68,901 thousand, the largest share in the amount of RSD 60,221 thousand relate to Energoprojekt Niskogradnja.

Detailed information on total financial lease (long-term as well as short-term) liabilities of the Energoprojekt Niskogradnja is presented in the following table.

Creditor	Currency	Outstanding debt in currency	Outstanding debt in RSD thousand	Repayment and maturity date	Annual interest rate
<i>Lease liabilities in the country:</i>					
Sogelease	EUR	941,638	116,266	monthly until 15.10.2019	6m Euribor + margins 2.99% - 4.23%
Unicredit Leasing	EUR	458,138	56,568	monthly until 11.09.2018	3m Euribor + 4.20%
<b>Total</b>			<b>172,834</b>		
<i>Lease liabilities abroad:</i>					
Banco Financiero leasing, Peru	USD	112,916	13,226	monthly until 25.11.2018	6.25%
<b>Total</b>			<b>13,226</b>		
<b>TOTAL</b>			<b>186,060</b>		

Financial lease liabilities of Energoprojekt Niskogradnja denominated in RSD as at December 31, 2016 are presented in the following table, broken down into:

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

Creditor	<i>In RSD thousand</i>	
	<i>Long-term liability</i>	<i>Short-term liability</i>
Sogelease, Srbija	47,880	68,386
UniCredit Leasing, Serbia	5,842	50,744
Banco Financiero Leasing, Peru	6,517	6,709
<b>TOTAL</b>	<b>60,221</b>	<b>125,839</b>



Structure of financial leasing liabilities per maturity dates	<i>u 000 dinara</i>	
	<i>Present Value</i>	<i>Future Value</i>
Up to 1 year	125,839	127,382
1 to 5 years	60,221	65,348
More than 5 years		
<b>TOTAL</b>	<b>186,060</b>	<b>192,730</b>

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

### 39.3. Other Long-Term Liabilities

Structure of other long-term liabilities	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Other long-term liabilities	202,445	2,161,284
<b>TOTAL</b>	<b>202,445</b>	<b>2,161,284</b>

• **Other long-term liabilities** in the amount of RSD 202,445 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Sunnyville in the amount of RSD 173,182 thousand comprising of the liability from the Agreement on purchase of 85,6a of construction land that is due and mature in 6 (six) equal monthly instalments starting from May 2018;
- Energoprojekt Niskogradnja in the amount of RSD 27,915 thousand that relate in their entirety to the portion of total liabilities for advances received with the due date of January 1, 2018, in compliance with the adopted schedule of works and advance payments repayment schedule for the Project „Z-034 Put Puerto Bermudez“, Peru; and
- Energoprojekt Visokogradnja in the amount of RSD 1,348 thousand relate to guarantee deposited money in accordance with Agreement made with Putevi Invest LTD on the Project Prokop.

Decrease in other long-term liabilities compared to the previous year, amounting to RSD 1,958,839 thousand, primarily is the result of reduction in liabilities for advances received within Energoprojekt Niskogradnja in the amount of RSD 1,877,874 thousand (projects Lajkovac - Ljig, Z-027 Mpiji Kanoni Uganda and Z-034 Put Puerto Bermudez Peru) and reduction within Energoprojekt Visokogradnja in the amount of RSD 83,554 thousand, considering that obligations to former land owners who sold land for construction residential and commercial property, and thus the Company assumed the obligation to provide properties that will be built in Car Nikolaj street in Belgrade (in the amount of projected future cost price of property of RSD 84,902 thousand, which in the reporting year was transferred to current liabilities). The liability was settled on 31.12.2016 and properties provided to old owners.

**40. SHORT-TERM FINANCIAL LIABILITIES**

Structure of short-term financial liabilities	In RSD thousand	
	31/12/2016	31/12/2015
Short-term credits and loans in the country	3,728,809	3,163,179
Short-term credits and loans abroad	986,438	154,864
Other short-term financial liabilities:		
a) Portion of long-term liabilities with maturity dates up to one year	294,157	538,381
b) Other short-term financial liabilities	201	201
Total	294,358	538,582
<b>TOTAL</b>	<b>5,009,605</b>	<b>3,856,625</b>

**40.1. Short-Term Credits and Loans Domestic**

Structure of short-term credits and loans in the country	In RSD thousand	
	31/12/2016	31/12/2015
Short-term loans granted by banks in the country:		
a) Loans in RSD	2,010,609	1,100,844
b) Loans with foreign currency clause	1,718,200	2,062,335
<b>TOTAL</b>	<b>3,728,809</b>	<b>3,163,179</b>

• **Short-term loans granted by banks in the country** in the amount of RSD 3,728,809 thousand relate to the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 1,706,474 thousand, and specifically:

• RSD loans granted by Unicredit bank and Alpha bank in the amount of RSD 1,036,019 thousand; interest rates ranging from 1m Belibor + 1.10% to 1m Belibor + 1.20% per annum; and

• Loans with foreign currency clause (in EUR) granted by Unicredit bank, Addiko bank, Sberbank and Societe Generale Bank in the amount of RSD 670,455 thousand; interest rates ranging from 3m Euribor + 3% per annum to 2.8% per annum;

- Energoprojekt Niskogradnja in the amount of RSD 1,120,686 thousand, namely:

• RSD loan granted by Societe General bank, Unicredit bank, Komercijalna banka and OTP Bank in the amount of RSD 798,423 thousand; interest rate 1m Belibor + 1,2% per annum and

• Loan with the foreign currency clause (in EUR) granted by Societe Generale Bank, Addiko Bank, Piraeus Bank and Raiffeisen Bank in the amount of RSD 322,263 thousand, interest rate from 1m Euribor + 2,7% per annum to 3m Euribor + 3,25% per annum;

- Energoprojekt Holding in the amount of RSD 638,307 thousand, and specifically:

• RSD loan granted by Alpha bank in the amount of RSD 30,000 thousand; interest rate 1m Belibor + 1.1% per annum and

• Loan with foreign currency clause (in EUR) in the amount of RSD 608,307 thousand granted by Erste

bank, Addiko Bank and Eurobank interest rate from 3m Euribor + 3.25% to 3m Euribor + 3.75% per annum;

- Energoprojekt Energodata in the amount of RSD 152,217 thousand, namely:

- RSD loans granted by the Alpha bank and Jubmes Bank, with the interest rate from 1m Belibor + 1.1% to 6.0% per annum, and
- Loan with the foreign currency clause (in EUR) granted by Societe Generale Bank and Jubmes Bank in the amount of RSD 6,050 thousand, interest rate from 2.80% to 3.5% per annum;

- Energoprojekt Hidroinženjering in the amount of RSD 111,125 thousand, namely:

- Loans with FX clause (EUR) granted by the Societe Generale bank, Jubmes Bank and Addiko bank, with the interest rate from 2.80% to 3.50% per annum.

Repayment of short-term loans granted by domestic banks are secured by bonds provided by borrowers of credit lines and guarantee provided by Energoprojekt Holding.

Net book value of short-term loans denominated in currencies is presented in the following table.

Structure of book value of short-term credit and loans in the country denominated in foreign currencies	In RSD thousand	
	31/12/2016	31/12/2015
RSD	2,010,609	1,100,844
EUR	1,718,200	2,062,335
<b>TOTAL</b>	<b>3,728,809</b>	<b>3,163,179</b>

#### 40.2. Short-Term Credits and Loans Foreign Countries

Structure of short-term credits and loans abroad	In RSD thousand	
	31/12/2016	31/12/2015
Short-term loans granted by foreign banks	985,412	154,864
Short-term loans granted by other legal and physical persons abroad	1,026	
<b>TOTAL</b>	<b>986,438</b>	<b>154,864</b>

- **Short-term loans granted by foreign banks** in the amount of RSD 985,412 thousand relate to Energoprojekt Niskogradnja in the amount of RSD 644,477 thousand (loans granted by the commercial banks in Peru and Uganda, as presented in the following table), to Energoprojekt Visokogradnja in the amount of RSD 311,960 thousand (within Energoprojekt Ghana Ltd., Accra, Ghana, based on overdraft with banks), to Energoprojekt Entel in the amount of RSD 6,314 thousand (within Energoprojekt Entel LLC, Muscat, Sultanate of Oman based on overdrafts) and Zambia Engineering and Contracting Company Limited, Zambia in an amount of RSD 2,661 thousand (based on overdraft).

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

Bank	Currency	Outstanding debt balance in foreign currency	Outstanding debt balance in RSD thousand	Repayment and maturity date	Annual interest rate
Standard Chartered Bank, Uganda	USD	673,593	78,901	31.03.2017	11.00%
Standard Chartered Bank, Uganda	USD	350,000	40,997	28.03.2017	11.00%
Standard Chartered Bank, Uganda	USD	700,000	81,995	05.05.2017	11.00%
Standard Chartered Bank, Uganda	USD	883,965	103,543	07.06.2017	11.00%
Banco Financiero, Peru	SOL	674,868	23,527	monthly to 18.08.2017	7.35%
Banco Financiero, Peru	SOL	1,012,102	35,283	monthly to 22.08.2017	7.35%
Banco Financiero, Peru	SOL	1,000,000	34,862	19.01.2017	6.70%
Banco Financiero, Peru	SOL	1,500,000	52,293	19.01.2017	6.70%
Scotiabank, Peru	SOL	300,000	10,459	14.01.2017	6.75%
Scotiabank, Peru	SOL	350,000	12,202	14.01.2017	6.75%
Scotiabank, Peru	SOL	500,000	17,431	18.01.2017	6.75%
Scotiabank, Peru	SOL	450,000	15,688	18.01.2017	6.75%
Banco GNB, Peru	SOL	1,500,000	52,293	26.01.2017	6.95%
Banco GNB, Peru	SOL	1,500,000	52,293	09.02.2017	6.95%
Banco GNB, Peru	USD	350,000	40,997	26.01.2017	2.50%
Banco GNB, Peru	USD	100,000	11,713	14.03.2017	2.50%
<b>TOTAL</b>			<b>664,477</b>		

Repayment of loans granted by banks in Peru is secured by lien on land and buildings of the Company (Note 46).

#### 40.3. Other Short-Term Financial Liabilities

Structure of other short-term financial liabilities	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Portion of long-term loans with maturity date up to one year:		
a) Portion of long-term loans in the country and abroad with maturity date up to one year	163,680	364,754
b) Financial lease liabilities with maturity date up to one year	130,477	173,627
<i>Total</i>	<i>294,157</i>	<i>538,381</i>
Other short-term financial liabilities	201	201
<b>TOTAL</b>	<b>294,358</b>	<b>538,582</b>

• **Portion of long-term loans domestic and foreign with maturity date up to one year** in the amount of RSD 163,680 thousand relate to the following Companies of the system Energoprojekt (Note 39.1).

- Energoprojekt Visokogradnja in the amount of RSD 134,980 thousand, as presented in the following table.

Bank	Approval Date	Maturity Date Dospeća	Currency	Approved Amount in foreign currency	Outstanding Balance in RSD thousand	Interest Rate	One-of f Rate	Collateral
Jubmes banka	26.06.2016 29.06.2019	at the end of each quartal	EUR	2,400,000	118,533	3.5 % per annum	0.15%	EP Holding, EP Niskogradnja, EP Oprema EP Hidroinženjering, EP Energodata and EP Industrija
Jubmes banka	05.08.2016/ 05.08.2019	05.05.2005. 08.2017 05.11.2017.	EUR	444,000	16,447			
<b>TOTAL</b>					<b>134,980</b>			

- Energoprojekt Niskogradnja in the amount of RSD 28,700 thousand that relate to long-term loans granted by Komercijalna Banka, with maturity up to one year (in RSD, with interest rate of 5,69%).

• **Financial lease liabilities with maturity dates up to one year** in the amount of RSD 130,477 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 125,839 thousand (Note 39.2).

#### 41. RECEIVED ADVANCES, DEPOSITS AND BONDS

Structure of received advances, deposits and bonds	In RSD thousand	
	31/12/2016	31/12/2015
Advances received from other related companies	317,113	245,808
Advances received from other legal entities in the country	2,515,321	2,028,298
Advances received from other legal entities, abroad	5,166,346	3,198,971
Deposits received, abroad	8,129	3,600
<b>TOTAL</b>	<b>8,006,909</b>	<b>5,476,677</b>

• **Advances received from other related companies** in the amount of RSD 317,113 thousand relate to liabilities towards Energo Nigeria Ltd., Lagos, Nigeria, recorded predominantly within Energoprojekt Oprema in the amount of RSD 316,905 thousand.

• **Advances received from other legal entities in the country** in the amount of RSD 2,515,231 thousand mostly relate to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 1,392,887 thousand for advances received on the Projects “Lajkovac-Ljig” (China Standong International E&T Branch Belgrade): RSD 1,360,285 thousand, “Kolubara” (PC Elektroprivreda Srbije): RSD 27,944 thousand etc;

- Energoprojekt Oprema in the amount of RSD 591,839 thousand for the advances received from the Investor for the “DV Pancevo - Rumunska granica“: RSD 308,634 thousand, Kolubara Deponija: RSD 275,689 thousand and other projects; and

- Energoprojekt Visokogradnja in the amount of RSD 511,100 thousand for the advances received from investor for the project Belgrade Waterfront: RSD 502,780 thousand and others.

• **Advances received from other legal entities, abroad** in the amount of RSD 5,166,346 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 2,162,190 thousand for performance of works for the Investors, primarily within the Project of Z-103 Talan Towers Astana: RSD 1,052,134 thousand and based on the advances received in the Energoprojekt Ghana Ltd., Accra, Ghana: RSD 1,105,885 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 1,599,011 thousand for advances received in Uganda in the amount of RSD 621,721 thousand (for Projects Z-027 Mpigi Kanoni, Uganda, Z-036 Streets in Kampali Kawempe Lubaga, Uganda and other) and in Peru in the amount of RSD 977,290 thousand (for project „Z-034 Put P. Bermudez“) and

- Energoprojekt Oprema in the amount of RSD 1,249,089 thousand, primarily within the Project Energocentar Minsk, Belarus in the amount of RSD 1,246,805 thousand.

• **Deposits received, abroad** in the amount of RSD 8,129 thousand relate mainly to Energoprojekt Niskogradnja, based on the deposits received for the rent of apartments in the „Cruz del Sur“ in Peru in the amount of RSD 3,042 thousand and to Energoprojekt Hidroinženjering based on the deposits for security guarantee for the project Machu Pichu, Peru by Integral partner (will be returned to the partner after completion and when the client release all guarantees under this contract) in the amount of RSD 2,000 thousand.

## 42. OPERATING LIABILITIES

Structure of operating liabilities	In RSD thousand	
	31/12/2016	31/12/2015
Suppliers - other affiliated companies, abroad	6,066	5,975
Suppliers, local	2,784,572	2,182,699
Suppliers, abroad	1,958,315	1,642,578
Other operating liabilities	219,327	17,385
<b>TOTAL</b>	<b>4,968,280</b>	<b>3,848,637</b>

- **Suppliers – other affiliated companies, abroad** in the amount of RSD 6,066 thousand relate to the liabilities of the Energoprojekt Oprema towards Energo Nigeria Ltd., Lagos, Nigeria.
- **Suppliers, local** in the amount of RSD 2,784,572 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 1,504,843 thousand, to Energoprojekt Oprema in the amount of RSD 724,902 thousand, to Energoprojekt Visokogradnja in the amount of RSD 488,825 thousand and Energoprojekt Energodata in the amount of RSD 29,134 thousand.

Suppliers, local - companies within system Energoprojekt with largest liabilities for trade payables as at the balance date are broken down in the following table.

Structure of suppliers in the country	in RSD thousand	
	31/12/2016	31/12/2015
<b><i>Energoprojekt Niskogradnja:</i></b>		
Nukleus Ltd.	693,163	329,727
Geosonda Fundiranje Plc.	166,939	54,103
Hidrotehnika Hidroenergetika Plc.	95,662	18,605
Atlas Copco Plc., Belgrade	72,988	6,707
Evrogradnja Plc.	53,980	74,713
Europolis Plus Plc.	33,019	4,700
Erozija Plc., Valjevo	20,415	
Ingrap Omni Plc.	19,260	289,314
Other	349,417	536,677
<b>Total</b>	<b>1,504,843</b>	<b>1,314,546</b>
<b><i>Energoprojekt Oprema:</i></b>		
Energotehnika - Južna Bačka, Novi Sad Ltd.	278,321	29,032
Blue line Ltd.	194,666	-
Hidro-tan Ltd., Belgrade	48,426	-
Coptech Ltd., Belgrade	32,398	-
Energomontaža Plc.	30,000	36,881
IEE Ltd., Novi Sad	22,404	-
GP Planum Plc.	21,254	-
Termoco Plat Ltd., Pančevo	16,350	21,274
Other	81,083	283,537
<b>Total</b>	<b>724,902</b>	<b>370,724</b>
<b><i>Energoprojekt Visokogradnja:</i></b>		
Metalfer Steel Mill Ltd.	154,005	-
Beton plus Ltd.	59,969	-
Normativ MR Ltd.	23,062	-
Brigate Ltd.	20,310	-
Crna Trava Gradnja Ltd.	15,070	-
Other	216,409	315,944
<b>Total</b>	<b>488,825</b>	<b>315,944</b>

- **Suppliers, abroad** in the amount of RSD 1,958,315 thousand relate primarily to Energoprojekt Entel in the amount of RSD 704,401 thousand (primarily within company Energoprojekt Entel LTD, Doha, Qatar: RSD 520,754 thousand, Energoprojekt Entel LLC Oman, Oman: RSD 100,799 thousand and Energo Consult LLC Abu Dhabi, UAE: RSD 80,812 thousand), Energoprojekt Visokogradnja in the amount of RSD 512,058 thousand (mainly, within Energoprojekt Ghana Ltd., Accra, Ghana: RSD 272,883 thousand and on projects Z-085 Uhta Russia: RSD 144,158 thousand, Z-103 Talan Towers, Astana, Kazakhstan: RSD 22,353 thousand and Z-088 Hyatt Hotel Rostov, Russia: RSD 24,480 thousand), Energoprojekt Niskogradnja in the amount of RSD 455,860 thousand (mainly in Uganda: RSD 280,481 thousand and in Peru: RSD 172,211 thousand) and Energoprojekt Oprema in the amount of RSD 215,814 thousand.

- **Other operating liabilities** in the amount of RSD 219,327 thousand predominantly refer to Energoprojekt Visokogradnja in the amount of RSD 191,889 thousand, primarily in the company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 191,708 thousand, based on obligations to subcontractors on the project Eco Bank, Ghana.

#### 43. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	In RSD thousand	
	31/12/2016	31/12/2015
Liabilities from special transactions - other legal entities	252,906	16,174
Liabilities for wages, fringe benefits and compensations	1,303,559	1,566,937
Other liabilities:		
a) Liabilities for interest and financing costs	6,952	4,389
b) Liabilities for dividends	127,861	126,724
c) Liabilities to employees	34,328	16,590
d) Liabilities to General Manager, or to management and Supervisory Board members	4,050	3,205
e) Liabilities to physical persons for contractual compensations	2,523	4,043
f) Liabilities for short-term provisions		5,294
g) Other various liabilities	32,466	35,137
<i>Total</i>	<i>208,180</i>	<i>195,382</i>
<b>TOTAL</b>	<b>1,764,645</b>	<b>1,778,493</b>

- **Liabilities from special transactions - other legal entities** in the amount of RSD 252,906 thousand, mainly relate to Energoprojekt Visokogradnja in the amount of RSD 238,432 thousand based on obligations to the company Belim Plc. according to verdict of the Commercial Court of Appeals from 29.12.2016, and Protocol no. 40/64 made between Energoprojekt Visokogradnja and Energoprojekt Holding.

- **Liabilities for wages, fringe benefits and compensations** in the amount of RSD 1,303,559 thousand (liabilities for net salaries and fringe benefits, taxes and contributions, liabilities to Chambers for salaries in the country and abroad, etc.) relate predominantly to Energoprojekt Entel in the amount of RSD



590,939 thousand (abroad: RSD 560,782 thousand, in the country: RSD 30,157 thousand), Energoprojekt Visokogradnja in the amount of RSD 323,638 thousand (abroad: RSD 215,037 thousand, in the country: RSD 108,601 thousand), Energoprojekt Niskogradnja in the amount of RSD 199,701 thousand (abroad: RSD 140,872 thousand, in the country: RSD 58,829 thousand), Energoprojekt Hidroinženjering in the amount of RSD 82,217 thousand (abroad: RSD 64,817 thousand, in the country: RSD 17,400 thousand) and Energoprojekt Oprema in the amount of RSD 38,154 thousand (abroad: RSD 4,107 thousand, in the country: RSD 34,047 thousand).

- **Liabilities for dividends** in the amount of RSD 127,861 thousand relate predominantly to Energoplast in the amount of RSD 90,499 thousand, Energoprojekt Entel in the amount of RSD 13,294 thousand (since the shareholders did not open accounts for their securities), Energoprojekt Holding in the amount of RSD 18,192 thousand (mainly, liabilities for dividends from previous period, not paid till today – probte proceedings, etc.) and Energoprojekt Oprema in the amount of RSD 5,202 thousand.
- **Other various liabilities** in the amount of RSD 32,466 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 14,447 thousand (liabilities to Company's Workers' Union, Social Security Fund for Employees, liabilities towards third persons based on withholding from net employees' salaries for statutory and administrative bans, etc.), and to Energoprojekt Visokogradnja in the amount of RSD 12,192 thousand (withholding from salaries for Union fees and charities, alimonies, etc.).

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

##### 44.1. Liabilities for Value Added Tax

Liabilities for value added tax	In RSD thousand	
	31/12/2016	31/12/2015
Liabilities for value added tax	521,871	559,499
<b>TOTAL</b>	<b>521,871</b>	<b>559,499</b>

- **Liabilities for value added tax** in the amount of RSD 521,871 thousand relate to the difference between the calculated tax and input tax, primarily in Energoprojekt Visokogradnja in the amount of RSD 389,443 thousand (mainly within Energoprojekt Ghana Ltd., Accra: RSD 350,610 thousand) and in Energoprojekt Niskogradnja in the amount of RSD 81,790 thousand.

##### 44.2. Liabilities for Other Taxes, Contributions and Fees Payable

Liabilities for other taxes, contributions and fees payable	In RSD thousand	
	31/12/2016	31/12/2015
Liabilities for income tax	689,964	654,522
Liabilities for other taxes, contributions and fees payable	86,186	201,131
<b>TOTAL</b>	<b>776,150</b>	<b>855,653</b>

- **Liabilities for income tax** in the amount of RSD 689,964 thousand relate primarily to Energoprojekt Entel in the amount of RSD 687,999 thousand.

Liabilities for income tax within Energoprojekt Entel in the amount of RSD 687,999 thousand primarily relate entirely to Energoprojekt Entel LTD, Doha, Qatar, based on the liabilities disclosed in 2011 for the expenses of the Head Office or for the Energoprojekt Entel for the period of 3 years (for 2008, 2009 and 2010) by the local Tax Administration in the amount of RSD 672,878 thousand. Namely, the local Tax Administration does not recognize the amount disclosed as costs for services rendered by the Energoprojekt Entel Company over the said period as costs, but is of the opinion that income tax should have additionally been paid on that amount as well. A lawsuit was initiated to resolve this issue and the outcome of this lawsuit is uncertain. The short term deposit with the Doha Bank includes cash earmarked and kept in case of a negative outcome of this lawsuit.

- **Liabilities for other taxes, contributions and fees payable** in the amount of RSD 86,186 thousand relate primarily to the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 35,453 thousand, the largest part of which relate to the unpaid liabilities for taxes and contributions for workers abroad in the amount of RSD 29,973 thousand, and within Energoprojekt Ghana Ltd., Accra, Ghana withholding tax liability amount RSD 2,204 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 30,733 thousand, mostly for income tax based on tax return for December 2016 in Peru: RSD 23,664 thousand (liabilities were settled in due time, in January 2017) and

- Energoprojekt Hidroinženjering in the amount of RSD 7,618 thousand, predominantly abroad (in Jordan, Peru and Republika Srpska), mostly based on income taxes.

Decrease for other taxes, contributions, fees and other liabilities, respecting the last year comparable period, in the amount of RSD 114,945 thousand, mainly came as a result of decrease of those liabilities within Energoprojekt Visokogradnja, in the amount of RSD 106,184 thousand, as a consequence of, mostly, decreased amount of taxes and contributions for workers abroad in the amount of RSD 71,905 thousand and decreased taxable income abroad within company Energoprojekt Ghana Ltd., Akra, Gana: RSD 28,942 thousand and with Energoprojekt Niskogradnja in the amount of RSD 9,728 thousand (primarily as less amount of taxable profit abroad compared to the previous year, and thus also liabilities of income tax in the country of work). Besides, in 2016, according to presented financial statements for 2015 abroad, the amount of advance payment for income tax in 2016 were increased comparing to recorder period last year, thus influencing on decrease of the remaining calculated income tax liabilities as at December 31, 2016.

**44.3. Accrued Expenses and Deferred Income**

Liabilities for accrued expenses and deferred income	In RSD thousand	
	31/12/2016	31/12/2015
Accrued expenses:		
a) Accrued expenses - other related companies		
b) Accrued expenses - other legal entities	1,806,859	1,113,969
<i>Total</i>	<i>1,806,859</i>	<i>1,113,969</i>
Deferred income - other legal entities	498,638	433,874
Other accruals	350,417	256,655
<b>TOTAL</b>	<b>2,655,914</b>	<b>1,804,498</b>

**Accrued expenses – other related companies** in the amount of RSD 1,806,859 thousand relate primarily to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 1,033,415 thousand from calculated cost of the period for which no invoices received in the accounting period, primarily on projects Energocentar Minsk, Belarus: RSD 934,740 thousand, Tunnel Sarani: RSD 41,491 thousand, DV Pancevo - Romanian border: RSD 36,992 thousand and RTB Bor: 20,192 thousand.

- Energoprojekt Niskogradnja in the amount of RSD 475,334 thousand, with no invoices received as at December 31, 2016 (cost calculation performed, mainly, based on invoices received in 2017 (for 2016), as well as valuation costs by experts for projects in the country and abroad, based on appropriate records: construction log, surveying, subcontractors demands for present situation verification etc.), mostly related to:

- Calculated costs in “Lajkovac – Ljig” project: RSD 291,252 thousand and Kolubara II phase: RSD 61,993 thousand (for December);

- Other calculated costs on projects in Serbia: RSD 6,850 thousand (primarily costs incurred in previous period for which up to the reporting date invoices are not received: RSD 4,000 thousand and costs of laboratory services on a project Tunel Sarani: RSD 1,442 thousand);

- Calculated costs for 2016 in Peru: RSD 41,183 thousand (primarily, cost of insurance works and property: RSD 13,670 thousand, cost of leasing machinery: RSD 6,901 thousand, legal advisory services: RSD 3,923 thousand, utilities: RSD 3,360 thousand, administrative costs of consortium (corresponding part of contractual obligations of the company): RSD 3,626 thousand, interest costs: RSD 2,808 thousand and etc.);

- Calculated costs for projects in Uganda: RSD 13,526 thousand (machinery rental costs: RSD 8,641 thousand, audit engagement: RSD 4,586 thousand and utilities: RSD 299 thousand); and

- Calculated costs for long-term liabilities interests towards other legal entities for project HE Banieya II, Guinea: RSD 60,348 thousand;

- Energoprojekt Visokogradnja in the amount of RSD 270,439 thousand relating to calculated costs abroad: RSD 269,519 thousand, mainly for the project „Z-096 Forte bank“, Astana: RSD 211,075 thousand (based on estimation, considering the fact that financial statement in Kazakhstan is to be presented till March 31, 2017) and in the country: RSD 920 thousand.

- **Deferred income – other legal entities** in the amount of RSD 498,638 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 409,163 thousand based on verified, but not registered, income from investors in 2016, for projects abroad: RSD 374,592 thousand (primarily on „Z-085 Uhta“, Russia: RSD 374,495 thousand) and in the country: RSD 34,571 thousand (Banka Intesa: RSD 19,260 thousand and Belgrade Waterfront: RSD 15,311 thousand) and;

- Energoprojekt Garant in the amount of RSD 87,856 thousand based on transferrable premiums.

- **Other accruals** in the amount of RSD 350,417 thousand relate predominantly to the following companies of the system Energoprojekt:

- Energoprojekt Garant in the amount of RSD 120,280 thousand based on outstanding claims in non-life insurance

- Energoprojekt Oprema in the amount of RSD 100,810 thousand, based on collected guarantees for Elwo, Poljska, in the amount of RSD 98,876 thousand and deferred VAT expenses of invoices in the amount of RSD 1,934 thousand and on the project Energocenter Minsk, Belorus; and

- Energoprojekt Niskogradnja in the amount of RSD 56,815 thousand, primarily based on accrued liabilities for VAT in Uganda: RSD 55,698 thousand and in the country: RSD 573 thousand.

#### 45. OFF BALANCE SHEET ASSETS AND LIABILITIES

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

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

Structure of off balance sheet assets and liabilities	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Issued and received guarantees and letters of credits	23,711,083	22,733,809
Construction land use rights	4,537,892	4,663,306
Other off balance sheet assets/liabilities	882,831	881,469
<b>TOTAL</b>	<b>29,131,806</b>	<b>28,278,584</b>

#### 46. MORTGAGES REGISTERED IN FAVOUR AND/OR AGAINST THE COMPANY

- **Mortgages registered against companies of the system Energoprojekt**

- Energoprojekt Entel LTD, Doha, Qatar reserves the disposal and usufruct right with regard to the properties of total area of 4,488 m2, located on cadastral parcels number 65582, 65583, 65584, 65585, 65586, 65587, 65588, 65589 and 65590 with area of 10,736 m2, in Doha - Qatar, Zone 44, East Al Naija, Al Mumtaza Street Doha Qatar, registered owner is a local private individual. The owner has mortgaged the property in the “Doha Bank” as collateral for performance guarantees for Energoprojekt Entel L.L.C., Doha, Qatar company.

Mortgage registered against Energoprojekt Niskogradnja:

- In order to secure a credit line granted by the Scotiabank Peru, property was mortgaged for the amount of RSD 1,175,129 thousand (USD 10,032,240) which is 71.72% of the total appraised value of the property mortgaged. Appraisal was performed by an external independent qualified appraiser, “J.R.Z. Valuaciones S.A.C.” in Peru, which holds recognized and relevant professional qualifications and recent experience with property locations and categories appraised. This Appraiser was hired by the Scotiabank Peru.

- In order to secure a credit line granted by the Banco Financiero Peru, property was mortgaged for the amount of RSD 970,289 thousand (USD 8,283,492) which is 97.30% of the total appraised value of the property mortgaged. Appraisal was performed by an external independent qualified appraiser, “Layseca Asociados S.A.C.” in Peru, which holds recognized and relevant professional qualifications and recent experience with property locations and categories appraised. This Appraiser was hired by the Banco Financiero Peru.

Mortgage registered against Energoprojekt Niskogradnja is presented in the table below:

Property	sq. m	Book value	Appraised value	Appraised value
		In RSD thousand	In USD	In RSD thousand
<b>Mortgage 1- Sotiabank, Peru</b>				
Land - Camp Primavera, Sullana, Peru	95,907.47	29,479	6,233,986	730,220
Office facility in 16-18 floor in Lima, Peru	427.73	118,436	1,011,102	118,436
Cruz Del Sur building in Lima, Peru	4,295.38	789,842	6,742,989	789,842
<i>Total (100%)</i>		937,757	13,988,077	1,638,498
<b>Total (71.72%)</b>			<b>10,032,240</b>	<b>1,175,129</b>
<b>Mortgage 2 -Banco Financiero, Peru</b>				
Land - Santa Clara, Peru	23,009.70	18,601	8,513,589	997,242
<i>Total (100%)</i>		18,601	8,513,589	997,242
<b>Total (97.30%)</b>			<b>8,283,492</b>	<b>970,289</b>

- As a collateral for the advance payment and professional performance of work warranty at Sberbank Serbia Plc., Energoprojekt Oprema registered its right for receivables.

- The overdraft loan granted by the Indo-Zambia Bank to Zambia Engineering and Contracting Company Limited, Zambia was secured by a lien on the mortgage over the following property: Plot 3148 Mukwa Road, Zambia.
- Energoprojekt Holding pledged 100% share capital of Energoprojekt Sunnyville for securing receivable of Erste Bank ad, Novi Sad based on long-term construction loan approved to Energoprojekt Sunnyville.

- **Mortgages registered in favour of the companies of the system Energoprojekt**

- In Energoprojekt Niskogradnja as a collateral of receivables based on the advance paid to the Subcontractors' Consortium on Lajkovac- Ljig Project in compliance with the provisions of the Agreement on Subcontracting of Construction Works within the Lajkovac-Ljig Highway Construction Project, Section V: Lajkovac-Ljig, from km 53+139.91 to km 77+118.23 a first order mortgage was registered based on a final out-of-court order, namely, as a collateral for 50% receivables on fuel, euro-diesel, owned by the subcontractor to the maximum amount of RSD 328,663 thousand (USD 3,787,376.84),
- In Energoprojekt Holding:
  - As collateral to secure the repayment of loan pursuant to the Annex No. 9 of the Loan Agreement No. 367, in the amount of RSD 16.977 thousand (EUR 137 thousand), granted by the Company to Enjub Ltd, the extrajudicial mortgage for the entire loan amount was registered for apartments in 91A Juriša Gagarina Street, on the second and third floors, Cadastre lot No. 5089/9, Cadastral Municipality of New Belgrade, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality New Belgrade, in favour of the Company, and
  - As collateral to secure the repayment of the loan pursuant to the Annex No. 5 of the Agreement on Rescheduling of Approved Loan pursuant to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 147,907 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 Juriša Gagarina Street.

## 47. COMMITMENT AND CONTINGENCIES

**Contingent liabilities** that can potentially result in an outflow of economic benefits of the Company can primarily arise from the lawsuits. **Contingent liabilities arising from lawsuits** are primarily reflected in the potential completion of lawsuits against the Company, yet no liability or provision was recorded in the balance sheet.

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

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

An overview of lawsuits is presented in the following tables. The presented amounts of lawsuits, with potential level of liabilities and receivables defined as at December 31, 2016, include principal amount only for each lawsuits.

Energoprojekt Holding Plc., Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
1.	Sreta Ivanišević	EP Holding Plc.	Compensation for expropriated property (Bezanija)	Uncertain	1st Basic Court in Belgrade	Uncertain	Uncertain First instance
2.	Vladan and Tomislav Krdžić	EP Holding Plc.	Damage compensation (free shares were not allotted to the Plaintiffs)	RSD 444,000,00	Commercial Court in Belgrade	2017	Unfounded, according to the Decision of the Court of first instance, the application was rejected; Court Decision on Plaintiffs' appeal is pending. Second instance proceedings
3.	Rajko Ljubojević	EP Holding Plc.	Expropriation 1957		1st Basic Court in Belgrade	2017	Uncertain First instance
4.	Kovacevic Pavle, Radmila i Milan	EP Holding Plc. and others	Compensation for expropriated land (in Block 26)	Amount not defined	Administrative Court in Belgrade	Uncertain	According to the Decision of RS MF, appeals against the Decision of the Court of first instance, according to which plaintiffs are entitled to pecuniary compensation for expropriated land, were rejected; an administrative lawsuit initiated.
5.	EP Holding Plc.	Zekstra grupa Ltd.	Damage compensation (roof repair in G. Delceva 38 Street)	EUR 7,032.68	Commercial Court in Belgrade	2017	According to Decision of the first instance Court EP Holding claim rejected. EP Holding appeal pending. Second instance proceedings
6.	EP Holding Plc.	Republika Srbija, EPS Srbije, Epsturs Ltd. and Rep. of Montenegro	Determining the ideal ownership share of the Park Hotel in Budva	Amount not defined	Basic court, Niksic	2017	Claim is grounded; first-instance court accepted the claim; in appeal Respondents Second instance proceedings

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
7.	Direkcija za gradevinsko zemljište	EP Holding Plc., NIS and Putnik Plc.	Claim for construction land for Hayat	Uncertain	Higher court in Belgrade	2017	First instance proceedings is pending – expert assessment
8.	EP Holding Plc.	Beogradsko mesovito preduzeće Plc.	Establishing the value of shares in forced sale procedure	RSD 638,825,892.39	Commercial Court in Belgrade	2017	Grounded First Instance decision fortified value of one share of the opposing party in the amount of RSD 1.448.584,79
9.	Goran Rakic	EP Holding Plc. and Kompresor automobili Ltd.	Ownership title to be determined	No amount	2nd Basic Court in Belgrade	2017	Ungrounded; first instance decision complaint is hereby deemed to be withdrawn; in appeal prosecutor Second instance proceedings
10.	EP Holding Plc.	Trinity capital Ltd.i GP Napred Plc.	Nullification of the contract for Block 26		Commercial Court in Belgrade	2017	Justified First instance proceedings
11.	EP Holding a.d	Ivan Musić	Damage compensation (repairing roof in 38 Goce Delčeva street)	250.61 EUR	Basic Court in Belgrade	2018	Justified First instance proceedings
12.	Radovanac Aleksandar and Nenad	EP Holding Plc. And others	Eviction from barracks in Visnjiceva Banja		Higher court in Belgrade	2017	Ungrounded for EP Holding First instance proceedings
13.	EP Visokogradnja Plc.	Vesna Perinčić	Debt	RSD 88,500.00	3rd Basic Court in Belgrade	2017	First instance verdict rejected our claim; in proceedings on our appeals Second instance proceedings
14.	EP Visokogradnja Plc.	Promex TV Zvornik	Debt	RSD 667,104.25	Commercial Court in Belgrade	2017	According to the final court decision, Plaintiff's claim was granted.



**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
15.	Milan Branković	EP Visokogradnja Plc.	Annulment of a temporary employment contract		1st Basic Court in Belgrade	2017	Ungrounded, proceedings suspended until completion of lawsuit physical body against Enjub Ltd.
16.	EP Visokogradnja Plc.	Trudbenik gradnja in bankruptcy	Claim recognized in liquidation procedure	RSD 2,767,501.76	Commercial Court in Belgrade	Uncertain	Uncertain collection of claim.
17.	Đorđe Mikša	EP Visokogradnja Plc.	Contractual fine payment	RSD 512,000.00	1st Basic Court in Belgrade	2017	First instance court decision granted plaintiff's claim. EP Visokogradnja initiated appeal proceedings.
18.	Sladan Pavlović	EP Visokogradnja Plc.	Damage compensation	RSD 1,700,000.00	3rd Basic Court in Belgrade	2017	Our appeal was adopted and the case was returned for a new trial First instance procedure
19.	EP Visokogradnja Plc.	Cvitan Dragan	Debt	RSD 122,922.87	3rd Basic Court in Belgrade	2017	Grounded. Partially collected. Enforced performance pending.
20.	Nataša Milojević	EP Visokogradnja Plc.	Ownership title to be determined		1st Basic Court in Belgrade	The final completion in 2016; declared revision	By final judgment the claim is adopted; Appeal against the decision of revision
21.	EP Visokogradnja Plc.	Beton gradnja Ltd.	Debt	RSD 271,813.90	Commercial Court in Belgrade	2017	Grounded First-instance proceeding
22.	EP Visokogradnja Plc.	Alumaks sistemi d.o.o	Damage compensation (Block 29)	RSD 31,605,600.00	Commercial Court in Belgrade	2017	First instance court rejected claim in appeal of EP Visokogradnja  Second instance proceeding
23.	EP Visokogradnja Plc.	Veso Romić	Unfounded acquisition	RSD 35,301,780.00	Commercial Court in Belgrade	2017	Grounded In the process of forced execution
24.	EP Visokogradnja Plc.	JP Železnice, Beočvor	Debt (Prokop)	RSD 290,385,390.00	Commercial Court in Belgrade	2017	Grounded; proceedings suspended.
25.	EP Visokogradnja Plc.	Beobanka Plc. in bankruptcy	Claims registration	USD 1,022,048.61	Commercial Court in Belgrade	Uncertain	Justified; claim recognized in liquidation procedure
26.	EP Visokogradnja Plc.	Jugobanka Plc. in bankruptcy	Claims registration	USD 2,002,932.98, USD 701.47, CHF 507,920.43, FRF 1,239,624.62, EUR 24,880.49	Commercial Court in Belgrade	Uncertain	Justified; claim recognized in liquidation procedure

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
27.	EP Visokogradnja Plc.	Belim Plc.	Debt under settlement agreement	USD 612,000.00	Commercial Court in Belgrade	Completed	Justified; is not collected In the process of enforcement
28.	EP Visokogradnja Plc.	Grad Beograd, Direkcija za građevinsko zemljište, RS	Debt (Arena)	RSD 208,000,245.40 Adopted in court: RSD 34,115,606.10 in behalf of principal debt	Commercial Court in Belgrade	2017	The claim of Hala BG Ltd was adopted by final judgment In process according to our revision
29.	EP Visokogradnja Plc.	JP Železnice, Beočvor	Debt (Prokop)	RSD 153,674,990.16	Commercial Court in Belgrade	2017	Justified; proceedings suspended.
30.	Božo Tomašević	EP Visokogradnja Plc.	Annulment of employment contract termination	140,000.00 RSD	1st Basic Court in Belgrade	2017	Our appeal was adopted and the case was returned for new trial First instance procedure
31.	Aleksandar Petrović	EP Visokogradnja Plc.	Agreement termination and damage compensation	RSD 3,500,000.00	3rd Basic Court in Belgrade	2017	Decision on Court incompetence in Serbia adjudicated. Positive result expected. Second instance proceedings
32.	Sava Krajinović	EP Visokogradnja Plc.	Unfounded acquisition	RSD 269,000.00	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
33.	Ljiljana Damjano	EP Visokogradnja Plc.	Performance and damage compensation	RSD 350,000.00	1st Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
34.	Nenad Dautović	EP Visokogradnja Plc.	Annulment of employment contract termination		3rd Basic Court in Belgrade	2017	Ungrounded
35.	SIEN Ltd.	EP Visokogradnja Plc.	Debt, SMIP	RSD 438,530.00	Commercial Court in Belgrade	Uncertain	Partly grounded, lawsuit stopped due to plaintiffs' bankruptcy.
36.	Residence object, B.M.Pupina 10e	EP Visokogradnja Plc.	Unfounded acquisition	RSD 2,000,000.00	3rd Basic Court in Belgrade	Uncertain	Ungrounded, procedure stopped. First-instance proceeding
37.	EP Visokogradnja Plc.	Siniša and Dragan Romić	Contesting of share transfer agreement		Higher court in Belgrade	2017	Justified
38.	Kojić Milan	EP Visokogradnja Plc.	Debt - salaries	EUR 1,130.00	1st Basic Court in Belgrade	2017	First instance court accepted the claim; in proceeding upon our appeal Second instance proceeding

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
39.	EP Visokogradnja Plc.	Farmakom MB Ltd. in bankruptcy	Debt	RSD 1,340,520.00	Commercial Court in Valjevo	Uncertain	Receivables recognized through bankruptcy procedure.
40.	EP Visokogradnja Plc.	LP Gas Ltd.	Debt	RSD 1,098,898.15	Commercial Court in Belgrade	2017	First instance court accepted the claim; in proceeding upon appeal Second instance proceeding
41.	Drago Stupar and others	EP Visokogradnja Plc.	Ownership land title to be determined		Basic court, Herceg Novi	2017	Uncertain First-instance proceeding
42.	Dušan Petrović, Vladimir Glišović and EGP Investments	EP Visokogradnja Plc.	Share value appraisal		Commercial Court in Belgrade	2017	Uncertain First-instance proceeding
43.	Saša Bošković	EP Visokogradnja Plc.	Share value appraisal		Commercial Court in Belgrade	2017	Uncertain First-instance proceeding
44.	Husein Smailović	EP Visokogradnja Plc.	Adjustment of monthly rent for damage compensation	RSD 59,000.00 monthly as of January 2010	3rd Basic Court in Belgrade	2017	Uncertain; partly justified First-instance proceeding
45.	Naim Hajdari	EP Visokogradnja Plc.	Monthly rent for damage compensation	RSD 15,000.00 monthly as of January 21, 1989	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
46.	Radosavljević Velibor	EP Visokogradnja Plc.	Annulment of employment contract termination		3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
47.	EGP Investments	EP Viskogradnja Plc.	Share value appraisal		Commercial Court in Belgrade	2017	Uncertain First-instance proceeding
48.	Ostojić Dragomir, Đurić Milorad and Jorgić broker Plc.	EP Visokogradnja Plc.	Share value appraisal		Commercial Court in Belgrade	2017	Uncertain First-instance proceeding

Energoprojekt Holding Plc., Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
49.	EP Visokogradnja Plc.	PIK Zemun in bankruptcy	Debt	RSD 33,705.46	Commercial Court in Belgrade	Uncertain	Presented receivables in bankruptcy.
50.	EP Visokogradnja Plc.	GZR Krstic, with Krstic Radimir as owner	Debt	RSD 115,776.00	Commercial Court in Belgrade	2017	Justified. Compulsory payment on the way.
51.	EP Visokogradnja Plc.	SZR Kvirin, with Tanaskovic Milan as owner	Debt	31,642.40 RSD	Commercial Court in Belgrade	2017	Justified. Compulsory payment on the way.
52.	Dragan Petrović	EP Visokogradnja Plc.	Annulment of employment contract termination		3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
53.	Fond PIO	Kolex Ltd. and EP Visokogradnja Plc.	Agreement annulment defined		Higher court in Belgrade	2017	Plaintiffs' appeal rejected by Court Decision. Plaintiffs' revision pending.
54.	EP Visokogradnja Plc.	Arching Federation	Debt	RSD 70,803.28	Uncertain	Uncertain	Ungrounded
55.	Milić Janković	Direkcija za građevinsko zemljište, EP Visokogradnja Plc. and Aleksić Ružica	Ownership title to be determined		1st Basic Court in Belgrade	2017	Justified First-instance proceeding
56.	Residence object 10G, Bul. Mihajla Pupina	EP Visokogradnja Plc. and Stevanović Milinko	Court should determine whether the Agreement is null and void or not		3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
57.	Residence object 10G, Bul. Mihajla Pupina	EP Visokogradnja Plc. and Omni promet Ltd.	Court should determine whether the Agreement is null and void or not		3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
58.	Dević Ljubinko	EP Visokogradnja Plc.	Salary payment	EUR 5,774.42	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
59.	Milorad Vasić	EP Visokogradnja Plc.	Damage compensation (Block 12)	RSD 25,732,877.55	Higher court in Belgrade	2017	Plaintiffs' appeal adopted by Court Decision. Revision adopted.

Energoprojekt Holding Plc., Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
60.	JP ViK Stara Pazova	EP Visokogradnja	Debt	RSD 167,162.40 RSD 33,558.94	Commercial Court in Sremska Mitrovica	2017	Uncertain; First instance court accepted the claim; in proceeding upon our appeals  Second instance proceedings
61.	EP Visokogradnja Plc.	Utva silosi Plc. Kovin u reorganizaciji	Debt		Commercial Court in Pančevo	Uncertain	Receivables grounded but payment depending on restructuring plan.
62.	EP Visokogradnja Plc.	Amiga Ltd.Kraljevo in restructuring	Debt	RSD 114,425.00	Commercial Court in Kraljevo	Uncertain	Receivables grounded but payment depending on restructuring plan.
63.	EP Visokogradnja Plc.	Нуро Alpe-Adria-Bank Srbija	Injunctive relief		Commercial Court in Belgrade	2017	First-instance proceeding
64.	EP Visokogradnja Plc.	Uni Credit bank Srbija	Injunctive relief		Commercial Court in Belgrade	Completed in 2016, temporary measure is determined	Injunctive relief of forbidden guaranteed payment by Court decision.
65.	EP Visokogradnja Plc.	Бон-Апетит ООО, Ростов, РФ	Debt based on loan	RUB 5,048,082.19	Arbitration Court in Rostov, RF	2017	Justified
66.	EP Visokogradnja Plc.	Тандем-Интер ООО, Ростов, РФ	Debt based on loan	RUB 5,236,849.31	Arbitration Court in Rostov, RF	2017	Justified
67.	EP Visokogradnja Plc.	МКЦ РосЕвроДевелопмент ООО, Ростов, РФ	Debt for works performed	RUB 175,502,823.20	Arbitration Court in Rostov, RF	2017	Justified
68.	Kombit	EP Visokogradnja Plc.	Debt (Prokop)	RSD 1,269,860.00	Commercial Court in Belgrade	Uncertain	Partly paid, cca RSD 160.000,00, for the rest the procedure is stopped. First-instance proceeding
69.	Radoš Nenad	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2017	Uncertain; arrears of salary paid in their entirety First-instance proceeding
70.	Vidojević Vladan	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2017	Uncertain; arrears of salary paid in their entirety First-instance proceeding

Energoprojekt Holding Plc., Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
71.	Paunović Ljubiša	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2017	Uncertain; arrears of salary paid in their entirety First-instance proceeding
72.	Jovičić Dejan	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2017	Uncertain; arrears of salary paid in their entirety First-instance proceeding
73.	Alen Vasić	EP Visokogradnja Plc.	Damage compensation for injury at work	RSD 600,000.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
74.	Topalović Igor	EP Visokogradnja Plc.	Annulment of employment termination		3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
75.	Predrag Radeka	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		Treći Basic Court in Belgrade	2017	Uncertain; arrears of salary paid in their entirety First-instance proceeding
76.	Danijel Šalipur	EP Visokogradnja Plc.	Fortification existence of an employment and Damage compensation	RSD 1,320,000.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
77.	Miloje Živanović	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries		3rd Basic Court in Belgrade	2017	Principal debt paid off; interest remaind First-instance proceeding
78.	Ivanović Siniša	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries		3rd Basic Court in Belgrade	2017	Principal debt paid off; interest remaind First-instance proceeding
79.	Rajko Vasiljević	EP Visokogradnja	Damage compensation on behalf of less paid overtime	EUR 2,500.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
80.	Topalović Igor	EP Visokogradnja	Damage compensation on behalf of less paid overtime and payment of interest on delayed payment of salaries		3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
81.	Miloje Živanović	EP Visokogradnja	Damage compensation on behalf of less severance paid and and payment of interest on delayed payment of salaries	EUR 2,487.94 and RSD 137,478.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
82.	Miloje Živanović	EP Visokogradnja	Damage compensation based on excess of overtime and individual performance	RSD 420,000.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
83.	Kalinić Jovica	EP Visokogradnja	Payment of annual leave for 2014	EUR 772.00	3rd Basic Court in Belgrade	2017	Principal debt is paid off First-instance proceeding
84.	Šerbedžija Đorđe	EP Visokogradnja	Damage compensation based on excess of overtime and individual performance	EUR 1,500.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding
85.	Pavlović Vladimir	EP Visokogradnja	Damage compensation due to delays in construction	RSD 2,628,897.70	3rd Basic Court in Belgrade	2018	Ungrounded First-instance proceeding
86.	Stanković Nenad	EP Visokogradnja	Annulment of the decision on termination of employment contract		3rd Basic Court in Belgrade	2018	Ungrounded First-instance proceeding
87.	EP Oprema Plc.	DGP Zlatibor	Paid off works	RSD 42,000,000.00	Commercial Court in Belgrade	Completed	Justified, difficult collection, borrower in bankruptcy
88.	EP Oprema Plc.	GP Rad in bankruptcy	Debt	USD 1,100,000.00	Commercial Court in Belgrade	Uncertain	Established claim in bankruptcy proceedings
89.	EP Oprema Plc.	Graditelj Leskovac	Works performed upon contract made	RSD 71,129,042.82	Commercial Court in Leskovac	Completed	Justified, difficult collection, borrower in bankruptcy

Energoprojekt Holding Plc., Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
90.	EP Oprema Plc. i EP Holding Plc.	Municipality Medveda	Return	RSD 120,000,000.00	Commercial Court in Leskovac	Uncertain; proceeding terminated	Uncertain First-instance proceeding
91.	EP Oprema Plc.	Clinical Center of Serbia	Debt for works	EUR 255,544.13	Commercial Court in Belgrade	2017	Proceeding is in process, expert opinion confirmed the request of EP Oprema First-instance proceeding
92.	EP Oprema Plc.	Clinical Center of Serbia	Damage compensation	EUR 1,559,000.00	Commercial Court in Belgrade	2017	First instance decision adopted the claim; KCS appealed Second instance proceedings
93.	EP Oprema Plc.	Nemanja Ivović	Illegal acquisition	RSD 64.600.50	1st Basic Court in Belgrade	2017	The claim is adopted by final judgment; execution of the judgment pending
94.	Đorđević Goran	JP EMS and EP Oprema Plc.	Disturbance of possession		Basic Court in Kruševac	2017	First instance court accepted claim; the second instance decision returned to First-instance proceeding
95.	Stanković Vladan	EP Oprema Plc.	Damage compensation	RSD 2.300.000.00	Basic Court in Bor	2017	First instance court accepted claim; in appeal proceedings by EP Oprema  Second instance proceedings
96.	Stanojković Milorad	EP Oprema Plc. and JP EMS	Damage compensation	RSD 10.000.00	Basic Court in Vranje	2017	Partly justified; by appeal EP Oprema Second instance proceedings in process
97.	Marinković Staniša	EP Oprema Plc.-intervener	Damage compensation	RSD 304.000.00	Basic Court in Vranje	2017	Partly justified First-instance proceeding
98.	Stanojlović Čedomir	EP Oprema Plc.-intervener	Damage compensation	RSD 261.000.00	Basic Court in Vranje	2017	Partly justified First-instance proceeding
99.	Ristić Čedomir	EP Oprema Plc.-intervener	Damage compensation	RSD 63.000.00	Basic Court in Vranje	2017	Partly justified; by appeal EP Oprema Second instance proceedings in process
100.	Ćirović Novica	EP Oprema Plc.-second respondent JP EMS	Damage compensation	RSD 100.000.00	Basic Court in Leskovac	2017	First-instance proceeding in process



Energoprojekt Holding Plc., Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
101.	Cvetković Milan	EP Oprema Plc. i JP EMS	Damage compensation	RSD 1.381.278.00	Basic Court in Vranje	2017	First-instance proceeding in process
102.	Stanković Vladan	EP Oprema Plc.	Damage compensation in monthly rent	RSD 8.000.00 monthly starting from 14.03.2016	Basic Court in Bor	2017	Uncertain First-instance proceeding
103.	EP Oprema Plc. As consortium leader	Republic Commission for the Protection of Rights in Public Procurement Procedures	Annulment of the Commission's decision in public procurement procedure for works on the District Heating Plant "Novi Beograd"		Administrative Court	Uncertain	Uncertain
104.	Jovan Čvokić and others	EP Niskogradnja Plc.	Bonus	EUR 20,145.11	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
105.	Tanić Dušan	EP Niskogradnja Plc.	Annulment of decision on amount of salary		3rd Basic Court in Belgrade	2017	Ungrounded; proceeding terminated First-instance proceeding
106.	EP Niskogradnja Plc.	Internacional CG in bankruptcy	Debt	RSD 182,056.00	Commercial Court in Belgrade	Uncertain	Justified; due to bankruptcy of the debtor, payment is uncertain
107.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Performance guarantee	KM 3,500,000.00	Municipality court in Sarajevo	Uncertain	Uncertain
108.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Guarantees for regular repayment of advances	KM 7,000,000.00	Municipality court in Sarajevo	Uncertain	Uncertain
109.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Guarantees for regular repayment of advances	KM 4,000,000.00	Municipality court in Sarajevo	Uncertain	Uncertain
110.	EP Niskogradnja Plc.	JIK Banka Plc. in bankruptcy	Claims registration	USD 218,000.00	Commercial Court in Belgrade	Uncertain	Justified
111.	EP Niskogradnja Plc.	Jugobanka Plc. Branch in New York	Claims registration	USD 455,877.88 and RSD 12,060,320.00	Commercial Court in Belgrade	Uncertain	Justified
112.	EP Niskogradnja Plc.	Beogradska banka Plc. in bankruptcy	Claims registration	USD 4,546.10 and RSD 16,278,517.00	Commercial Court in Belgrade	Uncertain	Justified
113.	Simić Ljubiša	JP Putevi Srbije and EP Niskogradnja Plc.	Damage compensation	EUR 4,598.80	1st Basic Court in Belgrade	2017	Ungrounded

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
114.	Sent Andrea Ltd.	EP Niskogradnja Plc.	Damage compensation – lost profit on occasion of termination contract	RSD 2,912,451.60	Commercial Court in Belgrade	2017	Uncertain. First-instance proceeding
115.	Strajnić Nenad	JP Putevi Srbije i EP Niskogradnja Plc. –intervener	Damage compensation	RSD 183,928.48	Basic Court in Novi Sad	2017	Uncertain First-instance proceeding
116.	Sekulić Dragan	JP Putevi Srbije; Dunav osiguranje Plc.o. and EP Niskogradnja Plc.–intervener	Damage compensation		Basic Court in Novi Sad	2017	First instance court refused the request to EP Niskogradnji Second instance proceeding
117.	DIN Ltd.	EP Niskogradnja Plc.	Debt by accounts	RSD 542,836.83	Commercial Court in Belgrade	2017	Ungrounded; First instance court refused the request to appeal Second instance proceeding
118.	Jokić Todor	EP Niskogradnja Plc.	Annulment of termination of temporary employment contract		Basic Court in Gornji Milanovac	2017	Ungrounded First-instance proceeding
119.	Daničić Nemanja	EP Niskogradnja Plc.	Damage compensation for injury at work	RSD 268,520.00	Basic Court in Gornji Milanovac	2017	Uncertain First-instance proceeding
120.	Stanišić Tomo	EP Niskogradnja Plc.	Damage compensation	RSD 244,413.97	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
121.	Matković Ljubiša, Milostiva and Gordana	Koridori Srbije, Azvirt; EP Niskogradnja Plc.	Damage compensation	RSD 290,000.00	Basic Court in Gornji Milanovac	2017	Uncertain First-instance proceeding
122.	Matković Milan, Mirjana, Dragana and Marko	Koridori Srbije, Azvirt; EP Niskogradnja Plc.	Damage compensation	RSD 380,000.00	Basic Court in Gornji Milanovac	2017	Uncertain First-instance proceeding
123.	RF PIO Filijala Beograd	EP Niskogradnja Plc.	Recourse lawsuit	RSD 419,600.10	Commercial court in Belgrade	Uncertain	Uncertain; proceeding terminated First-instance proceeding
124.	Aleksandar Babić and others	EP Niskogradnja Plc.	Bonus payment	EUR 40,906.00	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
125.	Gordana and Veselin Medenica	EP Niskogradnja Plc.	Damage compensation for injury at work	RSD 3,200,000.00	3rd Basic Court in Belgrade	2017	Uncertain First-instance proceeding

**Energoprojekt Holding Plc., Belgrade**

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
126.	Bosna putevi Sarajevo	EP Niskogradnja Plc.	Debt arising from work carried out in Yemen Compensation protest	Legal claim: USD 17,604,299.00 Compensation protest: USD 17,390,380.06	Commercial Court in Belgrade	2017	First instance expert procedure pending, expecting the first instance decision for settlement Second instance proceeding
127.	Vladimir Marinković	EP Niskogradnja Plc.	Overtime, Peru	USD 5,552.84	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
128.	EP Niskogradnja Plc.	Dejan Vujić PR Dey trade Vreoci	Unjust enrichment	RSD 304,749.89	Commercial Court in Belgrade	2017	Justified
129.	Mušikić Vera and Branislav	JP Putevi Srbije EP Niskogradnja Plc. - intervener	Damage compensation death of people close	RSD 1,920,000.00	Basic Court in Vrbas	2017	Uncertain First-instance proceeding
130.	Jovanović Vojislav, Mirjana, Dragana and Jovana	Koridori Srbije, Azvirt and EP Niskogradnja Plc.	Damage compensation	RSD 380,000.00	Basic Court in Gornji Milanovac	2017	Uncertain
131.	Angelina and Dejan Lukić	EP Niskogradnja Plc.	Damage compensation	RSD 2,000,000.00	3rd Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
132.	EP Niskogradnja Plc. i	Intermost Ltd.in bankruptcy	Debt (Novi Sad)	RSD 378,685,160.00	Commercial Court in Belgrade	2017	Plaintiffs appeal of EP Niskogradnja grounded, returned to the first instance for repeated lawsuit, on appeal of Intermost Ltd. First-instance proceeding
	Intermost Ltd.in bankruptcy	EP Niskogradnja Plc.	Debt (Novi Sad)	RSD 189,827,985.00	Commercial Court in Belgrade	2017	
133.	Dunav osiguranje Plc.	JP Putevi Srbije EP and Niskogradnja Plc.- intervener	Damage compensation	RSD 170,536.00	Commercial Court in Belgrade	2017	Uncertain First-instance proceeding
134.	Adis Oprašić	EP Niskogradnja Plc.	Debt according to agency contract	EUR 6,000.00	Municipality court in Sarajevo	2017	Uncertain First-instance proceeding
135.	S.Stojić	EP Hidroinženjering Plc.	Claims for unpaid salaries earned abroad	USD 6,466.00 or RSD 482,865.00	1st Basic Court in Belgrade	2017	Favourable First-instance proceeding
136.	P. Stanišić and J. Blagojević	EP Hidroinženjering Plc.	Annulment of Decision of Housing Committee	Not a pecuniary claim	1st Basic Court in Belgrade	2017	Uncertain First-instance proceeding

**Energoprojekt Holding Plc., Belgrade**

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
137.	M.Bojić	EP Hidroinženjering Plc.	Claims for unpaid salaries and food allowance earned abroad	USD 5,816.00	3 <sup>rd</sup> Basic Court in Belgrade	2017	Favourable First-instance proceeding
138.	EP Hidroinženjering Plc.	RIKO Ljubljana Slovenija	Unpaid invoices	EUR 159,425.89	Municipal Court in Ljubljana Slovenia	Uncertain	Favourable; first instance verdict in our favor Second instance proceeding
139.	Z. Crnobrnja	EP Hidroinženjering Plc.	Fortifications of existence employment terms for the period 1985-1991		3 <sup>rd</sup> Basic Court in Belgrade	2017	Favourable First-instance proceeding
140.	Técnica y Proyectos S.A.; Energoprojekt Hidroinženjering S.A. i Carlos Alfredo Machicao Pereyra y Asociados S.R.L.	Proyecto Especial de Afianzamiento y Ampliación de los Recursos Hidricos de TACNA - PET	Ungrounded protesting financial guarantee of performance for the project Yaraskay + 30% of the balance upon the Agreement	USD 464,376.27 and USD 218,216.99	Arbitration Court in TACNA, Peru	Current estimates of lawyers is that both processes could take approximately 24 months; preparation and presentation of technical-economic reports of independent expert is in process	Favorable outcome regarding protesting guarantees and collection of final invoice; uncertain damage compensation
141.	Lahmeyer Agua y Energía S.A.; Energoprojekt Hidroinženjering S.A. i Técnica y Proyectos S.A.	Proyecto Especial de Irrigación e Hidroenergético del Alto PIURA - PEIHAP	Final liquidation and our request for damage compensation	USD 46,352.03 (our request upon agreement); USD 541,319.18 (our request for suffered damage) and USD 2,277,471.61 (request by defendant)	Arbitration Court in PIURA, Peru	Both parties filed their final submissions regarding the request for damage compensation; estimate - arbitration could be completed by mid-2017	Favorable - final liquidation; uncertain - damage compensation
142.	EP Energodata Plc.	Šipad komerc in bunkruptcy	Unpaid services performed	RSD 258,586.20	Commercial Court in Belgrade	Executive decision granted, defendant in bankruptcy	Uncertain payment amount.
143.	Violeta Nikolić	EP Garant Plc.o.	Request to be reappointed to position of Executive Manager		3 <sup>rd</sup> Basic Court in Belgrade	2017	Ungrounded First-instance proceeding
144.	EP Garant Plc.o.	JKP BVK Beogradski vodovod	Regres – Damage compensation	RSD 1,900,000.00	Commercial Court in Belgrade	2017	Up to 40% of demanded (700.000 RSD)

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
145.	Marko Martinoli	EP Entel Plc.	Annulment of separate financial statement		Commercial Court in Belgrade	2017	First instance rejected Plaintiffs appeal. Second instance proceeding
146.	Vladimir Grabež, Marko Martinoli, Activist Ltd.and Activeast management ltd.	EP Entel Plc.	Share buy-off based on claim of unwilling shareholder	RSD 452,071,063.00	Commercial Court in Belgrade	2017.	Ungrounded; first instance rejected Plaintiffs appeal, Plaintiff presented new appeal. Second instance proceeding
147.	Siniša Kisić	EP Entel Plc.	Share buy-off based on claim of unwilling shareholder	RSD 104,803,172.80	Commercial Court in Belgrade	2017	Ungrounded; first instance rejected Plaintiffs appeal, Plaintiff presented new appeal. Second instance proceeding
148.	EP Entel Plc.	JP EPS (RB Kolubara)	Debt payment on different accounts	RSD 11,628,000.00	Commercial Court in Belgrade	2017	First instance court accepted claim of EP Entel Plc. Second instance proceeding
149.	Paripović Duško	EP Entel Plc., as second Defendant, out of four in total	Damage compensation – injury at work	RSD 1,300,000.00	Basic Court in Požarevac	Uncertain	Uncertain; proceeding terminated First-instance proceeding
150.	Milanka Bančić	EP Industrija a.d	Housing lawsuit		3rd Basic Court in Belgrade	2017	First instance in favour of EP Industrija Second instance proceeding
151.	EP Industrija Plc.	Jugoremedija Plc.- in bankruptcy	Claims registration	EUR 321,146.18	Commercial Court in Zrenjanin	Uncertain	RSD 28.884.312,77 – approved by decision on correction
152.	Marko Martinoli	EP Industrija Plc.	Annulment of separate financial statement		1st Basic Court in Belgrade	Uncertain	First instance in favor of EP Industrija Second instance proceeding
153.	EP Industrija	Milanka Bančić	Eviction		Municipality Novi Beograd	Uncertain	Uncertain

**Energoprojekt Holding Plc., Belgrade**

<b>No.</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Legal grounds</b>	<b>Claim amount</b>	<b>Court of relevant jurisdiction</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
154.	Marko Martinoli and other minority shareholders	EP Industrija Plc.	Request for an emergency session of Assembly		Commercial Court in Belgrade	2017	Uncertain; final decision partially rejected proposals of minority shareholders; remaining deciding on one other point required
155.	EP Urbanizam i arhitektura. Plc.	M. Cvijić	Damage compensation	RSD 1,523,072.42	3rd Basic Court in Belgrade	Uncertain	Uncertain; in process of forced execution
156.	Tamara Vukadinović	EP Urbanizam. i arhitektura Plc.	Annulment of dismissal		3rd Basic Court in Belgrade	Uncertain	Uncertain First-instance proceeding
157.	Jelena Davidović	EP Urbanizam i arhitektura Plc.	Annulment of dismissal		3rd Basic Court in Belgrade	Uncertain	First instance court rejected claim Second instance proceeding
158.	Veljković Novica	EP Urbanizam i arhitektura Plc.	Annulment of Anex 3		3rd Basic Court in Belgrade	Uncertain	First-instance proceeding terminated
159.	Veljković Novica	EP Urbanizam i arhitektura Plc.	Annulment of Anex 4		1st Basic Court in Belgrade	Uncertain	First-instance proceeding
160.	Marković Vladimir	EP Urbanizam i arhitektura Plc.	Debt	10,147.80 USD	1st Basic Court in Belgrade	Uncertain	First instance accepted claim of Prosecutor Second instance proceeding by appeal of EP Urbanizam i arhitektura in process
161.	Milan Raonić	EP Urbanizam i arhitektura Plc.	Damage compensation for Copyright Infringement		Higher court in Belgrade	2017	Uncertain First-instance proceeding

In addition of the above listed court cases in which Energoprojekt Holding is the defendant, there is a lawsuit with the New Company Ltd. branch IN Hotel, in which the plaintiff requests the GP Napred Razvoj Plc. company to determine the ownership right over the hotel building constructed on a lot for which Energoprojekt Holding was registered as a holder of rights in addition to the GP Napred Razvoj Plc. company. In this lawsuit, Energoprojekt Holding is a passive co-litigant, and thus there are no potential commitments for Energoprojekt Holding, but it had to be included in the action due to the formal reasons.

In addition, the first instance procedure is also in progress in which a small number of minority shareholders of the Energoprojekt Visokogradnja called into question the price paid to them in the procedure initiated at their request for compulsory sale of shares.

#### **48. POST BALANCE SHEET EVENTS**

On February 7, 2017 the Energoprojekt Holding made Agreement with the Directorate for Property of the Republic of Serbia on purchase of construction land in public ownership of the Republic of Serbia, area of 59a 91m<sup>2</sup>, located on the cadastral lot 1005/28 registered in the register list 6400 KO Novi Beograd in the amount of RSD 274,609 thousand, which was paid on February 14, 2017.

Pursuant to the Decision on acquisition of own shares on the regulated market made by the Supervisory Board of the Company on February 13, 2017, in the period from issuing the decision until the day of adopting the financial statements, the Company acquired on the BSE 97,700 shares (equivalent to 0.89376% of the total number of shares with voting rights) in the amount of RSD 124,148 thousand.

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, beside aforementioned.

In Belgrade,  
On April 13, 2017

### 3. ANNUAL BUSINESS REPORT OF ENERGOPROJEKT HOLDING PLC. FOR 2016.

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- 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.
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Note:

Annual Business Report and Consolidated Annual Business Report of Energoprojekt Holding plc. for 2016 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](http://www.energoprojekt.rs) ; [ep@energoprojekt.rs](mailto: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 2016): 69

Auditor's business name, head office and business address: MOORE STEPHENS Revizija i Računovodstvo d.o.o, Beograd, Studentski Trg 4/V

Number of shareholders (as at December 31, 2016): 7,012

Ten principal Company's shareholders (as at December 31, 2016):

No.	Name and family name (business name)	No. of shares	% of share capital
1.	Republic of Serbia	3,671,205	33.58%
2.	Napred Razvoj Plc. New Belgrade	2,459,536	22.50%
3.	Societe Generale Bank Srbija - custody	371,476	3.40%
4.	East Capital (Lux) - Balkan Fund	250,593	2.29%
5.	Erste Bank Plc. Novi Sad – summ. acc.	190,531	1.74%
6.	Vojvođanska banka Plc. Novi Sad-summ.acc.	177,715	1.63%
7.	Societe Generale Bank Srbija - custody	97,582	0.89%
8.	Raiffeisen Bank Plc. – custody	85,000	0.78%
9.	Gustavia Fonder Aktiebolag	70,000	0.64%
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, 2016): RSD 1,431 RSD/share
- Highest price (as at December 15, 2016) : RSD 1,450/share
- Lowest price (as at January 22, 2016): RSD 880/share

Market capitalization (as at December 31, 2016): RSD 15,642,678,852

Organized market: Belgrade Stock Exchange, New Belgrade, Omladinskih brigada 1

Energoprojekt Holding Plc. shares are prime-listed on the Belgrade Stock Exchange. Shares of other companies of the Eneogoprojekt 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).

## **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, Rwanda, Ghana, Algeria, Zambia), Kazakhstan, Russia, Belarus, 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 Hidroinzenjering 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 Ltd.	Bulevar Mihaila Pupina 12, Beograd
10.	Energoprojekt Sunnyville Ltd.	Bulevar Mihaila Pupina 12, Beograd

Information about Company management:

Supervisory Board members (as at December 31, 2016):

Name, family name and place of residence	Educational background	No. of ENHL shares
1. Anđelko Kovačević, President	VII-1 degree, B.Sc.CE	0
2. Tamara Kaznovac Popović, member	VII-1 degree, B.Sc. Ecc.	0
3. Dragan Aleksić, member	VII-2 degree, B.Sc. Ecc.	1,172
4. Nebojša Peruničić, member	VII-1 degree, M.Sc. Law	1,000
5. Slobodan Jovanović, member	VII-1 degree, B.Sc. EE	1,299
6. Aleksandar Glišić, member	VII-2 degree, B.Sc. Ecc.	1,197

### Executive Board members (as at December 31, 2016):

Name, family name and place of residence	Educational background	No. of ENHL shares
1. Vladimir Milovanović, Generalan Manager	VII-1 degree, B.Sc. EE	15,323
2. Dimitraki Zipovski, Executive Manager for Finances, Accounting and Planning	VIII degree, B.Sc. Ecc.	11,378
3. Jovan Nikčević, Executive Manager for Legal Affairs	VIII degree, M.Sc. Law	0
4. Vesna Prodanović, Executive Manager for Operational Affairs	VII-1 degree B.Sc. EE	5,267
5. Filip Filipović, Executive Manager for Administration Affairs	VII-1 degree, M.Sc. Law	1,268

### **Overview of Company's development, financial position and business results, including relevant financial and non-financial indicators and personnel-related information**

The consolidated financial statements of Energoprojekt Holding Plc. aside of parent company "Energoprojekt Holding" Plc., Belgrade (hereinafter referred as: "Energoprojekt Holding" or „Company“), are including also:

- 12 subsidiary companies in the country, out of which 11 are directly subsidiaries (9 as Plc. and 2 as Ltd.) and 1 is subsidiary indirectly, through other subsidiaries (1 limited liability company),
- 1 joint-venture, hereinafter: Joint-venture (1 limited liability company) with capital share of 50%,

- 1 affiliated company (1 Plc.), as well as
- 7 directly subsidiary companies abroad.

Within subsidiary companies units for investment works and representative branches abroad are organized (99 in total) as well as own companies in the country and abroad (14 subsidiaries abroad, 1 affiliated company abroad and 1 affiliated company 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 2016, organizational structure of Energoprojekt Group included the following units:

Business Activity	No. of subsidiaries, affiliates and joint-ventures in the country	No. of units for investment works abroad and branch offices abroad	No. of subsidiaries and affiliates abroad
Design and Research	4	29	6
Construction and Equipping	5	70	12
Holding	1		
Other	6		4
<b>Total</b>	<b>16</b>	<b>99</b>	<b>22</b>

The average number of employees in the Energoprojekt Group in 2016, as of the end of each month, not including local workers abroad, is 2,345 (2,316 in 2015).

Group for consolidation comprises of the Energoprojekt Holding parent company and of the following subsidiary and affiliated companies and joint undertakings in the country listed below, and of the subsidiary companies abroad – international companies:

## Subsidiaries, joint-ventures and affiliated companies in the country

No.	N a m e	% ownership share
<b><i>Subsidiary Companies</i></b>		
<b><i>Construction and Equipping</i></b>		
1.	Energoprojekt Visokogradnja Plc.	100.00
2.	Energoprojekt Niskogradnja Plc.	100.00
3.	Energoprojekt Oprema Plc.	67.87
4.	Energoprojekt Sunnyville Ltd.	100.00
<b><i>Design and Research</i></b>		
5.	Energoprojekt Urbanizam i arhitektura Plc.	100.00
6.	Energoprojekt Industrija Plc.	62.77
7.	Energoprojekt Entel Plc.	86.26
8.	Energoprojekt Hidroinzenjering Plc.	100.00
<b><i>Other</i></b>		
9.	Energoprojekt Energodata Plc.	100.00
10.	Energoprojekt Promet Ltd.	100.00
11.	Energoprojekt Garant Ltd.	92.94
12.	Energoplast Ltd.	60.00
(Energoprojekt Industrija Plc. 40.00% and Energoprojekt Entel Plc. 20.00%)		

### ***Joint Ventures***

#### ***Construction and Equipping***

13.	Enjub Ltd.	50.00
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### ***Affiliated companies***

#### ***Other***

Applying the total consolidation method, the consolidated financial statements of the Energoprojekt Group are including the subsidiary company Energoplast Ltd., with prior elimination, by equity method, of its presence in financial statements of Energoprojekt Industrija Plc. (40.00%) and Energoprojekt Entel (20.00%), made through primary consolidation.

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.

By equity method, closed-end investment fund Fima See Activist Ltd. is included in consolidated financial statements of Energoprojekt Group for 2015, in compliance with IFRS 11 – Joint Arrangements, since the percentage of Energoprojekt Holding shares in equity of subject company as at December 31, 2015 was over 20.00%.

**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
7.	Energo Kaz d.o.o., Kazakhstan	100.00

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

Among the above listed subsidiary companies in the country, Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema, Energoprojekt Industrija, Energoprojekt

Entel, Energoprojekt Hidroinzenjering, Energoprojekt Energodata and Zambia Engineering and Contracting Company Limited, Zambia; 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
<b><i>Foreign countries</i></b>		
<b><i>Subsidiary companies abroad - international companies</i></b>		
<b><i>Construction and Equipping</i></b>		
1.	Energoprojekt Ghana Ltd., Akra, 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.	Energoprojekt Zambia Limited, Zambia	Zambia Engineering and Contracting Company Limited, Zambia
<b><i>Design and Research</i></b>		
8.	Energoprojekt Entel L.L.C., Muscat, Sultanate Oman	EP Entel Plc.
9.	Energoprojekt Entel LTD, Doha, Qatar	EP Entel Plc.
10.	Energoconsult L.L.C., Abu Dhabi, UAE	EP Entel Plc.
11.	Energoprojekt Entel Company, Bahrein	EP Entel Plc.
12.	Zahinos Ltd., Cyprus	EP Industrija Plc.
13.	Enhisa S.A., Lima, Peru	EP Hidroinzenjering Plc.
<b><i>Other</i></b>		
14.	Energoprojekt Energodata Montenegro Ltd., Montenegro	EP Energodata Plc.



***Affiliated Companies abroad***

***Construction and Equipping***

15. Energo Nigeria Ltd., Lagos, Nigeria (40.00%) EP Oprema Plc.

***In the Country***

***Affiliated Companies in the Country***

***Other***

16. Energopet Ltd. (33.33 %) EP Industrija Plc.

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 2016".

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 2016

Structure of gross result	<i>In RSD thousand</i>	
	<i>01/01 - 31/12/2016</i>	<i>01/01 - 31/12 2015</i>
Operating income	428,649	504,040
Operating expenses	403,463	455,939
<b>Operating result</b>	<b>25,186</b>	<b>48,101</b>
Financial revenues	497,143	475,673
Financial expenses	30,454	22,318
<b>Financial result</b>	<b>466,689</b>	<b>453,355</b>
Revenues from valuation adjustment of other assets disclosed at fair value through Profit or Loss		730
Other revenues	263,677	13,746
Expenses from valuation adjustment of other assets disclosed at fair value through Profit or Loss	10	9,163
Other expenses	509,795	251,678
<b>Result of other revenues and expenses</b>	<b>(246,128)</b>	<b>(246,365)</b>
Net income from discontinuing operations, changes in accounting policy and correction of errors from previous period		
Net expense from discontinuing operations, changes in accounting policy and correction of errors from previous period	66	3,066
<b>TOTAL INCOME</b>	<b>1,189,469</b>	<b>994,189</b>
<b>TOTAL EXPENSE</b>	<b>943,788</b>	<b>742,164</b>
<b>PROFIT/LOSS BEFORE TAX</b>	<b>245,681</b>	<b>252,025</b>

## 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	<i>In RSD thousand</i>	
	<i>01/01 - 31/12/2016</i>	<i>01/01 - 31/12 2015</i>
Net profit	232,114	236,972
Average number of shares per year	10,931,292	10,931,292
<b>Earnings per share (in RSD)</b>	<b>21.23</b>	<b>21.68</b>

The most important liquidity indicators for the Company's business in 2016 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.

Liquidity Indicators	Satisfactory General Standards	2016	2015
Current liquidity ratio	2:1	1,93:1	3,13:1
Quick ratio	1:1	1,93:1	3,13:1
Operating cash flow ratio		0,13:1	0,72:1
Net working capital (in RSD thousand)	Positive Value	899,571	1,382,945

The results of the ratio analysis indicate that the Company was **liquid** during 2016, 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	<i>In RSD thousand</i>	
	2016	2015
Net profit	232,114	236,973
Average capital:		
a) Capital at the beginning of the year	8,450,766	8,418,694
b) Capital at the end of the year	8,421,896	8,450,766
<b>Total</b>	<b>8,436,331</b>	<b>8,434,730</b>
<b>Average return rate on own capital at the end of the year</b>	<b>2.75%</b>	<b>2.81%</b>

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	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Liabilities	969,553	647,987
Total assets	9,546,048	9,517,328
<b>Ratio of borrowed funds to total assets</b>	<b>0.10 : 1</b>	<b>0.07 : 1</b>
Long-term assets:		
a) Capital	8,421,896	8,450,766
b) Long-term provisions and long-term liabilities	152,252	418,575
Total	8,574,148	8,869,341
Total assets	9,546,048	9,517,328
<b>Ratio of long-term to total assets</b>	<b>0.90 : 1</b>	<b>0.93 : 1</b>

**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	<i>In RSD thousand</i>	
	<i>31/12/2016</i>	<i>31/12/2015</i>
Net debt:		
a) Liabilities	969,553	647,987
b) Cash and cash equivalents	128,791	463,343
<i>Total</i>	<i>840,762</i>	<i>184,644</i>
Capital	8,421,896	8,450,766
<b>Net debt to capital ratio</b>	<b>1 : 10.02</b>	<b>1 : 45.77</b>

### Energoprojekt Group operating income structure for 2016

Structure of gross operating income	<i>In RSD thousand</i>	
	<i>01/01 - 31/12/16</i>	<i>01/01 - 31/12/15</i>
Operating income	32,256,527	35,258,170
Operating expense	31,556,698	33,419,193
<b><i>Operating income</i></b>	<b><i>699,829</i></b>	<b><i>1,838,977</i></b>
Financial income	1,688,958	1,845,349
Financial expenses	1,647,261	2,077,322
<b><i>Financial income</i></b>	<b><i>41,697</i></b>	<b><i>(231,973)</i></b>
Revenues from valuation adjustment of other assets disclosed at fair value through Profit or Loss	40,734	18,431
Other income	1,168,041	437,908
Expenses from valuation adjustment of other assets disclosed at fair value through Profit or Loss	77,964	302,084
Other expense	497,660	599,865
<b><i>Result of other revenues and expenses</i></b>	<b><i>633,151</i></b>	<b><i>(445,610)</i></b>
<b><i>Result from regular operations before tax</i></b>	<b><i>1,374,677</i></b>	<b><i>1,161,394</i></b>
Net income from disposal of discontinuing operations, effects of change in accounting policy and corrections of errors from previous periods		42,818
Net loss from disposal of discontinuing operations, effects of change in accounting policy and corrections of errors from previous periods	85,922	
<b><i>TOTAL INCOME</i></b>	<b><i>35,154,260</i></b>	<b><i>37,602,676</i></b>
<b><i>TOTAL EXPENSE</i></b>	<b><i>33,865,505</i></b>	<b><i>36,398,464</i></b>
<b><i>PROFIT/LOSS BEFORE TAX</i></b>	<b><i>1,288,755</i></b>	<b><i>1,204,212</i></b>

The achieved **profit before tax (total profit)** of the Energoprojekt Group in reported period, in the amount of RSD 1,288,755 thousand, came as result of:

- operating income, in the amount of RSD 699,829 thousand, mainly in Energoprojekt Niskogradnja and Energoprojekt Entel;
- other business activities income, in the amount of RSD 547,229 thousand, mainly based on suspension of long-term liabilities based, predominantly, in Energoprojekt Holding and Energoprojekt Entel, and income on liabilities reduction, mainly in Energoprojekt Visokogradnja (based on write-off liabilities for VAT in Energoprojekt Ghana Ltd., Akra, Ghana and suspension of liabilities based on pre-calculated taxes for salaries abroad) on one hand, and other non-mentioned expenses, mainly in Energoprojekt Visokogradnja (predominantly based on lost lawsuit against Belim Plc.) on the other;

and

- financial income in the amount of RSD 41,697 thousand.

The main reason for reduced business result of Energoprojekt Group in 2016, comparing to reporting period of the last year, is within Energoprojekt Visokogradnja (despite the growing business realization in the country), having in mind significant amount of paid claims in 2015, Energoprojekt Oprema, based on reduced realization in the country and Energoprojekt Niskogradnja, based on reduced realization on projects abroad.

### Earnings per share

Indicator	In RSD thousand	
	01/01 - 31/12/16	01/01 - 31/12/15
Net profit belonging to parent company shareholders	960,716	856,443
Average weighted number of ordinary shares per period	10,931,292	10,931,292
<b>Earnings per share (in RSD)</b>	<b>87.89</b>	<b>78.35</b>

Earnings per share as at December 31, 2016 amounts RSD 87.89 and is calculated by dividing net profit of the parent company's shareholders (RSD 960,716. thousand) with the average weighted number of ordinary shares in circulation for the period (10,931,292 shares).

## **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**

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 2017:

Priority tasks:

- Activities aimed at implementation of a new strategic document – “Basic Elements of the Medium-Term Business Plan for 2016–2020“;
- Further development of the business and information system that is matched to the needs of the Energoprojekt Holding Plc. 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:

- Achieving mission and vision of Energoprojekt Group;
- Providing conditions for realization of medium-term business planed income and profit, with financial solvency preserved, as well as constant supervising, cost optimization and structure assets, all in function of income and profit growth;
- Making developing and market projects more intensive using own assets, as well as assets of other financial institutions, public and private partners in energy, ecology and real estate market, and public service and traffic infrastructures;
- Improving marketing and new business contracting on local, but dominantly on foreign markets, with persistant analysis of new market-opening possibilities;
- Maintaining and developing of the existing human resources, making conditions for the new and young employees, with their significant role in realization of business plans and adopting new technologies to be applied in everyday business activities. Directing the employees to achieve the supreme results level, with the pre-arranged scheme for experts and managers at all levels, as well as team-building activities, with planned and analysed further steps;
- Developing corporative culture and managing code of behaviour in Energoprojekt Group;

- Implementing „Balance Score Card“ methodology and „Key performance Index“, together with developing and applying the software based upon „Business Intelligence“;
- Further developing of risk management methodology and Integrated Management System, introducing and strict applying of Code of Ethics, corporative integrity standards and socially responsible business activities;
- Developing company shares concept, providing share value growth and increased dividend distribution policy to shareholders;
- 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 2017.

### **Significant events after the end of the year for which the reports are prepared**

The contract with Republic of Serbia, Directorate for Property, was signed on February 7, 2017 on purchasing of construction land owned by Republic of Serbia, with area of 59a 91m<sup>2</sup>, located on cadastral parcel No. 1005/28 registered in Cadastral Register 6400 KO New Belgrade, in the amount of RSD 274,609 thousand, paid on February 14, 2017.

Pursuant to the Resolution on Acquiring Own Shares at the Organized Market, made by Supervisory Board, on February 13, 2017, the Company has acquired, trading on Belgrade Stock Exchange, 97,700 own shares (meaning 0.89376% out of total shares with right to vote), amounting RSD 124,148 thousand.



Aside of the above mentioned incorrective events occurred after the reported period, 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.

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 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	
	2016	2015
<i>Receivables:</i>		
a) EP Garant Ltd.	53,078	53,205
b) EP Visokogradnja Plc.	140,999	107,736
c) EP Niskogradnja Plc.	155,526	111,680
d) EP Hidroinzenjering Plc.	16,535	33,802
e) EP Entel Plc.	337,009	354,983
f) EP Energodata Plc.	9,660	11,092
g) EP Industrija Plc.	7,399	20,609
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.	5,578	7,512
j) EP Oprema Plc.	140,789	190,514
k) EP Sunnyville Ltd.	29,572	782
l) I.N.E.C. Engineering Company Limited, United Kingdom		
m) Encom GmbH Consulting, Engineering & Trading		11
n) Dom 12 S.A.L.		
o) Enjub Ltd.	13,470	11,629
<i>Total</i>	<i>909,615</i>	<i>903,555</i>
<i>Expenses:</i>		
a) EP Garant Ltd.	811	951
b) EP Visokogradnja Plc.	417,746	231,362
c) EP Niskogradnja Plc.	4,734	4,399
d) EP Hidroinzenjering Plc.	20	24,741
e) EP Entel Plc.	296	160
f) EP Energodata Plc.	69,964	22,034
g) EP Industrija Plc.	50,624	20
h) EP Promet Ltd.		415
i) EP Urbanizam i arhitektura Plc.	5	4,261
j) EP Oprema Plc.	14,983	74,392
k) EP Sunnyville Ltd.	2	
l) I.N.E.C. Engineering Company Limited, United Kingdom		40
m) Encom GmbH Consulting, Engineering & Trading, Germany	169	66
n) Dom 12 S.A.L.		43
o) Enjub Ltd.		
<i>Total</i>	<i>559,354</i>	<i>362,884</i>
<b>TOTAL</b>	<b>1,468,969</b>	<b>1,266,439</b>

Receivables and liabilities from the related parties	In RSD thousand	
	31/12/2016	31/12/2015
<b>Receivables:</b>		
a) EP Garant Ltd.	1,708	636
b) EP Visokogradnja Plc.	732,869	710,478
c) EP Niskogradnja Plc.	218,414	315,859
d) EP Hidroinzenjering Plc.	23,945	22,497
e) EP Entel Plc.	20,209	9,075
f) EP Energodata Plc.	24,620	70,997
g) EP Industrija Plc.	29,442	75,247
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.	48,721	46,256
j) EP Oprema Plc.	150	8,206
k) EP Sunnyville Ltd.	573,708	36,077
l) I.N.E.C. Engineering Company Limited, United Kingdom		
m) Encom GmbH Consulting,Engineering&Trading, Germany		
n) Dom 12 S.A.L.		
o) Enjub Ltd.	224,868	211,271
<i>Total</i>	<i>1,898,654</i>	<i>1,506,599</i>
<b>Liabilities:</b>		
a) EP Garant Ltd.	234	18
b) EP Visokogradnja Plc.		3
c) EP Niskogradnja Plc.		
d) EP Hidroinzenjering Plc.	45	
e) EP Entel Plc.		
f) EP Energodata Plc.	787	1,656
g) EP Industrija Plc.		
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.		
j) EP Oprema Plc.	39,632	25,142
k) EP Sunnyville Ltd.	11,327	
l) I.N.E.C. Engineering Company Limited, United Kingdom		40
m) Encom GmbH Consulting,Engineering&Trading, Germany	3,087	11,463
n) Dom 12 S.A.L.		
o) Enjub Ltd.		
<i>Total</i>	<i>55,112</i>	<i>38,322</i>
<b>TOTAL</b>	<b>1,953,766</b>	<b>1,544,921</b>

Receivables from the related parties arise primarily from the sale of services and are mature and collectible within 15 days from invoicing date.

Liabilities from the related parties arise primarily from purchasing transactions and are mature and collectible within 5 to 30 days from purchasing date.

Payment securities for liabilities to related legal entities were not provided by the Company.

## **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.

A new strategic document, "Basic Elements of the Company's Medium-Term Business Plan for 2016-2020" will be prepared in the following period, which will, among other things, include information about new Company's 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, as at December 31, 2016.

After the reported period, based on Resolution on Acquiring of Own Shares at the organized market, made by Supervisory Board on February 13, 2017, in the period between this Resolution date and date of accepting financial statements, the Company has acquired, trading on Belgrade Stock Exchange, 97,700 own shares (meaning 0.89376% out of total shares with right to vote), amounting RSD 124,148 thousand.

## **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 New Belgrade.

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**

**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 instruments and related accounting records is conditional upon their classification that is to be performed by the Company management 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;**

Uncertainty referred to future events is one of the principal business characteristics of trading commercial surroundings, reflected through variety of possible outcomes. As a result of this uncertainty, i.e. insecure and unknown possible events which are going to happen, legal entities are exposed to different business risks which could interfere their future market position.

Looking from the aspect of the Company, there are many potential risks of different possible impact on condition and business activity of the Company itself.

Some (specific) risks are affected by some internal causes, such as *concentration risk*, in this case reflected as exposure to a certain or small group of buyers or suppliers; *operational risk*, manifested by the possibility of emerging of negative effects, caused by willing or unwilling operational errors, unsuitable internal procedures and processes, inadequate managing of information system in the Company, etc.; *reputation risk* presents the possibility of aggravation

of market position of the Company caused by lack of confidence, i.e. creating a negative public image (with state institutions, suppliers, buyers, etc.) about the business activities of the Company; *legal risk*, reflected as the possibility of emerging negative effects caused by legal sanctions and penalties of lawsuits for contractual and legal obligations unfulfilled; etc.

As those mentioned, and some other risks have been treated in Notes and some other internal Company acts (f.eg. to minimize the operational risk by procedures and working instructions adopted, is treated by Rulebook on Accounting and Company Accounting Policy), in continuation we will put our focus on considering **financial risks**, mainly referred to:

- Credit risk;
- Market risk and
- Liquidity risk.

Financial risk is significantly affected by (external) causes which are not directly under the control of the Company. Having that in mind, the impact of financial risk is dominantly affected by Company surroundings, which was not influenced only by economic development, but also by legal, financial and other relevant aspects to define the size of system risks.

Generally, comparing to developed economies markets, companies active on markets of low developed level and macroeconomic stability, with high rate of insolvency, as we face in Republic of Serbia, are extremely exposed to financial risk. Furthermore, undeveloped financial market makes impossible use of variety of „*hedging*“ instruments, present on developed markets. Thus, companies having business in Republic of Serbia have no possibility of use different financial instruments in financial risks management, because those instruments are not widely applied, nor there is an organized continued market of 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.

## 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 fulfill 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. Nevertheless, having in mind that those are buyers known for years, there is no fear of receivables not to be paid.

## 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:

- Currency risk,
  - Interest risk and
  - Price risk.
- **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.
- **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).
- **Price risk** is a risk of fair value or future cash flow of the financial instrument fluctuation due



to market price changes (but not caused by currency or interest risk), whether those changes occurred due to specific financial instrument or its issuer, or due to some similar financial instruments present on the market. This type of risk is not noted within the Company.

## **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 2016, 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 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](http://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 Milovanovic, B.Sc. Mech. Eng.

#### 4. STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

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To the best of our knowledge, Consolidated Annual Financial Statements of the Energoprojekt Holding Plc. for 2016 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*  
Dimitraki Zipovski, D.Sc. Ecc.



*Vladimir Milovanovic*  
Vladimir Milovanovic, B.Sc. Mech. Eng.

## 5. DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF COMPANY'S ANNUAL CONSOLIDATED FINANCIAL STATEMENTS \*

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Note \*:

- Consolidated Financial Statements of the Energoprojekt Holding Plc. for 2016 were approved on April 25, 2017 at the 9th meeting of the Supervisory Board of the Issuer. At the moment when the Annual Consolidated Report of the Company is published, it has not yet been adopted by the competent Company's body (Shareholder' Assembly). The Company shall publish the complete Decision of the competent body on the adoption of Company's Consolidated Annual Report at a later date.

## 6. DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES \*

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Note \*:

- Decisions on distribution of profit of the Energoprojekt Holding Plc. and all its subsidiaries in the Energoprojekt Group for 2016 shall be passed in the regular annual Shareholders' Assembly meetings. The Companies shall publish the complete Decisions of the competent bodies on distribution of Companies' 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 veracity of data presented in the Annual Consolidated Report.

In Belgrade, April 2017

Person responsible for preparation of the Annual Report:

Executive Director for Finance, Accounting and Planning

Energoprojekt Holding Plc.



*Dimitraki Zipovski*  
Dimitraki Zipovski, D.Sc. Ecc.

Legal Representative:

Chief Executive Officer

Energoprojekt Holding Plc.



*Vladimir Milovanovic*  
Vladimir Milovanovic, B.Sc. Mech. Eng.