Annual Statement
Energoprojekt Holding plc
2013

Belgrade, April 2014

Pursuant to Articles 50 and 51 of the Capital Market Law („Official Gazette of the Republic of Serbia“ No. 31/2011) and Article 3 of the Regulation of the Form, Contents and Manner of Publication of Annual, Semi-Annual and Quarterly Reports submitted by public companies („Official Gazette of the Republic of Serbia“ No. 14/2012**), Energoprojekt Holding plc from Belgrade, ID No: 07023014 publishes the:**

ANNUAL STATEMENT for 2013

C O N T E N T S

1. FINANCIAL STATEMENTS ENERGOPROJEKT HOLDING PLC FOR 2013

   (Balance sheet, Income statement, Cash flow statement, Statement of Changes in Equity, Statistical Annex, Notes to Financial Statements)

2. AUDIT REPORT (the whole report)

3. ANNUAL BUSINESS REPORT

   (Note: The Annual Business Report and the Consolidated Annual Business Report are presented as one Report and contain information that is important to the economic entity)

4. STATEMENT OF RESPONSIBILITY (BY PERSONS WHO PREPARED THE REPORTS)

5. DECISION BY THE RELEVANT DEPARTMENT OF THE COMPANY TO ADOPT ANNUAL CONSOLIDATED FINANCIAL STATEMENTS * (Note)

6. DECISION ON THE DISTRIBUTION OF PROFITS OR LOSS COVERAGE* (Note)

ENERGOPROJEKT
HOLDING p.l.c.

1. FINANCIAL STATEMENTS ENERGOPROJEKT HOLDING PLC FOR 2013 (Balance sheet, Income statement, Cash flow statement, Statement of Changes in Equity, Statistical annex, Notes to the Financial Statements)

ENERGOPROJEKT HOLDING PLC.

BALANCE SHEET
on December 31, 2013

in 000 RSD

Group accounts account	POSITION	EDP	Note no.	Amount Current year	Amount Previous year
1	2	3	4	5	6
	A. NON-CURRENT ASSETS (002+003+004+005+009)	001		7.474.258	7.373.270
00	I. UNPAID SUBSCRIBED CAPITAL	002			
012	II. GOODWILL	003			
01 w/out 012	III. INTANGIBLE ASSETS	004	10.1.	9.447	9.416
	IV. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005		1.200.049	1.190.309
020,022,023, 026,027(part), 028(part) ,029	1. Property, plant and equipment	006	10.2.	596.332	587.697
024,027(part) 028(part)	2. Investment property	007	10.3.	603.717	602.612
021,025,027 (part) and 028(part)	3. Biological assets	008			
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		6.264.762	6.173.545
030 to 032, 039(part)	1. Equity investments	010	10.4.	5.511.669	5.377.018
033 to 038, 039(part) less 037	2. Other long-term financial investments	011	10.4.	753.093	796.527
	B. CURRENT ASSETS (013+014+015)	012		1.231.608	1.179.044
10 to 13,15	I. INVENTORIES	013	10.5.	58.255	99.508
14	II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS	014			
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015		1.173.353	1.079.536
20, 21 and 22, except 223	1.Receivables	016	10.6.	417.894	272.450
223	2.Receivables for prepaid income tax	017	10.6.	19.283	
23 less 237	3.Short-term financial investments	018	10.7.	407.690	420.314
24	5.Cash equivalents and cash	019	10.8.	151.476	333.972
27 and 28 except 288	4.VAT and accruals	020	10.9.	177.010	52.800
288	**C. DEFERRED TAX ASSETS**	021			
	D. OPERATING ASSETS (001+012+021)	022		8.705.866	8.552.314
29	**E. LOSS OVER CAPITAL**	023			
	F. TOTAL ASSETS (022+023)	024		8.705.866	8.552.314
88	**G. OFF-BALANCE SHEET ITEMS**	025	10.23.	13.776.322	8.760.429

Group accounts, account	POSITION	EDP	Note no.	Amount Current year	Amount Previous year
1	2	3	4	5	6
	EQUITY AND LIABILITIES **A. EQUITY (102+103+104+105+106-107+108-109-110)**	101		8.054.188	7.665.770
30	I. SHARE AND OTHER CAPITAL	102	10.11.	5.602.137	5.095.322
31	II. UNPAID SUBSCRIBED CAPITAL	103			
32	III. RESERVES	104	10.12.	1.735.366	1.735.366
330 i 331	IV. REVALUATION RESERVES	105	10.13.	52.910	43.080
332	V. UNREALIZED GAINS BASED ON SECURITIES AVALIABLE FOR SALE	106			8.134
333	V. UNREALIZED LOSSES BASED ON SECURITIES AVAILABLE FOR SALE	107		21.136	5.860
34	VII. RETAINED EARNINGS	108	10.14.	684.911	789.728
35	VIII. LOSS	109			
037 and 237	IX. REDEEMED OWN SHARES	110			
	B. LONG-TERM PROVISIONS AND LIABILITIES (112+113+116)	111		629.536	867.886
40	I. LONG-TERM PROVISIONS	112	10.15.	265.055	265.017
41	II. LONG-TERM LIABILITIES (114+115)	113		16.667	194.624
414, 415	1. Long-term loans	114	10.16.	16.667	194.624
41 w/out 414 and 415	2. Other long-term liabilities	115			
	III. CURRENT LIABILITIES (117+118+119+120+121+122)	116		347.814	408.245
42, except 427	1. Short-term financial liabilities	117	10.17.	229.798	295.035
427	2. Liabilities from assets held for sale and assets from discontinued operations	118			
43 and 44	3. Liabilities from business operations/Accounts payable/Trade ar	119	10.18.	82.986	61.331
45 i 46	4. Other short-term liabilities	120	10.19.	28.203	39.045
47, 48 except 481 and 49 except 498	5. VAT and other public duties and accruals	121	10.20.	6.827	4.321
481	6. Income tax liabilities	122			8.513
498	**C. DEFERRED TAX LIABILITIES**	123	10.21.	22.142	18.658
	D. TOTAL EQUITY AND LIABILITIES (101+111+123)	124		8.705.866	8.552.314
89	**E. OFF-BALANCE SHEET ITEMS**	125	10.23.	13.776.322	8.760.429

In Belgrade, Date 25.02.2014.

Person responsible for preparation of financial statements

Seal

Energoprojekt Holding a.d. Beograd

Legal representative

ENERGOPROJEKT HOLDING PLC.

INCOME STATEMENT
for the period January 1 to December 31, 2013

in 000 RSD

Group accounts, account	POSITION	EDP	Note no.	Amount Current year	Previous year
1	2	3	4	5	6
	A. OPERATING INCOME AND EXPENSES I. OPERATING INCOME (202+203+204-205+206)	201		551.185	476.714
60 and 61	1. Sales	202	9.1.	516.359	451.099
62	2. Income from undertaking of outputs and goods for own purposes	203	9.2.	495	482
630	3. Increase of inventories	204			
631	4. Decrease of inventories	205			
64 and 65	5. Other operating income	206	9.3.	34.331	25.133
	II. OPERATING EXPENSES (208 to 212)	207		475.204	423.681
50	1. Cost of goods sold	208			
51	2. Material costs	209	9.4.	26.320	23.429
52	3. Staff costs	210	9.5.	186.104	194.170
54	4. Depreciation, amortization and provisions	211	9.6.;9.7.	10.949	13.458
53 and 55	5. Other operating expenses	212	9.8.;9.9.	251.831	192.624
	III. PROFIT FROM OPERATIONS (201 - 207)	213		75.981	53.033
	IV. LOSS FROM OPERATIONS (207 - 201)	214			
66	V. FINANCIAL INCOME	215	9.10.	364.531	567.842
56	VI. FINANCIAL EXPENSES	216	9.11.	21.196	62.957
67, 68	VII. OTHER REVENUE	217	9.12.	22.879	2.421
57, 58	VIII. OTHER EXPENSES	218	9.13.	21.294	17.654
	IX. PROFIT FROM OPERATIONS BEFORE TAX (213-214+215-216+217-218)	219		420.901	542.685
	X. LOSS FROM OPERATIONS BEFORE TAX (214-213-215+216-217+218)	220			
69-59	XI. NET PROFIT FROM DISCONTINUED OPERATIONS	221			
59-69	XII. NET LOSS FROM DISCONTINUED OPERATIONS	222	9.13.	657	941
	B. PROFIT BEFORE TAX (219-220+221-222)	223	9.14.	420.244	541.744
	V. LOSS BEFORE TAX (220-219+222-221)	224			
	G. INCOME TAX				
721	1. Tax expenses for the period	225	9.15.	19.602	27.823
722	2. Deferred tax expenses for the period	226	9.15.	1.554	9.065
722	3. Deferred tax income for the period	227			
723	D. EMPLOYER'S EARNINGS PAID	228			
	Đ. NET PROFIT (223-224-225-226+227-228)	229	9.15.	399.088	504.856
	E. NET LOSS (224-223+225+226-227+228)	230			
	Ž. NET PROFIT BELONGING TO MINORITY INVESTORS	231			
	Z. NET PROFIT BELONGING TO EQUITY HOLDERS OF THE PARENT COMPANY	232			
	I. EARNINGS PER SHARE				
	1. Basic earnings per share	233			
	2. Diluted earnings per share	234			

In Belgrade,

date 25.02.2014.

Person responsible for preparation of financial statements

Legal representative

Energoprojekt Holding a.d. Beograd

Seal

ENERGOPROJEKT HOLDING PLC.

CASH FLOW STATEMENT
for the period January 1 to December 31, 2013

in 000 RSD

Position	EDP	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOW FROM OPERATING ACTIVITIES			
I. Cash inflows from operating activities (1 to 3)	301	474.068	859.539
1. Sales and cash receipts from customers	302	462.457	858.729
2. Interest receipts from operating activities	303	3	
3. Other receipts from operating activities	304	11.608	810
II. Cash outflows from operating activities (1 to 5)	305	630.325	532.210
1. Payments and prepayments to suppliers	306	304.601	263.980
2. Saleries, benefits and other staff costs paid	307	195.740	181.392
3. Interest paid	308	6.447	3.958
4. Income tax paid	309	47.109	16.024
5. Other public duties payable	310	76.428	66.856
III. Net cash provided from operating activities (I-II)	311		327.329
IV. Net cash used in operating activities (II-I)	312	156.257	
B. CASH FLOW FROM INVESTING ACTIVITIES			
I. Cash inflows from investing activities (1 to 5)	313	392.324	1.188.689
1. Sale of shares and equity investments (net inflows)	314	7.276	
2. Sale of intangible assets, property, plant, equipment and biological assets	315		
3. Other financial investments (net inflows)	316	96.310	864.337
4. Interests received from investments	317	10.135	69.163
5. Dividends received	318	278.603	255.189
II. Cash outflows from investing activities (1 to 3)	319	164.217	1.417.178
1. Purchises of shares (net outflows)	320	159.167	
2. Purchises of intangible assets, property, plant, equipment and biological assets	321	5.050	1.417.178
3. Other financial investments (net outflows)	322		
III. Net cash provided from investing activities (I-II)	323	228.107	
IV. Net cash used in investing activities (II-I)	324		228.489
V. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflows from financing activities (1 to 3)	325		
1. Increase of treasury shares	326		
2. Long-term and short-term loans (net inflows)	327		
3. Other long-term and short-term liabilities	328		
II. Cash outflows from financing activities (1 to 4)	329	253.066	9.975
1. Purchase of own shares and stakes	330		
2. Long-term and short-term loans and other liabilities (net outflows)	331	252.863	6.447
3. Finance lease payments	332	171	3.159
4. Dividends paid	333	32	369
III. Net cash provided from financing activities (I-II)	334		
IV. Net cash used in financing activities (II-I)	335	253.066	9.975
G. TOTAL CASH INFLOWS (301+313+325)	336	866.392	2.048.228
D. TOTAL CASH OUTFLOWS (305+319+329)	337	1.047.608	1.959.363
DJ. NET CASH INFLOWS (336-337)	338		88.865
E. NET CASH OUTFLOW (337-336)	339	181.216	
Z. CASH AT BEGINNING OF PERIOD	340	333.972	239.998
Z. GAINS ON EXCHANGE	341		5.109
I. LOSSES ON EXCHANGE	342	1.280	
J. CASH AT THE END OF PERIOD (338-339+340+341-342)	343	151.476	333.972

In Belgrade, date 25.02.2014.

Person responsible for preparation of financial statement

Energoprojekt Holding a.d. Seal Beograd

Legal representative

STATEMENT OF CHANGES IN CAPITAL
for the period January 1 to December 31, 2013

in 000 RSD

No.	DESCRIPTION	EDP	Issued capital (group 30 without 309)	EDP	Other capital (account 309)	EDP	Unpaid subscribed capital (group 31)	EDP	Emission premium (account 320)	EDP	Reserves (account 321, 322)	EDP	Revaluation reserves (group 330,331)	EDP	Unrealized gains based on securities available for sale (account 332)	EDP	Unrealized losses based on securities available for sale (account 333)	EDP	Undistributed profit (group 34)	EDP	Loss to the capital value (group 35)	EDP	Redeemed own shares and stakes (account 037, 237)	EDP	Total (quant. 2+3-4+5+6+7+8-9+10-11-12	EDP	Loss above capital (group 29)
	1		2		3		4		5		6		7		8		9		10		11		12		13		14
1	Balance as at January 1, of the previous year	401	4.828.583	414	27.178	427		440	1.600.485	453	134.881	466	43.080	479	9.875	492	3.170	505	526.307	518		531		544	7.167.219	557	
2	Correction of material significant errors and changes in accounting policies in the previous year - increase	402		415		428		441		454		467		480		493		506		519		532		545		558	
3	Correction of material significant errors and changes in accounting policies in the previous year - decrease	403		416		429		442		455		468		481		494		507		520		533		546		559	
4	Corrected opening balance as at January 1, of the previous year (no.1+2-3)	404	4.828.583	417	27.178	430		443	1.600.485	456	134.881	469	43.080	482	9.875	495	3.170	508	526.307	521		534		547	7.167.219	560	
5	Total increase in the previous year	405	239.561	418		431		444		457		470		483	1.215	496	2.690	509	782.481	522		535		548	1.020.567	561	
6	Total decrease in the previous year	406		419		432		445		458		471		484	2.956	497		510	519.060	523		536		549	522.016	562	
7	Balance on December 31, of the previous year (no.4+5-6)	407	5.068.144	420	27.178	433		446	1.600.485	459	134.881	472	43.080	485	8.134	498	5.860	511	789.728	524		537		550	7.665.770	563	
8	Correction of material significant errors and changes in accounting policies in the previous year - increase	408		421		434		447		460		473		486		499		512		525		538		551		564	
9	Correction of material significant errors and changes in accounting policies in the previous year - decrease	409		422		435		448		461		474		487		500		513		526		539		552		565	
10	Corrected opening balance as at January 1, of the current year (no.7+8-9)	410	5.068.144	423	27.178	436		449	1.600.485	462	134.881	475	43.080	488	8.134	501	5.860	514	789.728	527		540		553	7.665.770	566	
11	Total increase in the current year	411	506.815	424		437		450		463		476	14.380	489		502	15.276	515	401.998	528		541		554	907.917	567	
12	Total decrease in the current year	412		425		438		451		464		477	4.550	490	8.134	503		516	506.815	529		542		555	519.499	568	
13	Balance as at December 31, of the current year (no. 10+11-12)	413	5.574.959	426	27.178	439		452	1.600.485	465	134.881	478	52.910	491		504	21.136	517	684.911	530		543		556	8.054.188	569	

In Belgrade, date 25.02.2014.

Person responsible for preparation of financial statements

Legal representative

Energoprojekt Holding a.d. * Beograd * Seal

STATISTICAL ANNEX
for the period January 1 to December 31, 2013

GENERAL INFORMATION ON THE LEGAL ENTITY, I.E. ENTERPRENEUR

DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4
1. Number of months of operations (designation from 1 to 12)	601	12	12
2. Code identifying the company's size (from 1 to 3)	602	3	3
3. Code identifying the company's ownership structure (from 1 to 5)	603	2	2
4. Number of foreign (legal or physical) entities, holding a share in capital	604		
5. Average number of employees based on the balance at the end of each month (whole number)	605	72	70

II GROSS CHANGES OF INTANGIBLE ASSETS, PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Gross	Correction of value	Net (col.4-5)
1	2	3	4	5	6
01	**1.Intangible assets**				
	1.1. Balance at the beginning of the year	606	11.163	1.747	9.416
	1.2. Increase (purchases) during the year	607	320		320
	1.3. Decrease (sale, removal from inventory and impairment) during the year	608			289
	1.4.Revaluation during the year	609			
	1.5.Balance at the end of the year (606+607-608+609)	610	11.483	2.036	9.447
02	**2. Property, plant, equipment and biological assets**				
	2.1. Balance at the beginning of the year	611	1.659.569	469.260	1.190.309
	2.2. Increase (purchases) during the year	612	3.869		3.869
	2.3. Decrease (sale, removal from inventory and ensuring) during the year	613	3.998		3.998
	2.4. Revaluation during the year	614	1.452		9.869
	2.5. Balance at the end of the year (611+612-613+614)	615	1.660.892	460.843	1.200.049

III STRUCTURE OF INVENTORIES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4	5
10	1. Stock of material	616		
11	2. Work in progress	617		
12	3. Finished products	618		
13	4. Merchandise	619		
14	5. Non-current assets held for sale	620		
15	6. Prepayments	621	58.255	99.508
	7.TOTAL (616+617+618+619+620+621=013)	622	58.255	99.508

IV STRUCTURE OF CAPITAL

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4	5
300	1. Share capital	623	5.574.959	5.068.144
	in it: foreign capital	624		
301	2. Stakes of a limited liability company	625		
	in it: foreign capital	626		
302	3. Stakes of members of partnership and limited-partnership company	627		
	in it: foreign capital	628		
303	4. State-owned capital	629		
304	5. Socially-owned capital	630		
305	6. Cooperative shares	631		
309	7. Other capital shares	632	27.178	27.178
30	TOTAL: (623+625+627+629+630+631+632=102)	633	5.602.137	5.095.322

V SHARE CAPITAL STRUCTURE

Number of shares as a whole number
Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP. desig-nation	Current year	Previous year
1	2	3	4	5
	1. Ordinary shares			
	1.1. Number of ordinary shares	634	10.931.292	9.937.538
part 300	1.2. Nominal value of ordinary shares - total	635	5.574.959	5.068.144
	2.Priority shares			
	2.1. Number of priority shares	636		
part 300	2.2. Nominal value of priority shares - total	637		
300	**3. TOTAL - nominal value of shares (635+637= 623)**	638	5.574.959	5.068.144

VI RECEIVABLES AND LIABILITIES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP desig-nation	Current year	Previous year
1	2	3	4	5
20	1. Sale receivables (balance at the end of the year 639 ≤016)	639	312.726	236.979
43	2. Liabilities from operations (balance at the end of the year 640 ≤117)	640	82.855	60.995
part 228	3. Receivables during the year from insurance companies for damages (debt turnover less opening balance)	641		
27	4. VAT - previous tax (annual amount as per tax declaration)	642	22.028	27.969
43	5. Payables from operations (credit turnover less opening balance)	643	525.434	1.615.076
450	6. Liabilities for net salaries and salaries compensations (credit turnover less opening balance)	644	104.210	111.833
451	7. Liabilities for salaries tax and salaries compensations paid by employees (receivables turnover less opening balance)	645	14.126	17.084
452	8. Liabilities for contributions on salaries and salaries compensations paid by employees (receivables turnover without initial balance)	646	22.979	19.966
461,462 and 723	9. Liabilities for dividends, share in profit and employer's personal earnings (credit turnover less opening balance)	647		1.829
465	10. Liabilities toward physical entities for compensations per contracts (credit turnover less opening balance)	648	4.222	2.300
47	11. VAT liability (annual amount as per tax declarations)	649	87.972	82.779
	12. Control summary (from 639 to 649)	650	1.176.552	2.176.810

VII OTHER COSTS AND EXPENSES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	DEP desig-nation	Current year	Previous year
1	2	3	4	5
513	1. Fuel and energy costs	651	20.440	17.053
520	2. Salaries and salaries compensations (gross)	652	141.315	148.872
521	3. Tax expenses and contributions on salaries and salaries compensations paid by employer	653	21.368	19.966
522,523,524 and 525	4. Expenses for compensations to physical entities (gross) based on contracts	654	6.520	3.508
526	5. Expenses of compensations to BoD & Supervision Board members (gross)	655	9.074	12.601
529	6. Other personal expenses and compensations	656	7.827	9.223
53	7. Production services costs	657	190.551	104.494
533,part 540 and part 525	8. Rental costs	658	531	866
part 533,part 540 & part 525	9. Rental costs/land	659		
536.537	10. Research and development costs	660		
540	11. Depreciation costs	661	10.245	10.841
552	12. Insurance premium costs	662	913	770
553	13. Payment operations costs	663	845	4.873
554	14. Membership fees	664	1.314	1.245
555	15. Taxes	665	11.284	10.157
556	16. Contributions	666		
562	17. Interests	667	14.634	19.383
part 560,part 561 and 562	18. Interests expenses and a part of financial expenses	668	14.634	19.383
part 560,part 561 and part 562	19. Interests expenses on bank loans and loans from other financial organizations	669	3.494	4.229
part 579	20. Costs for humanitarian, cultural, health, educational, scientific and religious purposes, environmental protection and sports purposes	670	2.772	139
	21. Control summary (from 651 to 670)	671	457.761	387.603

VIII OTHER INCOME

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4	5
60	1. Sales	672		
640	2. Income from premiums, subsidies, dotations, recourses, compensations and tax returns	673		
641	3. Income from conditioned donations	674		
part 650	4. Income from land-rental fees	675		
651	5. Membership fees	676		
part 660, part 661, 662	6. Interests income	677	55.042	98.220
part 660, part 661, and part 662	7. Income from interests per accounts and deposits in banks and other financial organizations	678	9.109	8.734
part 660, part 661 and part 669	8. Income from dividends and share in profit	679	281.189	257.234
	9. Control summary (from 672 to 679)	680	345.340	364.188

IX OTHER DATA

Amounts in 000 RSD

DESCRIPTION	EDP. designation	Current year	Previous year
1	2	3	4
1. Liabilities for acscises (according to annual acscises calculation)	681		
2. Calculated custom duties and other import duties (total annual amount according to calculation)	682		
3. Capital subsidies and other government subsidies for the construction and purchase of fixed assets and intangible assets	683		
4. Government grants for premiums, recourses and covering of current operating costs	684		
5. Other government grants	685		
6. Forien donations and other non-returnable funds in cash or nature from foreign legal and physical entities	686		
7. Personal earnings of the enterpreneur from net profit (filled in by enterpreneurs only)	687		
8. Control summary (from 681 to 687)	688		

X ACCRUED ADVERSE NET EFFECTS OF CONTRACTUAL CURRENCY CLAUSE AND GAINS AND LOSSES ARISING ON THE TRANSLATION OF FOREIGN CURRENCY

Amounts in 000 RSD

DESCRIPTION	EDP code	Current year	Previous year
1	2	3	4
1. Opening balance of the accrued net effect of the contractual currency clause	689		
2. Accrued net effect of the contractual currency clause	690		
3. Proportional part of the cancelled accrued net effect	691		
4. Remaining amount of the accrued net effect of the contractual currency clause (no. 1 + no. 2 - no.3)	692		
5. Opening balance of the accrued net effect of gains/losses arising on the translation of foreign currency	693		
6. Accrued net effect of gains/losses arising on the translation of foreign currency	694		
7. Proportional part of the cancelled accrued net effect of gains/losses	695		
8. Remaining amount of the accrued net effect of gains/losses (no. 5 + no.6. - no.7)	696		

XI ACCRUED POSITIVE NET EFFECTS OF CONTRACTUAL CURRENCY CLAUSE AND GAINS AND LOSSES ARISING ON THE TRANSLATION OF FOREIGN CURRENCY

Amounts in 000 RSD

DESCRIPTION	EDP code	Current year	Previous year
1	2	3	4
1. Opening balance of the accrued net effect of the contractual currency clause	697		
2. Accrued net effect of the contractual currency clause	698		
3. Proportional part of the cancelled accrued net effect	699		
4. Remaining amount of the accrued net effect of the contractual currency clause (no. 1 + no. 2 - no.3)	700		
5. Opening balance of the accrued net effect of gains/losses	701		
6. Accrued net effect of gains/losses arising on the translation of foreign currency	702		
7. Proportional part of the cancelled accrued net effect of gains/losses	703		
8. Remaining amount of the accrued net effect of gains/losses (no. 5 + no.6. - no.7)	704		

In Belgrade,

date 25.02.2014.

Person responsible for preparation of financial statement

Energoprojekt Holding a.d. Beograd

Seal

Legal representative

ENERGOPROJEKT
HOLDING p.l.c.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2013

Belgrade, 2014

C O N T E N T

1. COMPANY BACKGROUND

Energoprojekt Holding plc., Belgrade (hereinafter: the Company) is an open joint stock company for holding operations with a mixed ownership structure.

The Company harmonized its operations with the Companies Law (RS Official Gazette No. 36/2011 and 99/2012) based on the Resolution of Compliance with the Companies Law and the Articles of Association adopted by the General Meeting held on 16/03/2012 and the Articles of Association adopted by the General Meeting on 12.01.2012.

During the process of harmonization with the Companies Law, Energoprojekt Holding plc's data has been changed and registered with the Serbian Business Registers Agency by registering the Memorandum of Association and the Articles of Association based on the Decision of the Serbian Business Registers Agency BD 49189/2012 of 18.04.2012, including registration of new bodies of the Company, members of the Executive Board and the chairman and members of the Supervisory Board.

By adopting and registering the Decision on the harmonization of the Memorandum and Articles of Association of Energoprojekt Holding plc. Adopted in compliance with provisions of the new Companies Law, the Decision on the harmonization with the Companies Law and Articles of Association from 2006 will cease to apply.

The Company originally registered with the Commercial Court of Belgrade in registry inserts number 1-2511-00, and later re-registered with the Serbian Business Registers Agency with Decision BD 8020/2005 of 20/05/2005.

Based on the Decision No. VIII Fi 8390/99 issued 30/06/2000 by the Commercial Court of Belgrade, the Company harmonized its operations with the Companies Law (FRY Official Gazette No. 29/96), the Law on Business Classification (FRY Official Gazette No. 31/96) in respect of the company name, registered business, equity and management, and changed its name from “Energoprojekt Holding share based company in mixed ownership for incorporating, financing and managing other companies”, at the time registered by Decision No. FI 5843/91 of 13/06/1991 of the same court, to “Energoprojekt Holding joint stock company for holding operations”.

The legal predecessor of Energoprojekt Holding share based company in mixed ownership is Energoprojekt Holding Corporation, registered with the District Court of Belgrade by Decision No. Fi 423 of 12/01/1990, a company that was organized under the previous Companies Law (SFRY Official Gazette No. 77/88, 40/89, 46/90 and 60/91) through adoption of the Self-Management Agreement for Organizational Changes in the Composite Organization of Associated Labor “Energoprojekt“ and the associated workers’ organizations, as it was styled at the time, at a referendum held 08/12/1989.

Basic data on the Company

Head office	Belgrade, Bulevar Mihaila Pupina 12
Registration number	07023014
Registered business code and name of the activity	6420 - holding company
Tax registration number	100001513

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

The Company is the parent company that forms with its many subsidiaries and affiliated companies a **group of companies referred to as The Energoprojekt Group.**

Subsidiaries and affiliated companies are as follows:
- Energoprojekt Visokogradnja plc,
- Energoprojekt Niskogradnja plc,
- Energoprojekt Oprema plc,
- Energoprojekt Hidroinženjering plc,
- Energoprojekt Urbanizam i arhitektura plc,
- Energoprojekt Energodata plc,
- Energoprojekt Industrija plc,
- Energoprojekt Entel plc,
- Energoprojekt Garant plc,
- Energoprojekt Promet ltd. and
- Enjub ltd.

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

Equity investments in subsidiaries	
Subsidiary	*% ownership*
Energoprojekt Visokogradnja plc.	92,53
Energoprojekt Niskogradnja plc.	100,00
Energoprojekt Oprema plc.	67,87
Energoprojekt Hidroinženjering plc.	94,84
Energoprojekt Urbanizam i arhitektura plc.	94,40
Energoprojekt Energodata plc.	96,43
Energoprojekt Industrija plc.	62,77
Energoprojekt Entel plc.	86,26
Energoprojekt Garant plc.	92,94
Energoprojekt Promet ltd.	100,00

Ownership share of the Company in the affiliated company is indicated in the following table.

Equity investments in affiliated companies	
Affiliated company	*% ownership*
Enjub ltd.	50,00

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

The **average number of employees** in the Company, based on the balance at the end of each month, is as follows:

- 2013: 72 employees and
- 2012: 70 employees.

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

Annual financial statements that are the subject of these Notes are **separate financial statements** of the Company, approved by the Supervisory Board of the Company on 25.02.2014, at the 23rd meeting.

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

2. MANAGEMENT STRUCTURE

The key management of the Company in 2013 included the following persons:

- Vladimir Milovanovic - General Manager;
- Dr Dimitraki Zipovski - Executive Manager for finances, accounting and plan;
- Zoran Radosavljevic - Executive Manager for corporate projects, development and quality;
- Mr Zoran Jovanovic - Executive Manager for legal affairs; and
- Dragan Tadic - Executive Manager for „Real Estate“ projects.

3. OWNERSHIP STRUCTURE

According to records of the Central Securities Depository, the ownership structure of Energoprojekt Holding plc. shares on 31.12.2013 is presented in the Notes 10.11.

4. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

In the Republic of Serbia, the Law on Accounting and Auditing (RS Official Gazette 62/2013) is the main legal document that deals with various issues related to accounting activities.

Financial statements for 2013 of the Company were prepared and presented according to the provision of the Law on Accounting and Auditing (RS Official Gazette no. 46/2006, 111/2009 and 99/2011 – hereinafter: the previous Law). The previous Law determines that legal entities and entrepreneurs shall maintain business books, recognize and valuate assets, liabilities, revenues and expenses; prepare, present, deliver and publish financial statements, according to:

- Legislation,
- Professional regulations and
- Internal regulations.

Legislation means laws and subordinate legislation adopted for the implementation of the law.

In the preparation of financial statements of the Company, the following laws and subordinate legislation were considered:

- The Law on Accounting (RS Official Gazette No. 62/2013);
- Previous Law on Accounting and Auditing (RS Official Gazette No. 46/2006, 111/2009 and 99/2011);
- Legal Entities Income Tax Law (RS Official Gazette No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011 and 119/2012, 47/2013 and 108/2013);
- The VAT Law (RS Official Gazette No. 84/2004, 86/2004, 61/2005, 61/2007, 93/2012, 108/2013 and 6/2014);
- Regulation of the Form and Contents of Financial Statements submitted by companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette No. 114/2006, 5/2007, 119/2008, 2/2010, 101/12 and 118/12);
- Regulation on the Chart of Accounts and Contents of Accounts in the Chart of Accounts for companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette No. 114/2006, 119/2008, 9/2009, 4/2010, 3/2011 and 101/2012);
- Regulation on supplements and amendments to the Regulation on the Chart of Accounts for companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette No. 114/2006, 119/2008, 9/2009, 4/2010 i 3/2011 and 101/2012);
- Regulation on the Content of the Income Statement and other Income Tax related issues (legal entities) (RS Official Gazette No. 99/2010, 8/2011, 13/2012 and 8/2013 and 20/2014);
- Regulation on the Content of the Tax Return for the Calculation of Income Tax for Legal Entities (RS Official Gazette No. 99/2010 and 8/2013);
- Regulation on the Classification of Fixed Assets into Groups and Determination of depreciation for tax purposes (RS Official Gazette No. 116/2004 and 99/2010);

- Regulation on Transfer-Pricing and Methods that are applied according to the principle „out of arm's reach“ when determining the price for transactions between related parties (RS Official Gazette no. 61/2003);
- Regulation on supplements and amendments to the Regulation on Transfer-Pricing and Methods that are applied according to the principle „out of arm's reach“ when determining the price for transactions between related parties (RS Official Gazette no. 8/2014).

Professional regulations refer first of all to:

- The Framework for the preparation and presentation of financial statements (hereinafter referred to as: the Framework),
- International Accounting Standards (hereinafter referred to as: the IAS),
- International Financial Reporting Standards (hereinafter referred to as: the IFRS) and
- Interpretations adopted by the Committee for the interpretation of international financial reporting.

The decision of the Minister of Finance of the Republic of Serbia, published in the RS Official Gazette no. 77/2010 (25.10.2010), approved the translations of main IAS and IFRS texts that comprise the IAS and IFRS, issued by the International Accounting Standards Committee till 01.01.2009 and interpretations of the IFRS Interpretations Committee till 01.01.2009 in the form they were published or adopted.

Please note that, in specific cases, not all respective IAS/IFRS provisions and Interpretations were considered in the preparation of financial statements. This is due to partial non-compliance between the legislation and professional regulations. Therefore, since the legislation is primary in this context, some aspects of financial statements are not in compliance with professional regulations.

Accounting regulations of the Republic of Serbia and presented financial statements of the Company do not comply with IFRS with regard to the following:

- In the Republic of Serbia, financial statements for 2013, in compliance with the Law on accounting (RS Official Gazette No. 62/2013), are prepared in the form prescribed by the Regulation of the Form and Contents of Financial Statements submitted by companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette No. 114/2006, 5/2007, 119/2008, 2/2010, 101/12 and 118/12), which is not in compliance with the presentation and titles of specific financial statements for general purpose and the presentation of certain figures in the statement as prescribed by the revised IAS 1 – „Presentation of financial statements“ and
- Off-balance sheet assets and liabilities are presented on the balance sheet, yet these items, according to professional regulations, do not represent neither assets nor liabilities of the Company.

Besides the above mentioned, variations are possible also due to the time difference between the publishing date of Standards and Interpretations that are subject to continuous changes and the implementation date of these Standards and Interpretations in the Republic of Serbia. For example, deviations from the professional regulation occur when published Standards and Interpretations that entered into force, have not been officially translated and adopted in the Republic of Serbia or if published Standards and Interpretations have not yet entered into force or in other cases where the Company has no scope of influence.

The Regulation on Accounting and Accounting policies of the Company, adopted on 22.10.2012 by the Executive Board and the Regulation on the amendment of the Regulation on Accounting and Accounting policies of the Company No. 10 of 21.01.2013 were used in the preparation of financial statements as a legal document that represents **internal regulations of the Company**. Other internal documents were also used, such as, for example, the Collective agreement.

Financial statements of the Company for 2013 are disclosed in the form and content as prescribed by the Regulation of the Form and Contents of Financial Statements submitted by companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette No. 114/2006, 5/2007, 119/2008, 2/2010, 101/12 and 118/12). This Regulation prescribes, among other things, the content of items in the forms: Balance sheet, Profit and Loss account, Cash flow statement, Report on changes in equity capital, Note to the financial statements and Statistical annex, for companies, cooperatives, other legal entities and entrepreneurs that have double entry accounting.

The Regulation prescribes also that data in the Balance sheet, Profit and Loss account, Cash flow statement, Report on changes in equity capital, and Statistical Annex are entered in thousand of dinars and that the number of employees is expressed as a whole number, as applied in these Notes.

5. ACCOUNTING PRINCIPLES

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

- The Going concern principle,
- The Consistency principle,
- The Prudence principle,
- The Substance over form principle,
- The Accrual principle,
- The Item by item assessment principle.

Considering the **Going concern principle**, financial statements are prepared under the assumption that the proprietary position, financial position and business results of the Company as well as the economic policy of the country and of the environment, enable the Company to operate for an unlimited period.

The Consistency principle means that assets and changes in assets, liabilities, capital, income, expenses and business results are valuated in the same manner over a longer period. If, for example changes are implemented, due to compliance with the legislation and professional regulations, reasoning for the change must be provided and the effects are disclosed according to the professional regulations concerning the change in valuation methods.

The Prudence principle means applying a certain level of caution when preparing financial statements of the Company so that the property and revenues are not overstated and obligations and expenses are not understated. The Prudence principle 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 the 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.

Considering 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, the **Accrual principle provides** information on past transactions and other events in the manner most useful to users for reaching economy-related decisions.

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

6. CORRECTION OF ERRORS FROM PRIOR PERIODS, MATERIAL ERRORS AND CORRECTION OF THE OPENING BALANCE

Errors from prior periods 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 *confirmed errors that are mot materially significant* are corrected against expenses or in favor of revenues for the period in which they were identified.

The materiality of an error is valuated pursuant to provisions of the Framework for the preparation and presentation of financial reports that state that materiality may imply that omission or false accounting entries may affect economic decisions of users adopted based on financial statements. Materially significant errors are valuated pursuant to relevant provisions from the Framework for the preparation and presentation of financial statements. Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1,5% of the total income in the previous year**.

7. OVERVIEW OF PRINCIPAL ACCOUNTING POLICIES

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

Important accounting policies applied to financial statements that are subject of these Notes and presented in the following text, are based, first of all, on the Regulation on accounting and accounting policies of the Company. If certain accounting aspects are not clearly defined in the Regulation, applied accounting policies are based on the legislation, professional and internal regulations in force.

In accordance with IAS 21, the RSD represents **functional and reporting currency** in financial statements of the Company. Besides data for the current year, financial statements of the Company contain data from financial statements from 2012 as **comparative data**.

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

7.1. Valuation

The Company has to use the best possible valuations and reasonable assumptions in the preparation and presentation of financial statements according to professional regulations and legislation in force in the Republic of Serbia. Though, 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.

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. The society does not neglect these problems and the management performs continuous valuations, considering the risks. If it is established that the recoverable (fair or value in use) value of assets in business books of the Company was overstated, the adjustment of value is applied.

7.2. Effects of foreign exchange rates

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

According to 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 NBS middle exchange rates

Currency	*31.12.2013*	*31.12.2012*
	Amount in dinar	
1 EUR	114,6421	113,7183
1 USD	83,1282	86,1763

Applied average exchange rates for the income statement in 2013 and 2012 were:

Currency	*31.12.2013*	*31.12.2012*
	Amount in dinar	
1 EUR	113,1369	113,1277
1 USD	85,1730	88,1169

7.3. Revenues

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

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

The most important **Operating revenues** are sales revenues for the sale of goods, products and services and other revenues, such as: income from own products/merchandise, increase of inventories and work in progress for unfinished and finished products and unfinished services (if, in the course of the year, there were reductions of inventories, the reduction amount is deducted from the total operating revenues) and other operating revenues.

Revenues from services pursuant to IAS 18 – Revenue, *revenues from a specific transaction are recognized by reference to the stage of completion of the transaction at the balance sheet date*. The transaction result may be reliably valuated: if the revenue amount may be reliably measured, if the level of completion of the transaction at the balance sheet date may be reliably

measured and if transaction-related expenses and transaction completion expenses may be reliably measured.
Financial revenues include financial revenues from subsidiaries and other related parties, gains arising on the translation of foreign currency, income from interest and other forms of financial revenues.

Other revenues include, besides income, *profit* that may or may not arise from usual activities of the Company. Profit includes, for example, revenue from PPE sales; at a greater value as the accounting value at the moment of sale.

7.4. Expenses

Expenses are the outflow of economic benefits in the respective period that result in the decrease of the capital of the Company, excluding 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 or increase of liabilities.

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

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

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

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

7.5. Interest and other borrowing costs

The borrowing costs include interests and other costs that arose in the company related to the borrowing of funds in accordance with IAS/IFRS.

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

7.6. Income tax

The income tax is registered as a summary 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 specify that *deferred tax assets and liabilities should not be discounted*.

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

- deductible temporary differences,
- unused tax losses transferred to the following period and
- unused tax credit transferred to the following period.

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

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

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

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

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

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

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

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

7.7. Intangible investments

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

To recognize an intangible investment, it is necessary to comply with 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 price) may be reliably measured.

Accounting recognition of internally generated intangibles is dependent upon an assessment of whether they are created:
- in the research phase, or
- in the development phase.

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

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

An **investment property should be measured initially** at its cost.

Intangible investment is measured subsequently, after initial recognition, at its cost, reduced by accumulated depreciation and losses from the decrease in value (pursuant to provisions IAS 36 – Impairment of assets).

Depreciation of intangible assets is conditioned by the valuation if the useful life is:

- unlimited or
- limited.

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

7.8. Property, plants and equipment

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

The general principle for the recognition of property, plants and equipment is not applied only if assets of lesser value, that are registered as inventory items, have to be recognized (for example, spare parts and servicing equipment). The total value of an asset 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 price) of the item can be reliably measured.

Property, plant and equipment should be measured initially at the purchase price (cost price) that includes: the purchase price and all related transaction costs, meaning all directly attributable costs of bringing the asset to working condition for its intended use.

Property, plants and equipment are measured subsequently at its cost reduced by accumulated depreciation and losses from the decrease in value (pursuant to IAS 36).

7.9. Finance lease

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

In case of a **financial lease,** pursuant to IAS 17 – Leases, the lessee performs **initial measurement** of the lease by recognizing it as an asset and liability in the balance sheet, according to amounts that equal to the fair value of the asset-lease object at the begin of the lease duration or according to the present value of minimum payments for the lease, if it is lesser. Fair value is the amount for which a leasing object can be exchanged between knowledgeable, willing parties in an arm's length transaction.

In the 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 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 as the lease object. All initial direct expenses of 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 period during the leasing term and a constant periodic interest rate is applied to the outstanding balance.

7.10. Depreciation of intangible assets, property, plants and equipment

The asset value (non-material assets, property, plants and equipment) is allocated by **depreciation** to period during 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 purchase price or another amount that replaces the value in financial statements of the Company, reduced by the residual value (remaining value) is systematically allocated during the lifetime of the asset.

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

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

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

The depreciation is not calculated for assets that do not loose value over time (such as artwork) or assets with unlimited life expectancy.

Assets depreciation calculation is performed for tax balance purposes according to the relevant regulations.

7.11. Decrease in the value of intangible assets, property, plants and equipment

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

If there are indications that there is a decrease in value, valuation of recoverable amount is performed pursuant to IAS 36.

Recoverable amount is a greater value than:
- The fair value, reduced by the cost of sales and
- The use value.

The fair value reduced by the cost of sale is the expected net selling price of that asset or the amount that may be achieved in the sale of an asset as an independent transaction between knowledgeable, willing parties, minus disposal costs.

The 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 to determine the present value reflects current market estimations of the time value of money as well as the risks, characteristic for that asset.

The recoverable amount is estimated for each asset separately or, if 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 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 in indicated as follows:
- If the revaluation reserves were previously created for that asset, the loss is indicated by decreasing revaluation reserves, and
- If the revaluation reserves were not previously created for that asset, the loss in indicated as expenses for the respective period.

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
- 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 price) may be reliably measured.

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

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

After 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 in 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 nor to the valuation of the decrease in value of the property*.

7.13. Inventories

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

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

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

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

The purchase price (cost price) includes all:

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

Purchase costs as basis for the valuation of inventories of goods, include the cost price, import duties and other fiscal expenditure (apart from those that can be recovered from tax authorities, such as, added value tax that can be deducted as previous tax), transportation costs, manipulation costs and other costs that are directly attributable to the purchase costs. Discounts, rebates and other similar items are deducted upon definition of the purchase costs.

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

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

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

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

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

7.14. Fixed assets intended for sale

The Company recognizes and expresses a fixed asset (or available group) as an **asset intended for sale**, if its accounting value may be recovered through a sale transaction and not further use. To fulfill this requirement:

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

The fixes asset that was recognized as an asset intended for sale is **measured** (expressed) 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 informed and willing parties in an independent transaction or the market value on the date of sale.

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

Fixed assets intended for sale are not depreciated.

Written-off assets, as well as assets with an insignificant non write off value will not be recognized as assets intended 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 till the loss of control over rights that derive from that financial asset (by realization, activation, assignment, etc.), or by settlement, cancellation or activation of the financial liability.

Financial assets and liabilities pursuant to IAS 32, 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 favorable 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 unfavorable conditions to the Company, etc.

Disclosure of financial instrument and related accounting records is stipulated by the classification performed by the Company according to the features of financial instruments.

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

- Financial asset or liability at fair value through the profit and loss account,
- Held-to-maturity investments,
- Loans and receivables and
- Available-for-sale financial assets.

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

A Financial asset or liability classified in this category has to fulfill any of the following conditions:

- classified as held for trading or
- after initial recognition, it will be classified and stated as a financial asset (obligation) through the profit and loss account

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

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

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

Loans and receivables are non-derivative financial assets of the Company with fixed or identifiable payments that do not have a quoted market price, unless:

- if the Company intents to sell them immediately or in short-term and that would be classified, in such case, as assets held for trading,
- assets marked at fair value through the profit and loss account after initial recognition and
- assets classified as available-for-sale because the total initial investment cannot be recovered

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.

Upon **initial measurement** of a financial instrument the Company performs the measurement at fair value increased by transaction costs that may be directly attributed to the acquisition or issuance of financial assets or liabilities, if the financial instrument was not marked for measurement at fair value with changes of fair value through the profit and loss account.

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

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

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

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

7.16. Cash and cash equivalents

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

7.17. Short term receivables

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

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

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

- indirect write-off or
- direct write-off.

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

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

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

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

7.18. Financial investments

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

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

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

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

7.19. Liabilities

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

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

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

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

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

7.20. Provisions, contingent liability and contingent asset

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 obligations by the Company will cause an outflow of resources, is greater than the probability that it will not.

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

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

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

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

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

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

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

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

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

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

7.21. Employee benefits

The following Company's liabilities related to employee benefits shall be disclosed:

- taxes and compulsory social security contributions
- retirement bonus.

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, as long as there is no developed market for corporate bonds in the Republic of Serbia, market yields for government bonds will be used for the 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 the amount of three times the monthly salary of the month preceding the month of payment (according to terms and conditions specified in the Separate collective agreement) or in the amount prescribed by the Labor law if this is more favorable to the employee.

8. FINANCIAL RISKS AND FINANCIAL RISK MANAGEMENT IN THE COMPANY

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

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

Since, the majority of these and some other risks not mentioned herein, is subject of other chapters of the Notes or other internal regulations of the Company (for example, the Regulation on accounting practice and accounting policies of the Company deals with the minimization of operational risks by introducing procedures and work instructions), we will focus on **financial risks** that include, first of all, the following:

- credit risk,
- market risk and
- liquidity risk.

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

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

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

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

The following text will show:

- the financial risk profile of the Company or the valuation of the structure and the financial risk level the Company is exposed to during operations;
- measures for the management of recognizable financial risks and
- capital risk which, although not specifically considered as a financial risk type, significantly affects the risk level in each of the risk types considered.

8.1. 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 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.

The following tables show:

- the structure of short-term receivables with no decrease in value,
- the age structure of short-term receivables with no decrease in value and,
- the structure of short-term receivables with decrease in value.

The structure of short-term receivables with no decrease in value	*in 000 dinars*	
	2013	*2012*
Domestic buyers		
Energoprojekt Visokogradnja plc.	141.690	62.298
Energoprojekt Niskogradnja plc.	6.739	33.010
Energoprojekt Hidroinženjering plc.	50.006	53.907
Energoprojekt Entel plc.	8.511	8.442
Energoprojekt Energodata plc.	29.006	25.391
Energoprojekt Industrija plc.	57.568	39.081
Energoprojekt Urbanizam i Arhitektura plc.	10.611	4.974
Energoprojekt Oprema plc.	7.569	8.949
Energoprojekt Garant plc.	172	171
Enjub ltd.	705	705
Others	149	51
Total	**312.726**	**236.979**
Other receivables		
Energoprojekt Visokogradnja plc.	63.945	8.166
Energoprojekt Niskogradnja plc.	4.547	4.348
Energoprojekt Hidroinženjering plc.	812	872
Energoprojekt Entel plc.	542	1.448
Energoprojekt Energodata plc.	3.969	2.243
Energoprojekt Industrija plc.	222	184
Energoprojekt Urbanizam i arhitektura plc.	4.675	1.632
Energoprojekt Oprema plc.	252	302
Energoprojekt Garant plc.	457	2
Enjub ltd.	24.325	14.034
Others	1.422	2.240
Total	**105.168**	**35.471**
TOTAL	**417.894**	**272.450**

The Company has blank bills of exchange with authorizations as collaterals.

The age structure of short-term receivables with no decrease in value	*in 000 dinars*	
	2013	*2012*
Current	51.701	74.906
0-30 days from the due date	16.035	15.315
30 - 60 days from the due date	14.912	10.988
60 - 90 days from the due date	21.883	7.859
over 90 days from the due date	313.363	163.382
TOTAL	**417.894**	**272.450**

Non-due receivables in the total amount of 51.701 thousand RSD include receivables from buyers in the amount of 45.081 thousand RSD and are mostly due within 15 days after the invoice was issued or in accordance with agreed payment conditions.

8.2. Market risk

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

The market risk includes three risk types:

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

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

The Company operates within international frames and is exposed to exchange rate risks arising from business operations in different currencies, first of all in euros.

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

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

Assets in EUR		Liabilities in EUR	
2013	2012	2013	2012
16.572.398	**16.411.827**	**2.196.672**	**4.728.759**

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

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

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

Sensitivity analysis of results in case of depreciation of the national currency 10%	*in 000 dinars*	
	2013	*2012*
NET EFFECT ON THE RESULTS IN THE CURRENT PERIOD	**164.806**	**132.858**

The interest risk is a risk of adverse effects to the result and capital of the Company due to unfavorable changes in interest rates. The Company is exposed to this type of risk due to financial obligations related to loans with potentially fluctuating interest rates (Euribor).

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

The Company has no financial liabilities with a fluctuating interest rate, therefore, it can be concluded that the **Company is not exposed to the interest risk**.

The following tables indicate the interest-bearing structure of **financial assets** of the Company with fluctuating interest rate at the balance sheet date.

Interest-bearing structure of financial assets and liabilities with fluctuating interest rate	*in 000 dinars*	
	2013	*2012*
Interest-bearing financial assets with fluctuating interest rate		
Short-terms loans granted to related parties	153.092	215.935
Long-terms housing loans granted to employees	1.591	2.084
Housing loans granted to employees with one year maturity	78	156
Total	**154.761**	**218.175**
Interest-bearing financial liabilities with fluctuating interest rate		
Financial liabilities with fluctuating interest rate	-	-
Total	-	-

The following table contains the sensitivity analysis related to the interest rate growth of 1%. The sensitivity rate of 1% presents the valuation of reasonably expected changes in interest rates.

The sensitivity analysis of results in case of interest rate growth of 1%	*in 000 dinars*	
	2013	*2012*
NET EFFECT ON THE CURRENT PERIOD RESULTS	**1.548**	**2.182**

Considering potential interest risks related to financial obligations, we will refer, hereinafter, to the *supplier risk management policy*, applied in the Company.

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

The following table contains the most important suppliers in accordance with obligations at the balance sheet date.

Structure of obligations to suppliers	in 000 dinars	
	2013	2012
Domestic suppliers		
Eneroprojekt Visokogradnja plc.	11.639	61
Energoprojekt Energodata plc.	787	543
Energoprojekt Oprema plc.	33.886	35.779
EPS snabdevanje ltd	3.707	2.617
Public Utility Company „Beogradske elektrane“	989	490
Deloitte revizija ltd.	1.526	-
Agency for investments and housing	3.114	3.114
Others	3.655	4.745
Total	**59.303**	**47.349**
Foreign suppliers		
Encom GmbH Consulting, Engineering&Trading	19.604	10.803
IATA	3.211	1.900
Others	77	521
Total	**22.892**	**13.224**
TOTAL	**82.195**	**60.573**

The Company has received no collaterals.

Age structure of liabilities to suppliers	in 000 dinars	
	2013	2012
Current	24.571	13.071
0-30 days from the due date	2.734	36.286
30 - 60 days from the due date	423	-
60 - 90 days from the due date	33.928	-
over 90 days from the due date	20.539	11.216
TOTAL	**82.195**	**60.573**

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

8.3. Liquidity risk

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

The following table indicates the most important liquidity indices of the Company:

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

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

Liquidity indices	*Satisfactory general standards*	*2013*	*2012*
Current ratio	2 : 1	**3,54:1**	**2,89:1**
Rigorous ratio	1 : 1	**3,37:1**	**2,64:1**
Operating cash flow ratio		**0,44:1**	**0,82:1**
Net working capital (in thousands of dinars)	Positive value	**883.794**	**770.779**

The results of the ration analysis indicates that the Company was **liquid** during 2013, meaning that it had no difficulties to fulfill due liabilities and maintain the necessary scope and structure of the working capital and good creditworthiness.

Therefore we emphasize that:

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

8.4. Capital risk management

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

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

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

Profitability indicator	*in 000 dinars*	
	2013	*2012*
Net profit/loss	399.088	504.856
Average capital		
Capital at the beginning	7.665.770	7.167.219
Capital at the end of a year	8.054.188	7.665.770
Average capital	**7.859.979**	**7.416.494**
Average return rate on own capital	**5.08%**	**6,81%**

Considering data from the table above, it is clear that the results of operations in 2012 and 2013, with regard to the sustainability of capital, may be estimated as satisfactory and therefore the Company is **not exposed to any capital risk**.

The soundness of the financial structure is reflected in the overall amount and type of debts. The following tables indicate the most important Company's financial structure indicators, such as:

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

Financial structure indicators	*in 000 dinars*	
	2013	*2012*
Liabilities	651.503	886.544
Total funds	8.705.866	8.552.314
Ratio of borrowed funds to total assets	**0,07:1**	**0,10:1**
Long-term assets		
Capital	8.054.188	7.665.770
Long-term provisions and long-term liabilities	303.864	478.299
Total	**8.358.052**	**8.144.069**
Total assets	8.705.866	8.552.314
Ratio of long-term to total assets	**0,96:1**	**0,95:1**

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

Net debt means the difference between:

- total (long-term and short-term liabilities) financial liabilities of the Company (total liabilities reduced by the capital, long-term provisions and deferred tax liabilities of the Company) and
- cash and cash equivalents.

Parameters for the net debt to capital ratio	*in 000 dinars*	
	2013	*2012*
Net debt		
Financial liabilities	364.481	602.869
Cash and cash equivalents	151.476	333.972
Total	**213.005**	**268.897**
Capital	8.054.188	7.665.770
NET DEBT TO CAPITAL RATIO	**1:37,81**	**1:28,51**

9. INCOME STATEMENT

9.1. Sales revenues

The Company generates revenues by **providing services on the local market**. The income structure is indicated in the following table.

Sales revenues structure	*in 000 dinars*	
	2013	*2012*
Revenues from sales to subsidiaries		
Revenues from services rendered to subsidiaries	395.771	401.765
Revenues from services rendered to other affiliated companies	-	-
Subtotal	**395.771**	**401.765**
Revenues from services sold on the local market		
Revenues from sold services	78	87
Total	**78**	**87**
Revenues from services sold on the foreign market		
Revenues from sold services	120.510	49.247
Total	**120.510**	**49.247**
TOTAL	**516.359**	**451.099**

Revenues from services rendered to subsidiaries on the local market are generated based on service agreements approved and adopted by respective boards of the Company and subsidiaries. According to the relevant legal documents, these revenues amount to 395.771 thousand RSD (2012: 401.765 thousand RSD), as indicated in the following table.

Buyer	in 000 dinars	
	2013	2012
Energoprojekt Garant plc.	1.696	1.703
Energoprojekt Visokogradnja plc.	69.881	70.176
Energoprojekt Niskogradnja plc.	86.969	87.341
Energoprojekt Hidroinženjering plc.	31.431	31.567
Energoprojekt Entel plc.	83.945	84.309
Energoprojekt Energodata plc.	8.405	8.439
Energoprojekt Industrija plc.	18.861	23.246
Energoprojekt Urbanizam i arhitektura plc.	5.575	5.596
Energoprojekt Oprema plc.	89.008	89.388
TOTAL	**395.771**	**401.765**

The Income from services sold on the local market in the amount of 78 thousand RSD (2012: 87 thousand RSD) refers to the sale of flight tickets.

The Income from services sold on the foreign market in the amount of 120.510 thousand RSD (2012: 87 thousand RSD) refers to the agreement on the construction of the embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the registry of immovable property, cadastral zone A00.

9.2. Income from own products/merchandise

Structure of income from own products/merchandise	in 000 dinars	
	2013	2012
Income from own products and services	495	482
TOTAL	**495**	**482**

Income from own products and services amount to 495 thousand RSD (2012: 482 thousand RSD).

9.3. Other operating revenues

Structure of other operating revenues	in 000 dinars	
	2013	2012
Income from rents	29.096	25.053
Other operating revenues	5.235	80
TOTAL	**34.331**	**25.133**

Income from rents refers to: rental of buildings „Samacki hotel“, Batajnicki drum no. 24, according to the Contract no. 40 (31.01.2011), rented to Energoprojekt Visokogradnja in the amount of 23.957 thousand RSD (in 2012: 24.060 thousand RSD); partial renting of Energoprojekt business premises, according to the Contract no. 46/58 (14.02.2013) rented to

Energoprojekt Garant in the amount of 4.092 thousand RSD; and renting of the roof terrace and ground floor of business premises to Energoprojekt Telekom Serbia in the amount of 1.047 thousand RSD (in 2012: 993 thousand RSD).

Other operating revenues in the amount of 5.078 thousand RSD refer to the refund of expenses from Napred Razvoj plc based on the auditor's fee for an extraordinary audit according to the Contract 363/2012, concluded with UHY EKI Revizija ltd. The extraordinary audit confirmed that there is no difference of opinion with the regular external auditor concerning the individual and consolidated financial statements, which were covered by the extraordinary audit. Pursuant to Article 463 of the Companies Law, since the proposal for extraordinary audit was unfounded, Energoprojekt Holding plc. is entitled to a refund of all audit expenses from the shareholder who proposed the extraordinary audit – the company Napred Razvoj plc.

9.4. Material costs

Material costs structure	*in 000 dinars*	
	2013	*2012*
Other material costs	5.881	6.377
Fuel and energy	20.439	17.052
TOTAL	**26.320**	**23.429**

Other material costs in the amount of 5.881 thousand RSD (in 2012: 6.377 thousand RSD) refer to the tools maintenance costs in the amount of 2.005 thousand RSD (in 2012: 1.805 thousand RSD), office supplies in the amount of 1.905 thousand RSD (in 2012: 3.157 thousand RSD), other material costs 1.716 thousand RSD (in 2012: 1.126 thousand RSD) and tools and inventories costs in the amount of 255 thousand RSD (in 2012: 289 thousand RSD).

9.5. Staff costs

Structure of staff costs	*in 000 dinars*	
	2013	*2012*
Staff costs		
Salaries and fringe benefits	141.315	148.872
Taxes and contributions on salaries	21.368	19.966
Subtotal	**162.683**	**168.838**
Temporary service contracts, copyright agreements, temporary and provisional contracts	6.520	3.508
Supervisory Board	9.074	12.601
Other personal expenses remunerations	7.827	9.223
TOTAL	**186.104**	**194.170**

Within **other personal expenses** that amount to 7.827 RSD, the most important expenses of the Company include transportation to/from work in the amount of 2.553 thousand RSD and expenses related to business trips in the amount of 4.281 thousand RSD, solidarity allowance and other compensations to employees and other natural person in the amount of 993 thousand RSD.

9.6. Depreciation expenses

Structure of depreciation costs	*in 000 dinars*	
	2013	*2012*
Depreciation of intangible investments	290	303
Depreciation of property	89	90
Depreciation of plants and equipment	9.866	10.448
TOTAL	**10.245**	**10.841**

On the 31.12.2013, the assessment of the residual value and the remaining useful lifetime for assets and equipment of significant accounting value was performed and in comparison to the same assessment performed on 31.12.2012, no significant changes have been observed.

9.7. Provision expenses

Structure of provision expenses	*in 000 dinars*	
	2013	*2012*
Provision expenses related to fees and other employee benefits	704	2.617
TOTAL	**704**	**2.617**

Provision expenses related to the retirement bonus in 2013 equal to the difference between, on one hand, the provision amount related to the retirement bonus at the end of 2013 and, on the other hand, the provision amount related to the retirement bonus as at 31.12.2012, reduced by the amount of paid bonuses in 2013.

Provision expenses for fees and other employee benefits in the amount of 704 thousand RSD (2012: 2.617 thousand RSD) refer to the implementation of IAS 19.

Provision valuation at the balance sheet date pursuant to IAS 19 (for retirement bonuses) is described in more details in the Note 10.15.

9.8. Costs of production services

Structure of production costs	*in 000 dinars*	
	2013	*2012*
Costs of production services	120.509	49.247
Transportation expenses	3.104	4.175
Repairs and maintenance costs	53.367	40.776
Rental costs	530	866
Trade show costs	258	573
Advertising costs	2.973	3.479
Expenses for other services	9.810	5.379
TOTAL	**190.551**	**104.495**

Costs of production services in the amount of 120.509 thousand RSD (in 2012: 49.247 thousand RSD) refer to the completion of the agreement on the construction of the embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the registry of immovable property, cadastral zone A00.

Transportation expenses in the amount of 3.104 thousand RSD (in 2012: 4.175 thousand RSD) include landline costs, cell phone costs, internet services, taxi services, parking services, etc.

Repairs and maintenance costs refer, first of all, to ongoing maintenance of: equipment in the amount of 2.244 thousand RSD (in 2012 3.094 thousand RSD), Energoprojekt building in the amount of 42.778 thousand RSD (in 2012: 37.682 thousand RSD) and “Samacki hotel” complex in the amount of 8.308 thousand RSD.

Rental costs refer to the rental of office space of EP Holding plc in Baghdad, Iraq from June to December 2013 (394 thousand RSD) and rental of an image projector and audio equipment for general meetings of the Company (136 thousand RSD).

Advertising costs (2.973 thousand RSD) refer to press releases, rental of billboards, printing of the Corporative review and Annual report, etc.

Expenses for other services (9.810 thousand RSD refer, first of all, to the costs for licenses: 3.654 thousand RSD, photocopying services and technical support of Energoprojekt Energodata related to multimedia presentations, update and preparation of marketing material, graphical design and other: 2.742 thousand RSD, utilities: 2.301 thousand RSD, safety at work: 240 thousand RSD, car registration: 143 thousand RSD, etc.

9.9. Intangible expenses

Structure of intangible expenses	*in 000 dinars*	
	2013	*2012*
Costs for non-production services	22.755	44.221
Expense accounts	7.305	8.280
Insurance premium costs	914	770
Payment operations cost and banking fees	845	4.873
Membership fees	1.314	1.245
Tax duties	11.284	10.157
Other intangible expenses	16.863	18.583
TOTAL	**61.280**	**88.129**

Costs for non-production services in the amount of 22.755 thousand RSD (in 2012: 44.221 thousand RSD) refer to auditor's and attorney fees, consulting services, intellectual services professional training, brokers' services, Belgrade Stock exchange, cleaning services etc.

Expense accounts in the amount of 7.305 thousand RSD (in 2012: 8.280 thousand RSD) include catering services, gifts to business partners, etc.

Insurance premium costs (914 thousand RSD) refer, mostly, to the insurance of property and persons, in 2012: 770 thousand RSD.

Costs for payment operations and banking fees include the following: costs for payment operations in the amount of 388 thousand RSD (in 2012: 391 thousand RSD), costs for banking services in the amount of 457 thousand RSD (in 2012: 4.482 thousand RSD).

Membership fees refer to chamber membership fees (Chamber of Commerce in Serbia and Belgrade Chamber of Commerce) representing salary expense liability in the amount of 429 thousand RSD (in 2012: 496 thousand RSD) and other chamber membership fees and association fees in the amount of 885 thousand RSD (in 2012: 749 thousand RSD).

Tax duties in the amount of 11.284 thousand RSD (in 2012: 10.157 thousand RSD) include the following: property tax, urban development land tax, local tax on company and sign, etc. The most important part of these expenses is the property tax in the amount of 7.934 thousand RSD in 2012: 7.199 thousand RSD.

Other intangible expenses in the amount of 16.863 thousand RSD(in 2012: 18.583 thousand RSD) refer to mostly to foreign branches' services (I.N.E.C. Engineering Company Limited i Encom GmbH Consulting, Engineering & Trading (10.485 thousand RSD, in 2012: 14.444 thousand RSD), and other expenses (6.378 thousand RSD, in 2012: 4.139 thousand RSD) refer to: taxes (administrative, court fee, etc.), participation in salaries for disabled workers, printing of Energoprojekt company newspaper, TV subscription fees, etc.

9.10. Financial revenues

Structure of financial revenues	in 000 dinars	
	2013	2012
Revenue from interest		
Financial income from transactions between the parent company and subsidiaries	45.074	78.717
Financial income from transactions between the parent company and related parties	9.965	10.697
Income from interest	9.112	8.806
Total	**64.151**	**98.220**
Gains arising on the translation of foreign currency		
Gains arising on the translation of foreign currency arising from relation between entity and subsidiaries	14.071	180.876
Gains arising on the translation of foreign currency arising from relation with other related parties	1.411	12.313
Other gains arising on the translation of foreign currency	2.227	2.458
Subtotal	**17.709**	**195.647**
Income based on foreign currency clauses	1.481	16.741
Share in the profit of subsidiaries	278.605	255.194
Other financial revenues	2.585	2.040
TOTAL	**364.531**	**567.842**

Other interest revenue refers to interest on term deposits in the amount of 9.109 thousand RSD (in 2012: 8.734 thousand RSD).

Financial revenues from the share of the profit of subsidiaries in the amount of 278.605 thousand RSD (in 2012: 255.194 thousand RSD) refer to the following subsidiaries:

- Energoprojekt Garant plc. in the amount of 51.885 thousand RSD (in 2012: 34.054 thousand RSD),
- Energoprojekt Entel plc. in the amount of 148.697 thousand RSD (in 2012: 143.595 thousand RSD) and
- Energoprojekt Oprema plc. in the amount of 78.023 thousand RSD (in 2012: 77.545 thousand RSD).

Other financial revenues in the amount of 2.585 thousand RSD (in 2012: 2.040 thousand RSD) refer to the income based on the increased number of shares and distribution of profit for 2012 of the Jubmes Bank plc, Belgrade (2.580 thousand RSD) and Aik bank plc, Nis (5 thousand RSD).

9.11. Financial expenses

Structure of financial expenses	in 000 dinars	
	2013	2012
Costs of interest		
Other costs of interest	14.634	19.383
Total	**14.634**	**19.383**
Losses arising on the translation of foreign currency		
Losses during the translation of foreign currency arising from relation between entity and subsidiaries	1.830	4.220
Losses during the translation of foreign currency arising from relation between entity and other related parties		
Other losses during the translation of foreign currency	2.723	30.788
Subtotal	**4.553**	**35.008**
Expenses based on foreign currency clauses	2.009	8.566
TOTAL	**21.196**	**62.957**

Expenses based on foreign currency clauses in the amount of 14.042 thousand RSD (2012: 18.157 thousand RSD) refer mostly to interests from loans for current liquidity (received by the Development Fund of the Republic of Serbia and Erste Bank) and the default interest in the amount of 592 thousand RSD (in 2012: 1.226 thousand RSD).

Other expenses based on foreign currency clauses refer mostly to adverse effects on loans received by the Development Fund of the Republic of Serbia in the amount of 1.373 thousand RSD (in 2012" 22.807 thousand RSD.

9.12. Other revenues

Structure of other revenues	*in 000 dinars*	
	2013	*2012*
Other revenues		
Income based on the disposal of LT investments and securities	3.689	-
Revenues from the sales of property, plants and equipment	-	510
Income from positive hedging effects	7	140
Other income	160	264
Total	**3.856**	**914**
Property value adjustment		
Property, plants and equipment	19.023	1.507
Total	**19.023**	**1.507**
TOTAL OTHER REVENUES AND EXPENSES RELATED TO PROPERTY VALUE ADJUSTMENT	**22.879**	**2.421**

Income based on the disposal of LT investments and securities refer to the sale of shares of Hipotekarna Banka plc, Podgorica in the amount of 3.689 thousand RSD (124 shares, 515 EUR per share) .

Other revenues refer mostly to the sales of old paper in the amount of 160 thousand RSD (in 2012: 211 thousand RSD).

Revenues from the value adjustment for the property, plants and equipment refer to the assessment of the investment property value – business premises „Stari Merkator“ in the amount of 19.023 thousand RSD (in 2012: 1.507 thousand RSD referred to the assessment of the investment property value – residential building “Samacki hotel”).

9.13. Other expenses and net loss of discontinued operations

Structure of other expenses	*in 000 dinars*	
	2013	*2012*
Other expenses		
Losses based on the retirement and sales of intangible investments, property, plants and equipment	8	231
Losses based on the disposal of LT investments and securities	-	8
Direct receivables write-off	596	4.066
Other expenses	2.772	5.735
Total	**3.376**	**10.040**
Property impairment costs		
Property, plants and equipment	17.918	7.614
Claims and short-term financial investments	-	-
Total	**17.918**	**7.614**
TOTAL OTHER EXPENSES AND PROPERTY IMPAIRMENT COSTS	**21.294**	**17.654**
Adverse effect due to changes in accounting policies and correction of errors from previous periods	657	941
TOTAL	**21.951**	**18.595**

Expenses related to direct write-off of claims in the amount of 596 thousand RSD refer mostly to Energoprojekt Promet ltd. in the amount of 520 thousand RSD (in 2012: they referred to Energoprojekt Montenegro ltd. in the amount of 3.466 thousand RSD).

Other expenses in the amount of 2.772 thousand RSD mostly include donations in the amount of 2.759 thousand RSD (in 2012: 5490 thousand RSD) and donations for humanitarian purposes and fines and penalties).

Property, plants and equipment impairment in the amount of 17.918 thousand RSD refers to the impairment of the investment property – residential buildings „Samacki hotel“ (in 2012: 7.614 thousand RSD refer to the impairment of business premises "Stari Merkator").

9.14. Profit before tax

Structure of gross results	*in 000 dinars*	
	2013	*2012*
Operating income and expenses		
Operating income	551.185	476.714
Operating expenses	475.204	423.681
Operating result	**75.981**	**53.033**
Financial revenues and expenses		
Financial revenues	364.531	567.842
Financial expenses	21.196	62.957
Financial result	**343.335**	**504.885**
Other revenues and expenses		
Other revenues	22.879	2.421
Other expenses	21.294	17.654
Result from other revenues and expenses	**1.585**	**(15.233)**
Effects of discontinued operations, accounting policy changes and accounting adjustments from previous years		
Income	9	-
Expenses	666	941
Net effect	**(657)**	**(941)**
Total gross result		
TOTAL INCOME	**938.604**	**1.046.977**
TOTAL EXPENSES	**518.360**	**505.233**
PROFIT/LOSS BEFORE TAX	**420.244**	**541.744**

9.15. Income tax and net profit

Calculation of income tax and net profit	*in 000 dinars*	
	2013	*2012*
Profit/loss before tax	420.244	541.744
Adjustments and corrections of revenues/expenses in the tax balance	(289.205)	(256.071)
Capital gains/losses in the balance sheet	3.689	8
Taxable profit	134.728	285.681
Capital gains/losses calculated pursuant to the law	-	-
Tax base	**134.728**	**285.681**
Calculated tax (10% from the tax base)	20.209	28.568
Total tax deduction	(607)	(745)
Calculated tax upon depreciation	**19.602**	**27.823**
Profit/loss before tax	420.244	541.744
Tax expenses	19.602	(27.823)
Deferred tax expenses/revenues	**1.554**	**(9.065)**
Net profit/loss	**399.088**	**504.856**

Total tax deduction (in the amount of 20% of performed investment and max. 33% of the taxable base) in the amount of 607 thousand RSD is a result of the tax credit for investments in fixed assets in 2013.

9.16. Profit per share

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

Indicator	*2013*	*2012*
Net profit (loss) in 000 dinars	399.088	504.856
Average number of shares for one year	10.443.944	10.443.944
Profit per share in dinars	**38,21**	**48,34**

Upon decision of the General Meeting on 28.06.2013 the dividends for 2012 were paid in shares (993.754 ordinary shares). The weighted average number of shares for 2013 is 10.443.944, therefore, the net profit per share is 38,21 RSD.

10. BALANCE SHEET

10.1. Intangible investments

	in 000 dinars			
	Intangible investments in preparation	Advance payments for intangible investments	Other intangible investments	**Total**
Purchase price				
Opening balance (01.01.2013)	8.837		2.326	**11.163**
New purchases over the course of the year		320		**320**
Transfer from one form to another				
Disposal, Retirement etc.				
Closing balance (31.12.2013)	**8.837**	**320**	**2.326**	**11.483**
Value adjustment				
Opening balance (01.01.2013)			1.747	**1.747**
Depreciation for 2013			289	**289**
Closing balance (31.12.2013)			**2.036**	**2.036**
Present (non write off) value				
Opening balance 01.01.2013	**8.837**		**579**	**9.416**
Balance as at 31.12.2013	**8.837**	**320**	**290**	**9.447**

10.2. Property, plants and equipment

Structure and changes in property, plants and equipment	in 000 dinars				
	Buildings	Plants and equipment	Property, Plants and equipment in preparation	Advance payments for property, plants and equipment	**TOTAL**
Purchase price					
Opening balance (01.01.2013)	919.807	94.277		42.872	**1.056.956**
New purchases over the course of the year		3.869			**3.869**
Transfer from one form to another					
Disposal, Retirement etc.		(3.998)		348	**(3.650)**
Closing balance (31.12.2013)	**919.807**	**94.148**		**43.220**	**1.057.175**
Value adjustment					
Opening balance (01.01.2013)	402.544	66.715			**469.259**
Depreciation for 2013	89	9.866			**9.955**
Disposal, Retirement etc.	(14.381)	(3.990)			**(18.371)**
Closing balance (31.12.2013)	**388.252**	**72.591**			**460.843**
Present (non write off) value					
Opening balance 01.01.2013	**517.263**	**27.562**		**42.872**	**587.697**
Closing balance 31.12.2013	**531.555**	**21.557**		**43.220**	**596.332**

Based on the decision of the Executive Board of the Company, current value per m2 of office space in the Energoprojekt building was leveled to 54.300,00 RSD/m2 and posted under the Buildings Value and Revaluation Reserves Adjustment Account in the amount of 14.381 thousand RSD.

On 31.12.2013, the residual value and the remaining useful lifetime for the property and equipment with significant accounting value were evaluated. The effect of the change in the accounting assessment influenced the change in depreciation costs for 2013 and consequently, the accounting value of assets on 31.12.2013 (Note 9.6).

The advance payment for the property in the amount of 43.220 thousand RSD refers to the paid advance to the Republic of Serbia for the purchase of property in Uganda, Peru and Nigeria.

On 31.12.2013, the Company has no property or equipment mortgaged or liened as collateral for financial obligations.

10.3. Investment property

Change in the investment property	*in 000 dinars*	
	2013	*2012*
Revaluation amount		
Opening balance (01.01)	602.612	496.698
New purchases	-	112.021
Revaluation - effects of the assessment	1.105	(6.107)
Closing balance (31.12)	**603.717**	**602.612**

The investment property in the amount of 603.717 thousand RSD refers to the following:

- Buildings „Samacki hotel“, total area of 8.034,00 m², with land use rights (18.598,00 m²) in Batajnicki put no. 24, Zemun (511.573 thousand RSD). The fair value of this investment property on 31.12.2012 was 529.491 thousand RSD. On the balance sheet date, a new assessment was performed and its value was reduced by 17.918 thousand RSD.
  The rental of these buildings to Energoprojekt Visokogradnja plc. generated an income in 2013 of 23.957 thousand RSD (Note 9.3).
- Business premises "Stari Merkator", total area 643 m², third floor of the building no. 2, on the specific part of the building 235, in Palmira Toljatija street no. 5, cadastral lot no. 254, registered in the registry of immovable property no. 3132 cadastral municipality New Belgrade in the amount of 92.144 thousand RSD. The fair value of the investment property on 31.12.2012 was 73.121 thousand RSD. On the balance sheet date, a new assessment was performed and its value was increased by 19.023 thousand.
  This building was not leased in 2013 (waiting for a tenant).

The valuation of the fair value on 31.12.2013 was performed by an independent valuator who has appropriate professional qualifications and recent relevant work experience in the field of investment property. The valuation of the value was performed based on numerous factors, such as: existing renting conditions, valuation of market conditions and valuation of the capitalization rate by using comparative market data, if possible. Due to the current situation on the property market and reduced number of sales transactions with respect to previous years due to the economic crisis, the valuator has mostly used his knowledge of the market and professional judgment and less results of comparable transactions in the past.

10.4. Long-term financial investments

Structure of long-term financial investments	*in 000 dinars*	
	2013	*2012*
Equity investments in subsidiaries and affiliated companies		
EP Visokogradnja plc. (92,53%)	1.706.767	1.704.254
EP Niskogradnja plc. (100 %)	1.012.084	855.506
EP Oprema plc. (67,87%)	121.316	121.316
EP Hidroinženjering plc. (94,84%)	399.230	399.230
EP Urbanizam i arhitektura plc. (94,40%)	146.455	146.455
EP Promet ltd. (100,00%)	295	295
EP Energodata plc. (96,43%)	191.438	191.438
EP Industrija plc. (62,77%)	61.209	61.209
EP Entel plc. (86,26%)	216.422	216.422
EP Garant plc. (92,94%)	597.545	597.545
Enjub ltd. (50,00%)	13.550	13.550
I.N.E.C. Engineering Company Limited (100,00%)	62.359	62.359
Encom GmbH Consulting, Engineering & Trading (100,00%)	3.493	3.493
Nana Offshore S.A.L. (100,00%)	924.749	924.749
Zambia Engineering and Contracting Company Limited (100,00%)	587	587
Total	**5.457.499**	**5.298.408**
Equity investments in other related parties and other securities for sale		
Dunav plc. (0,20333%)	450	348
Jubmes banka plc. (1,40672%)	32.448	46.895
Hipotekarna bank plc Podgorica (0,3961%)	-	8.654
FIMA SEE Activist plc. Belgrade (15,96806%)	10.160	11.600
Energobroker plc (17,64%)	4.371	4.371
Hotel Bela ladja plc, Becej (4,3578%)	5.947	5.947
Aik bank plc. (0,00573%)	794	795
Total	**54.170**	**78.610**
TOTAL	**5.511.669**	**5.377.018**
Other long-term financial investments		
Long-term loans granted to subsidiaries	751.502	794.443
Long-term housing loans granted to employees	1.591	2.084
Total	**753.093**	**796.527**
TOTAL	**6.264.762**	**6.173.545**

Equity investments represent long term investments in shares and in subsidiaries and affiliates, banks and insurance companies (available for sale securities).
Equity investments in subsidiaries and affiliates are disclosed according to the method for disclosing investments at purchase cost. The Company recognizes revenues in the amount received from the distribution of retained earnings of the investment user incurred after the date of acquisition.

Equity investments in other companies and investments in available for sale securities are estimated at fair value.

Equity investments of EP Visokogradnja plc. were increased based on the purchase of shares by those shareholders, who have submitted a written request to EP Holding plc as the controlling shareholder, according to the Companies Law.

Equity investments of EP Niskogradnja plc. were increased upon decision of the Supervisory Board of EP Holding plc regarding the compulsory share buyout from the remaining shareholders at a price set in accordance with provisions the Companies Law concerning share buyout from unwilling shareholders.

Changes in securities available for sales occurred after the sale of shares of Hipotekarna banka plc, Podgorica (124 shares, 515 EUR per share) and value adjustments for securities in the Company's portfolio with their fair value on the secondary securities market on the reporting date.

The Company owns shares of other legal entities, in particular:

1. Dunav plc: 527 shares with market value on the balance sheet date amounting to 853 RSD per share,
2. Jubmes bank plc: 4.056 shares with market value 8.000,00 RSD per share,
3. Fima See Activist plc: 1.600 shares with market value 6.350 RSD per share,
4. Hotel Bela ladja plc, Becej: 60.070 shares with market value 99,00 RSD per share,
5. AIK bank plc: 518 shares with market value 1.533,00 RSD per share.

Long-term loans granted to subsidiaries refer to Energoprojekt Visokogradnja plc in the amount of 88.759 thousand RSD and Energoprojekt Niskogradnja plc in the amount of 662.743 thousand RSD.

Long-term housing loans granted to employees refer to four housing loans granted by the Company to employees: two loans granted on 10.06.1992 with a 38,5 years repayment period, two loans on 28.11.1995 with a 40 years repayment period, the loan that was granted on 24.12.2009 for a period of 10 years, was repaid on 31.12.2013. Loans are interest-free and will be repaid in monthly installments. Pursuant to provisions of the contract and the Law on amendments and supplements of the Housing law, the Company applies installment revalorization twice a year according to the price shifts in the Republic of Serbia for the respective calculation period.

10.5. Inventories and paid advances

Structure of inventories and paid advances	*in 000 dinars*	
	2013	*2012*
Small inventory items	941	892
Paid advances	58.255	99.508
Less: value adjustment	(941)	(892)
Total	**58.255**	**99.508**

Paid advances, in the amount of 57.609 thousand RSD, refer mostly to the paid advance to Energoprojekt Oprema plc. according to the contract for the construction of the embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria a turnkey project, on the cadastral lot No. 313, registered in the registry of immovable property, cadastral zone A00.

10.6. Short-term receivables

Structure of short-term receivables	*in 000 dinars*	
	2013	*2012*
Trade receivables		
Buyers –subsidiaries	311.872	236.223
Buyers – other affiliates	705	705
Domestic buyers	149	51
Total	**312.726**	**236.979**
Receivables from specific business operations		
Other receivables from specific business operations	54.865	9.267
Less: value adjustment		-
Total	**54.865**	**9.267**
Other receivables		
Interest and dividends	49.807	25.952
Staff claims	110	61
Receivables from state institutions	386	100
Prepaid income tax	-	-
Other prepaid taxes and contributions	-	91
Less: value adjustment	-	-
Total	**50.303**	**26.204**
TOTAL	**417.894**	**272.450**

Changes in the value adjustment account are indicated in the following table.

Changes in value adjustment for receivables	*in 000 dinars*	
	2013	*2012*
Balance on 01.01.	-	523
Additional value adjustment	-	-
Previously adjusted receivables - direct write-off	-	523
TOTAL	**-**	**-**

The Company has signed blank bills of exchange with authorization that will be used as collateral for the collection of payments pursuant to service agreements for the provision of services to subsidiaries.

Receivables from buyers and other receivables are non-interest bearing.

Detailed review of short-term receivables is presented in the Note 8.1 and reconciliation of receivables and liabilities in presented in the Note 10.22.

10.7. Short-term financial investments

Structure of short-term financial investments	*in 000 dinars*	
	2013	*2012*
Short-term loans and investments –subsidiaries and affiliates		
Subsidiaries	254.016	267.867
Other affiliates	153.092	151.859
Less: value adjustment		
Total	**407.108**	**419.726**
Domestic Short-term loans		
Maturing obligations up to 1 year – long-term housing loans	78	156
Short-term loans to employees	504	432
Less: value adjustment		
Total	**582**	**588**
TOTAL	**407.690**	**420.314**

Details on granted loans to subsidiaries and other affiliates are indicated in the following table.

No.	Borrower and contract no.	Borrowed amount in currency (000 EUR)	Receivables due based on the loan in (000 EUR)	Receivables due based on the loan in (000 RSD)	Maturity	Loan terms and conditions
1	**EP Visokogradnja plc.**					
	Annex no.2 to the Loan reprogramming agreement no. 70	1.640	1.640	188.016	31.12.2014	4,5% annually
2	**EP Energodata plc.**					
	Annex no.2 to the Loan reprogramming agreement no. 72	304	304	34.903	31.12.2014	4,5% annually
3	**EP Urbanizam i arhitektura plc.**					
	Loan reprogramming agreement no. 40	271	271	31.097	31.12.2014	4,5% annually
TOTAL SUBSIDIARIES		**2.216**	**2.216**	**254.016**		
4	**Enjub ltd.**					
	Annex no.2 to the Loan reprogramming agreement no. 115	1.198	1.198	137.329	31.12.2014	three months EURIBOR+6,5%
	Annex no.6 to the Loan agreement no. 367	138	138	15.763	31.12.2014	three months EURIBOR+6,5%
	Total Enjub ltd.	**1.335**	**1.335**	**153.092**		
TOTAL AFFILIATED COMPANIES		**1.335**	**1.335**	**153.092**		
TOTAL		**3.551**	**3.551**	**407.108**		

Short-term loans to subsidiaries and other related companies were approved to a period of 12 months with an interest rate of 4,5% annually to 3M EURIBOR + 6,5 %.

The Company has 2 (two) signed blank bills of exchange with authorization that will be used as collateral for the collection of payments pursuant to loan agreements concluded with subsidiaries and the affiliated company. Besides bills of exchange, the Company has an extrajudicial mortgage for the entire loan amount for apartments in Jurija Gagarina street, New Belgrade.

Short term financial loans to employees in the amount of 504 thousand RSD refer to interest-free loans to employees of the Company for heating and winter supplies that are repaid in monthly installments for a period of six months.

10.8. Cash and cash equivalents

Structure of cash and cash equivalents	*in 000 dinars*	
	2013	*2012*
Current accounts (RSD)	69.446	6.806
Current accounts (FX)	81.997	108.138
Cash balance RSD	33	139
Short-term term deposits and letters of credit	-	218.889
TOTAL	**151.476**	**333.972**

RSD and FX current accounts of the Company indicates funds deposited in domestic banks (Banca Intesa, Unicredit bank, Hypo-Alpe-Adria bank, Jubmes bank, Alpha bank, Vojvodjanska banka, Societe Generale bank, Credit Agricole bank, Raiffeisen bank and Erste bank, Komercijalna Banka and Piraeus bank.

10.9. Added value tax and active accruals

Structure of added value tax and active accruals	*in 000 dinars*	
	2013	*2012*
Prepaid expenses	2.379	1.818
Prepaid VAT	2.251	801
Receivables on non-invoiced income	171.314	49.554
Other active accruals	1.066	627
TOTAL	**177.010**	**52.800**

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

Receivables on non-invoiced income in the amount of 171.314 thousand RSD refer to the completion of the agreement on the construction of the embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the registry of immovable property, cadastral zone A00 (171,168 thousand RSD) and receivables from Telekom Serbia plc in the amount of 146 thousand RSD based on the renting of the roof terrace of Energoprojekt building for November and December of the reporting year.

10.10. Changes in capital

in 000 RSD

DESCRIPTION	Share capital	Other capital	Issuing premium	Reserves	Revaluation reserves	Unrealized profit/loss from securities	Undistributed profit	Losses up to capital	Redeemed shares	Total
Balance on 31.12.2012	5,068,144	27,178	1,600,485	134,881	43,080	2,274	789,728		-	7,665,770
Correction of errors and changes in the accounting policy										
Restated balance	5,068,144	27,178	1,600,485	134,881	43,080	2,274	789,728		-	7,665,770
Increase of share capital										-
Changes of the fair value of available-for-sale securities						(18,520)				(18,520)
Net profit in the current period							399,088			399,088
Distirbution of profits	506,815						(506,815)			-
Sales / (acquisition) of shares						(4,890)				(4,890)
Adjustment for income tax revenue for 2012 and IAS 12					9,830		2,910			12,740
Balance on 31.12.2013	**5,574,959**	**27,178**	**1,600,485**	**134,881**	**52,910**	**(21,136)**	**684,911**			**8,054,188**

10.11. Share capital

The following tables indicate the ownership structure of Energoprojekt Holding plc. shares on 31.12.2013 according to records of the Central Securities Depository:

	No. of shares	% from total issue	
Shares held by private shareholders	**3.445.620**	**31,52%**	
Shares held by legal entities	**6.653.307**	**60,86%**	
- Republic of Serbia	3.671.205		33,58%
- Other legal entities	2.982.102		27,28%
Summary (custody) account	**832.365**	**7,61%**	
Total shares	**10.931.292**	**100,00%**	

Number of shareholders with equity share	Number of entities			Number of shares			% of total issue		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
To 5%	7.805	245	8.050	4.613.976	753.432	5.367.408	42.21%	6,89%	49.10%
From 5% to 10%	0	0	0	0	0	0	0.00%	0.00%	0.00%
From 10% to 25%	1	0	1	1.892.679	0	1.892.679	17.31%	0.00%	17.31%
From 25% to 33%	0	0	0	0	0	0	0.00%	0.00%	0.00%
From 33% to 50%	1	0	1	3.671.205	0	3.671.205	33.58%	0.00%	33.58%
From 50% to 66%	0	0	0	0	0	0	0.00%	0.00%	0.00%
From 66% to 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
Over 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
Total number	7.807	245	8.052	10.177.860	753.432	10.931.292	93.11%	6.89%	100.00%

List of top 10 shareholders by total shares held:

Name	Number of shares	% of total issue
Serbian Government	3.671.205	33.58%
Napred Razvoj plc New Belgrade	1.892.679	17.31%
East Capital (Lux) – Balkan Fund	370.593	3.39%
Gustavia Fonder Aktiebelag	126.000	1.15%
Raiffeisen Bank plc – custody	109.337	1.00%
Raiffeisen Bank plc – custody	98.447	0.90%
Raiffeisen Bank plc Belgrade – custody	97.351	0.89%
Erste Bank plc Novi Sad – custody	91.477	0.84%
Unicredit Bank Serbia plc – summary account	62.715	0.57%
Polunin Discovery Funds	58.965	0.54%

Serbian Government 33,58%
Other 39,82%
Professional investors 26,60%

Capital structure	in 000 dinars	
	2013	2012
Share capital		
Share capital (ordinary shares)	5.574.959	5.068.144
Other share capital	27.178	27.178
TOTAL	**5.602.137**	**5.095.322**

The share capital consists of 10.931.292 ordinary shares each with a nominal value of 510 RSD (5.574.959 thousand RSD), and a nominal book value of 736,80 RSD.

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

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

At the 41st General meeting of Energoprojekt Holding plc, held on 28.06.2013, under Item 3 of the agenda, the following decision on the distribution of undistributed profit was taken:

- The net profit of Energoprojekt Holding plc for 2012 amounts to 505.370.307,96 RSD. The undistributed profit from previous years was 284.872.483,11 RSD. Total undistributed profit of Energoprojekt Holding plc is 790.242.791,07 RSD.
- The total undistributed profit of Energoprojekt Holding plc is allocated as follows:
  a) The amount of 506.814.540,00 RSD will be used to increase the equity by issuing XI issue for the purpose of converting undistributed profit to equity, (993.754 shares with a nominal value of 510,00 RSD).
  b) The balance of 283.428.251,07 RSD remains unallocated.

The decision adopted at the General meeting was recorded in accounting books on 28.06.2013 and filed with the Serbian Business Registers Agency on 09.07.2013.

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

10.12. Reserves

The reserves consist of:

Structure of reserves	in 000 dinars	
	2013	2012
Issuing premium	1.600.485	1.600.485
Legal reserves	23.185	23.185
Statutory and other	111.696	111.696
TOTAL	**1.735.366**	**1.735.366**

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

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

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

10.13. Revaluation reserves, unrealized profit/loss from securities available for sales

Structure of revaluation reserves, unrealized profit/loss from securities	in 000 dinars	
	2013	2012
Revaluation reserves	52.910	43.080
Unrealized profit from securities available for sales	-	8.134
Unrealized loss from securities available for sales	(21.136)	(5.860)
TOTAL	**31.774**	**45.354**

Changes in **revaluation reserves** for properties in the amount of 9.830 thousand RSD, relate to the current value per m2 of office space in the Energoprojekt building that was leveled to 14.381 RSD, according to the Decision of the Executive Board of the Company and the implementation of IAS 12, according to which the revaluation reserves were decreased by 4.551 thousand RSD.

The change in **Unrealized profit/loss from securities available for sales** refer to the adjustment of the value of securities from the Company's portfolio (Note 10.4) with their fair value on the secondary market on reporting date and to the sales of Hipotekarna Banka plc, Podgorica shares.

10.14. Undistributed profit

The **undistributed profit** and respective adjustments are indicated in the following table.

The undistributed profit and respective adjustments	*in 000 dinars*	
	2013	*2012*
Balance on 01.01.	789.728	526.307
Adjustment of profit based on the income tax and IAS 12	2.910	(6)
Allocation of profit	(506.815)	(241.429)
Allocation of profit to statutory reserves	-	-
Profit – current year	**399.088**	**504.856**
Balance on 31.12.	**684.911**	**789.728**

The allocation of undistributed profit on 31.12.2012 (current profit for 2012) was performed according to the GM resolution taken by Energoprojekt Holding plc. on the 41st General meeting under item 3 of the agenda, held on 28.06.2013 (Note 10.11).

10.15. Long-term provisions

Structure of long-term provisions	*in 000 dinars*	
	2013	*2012*
Provisions for fringe and other employee benefits	5.055	5.017
Other long-term provisions	260.000	260.000
TOTAL	**265.055**	**265.017**

Provisions for fringe and other employee benefits (provisions for non-due retirement bonus), are indicated based on actuarial calculation of Energoprojekt experts.

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

0,57% decrease of the provision amount in Energoprojekt, based on current retirement values in the balance sheet on 31.12.2013 in comparison to 31.12.2012, was a result of several changed factors:

- On one hand, changes of some factors affect the increase of the provision amount (1,50% increase in the number of employees and 4,79% increase of the average retirement amount);
- On the other hand, changes of some factors affect the decrease of the provision amount (2,42% decrease of the average years in service in the Company and increase of the difference between the annual discount rate and the average annual expected salary growth rate of 0,50%).

In addition to the above-mentioned, the change in the provision structure in specific companies is a consequence of the change in the aliquot part of number of employees in specific companies against the total number of employees in the whole Energoprojekt Group.

The provision projection procedures, considering IAS 19, were performed according to the following steps:

- *first, 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 a retirement bonus, as well as the period during which this bonus will be paid out;*
- *Second, considering provisions of the Collective agreement, the bonus amount was valuated for each year of service indicated on the balance sheet date, and*
- *Third, the discount factor (discount rate to expected salary growth ratio) was used to determine the present value of the expected retirement bonus outflows.*

The Retirement bonus is paid pursuant on Article 48 of the Collective agreement. The employer will pay to the employee a retirement bonus in the amount of: 1) employee's triple net earnings of the month that precedes the month of retirement, 2) triple net average earnings in the month that precedes the month of retirement, 3) in the amount prescribed by law; depending upon which amount is most favorable for the employee.

Upon discounting, the following assumptions were considered:

- *expected annual growth of earnings in the Company of 6% and*
- *discount rate of 9% .*

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 Company, these values will be specified later in the text.

The rate of 9% was accepted as the annual discount rate. In the paragraph 78, IAS 19 and paragraph BC 33 in the Basis for Conclusions IAS 19, it is explicitly stated that the rate used for discount should be defined according to market yields at the balance sheet date for high yield corporate bonds. In countries where there is no developed market for such bonds, market yields (at the balance sheet date) for government bonds should be used. The value date and deadlines for bonds should be in accordance with the value date and deadlines for liabilities for income after employment.

Since the financial market of Serbia is insufficiently developed, the real 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 on the balance sheet date. According to the above, the discount rate was determined according to the annual yield of government bonds, issued on 30.12.2013 by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia. These bonds were issued with an annual interest rate of 8,89%. Since the maturity of reference securities (371 days) is shorter than the average estimated maturity for income that is the subject of this calculation, in view of requirements from paragraph 81, IAS 19, the discount rate was estimated considering longer maturity.

The annual expected wage growth in the Company is planned at a level of **6%**.

The annual discount rate and the annual wage growth depend upon the inflation rate. The Memorandum of the National Bank of Serbia on the target inflation rate till 2016, adopted at the meeting of the Executive Board of NBS on 18.10.2013, among other things, determines the target inflation rate for 2014 of 4%, with permissible deviation (positive and negative) of 1,5 percentage points. According to the above and considering the decrease in inflation in 2013 and the expectation that structural reforms and price liberalization will not be performed as indicated in the Memorandum, it would be realistic, for the next-year inflation and within permitted framework foreseen by the MEMORANDUM, to plan the inflation with maximum permissible positive deviation of 1%.

The provision will be estimated according to the planned annual inflation of 5%. It can be concluded that the Company planned a long-term annual wage growth of 1% and the long-term annual real discount rate was planned at 4%.

If the inflation rate would drop in the future, the applied logic would result in the reduction of nominal wages but also of the discount rate (that is defined by the inflation rate) so that the change would to lead to the change in results presented in this document. The methodology used, indicating the long-term 6% and long-term annual discount rate of 9%, assumes an unchanged inflation rate in future. This assumption is requested in the paragraph 75, IAS 19.

Other long-term provisions in the amount of 260.000 thousand RSD are recorded in the balance sheet on 31.12.2006, pursuant to the decision of the Board of Management of the Company, as possible contract expenses related to the Joint construction agreement - Block 26, New Belgrade no. 507, concluded between the consortium „Energoprojekt – Napred“ and Trinity Capital ltd.

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

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

On 31.12.2013 there is still uncertainty with regard to the application of the legislation that may affect the fulfillment of all obligations assumed by the Company and possible activation of issued bills of exchange by Trinity Capital ltd. Therefore, the management assesses that conditions for the cancellation of the provision at the balance sheet date have not been met yet.

10.16. Long-term loans

Liabilities from long term loans are due in a period longer than one year from the performance date or balance sheet date.

The following table shows liabilities related to the long-term loan in dinar on 31.12.2013, divided to liabilities up to one year (disclosed as short-term liabilities), Note 10.17. and liabilities over one year (disclosed as long-term liabilities).

Creditor	*in 000 dinars*			
	2013		*2012*	
	Long-term liabilities	*Short-term liabilities*	*Long-term liabilities*	*Short-term liabilities*
Komercijalna banka	16.667	33.333	-	-
Erste bank	-	45.997	45.627	152.089
Republic of Serbia Development Fund	-	150.208	148.997	142.581
TOTAL	**16.667**	**229.538**	**194.624**	**294.670**

Komercijalna Banka approved a long-term permanent working capital loan (27.12.2013) in the amount of 50.000.000,00 RSD.

The Loan was approved under the following terms and conditions:

- Loan repayment is in 15 months from the loan disbursement date with a grace period. The grace period for the principal is 6 months from the loan disbursement date.
- Interest rate is fluctuating and is 9 % per annum on the date of loan approval.
- Loan repayment is in equal monthly installments starting from 31.07.2014. Last rate matures on 31.03.2015.

Annuities maturing in 2014 are 33.333 thousand RSD are disclosed under short-term financial commitments maturing in less than one year.

The loan will be secured by bills of exchange issued by Energoprojekt Holding plc and guarantees from Energoprojekt Niskogradnja plc, Energoprojekt Oprema plc, Energoprojekt Entel plc, Energoprojekt Industrija plc and Energoprojekt Hidroinženjering plc.

10.17. Short-term financial liabilities

Structure of short-term financial liabilities	*in 000 dinars*	
	2013	*2012*
Short-term domestic loans	-	-
Long-term loan maturing in one year	229.538	294.670
Long-term liabilities maturing in one year	-	173
Other short-term financial liabilities – based on visa accounts	260	192
TOTAL	**229.798**	**295.035**

Part of long-term loans with one-year maturity (229.538 thousand RSD) relate to the Development Fund of the Republic of Serbia (150.208 thousand RSD, Erste bank (45.997 thousand RSD) and Komercijalna Banka (Note 10.16) in the amount of 33.333 thousand RSD.

The long-term permanent working capital loan was approved on 30.12.2010 by the **Development Fund of the Republic of Serbia** in the amount of 321.174.000,00 RSD, or 3.040.225,67 EUR.

On 14.05.2012 an Annex 1 on the reprogramming of the loan in the amount of 290.866.733,11 RSD, or 2.869.101,22 EUR was concluded.

The loan was concluded under the following conditions:

- The repayment period is 2 years after the expiration of the grace period (until 31.12.2012). During the grace period, the intercalary interest is calculated per quarter retrospectively and applied to the principal debt,
- Interest rate 4,5% per annum,
- Loan repayment in quarterly annuities starting from 31.12.2012. Last annuity matures on 31.12.2014.

Annuities maturing in 2014 are 150.207.627,59 RSD (1.310.230,95 EUR).

Bills of exchange of Energoprojekt Holding plc will be used as collateral and guarantees from Energoprojekt Niskogradnja plc, Energoprojekt Oprema plc, Energoprojekt Entel plc, Energoprojekt Industrija plc and Energoprojekt Hidroinženjering plc.

The currency clause is used for the calculation of the principal debt and the debt is set in EUR according to the NBS middle rate on the drawdown date and is recalculated in RSD according to the middle rate on the maturity date.

The Development Fund of the Republic of Serbia has approved the loan based on the document "The permanent working capital program of Energoprojekt Holding plc" that defines the necessary funds to overcome the short-term insolvency and enhance marketing activities of Energoprojekt Visokogradnja plc abroad.

Liquidity maintenance, working capital and export loan from Erste Bank on 27.09.2012 in the amount of 200.000.000,00 RSD or 1.738.646,63 EUR, under the following conditions:

- The repayment period is 18 months after the expiration of the grace period (27.03.2013);
- The nominal interest rate is fluctuating and is 2,5% per annum on the loan approval date;
- Loan repayment is in equal monthly installments (134.615,38 EUR) starting from 27.03.2013. Last rate matures on 27.03.2014.

Installments in 2014 amount to 45.997.406,12 RSD or 401.226,13 EUR.
The currency clause is used for the calculation of the principal debt and the debt is set in EUR according to the NBS middle rate on the drawdown date.

2 (two) bills of exchange of Energoprojekt Holding plc will be used as collateral and 2 (two) authorizations. Energoprojekt Holding plc authorizes the Bank, in case of failure to fulfill contractual obligations, to activate the bills of exchange for the due amount with no protest clause and to submit for collection, and, pursuant to the law, to collect other remaining collaterals.

10.18. Liabilities from operating activities

Structure of liabilities from operating activities	in 000 dinars	
	2013	2012
Received advance payments and deposits	660	422
Suppliers –subsidiaries	65.957	47.287
Domestic suppliers	12.950	10.864
Foreign suppliers	3.288	2.421
Liabilities from specific operations	131	337
TOTAL	**82.986**	**61.331**

Liabilities towards suppliers do not include any interest and due date between 5 and 30 days.

The Management of the Company believes that disclosed value of obligations from operating activities reflects their fair value at the balance sheet date.

10.19. Other short-term liabilities

Structure of short-term liabilities and accruals and deferred income	in 000 dinars	
	2013	2012
Salaries and fringe benefits - gross	12.928	23.320
Interest and financing costs	139	426
Dividends and profit sharing	11.810	11.841
Employees	846	1.633
Supervisory Board	475	518
Service contracts	353	162
Other	1.652	1.145
TOTAL	**28.203**	**39.045**

Salaries and fringe benefits refer mostly to obligations (net, taxes and contributions) related to December salaries, paid in January of the next year.

Other liabilities, in the amount of 1.652 thousand RSD, refer mostly to withholding from net wages (based mostly on union fees, granted loans, etc.) in the amount of 1.550 thousand RSD.

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

10.20. VAT and other public duties and accruals

VAT and other public duties and accruals	in 000 dinars	
	2013	2012
VAT and other public duties and accruals		
Liabilities for value added tax	5.887	3.305
Liabilities for taxes, customs and other duties purchase-related or charged to costs	278	227
Other liabilities for taxes, customs and other duties	624	643
Total	**6.789**	**4.175**
Liabilities for income tax	**-**	**8.513**
Accruals and deferred income		
Calculated revenues in the future period	-	75
Accrued expenses	38	66
VAT liabilities	-	5
Total	**38**	**146**
TOTAL	**6.827**	**12.834**

Liabilities for value added tax refer to the difference between the calculated tax and previous tax. This obligation was settled timely, at the beginning of the following year.

10.21. Deferred tax liabilities and deferred tax assets

Deferred tax liabilities and deferred tax assets	in 000 dinars	
	2013	2012
Deferred tax assets	(3.702)	(2.567)
Deferred tax liabilities	25.844	21.225
Net tax assets / liabilities	**22.142**	**18.658**

Deferred tax liabilities disclosed on 31.12. refer to *taxable temporary differences* between the book value of assets subject to depreciation and their tax base. Due to different provisions used in the Company to define accounting depreciation (provisions of the professional regulation; IAS and IFRS, etc) and provisions that define tax depreciation (Legal entity income tax law).

The Company will pay, in the future, more income tax that it would pay, if the truly disclosed accounting depreciation would be acknowledged by the tax legislation. For this reason, the company recognizes the deferred income tax liability which will become payable with the company has "recovered" the accounting value of the assets.

Deferred tax liabilities are calculated by multiplying the taxable temporary difference at the end of the year and the income tax rate (15%).

Deferred tax liabilities and respective changes are indicated in the following table.

Deferred tax assets (liabilities) and respective changes	*in 000 dinars*	
	2013	*2012*
Deferred tax liabilities at the end of the previous year	18.658	9.593
Deferred tax liabilities at the end of the current year	22.142	18.658
Changes in deferred tax liabilities	**(3.484)**	**(9.065)**

Changes in deferred tax liabilities	*in 000 dinars*	
	2013	*2012*
Deferred tax liabilities	(1.554)	(9.065)
Revaluation reserves	(2.157)	-
Undistributed profit from the previous year	227	-
Total	**(3.484)**	**(9.065)**

Deferred tax expenses (in the amount of 1.554 thousand RSD) are acknowledged against results of the Company in 2013 in which the increase of deferred tax liabilities was established.

10.22. Reconciliation of Claims and Liabilities

The Company performed **reconciliation of claims** related to domestic and foreign buyers as at 31.12.2013.

Claims from the total of seventeen *domestic buyers*, as at 31.12.2013, in the amount of 312.726 thousand RSD, were reconciliated.

The Company performed the **reconciliation of claims** related to domestic and foreign buyers as at:

- 30.06.2013
- 30.09.2013 and
- 31.12.2013.

With respect to 5 Statements of outstanding items received from *domestic suppliers*, as at 30.11.2013 in the amount of 1.230 thousand RSD, all were reconciled.

With respect to 7 Statements of outstanding items received from *domestic suppliers*, as at 30.12.2013 in the amount of 2.299 thousand RSD all were reconciled.

10.23. Off-balance sheet items

Pursuant to legal provisions (Regulation of the Form and Contents of Financial Statements submitted by companies, cooperatives, other legal entities and entrepreneurs) the Company disclosed off-balance sheet items in its financial statements. Items disclosed under off-balance sheet assets and liabilities, shown in the table below, are neither assets nor liabilities of the company but serve simply to inform the reader.

Structure of off-balance sheet items	*in 000 dinars*	
	2013	*2012*
Issued guarantees and other sureties		
Received guarantees - DIN	-	18.807
Received guarantees - foreign currency	2.866	2.843
Issued guarantees - DIN	2.091.034	1.019.660
Issued guarantees - foreign currency	9.083.029	6.735.589
Issued corporative guarantees - foreign currency	1.662.564	-
Total	**12.839.493**	**7.776.899**
Other off-balance sheet items		
Other off-balance sheet items	936.829	983.530
Total	**936.829**	**983.530**
TOTAL	**13.776.322**	**8.760.429**

Issued guarantee to remedy defects within the warranty for the Prokop station in the amount of 18.807 thousand RSD expired on 01.08.2013 (UniCredit bank).

Off-balance sheet items of the Company in the amount of 8.760.429 thousand RSD refer to:
Issued guarantees, sureties and other warranties in the amount of 12.839.493 thousand RSD refer to:

- Issued guarantee for duly settlement of obligations related to plane tickets in the amount of 2.866 thousand RSD (25 thousand EUR) that expires on 20.01.2014 and is renewed each three months (Alpha bank)
- Issued guarantees related to loans and guarantees for subsidiaries in the amount of 11.174.063 thousand RSD; and
- Issued corporative guarantees Energoprojekt Niskogradnja plc in the amount of 1.662.564 thousand RSD (guarantee for the project BBVA-PERU in the amount of 1.163.795 thousand RSD and the project BANCO FINANCIERO-PERU in the amount of 498.769 thousand RSD).

Based on issued warranties and corporate guarantees the Company has concluded agreements with subsidiaries based on which the Company is the guarantor and received from them the respective collaterals

Other off-balance sheet items in the amount of 936.829 thousand RSD refer to:

- the use of city building land, block 25 and 26, New Belgrade in the amount of 890.624 thousand RSD
- obligations for Enjub dividends, directly write-off in the previous period, in the amount of 30.442 thousand RSD;
- mortgage on Enjub apartments in the amount of 15.763 thousand RSD (according to the loan agreement with Enjub ltd.).

11. MORTGAGES REGISTERED IN FAVOR OR AGAINST THE COMPANY

As collateral to secure the loan no. 423/367, in the amount of 15.763 thousand RSD (137 thousand EUR), approved by the Company to Enjub ltd, the extrajudicial mortgage for the entire loan amount was registered for apartments in Jurija Gagarina 91A, second and third floor, cadastral plot no. 5089/9, cadastral municipality New Belgrade, registered in the registry of immovable property no. 4550, cadastral municipality New Belgrade in favor of the Company.

12. TRANSACTIONS WITH RELATED PARTIES

According to requests from IAS 24 – *Related parties disclosures*, the relationship, transactions, etc. between the Company and related parties were disclosed. Related parties, from the Company' point of view, are as follows: **related companies and key management** (persons with authorizations and responsibility with regard to the planning, guidance and control of company's activities, directly or indirectly, including all directors, regardless if executive or not) and immediate family members.

From the point of view of related parties, the following two tables indicate transactions that resulted in revenues and expenses in the profit and loss account and disclosed receivables and liabilities in the balance sheet.

Structure of revenues and expenses from related parties	*in 000 dinars*	
	2013	*2012*
Revenues		
EP Garant plc.	57.673	35.811
EP Visokogradnja plc.	109.551	214.296
EP Niskogradnja plc.	123.119	201.584
EP Hidroinženjering plc.	31.817	37.918
EP Entel plc.	232.694	227.934
EP Energodata plc.	10.715	17.746
EP Industrija plc.	19.407	26.001
EP Urbanizam i arhitektura plc.	8.933	12.523
EP Oprema plc.	167.642	166.934
I.N.E.C. Engineering Company Limited	18	-
Encom GmbH Consulting, Engineering & Trading	-	150
EP Montenegro ltd.	-	277
Total	**761.569**	**941.174**
Expenses		
EP Garant plc.	573	394
EP Visokogradnja plc.	30.766	16.135
EP Niskogradnja plc.	5.207	5.047
EP Hidroinženjering plc.	56	279
EP Entel plc.	611	1.478
EP Energodata plc.	13.684	13.506
EP Industrija plc.	49	268
EP Promet ltd.	520	555
EP Urbanizam i arhitektura plc.	2.483	3.146
EP Oprema plc.	136.725	65.495
I.N.E.C. Engineering Company Limited	1.334	3.500
Encom GmbH Consulting, Engineering & Trading	8.800	10.966
EP Montenegro ltd.	-	3.466
Total	**200.808**	**124.235**

Structure of receivables and liabilities to related parties	in 000 dinars	
	2013	2012
Receivables		
EP Garant plc.	629	172
EP Visokogradnja plc.	482.410	361.432
EP Niskogradnja plc.	674.028	744.624
EP Hidroinženjering plc.	50.818	54.779
EP Entel plc.	9.053	9.890
EP Energodata plc.	68.042	62.256
EP Industrija plc.	57.790	39.265
EP Urbanizam i arhitektura plc.	46.383	36.061
EP Oprema plc.	65.430	9.251
Total	**1.454.583**	**1.317.730**
Liabilities		
EP Visokogradnja plc.	11.639	61
EP Niskogradnja plc.	26	-
EP Entel plc.	15	100
EP Energodata plc.	787	543
EP Industrija plc.	83	-
EP Urbanizam i arhitektura plc.	-	337
EP Oprema plc.	33.886	35.779
Encom GmbH Consulting, Engineering & Trading	19.604	10.803
Total	**66.040**	**47.623**

Receivables from related parties arise mostly from the sales of services and are due within 15 days from the invoice date. The Company received blank bills of exchange and authorizations as collateral.

13. COMMITMENT AND CONTINGENCIES

Contingent liability that may result in the outflow of economic benefits, may arise, first of all, from lawsuits. **A contingent liability arising from lawsuits** leads possibly to the completion of legal proceedings against the Company, yet no liability or provision was recorded in the balance sheet.

The following table contains the number and estimated values of lawsuits with the Company as the defendant and not very small probability for the Company to loose the case. Disclosed values with the contingent liability as at 31.12.2013, include only the principal amount per case.

Plaintiff	The first instance proceedings	The second instance proceedings	Total
No. of cases			
Natural person	3	4	7
Legal person	2	2	4
TOTAL	**5**	**6**	**11**
in 000 dinars			
Natural person	11.400	444	11.844
Legal person	-	639	639
TOTAL	**11.400**	**1.083**	**12.483**

Detailed information on the largest lawsuits with the Company as the defendant is indicated in the following table.

Plaintiff	Basis of claims	Contingent liability in 000 dinars
Aleksandar Vasojevic	Annulment of the decision adopted at XXXVII Extraordinary General Meeting	-
New company	Establishment of land ownership rights (IN Hotel)	-
Raonic Milan	Copyright infringement	7.000
Belgrade Land Development Public Agency	Debt and compensation for land (Hotel Hyatt Regency Belgrade)	Uncertain
Association of small shareholders, Association of retiree-shareholders - Jovan Korolija and Ivan Petrovic	Annulment of the decision adopted at XXXVII Extraordinary General Meeting	-
Activeast management	Compulsory redemption of shares	639
Radomir Banjac	Compensation	4.400
Sreta Ivanisevic	Compensation for expropriated property (Bezanija)	uncertain
Ivan Petrovic etc.	Annulment of the decision adopted at XXXVII extraordinary General Meeting and decisions adopted by The Board of Directors	-
Vladan and Tomislav Krdzic	Compensation (for the free-of-charge shares they did not earn)	444
Republic of Serbia	Determination of apartment ownership rights	-
TOTAL		**12.483**

Contingent asset that may result in the outflow of economic benefits, may arise, first of all, from lawsuits with the Company as the defendant.

A contingent asset arising from lawsuits leads possibly to the completion of legal proceedings in favor of the Company, yet no liability or provision was recorded in the balance sheet and the economic benefit was not recorded (for example, by reducing the value of unjustified advance payment, etc.).

The following table contains the number and estimated values of lawsuits with the Company as the plaintiff and there is a reasonable probability for the Company to win the case.

Defendant	*The first instance proceedings*	*The second instance proceedings*	*Total*
No. of cases			
Legal person	3	2	5
Natural person	1	-	1
TOTAL	**4**	**2**	**6**
in 000 dinars			
Legal person	1.458.841	27.766	1.486.606
Natural person	29	-	29
TOTAL	**1.458.870**	**27.766**	**1.486.635**

Detailed information on the largest lawsuits with the Company as the plaintiff is indicated in the following table.

Defendant	*Basis of claims*	*Contingent assets in 000 dinars*
Stari Grad Municipality	Determination of ownership rights	-
Ministry of Finance – Tax administration	Unjustified tax refund	26.959
Zekstra group ltd.	Compensation for damages (roof repair in Goce Delceva street 38)	806
Republic of Serbia, Electric Power Industry of Serbia, Epsturs ltd. and the Republic of Montenegro	Establishment of the ideal part of ownership of the Park Hotel in Budva	-
Ivan Music	Compensation (roof repair in Goce Delceva street 38)	29
Grad Beograd, Belgrade Land Development Public Agency, RS	Debt (Arena)	1.458.841
TOTAL		**1.486.635**

14. POST BALANCE SHEET EVENTS

There were no events after balance sheet date which would have any significant effect the credibility of the financial reports.

In Belgrade,
25.02.2014.

Person responsible for preparation of financial statements

Dimitraki Zipovski, Ph D in Economics

Energoprojekt Holding a.d. Beograd

Legal representative

Vladimir Milovanovic, Dipl.Ing. (Hons.)ME, Ms(PM)

ENERGOPROJEKT
HOLDING p.l.c.

2. AUDIT REPORT (the whole report)

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of the company "Energoprojekt Holding" a.d. Belgrade

We have audited the accompanying financial statements of the company "Energoprojekt Holding" a.d. Belgrade (hereinafter the "Company"), which comprise the balance sheet as of 31 December 2013 and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The statistical annex represents an integral part of these financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 financial statements are free from material misstatement.

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

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

BDO d.o.o. Beograd; Registarski broj 44916 kod Agencije za privredne registre; PIB 101672840; Matični broj 06203159
Poslovni računi: 295-1214105-50 kod Srpske banke a.d. Beograd; 240-69872101500-75 kod Findomestic banke a.d. Beograd
Upisani i uplaćeni osnivački kapital Društva 4.557,18 EUR
BDO d.o.o. Beograd, privredno društvo osnovano u Republici Srbiji, je članica BDO International Limited kompanije sa ograničenom odgovornošću sa sedištem u Velikoj Britaniji i deo je međunarodne BDO mreže firmi članica.
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INDEPENDENT AUDITOR'S REPORT

To the shareholders of the company "Energoprojekt Holding" a.d. Belgrade (Continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with the accounting regulations prevailing in the Republic of Serbia.

Belgrade, 6 March 2014

Igor Radmanović
Certified auditor

Društvo za reviziju BDO d.o.o. Beograd

ENERGOPROJEKT HOLDING PLC.

BALANCE SHEET
on December 31, 2013

in 000 RSD

Group accounts account	POSITION	EDP	Note no.	Amount Current year	Amount Previous year
1	2	3	4	5	6
	A. NON-CURRENT ASSETS (002+003+004+005+009)	001		7.474.258	7.373.270
00	I. UNPAID SUBSCRIBED CAPITAL	002			
012	II. GOODWILL	003			
01 w/out 012	III. INTANGIBLE ASSETS	004	10.1.	9.447	9.416
	IV. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005		1.200.049	1.190.309
020,022,023, 026,027(part), 028(part) ,029	1. Property, plant and equipment	006	10.2.	596.332	587.697
024,027(part) 028(part)	2. Investment property	007	10.3.	603.717	602.612
021,025,027 (part) and 028(part)	3. Biological assets	008			
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		6.264.762	6.173.545
030 to 032, 039(part)	1. Equity investments	010	10.4.	5.511.669	5.377.018
033 to 038, 039(part) less 037	2. Other long-term financial investments	011	10.4.	753.093	796.527
	B. CURRENT ASSETS (013+014+015)	012		1.231.608	1.179.044
10 to 13,15	I. INVENTORIES	013	10.5.	58.255	99.508
14	II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS	014			
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015		1.173.353	1.079.536
20, 21 and 22, except 223	1.Receivables	016	10.6.	417.894	272.450
223	2.Receivables for prepaid income tax	017	10.6.	19.283	
23 less 237	3.Short-term financial investments	018	10.7.	407.690	420.314
24	5.Cash equivalents and cash	019	10.8.	151.476	333.972
27 and 28 except 288	4.VAT and accruals	020	10.9.	177.010	52.800
288	**C. DEFERRED TAX ASSETS**	021			
	D. OPERATING ASSETS (001+012+021)	022		8.705.866	8.552.314
29	**E. LOSS OVER CAPITAL**	023			
	F. TOTAL ASSETS (022+023)	024		8.705.866	8.552.314
88	**G. OFF-BALANCE SHEET ITEMS**	025	10.23.	13.776.322	8.760.429

Group accounts, account	POSITION	EDP	Note no.	Amount Current year	Amount Previous year
1	2	3	4	5	6
	EQUITY AND LIABILITIES **A. EQUITY (102+103+104+105+106-107+108-109-110)**	101		8.054.188	7.665.770
30	I. SHARE AND OTHER CAPITAL	102	10.11.	5.602.137	5.095.322
31	II. UNPAID SUBSCRIBED CAPITAL	103			
32	III. RESERVES	104	10.12.	1.735.366	1.735.366
330 i 331	IV. REVALUATION RESERVES	105	10.13.	52.910	43.080
332	V. UNREALIZED GAINS BASED ON SECURITIES AVALIABLE FOR SALE	106			8.134
333	V. UNREALIZED LOSSES BASED ON SECURITIES AVAILABLE FOR SALE	107		21.136	5.860
34	VII. RETAINED EARNINGS	108	10.14.	684.911	789.728
35	VIII. LOSS	109			
037 and 237	IX. REDEEMED OWN SHARES	110			
	B. LONG-TERM PROVISIONS AND LIABILITIES (112+113+116)	111		629.536	867.886
40	I. LONG-TERM PROVISIONS	112	10.15.	265.055	265.017
41	II. LONG-TERM LIABILITIES (114+115)	113		16.667	194.624
414, 415	1. Long-term loans	114	10.16.	16.667	194.624
41 w/out 414 and 415	2. Other long-term liabilities	115			
	III. CURRENT LIABILITIES (117+118+119+120+121+122)	116		347.814	408.245
42, except 427	1. Short-term financial liabilities	117	10.17.	229.798	295.035
427	2. Liabilities from assets held for sale and assets from discontinued operations	118			
43 and 44	3. Liabilities from business operations/Accounts payable/Trade ar	119	10.18.	82.986	61.331
45 i 46	4. Other short-term liabilities	120	10.19.	28.203	39.045
47, 48 except 481 and 49 except 498	5. VAT and other public duties and accruals	121	10.20.	6.827	4.321
481	6. Income tax liabilities	122			8.513
498	**C. DEFERRED TAX LIABILITIES**	123	10.21.	22.142	18.658
	D. TOTAL EQUITY AND LIABILITIES (101+111+123)	124		8.705.866	8.552.314
89	**E. OFF-BALANCE SHEET ITEMS**	125	10.23.	13.776.322	8.760.429

In Belgrade, Date 25.02.2014.

Person responsible for preparation of financial statements

Legal representative

Seal

Energoprojekt Holding a.d. Beograd

ENERGOPROJEKT HOLDING PLC.

INCOME STATEMENT
for the period January 1 to December 31, 2013

in 000 RSD

Group accounts, account	POSITION	EDP	Note no.	Amount Current year	Previous year
1	2	3	4	5	6
	A. OPERATING INCOME AND EXPENSES				
	I. OPERATING INCOME (202+203+204-205+206)	201		**551.185**	**476.714**
60 and 61	1. Sales	202	9.1.	516.359	451.099
62	2. Income from undertaking of outputs and goods for own purposes	203	9.2.	495	482
630	3. Increase of inventories	204			
631	4. Decrease of inventories	205			
64 and 65	5. Other operating income	206	9.3.	34.331	25.133
	II. OPERATING EXPENSES (208 to 212)	207		**475.204**	**423.681**
50	1. Cost of goods sold	208			
51	2. Material costs	209	9.4.	26.320	23.429
52	3. Staff costs	210	9.5.	186.104	194.170
54	4. Depreciation, amortization and provisions	211	9.6.;9.7.	10.949	13.458
53 and 55	5. Other operating expenses	212	9.8.;9.9.	251.831	192.624
	III. PROFIT FROM OPERATIONS (201 - 207)	213		**75.981**	**53.033**
	IV. LOSS FROM OPERATIONS (207 - 201)	214			
66	V. FINANCIAL INCOME	215	9.10.	**364.531**	**567.842**
56	VI. FINANCIAL EXPENSES	216	9.11.	**21.196**	**62.957**
67, 68	VII. OTHER REVENUE	217	9.12.	**22.879**	**2.421**
57, 58	VIII. OTHER EXPENSES	218	9.13.	**21.294**	**17.654**
	IX. PROFIT FROM OPERATIONS BEFORE TAX (213-214+215-216+217-218)	219		**420.901**	**542.685**
	X. LOSS FROM OPERATIONS BEFORE TAX (214-213-215+216-217+218)	220			
69-59	XI. NET PROFIT FROM DISCONTINUED OPERATIONS	221			
59-69	XII. NET LOSS FROM DISCONTINUED OPERATIONS	222	9.13.	657	941
	B. PROFIT BEFORE TAX (219-220+221-222)	223	9.14.	**420.244**	**541.744**
	V. LOSS BEFORE TAX (220-219+222-221)	224			
	G. INCOME TAX				
721	1. Tax expenses for the period	225	9.15.	**19.602**	**27.823**
722	2. Deferred tax expenses for the period	226	9.15.	**1.554**	**9.065**
722	3. Deferred tax income for the period	227			
723	**D. EMPLOYER'S EARNINGS PAID**	228			
	Đ. NET PROFIT (223-224-225-226+227-228)	229	9.15.	**399.088**	**504.856**
	E. NET LOSS (224-223+225+226-227+228)	230			
	Ž. NET PROFIT BELONGING TO MINORITY INVESTORS	231			
	Z. NET PROFIT BELONGING TO EQUITY HOLDERS OF THE PARENT COMPANY	232			
	I. EARNINGS PER SHARE				
	1. Basic earnings per share	233			
	2. Diluted earnings per share	234			

In Belgrade, date 25.02.2014.

Person responsible for preparation of financial statements

Legal representative

Seal

Energoprojekt Holding a.d. Beograd

ENERGOPROJEKT HOLDING PLC.

CASH FLOW STATEMENT
for the period January 1 to December 31, 2013

in 000 RSD

Position	EDP	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOW FROM OPERATING ACTIVITIES			
I. Cash inflows from operating activities (1 to 3)	301	474.068	859.539
1. Sales and cash receipts from customers	302	462.457	858.729
2. Interest receipts from operating activities	303	3	
3. Other receipts from operating activities	304	11.608	810
II. Cash outflows from operating activities (1 to 5)	305	630.325	532.210
1. Payments and prepayments to suppliers	306	304.601	263.980
2. Saleries, benefits and other staff costs paid	307	195.740	181.392
3. Interest paid	308	6.447	3.958
4. Income tax paid	309	47.109	16.024
5. Other public duties payable	310	76.428	66.856
III. Net cash provided from operating activities (I-II)	311		327.329
IV. Net cash used in operating activities (II-I)	312	156.257	
B. CASH FLOW FROM INVESTING ACTIVITIES			
I. Cash inflows from investing activities (1 to 5)	313	392.324	1.188.689
1. Sale of shares and equity investments (net inflows)	314	7.276	
2. Sale of intangible assets, property, plant, equipment and biological assets	315		
3. Other financial investments (net inflows)	316	96.310	864.337
4. Interests received from investments	317	10.135	69.163
5. Dividends received	318	278.603	255.189
II. Cash outflows from investing activities (1 to 3)	319	164.217	1.417.178
1. Purchises of shares (net outflows)	320	159.167	
2. Purchises of intangible assets, property, plant, equipment and biological assets	321	5.050	1.417.178
3. Other financial investments (net outflows)	322		
III. Net cash provided from investing activities (I-II)	323	228.107	
IV. Net cash used in investing activities (II-I)	324		228.489
V. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflows from financing activities (1 to 3)	325		
1. Increase of treasury shares	326		
2. Long-term and short-term loans (net inflows)	327		
3. Other long-term and short-term liabilities	328		
II. Cash outflows from financing activities (1 to 4)	329	253.066	9.975
1. Purchase of own shares and stakes	330		
2. Long-term and short-term loans and other liabilities (net outflows)	331	252.863	6.447
3. Finance lease payments	332	171	3.159
4. Dividends paid	333	32	369
III. Net cash provided from financing activities (I-II)	334		
IV. Net cash used in financing activities (II-I)	335	253.066	9.975
G. TOTAL CASH INFLOWS (301+313+325)	336	866.392	2.048.228
D. TOTAL CASH OUTFLOWS (305+319+329)	337	1.047.608	1.959.363
DJ. NET CASH INFLOWS (336-337)	338		88.865
E. NET CASH OUTFLOW (337-336)	339	181.216	
Z. CASH AT BEGINNING OF PERIOD	340	333.972	239.998
Z. GAINS ON EXCHANGE	341		5.109
I. LOSSES ON EXCHANGE	342	1.280	
J. CASH AT THE END OF PERIOD (338-339+340+341-342)	343	151.476	333.972

In Belgrade, date 25.02.2014.

Person responsible for preparation of financial statement

Energoprojekt Holding a.d. Seal Beograd

Legal representative

STATEMENT OF CHANGES IN CAPITAL

for the period January 1 to December 31, 2013

in 000 RSD

No.	DESCRIPTION	EDP	Issued capital (group 30 without 309)	EDP	Other capital (account 309)	EDP	Unpaid subscribed capital (group 31)	EDP	Emission premium (account 320)	EDP	Reserves (account 321, 322)	EDP	Revaluation reserves (group 330,331)	EDP	Unrealized gains based on securities available for sale (account 332)	EDP	Unrealized losses based on securities available for sale (account 333)	EDP	Undistributed profit (group 34)	EDP	Loss to the capital value (group 35)	EDP	Redeemed own shares and stakes (account 037, 237)	EDP	Total (quant. 2+3-4+5+6+7-8+9+10-11-12	EDP	Loss above capital (group 29)
	1		2		3		4		5		6		7		8		9		10		11		12		13		14
1	Balance as at January 1, of the previous year	401	4.828.583	414	27.178	427		440	1.600.485	453	134.881	466	43.080	479	9.875	492	3.170	505	526.307	518		531		544	7.167.219	557	
2	Correction of material significant errors and changes in accounting policies in the previous year - increase	402		415		428		441		454		467		480		493		506		519		532		545		558	
3	Correction of material significant errors and changes in accounting policies in the previous year - decrease	403		416		429		442		455		468		481		494		507		520		533		546		559	
4	Corrected opening balance as at January 1, of the previous year (no.1+2-3)	404	4.828.583	417	27.178	430		443	1.600.485	456	134.881	469	43.080	482	9.875	495	3.170	508	526.307	521		534		547	7.167.219	560	
5	Total increase in the previous year	405	239.561	418		431		444		457		470		483	1.215	496	2.690	509	782.481	522		535		548	1.020.567	561	
6	Total decrease in the previous year	406		419		432		445		458		471		484	2.956	497		510	519.060	523		536		549	522.016	562	
7	Balance on December 31, of the previous year (no.4+5-6)	407	5.068.144	420	27.178	433		446	1.600.485	459	134.881	472	43.080	485	8.134	498	5.860	511	789.728	524		537		550	7.665.770	563	
8	Correction of material significant errors and changes in accounting policies in the previous year - increase	408		421		434		447		460		473		486		499		512		525		538		551		564	
9	Correction of material significant errors and changes in accounting policies in the previous year - decrease	409		422		435		448		461		474		487		500		513		526		539		552		565	
10	Corrected opening balance as at January 1, of the current year (no.7+8-9)	410	5.068.144	423	27.178	436		449	1.600.485	462	134.881	475	43.080	488	8.134	501	5.860	514	789.728	527		540		553	7.665.770	566	
11	Total increase in the current year	411	506.815	424		437		450		463		476	14.380	489		502	15.276	515	401.998	528		541		554	907.917	567	
12	Total decrease in the current year	412		425		438		451		464		477	4.550	490	8.134	503		516	506.815	529		542		555	519.499	568	
13	Balance as at December 31, of the current year (no. 10+11-12)	413	5.574.959	426	27.178	439		452	1.600.485	465	134.881	478	52.910	491		504	21.136	517	684.911	530		543		556	8.054.188	569	

In Belgrade, date 25.02.2014.

Person responsible for preparation of financial statements

Legal representative

Energoprojekt Holding a.d. Beograd

Seal

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ENERGOPROJEKT HOLDING PLC.

STATISTICAL ANNEX
for the period January 1 to December 31, 2013

GENERAL INFORMATION ON THE LEGAL ENTITY, I.E. ENTERPRENEUR

DESCRIPTION	EDP designa tion	Current year	Previous year
1	2	3	4
1. Number of months of operations (designation from 1 to 12)	601	12	12
2. Code identifying the company's size (from 1 to 3)	602	3	3
3. Code identifying the company's ownership structure (from 1 to 5)	603	2	2
4. Number of foreign (legal or physical) entities, holding a share in capital	604		
5. Average number of employees based on the balance at the end of each month (whole number)	605	72	70

II GROSS CHANGES OF INTANGIBLE ASSETS, PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP. desig-nation	Gross	Correction of value	Net (col.4-5)
1	2	3	4	5	6
01	**1.Intangible assets**				
	1.1. Balance at the beginning of the year	606	11.163	1.747	9.416
	1.2. Increase (purchases) during the year	607	320		320
	1.3. Decrease (sale, removal from inventory and impairment) during the year	608			289
	1.4.Revaluation during the year	609			
	1.5.Balance at the end of the year (606+607-608+609)	610	11.483	2.036	9.447
02	**2. Property, plant, equipment and biological assets**				
	2.1. Balance at the beginning of the year	611	1.659.569	469.260	1.190.309
	2.2. Increase (purchases) during the year	612	3.869		3.869
	2.3. Decrease (sale, removal from inventory and ensuring) during the year	613	3.998		3.998
	2.4. Revaluation during the year	614	1.452		9.869
	2.5. Balance at the end of the year (611+612-613+614)	615	1.660.892	460.843	1.200.049

III STRUCTURE OF INVENTORIES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP. desig-nation	Current year	Previous year
1	2	3	4	5
10	1. Stock of material	616		
11	2. Work in progress	617		
12	3. Finished products	618		
13	4. Merchandise	619		
14	5. Non-current assets held for sale	620		
15	6. Prepayments	621	58.255	99.508
	7.TOTAL (616+617+618+619+620+621=013)	622	58.255	99.508

IV STRUCTURE OF CAPITAL

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP desig-nation	Current year	Previous year
1	2	3	4	5
300	1. Share capital	623	5.574.959	5.068.144
	in it: foreign capital	624		
301	2. Stakes of a limited liability company	625		
	in it: foreign capital	626		
302	3. Stakes of members of partnership and limited-partnership company	627		
	in it: foreign capital	628		
303	4. State-owned capital	629		
304	5. Socially-owned capital	630		
305	6. Cooperative shares	631		
309	7. Other capital shares	632	27.178	27.178
30	TOTAL: (623+625+627+629+630+631+632=102)	633	5.602.137	5.095.322

V SHARE CAPITAL STRUCTURE

Number of shares as a whole number
Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP. designation	Current year	Previous year
1	2	3	4	5
	1. Ordinary shares			
	1.1. Number of ordinary shares	634	10.931.292	9.937.538
part 300	1.2. Nominal value of ordinary shares - total	635	5.574.959	5.068.144
	2.Priority shares			
	2.1. Number of priority shares	636		
part 300	2.2. Nominal value of priority shares - total	637		
300	**3. TOTAL - nominal value of shares (635+637= 623)**	638	5.574.959	5.068.144

VI RECEIVABLES AND LIABILITIES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4	5
20	1. Sale receivables (balance at the end of the year 639 ≤016)	639	312.726	236.979
43	2. Liabilities from operations (balance at the end of the year 640 ≤117)	640	82.855	60.995
part 228	3. Receivables during the year from insurance companies for damages (debt turnover less opening balance)	641		
27	4. VAT - previous tax (annual amount as per tax declaration)	642	22.028	27.969
43	5. Payables from operations (credit turnover less opening balance)	643	525.434	1.615.076
450	6. Liabilities for net salaries and salaries compensations (credit turnover less opening balance)	644	104.210	111.833
451	7. Liabilities for salaries tax and salaries compensations paid by employees (receivables turnover less opening balance)	645	14.126	17.084
452	8. Liabilities for contributions on salaries and salaries compensations paid by employees (receivables turnover without initial balance)	646	22.979	19.966
461,462 and 723	9. Liabilities for dividends, share in profit and employer's personal earnings (credit turnover less opening balance)	647		1.829
465	10. Liabilities toward physical entities for compensations per contracts (credit turnover less opening balance)	648	4.222	2.300
47	11. VAT liability (annual amount as per tax declarations)	649	87.972	82.779
	12. Control summary (from 639 to 649)	650	1.176.552	2.176.810

VII OTHER COSTS AND EXPENSES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	DEP designation	Current year	Previous year
1	2	3	4	5
513	1. Fuel and energy costs	651	20.440	17.053
520	2. Salaries and salaries compensations (gross)	652	141.315	148.872
521	3. Tax expenses and contributions on salaries and salaries compensations paid by employer	653	21.368	19.966
522,523,524 and 525	4. Expenses for compensations to physical entities (gross) based on contracts	654	6.520	3.508
526	5. Expenses of compensations to BoD & Supervision Board members (gross)	655	9.074	12.601
529	6. Other personal expenses and compensations	656	7.827	9.223
53	7. Production services costs	657	190.551	104.494
533,part 540 and part 525	8. Rental costs	658	531	866
part 533,part 540 & part 525	9. Rental costs/land	659		
536.537	10. Research and development costs	660		
540	11. Depreciation costs	661	10.245	10.841
552	12. Insurance premium costs	662	913	770
553	13. Payment operations costs	663	845	4.873
554	14. Membership fees	664	1.314	1.245
555	15. Taxes	665	11.284	10.157
556	16. Contributions	666		
562	17. Interests	667	14.634	19.383
part 560,part 561 and 562	18. Interests expenses and a part of financial expenses	668	14.634	19.383
part 560,part 561 and part 562	19. Interests expenses on bank loans and loans from other financial organizations	669	3.494	4.229
part 579	20. Costs for humanitarian, cultural, health, educational, scientific and religious purposes, environmental protection and sports purposes	670	2.772	139
	21. Control summary (from 651 to 670)	671	457.761	387.603

VIII OTHER INCOME

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4	5
60	1. Sales	672		
640	2. Income from premiums, subsidies, dotations, recourses, compensations and tax returns	673		
641	3. Income from conditioned donations	674		
part 650	4. Income from land-rental fees	675		
651	5. Membership fees	676		
part 660, part 661, 662	6. Interests income	677	55.042	98.220
part 660, part 661, and part 662	7. Income from interests per accounts and deposits in banks and other financial organizations	678	9.109	8.734
part 660, part 661 and part 669	8. Income from dividends and share in profit	679	281.189	257.234
	9. Control summary (from 672 to 679)	680	345.340	364.188

IX OTHER DATA

Amounts in 000 RSD

DESCRIPTION	EDP. designation	Current year	Previous year
1	2	3	4
1. Liabilities for acscises (according to annual acscises calculation)	681		
2. Calculated custom duties and other import duties (total annual amount according to calculation)	682		
3. Capital subsidies and other government subsidies for the construction and purchase of fixed assets and intangible assets	683		
4. Government grants for premiums, recourses and covering of current operating costs	684		
5. Other government grants	685		
6. Forien donations and other non-returnable funds in cash or nature from foreign legal and physical entities	686		
7. Personal earnings of the enterpreneur from net profit (filled in by enterpreneurs only)	687		
8. Control summary (from 681 to 687)	688		

X ACCRUED ADVERSE NET EFFECTS OF CONTRACTUAL CURRENCY CLAUSE AND GAINS AND LOSSES ARISING ON THE TRANSLATION OF FOREIGN CURRENCY

Amounts in 000 RSD

DESCRIPTION	EDP code	Current year	Previous year
1	2	3	4
1. Opening balance of the accrued net effect of the contractual currency clause	689		
2. Accrued net effect of the contractual currency clause	690		
3. Proportional part of the cancelled accrued net effect	691		
4. Remaining amount of the accrued net effect of the contractual currency clause (no. 1 + no. 2 - no.3)	692		
5. Opening balance of the accrued net effect of gains/losses arising on the translation of foreign currency	693		
6. Accrued net effect of gains/losses arising on the translation of foreign currency	694		
7. Proportional part of the cancelled accrued net effect of gains/losses	695		
8. Remaining amount of the accrued net effect of gains/losses (no. 5 + no.6. - no.7)	696		

XI ACCRUED POSITIVE NET EFFECTS OF CONTRACTUAL CURRENCY CLAUSE AND GAINS AND LOSSES ARISING ON THE TRANSLATION OF FOREIGN CURRENCY

Amounts in 000 RSD

DESCRIPTION	EDP code	Current year	Previous year
1	2	3	4
1. Opening balance of the accrued net effect of the contractual currency clause	697		
2. Accrued net effect of the contractual currency clause	698		
3. Proportional part of the cancelled accrued net effect	699		
4. Remaining amount of the accrued net effect of the contractual currency clause (no. 1 + no. 2 - no.3)	700		
5. Opening balance of the accrued net effect of gains/losses	701		
6. Accrued net effect of gains/losses arising on the translation of foreign currency	702		
7. Proportional part of the cancelled accrued net effect of gains/losses	703		
8. Remaining amount of the accrued net effect of gains/losses (no. 5 + no.6. - no.7)	704		

In Belgrade, date 25.02.2014.

Energoprojekt Holding a.d. Beograd Seal

Person responsible for preparation of financial statement

Legal representative

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR 2013

Belgrade, 2014

C O N T E N T

1. COMPANY BACKGROUND

Energoprojekt Holding plc., Belgrade (hereinafter: the Company) is an open joint stock company for holding operations with a mixed ownership structure.

The Company harmonized its operations with the Companies Law (RS Official Gazette No. 36/2011 and 99/2012) based on the Resolution of Compliance with the Companies Law and the Articles of Association adopted by the General Meeting held on 16/03/2012 and the Articles of Association adopted by the General Meeting on 12.01.2012.

During the process of harmonization with the Companies Law, Energoprojekt Holding plc's data has been changed and registered with the Serbian Business Registers Agency by registering the Memorandum of Association and the Articles of Association based on the Decision of the Serbian Business Registers Agency BD 49189/2012 of 18.04.2012, including registration of new bodies of the Company, members of the Executive Board and the chairman and members of the Supervisory Board.

By adopting and registering the Decision on the harmonization of the Memorandum and Articles of Association of Energoprojekt Holding plc. Adopted in compliance with provisions of the new Companies Law, the Decision on the harmonization with the Companies Law and Articles of Association from 2006 will cease to apply.

The Company originally registered with the Commercial Court of Belgrade in registry inserts number 1-2511-00, and later re-registered with the Serbian Business Registers Agency with Decision BD 8020/2005 of 20/05/2005.

Based on the Decision No. VIII Fi 8390/99 issued 30/06/2000 by the Commercial Court of Belgrade, the Company harmonized its operations with the Companies Law (FRY Official Gazette No. 29/96), the Law on Business Classification (FRY Official Gazette No. 31/96) in respect of the company name, registered business, equity and management, and changed its name from "Energoprojekt Holding share based company in mixed ownership for incorporating, financing and managing other companies", at the time registered by Decision No. FI 5843/91 of 13/06/1991 of the same court, to "Energoprojekt Holding joint stock company for holding operations".

The legal predecessor of Energoprojekt Holding share based company in mixed ownership is Energoprojekt Holding Corporation, registered with the District Court of Belgrade by Decision No. Fi 423 of 12/01/1990, a company that was organized under the previous Companies Law (SFRY Official Gazette No. 77/88, 40/89, 46/90 and 60/91) through adoption of the Self-Management Agreement for Organizational Changes in the Composite Organization of Associated Labor "Energoprojekt" and the associated workers' organizations, as it was styled at the time, at a referendum held 08/12/1989.

Basic data on the Company

Head office	Belgrade, Bulevar Mihaila Pupina 12
Registration number	07023014
Registered business code and name of the activity	6420 - holding company
Tax registration number	100001513

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

The Company is the parent company that forms with its many subsidiaries and affiliated companies a **group of companies referred to as The Energoprojekt Group.**

Subsidiaries and affiliated companies are as follows:

- Energoprojekt Visokogradnja plc,
- Energoprojekt Niskogradnja plc,
- Energoprojekt Oprema plc,
- Energoprojekt Hidroinženjering plc,
- Energoprojekt Urbanizam i arhitektura plc,
- Energoprojekt Energodata plc,
- Energoprojekt Industrija plc,
- Energoprojekt Entel plc,
- Energoprojekt Garant plc,
- Energoprojekt Promet ltd. and
- Enjub ltd.

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

Equity investments in subsidiaries	
Subsidiary	*% ownership*
Energoprojekt Visokogradnja plc.	92,53
Energoprojekt Niskogradnja plc.	100,00
Energoprojekt Oprema plc.	67,87
Energoprojekt Hidroinženjering plc.	94,84
Energoprojekt Urbanizam i arhitektura plc.	94,40
Energoprojekt Energodata plc.	96,43
Energoprojekt Industrija plc.	62,77
Energoprojekt Entel plc.	86,26
Energoprojekt Garant plc.	92,94
Energoprojekt Promet ltd.	100,00

Ownership share of the Company in the affiliated company is indicated in the following table.

Equity investments in affiliated companies	
Affiliated company	*% ownership*
Enjub ltd.	50,00

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

The **average number of employees** in the Company, based on the balance at the end of each month, is as follows:

- 2013: 72 employees and
- 2012: 70 employees.

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

Annual financial statements that are the subject of these Notes are **separate financial statements** of the Company, approved by the Supervisory Board of the Company on 25.02.2014, at the 23rd meeting.

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

2. MANAGEMENT STRUCTURE

The key management of the Company in 2013 included the following persons:

- Vladimir Milovanovic - General Manager;
- Dr Dimitraki Zipovski - Executive Manager for finances, accounting and plan;
- Zoran Radosavljevic - Executive Manager for corporate projects, development and quality;
- Mr Zoran Jovanovic - Executive Manager for legal affairs; and
- Dragan Tadic - Executive Manager for „Real Estate“ projects.

3. OWNERSHIP STRUCTURE

According to records of the Central Securities Depository, the ownership structure of Energoprojekt Holding plc. shares on 31.12.2013 is presented in the Notes 10.11.

4. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

In the Republic of Serbia, the Law on Accounting and Auditing (RS Official Gazette 62/2013) is the main legal document that deals with various issues related to accounting activities.

Financial statements for 2013 of the Company were prepared and presented according to the provision of the Law on Accounting and Auditing (RS Official Gazette no. 46/2006, 111/2009 and 99/2011 – hereinafter: the previous Law). The previous Law determines that legal entities and entrepreneurs shall maintain business books, recognize and valuate assets, liabilities, revenues and expenses; prepare, present, deliver and publish financial statements, according to:

- Legislation,
- Professional regulations and
- Internal regulations.

Legislation means laws and subordinate legislation adopted for the implementation of the law.

In the preparation of financial statements of the Company, the following laws and subordinate legislation were considered:

- The Law on Accounting (RS Official Gazette No. 62/2013);
- Previous Law on Accounting and Auditing (RS Official Gazette No. 46/2006, 111/2009 and 99/2011);
- Legal Entities Income Tax Law (RS Official Gazette No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011 and 119/2012, 47/2013 and 108/2013);
- The VAT Law (RS Official Gazette No. 84/2004, 86/2004, 61/2005, 61/2007, 93/2012, 108/2013 and 6/2014);
- Regulation of the Form and Contents of Financial Statements submitted by companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette No. 114/2006, 5/2007, 119/2008, 2/2010, 101/12 and 118/12);
- Regulation on the Chart of Accounts and Contents of Accounts in the Chart of Accounts for companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette No. 114/2006, 119/2008, 9/2009, 4/2010, 3/2011 and 101/2012);
- Regulation on supplements and amendments to the Regulation on the Chart of Accounts for companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette No. 114/2006, 119/2008, 9/2009, 4/2010 i 3/2011 and 101/2012);
- Regulation on the Content of the Income Statement and other Income Tax related issues (legal entities) (RS Official Gazette No. 99/2010, 8/2011, 13/2012 and 8/2013 and 20/2014);
- Regulation on the Content of the Tax Return for the Calculation of Income Tax for Legal Entities (RS Official Gazette No. 99/2010 and 8/2013);
- Regulation on the Classification of Fixed Assets into Groups and Determination of depreciation for tax purposes (RS Official Gazette No. 116/2004 and 99/2010);

- Regulation on Transfer-Pricing and Methods that are applied according to the principle „out of arm's reach“ when determining the price for transactions between related parties (RS Official Gazette no. 61/2003);
- Regulation on supplements and amendments to the Regulation on Transfer-Pricing and Methods that are applied according to the principle „out of arm's reach“ when determining the price for transactions between related parties (RS Official Gazette no. 8/2014).

Professional regulations refer first of all to:
- The Framework for the preparation and presentation of financial statements (hereinafter referred to as: the Framework),
- International Accounting Standards (hereinafter referred to as: the IAS),
- International Financial Reporting Standards (hereinafter referred to as: the IFRS) and
- Interpretations adopted by the Committee for the interpretation of international financial reporting.

The decision of the Minister of Finance of the Republic of Serbia, published in the RS Official Gazette no. 77/2010 (25.10.2010), approved the translations of main IAS and IFRS texts that comprise the IAS and IFRS, issued by the International Accounting Standards Committee till 01.01.2009 and interpretations of the IFRS Interpretations Committee till 01.01.2009 in the form they were published or adopted.

Please note that, in specific cases, not all respective IAS/IFRS provisions and Interpretations were considered in the preparation of financial statements. This is due to partial non-compliance between the legislation and professional regulations. Therefore, since the legislation is primary in this context, some aspects of financial statements are not in compliance with professional regulations.

Accounting regulations of the Republic of Serbia and presented financial statements of the Company do not comply with IFRS with regard to the following:
- In the Republic of Serbia, financial statements for 2013, in compliance with the Law on accounting (RS Official Gazette No. 62/2013), are prepared in the form prescribed by the Regulation of the Form and Contents of Financial Statements submitted by companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette No. 114/2006, 5/2007, 119/2008, 2/2010, 101/12 and 118/12), which is not in compliance with the presentation and titles of specific financial statements for general purpose and the presentation of certain figures in the statement as prescribed by the revised IAS 1 – „Presentation of financial statements“ and
- Off-balance sheet assets and liabilities are presented on the balance sheet, yet these items, according to professional regulations, do not represent neither assets nor liabilities of the Company.

Besides the above mentioned, variations are possible also due to the time difference between the publishing date of Standards and Interpretations that are subject to continuous changes and the implementation date of these Standards and Interpretations in the Republic of Serbia. For example, deviations from the professional regulation occur when published Standards and Interpretations that entered into force, have not been officially translated and adopted in the Republic of Serbia or if published Standards and Interpretations have not yet entered into force or in other cases where the Company has no scope of influence.

The Regulation on Accounting and Accounting policies of the Company, adopted on 22.10.2012 by the Executive Board and the Regulation on the amendment of the Regulation on Accounting and Accounting policies of the Company No. 10 of 21.01.2013 were used in the preparation of financial statements as a legal document that represents **internal regulations of the Company**. Other internal documents were also used, such as, for example, the Collective agreement.

Financial statements of the Company for 2013 are disclosed in the form and content as prescribed by the Regulation of the Form and Contents of Financial Statements submitted by companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette No. 114/2006, 5/2007, 119/2008, 2/2010, 101/12 and 118/12). This Regulation prescribes, among other things, the content of items in the forms: Balance sheet, Profit and Loss account, Cash flow statement, Report on changes in equity capital, Note to the financial statements and Statistical annex, for companies, cooperatives, other legal entities and entrepreneurs that have double entry accounting.

The Regulation prescribes also that data in the Balance sheet, Profit and Loss account, Cash flow statement, Report on changes in equity capital, and Statistical Annex are entered in thousand of dinars and that the number of employees is expressed as a whole number, as applied in these Notes.

5. ACCOUNTING PRINCIPLES

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

- The Going concern principle,
- The Consistency principle,
- The Prudence principle,
- The Substance over form principle,
- The Accrual principle,
- The Item by item assessment principle.

Considering the **Going concern principle**, financial statements are prepared under the assumption that the proprietary position, financial position and business results of the Company as well as the economic policy of the country and of the environment, enable the Company to operate for an unlimited period.

The Consistency principle means that assets and changes in assets, liabilities, capital, income, expenses and business results are valuated in the same manner over a longer period. If, for example changes are implemented, due to compliance with the legislation and professional regulations, reasoning for the change must be provided and the effects are disclosed according to the professional regulations concerning the change in valuation methods.

The Prudence principle means applying a certain level of caution when preparing financial statements of the Company so that the property and revenues are not overstated and obligations and expenses are not understated. The Prudence principle 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 the 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.

Considering 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, the **Accrual principle provides** information on past transactions and other events in the manner most useful to users for reaching economy-related decisions.

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

6. CORRECTION OF ERRORS FROM PRIOR PERIODS, MATERIAL ERRORS AND CORRECTION OF THE OPENING BALANCE

Errors from prior periods 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 *confirmed errors that are mot materially significant* are corrected against expenses or in favor of revenues for the period in which they were identified.

The materiality of an error is valuated pursuant to provisions of the Framework for the preparation and presentation of financial reports that state that materiality may imply that omission or false accounting entries may affect economic decisions of users adopted based on financial statements. Materially significant errors are valuated pursuant to relevant provisions from the Framework for the preparation and presentation of financial statements. Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1,5% of the total income in the previous year**.

7. OVERVIEW OF PRINCIPAL ACCOUNTING POLICIES

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

Important accounting policies applied to financial statements that are subject of these Notes and presented in the following text, are based, first of all, on the Regulation on accounting and accounting policies of the Company. If certain accounting aspects are not clearly defined in the Regulation, applied accounting policies are based on the legislation, professional and internal regulations in force.

In accordance with IAS 21, the RSD represents **functional and reporting currency** in financial statements of the Company. Besides data for the current year, financial statements of the Company contain data from financial statements from 2012 as **comparative data**.

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

7.1. Valuation

The Company has to use the best possible valuations and reasonable assumptions in the preparation and presentation of financial statements according to professional regulations and legislation in force in the Republic of Serbia. Though, 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.

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. The society does not neglect these problems and the management performs continuous valuations, considering the risks. If it is established that the recoverable (fair or value in use) value of assets in business books of the Company was overstated, the adjustment of value is applied.

7.2. Effects of foreign exchange rates

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

According to 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 NBS middle exchange rates

Currency	*31.12.2013*	*31.12.2012*
	Amount in dinar	
1 EUR	114,6421	113,7183
1 USD	83,1282	86,1763

Applied average exchange rates for the income statement in 2013 and 2012 were:

Currency	*31.12.2013*	*31.12.2012*
	Amount in dinar	
1 EUR	113,1369	113,1277
1 USD	85,1730	88,1169

7.3. Revenues

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

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

The most important **Operating revenues** are sales revenues for the sale of goods, products and services and other revenues, such as: income from own products/merchandise, increase of inventories and work in progress for unfinished and finished products and unfinished services (if, in the course of the year, there were reductions of inventories, the reduction amount is deducted from the total operating revenues) and other operating revenues.

Revenues from services pursuant to IAS 18 – Revenue, *revenues from a specific transaction are recognized by reference to the stage of completion of the transaction at the balance sheet date*. The transaction result may be reliably valuated: if the revenue amount may be reliably measured, if the level of completion of the transaction at the balance sheet date may be reliably

measured and if transaction-related expenses and transaction completion expenses may be reliably measured.
Financial revenues include financial revenues from subsidiaries and other related parties, gains arising on the translation of foreign currency, income from interest and other forms of financial revenues.

Other revenues include, besides income, *profit* that may or may not arise from usual activities of the Company. Profit includes, for example, revenue from PPE sales; at a greater value as the accounting value at the moment of sale.

7.4. Expenses

Expenses are the outflow of economic benefits in the respective period that result in the decrease of the capital of the Company, excluding 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 or increase of liabilities.

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

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

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

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

7.5. Interest and other borrowing costs

The borrowing costs include interests and other costs that arose in the company related to the borrowing of funds in accordance with IAS/IFRS.

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

7.6. Income tax

The income tax is registered as a summary 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 specify that *deferred tax assets and liabilities should not be discounted*.

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

- deductible temporary differences,
- unused tax losses transferred to the following period and
- unused tax credit transferred to the following period.

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

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

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

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

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

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

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

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

7.7. Intangible investments

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

To recognize an intangible investment, it is necessary to comply with 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 price) may be reliably measured.

Accounting recognition of internally generated intangibles is dependent upon an assessment of whether they are created:
- in the research phase, or
- in the development phase.

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

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

An **investment property should be measured initially** at its cost.

Intangible investment is measured subsequently, after initial recognition, at its cost, reduced by accumulated depreciation and losses from the decrease in value (pursuant to provisions IAS 36 – Impairment of assets).

Depreciation of intangible assets is conditioned by the valuation if the useful life is:
- unlimited or
- limited.

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

7.8. Property, plants and equipment

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

The general principle for the recognition of property, plants and equipment is not applied only if assets of lesser value, that are registered as inventory items, have to be recognized (for example, spare parts and servicing equipment). The total value of an asset 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 price) of the item can be reliably measured.

Property, plant and equipment should be measured initially at the purchase price (cost price) that includes: the purchase price and all related transaction costs, meaning all directly attributable costs of bringing the asset to working condition for its intended use.

Property, plants and equipment are measured subsequently at its cost reduced by accumulated depreciation and losses from the decrease in value (pursuant to IAS 36).

7.9. Finance lease

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

In case of a **financial lease,** pursuant to IAS 17 – Leases, the lessee performs **initial measurement** of the lease by recognizing it as an asset and liability in the balance sheet, according to amounts that equal to the fair value of the asset-lease object at the begin of the lease duration or according to the present value of minimum payments for the lease, if it is lesser. Fair value is the amount for which a leasing object can be exchanged between knowledgeable, willing parties in an arm's length transaction.

In the 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 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 as the lease object. All initial direct expenses of 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 period during the leasing term and a constant periodic interest rate is applied to the outstanding balance.

7.10. Depreciation of intangible assets, property, plants and equipment

The asset value (non-material assets, property, plants and equipment) is allocated by **depreciation** to period during 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 purchase price or another amount that replaces the value in financial statements of the Company, reduced by the residual value (remaining value) is systematically allocated during the lifetime of the asset.

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

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

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

The depreciation is not calculated for assets that do not loose value over time (such as artwork) or assets with unlimited life expectancy.

Assets depreciation calculation is performed for tax balance purposes according to the relevant regulations.

7.11. Decrease in the value of intangible assets, property, plants and equipment

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

If there are indications that there is a decrease in value, valuation of recoverable amount is performed pursuant to IAS 36.

Recoverable amount is a greater value than:

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

The fair value reduced by the cost of sale is the expected net selling price of that asset or the amount that may be achieved in the sale of an asset as an independent transaction between knowledgeable, willing parties, minus disposal costs.

The 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 to determine the present value reflects current market estimations of the time value of money as well as the risks, characteristic for that asset.

The recoverable amount is estimated for each asset separately or, if 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 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 in indicated as follows:

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

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
- 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 price) may be reliably measured.

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

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

After 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 in 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 nor to the valuation of the decrease in value of the property*.

7.13. Inventories

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

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

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

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

The purchase price (cost price) includes all:

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

Purchase costs as basis for the valuation of inventories of goods, include the cost price, import duties and other fiscal expenditure (apart from those that can be recovered from tax authorities, such as, added value tax that can be deducted as previous tax), transportation costs, manipulation costs and other costs that are directly attributable to the purchase costs. Discounts, rebates and other similar items are deducted upon definition of the purchase costs.

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

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

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

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

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

7.14. Fixed assets intended for sale

The Company recognizes and expresses a fixed asset (or available group) as an **asset intended for sale**, if its accounting value may be recovered through a sale transaction and not further use. To fulfill this requirement:

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

The fixes asset that was recognized as an asset intended for sale is **measured** (expressed) 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 informed and willing parties in an independent transaction or the market value on the date of sale.

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

Fixed assets intended for sale are not depreciated.

Written-off assets, as well as assets with an insignificant non write off value will not be recognized as assets intended 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 till the loss of control over rights that derive from that financial asset (by realization, activation, assignment, etc.), or by settlement, cancellation or activation of the financial liability.

Financial assets and liabilities pursuant to IAS 32, 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 favorable 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 unfavorable conditions to the Company, etc.

Disclosure of financial instrument and related accounting records is stipulated by the classification performed by the Company according to the features of financial instruments.

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

- Financial asset or liability at fair value through the profit and loss account,
- Held-to-maturity investments,
- Loans and receivables and
- Available-for-sale financial assets.

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

A Financial asset or liability classified in this category has to fulfill any of the following conditions:

- classified as held for trading or
- after initial recognition, it will be classified and stated as a financial asset (obligation) through the profit and loss account

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

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

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

Loans and receivables are non-derivative financial assets of the Company with fixed or identifiable payments that do not have a quoted market price, unless:

- if the Company intents to sell them immediately or in short-term and that would be classified, in such case, as assets held for trading,
- assets marked at fair value through the profit and loss account after initial recognition and
- assets classified as available-for-sale because the total initial investment cannot be recovered

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.

Upon **initial measurement** of a financial instrument the Company performs the measurement at fair value increased by transaction costs that may be directly attributed to the acquisition or issuance of financial assets or liabilities, if the financial instrument was not marked for measurement at fair value with changes of fair value through the profit and loss account.

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

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

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

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

7.16. Cash and cash equivalents

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

7.17. Short term receivables

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

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

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

- indirect write-off or
- direct write-off.

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

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

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

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

7.18. Financial investments

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

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

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

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

7.19. Liabilities

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

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

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

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

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

7.20. Provisions, contingent liability and contingent asset

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 obligations by the Company will cause an outflow of resources, is greater than the probability that it will not.

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

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

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

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

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

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

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

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

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

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

7.21. Employee benefits

The following Company's liabilities related to employee benefits shall be disclosed:

- taxes and compulsory social security contributions
- retirement bonus.

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, as long as there is no developed market for corporate bonds in the Republic of Serbia, market yields for government bonds will be used for the 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 the amount of three times the monthly salary of the month preceding the month of payment (according to terms and conditions specified in the Separate collective agreement) or in the amount prescribed by the Labor law if this is more favorable to the employee.

8. FINANCIAL RISKS AND FINANCIAL RISK MANAGEMENT IN THE COMPANY

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

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

Since, the majority of these and some other risks not mentioned herein, is subject of other chapters of the Notes or other internal regulations of the Company (for example, the Regulation on accounting practice and accounting policies of the Company deals with the minimization of operational risks by introducing procedures and work instructions), we will focus on **financial risks** that include, first of all, the following:

- credit risk,
- market risk and
- liquidity risk.

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

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

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

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

The following text will show:

- the financial risk profile of the Company or the valuation of the structure and the financial risk level the Company is exposed to during operations;
- measures for the management of recognizable financial risks and
- capital risk which, although not specifically considered as a financial risk type, significantly affects the risk level in each of the risk types considered.

8.1. 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 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.

The following tables show:

- the structure of short-term receivables with no decrease in value,
- the age structure of short-term receivables with no decrease in value and,
- the structure of short-term receivables with decrease in value.

The structure of short-term receivables with no decrease in value	*in 000 dinars*	
	2013	*2012*
Domestic buyers		
Energoprojekt Visokogradnja plc.	141.690	62.298
Energoprojekt Niskogradnja plc.	6.739	33.010
Energoprojekt Hidroinženjering plc.	50.006	53.907
Energoprojekt Entel plc.	8.511	8.442
Energoprojekt Energodata plc.	29.006	25.391
Energoprojekt Industrija plc.	57.568	39.081
Energoprojekt Urbanizam i Arhitektura plc.	10.611	4.974
Energoprojekt Oprema plc.	7.569	8.949
Energoprojekt Garant plc.	172	171
Enjub ltd.	705	705
Others	149	51
Total	**312.726**	**236.979**
Other receivables		
Energoprojekt Visokogradnja plc.	63.945	8.166
Energoprojekt Niskogradnja plc.	4.547	4.348
Energoprojekt Hidroinženjering plc.	812	872
Energoprojekt Entel plc.	542	1.448
Energoprojekt Energodata plc.	3.969	2.243
Energoprojekt Industrija plc.	222	184
Energoprojekt Urbanizam i arhitektura plc.	4.675	1.632
Energoprojekt Oprema plc.	252	302
Energoprojekt Garant plc.	457	2
Enjub ltd.	24.325	14.034
Others	1.422	2.240
Total	**105.168**	**35.471**
TOTAL	**417.894**	**272.450**

The Company has blank bills of exchange with authorizations as collaterals.

The age structure of short-term receivables with no decrease in value	*in 000 dinars*	
	2013	*2012*
Current	51.701	74.906
0-30 days from the due date	16.035	15.315
30 - 60 days from the due date	14.912	10.988
60 - 90 days from the due date	21.883	7.859
over 90 days from the due date	313.363	163.382
TOTAL	**417.894**	**272.450**

Non-due receivables in the total amount of 51.701 thousand RSD include receivables from buyers in the amount of 45.081 thousand RSD and are mostly due within 15 days after the invoice was issued or in accordance with agreed payment conditions.

8.2. Market risk

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

The market risk includes three risk types:
- the currency risk,
- the interest risk and
- the price risk.

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

The Company operates within international frames and is exposed to exchange rate risks arising from business operations in different currencies, first of all in euros.

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

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

Assets in EUR		*Liabilities in EUR*	
2013	*2012*	*2013*	*2012*
16.572.398	**16.411.827**	**2.196.672**	**4.728.759**

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

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

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

Sensitivity analysis of results in case of depreciation of the national currency 10%	*in 000 dinars*	
	2013	*2012*
NET EFFECT ON THE RESULTS IN THE CURRENT PERIOD	**164.806**	**132.858**

The interest risk is a risk of adverse effects to the result and capital of the Company due to unfavorable changes in interest rates. The Company is exposed to this type of risk due to financial obligations related to loans with potentially fluctuating interest rates (Euribor).

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

The Company has no financial liabilities with a fluctuating interest rate, therefore, it can be concluded that the **Company is not exposed to the interest risk**.

The following tables indicate the interest-bearing structure of **financial assets** of the Company with fluctuating interest rate at the balance sheet date.

Interest-bearing structure of financial assets and liabilities with fluctuating interest rate	*in 000 dinars*	
	2013	*2012*
Interest-bearing financial assets with fluctuating interest rate		
Short-terms loans granted to related parties	153.092	215.935
Long-terms housing loans granted to employees	1.591	2.084
Housing loans granted to employees with one year maturity	78	156
Total	**154.761**	**218.175**
Interest-bearing financial liabilities with fluctuating interest rate		
Financial liabilities with fluctuating interest rate	-	-
Total	-	-

The following table contains the sensitivity analysis related to the interest rate growth of 1%. The sensitivity rate of 1% presents the valuation of reasonably expected changes in interest rates.

The sensitivity analysis of results in case of interest rate growth of 1%	*in 000 dinars*	
	2013	*2012*
NET EFFECT ON THE CURRENT PERIOD RESULTS	**1.548**	**2.182**

Considering potential interest risks related to financial obligations, we will refer, hereinafter, to the *supplier risk management policy*, applied in the Company.

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

The following table contains the most important suppliers in accordance with obligations at the balance sheet date.

Structure of obligations to suppliers	in 000 dinars	
	2013	2012
Domestic suppliers		
Eneroprojekt Visokogradnja plc.	11.639	61
Energoprojekt Energodata plc.	787	543
Energoprojekt Oprema plc.	33.886	35.779
EPS snabdevanje ltd	3.707	2.617
Public Utility Company „Beogradske elektrane“	989	490
Deloitte revizija ltd.	1.526	-
Agency for investments and housing	3.114	3.114
Others	3.655	4.745
Total	**59.303**	**47.349**
Foreign suppliers		
Encom GmbH Consulting, Engineering&Trading	19.604	10.803
IATA	3.211	1.900
Others	77	521
Total	**22.892**	**13.224**
TOTAL	**82.195**	**60.573**

The Company has received no collaterals.

Age structure of liabilities to suppliers	in 000 dinars	
	2013	2012
Current	24.571	13.071
0-30 days from the due date	2.734	36.286
30 - 60 days from the due date	423	-
60 - 90 days from the due date	33.928	-
over 90 days from the due date	20.539	11.216
TOTAL	**82.195**	**60.573**

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

8.3. Liquidity risk

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

The following table indicates the most important liquidity indices of the Company:

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

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

Liquidity indices	*Satisfactory general standards*	*2013*	*2012*
Current ratio	2 : 1	**3,54:1**	**2,89:1**
Rigorous ratio	1 : 1	**3,37:1**	**2,64:1**
Operating cash flow ratio		**0,44:1**	**0,82:1**
Net working capital (in thousands of dinars)	Positive value	**883.794**	**770.779**

The results of the ration analysis indicates that the Company was **liquid** during 2013, meaning that it had no difficulties to fulfill due liabilities and maintain the necessary scope and structure of the working capital and good creditworthiness.

Therefore we emphasize that:

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

8.4. Capital risk management

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

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

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

Profitability indicator	*in 000 dinars*	
	2013	*2012*
Net profit/loss	399.088	504.856
Average capital		
Capital at the beginning	7.665.770	7.167.219
Capital at the end of a year	8.054.188	7.665.770
Average capital	**7.859.979**	**7.416.494**
Average return rate on own capital	**5.08%**	**6,81%**

Considering data from the table above, it is clear that the results of operations in 2012 and 2013, with regard to the sustainability of capital, may be estimated as satisfactory and therefore the Company is **not exposed to any capital risk**.

The soundness of the financial structure is reflected in the overall amount and type of debts. The following tables indicate the most important Company's financial structure indicators, such as:

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

Financial structure indicators	*in 000 dinars*	
	2013	*2012*
Liabilities	651.503	886.544
Total funds	8.705.866	8.552.314
Ratio of borrowed funds to total assets	**0,07:1**	**0,10:1**
Long-term assets		
Capital	8.054.188	7.665.770
Long-term provisions and long-term liabilities	303.864	478.299
Total	**8.358.052**	**8.144.069**
Total assets	8.705.866	8.552.314
Ratio of long-term to total assets	**0,96:1**	**0,95:1**

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

Net debt means the difference between:

- total (long-term and short-term liabilities) financial liabilities of the Company (total liabilities reduced by the capital, long-term provisions and deferred tax liabilities of the Company) and
- cash and cash equivalents.

Parameters for the net debt to capital ratio	*in 000 dinars*	
	2013	*2012*
Net debt		
Financial liabilities	364.481	602.869
Cash and cash equivalents	151.476	333.972
Total	**213.005**	**268.897**
Capital	8.054.188	7.665.770
NET DEBT TO CAPITAL RATIO	**1:37,81**	**1:28,51**

9. INCOME STATEMENT

9.1. Sales revenues

The Company generates revenues by **providing services on the local market**. The income structure is indicated in the following table.

Sales revenues structure	*in 000 dinars*	
	2013	*2012*
Revenues from sales to subsidiaries		
Revenues from services rendered to subsidiaries	395.771	401.765
Revenues from services rendered to other affiliated companies	-	-
Subtotal	**395.771**	**401.765**
Revenues from services sold on the local market		
Revenues from sold services	78	87
Total	**78**	**87**
Revenues from services sold on the foreign market		
Revenues from sold services	120.510	49.247
Total	**120.510**	**49.247**
TOTAL	**516.359**	**451.099**

Revenues from services rendered to subsidiaries on the local market are generated based on service agreements approved and adopted by respective boards of the Company and subsidiaries. According to the relevant legal documents, these revenues amount to 395.771 thousand RSD (2012: 401.765 thousand RSD), as indicated in the following table.

Buyer	in 000 dinars	
	2013	2012
Energoprojekt Garant plc.	1.696	1.703
Energoprojekt Visokogradnja plc.	69.881	70.176
Energoprojekt Niskogradnja plc.	86.969	87.341
Energoprojekt Hidroinženjering plc.	31.431	31.567
Energoprojekt Entel plc.	83.945	84.309
Energoprojekt Energodata plc.	8.405	8.439
Energoprojekt Industrija plc.	18.861	23.246
Energoprojekt Urbanizam i arhitektura plc.	5.575	5.596
Energoprojekt Oprema plc.	89.008	89.388
TOTAL	**395.771**	**401.765**

The Income from services sold on the local market in the amount of 78 thousand RSD (2012: 87 thousand RSD) refers to the sale of flight tickets.

The Income from services sold on the foreign market in the amount of 120.510 thousand RSD (2012: 87 thousand RSD) refers to the agreement on the construction of the embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the registry of immovable property, cadastral zone A00.

9.2. Income from own products/merchandise

Structure of income from own products/merchandise	in 000 dinars	
	2013	2012
Income from own products and services	495	482
TOTAL	**495**	**482**

Income from own products and services amount to 495 thousand RSD (2012: 482 thousand RSD).

9.3. Other operating revenues

Structure of other operating revenues	in 000 dinars	
	2013	2012
Income from rents	29.096	25.053
Other operating revenues	5.235	80
TOTAL	**34.331**	**25.133**

Income from rents refers to: rental of buildings „Samacki hotel“, Batajnicki drum no. 24, according to the Contract no. 40 (31.01.2011), rented to Energoprojekt Visokogradnja in the amount of 23.957 thousand RSD (in 2012: 24.060 thousand RSD); partial renting of Energoprojekt business premises, according to the Contract no. 46/58 (14.02.2013) rented to

Energoprojekt Garant in the amount of 4.092 thousand RSD; and renting of the roof terrace and ground floor of business premises to Energoprojekt Telekom Serbia in the amount of 1.047 thousand RSD (in 2012: 993 thousand RSD).

Other operating revenues in the amount of 5.078 thousand RSD refer to the refund of expenses from Napred Razvoj plc based on the auditor's fee for an extraordinary audit according to the Contract 363/2012, concluded with UHY EKI Revizija ltd. The extraordinary audit confirmed that there is no difference of opinion with the regular external auditor concerning the individual and consolidated financial statements, which were covered by the extraordinary audit. Pursuant to Article 463 of the Companies Law, since the proposal for extraordinary audit was unfounded, Energoprojekt Holding plc. is entitled to a refund of all audit expenses from the shareholder who proposed the extraordinary audit – the company Napred Razvoj plc.

9.4. Material costs

Material costs structure	*in 000 dinars*	
	2013	*2012*
Other material costs	5.881	6.377
Fuel and energy	20.439	17.052
TOTAL	**26.320**	**23.429**

Other material costs in the amount of 5.881 thousand RSD (in 2012: 6.377 thousand RSD) refer to the tools maintenance costs in the amount of 2.005 thousand RSD (in 2012: 1.805 thousand RSD), office supplies in the amount of 1.905 thousand RSD (in 2012: 3.157 thousand RSD), other material costs 1.716 thousand RSD (in 2012: 1.126 thousand RSD) and tools and inventories costs in the amount of 255 thousand RSD (in 2012: 289 thousand RSD).

9.5. Staff costs

Structure of staff costs	*in 000 dinars*	
	2013	*2012*
Staff costs		
Salaries and fringe benefits	141.315	148.872
Taxes and contributions on salaries	21.368	19.966
Subtotal	**162.683**	**168.838**
Temporary service contracts, copyright agreements, temporary and provisional contracts	6.520	3.508
Supervisory Board	9.074	12.601
Other personal expenses remunerations	7.827	9.223
TOTAL	**186.104**	**194.170**

Within **other personal expenses** that amount to 7.827 RSD, the most important expenses of the Company include transportation to/from work in the amount of 2.553 thousand RSD and expenses related to business trips in the amount of 4.281 thousand RSD, solidarity allowance and other compensations to employees and other natural person in the amount of 993 thousand RSD.

9.6. Depreciation expenses

Structure of depreciation costs	*in 000 dinars*	
	2013	*2012*
Depreciation of intangible investments	290	303
Depreciation of property	89	90
Depreciation of plants and equipment	9.866	10.448
TOTAL	**10.245**	**10.841**

On the 31.12.2013, the assessment of the residual value and the remaining useful lifetime for assets and equipment of significant accounting value was performed and in comparison to the same assessment performed on 31.12.2012, no significant changes have been observed.

9.7. Provision expenses

Structure of provision expenses	*in 000 dinars*	
	2013	*2012*
Provision expenses related to fees and other employee benefits	704	2.617
TOTAL	**704**	**2.617**

Provision expenses related to the retirement bonus in 2013 equal to the difference between, on one hand, the provision amount related to the retirement bonus at the end of 2013 and, on the other hand, the provision amount related to the retirement bonus as at 31.12.2012, reduced by the amount of paid bonuses in 2013.

Provision expenses for fees and other employee benefits in the amount of 704 thousand RSD (2012: 2.617 thousand RSD) refer to the implementation of IAS 19.

Provision valuation at the balance sheet date pursuant to IAS 19 (for retirement bonuses) is described in more details in the Note 10.15.

9.8. Costs of production services

Structure of production costs	*in 000 dinars*	
	2013	*2012*
Costs of production services	120.509	49.247
Transportation expenses	3.104	4.175
Repairs and maintenance costs	53.367	40.776
Rental costs	530	866
Trade show costs	258	573
Advertising costs	2.973	3.479
Expenses for other services	9.810	5.379
TOTAL	**190.551**	**104.495**

Costs of production services in the amount of 120.509 thousand RSD (in 2012: 49.247 thousand RSD) refer to the completion of the agreement on the construction of the embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the registry of immovable property, cadastral zone A00.

Transportation expenses in the amount of 3.104 thousand RSD (in 2012: 4.175 thousand RSD) include landline costs, cell phone costs, internet services, taxi services, parking services, etc.

Repairs and maintenance costs refer, first of all, to ongoing maintenance of: equipment in the amount of 2.244 thousand RSD (in 2012 3.094 thousand RSD), Energoprojekt building in the amount of 42.778 thousand RSD (in 2012: 37.682 thousand RSD) and “Samacki hotel” complex in the amount of 8.308 thousand RSD.

Rental costs refer to the rental of office space of EP Holding plc in Baghdad, Iraq from June to December 2013 (394 thousand RSD) and rental of an image projector and audio equipment for general meetings of the Company (136 thousand RSD).

Advertising costs (2.973 thousand RSD) refer to press releases, rental of billboards, printing of the Corporative review and Annual report, etc.

Expenses for other services (9.810 thousand RSD refer, first of all, to the costs for licenses: 3.654 thousand RSD, photocopying services and technical support of Energoprojekt Energodata related to multimedia presentations, update and preparation of marketing material, graphical design and other: 2.742 thousand RSD, utilities: 2.301 thousand RSD, safety at work: 240 thousand RSD, car registration: 143 thousand RSD, etc.

9.9. Intangible expenses

Structure of intangible expenses	in 000 dinars	
	2013	2012
Costs for non-production services	22.755	44.221
Expense accounts	7.305	8.280
Insurance premium costs	914	770
Payment operations cost and banking fees	845	4.873
Membership fees	1.314	1.245
Tax duties	11.284	10.157
Other intangible expenses	16.863	18.583
TOTAL	**61.280**	**88.129**

Costs for non-production services in the amount of 22.755 thousand RSD (in 2012: 44.221 thousand RSD) refer to auditor's and attorney fees, consulting services, intellectual services professional training, brokers' services, Belgrade Stock exchange, cleaning services etc.

Expense accounts in the amount of 7.305 thousand RSD (in 2012: 8.280 thousand RSD) include catering services, gifts to business partners, etc.

Insurance premium costs (914 thousand RSD) refer, mostly, to the insurance of property and persons, in 2012: 770 thousand RSD.

Costs for payment operations and banking fees include the following: costs for payment operations in the amount of 388 thousand RSD (in 2012: 391 thousand RSD), costs for banking services in the amount of 457 thousand RSD (in 2012: 4.482 thousand RSD).

Membership fees refer to chamber membership fees (Chamber of Commerce in Serbia and Belgrade Chamber of Commerce) representing salary expense liability in the amount of 429 thousand RSD (in 2012: 496 thousand RSD) and other chamber membership fees and association fees in the amount of 885 thousand RSD (in 2012: 749 thousand RSD).

Tax duties in the amount of 11.284 thousand RSD (in 2012: 10.157 thousand RSD) include the following: property tax, urban development land tax, local tax on company and sign, etc. The most important part of these expenses is the property tax in the amount of 7.934 thousand RSD in 2012: 7.199 thousand RSD.

Other intangible expenses in the amount of 16.863 thousand RSD(in 2012: 18.583 thousand RSD) refer to mostly to foreign branches' services (I.N.E.C. Engineering Company Limited i Encom GmbH Consulting, Engineering & Trading (10.485 thousand RSD, in 2012: 14.444 thousand RSD), and other expenses (6.378 thousand RSD, in 2012: 4.139 thousand RSD) refer to: taxes (administrative, court fee, etc.), participation in salaries for disabled workers, printing of Energoprojekt company newspaper, TV subscription fees, etc.

9.10. Financial revenues

Structure of financial revenues	in 000 dinars	
	2013	2012
Revenue from interest		
Financial income from transactions between the parent company and subsidiaries	45.074	78.717
Financial income from transactions between the parent company and related parties	9.965	10.697
Income from interest	9.112	8.806
Total	**64.151**	**98.220**
Gains arising on the translation of foreign currency		
Gains arising on the translation of foreign currency arising from relation between entity and subsidiaries	14.071	180.876
Gains arising on the translation of foreign currency arising from relation with other related parties	1.411	12.313
Other gains arising on the translation of foreign currency	2.227	2.458
Subtotal	**17.709**	**195.647**
Income based on foreign currency clauses	1.481	16.741
Share in the profit of subsidiaries	278.605	255.194
Other financial revenues	2.585	2.040
TOTAL	**364.531**	**567.842**

Other interest revenue refers to interest on term deposits in the amount of 9.109 thousand RSD (in 2012: 8.734 thousand RSD).

Financial revenues from the share of the profit of subsidiaries in the amount of 278.605 thousand RSD (in 2012: 255.194 thousand RSD) refer to the following subsidiaries:

- Energoprojekt Garant plc. in the amount of 51.885 thousand RSD (in 2012: 34.054 thousand RSD),
- Energoprojekt Entel plc. in the amount of 148.697 thousand RSD (in 2012: 143.595 thousand RSD) and
- Energoprojekt Oprema plc. in the amount of 78.023 thousand RSD (in 2012: 77.545 thousand RSD).

Other financial revenues in the amount of 2.585 thousand RSD (in 2012: 2.040 thousand RSD) refer to the income based on the increased number of shares and distribution of profit for 2012 of the Jubmes Bank plc, Belgrade (2.580 thousand RSD) and Aik bank plc, Nis (5 thousand RSD).

9.11. Financial expenses

Structure of financial expenses	*in 000 dinars*	
	2013	*2012*
Costs of interest		
Other costs of interest	14.634	19.383
Total	**14.634**	**19.383**
Losses arising on the translation of foreign currency		
Losses during the translation of foreign currency arising from relation between entity and subsidiaries	1.830	4.220
Losses during the translation of foreign currency arising from relation between entity and other related parties		
Other losses during the translation of foreign currency	2.723	30.788
Subtotal	**4.553**	**35.008**
Expenses based on foreign currency clauses	2.009	8.566
TOTAL	**21.196**	**62.957**

Expenses based on foreign currency clauses in the amount of 14.042 thousand RSD (2012: 18.157 thousand RSD) refer mostly to interests from loans for current liquidity (received by the Development Fund of the Republic of Serbia and Erste Bank) and the default interest in the amount of 592 thousand RSD (in 2012: 1.226 thousand RSD).

Other expenses based on foreign currency clauses refer mostly to adverse effects on loans received by the Development Fund of the Republic of Serbia in the amount of 1.373 thousand RSD (in 2012" 22.807 thousand RSD.

9.12. Other revenues

Structure of other revenues	*in 000 dinars*	
	2013	*2012*
Other revenues		
Income based on the disposal of LT investments and securities	3.689	-
Revenues from the sales of property, plants and equipment	-	510
Income from positive hedging effects	7	140
Other income	160	264
Total	**3.856**	**914**
Property value adjustment		
Property, plants and equipment	19.023	1.507
Total	**19.023**	**1.507**
TOTAL OTHER REVENUES AND EXPENSES RELATED TO PROPERTY VALUE ADJUSTMENT	**22.879**	**2.421**

Income based on the disposal of LT investments and securities refer to the sale of shares of Hipotekarna Banka plc, Podgorica in the amount of 3.689 thousand RSD (124 shares, 515 EUR per share) .

Other revenues refer mostly to the sales of old paper in the amount of 160 thousand RSD (in 2012: 211 thousand RSD).

Revenues from the value adjustment for the property, plants and equipment refer to the assessment of the investment property value – business premises „Stari Merkator“ in the amount of 19.023 thousand RSD (in 2012: 1.507 thousand RSD referred to the assessment of the investment property value – residential building “Samacki hotel”).

9.13. Other expenses and net loss of discontinued operations

Structure of other expenses	*in 000 dinars*	
	2013	*2012*
Other expenses		
Losses based on the retirement and sales of intangible investments, property, plants and equipment	8	231
Losses based on the disposal of LT investments and securities	-	8
Direct receivables write-off	596	4.066
Other expenses	2.772	5.735
Total	**3.376**	**10.040**
Property impairment costs		
Property, plants and equipment	17.918	7.614
Claims and short-term financial investments	-	-
Total	**17.918**	**7.614**
TOTAL OTHER EXPENSES AND PROPERTY IMPAIRMENT COSTS	**21.294**	**17.654**
Adverse effect due to changes in accounting policies and correction of errors from previous periods	657	941
TOTAL	**21.951**	**18.595**

Expenses related to direct write-off of claims in the amount of 596 thousand RSD refer mostly to Energoprojekt Promet ltd. in the amount of 520 thousand RSD (in 2012: they referred to Energoprojekt Montenegro ltd. in the amount of 3.466 thousand RSD).

Other expenses in the amount of 2.772 thousand RSD mostly include donations in the amount of 2.759 thousand RSD (in 2012: 5490 thousand RSD) and donations for humanitarian purposes and fines and penalties).

Property, plants and equipment impairment in the amount of 17.918 thousand RSD refers to the impairment of the investment property – residential buildings „Samacki hotel" (in 2012: 7.614 thousand RSD refer to the impairment of business premises "Stari Merkator").

9.14. Profit before tax

Structure of gross results	in 000 dinars	
	2013	2012
Operating income and expenses		
Operating income	551.185	476.714
Operating expenses	475.204	423.681
Operating result	**75.981**	**53.033**
Financial revenues and expenses		
Financial revenues	364.531	567.842
Financial expenses	21.196	62.957
Financial result	**343.335**	**504.885**
Other revenues and expenses		
Other revenues	22.879	2.421
Other expenses	21.294	17.654
Result from other revenues and expenses	**1.585**	**(15.233)**
Effects of discontinued operations, accounting policy changes and accounting adjustments from previous years		
Income	9	-
Expenses	666	941
Net effect	**(657)**	**(941)**
Total gross result		
TOTAL INCOME	**938.604**	**1.046.977**
TOTAL EXPENSES	**518.360**	**505.233**
PROFIT/LOSS BEFORE TAX	**420.244**	**541.744**

9.15. Income tax and net profit

Calculation of income tax and net profit	*in 000 dinars*	
	2013	*2012*
Profit/loss before tax	420.244	541.744
Adjustments and corrections of revenues/expenses in the tax balance	(289.205)	(256.071)
Capital gains/losses in the balance sheet	3.689	8
Taxable profit	134.728	285.681
Capital gains/losses calculated pursuant to the law	-	-
Tax base	**134.728**	**285.681**
Calculated tax (10% from the tax base)	20.209	28.568
Total tax deduction	(607)	(745)
Calculated tax upon depreciation	**19.602**	**27.823**
Profit/loss before tax	420.244	541.744
Tax expenses	19.602	(27.823)
Deferred tax expenses/revenues	**1.554**	**(9.065)**
Net profit/loss	**399.088**	**504.856**

Total tax deduction (in the amount of 20% of performed investment and max. 33% of the taxable base) in the amount of 607 thousand RSD is a result of the tax credit for investments in fixed assets in 2013.

9.16. Profit per share

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

Indicator	*2013*	*2012*
Net profit (loss) in 000 dinars	399.088	504.856
Average number of shares for one year	10.443.944	10.443.944
Profit per share in dinars	**38,21**	**48,34**

Upon decision of the General Meeting on 28.06.2013 the dividends for 2012 were paid in shares (993.754 ordinary shares). The weighted average number of shares for 2013 is 10.443.944, therefore, the net profit per share is 38,21 RSD.

10. BALANCE SHEET

10.1. Intangible investments

	in 000 dinars			
	Intangible investments in preparation	Advance payments for intangible investments	Other intangible investments	**Total**
Purchase price				
Opening balance (01.01.2013)	8.837		2.326	**11.163**
New purchases over the course of the year		320		**320**
Transfer from one form to another				
Disposal, Retirement etc.				
Closing balance (31.12.2013)	**8.837**	**320**	**2.326**	**11.483**
Value adjustment				
Opening balance (01.01.2013)			1.747	**1.747**
Depreciation for 2013			289	**289**
Closing balance (31.12.2013)			**2.036**	**2.036**
Present (non write off) value				
Opening balance 01.01.2013	**8.837**		**579**	**9.416**
Balance as at 31.12.2013	**8.837**	**320**	**290**	**9.447**

10.2. Property, plants and equipment

Structure and changes in property, plants and equipment	in 000 dinars				
	Buildings	Plants and equipment	Property, Plants and equipment in preparation	Advance payments for property, plants and equipment	**TOTAL**
Purchase price					
Opening balance (01.01.2013)	919.807	94.277		42.872	**1.056.956**
New purchases over the course of the year		3.869			**3.869**
Transfer from one form to another					
Disposal, Retirement etc.		(3.998)		348	**(3.650)**
Closing balance (31.12.2013)	**919.807**	**94.148**		**43.220**	**1.057.175**
Value adjustment					
Opening balance (01.01.2013)	402.544	66.715			**469.259**
Depreciation for 2013	89	9.866			**9.955**
Disposal, Retirement etc.	(14.381)	(3.990)			**(18.371)**
Closing balance (31.12.2013)	**388.252**	**72.591**			**460.843**
Present (non write off) value					
Opening balance 01.01.2013	**517.263**	**27.562**		**42.872**	**587.697**
Closing balance 31.12.2013	**531.555**	**21.557**		**43.220**	**596.332**

Based on the decision of the Executive Board of the Company, current value per m2 of office space in the Energoprojekt building was leveled to 54.300,00 RSD/m2 and posted under the Buildings Value and Revaluation Reserves Adjustment Account in the amount of 14.381 thousand RSD.

On 31.12.2013, the residual value and the remaining useful lifetime for the property and equipment with significant accounting value were evaluated. The effect of the change in the accounting assessment influenced the change in depreciation costs for 2013 and consequently, the accounting value of assets on 31.12.2013 (Note 9.6).

The advance payment for the property in the amount of 43.220 thousand RSD refers to the paid advance to the Republic of Serbia for the purchase of property in Uganda, Peru and Nigeria.

On 31.12.2013, the Company has no property or equipment mortgaged or liened as collateral for financial obligations.

10.3. Investment property

Change in the investment property	*in 000 dinars*	
	2013	*2012*
Revaluation amount		
Opening balance (01.01)	602.612	496.698
New purchases	-	112.021
Revaluation - effects of the assessment	1.105	(6.107)
Closing balance (31.12)	**603.717**	**602.612**

The investment property in the amount of 603.717 thousand RSD refers to the following:

- Buildings „Samacki hotel“, total area of 8.034,00 m², with land use rights (18.598,00 m²) in Batajnicki put no. 24, Zemun (511.573 thousand RSD). The fair value of this investment property on 31.12.2012 was 529.491 thousand RSD. On the balance sheet date, a new assessment was performed and its value was reduced by 17.918 thousand RSD.
  The rental of these buildings to Energoprojekt Visokogradnja plc. generated an income in 2013 of 23.957 thousand RSD (Note 9.3).
- Business premises “Stari Merkator”, total area 643 m², third floor of the building no. 2, on the specific part of the building 235, in Palmira Toljatija street no. 5, cadastral lot no. 254, registered in the registry of immovable property no. 3132 cadastral municipality New Belgrade in the amount of 92.144 thousand RSD. The fair value of the investment property on 31.12.2012 was 73.121 thousand RSD. On the balance sheet date, a new assessment was performed and its value was increased by 19.023 thousand.
  This building was not leased in 2013 (waiting for a tenant).

The valuation of the fair value on 31.12.2013 was performed by an independent valuator who has appropriate professional qualifications and recent relevant work experience in the field of investment property. The valuation of the value was performed based on numerous factors, such as: existing renting conditions, valuation of market conditions and valuation of the capitalization rate by using comparative market data, if possible. Due to the current situation on the property market and reduced number of sales transactions with respect to previous years due to the economic crisis, the valuator has mostly used his knowledge of the market and professional judgment and less results of comparable transactions in the past.

10.4. Long-term financial investments

Structure of long-term financial investments	*in 000 dinars*	
	2013	*2012*
Equity investments in subsidiaries and affiliated companies		
EP Visokogradnja plc. (92,53%)	1.706.767	1.704.254
EP Niskogradnja plc. (100 %)	1.012.084	855.506
EP Oprema plc. (67,87%)	121.316	121.316
EP Hidroinženjering plc. (94,84%)	399.230	399.230
EP Urbanizam i arhitektura plc. (94,40%)	146.455	146.455
EP Promet ltd. (100,00%)	295	295
EP Energodata plc. (96,43%)	191.438	191.438
EP Industrija plc. (62,77%)	61.209	61.209
EP Entel plc. (86,26%)	216.422	216.422
EP Garant plc. (92,94%)	597.545	597.545
Enjub ltd. (50,00%)	13.550	13.550
I.N.E.C. Engineering Company Limited (100,00%)	62.359	62.359
Encom GmbH Consulting, Engineering & Trading (100,00%)	3.493	3.493
Nana Offshore S.A.L. (100,00%)	924.749	924.749
Zambia Engineering and Contracting Company Limited (100,00%)	587	587
Total	**5.457.499**	**5.298.408**
Equity investments in other related parties and other securities for sale		
Dunav plc. (0,20333%)	450	348
Jubmes banka plc. (1,40672%)	32.448	46.895
Hipotekarna bank plc Podgorica (0,3961%)	-	8.654
FIMA SEE Activist plc. Belgrade (15,96806%)	10.160	11.600
Energobroker plc (17,64%)	4.371	4.371
Hotel Bela ladja plc, Becej (4,3578%)	5.947	5.947
Aik bank plc. (0,00573%)	794	795
Total	**54.170**	**78.610**
TOTAL	**5.511.669**	**5.377.018**
Other long-term financial investments		
Long-term loans granted to subsidiaries	751.502	794.443
Long-term housing loans granted to employees	1.591	2.084
Total	**753.093**	**796.527**
TOTAL	**6.264.762**	**6.173.545**

Equity investments represent long term investments in shares and in subsidiaries and affiliates, banks and insurance companies (available for sale securities).
Equity investments in subsidiaries and affiliates are disclosed according to the method for disclosing investments at purchase cost. The Company recognizes revenues in the amount received from the distribution of retained earnings of the investment user incurred after the date of acquisition.

Equity investments in other companies and investments in available for sale securities are estimated at fair value.

Equity investments of EP Visokogradnja plc. were increased based on the purchase of shares by those shareholders, who have submitted a written request to EP Holding plc as the controlling shareholder, according to the Companies Law.

Equity investments of EP Niskogradnja plc. were increased upon decision of the Supervisory Board of EP Holding plc regarding the compulsory share buyout from the remaining shareholders at a price set in accordance with provisions the Companies Law concerning share buyout from unwilling shareholders.

Changes in securities available for sales occurred after the sale of shares of Hipotekarna banka plc, Podgorica (124 shares, 515 EUR per share) and value adjustments for securities in the Company's portfolio with their fair value on the secondary securities market on the reporting date.

The Company owns shares of other legal entities, in particular:

1. Dunav plc: 527 shares with market value on the balance sheet date amounting to 853 RSD per share,
2. Jubmes bank plc: 4.056 shares with market value 8.000,00 RSD per share,
3. Fima See Activist plc: 1.600 shares with market value 6.350 RSD per share,
4. Hotel Bela ladja plc, Becej: 60.070 shares with market value 99,00 RSD per share,
5. AIK bank plc: 518 shares with market value 1.533,00 RSD per share.

Long-term loans granted to subsidiaries refer to Energoprojekt Visokogradnja plc in the amount of 88.759 thousand RSD and Energoprojekt Niskogradnja plc in the amount of 662.743 thousand RSD.

Long-term housing loans granted to employees refer to four housing loans granted by the Company to employees: two loans granted on 10.06.1992 with a 38,5 years repayment period, two loans on 28.11.1995 with a 40 years repayment period, the loan that was granted on 24.12.2009 for a period of 10 years, was repaid on 31.12.2013. Loans are interest-free and will be repaid in monthly installments. Pursuant to provisions of the contract and the Law on amendments and supplements of the Housing law, the Company applies installment revalorization twice a year according to the price shifts in the Republic of Serbia for the respective calculation period.

10.5. Inventories and paid advances

Structure of inventories and paid advances	in 000 dinars	
	2013	2012
Small inventory items	941	892
Paid advances	58.255	99.508
Less: value adjustment	(941)	(892)
Total	**58.255**	**99.508**

Paid advances, in the amount of 57.609 thousand RSD, refer mostly to the paid advance to Energoprojekt Oprema plc. according to the contract for the construction of the embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria a turnkey project, on the cadastral lot No. 313, registered in the registry of immovable property, cadastral zone A00.

10.6. Short-term receivables

Structure of short-term receivables	in 000 dinars	
	2013	2012
Trade receivables		
Buyers –subsidiaries	311.872	236.223
Buyers – other affiliates	705	705
Domestic buyers	149	51
Total	**312.726**	**236.979**
Receivables from specific business operations		
Other receivables from specific business operations	54.865	9.267
Less: value adjustment		-
Total	**54.865**	**9.267**
Other receivables		
Interest and dividends	49.807	25.952
Staff claims	110	61
Receivables from state institutions	386	100
Prepaid income tax	-	-
Other prepaid taxes and contributions	-	91
Less: value adjustment	-	-
Total	**50.303**	**26.204**
TOTAL	**417.894**	**272.450**

Changes in the value adjustment account are indicated in the following table.

Changes in value adjustment for receivables	*in 000 dinars*	
	2013	*2012*
Balance on 01.01.	-	523
Additional value adjustment	-	-
Previously adjusted receivables - direct write-off	-	523
TOTAL	**-**	**-**

The Company has signed blank bills of exchange with authorization that will be used as collateral for the collection of payments pursuant to service agreements for the provision of services to subsidiaries.

Receivables from buyers and other receivables are non-interest bearing.

Detailed review of short-term receivables is presented in the Note 8.1 and reconciliation of receivables and liabilities in presented in the Note 10.22.

10.7. Short-term financial investments

Structure of short-term financial investments	*in 000 dinars*	
	2013	*2012*
Short-term loans and investments –subsidiaries and affiliates		
Subsidiaries	254.016	267.867
Other affiliates	153.092	151.859
Less: value adjustment		
Total	**407.108**	**419.726**
Domestic Short-term loans		
Maturing obligations up to 1 year – long-term housing loans	78	156
Short-term loans to employees	504	432
Less: value adjustment		
Total	**582**	**588**
TOTAL	**407.690**	**420.314**

Details on granted loans to subsidiaries and other affiliates are indicated in the following table.

No.	Borrower and contract no.	Borrowed amount in currency (000 EUR)	Receivables due based on the loan in (000 EUR)	Receivables due based on the loan in (000 RSD)	Maturity	Loan terms and conditions
1	**EP Visokogradnja plc.**					
	Annex no.2 to the Loan reprogramming agreement no. 70	1.640	1.640	188.016	31.12.2014	4,5% annually
2	**EP Energodata plc.**					
	Annex no.2 to the Loan reprogramming agreement no. 72	304	304	34.903	31.12.2014	4,5% annually
3	**EP Urbanizam i arhitektura plc.**					
	Loan reprogramming agreement no. 40	271	271	31.097	31.12.2014	4,5% annually
TOTAL SUBSIDIARIES		**2.216**	**2.216**	**254.016**		
4	**Enjub ltd.**					
	Annex no.2 to the Loan reprogramming agreement no. 115	1.198	1.198	137.329	31.12.2014	three months EURIBOR+6,5%
	Annex no.6 to the Loan agreement no. 367	138	138	15.763	31.12.2014	three months EURIBOR+6,5%
	Total Enjub ltd.	**1.335**	**1.335**	**153.092**		
TOTAL AFFILIATED COMPANIES		**1.335**	**1.335**	**153.092**		
TOTAL		**3.551**	**3.551**	**407.108**		

Short-term loans to subsidiaries and other related companies were approved to a period of 12 months with an interest rate of 4,5% annually to 3M EURIBOR + 6,5 %.

The Company has 2 (two) signed blank bills of exchange with authorization that will be used as collateral for the collection of payments pursuant to loan agreements concluded with subsidiaries and the affiliated company. Besides bills of exchange, the Company has an extrajudicial mortgage for the entire loan amount for apartments in Jurija Gagarina street, New Belgrade.

Short term financial loans to employees in the amount of 504 thousand RSD refer to interest-free loans to employees of the Company for heating and winter supplies that are repaid in monthly installments for a period of six months.

10.8. Cash and cash equivalents

Structure of cash and cash equivalents	in 000 dinars	
	2013	2012
Current accounts (RSD)	69.446	6.806
Current accounts (FX)	81.997	108.138
Cash balance RSD	33	139
Short-term term deposits and letters of credit	-	218.889
TOTAL	**151.476**	**333.972**

RSD and FX current accounts of the Company indicates funds deposited in domestic banks (Banca Intesa, Unicredit bank, Hypo-Alpe-Adria bank, Jubmes bank, Alpha bank, Vojvodjanska banka, Societe Generale bank, Credit Agricole bank, Raiffeisen bank and Erste bank, Komercijalna Banka and Piraeus bank.

10.9. Added value tax and active accruals

Structure of added value tax and active accruals	in 000 dinars	
	2013	2012
Prepaid expenses	2.379	1.818
Prepaid VAT	2.251	801
Receivables on non-invoiced income	171.314	49.554
Other active accruals	1.066	627
TOTAL	**177.010**	**52.800**

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

Receivables on non-invoiced income in the amount of 171.314 thousand RSD refer to the completion of the agreement on the construction of the embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the registry of immovable property, cadastral zone A00 (171,168 thousand RSD) and receivables from Telekom Serbia plc in the amount of 146 thousand RSD based on the renting of the roof terrace of Energoprojekt building for November and December of the reporting year.

10.10. Changes in capital

in 000 RSD

DESCRIPTION	Share capital	Other capital	Issuing premium	Reserves	Revaluation reserves	Unrealized profit/loss from securities	Undistributed profit	Losses up to capital	Redeemed shares	Total
Balance on 31.12.2012	5,068,144	27,178	1,600,485	134,881	43,080	2,274	789,728		-	7,665,770
Correction of errors and changes in the accounting policy										
Restated balance	5,068,144	27,178	1,600,485	134,881	43,080	2,274	789,728		-	7,665,770
Increase of share capital										-
Changes of the fair value of available-for-sale securities						(18,520)				(18,520)
Net profit in the current period							399,088			399,088
Distirbution of profits	506,815						(506,815)			-
Sales / (acquisition) of shares						(4,890)				(4,890)
Adjustment for income tax revenue for 2012 and IAS 12					9,830		2,910			12,740
Balance on 31.12.2013	**5,574,959**	**27,178**	**1,600,485**	**134,881**	**52,910**	**(21,136)**	**684,911**			**8,054,188**

10.11. Share capital

The following tables indicate the ownership structure of Energoprojekt Holding plc. shares on 31.12.2013 according to records of the Central Securities Depository:

	No. of shares	% from total issue	
Shares held by private shareholders	**3.445.620**	**31,52%**	
Shares held by legal entities	**6.653.307**	**60,86%**	
- Republic of Serbia	3.671.205		33,58%
- Other legal entities	2.982.102		27,28%
Summary (custody) account	**832.365**	**7,61%**	
Total shares	**10.931.292**	**100,00%**	

Number of shareholders with equity share	Number of entities			Number of shares			% of total issue		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
To 5%	7.805	245	8.050	4.613.976	753.432	5.367.408	42.21%	6,89%	49.10%
From 5% to 10%	0	0	0	0	0	0	0.00%	0.00%	0.00%
From 10% to 25%	1	0	1	1.892.679	0	1.892.679	17.31%	0.00%	17.31%
From 25% to 33%	0	0	0	0	0	0	0.00%	0.00%	0.00%
From 33% to 50%	1	0	1	3.671.205	0	3.671.205	33.58%	0.00%	33.58%
From 50% to 66%	0	0	0	0	0	0	0.00%	0.00%	0.00%
From 66% to 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
Over 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
Total number	7.807	245	8.052	10.177.860	753.432	10.931.292	93.11%	6.89%	100.00%

List of top 10 shareholders by total shares held:

Name	Number of shares	% of total issue
Serbian Government	3.671.205	33.58%
Napred Razvoj plc New Belgrade	1.892.679	17.31%
East Capital (Lux) – Balkan Fund	370.593	3.39%
Gustavia Fonder Aktiebelag	126.000	1.15%
Raiffeisen Bank plc – custody	109.337	1.00%
Raiffeisen Bank plc – custody	98.447	0.90%
Raiffeisen Bank plc Belgrade – custody	97.351	0.89%
Erste Bank plc Novi Sad – custody	91.477	0.84%
Unicredit Bank Serbia plc – summary account	62.715	0.57%
Polunin Discovery Funds	58.965	0.54%

Serbian Government 33,58%
Other 39,82%
Professional investors 26,60%

Capital structure	in 000 dinars	
	2013	2012
Share capital		
Share capital (ordinary shares)	5.574.959	5.068.144
Other share capital	27.178	27.178
TOTAL	**5.602.137**	**5.095.322**

The share capital consists of 10.931.292 ordinary shares each with a nominal value of 510 RSD (5.574.959 thousand RSD), and a nominal book value of 736,80 RSD.

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

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

At the 41st General meeting of Energoprojekt Holding plc, held on 28.06.2013, under Item 3 of the agenda, the following decision on the distribution of undistributed profit was taken:

- The net profit of Energoprojekt Holding plc for 2012 amounts to 505.370.307,96 RSD. The undistributed profit from previous years was 284.872.483,11 RSD. Total undistributed profit of Energoprojekt Holding plc is 790.242.791,07 RSD.
- The total undistributed profit of Energoprojekt Holding plc is allocated as follows:
  a) The amount of 506.814.540,00 RSD will be used to increase the equity by issuing XI issue for the purpose of converting undistributed profit to equity, (993.754 shares with a nominal value of 510,00 RSD).
  b) The balance of 283.428.251,07 RSD remains unallocated.

The decision adopted at the General meeting was recorded in accounting books on 28.06.2013 and filed with the Serbian Business Registers Agency on 09.07.2013.

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

10.12. Reserves

The reserves consist of:

Structure of reserves	in 000 dinars	
	2013	2012
Issuing premium	1.600.485	1.600.485
Legal reserves	23.185	23.185
Statutory and other	111.696	111.696
TOTAL	**1.735.366**	**1.735.366**

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

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

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

10.13. Revaluation reserves, unrealized profit/loss from securities available for sales

Structure of revaluation reserves, unrealized profit/loss from securities	in 000 dinars	
	2013	2012
Revaluation reserves	52.910	43.080
Unrealized profit from securities available for sales	-	8.134
Unrealized loss from securities available for sales	(21.136)	(5.860)
TOTAL	**31.774**	**45.354**

Changes in **revaluation reserves** for properties in the amount of 9.830 thousand RSD, relate to the current value per m2 of office space in the Energoprojekt building that was leveled to 14.381 RSD, according to the Decision of the Executive Board of the Company and the implementation of IAS 12, according to which the revaluation reserves were decreased by 4.551 thousand RSD.

The change in **Unrealized profit/loss from securities available for sales** refer to the adjustment of the value of securities from the Company's portfolio (Note 10.4) with their fair value on the secondary market on reporting date and to the sales of Hipotekarna Banka plc, Podgorica shares.

10.14. Undistributed profit

The **undistributed profit** and respective adjustments are indicated in the following table.

The undistributed profit and respective adjustments	*in 000 dinars*	
	2013	*2012*
Balance on 01.01.	789.728	526.307
Adjustment of profit based on the income tax and IAS 12	2.910	(6)
Allocation of profit	(506.815)	(241.429)
Allocation of profit to statutory reserves	-	-
Profit – current year	**399.088**	**504.856**
Balance on 31.12.	**684.911**	**789.728**

The allocation of undistributed profit on 31.12.2012 (current profit for 2012) was performed according to the GM resolution taken by Energoprojekt Holding plc. on the 41st General meeting under item 3 of the agenda, held on 28.06.2013 (Note 10.11).

10.15. Long-term provisions

Structure of long-term provisions	*in 000 dinars*	
	2013	*2012*
Provisions for fringe and other employee benefits	5.055	5.017
Other long-term provisions	260.000	260.000
TOTAL	**265.055**	**265.017**

Provisions for fringe and other employee benefits (provisions for non-due retirement bonus), are indicated based on actuarial calculation of Energoprojekt experts.

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

0,57% decrease of the provision amount in Energoprojekt, based on current retirement values in the balance sheet on 31.12.2013 in comparison to 31.12.2012, was a result of several changed factors:

- On one hand, changes of some factors affect the increase of the provision amount (1,50% increase in the number of employees and 4,79% increase of the average retirement amount);
- On the other hand, changes of some factors affect the decrease of the provision amount (2,42% decrease of the average years in service in the Company and increase of the difference between the annual discount rate and the average annual expected salary growth rate of 0,50%).

In addition to the above-mentioned, the change in the provision structure in specific companies is a consequence of the change in the aliquot part of number of employees in specific companies against the total number of employees in the whole Energoprojekt Group.

The provision projection procedures, considering IAS 19, were performed according to the following steps:

- *first, 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 a retirement bonus, as well as the period during which this bonus will be paid out;*
- *Second, considering provisions of the Collective agreement, the bonus amount was valuated for each year of service indicated on the balance sheet date, and*
- *Third, the discount factor (discount rate to expected salary growth ratio) was used to determine the present value of the expected retirement bonus outflows.*

The Retirement bonus is paid pursuant on Article 48 of the Collective agreement. The employer will pay to the employee a retirement bonus in the amount of: 1) employee's triple net earnings of the month that precedes the month of retirement, 2) triple net average earnings in the month that precedes the month of retirement, 3) in the amount prescribed by law; depending upon which amount is most favorable for the employee.

Upon discounting, the following assumptions were considered:

- *expected annual growth of earnings in the Company of 6% and*
- *discount rate of 9%* .

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 Company, these values will be specified later in the text.

The rate of 9% was accepted as the annual discount rate. In the paragraph 78, IAS 19 and paragraph BC 33 in the Basis for Conclusions IAS 19, it is explicitly stated that the rate used for discount should be defined according to market yields at the balance sheet date for high yield corporate bonds. In countries where there is no developed market for such bonds, market yields (at the balance sheet date) for government bonds should be used. The value date and deadlines for bonds should be in accordance with the value date and deadlines for liabilities for income after employment.

Since the financial market of Serbia is insufficiently developed, the real 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 on the balance sheet date. According to the above, the discount rate was determined according to the annual yield of government bonds, issued on 30.12.2013 by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia. These bonds were issued with an annual interest rate of 8,89%. Since the maturity of reference securities (371 days) is shorter than the average estimated maturity for income that is the subject of this calculation, in view of requirements from paragraph 81, IAS 19, the discount rate was estimated considering longer maturity.

The annual expected wage growth in the Company is planned at a level of **6%**.

The annual discount rate and the annual wage growth depend upon the inflation rate. The Memorandum of the National Bank of Serbia on the target inflation rate till 2016, adopted at the meeting of the Executive Board of NBS on 18.10.2013, among other things, determines the target inflation rate for 2014 of 4%, with permissible deviation (positive and negative) of 1,5 percentage points. According to the above and considering the decrease in inflation in 2013 and the expectation that structural reforms and price liberalization will not be performed as indicated in the Memorandum, it would be realistic, for the next-year inflation and within permitted framework foreseen by the MEMORANDUM, to plan the inflation with maximum permissible positive deviation of 1%.

The provision will be estimated according to the planned annual inflation of 5%. It can be concluded that the Company planned a long-term annual wage growth of 1% and the long-term annual real discount rate was planned at 4%.

If the inflation rate would drop in the future, the applied logic would result in the reduction of nominal wages but also of the discount rate (that is defined by the inflation rate) so that the change would to lead to the change in results presented in this document. The methodology used, indicating the long-term 6% and long-term annual discount rate of 9%, assumes an unchanged inflation rate in future. This assumption is requested in the paragraph 75, IAS 19.

Other long-term provisions in the amount of 260.000 thousand RSD are recorded in the balance sheet on 31.12.2006, pursuant to the decision of the Board of Management of the Company, as possible contract expenses related to the Joint construction agreement - Block 26, New Belgrade no. 507, concluded between the consortium „Energoprojekt – Napred“ and Trinity Capital ltd.

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

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

On 31.12.2013 there is still uncertainty with regard to the application of the legislation that may affect the fulfillment of all obligations assumed by the Company and possible activation of issued bills of exchange by Trinity Capital ltd. Therefore, the management assesses that conditions for the cancellation of the provision at the balance sheet date have not been met yet.

10.16. Long-term loans

Liabilities from long term loans are due in a period longer than one year from the performance date or balance sheet date.

The following table shows liabilities related to the long-term loan in dinar on 31.12.2013, divided to liabilities up to one year (disclosed as short-term liabilities), Note 10.17. and liabilities over one year (disclosed as long-term liabilities).

Creditor	*in 000 dinars*			
	2013		*2012*	
	Long-term liabilities	*Short-term liabilities*	*Long-term liabilities*	*Short-term liabilities*
Komercijalna banka	16.667	33.333	-	-
Erste bank	-	45.997	45.627	152.089
Republic of Serbia Development Fund	-	150.208	148.997	142.581
TOTAL	**16.667**	**229.538**	**194.624**	**294.670**

Komercijalna Banka approved a long-term permanent working capital loan (27.12.2013) in the amount of 50.000.000,00 RSD.

The Loan was approved under the following terms and conditions:

- Loan repayment is in 15 months from the loan disbursement date with a grace period. The grace period for the principal is 6 months from the loan disbursement date.
- Interest rate is fluctuating and is 9 % per annum on the date of loan approval.
- Loan repayment is in equal monthly installments starting from 31.07.2014. Last rate matures on 31.03.2015.

Annuities maturing in 2014 are 33.333 thousand RSD are disclosed under short-term financial commitments maturing in less than one year.

The loan will be secured by bills of exchange issued by Energoprojekt Holding plc and guarantees from Energoprojekt Niskogradnja plc, Energoprojekt Oprema plc, Energoprojekt Entel plc, Energoprojekt Industrija plc and Energoprojekt Hidroinženjering plc.

10.17. Short-term financial liabilities

Structure of short-term financial liabilities	*in 000 dinars*	
	2013	*2012*
Short-term domestic loans	-	-
Long-term loan maturing in one year	229.538	294.670
Long-term liabilities maturing in one year	-	173
Other short-term financial liabilities – based on visa accounts	260	192
TOTAL	**229.798**	**295.035**

Part of long-term loans with one-year maturity (229.538 thousand RSD) relate to the Development Fund of the Republic of Serbia (150.208 thousand RSD, Erste bank (45.997 thousand RSD) and Komercijalna Banka (Note 10.16) in the amount of 33.333 thousand RSD.

The long-term permanent working capital loan was approved on 30.12.2010 by the **Development Fund of the Republic of Serbia** in the amount of 321.174.000,00 RSD, or 3.040.225,67 EUR.

On 14.05.2012 an Annex 1 on the reprogramming of the loan in the amount of 290.866.733,11 RSD, or 2.869.101,22 EUR was concluded.

The loan was concluded under the following conditions:

- The repayment period is 2 years after the expiration of the grace period (until 31.12.2012). During the grace period, the intercalary interest is calculated per quarter retrospectively and applied to the principal debt,
- Interest rate 4,5% per annum,
- Loan repayment in quarterly annuities starting from 31.12.2012. Last annuity matures on 31.12.2014.

Annuities maturing in 2014 are 150.207.627,59 RSD (1.310.230,95 EUR).

Bills of exchange of Energoprojekt Holding plc will be used as collateral and guarantees from Energoprojekt Niskogradnja plc, Energoprojekt Oprema plc, Energoprojekt Entel plc, Energoprojekt Industrija plc and Energoprojekt Hidroinženjering plc.

The currency clause is used for the calculation of the principal debt and the debt is set in EUR according to the NBS middle rate on the drawdown date and is recalculated in RSD according to the middle rate on the maturity date.

The Development Fund of the Republic of Serbia has approved the loan based on the document "The permanent working capital program of Energoprojekt Holding plc" that defines the necessary funds to overcome the short-term insolvency and enhance marketing activities of Energoprojekt Visokogradnja plc abroad.

Liquidity maintenance, working capital and export loan from Erste Bank on 27.09.2012 in the amount of 200.000.000,00 RSD or 1.738.646,63 EUR, under the following conditions:

- The repayment period is 18 months after the expiration of the grace period (27.03.2013);
- The nominal interest rate is fluctuating and is 2,5% per annum on the loan approval date;
- Loan repayment is in equal monthly installments (134.615,38 EUR) starting from 27.03.2013. Last rate matures on 27.03.2014.

Installments in 2014 amount to 45.997.406,12 RSD or 401.226,13 EUR.
The currency clause is used for the calculation of the principal debt and the debt is set in EUR according to the NBS middle rate on the drawdown date.

2 (two) bills of exchange of Energoprojekt Holding plc will be used as collateral and 2 (two) authorizations. Energoprojekt Holding plc authorizes the Bank, in case of failure to fulfill contractual obligations, to activate the bills of exchange for the due amount with no protest clause and to submit for collection, and, pursuant to the law, to collect other remaining collaterals.

10.18. Liabilities from operating activities

Structure of liabilities from operating activities	*in 000 dinars*	
	2013	*2012*
Received advance payments and deposits	660	422
Suppliers –subsidiaries	65.957	47.287
Domestic suppliers	12.950	10.864
Foreign suppliers	3.288	2.421
Liabilities from specific operations	131	337
TOTAL	**82.986**	**61.331**

Liabilities towards suppliers do not include any interest and due date between 5 and 30 days.

The Management of the Company believes that disclosed value of obligations from operating activities reflects their fair value at the balance sheet date.

10.19. Other short-term liabilities

Structure of short-term liabilities and accruals and deferred income	*in 000 dinars*	
	2013	*2012*
Salaries and fringe benefits - gross	12.928	23.320
Interest and financing costs	139	426
Dividends and profit sharing	11.810	11.841
Employees	846	1.633
Supervisory Board	475	518
Service contracts	353	162
Other	1.652	1.145
TOTAL	**28.203**	**39.045**

Salaries and fringe benefits refer mostly to obligations (net, taxes and contributions) related to December salaries, paid in January of the next year.

Other liabilities, in the amount of 1.652 thousand RSD, refer mostly to withholding from net wages (based mostly on union fees, granted loans, etc.) in the amount of 1.550 thousand RSD.

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

10.20. VAT and other public duties and accruals

VAT and other public duties and accruals	in 000 dinars	
	2013	2012
VAT and other public duties and accruals		
Liabilities for value added tax	5.887	3.305
Liabilities for taxes, customs and other duties purchase-related or charged to costs	278	227
Other liabilities for taxes, customs and other duties	624	643
Total	**6.789**	**4.175**
Liabilities for income tax	**-**	**8.513**
Accruals and deferred income		
Calculated revenues in the future period	-	75
Accrued expenses	38	66
VAT liabilities	-	5
Total	**38**	**146**
TOTAL	**6.827**	**12.834**

Liabilities for value added tax refer to the difference between the calculated tax and previous tax. This obligation was settled timely, at the beginning of the following year.

10.21. Deferred tax liabilities and deferred tax assets

Deferred tax liabilities and deferred tax assets	in 000 dinars	
	2013	2012
Deferred tax assets	(3.702)	(2.567)
Deferred tax liabilities	25.844	21.225
Net tax assets / liabilities	**22.142**	**18.658**

Deferred tax liabilities disclosed on 31.12. refer to *taxable temporary differences* between the book value of assets subject to depreciation and their tax base. Due to different provisions used in the Company to define accounting depreciation (provisions of the professional regulation; IAS and IFRS, etc) and provisions that define tax depreciation (Legal entity income tax law).

The Company will pay, in the future, more income tax that it would pay, if the truly disclosed accounting depreciation would be acknowledged by the tax legislation. For this reason, the company recognizes the deferred income tax liability which will become payable with the company has "recovered" the accounting value of the assets.

Deferred tax liabilities are calculated by multiplying the taxable temporary difference at the end of the year and the income tax rate (15%).

Deferred tax liabilities and respective changes are indicated in the following table.

Deferred tax assets (liabilities) and respective changes	*in 000 dinars*	
	2013	*2012*
Deferred tax liabilities at the end of the previous year	18.658	9.593
Deferred tax liabilities at the end of the current year	22.142	18.658
Changes in deferred tax liabilities	**(3.484)**	**(9.065)**

Changes in deferred tax liabilities	*in 000 dinars*	
	2013	*2012*
Deferred tax liabilities	(1.554)	(9.065)
Revaluation reserves	(2.157)	-
Undistributed profit from the previous year	227	-
Total	**(3.484)**	**(9.065)**

Deferred tax expenses (in the amount of 1.554 thousand RSD) are acknowledged against results of the Company in 2013 in which the increase of deferred tax liabilities was established.

10.22. Reconciliation of Claims and Liabilities

The Company performed **reconciliation of claims** related to domestic and foreign buyers as at 31.12.2013.

Claims from the total of seventeen *domestic buyers*, as at 31.12.2013, in the amount of 312.726 thousand RSD, were reconciliated.

The Company performed the **reconciliation of claims** related to domestic and foreign buyers as at:

- 30.06.2013
- 30.09.2013 and
- 31.12.2013.

With respect to 5 Statements of outstanding items received from *domestic suppliers*, as at 30.11.2013 in the amount of 1.230 thousand RSD, all were reconciled.

With respect to 7 Statements of outstanding items received from *domestic suppliers*, as at 30.12.2013 in the amount of 2.299 thousand RSD all were reconciled.

10.23. Off-balance sheet items

Pursuant to legal provisions (Regulation of the Form and Contents of Financial Statements submitted by companies, cooperatives, other legal entities and entrepreneurs) the Company disclosed off-balance sheet items in its financial statements. Items disclosed under off-balance sheet assets and liabilities, shown in the table below, are neither assets nor liabilities of the company but serve simply to inform the reader.

Structure of off-balance sheet items	*in 000 dinars*	
	2013	*2012*
Issued guarantees and other sureties		
Received guarantees - DIN	-	18.807
Received guarantees - foreign currency	2.866	2.843
Issued guarantees - DIN	2.091.034	1.019.660
Issued guarantees - foreign currency	9.083.029	6.735.589
Issued corporative guarantees - foreign currency	1.662.564	-
Total	**12.839.493**	**7.776.899**
Other off-balance sheet items		
Other off-balance sheet items	936.829	983.530
Total	**936.829**	**983.530**
TOTAL	**13.776.322**	**8.760.429**

Issued guarantee to remedy defects within the warranty for the Prokop station in the amount of 18.807 thousand RSD expired on 01.08.2013 (UniCredit bank).

Off-balance sheet items of the Company in the amount of 8.760.429 thousand RSD refer to:
Issued guarantees, sureties and other warranties in the amount of 12.839.493 thousand RSD refer to:

- Issued guarantee for duly settlement of obligations related to plane tickets in the amount of 2.866 thousand RSD (25 thousand EUR) that expires on 20.01.2014 and is renewed each three months (Alpha bank)
- Issued guarantees related to loans and guarantees for subsidiaries in the amount of 11.174.063 thousand RSD; and
- Issued corporative guarantees Energoprojekt Niskogradnja plc in the amount of 1.662.564 thousand RSD (guarantee for the project BBVA-PERU in the amount of 1.163.795 thousand RSD and the project BANCO FINANCIERO-PERU in the amount of 498.769 thousand RSD).

Based on issued warranties and corporate guarantees the Company has concluded agreements with subsidiaries based on which the Company is the guarantor and received from them the respective collaterals

Other off-balance sheet items in the amount of 936.829 thousand RSD refer to:

- the use of city building land, block 25 and 26, New Belgrade in the amount of 890.624 thousand RSD
- obligations for Enjub dividends, directly write-off in the previous period, in the amount of 30.442 thousand RSD;
- mortgage on Enjub apartments in the amount of 15.763 thousand RSD (according to the loan agreement with Enjub ltd.).

11. MORTGAGES REGISTERED IN FAVOR OR AGAINST THE COMPANY

As collateral to secure the loan no. 423/367, in the amount of 15.763 thousand RSD (137 thousand EUR), approved by the Company to Enjub ltd, the extrajudicial mortgage for the entire loan amount was registered for apartments in Jurija Gagarina 91A, second and third floor, cadastral plot no. 5089/9, cadastral municipality New Belgrade, registered in the registry of immovable property no. 4550, cadastral municipality New Belgrade in favor of the Company.

12. TRANSACTIONS WITH RELATED PARTIES

According to requests from IAS 24 – *Related parties disclosures*, the relationship, transactions, etc. between the Company and related parties were disclosed. Related parties, from the Company' point of view, are as follows: **related companies and key management** (persons with authorizations and responsibility with regard to the planning, guidance and control of company's activities, directly or indirectly, including all directors, regardless if executive or not) and immediate family members.

From the point of view of related parties, the following two tables indicate transactions that resulted in revenues and expenses in the profit and loss account and disclosed receivables and liabilities in the balance sheet.

Structure of revenues and expenses from related parties	*in 000 dinars*	
	2013	*2012*
Revenues		
EP Garant plc.	57.673	35.811
EP Visokogradnja plc.	109.551	214.296
EP Niskogradnja plc.	123.119	201.584
EP Hidroinženjering plc.	31.817	37.918
EP Entel plc.	232.694	227.934
EP Energodata plc.	10.715	17.746
EP Industrija plc.	19.407	26.001
EP Urbanizam i arhitektura plc.	8.933	12.523
EP Oprema plc.	167.642	166.934
I.N.E.C. Engineering Company Limited	18	-
Encom GmbH Consulting, Engineering & Trading	-	150
EP Montenegro ltd.	-	277
Total	**761.569**	**941.174**
Expenses		
EP Garant plc.	573	394
EP Visokogradnja plc.	30.766	16.135
EP Niskogradnja plc.	5.207	5.047
EP Hidroinženjering plc.	56	279
EP Entel plc.	611	1.478
EP Energodata plc.	13.684	13.506
EP Industrija plc.	49	268
EP Promet ltd.	520	555
EP Urbanizam i arhitektura plc.	2.483	3.146
EP Oprema plc.	136.725	65.495
I.N.E.C. Engineering Company Limited	1.334	3.500
Encom GmbH Consulting, Engineering & Trading	8.800	10.966
EP Montenegro ltd.	-	3.466
Total	**200.808**	**124.235**

Structure of receivables and liabilities to related parties	*in 000 dinars*	
	2013	*2012*
Receivables		
EP Garant plc.	629	172
EP Visokogradnja plc.	482.410	361.432
EP Niskogradnja plc.	674.028	744.624
EP Hidroinženjering plc.	50.818	54.779
EP Entel plc.	9.053	9.890
EP Energodata plc.	68.042	62.256
EP Industrija plc.	57.790	39.265
EP Urbanizam i arhitektura plc.	46.383	36.061
EP Oprema plc.	65.430	9.251
Total	**1.454.583**	**1.317.730**
Liabilities		
EP Visokogradnja plc.	11.639	61
EP Niskogradnja plc.	26	-
EP Entel plc.	15	100
EP Energodata plc.	787	543
EP Industrija plc.	83	-
EP Urbanizam i arhitektura plc.	-	337
EP Oprema plc.	33.886	35.779
Encom GmbH Consulting, Engineering & Trading	19.604	10.803
Total	**66.040**	**47.623**

Receivables from related parties arise mostly from the sales of services and are due within 15 days from the invoice date. The Company received blank bills of exchange and authorizations as collateral.

13. COMMITMENT AND CONTINGENCIES

Contingent liability that may result in the outflow of economic benefits, may arise, first of all, from lawsuits. **A contingent liability arising from lawsuits** leads possibly to the completion of legal proceedings against the Company, yet no liability or provision was recorded in the balance sheet.

The following table contains the number and estimated values of lawsuits with the Company as the defendant and not very small probability for the Company to loose the case. Disclosed values with the contingent liability as at 31.12.2013, include only the principal amount per case.

Plaintiff	*The first instance proceedings*	*The second instance proceedings*	*Total*
No. of cases			
Natural person	3	4	7
Legal person	2	2	4
TOTAL	**5**	**6**	**11**
in 000 dinars			
Natural person	11.400	444	11.844
Legal person	-	639	639
TOTAL	**11.400**	**1.083**	**12.483**

Detailed information on the largest lawsuits with the Company as the defendant is indicated in the following table.

Plaintiff	*Basis of claims*	*Contingent liability* in *000 dinars*
Aleksandar Vasojevic	Annulment of the decision adopted at XXXVII Extraordinary General Meeting	-
New company	Establishment of land ownership rights (IN Hotel)	-
Raonic Milan	Copyright infringement	7.000
Belgrade Land Development Public Agency	Debt and compensation for land (Hotel Hyatt Regency Belgrade)	Uncertain
Association of small shareholders, Association of retiree-shareholders - Jovan Korolija and Ivan Petrovic	Annulment of the decision adopted at XXXVII Extraordinary General Meeting	-
Activeast management	Compulsory redemption of shares	639
Radomir Banjac	Compensation	4.400
Sreta Ivanisevic	Compensation for expropriated property (Bezanija)	uncertain
Ivan Petrovic etc.	Annulment of the decision adopted at XXXVII extraordinary General Meeting and decisions adopted by The Board of Directors	-
Vladan and Tomislav Krdzic	Compensation (for the free-of-charge shares they did not earn)	444
Republic of Serbia	Determination of apartment ownership rights	-
TOTAL		**12.483**

Contingent asset that may result in the outflow of economic benefits, may arise, first of all, from lawsuits with the Company as the defendant.

A contingent asset arising from lawsuits leads possibly to the completion of legal proceedings in favor of the Company, yet no liability or provision was recorded in the balance sheet and the economic benefit was not recorded (for example, by reducing the value of unjustified advance payment, etc.).

The following table contains the number and estimated values of lawsuits with the Company as the plaintiff and there is a reasonable probability for the Company to win the case.

Defendant	*The first instance proceedings*	*The second instance proceedings*	*Total*
	No. of cases		
Legal person	3	2	5
Natural person	1	-	1
TOTAL	**4**	**2**	**6**
	in 000 dinars		
Legal person	1.458.841	27.766	1.486.606
Natural person	29	-	29
TOTAL	**1.458.870**	**27.766**	**1.486.635**

Detailed information on the largest lawsuits with the Company as the plaintiff is indicated in the following table.

Defendant	*Basis of claims*	*Contingent assets in 000 dinars*
Stari Grad Municipality	Determination of ownership rights	-
Ministry of Finance – Tax administration	Unjustified tax refund	26.959
Zekstra group ltd.	Compensation for damages (roof repair in Goce Delceva street 38)	806
Republic of Serbia, Electric Power Industry of Serbia, Epsturs ltd. and the Republic of Montenegro	Establishment of the ideal part of ownership of the Park Hotel in Budva	-
Ivan Music	Compensation (roof repair in Goce Delceva street 38)	29
Grad Beograd, Belgrade Land Development Public Agency, RS	Debt (Arena)	1.458.841
TOTAL		**1.486.635**

14. POST BALANCE SHEET EVENTS

There were no events after balance sheet date which would have any significant effect the credibility of the financial reports.

In Belgrade,
25.02.2014.

Person responsible for preparation of financial statements	Legal representative
Dimitraki Zipovski, Ph D in Economics	Vladimir Milovanovic, Dipl.Ing. (Hons.)ME, Ms(PM)

Energoprojekt Holding a.d. Beograd

3. ANNUAL BUSINESS REPORT

- General information;
- Brief review of business activities and the organizational structure;
- Presentation of company's development, financial position and business results, including the relevant financial and non-financial indicators as well as personnel related issues;
- Description of the anticipated company growth in the next time period, changes in company's business policies and main risks and threats to which the company is exposed;
- Major business events after the expiration of the business year included in the report;
- Major business deals with related parties;
- Activities of the company in the field of research and development;
- Information on investments related to environmental protection issues;
- Information on the repurchase of own shares or equity;
- Branches;
- Financial instruments used to evaluate the financial position and successful operations;
- Goals and policies related to financial risk management and the protection policy for each important type of planned transaction for which the protection is used; exposure to price risk, credit risk, liquidity risk and cash flow risk, risk management strategy and evaluation of their effectiveness;
- Statement on the implementation of the corporate governance code.

Note:

The Annual Business Report and the Consolidated Annual Business Report are presented as one report and contain information that is important to the economic entity.

General information

Business name: Energoprojekt Holding plc

Seat and address: Belgrade, Mihaila Pupina Boulevard 12

ID Number: 07023014

Tax Identification Number: 100001513

Website and e-mail address: www.energoprojekt.rs ; ep@energoprojekt.rs

Number and date of the decision on the registration with the Companies Register : BD 8020/2005

Activity (code and description): 06420 - Holding operations

Number of employees (average number in 2013): 72

Name, seat, address of the auditor: BDO ltd. Belgrade, Knez Mihailova 10

Number of shareholders (on 31.12.2013): 8.052

Ten biggest shareholders (on 31.12.2013):

No.	Name and surname (business name)	Number of shares	Participation in equity
1.	Republic of Serbia	3.671.205	33,58%
2.	Napred Razvoj plc Novi Beograd	1.892.679	17,31%
3.	East Capital (Lux) - Balkan Fund	370.593	3,39%
4.	Gustavia Fonder Aktiebolag	126.000	1,15%
5.	Raiffeisen bank PLC – custody	109.337	1,00%
6.	Raiffeisen bank PLC - custody	98.477	0,90%
7.	Raiffeisen bank PLC Belgrade - custody	97.351	0,89%
8.	Erste bank AD Novi Sad - custody	91.477	0,84%
9.	Unicredit bank Serbia PLC – collective account	62.715	0,57%
10.	Polunin Discovery Funds	58.965	0,54%

Equity: Share capital 5.574.958.920 RSD

Number of issued shares - regular: 10.931.292

Nominal value of one share 510 RSD

ISIN number: RSHOLDE58279

CIF code: ESVUFR

Price of shares in the reporting period:

- Last price (on 31.12.2013): 720 RSD/share
- The highest price: 794 RSD/share
- The lowest price: 531 RSD/share

Market capitalization (on 31.12.2013): 7.870.530.240 RSD

Name of the organized market where the shares are listed: Belgrade Stock Exchange, Novi Beograd, Omladinskih brigada 1

The shares of Energoprojekt Holding plc. have a quoted market price and are listed on the regular market - "Prime listing" of the Belgrade Stock Exchange.

Shares of other companies included in the Energoprojekt Group are listed on the „Open market" of the Belgrade Stock Exchange (Energoprojekt Entel plc, Energoprojekt Industrija plc, Energoprojekt Visokogradnja plc, and Energoprojekt Niskogradnja plc) and "MTP Belex" market segment of the Belgrade Stock Exchange (Energoprojekt Oprema plc, Energoprojekt Hidroinzenjering plc, Energoprojekt Urbanizam i arhitektura plc, Energoprojekt Energodata plc. and Energoprojekt Garant a.d.o).

Brief review of business activities and the organizational structure

The "Energoprojekt Group" consists of Energoprojekt Holding plc. (the controlling parent company) and its domestic and foreign subsidiaries.

Companies included in the Energoprojekt Group are interrelated by their share in capital, since Energoprojekt Holding plc. is directly or indirectly (through subsidiaries) the majority owner of all members of the Group.

Energoprojekt Holding plc. is the controlling parent company and it finances and manages subsidiaries. Besides energy and water management, Energoprojekt activities include design and construction of industrial facilities, public and residential buildings, telecommunication systems. It provides also services related to the planning and environmental protection, IT, trade, properties and insurance.

Considering its revenues, besides the domestic market, the most important markets are markets in African countries (Nigeria, Uganda, Ghana, Algeria, Zambia, Guinea), Kazakhstan, Russia, Near East (Qatar, UAE, Oman, Jordan) and South America (Peru).

Information on subsidiaries (the most important consolidation subjects):

No.	Business name	Seat and address
1.	Energoprojekt Visokogradnja plc.	Mihaila Pupina Boulevard 12, Belgrade
2.	Energoprojekt Niskogradnja plc.	Mihaila Pupina Boulevard 12, Belgrade
3.	Energoprojekt Oprema plc.	Mihaila Pupina Boulevard 12, Belgrade
4.	Energoprojekt Entel plc.	Mihaila Pupina Boulevard 12, Belgrade
5.	Energoprojekt Hidroinzenjering plc.	Mihaila Pupina Boulevard 12, Belgrade
6.	Energoprojekt Industrija plc.	Mihaila Pupina Boulevard 12, Belgrade
7.	Energoprojekt Energodata plc.	Mihaila Pupina Boulevard 12, Belgrade
8.	Energoprojekt Urbanizam i Arhitektura plc.	Mihaila Pupina Boulevard 12, Belgrade
9.	Energoprojekt Garant a.d.o.	Mihaila Pupina Boulevard 12, Belgrade

Data on the Company's management

Members of the Supervisory Board (on 31.12.2013):

Name, surname and residence	Education/present position	No. of ENHL shares
1. Dragan Veljic, Belgrade, president	VII-2 level, lawyer, EPS	0
2. Milun Trivunac, Belgrade, member	VII-1 level, economist, Privatization Agency, Republic of Serbia	0

3. Dragan Aleksic, Belgrade, member	VII-2 level, economist, Head of Sector, Energoprojekt Holding	1.172
4. Branislav Ivkovic, Belgrade, member	VIII level, engineer, Full professor at the Faculty of Civil Engineering in Belgrade	1.000
5. Slobodan Jovanovic, Belgrade, member	VII-1 level, engineer, Consultant, Energoprojekt Holding	1.299
6. Aleksandar Glisic, Belgrade, member	VII-2 level, engineer, Leading engineer, Energoprojekt Hidroinzenjering	1.197
7. Vladimir Sekulic, Belgrade, member	VII-1 level, economist, Main broker in BDD M&V Investments	1.220

Members of the Executive Committee (on 31.12.2013):

Name, surname and residence	Education/present position	No. of ENHL shares
1. Vladimir Milovanovic, Belgrade	VII-1 level, engineer, Chief Executive Officer, Energoprojekt Holding	15.323
2. Dimitraki Zipovski, Belgrade,	VIII level, economist, Executive Director for Finance, Accounting and Planning, Energoprojekt Holding	11.378
3. Zoran Jovanovic, Belgrade,	VII-2 level, lawyer, Executive Director of Legal Affairs, Energoprojekt Holding	7.924
4. Zoran Radosavljevic, Belgrade,	VII-1 level, engineer, Executive Director for Corporative Projects, Development and Quality, Energoprojekt Holding	2.541
5. Dragan Tadic,	VII-1 level, engineer,	8.328

Belgrade, Executive Director for "Real Estate" Projects,

Energoprojekt Holding

Presentation of company's development, financial position and business results, including the relevant financial and non-financial indicators as well as personnel related issues

The Energoprojekt Group, Belgrade consists of the parent company - Energoprojekt Holding plc, Belgrade and 11 subsidiaries, out of which 10 are direct (9 share-based and 1 limited company) and 1 indirectly subordinated through other subsidiaries (1 limited) and one affiliate (1 limited) in which the Group holds 50% equity share. Operating units have been established in Serbia and foreign countries by the parent company and its subsidiaries to perform investment works and engage in operations including building construction and fitting, research and investment building/systems programming, and sale of goods and services.

Energoprojekt Group was organized in 2013 as follows:

Activity	Subsidiaries and affiliates	Business units for investment work abroad and representative offices abroad	Foreign companies
Planning and research	4	22	8
Building construction and fitting	3	72	7
Holding	1	-	-
Other	5	-	4
Total	**13**	**94**	**19**

The consolidation group consists of the parent company Energoprojekt Holding plc and the following subsidiaries and affiliates in Serbia, as well as subsidiaries abroad – foreign companies:

Local subsidiaries and affiliates:

No.	Name	% ownership
	Building construction and fitting	
1.	EP Visokogradnja plc	92,53
2.	EP Niskogradnja plc	100,00
3.	EP Oprema plc	67,87
	Planning and research	
4.	EP Urbanizam i arhitektura plc	94,40
5.	EP Industrija plc	62,77
6.	EP Entel plc	86,26
7.	EP Hidroinzenjering plc	94,84
	Other	
8.	EP Energodata plc	96,43
9.	EP Promet ltd	100,00
10.	EP Garant a.d.o.	92,94
11.	Energoplast ltd.	60,00
	Affiliates	
12.	Enjub ltd	50,00

Among the subsidiaries in the country, EP Visokogradnja plc, EP Niskogradnja plc, EP Oprema plc, EP Industrija plc, EP Entel plc, EP Hidroinzenjering plc. and EP Energodata plc. are parent companies as well and they prepare their own consolidated financial statements.

Foreign subsidiaries (foreign companies):

No.	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.	Nana Offshore S.A.L, Lebanon	100,00
6.	Energo (Private) Limited, Zimbabwe	100,00

Some of the foreign subsidiaries (Energoprojekt Holding Guinee S.A, Guinea and Zecco LTD, Zambia and Zambia Engineering and Contracting Company Limited, Zambia) are registered as being owned by EP Holding plc, but are in fact controlled by the subsidiaries.

In addition to those listed above the first level consolidation group also includes ECO MEP Tehnology, Dubai, UAE, Energoprojekt Ghana LTD, Akra, Ghana; Energoprojekt Montenegro ltd, Montenegro; Energo Uganda Company LTD., Uganda; Enlisa S.A., Lima, Peru; Energo Nigeria Ltd., Lagos, Nigeria (40%); Energoprojekt Oprema Crna Gora ltd, Podgorica, Montenegro; Zahinos LTD, Cyprus; Enhisa S.A., Lima, Peru; EP Entel L.L.C., Muscat, Sultanate Oman; Energoprojekt Entel L.L.C., Doha, Qatar; Energo consult L.L.C, Abu Dhabi, UAE and Energoprojekt Energodata Montenegro ltd, Montenegro.

Energoplast ltd. and Energopet ltd. (33,33 %), two local affiliates, were also introduced to the first level consolidation group; the Group's consolidated financial statements however did not process Energoplast ltd. by equity method, applying instead the full consolidation method because it entered the group as a subsidiary, as described earlier.

Foreign branch Energo (Private) Limited, Zimbabwe was included in 2013 in the Energoprojekt Group consolidation. In 2012 when it was included in the first-instance EP Visokogradnja consolidation, since the legal consolidation was performed and it was registered in the local registry as 100% owned by EP Holding plc.

Starting from January 1 2004 the operations of the foreign units are included in the relevant separate financial statements, with a detailed overview of the units provided in the notes to consolidated and separate financial statements of subsidiaries.

Reliable presentation of the development and business results of the company, its financial status and assets evaluation data are presented in detail and explained in the "Notes to financial statements for 2013". The following table indicates only some of the relevant business parameters of the parent company (Energoprojekt Holding plc) and Energoprojekt Group, parameters that are important to understand properly the matter at hand.

The structure of complete obtained business results of **Energoprojekt Holding plc. (parent company)** in 2013 is as follows:

Structure of gross results	*in 000 RSD*	
	2013	*2012*
Operating income and expenses		
Operating income	551.185	476.714
Operating expenses	475.204	423.681
Business result	**75.981**	**53.033**
Financial revenues and expenses		
Financial revenues	364.531	567.842
Financial expenses	21.196	62.957
Financial result	**343.335**	**504.885**
Other revenues and expenses		
Other revenues	22.879	2.421
Other expenses	21.294	17.654
Result from other revenues and expenses	**1.585**	**(15.233)**
Effects of suspended operations, changes in the accounting policy and correction of fundamental errors		
Revenues	9	-
Expenses	666	941
Net effect	**(657)**	**(941)**
Total gross results		
TOTAL REVENUES	**938.604**	**1.046.977**
TOTAL EXPENSES	**518.360**	**505.233**

PROFIT/LOSS BEFORE TAX	**420.244**	**541.744**

Net profit per share:

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

Indicator	*2013*	*2012*
Net profit (loss) in 000 RSD	399.088	504.856
Average number of shares for one year	10.443.944	10.443.944
Net profit per share in RSD	**38,21**	**48,34**

The following table indicates the most important business indicators of the Company in 2013:

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

Liquidity indicators	*Satisfactory general standards*	*2013*	*2012*
Current ratio	2 : 1	**3,54:1**	**2,89:1**
Rigorous ratio	1 : 1	**3,37:1**	**2,64:1**
Operating cash flow ratio		**0,44:1**	**0,82:1**

Net working capital (in thousand RSD)	Positive value	**883.794**	**770.779**

The results of the ration analysis indicates that the Company was **liquid** during 2013, meaning that it had no difficulties to fulfill due liabilities and maintain the necessary scope and structure of the working capital and good creditworthiness.

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

Profitability indicator	*in 000 RSD*	
	2013	*2012*
Net profit/loss	399.088	504.856
Average capital		
Capital at the beginning	7.665.770	7.167.219
Capital at the end of a year	8.054.188	7.665.770
Average capital	**7.859.979**	**7.416.494**
Average return rate on own capital	**5.08%**	**6,81%**

Considering data from the table above, it is clear that the results of operations in 2012 and 2013, with regard to the sustainability of capital, may be estimated as satisfactory and therefore the Company is **not exposed to any capital risk**.

The soundness of the financial structure is reflected in the overall amount and type of debts.

The following tables indicate the most important Company's financial structure indicators, such as:

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

Financial structure indicators	*in 000 RSD*	
	2013	*2012*
Liabilities	651.503	886.544
Total funds	8.705.866	8.552.314

Ratio of borrowed funds to total assets	0,07:1	0,10:1
Long-term assets		
Capital	8.054.188	7.665.770
Long-term provisions and long-term liabilities	303.864	478.299
Total	**8.358.052**	**8.144.069**
Total assets	8.705.866	8.552.314
Ratio of long-term to total assets	**0,96:1**	**0,95:1**

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

Net debt means the difference between:

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

Parameters for the net debt to capital ratio	*in 000 RSD*	
	2013	*2012*
Net debt		
Financial commitments	364.481	602.869
Cash and cash equivalents	151.476	333.972
Total	**213.005**	**268.897**
Capital	8.054.188	7.665.770
NET DEBT TO CAPITAL RATIO	**1:37,81**	**1:28,51**

The structure of complete obtained business results of Energoprojekt Group in 2013 is as follows:

in 000 RSD

Structure of gross results	*2013*	*2012*
Operating income and expenses		
Operating income	22.418.350	26.375.339
Operating expenses	22.134.384	25.646.895
Business result	**283.966**	**728.444**
Financial revenues and expenses		
Financial revenues	933.097	1.730.326
Financial expenses	920.792	1.363.668
Financial result	**12.305**	**366.658**

Other revenues and expenses		
Other revenues	752.797	267.630
Other expenses	436.249	313.376
Result from other revenues and expenses	**316.548**	**(45.746)**
Effects of suspended operations, changes in the accounting policy and correction of fundamental errors		
Revenues		
Expenses	13.617	37.156
Net effect	**(13.617)**	**(37.156)**
Total gross results		
TOTAL REVENUES	**24.104.244**	**28.373.295**
TOTAL EXPENSES	**23.505.042**	**27.361.095**
PROFIT/LOSS BEFORE TAX	**599.202**	**1.012.200**

The reduction of the business result in 2013 in comparison to the previous year is a result of, first of all, discontinued works and delay in advance payment (due to difficulties in securing funds) by investors on the project RTB Bor as well as the begin of works on the project Hyatt Regency Rostov-on-Don by EP Visokogradnja. These issues were solved by the end of 2013.

Earnings per share:

Net earnings per share are computed by dividing the profit of common shareholders by the weighted-average number of common shares outstanding during that period.

Indicator	*2013*	*2012*
Owners (of the parent company) share of the net profit (loss) in 000 RSD	373.706	705.195
Average number of shares for one year	10.443.944	10.443.944
Net profit per share in RSD	**35,78**	**67,52**

At the General meeting of EP Holding plc. held on 28.06.2013, the amount of 506.814 thousand RSD will be used to increase the equity by issuing XI issue for the purpose of converting undistributed profit to equity, (993.754 shares with a nominal value of 510,00 RSD).

The weighted average number of shares for 2013 is 10.443.944, so that the consolidated earnings per share is 35,78 RSD.

On December 31 2013, Energoprojekt had 2.280 employees (2.104 full-time and 176 part-time), 1.794 employees in Serbia and 486 abroad (excluding local staff in overseas companies), 42% with university or high school degree, 39% with secondary education or high qualifications, 19% with qualifications.

The description of the anticipated development of the company in the next time period, changes in business policies of the company and main risks and threats to which the company is exposed

The anticipated development of the company in the next time period will be achieved according to adopted strategic documents of the company:

- „***The mid-term (4-year) programme of Energoprojekt Holding plc. business policy and the Energoprojekt Group for the period from 2011 till 2015***“ (adopted at the XXXVI Annual General Meeting of Energoprojekt Holding plc. shareholders, held on 30.06.2011);

- ***"The programme for the implementation of the business policy of Energoprojekt Holding plc. and Energoprojekt Group for the period from 2011 till 2015"*** adopted by a resolution passed at the XXXVI Annual General Meeting of Energoprojekt Holding plc. shareholders (adopted at the Second Meeting of the Board of Directors of Energoprojekt Holding plc. held on 29.07.2011, on proposal of the Chief Executive Officer). The adopted mid-term work programme will be implemented through a variety of projects (in total 18 projects) for which respective work teams are formed and project activities dynamics has been defined;

- „***Basic business guidelines of the Energoprojekt Group***“ in the following mandate period (adopted at the second meeting of the Supervisory Board of Energoprojekt Holding plc. held on 23.03.2012, on proposal of the Chief Executive Officer).

- ***"Annual business plan of Energoprojekt Holding plc. and Energoprojekt Group for 2014"*** (adopted at the 113th meeting of the Executive Board of Energoprojekt Holding plc. held on 19.12.2013).

Considering the strategic commitment to a permanent and sustainable development of Energoprojekt Group, focused towards a continuous increase of profitability and volume of operations on traditional markets (domestic and foreign), cost-effective engagement of resources, as well as global macro-economic flows, the following business tasks are planned for 2014:

Priority tasks:

- To engage in activities related to the Business policy implementation program of Energoprojekt Holding plc. and companies included in the Energoprojekt Group from 2011-2015.
- To establish a business and information system adjusted to the needs of Energoprojekt Holding plc.
- To continue financial and business consolidation of individual subsidiaries included in the Energoprojekt Group that, in the previous period, has presented bad business results due to various circumstances (in terms of revenues, profit, staff, expectation of new contracts and loans).

Other business tasks:

- To enhance the efficiency of the management system and to allocate individual responsibilities in all processes.
- To reinforce the management and business processes systems in subsidiaries (for the purpose of increasing revenues and profit with operational costs optimization) and to reduce the operational risk level. To establish an adequate management structure that will raise the team spirit to a higher level.
- To revitalize decreasing or stagnating business activities and to launch new development projects.
- To raise the operational level – negotiations on active markets. To analyze historical markets and understand the possibility of returning to these markets. To carry out an organized and designed approach at new markets. To analyze the business policy in the real estate domain.
- To implement reengineering of business processes and staff restructuring in all companies included in the Energoprojekt Group. To perform respective analysis of existing financial and personnel resources. To achieve a better use of own resources and regular payment of salaries.
- To establish internal monitoring and internal audit of operations in Energoprojekt Holding plc. and the Energoprojekt Group (procedures, staffing, operation).
- To secure sustainable growth and development of the Energoprojekt Group, to increase the value of the share capital and payment of dividends.
- To secure transparency in operations and presentation of Energoprojekt to the public by providing relevant information through the Stock Exchange and regular

communication with domestic and foreign investors, partners and professionals in the general public.

The most important threats and dangers to which the company is exposed: expansion and escalation of the global economic crisis and the euro zone crisis; foreign companies from most populated countries with cheap manpower as competition; institutional changes on the local and selected foreign markets; business operations depend on the political stability of the market where Energoprojekt is implementing projects, etc.

Energoprojekt's business activities in the country and at foreign markets require the implementation of a system for early risks identification and management as an integral part of all executive functions, one of the basic functions being the internal audit of the company. The risk management strategy will be developed in-depth and systematically in the next time period.

Major business events after the expiration of the business year included in the report

There were no major business events from the balance sheet date till the publication date of the respective statement that would influence the credibility of the presented financial statements.

Please note that the income tax may change and therefore also the net profit for 2013 (due to transfer pricing). The legal deadline for the submission of the tax balance is 29.06.2014.

Pursuant to provisions of Articles 515 and 516 of the Law on Enterprises and decisions on the compulsory repurchase of shares adopted on general meetings (held on 31.03.2014), Energoprojekt Holding plc has performed compulsory repurchase of shares from all remaining shareholders in the following subsidiaries: Energoproprojekt Visokogradnja plc, Energoprojekt Hidroinzenjering plc, Energoprojekt Urbanizam i arhitektura plc. and Energoprojekt Energodata plc. Shares were repurchased from all remaining shareholders who are not under lien or otherwise blocked, in accordance with the terms of the Decisions on Compulsory Share Buyout issued by the General Meetings of the mentioned companies

Relevant business news on major events are published, on a regular basis, on the website of Energoprojekt (http:/www.energoprojekt.rs) and the Belgrade Stock Exchange (in Serbian and English language), in keeping with the obligations of A-listed companies on the Belgrade Stock Exchange.

Transactions with related parties

According to requests from IAS 24 – Related parties disclosures, the relationship, transactions, etc. between the Company and related parties were disclosed. Related parties, from the Company' point of view, are as follows: **related companies and key management** (persons with authorizations and responsibility with regard to the planning, guidance and control of company's activities, directly or indirectly, including all directors, regardless if executive or not) and immediate family members.

From the point of view of **related parties**, the following two tables indicate transactions that resulted in revenues and expenses in the income statement and disclosed receivables and liabilities in the balance sheet.

Structure of revenues and expenses from related parties	*in 000 RSD*	
	2013	*2012*
Income		
EP Garant a.d.o.	57.673	35.811
EP Visokogradnja plc	109.551	214.296
EP Niskogradnja plc	123.119	201.584
EP Hidroinzenjering plc	31.817	37.918
EP Entel plc	232.694	227.934
EP Energodata plc	10.715	17.746
EP Industrija plc	19.407	26.001
EP Urbanizam i arhitektura plc	8.933	12.523
EP Oprema plc	167.642	166.934
I.N.E.C. Engineering Company Limited	18	-
Encom GmbH Consulting, Engineering & Trading	-	150
EP Montenegro ltd.	-	277
Total	**761.569**	**941.174**
Expenses		
EP Garant a.d.o.	573	394
EP Visokogradnja plc	30.766	16.135
EP Niskogradnja plc	5.207	5.047
EP Hidroinzenjering plc	56	279
EP Entel plc	611	1.478
EP Energodata plc	13.684	13.506
EP Industrija plc	49	268

EP Promet ltd.	520	555
EP Urbanizam i arhitektura plc	2.483	3.146
EP Oprema plc	136.725	65.495
I.N.E.C. Engineering Company Limited	1.334	3.500
Encom GmbH Consulting, Engineering & Trading	8.800	10.966
EP Montenegro ltd.	-	3.466
Total	**200.808**	**124.235**

The structure of receivables and liabilities to related parties	*in 000 RSD*	
	2013	*2012*
Receivables		
EP Garant a.d.o.	629	172
EP Visokogradnja plc	482.410	361.432
EP Niskogradnja plc	674.028	744.624
EP Hidroinzenjering plc	50.818	54.779
EP Entel plc	9.053	9.890
EP Energodata plc	68.042	62.256
EP Industrija plc	57.790	39.265
EP Urbanizam i arhitektura plc	46.383	36.061
EP Oprema plc	65.430	9.251
Total	**1.454.583**	**1.317.730**
Liabilities		
EP Visokogradnja plc	11.639	61
EP Niskogradnja plc	26	-
EP Entel plc	15	100
EP Energodata plc	787	543
EP Industrija plc.	83	-
EP Urbanizam i arhitektura plc.	-	337
EP Oprema plc.	33.886	35.779
Encom GmbH Consulting, Engineering & Trading	19.604	10.803
Total	**66.040**	**47.623**

Receivables from related parties arise mostly from the sales of services and are due within 15 days from the invoice date. The Company received blank bills of exchange and authorizations as collateral.

Pursuant to provisions of Articles 515 and 516 of the Law on Enterprises and decisions on the compulsory repurchase of shares (adopted on the 8th extraordinary general meeting of shareholders of Energoprojekt Niskogradnja plc. held on 06.12.2013), Energoprojekt Holding plc has performed compulsory repurchase of shares from all remaining shareholders in Energoproprojekt Niskogradnja plc.

Research and development activities of the Company

During the mid-term period, an appropriate business information system will be selected and implemented, a system that corresponds to the actual scope of business activities and planned business growth and that will enable, beside financial management, also personnel management, asset management and fixed assets management.

Own investments of Energoprojekt and related parties in previous years were limited to investments in construction works (residential areas and business premises), for sales on the market. The law on public-private partnership and increased interest in investments related to some sectors such as energy sector, acquisition of other companies, etc. imposes the need to develop methods for the identification of potential investments as well as identification of possible effects on business activities of Energoprojekt Holding plc. and the Energoprojekt Group.

Information on investments related to environmental protection issues

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

Business activities are regularly harmonized with applicable requests of positive legal regulations related to environmental protection; environmental protection programs are developed and efforts are made to implement them consistently. These programs are implemented using the analysis and evaluation of environmental impacts or risks as well as using respective technical and technological solutions and instructions for the removal and/or reduction of adverse impact to the environment. In this sense, Energoprojekt management organizes and monitors constantly, as well as reviews and conducts activities related to all organizational parts, divisions and individuals to ensure complete compliance with this IMS policy.

Company's environmental protection activities are integrated and carried out in compliance with the business philosophy and joint activities of companies included in the Energoprojekt Group. For example, the „Waste Management Project“ is implemented in coordination and in compliance with the „Waste Management Regulation for the Energoprojekt Building“. The participation of representatives of each companies included in the Energoprojekt Group in the waste management working team represents a guarantee that all planned activities will be carried out in the most cost-effective and efficient manner: i.e. the selection of various office supplies (used paper, used batteries, storage batteries, retirement of electrical and electronic devices), recycling of the same, as well as their storage in compliance with prescribed standards, etc.

Information on the repurchase of own shares or equity;

The company has no own shares. The company has not acquired own shares since the previous annual statement was prepared.

Branches;

Energoprojekt Holding plc. has no registered branches in Serbia.

The seat of the parent company and subsidiaries is in Mihaila Pupina Boulevard no. 12, Novi Beograd.

Detailed review and business results of foreign companies included in the Energoprojekt Group are presented in Notes to separate and consolidated financial statements of respective companies.

Financial instruments used to evaluate the financial position and successful operations;

Disclosure of financial instrument and related accounting records is stipulated by the classification performed by the Company according to the features of financial instruments.

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

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

- available-for-sale financial assets.

Notes to financial statements describe in detail all relevant financial instruments that are important to the evaluation of the financial position and successful performance.

Goals and policies related to financial risk management and the protection policy for each important type of planned transaction for which the protection is used; exposure to price risk, credit risk, liquidity risk and cash flow risk, risk management strategy and evaluation of their effectiveness;

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

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

Credit risk
A credit risk is a risk of adverse effects to the financial result and capital of the Company due to 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.

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

The market risk includes three risk types:

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

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

The Company operates within international frames and is exposed to exchange rate risks arising from business operations in different currencies, first of all in euros and USD.

- **The interest risk** is a risk of adverse effects to the result and capital of the Company due to unfavorable changes in interest rates. The Company is exposed to this type of risk due to financial obligations related to loans with potentially fluctuating interest rates (Euribor).

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

Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate sources of funding and the ability to close out market positions, due to the dynamic nature of the business. The Group aims to maintain flexibility in funding by collecting their funds from buyers and investments of available funds. Besides the aforementioned, in accordance with the Group's policy, the Group makes Back to Back Agreements with the business partners whereby the possible risk connected to a possible default is transferred/shared between contractual parties.

The underlying problems are defined and solved in compliance with adopted internal regulations of the Company:

- *"The Regulation on the basics of the internal audit and risk management system in Energoprojekt Holding plc."* (adopted at 121st meeting of the Executive Board of Energoprojekt Holding plc. held on 27.01.2014);

- *" The Regulation on the operation of the internal supervision division of Energoprojekt Holding plc."* (adopted at 94th meeting of the Executive Board of Energoprojekt Holding plc. held on 23.09.2013).

- *" The Regulation on accounting and accounting policies of Energoprojekt Holding plc."* (adopted at 47th meeting of the Executive Board of Energoprojekt Holding plc. held on 21.01.2013).

All companies included in the Energoprojekt Group have adopted and are implementing their own separate regulations that govern the matter in question.

Most of already mentioned and some of other risks that have not been mentioned, are the subject of Notes to Financial Statements (focusing mostly at the evaluation of financial risks: credit risk, market risk and liquidity risk) and/or other internal regulations of the Company.

Statement on the implementation of the Corporate Governance Code

Energoprojekt Holding plc. applies its own Corporate Governance Code (adopted at the 11th meeting of the Board of Directors of Energoprojekt Holding plc. held on 26.01.2012). The Code is available to the public at the following web-site of the Company: www.energoprojekt.rs.

The Corporate Governance Code of Energoprojekt Holding plc. defines the principles of corporate governance and organisational culture, which must be observed by the corporate management of Energoprojekt Holding plc., especially in relation to the rights of shareholders, the corporate management's scope and method of work, and the transparency and disclosure of the Company's operations. The main goal of the Code is to introduce good corporate business practices balancing the influence of corporate management, ensuring consistency of the control system and strengthening trust from shareholders and investors in the Company with an aim to achieve long-term business development of the Company.

The Bodies of the Company make an effort to further develop the principles established by the Code, if necessary, within the scope of other general regulations of the Company. In respect of the implementation, there are no significant deviations from the rules of the Corporate Governance Code.

In accordance with the Listing Regulation of the Belgrade Stock Exchange, at the time of publishing of the annual business report, Energoprojekt Holding plc. also submits and publicly discloses a completed Questionnaire on Corporate Management Practices and consents to its publishing on the BELEX website.

All companies included in the Energoprojekt Group have adopted and are implementing its own Corporate Governance Codes that govern the matter at hand.

Executive Director for Finance,
Accounting and Planning
Energoprojekt Holding plc

Dimitraki Zipovski, Ph D in Economics

Chief Executive Officer
Energoprojekt Holding plc

Vladimir Milovanovic, Dipl.Ing.
(Hons.)ME, Ms(PM)

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This is an English translation of
Independent Auditor's Report on Annual Business Report

INDEPENDENT AUDITOR'S REPORT
ON ANNUAL BUSINESS REPORT

TO THE SHAREHOLDERS OF THE COMPANY
"ENERGOPROJEKT HOLDING" a.d. BELGRADE

We have audited the accompanying standalone and consolidated financial statements of the Company "Energoprojekt Holding" a.d. Belgrade (hereinafter the "Company") for the year ended 31 December 2013 and disclosed in the annual statement, i.e., annual consolidated statement of the Company for the year ended 31 December 2013 under item 1, on which we issued an opinion on 6 March 2014, i.e., 25 April 2014.

Management's Responsibility for the Annual Business Report

Management is responsible for the preparation and fair presentation of the annual business reports in accordance with the requirements of the Law on Capital Market ("Official Gazette of the Republic of Serbia", no. 31/2011).

Auditor's Responsibility

Our responsibility is to express an opinion on the conformity of the annual business reports of the Company for the year ended 31 December 2013 with the standalone and consolidated financial statements for the year then ended. Our procedures in this regard were performed in accordance with International Standard on Auditing 720 "The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements", and are only limited to the compliance of the annual business reports with the audited standalone and consolidated financial statements.

This Standard requires that we plan and perform the procedures in the manner that will enable us to obtain reasonable assurance as to whether the other financial information included in the annual business reports comply with the audited standalone and consolidated financial statements. We believe that the procedures implemented provide a reasonable basis for expressing our opinion.

Opinion

In our opinion, other financial information disclosed in the annual business report or consolidated annual report of the Company for the year ended 31 December 2013 comply, in all material respects, with the audited standalone and consolidated financial statements of the Company for the year then ended.

Belgrade, 28 April 2014

Igor Radmanović
Certified Auditor

Društvo za reviziju BDO d.o.o. Beograd

BDO d.o.o. Beograd; Registarski broj 44916 kod Agencije za privredne registre; PIB 101672840; Matični broj 06203159
Poslovni računi: 295-1214105-50 kod Srpske banke a.d. Beograd; 240-69872101500-75 kod Findomestic banke a.d. Beograd
Upisani i uplaćeni osnivački kapital Društva 4.557,18 EUR
BDO d.o.o. Beograd, privredno društvo osnovano u Republici Srbiji, je članica BDO International Limited kompanije sa ograničenom odgovornošću sa sedištem u Velikoj Britaniji i deo je međunarodne BDO mreže firmi članica.
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4. STATEMENT OF RESPONSIBILITY (BY PERSONS WHO PREPARED THE REPORTS)

To the best of our knowledge, the Annual Financial Statement for 2013 was prepared by implementing respective international standards for financial reporting and provides true and objective data on the assets, liabilities, financial status and business activities, profit and losses, cash flows and changes in equity capital of the company, including companies included in consolidated reports.

Person responsible for the preparation of the Annual Statement:

Energoprojekt Holding plc

Executive Director for Finance, Accounting and Planning

Dimitraki Zipovski, Ph D in Economics

Legal representative:

Energoprojekt Holding plc

Chief Executive Officer

Vladimir Milovanovic, Dipl.Ing. (Hons.)ME, Ms(PM)

5. DECISION BY THE RELEVANT DEPARTMENT OF THE COMPANY TO ADOPT ANNUAL FINANCIAL STATEMENTS *

Note *:

- The financial statement of Energoprojekt Holding plc for 2013 was approved on 25.02.2014 at the 23rd Meeting of the Supervisory Board of the issuing party and it was timely submitted to the Serbian Business Registers Agency on 27.02.2014. The Annual Statement of the Company was still not adopted on the publishing date by the competent body of the Company (General Meeting). The entire decision of the relevant body on the adoption of the Annual Consolidated Statement will be subsequently published.

6. DECISION ON THE DISTRIBUTION OF PROFIT OR LOSS COVERAGE *

Note *:

- The decision on the distribution of profit for 2013 will be reached at the Regular General Meeting of the Company. The entire decision of the relevant body on profit distribution will be subsequently published.

A public company is required to prepare an annual consolidated statement, publish it openly and submit it to the Committee, and to submit these statements to the regulated market or multilateral trade platform, if company's securities are traded at least four months after the completion of each business year and it is also required to ensure that the Annual Financial Statement is available to the public for at least five years after publication.

The company is responsible for the accuracy and truthfulness of data included in the Annual Consolidated Statement.

In Belgrade, April 2014

Person responsible for the preparation of the Annual Statement:	Legal representative:
Energoprojekt Holding plc	Energoprojekt Holding plc
Executive Director for Finance, Accounting and Planning	Chief Executive Officer
Dimitraki Zipovski, Ph D in Economics	Vladimir Milovanovic, Dipl.Ing. (Hons.)ME, Ms(PM)