

Consolidated Annual Report of Energoprojekt Group for the year 2014

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

CONSOLIDATED ANNUAL REPORT
OF ENERGOPROJEKT GROUP FOR THE YEAR 2014

C O N T E N T S

1. CONSOLIDATED FINANCIAL STATEMENTS OF THE ENERGOPROJEKT GROUP FOR THE YEAR 2014

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

2. INDEPENDENT AUDITOR'S REPORT (complete report)

3. ANNUAL BUSINESS REPORT

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

4. STATEMENT BY THE PERSONS RESPONSIBLE FOR PREPARATION OF REPORTS

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

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

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

BALANCE SHEET
as at 31.12.2014.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2013.	Opening balance on 01.01.2013.
1	2	3	4	5	6	7
	ASSETS					
00	A. SUBSCRIBED CAPITAL UNPAID	0001		-	-	-
	B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)	0002		16,923,399	11,432,524	-
01	I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003		68,424	60,677	-
010 & part 019	1. Investments in development	0004		4,533	-	-
011, 012 & part 019	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005		61,747	43,969	-
013 & part 019	3. Goodwill	0006		-	-	-
014 & part 019	4. Other intangible assets	0007		-	-	-
015 & part 019	5. Intangible assets in progress	0008		2,144	16,388	-
016 & part 019	6. Advances paid on intangible assets	0009		-	320	-
02	II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		14,966,881	9,735,869	-
020, 021 & part 029	1. Land	0011		708,702	707,413	-
022 & part 029	2. Buildings	0012		7,380,489	3,376,044	-
023 & part 029	3. Plant and equipment	0013		3,873,436	3,142,708	-
024 & part 029	4. Investment property	0014		2,719,164	2,378,653	-
025 & part 029	5. Other property, plant and equipment	0015		139,456	3,494	-
026 & part 029	6. Property, plant and equipment in progress	0016		77,775	54,132	-
027 & part 029	7. Investments in property, plant and equipment, not owned	0017		22,258	30,206	-
028 & part 029	8. Advances paid on property, plant and equipment	0018		45,601	43,219	-
03	III. NATURAL ASSETS (0020+0021+0022+0023)	0019		-	-	-
030, 031 & part 039	1. Forests and growing crops	0020		-	-	-
032 & part 039	2. Livestock	0021		-	-	-
037 & part 039	3. Natural assets in progress	0022		-	-	-
038 & part 039	4. Advances paid for natural assets	0023		-	-	-
04, excl. 047	IV. LONG TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		1,113,776	1,078,705	-
040 & part 049	1. Shares in subsidiaries	0025		-	-	-
041 & part 049	2. Shares in affiliated companies and joint ventures	0026		849,665	742,299	-
042 & part 049	3. Shares in other companies and other available for sale securities	0027		33,750	82,419	-
part 043, part 044 & part 049	4. Long term investments in parent companies and subsidiaries	0028		-	-	-
part 043, part 044 & part 049	5. Long term investments in other affiliated companies	0029		-	-	-
part 045 & part 049	6. Long term investments, domestic	0030		-	-	-
part 045 & part 049	7. Long term investments, foreign countries	0031		-	-	-
046 & part 049	8. Securities held to maturity	0032		9,178	48,542	-
048 & part 049	9. Other long term financial investments	0033		221,183	205,445	-
05	V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		774,318	557,273	-
050 & part 059	1. Receivables from parent company and subsidiaries	0035		-	-	-
051 & part 059	2. Receivables from other affiliated companies	0036		129,684	145,543	-
052 & part 059	3. Receivables from credit sales	0037		-	-	-
053 & part 059	4. Receivables from financial leasing contracts	0038		-	-	-
054 & part 059	5. Receivables from pledged assets	0039		-	-	-
055 & part 059	6. Bad debts and uncollectible claims	0040		-	-	-
056 & part 059	7. Other long term receivables	0041		644,634	411,730	-
288	C. DEFERRED TAX ASSETS	0042		-	-	-
	D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		22,977,675	17,332,520	-
Class 1	I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044		4,387,289	3,631,722	-
10	1. Material, parts, tools and small inventories	0045		1,206,668	1,146,045	-
11	2. Work and services in progress	0046		1,294,624	1,272,555	-
12	3. Finished products	0047		159,845	166,217	-
13	4. Goods	0048		75,988	269,609	-
14	5. Fixed assets for sale	0049		54,150	62,983	-
15	6. Advances paid for inventories and services	0050		1,596,014	714,313	-
20	II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051		11,135,285	6,515,781	-
200 & part 209	1. Local buyers - parent company and subsidiaries	0052		-	-	-
201 & part 209	2. Foreign buyers - parent company and subsidiaries	0053		-	-	-
202 & part 209	3. Local buyers - other affiliated companies	0054		2,138	1,372	-
203 & part 209	4. Foreign buyers - other affiliated companies	0055		566,150	279,196	-
204 & part 209	5. Local buyers	0056		3,012,665	1,492,387	-
205 & part 209	6. Foreign buyers	0057		7,554,332	4,742,826	-
206 & part 209	7. Other receivables from sales	0058		-	-	-
21	III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059		35,525	24,545	-
22	IV. OTHER RECEIVABLES	0060		344,184	495,327	-
236	V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061		184,095	-	-
23 excl. 236 & 237	VI. SHORT TERM FINANCIAL INVESTMENTS (0063+0064+0065+0066+0067)	0062		1,399,148	1,908,434	-
230 & part 239	1. Short term loans and investments - parent company and subsidiaries	0063		-	-	-
231 & part 239	2. Short term loans and investments - other affiliated companies	0064		161,527	153,094	-
232 & part 239	3. Short term credits and loans, domestic	0065		729	536	-
233 & part 239	4. Short term credits and loans, foreign countries	0066		968	917	-
234, 235, 238 & part 239	5. Other short term financial investments	0067		1,235,924	1,753,887	-
24	VII. CASH AND CASH EQUIVALENTS	0068		3,099,258	3,085,871	-
27	VIII. VALUE ADDED TAX	0069		80,225	29,982	-
28 excl. 288	IX. PREPAYMENTS AND ACCRUED INCOME	0070		2,312,666	1,640,858	-
88	E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071		39,901,074	28,765,044	-
	F. OFF-BALANCE SHEET ASSETS	0072		25,549,100	14,660,709	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2013.	Opening balance on 01.01.2013.
1	2	3	4	5	6	7
	LIABILITIES					
	A. CAPITAL (0402+0411-0412+0413+0414+0415+0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401		17,999,397	13,427,596	-
30	I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402		5,893,998	5,894,281	-
300	1. Share capital	0403		5,574,959	5,574,959	-
301	2. Shares of limited liability companies	0404		-	-	-
302	3. Investments	0405		-	-	-
303	4. State owned capital	0406		-	-	-
304	5. Socially owned capital	0407		-	-	-
305	6. Shares of cooperatives	0408		-	-	-
306	7. Issuing premium	0409		237,014	237,014	-
309	8. Other share capital	0410		82,025	82,308	-
31	II. SUBSCRIBED CAPITAL UNPAID	0411		-	-	-
047 & 237	III. TREASURY SHARES REPURCHASED	0412		-	-	-
32	IV. RESERVES	0413		374,453	374,266	-
330	V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414		5,788,138	2,194,086	-
33 excl. 330	VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415		415,520	78,693	-
33 excl. 330	VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416		41,501	31,423	-
34	VIII. RETAINED EARNINGS (0418+0419)	0417		5,402,867	4,635,242	-
340	1. Retained earnings from previous years	0418		4,373,835	4,175,075	-
341	2. Retained earnings from current year	0419		1,029,032	460,167	-
	IX. NON-CONTROLLING INTEREST	0420		165,922	282,451	-
35	X. LOSSES (0422+0423)	0421		-	-	-
350	1. Losses from previous years	0422		-	-	-
351	2. Losses from current year	0423		-	-	-
	B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		4,218,314	2,539,748	-
40	I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		1,096,129	1,249,294	-
400	1. Provisions for warranty costs	0426		454,572	565,215	-
401	2. Provisions for recovery of natural resources	0427		-	-	-
403	3. Provisions for restructuring costs	0428		-	-	-
404	4. Provisions for wages and other employee benefits	0429		282,730	300,373	-
405	5. Provisions for legal expenses	0430		-	-	-
402 & 409	6. Other long term provisions	0431		358,827	383,706	-
41	II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		3,122,185	1,290,454	-
410	1. Liabilities convertible into capital	0433		-	-	-
411	2. Liabilities to parent company and subsidiaries	0434		-	-	-
412	3. Liabilities to other affiliated companies	0435		-	-	-
413	4. Liabilities for issued securities for more than one year	0436		-	-	-
414	5. Long term credits and loans, domestic	0437		330,930	273,444	-
415	6. Long term credits and loans, foreign countries	0438		205,529	184,180	-
416	7. Long term liabilities from financial leasing	0439		188,398	219,107	-
419	8. Other long term liabilities	0440		2,397,328	613,723	-
498	C. DEFERRED TAX LIABILITIES	0441		788,539	140,594	-
42 to 49 (excl. 498)	D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		16,894,824	12,657,106	-
42	I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		3,574,310	3,540,032	-
420	1. Short term loans from parent company and subsidiaries	0444		-	-	-
421	2. Short term loans from other affiliated companies	0445		-	-	-
422	3. Short term credits and loans, domestic	0446		2,234,056	2,091,065	-
423	4. Short term credits and loans, foreign countries	0447		757,701	408,988	-
427	5. Liabilities from fixed assets and assets from discontinued operations available for sale	0448		-	-	-
424,425,426 & 429	6. Other short term financial liabilities	0449		582,553	1,039,979	-
430	II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450		3,728,831	3,024,053	-
43 excl. 430	III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451		3,827,905	3,002,035	-
431	1. Suppliers - parent company and subsidiaries, local	0452		-	-	-
432	2. Suppliers - parent company and subsidiaries, foreign countries	0453		-	-	-
433	3. Suppliers - other affiliated companies, local	0454		-	-	-
434	4. Suppliers - other affiliated companies, foreign countries	0455		4,618	80,640	-
435	5. Suppliers, local	0456		1,649,037	956,588	-
436	6. Suppliers, foreign countries	0457		2,155,986	1,957,216	-
439	7. Other operating liabilities	0458		18,264	7,591	-
44, 45 & 46	IV. OTHER SHORT TERM LIABILITIES	0459		2,056,813	1,642,893	-
47	V. VALUE ADDED TAX	0460		441,603	21,814	-
48	VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461		1,646,264	816,413	-
49 excl. 498	VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462		1,619,098	609,866	-
	D. LOSSES EXCEEDING CAPITAL (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402) ≥ 0 = (0441+0424+0442-0071) ≥ 0	0463		-	-	-
	E. TOTAL LIABILITIES (0424+0442+0441+0401-0463) ≥ 0	0464		39,901,074	28,765,044	-
89	F. OFF-BALANCE LIABILITIES	0465		25,549,100	14,660,709	-

Belgrade,

Date: 24.04.2015.



Legal Representative of the Company

INCOME STATEMENT
from 01.01. until 31.12.2014.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
	A. INCOME FROM NORMAL ACTIVITIES				
60 to 65, excl. 62 & 63	A. OPERATING INCOME (1002+1009+1016+1017)	1001		33,832,266	22,247,208
60	I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002		142,773	269,871
600	1. Income from sale of goods to parent company and subsidiaries on local market	1003		-	-
601	2. Income from sale of goods to parent company and subsidiaries on foreign markets	1004		-	-
602	3. Income from sale of goods to other affiliated companies on local market	1005		-	-
603	4. Income from sale of goods to other affiliated companies on foreign markets	1006		4,648	5,354
604	5. Income from sale of goods on local market	1007		64,579	92,720
605	6. Income from sale of goods on foreign markets	1008		73,546	171,797
61	II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		33,470,855	21,685,919
610	1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010		-	-
611	2. Income from sale of finished products and services to parent company and subsidiaries on foreign markets	1011		-	-
612	3. Income from sale of finished products and services to other affiliated companies on local market	1012		580	1,141
613	4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013		1,689,732	1,660,879
614	5. Income from sale of finished products and services on local market	1014		8,950,536	4,746,555
615	6. Income from sale of finished products and services on foreign markets	1015		22,830,007	15,277,344
64	III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016		50	1,533
65	IV. OTHER OPERATING INCOME	1017		218,588	289,885
	EXPENSES FROM NORMAL ACTIVITIES				
55 to 55, 62 & 63	B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029) ≥ 0	1018		32,753,077	21,969,112
50	I. COST PRICE OF GOODS SOLD	1019		135,339	253,607
62	II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020		49,389	71,511
630	III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021		119,515	162,544
631	IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022		102,352	72,072
51 excl. 513	V. MATERIAL COSTS	1023		9,320,069	5,145,264
513	VI. FUEL AND ENERGY COSTS	1024		1,478,507	1,353,641
52	VII. EMPLOYEE EXPENSES AND BENEFITS	1025		9,862,763	7,888,157
53	VIII. PRODUCTION SERVICE COSTS	1026		8,439,897	5,438,637
540	IX. DEPRECIATION EXPENSES	1027		656,518	534,148
541 to 549	X. PROVISION EXPENSES	1028		219,932	69,521
55	XI. INTANGIBLE EXPENSES	1029		2,706,604	1,448,120
	C. OPERATING INCOME (1001-1018) ≥ 0	1030		1,079,189	278,096
	D. OPERATING LOSSES (1018-1001) ≥ 0	1031		-	-
66	E. FINANCIAL REVENUES (1033+1038+1039)	1032		2,534,584	938,236
66, excl. 662, 663 & 664	I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033		340,661	185,052
660	1. Financial income from parent company and subsidiaries	1034		-	-
661	2. Financial income from other affiliated companies	1035		57,852	11,399
665	3. Share of profits in associated companies and joint ventures	1036		133,668	99,291
669	4. Other financial revenues	1037		149,141	74,362
662	II. INTEREST INCOME (THIRD PARTY)	1038		293,789	105,323
663 & 664	III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039		1,900,134	647,861
56	F. FINANCIAL EXPENSES (1041+1046+1047)	1040		2,430,316	945,003
56, excl. 562, 563 & 564	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041		45,110	28,492
560	1. Financial expenses from transactions with parent company and subsidiaries	1042		-	-
561	2. Financial expenses from transactions with other affiliated companies	1043		5,522	-
565	3. Share of losses in affiliated companies and joint ventures	1044		38,847	27,380
566 & 569	4. Other financial expenditure	1045		741	1,112
562	II. INTEREST EXPENSES (THIRD PARTY)	1046		333,696	270,630
563 & 564	III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047		2,051,510	645,881
	G. FINANCIAL GAINS (1032-1040)	1048		104,268	-
	H. FINANCIAL LOSSES (1040-1032)	1049		-	6,767
683 & 685	I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1050		21,457	30,470
583 & 585	J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1051		40,711	93,500
67 & 68, excl. 683 & 685	K. OTHER INCOME	1052		756,597	686,414
57 & 58, excl. 583 & 585	L. OTHER EXPENSES	1053		606,776	276,784
	M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		1,314,024	617,929
	N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		-	-

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
69-59	O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1056		-	-
59-69	P. NET LOSSES FROM DISCONTINUED OPERATIONS, EXPENSES FROM CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1057		34,280	13,617
	Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058		1,279,744	604,312
	R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059		-	-
	S. INCOME TAX				
721	I. TAXABLE EXPENSES FOR THE PERIOD	1060		210,439	104,164
part 722	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061		40,273	39,981
part 722	III. DEFERRED TAX INCOME FOR THE PERIOD	1062		-	-
723	T. MANAGEMENT EARNINGS	1063		-	-
	U. NET PROFIT (1058-1059-1060-1061+1062-1063)	1064		1,029,032	460,167
	V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065		-	-
	I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066		203,910	86,450
	II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067		825,122	373,717
	III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS	1068		-	-
	IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER	1069		-	-
	V. EARNINGS PER SHARE				
	1. Basic earnings per share	1070		-	-
	2. Reduced (diluted) earnings per share	1071		-	-

Belgrade,

Date: 24.04.2015.



Legal Representative of the Company

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STATEMENT OF OTHER RESULTS
from 01.01. until 31.12.2014.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. NET OPERATING RESULTS				
	I. NET PROFIT (EDP 1064)	2001		1,029,032	460,167
	II. NET LOSSES (EDP 1065)	2002			
	B. OTHER COMPREHENSIVE RESULTS OR LOSSES				
	a) Items not reclassifiable in the balance sheet in future periods				
330	1. Change of revaluation of intangibles, property, plant and equipment				
	a) increase in revaluation reserves	2003		4,198,358	818,218
	b) decrease in revaluation reserves	2004		952	71,969
331	2. Actuarial gains or losses from defined income plans				
	a) gains	2005			
	b) losses	2006			
332	3. Gains and losses from equity instrument investments				
	a) gains	2007			
	b) losses	2008			
333	4. Gains and losses from share of other comprehensive profits and losses of affiliates				
	a) gains	2009			
	b) losses	2010			
	b) Items that may be reclassified in the balance sheet in future periods				
334	1. Gains and losses from translation of financial statements for foreign operations				
	a) gains	2011		304,459	7,492
	b) losses	2012		5,307	26,754
335	2. Gains and losses from hedging of net investments in foreign operations				
	a) gains	2013			
	b) losses	2014			
336	3. Gains and losses from cash flow hedging				
	a) gains	2015			
	b) losses	2016			
337	4. Gains and losses from available for sale securities				
	a) gains	2017		10,444	638
	b) losses	2018		21,472	23,664
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019		4,485,530	703,961
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020			
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021		570,195	27,844
	IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022		3,915,335	676,117
	V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023			
	C. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD				
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024		4,944,367	1,136,284
	II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) ≥ 0	2025			
	D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026		4,944,367	1,136,284
	1. Payable to majority shareholders	2027		4,134,445	1,354,276
	2. Payable to non-controlling shareholders	2028		809,922	119,883

Belgrade,

Date: 24.04.2015.



Legal Representative of the Company

CASH FLOW STATEMENT
from 01.01. until 31.12.2014.

RSD thousand

Description	EDP	Total	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)			
1. Sales and prepayments	3001	36,393,982	24,504,259
2. Interests from operating activities	3002	35,719,967	24,250,764
3. Other inflow from normal operations	3003	32,549	24,082
	3004	641,466	229,413
II. Cash outflow from operating activities (1 to 5)	3005	35,241,693	24,782,623
1. Payments to suppliers and prepayments	3006	23,831,719	15,960,525
2. Employee expenses and benefits	3007	9,566,395	7,511,211
3. Interests paid	3008	354,695	260,353
4. Income tax	3009	216,245	189,943
5. Payments based on other public revenues	3010	1,272,639	860,591
III. Net cash inflow from operating activities (I-II)	3011	1,152,289	-
IV. Net cash outflow from operating activities (II-I)	3012	-	278,364
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)			
1. Sale of shares and stocks (net inflow)	3013	868,162	610,595
2. Sale of intangible investments, property, plant, equipment and natural assets	3014	-	-
3. Other financial investments (net inflow)	3015	26,502	12,799
4. Interest received from investment activities	3016	743,916	474,824
5. Dividends received	3017	64,786	84,567
	3018	32,958	38,405
II. Cash outflow from investing activities (1 to 3)	3019	1,005,859	734,409
1. Purchase of shares and stocks (net outflow)	3020	133,524	148,699
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	872,335	585,710
3. Other financial investments (net outflow)	3022	-	-
III. Net cash inflow from investing activities (I-II)	3023	-	-
IV. Net cash outflow from investing activities (II-I)	3024	137,697	123,814
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)			
1. Equity increase	3025	78,566	833,764
2. Long term loans (net inflow)	3026	-	-
3. Short term loans (net inflow)	3027	-	-
4. Other long term liabilities	3028	58,890	777,288
5. Other short term liabilities	3029	-	-
	3030	19,676	56,476
II. Cash outflow from financing activities (1 to 6)	3031	1,039,773	741,531
1. Repurchase of own shares and stocks	3032	-	-
2. Long term loans (net outflow)	3033	229,745	309,997
3. Short term loans (net outflow)	3034	-	-
4. Other liabilities	3035	27,967	-
5. Financial leasing	3036	235,652	367,318
6. Dividends paid	3037	546,409	64,216
III. Net cash inflow from financing activities (I -II)	3038	-	92,233
D. Net cash outflow from financing activities (II-I)	3039	961,207	-
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	37,340,710	25,948,618
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	37,287,325	26,258,563
G. NET CASH INFLOW (3040-3041)	3042	53,385	-
H. NET CASH OUTFLOW (3041-3040)	3043	-	309,945
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	3,085,871	3,355,473
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	118,815	139,243
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046	158,813	98,900
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	3,099,258	3,085,871

Belgrade,

Date: 24.04.2015.



Legal Representative of the Company

STATEMENT OF CHANGES IN EQUITY
as at 31 December 2014

No.	DESCRIPTION	Equity component									
		30	31	32	35	047 & 237	34	330	331	10	
		Equity capital	Subscribed capital unpaid	Provisions	Losses	Treasury shares repurchased	Retained earnings	Revaluation reserves	Actuarial gains or losses	EDP	EDP
1		3	4	5	6	7	8	9	10		
1	Opening balance on 01.01.2013.										
	a) debit balance	4001	4019								
	b) credit balance	4002	4020	4055	4073	4091	4109	4127			
2	Adjustment for materially significant errors and changes in accounting policies										
	a) adjustment of debit balance	4003	4039	4057	4075	4093	4111	4129			
	b) adjustment of credit balance	4004	4040	4058	4076	4094	4112	4130			
3	Adjustment of opening balance on 01.01.2013.										
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4005	4023	4059	4077	4095	4113	4131			
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4006	4024	4060	4078	4096	4114	4132			
4	Changes in previous 2013. year										
	a) debit balance activity	4007	4043	4061	4079	4097	4115	4133			
	b) credit balance activity	4008	4044	4062	4080	4098	4116	4134			
5	Closing balance previous year at 31.12.2013.										
	a) debit balance (3a+4a-4b) ≥ 0	4009	4027	4063	4081	4099	4117	4135			
	b) credit balance (3b-4a+4b) ≥ 0	4010	4028	4064	4082	4100	4118	4136			
6	Adjustment for materially significant errors and changes in accounting policies										
	a) adjustment of debit balance	4011	4029	4065	4083	4101	4119	4137			
	b) adjustment of credit balance	4012	4030	4066	4084	4102	4120	4138			
7	Adjustment of opening balance current year at 01.01.2014.										
	a) adjustment of debit balance (5a+6a-6b) ≥ 0	4013	4031	4067	4085	4103	4121	4139			
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4014	4032	4068	4086	4104	4122	4140			
8	Changes in current 2014. year										
	a) debit balance activity	4015	4033	4069	4087	4105	4123	4141			
	b) credit balance activity	4016	4034	4070	4088	4106	4124	4142			
9	Closing balance end of year at 31.12.2014.										
	a) debit balance (7a+8a-8b) ≥ 0	4017	4035	4071	4089	4107	4125	4143			
	b) credit balance (7b-8a+8b) ≥ 0	4018	4036	4072	4090	4108	4126	4144			

Belgrade,

Date: 24.04.2015.

ENERGOPROJEKT GROUP, BELGRADE

**NOTES TO THE REGULAR ANNUAL CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR 2014**

Belgrade, 2015

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1. COMPANY BACKGROUND

Energoprojekt Group, Belgrade (hereinafter: Energoprojekt Group) consists of a parent joint stock company Energoprojekt Holding Plc., Belgrade (hereinafter: Energoprojekt Holding) and 11 subsidiary companies, 10 of which are direct subsidiaries (9 share-based and 1 limited liability company) and 1 subsidiary company indirectly controlled by other subsidiaries (1 limited liability company), as well as one joint venture company, hereinafter: joint venture (1 limited liability company) with 50% equity share. Subsidiary companies comprise of operating units for investments works and branch offices in foreign countries (the total of 102) and of own companies in the country and abroad (12 subsidiaries abroad, 1 affiliate abroad and 2 associated companies in the country), which jointly engage in building construction, design, fitting, study preparation, research, investment facilities' and systems' programming, sales of goods and services and in other business activities.

In 2014, Energoprojekt Group was organized as follows:

Activity	No. of subsidiaries, affiliates and joint ventures domestic	No. of business units for investments works and branch offices abroad	No. of subsidiaries and affiliates abroad
Planning and research	4	25	5
Construction and fitting	4	76	10
Holding	1	1	
Other	5		4
Total	14	102	19

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

Average number of employees of Energoprojekt Group in 2014, based on the actual number of employees at the end of each month, is 2.355 (in 2013: 2.259) excluding local workforce in overseas companies.

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

Financial statements for 2014 that are subject to these Notes are **consolidated financial statements of the Energoprojekt Group** and were approved by the Supervisory Board of the Energoprojekt Holding Company on April 24, 2015 in the 31st meeting of the Energoprojekt Holding Supervisory Board.

2. CONSOLIDATION GROUP

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

Local subsidiaries and joint ventures:

No.	C o m p a n y N a m e	% ownership
-----	-----------------------	-------------

Subsidiary Companies

Building Construction and Fitting

1.	Energoprojekt Visokogradnja Plc.	99,93 %
2.	Energoprojekt Niskogradnja Plc.	100,00 %
3.	Energoprojekt Oprema Plc.	67,87 %

Planning and Research

4.	Energoprojekt Urbanizam i arhitektura Plc.	100,00 %
5.	Energoprojekt Industrija Plc.	62,77 %
6.	Energoprojekt Entel Plc.	86,26 %
7.	Energoprojekt Hidroinženjering Plc.	100,00 %

Other

8.	Energoprojekt Energodata Plc.	100,00 %
9.	Energoprojekt Promet Ltd.	100,00 %
10.	Energoprojekt Garant Ltd.	92,94 %
11.	Energoplast Ltd.	60,00 %

Joint Ventures

Building Construction and Fitting

12.	Enjub Ltd.	50,00 %
-----	------------	---------

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

Subsidiaries abroad – overseas companies:

No.	C o m p a n y N a m e	% ownership
-----	-----------------------	-------------

1.	Zambia Engineering and Contracting Company Limited, Zambia	100,00
2.	Energoprojekt Holding Guinee S.A, Guinea	100,00
3.	I.N.E.C. Engineering Company Limited, Great Britain	100,00
4.	Encom GmbH Consulting, Engineering & Trading, Germany	100,00
5.	Dom 12 S.A.L, Lebanon	100,00
6.	Energoprojekt (Private) Limited, Zimbabwe	100,00

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

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

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

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

In 2014, Energoprojekt Visokogradnja founded a new company abroad, the Energoprojekt Rus Ltd. Moscow, Russia.

The overseas company ECO MEP Technology, Dubai, UAE was excluded from primary consolidation in 2014, as opposed to 2013, due to the fact that this company has not been active for a number of years, it has no assets or liabilities and is in the dissolution process in compliance with the local regulations.

3. BASIS FOR PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

- Pursuant to the Law on Accounting (RS Official Gazette, No. 62/2013) , the financial statements in the Republic of Serbia for the year 2014 are to be presented in the format

stipulated by the Rules on the Contents and Form of the Financial Statements Forms for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014), which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by the Revised IAS 1 – “Presentation of Financial Statements“; and

- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

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

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

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

- Amendments to IAS 32 “Financial Instruments: Presentation” – Offsetting Financial Assets and Financial Liabilities (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IFRS 10, IFRS 12 and IAS 27 - “Investment Entities” (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 36 “Impairment of Assets” - Recoverable Amount Disclosures for Non-Financial Assets (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – Novation of Derivatives and Continuation of Hedge Accounting (effective for the annual periods beginning on or after January 1, 2014); and
- IFRIC 21 “Levies” (effective for the annual periods beginning on or after January 1, 2014).

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

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

- Amendments to various Standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2010 - 2012, published by the IASB in December 2013, primarily through removal of inconsistencies and explanations of the texts (effective for annual periods beginning on or after July 1, 2014);
- Amendments to various Standards (IFRS 1, IFRS 3, IFRS 13 and IAS 40) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2011-2013, published by IASB in December 2013, primarily by removing the inconsistencies perceived and by providing explanations of the texts (effective for annual periods beginning on or after July 1, 2014);
- Amendments to various Standards (IFRS 5, IFRS 7, IAS 19 and IAS 34) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2012-2014, published by the IASB in September 2014, primarily through removal of inconsistencies and explanations of the texts (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 19 “Employee Benefits” – Defined benefits’ plans (effective for annual periods beginning on or after July 1, 2014);
- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after January 1, 2018).
- Amendments to IFRS 11 “Joint Arrangements” – Accounting Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 18 “Intangible Assets” – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after January 1, 2016);
- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after January 1, 2016);
- IFRS 15 “Revenues from Contracts with Customers” (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” - Agriculture: Bearer Plants as Biological Assets (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 27 “Separate Financial Statements” – Equity Method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 28 “Investments in Associates and Joint Ventures” and IFRS 10 “Consolidated Financial Statements” – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after January 1, 2016).

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

4. MANAGEMENT ESTIMATION AND ASSESSMENT

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

5. CONSOLIDATION

5.1. Subsidiary Companies

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

5.2. Affiliated Companies

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

5.3. Joint Ventures

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

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

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

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

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

5.4. Segment Reporting

A business segment is a distinguishable component of an entity that is engaged in providing an individual product or service that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an entity that is engaged in providing a product or services within a particular economic environment and that is subject to risk and returns that are different from those of components operating in the other economic environments.

6. ACCOUNTING PRINCIPLES

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

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

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

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

The Prudence Principle means applying a certain level of caution when preparing financial statements of the Company, so that the property and revenues are not overstated and obligations and expenses are not understated. The Prudence Principle, however, should not imply conscious, unrealistic decrease in revenues and capital of the Company or conscious, unrealistic increase of expenses and liabilities of the Company. Namely, The Framework for Preparation and Presentation of Financial

Statements clearly states that the Prudence Principle should not result in the forming of substantial hidden reserves, deliberate reduction of property of revenues, or deliberate exaggeration of liabilities or expenses causing the financial statements to become impartial and therefore unreliable.

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

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

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

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

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

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

In addition to data for the current year, financial statements of the Company contain data from 2013 financial statements as **comparative data**, which was amended in compliance with the legal regulations (IFRS 11 – “Joint Arrangements”) in the part in which joint ventures were presented (Enjub Ltd.) by applying the equity method and which were re-classified in compliance with the Rules on the Contents and Form of Financial Statements’ Forms submitted by Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/14).

In preparation of Company financial statements, relevant provisions IAS 10 were considered. They refer to events that occur between the balance sheet date and the date when the financial statements were authorized for issue. More precisely, **for effects of the event that provide evidence on**

circumstances at the balance sheet date, already recognized amounts in financial statements of the Company were corrected in order to mirror corrected events after the balance sheet date; and **for effects of the event that provide evidence on circumstances after the balance sheet date**, no adjustments of recognized amounts were applied. If there were any, these Notes will disclose the nature of events and the valuation of their financial effects.

7.1. Valuation

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

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

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

7.2. Effects of Foreign Exchange Rates

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

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

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

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

Official Middle Exchange Rates of the National Bank of Serbia

<i>Currency</i>	<i>31.12.2014.</i>	<i>31.12.2013.</i>
	<i>Amount in RSD</i>	
1 EUR	120,9583	114,6421
1 USD	99,4641	83,1282
1 GBP	154,8365	136,9679

Applied average FX rates for the Income Statement items in 2014 and 2013 were as follows:

<i>Currency</i>	<i>31.12.2014.</i>	<i>31.12.2013.</i>
	<i>Amount in RSD</i>	
1 EUR	117,3060	113,1369
1 USD	88,5408	85,1730
1 GBP	145,6441	133,1761

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).

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

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

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

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

7.4. Expenses

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

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

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

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

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

7.5. Interest and Other Borrowing Costs

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

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

7.6. Income Tax

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

- The current tax; and
- The deferred tax.

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

The deferred tax includes:

- Deferred tax assets or
- Deferred tax liabilities.

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

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

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

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

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

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

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

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

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

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

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

7.7. Intangible Assets

Intangible assets are assets without identifiable physical substance, such as: licenses, concession, copyrights, investment in other properties, trademarks, etc. The property fulfils criteria to be identified if: it is detachable or it can be detached from the Company and sold, transferred, licensed, rented or

traded, separately or with a related contract, property or liability; or that derives from contractual and other legal rights, regardless if these rights are transferable or separable from the Company or other rights or obligations.

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

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

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

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

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

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

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

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

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

- Unlimited, or
- Limited.

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

7.8. Property, Plant and Equipment

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

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

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

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

Property, plant and equipment are grouped in the following categories:

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

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

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

7.9. Financial Lease

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

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

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

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

7.10. Amortisation of Intangible Assets, Property, Plant and Equipment

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

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

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

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

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

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

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

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

7.11. Impairment of Intangible Assets, Property, Plant and Equipment

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

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

Recoverable amount is the higher amount of:

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

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

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

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

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

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

7.12. Investment Property

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

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

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

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

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

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

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

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

7.13. Inventories

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

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

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

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

The purchase price (cost) includes all:

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

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

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

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

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

Net realizable value is the valuated price of sale within regular business activities reduced by completion costs and valuated costs necessary for the realization of the sale. The valuation of the net

realizable value is performed based on the most reliable evidence available at the time of valuation with regard amounts that may be achieved.

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

7.14. Non-Current Assets Held for Sale

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

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

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

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

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

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

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

Non-current assets held for sale are not depreciated.

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

7.15. Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On the occasion of the **initial measurement** of a financial instrument, the Company performs the measurement at fair value increased by transaction costs that can be directly attributed to the acquisition or issuance of financial assets or liabilities, providing that the financial instrument has not been marked for measurement at fair value with changes of fair value through the profit and loss account.

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

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

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

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

7.16. Cash and Cash Equivalents

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

7.17. Short-Term Receivables

Short term receivables comprise receivables from related parties (subsidiaries and affiliates) as well as receivables from other legal and physical persons in the country and abroad in the moment of sold products, goods and performed services; expected to be realized within 12 months from the balance sheet date. *Short term trade receivables* are measured by the cost stated in the issued invoice. If the cost on the invoice is stated in the foreign currency, translation to the functional currency is done by applying the average exchange rate ruling on the date of transaction. Changes in exchange rate from the date of transaction to the collection date are presented as gains and losses from exchange posted in favour of revenues or against expenses. Receivables stated in the foreign currency as at the balance sheet date are translated by the ruling average exchange rate and gains and losses arose are booked as revenue or expense for that period.

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

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

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

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

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

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

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

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

7.18. Financial Investments

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

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

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

Based on the relevant provisions of IAS 27 – Consolidated and Separate Financial Statements, investments in subsidiary companies, jointly controlled companies and affiliated entities are carried in the Company's books at their cost, in compliance with the cost method. If, however, in compliance with the provisions of IAS 36 – Impairment of Assets, it should be established that the recoverable amount of costs does not exceed the purchase (booking) price, the Company carries the equity investment amount at its recoverable amount, and the decrease (impairment) in equity investment is presented as an expense in the period in which such impairment was established.

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

7.19. Liabilities

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

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

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

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

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

7.20. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.21. Employee Benefits

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

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

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

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

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

retirement date or paid upon decision of the employee to take voluntary redundancy in exchange for those benefits.

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

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

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

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

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

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

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

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

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

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

The materiality of an error is valuated pursuant to provisions of the Framework for the preparation and presentation of financial reports that state that materiality may imply that omission or false accounting entries may affect economic decisions of users adopted based on financial statements. Materially significant errors are valuated pursuant to relevant provisions from the Framework for the preparation and presentation of financial statements. Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1.5% of the total income in the previous year**.

9. FINANCIAL RISKS

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

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

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

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

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

Generally, comparing markets of developed economies, companies that operate on markets with insufficient economic development, macroeconomic stability and high insolvency, such as the

Republic of Serbia, are significantly exposed to financial risks. Insufficient development of the financial market makes it impossible to use a wide spectrum of *hedging* instruments, characteristic for developed markets. Companies that operate in the Republic of Serbia do not have the possibility to use many derivative instruments in financial risk management due to the fact that these instruments are not widely used nor there is an organized continuous market for financial instruments.

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

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

9.1. Credit Risk

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

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

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

9.2. Market Risk

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

The market risk includes three risk types:

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

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

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

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

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

9.3. Liquidity Risk

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

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

10. SEGMENT INFORMATION

As at December 31, 2014, the Energoprojekt Group is organized, locally and abroad, in the following main business segments:

- 1) Design and research;
- 2) Construction and fitting; and
- 3) Other.

Business and geographical segments of the Energoprojekt Group with balances as at the balance date are presented in the following tables.

Energoprojekt Group Belgrade

Business Segments

	Design and research		Construction and fitting		Other		Total		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenues from sales	5,184,504	4,547,037	28,581,811	17,865,459	1,638,133	1,458,477	35,404,448	23,870,973	1,790,820	1,915,183	33,613,628	21,955,790
SEGMENT RESULT												
Operating profit/loss	143,188	165,990	646,429	-60,504	257,641	181,101	1,047,258	286,587	31,931	8,491	1,079,189	278,096
Interest income	13,589	27,038	245,560	51,070	34,640	27,223	293,789	105,331		8	293,789	105,323
Interest expenses	7,383	5,282	293,924	231,893	32,389	33,507	333,696	270,682		52	333,696	270,630
Income tax	30,521	23,163	139,483	47,228	40,435	33,773	210,439	104,164			210,439	104,164
Profit/loss from regular operations	583,245	362,133	380,651	32,704	218,017	551,049	1,181,913	945,886	132,111	327,957	1,314,024	617,929
Profit/loss from discontinued operations	-790	24,997	-34,194	-34,664	5,656	-4,426	-29,328	-14,093	4,952	476	-34,280	-13,617
Net profit/loss	543,139	359,979	179,486	-80,947	179,248	508,616	901,873	787,648	127,159	327,481	1,029,032	460,167
Total assets	7,911,068	6,314,072	26,655,418	18,777,582	12,766,063	11,752,298	47,332,549	36,843,952	7,431,475	8,078,908	39,901,074	28,765,044
Total liabilities	7,911,068	6,314,072	26,655,418	18,777,582	12,766,063	11,752,298	47,332,549	36,843,952	7,431,475	8,078,908	39,901,074	28,765,044
Depreciation	68,395	46,241	528,970	425,911	53,834	55,132	651,199	527,284	-5,319	-6,864	656,518	534,148

Geographical Segments

	Serbia		Commonwealth of Independent States (CIS)		Europe		Africa		Asia		America		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenues from sales	9,072,134	4,835,267	6,658,551	3,157,767	201,600	214,912	7,863,020	7,325,865	4,066,196	3,054,783	5,752,127	3,367,196	33,613,628	21,955,790
Revenues from the sales of goods to other related entities in the domestic market	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenues from the sales of goods to other related entities in the international market (Energonigeria)	0	0	0	0	0	0	4,648	5,354	0	0	0	0	4,648	5,354
Revenues from the sales of goods - external	66,106	94,045	1,357	4,647	0	3,258	0	28,034	0	0	70,662	134,533	138,125	264,517
Revenues from the sales of goods	66,106	94,045	1,357	4,647	0	3,258	4,648	33,388	0	0	70,662	134,533	142,773	269,871
Revenues from the sales of products and services to other related entities in the domestic market (Energopet)	580	1,141	0	0	0	0	0	0	0	0	0	0	580	1,141
Revenues from the sales of products and services to other related entities in the international market (Energonigeria)			0	0	0	0	1,689,732	1,660,879	0	0	0	0	1,689,732	1,660,879
Revenues from the sales of products and services - external	9,005,448	4,740,081	6,657,194	3,153,120	201,600	211,654	6,168,640	5,631,598	4,066,196	3,054,783	5,681,465	3,232,663	31,780,543	20,023,899
Revenues from the sales of products and services	9,006,028	4,741,222	6,657,194	3,153,120	201,600	211,654	7,858,372	7,292,477	4,066,196	3,054,783	5,681,465	3,232,663	33,470,855	21,685,919

INCOME STATEMENT

11. OPERATING INCOME

11.1. Revenues from the Sales of Merchandise

Structure of revenues from the sales of merchandise	In RSD thousand	
	2014	2013
Revenues from the sales of merchandise to other related companies - foreign	4,648	5,354
Revenues from the sales of merchandise to domestic customers	64,579	92,720
Revenues from the sales of merchandise to foreign customers	73,546	171,797
TOTAL	142,773	269,871

• **Revenues from the sales of merchandise to other related companies in the international markets** in the amount of RSD 4.648 thousand were generated by Encom GmbH Consulting, Engineering & Trading, Germany in the amount of RSD 2.392 thousand and by the I.N.E.C. Engineering Company Limited, the Great Britain in the amount of RSD 2.256 thousand from the sales of merchandise to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria (in 2013: RSD 5.354 thousand).

• **Revenues from the sales of merchandise to domestic customers** in the amount of RSD 64.579 thousand comprise of the revenues generated by the Energoplast Company in the amount of RSD 34.321 thousand, Energoprojekt Energodata Company in the amount of RSD 18.906 thousand, Energoprojekt Niskogradnja Company in the amount of RSD 8.135 thousand and Energoprojekt Industrija in the amount of RSD 3.217 thousand.

• **Revenues from the sales of merchandise to foreign customers** amounting to RSD 73.546 thousand comprise of the revenues generated by the Energoprojekt Niskogradnja Company in the amount of RSD 70.662 thousand and Energoprojekt Visokogradnja Company in the amount of RSD 2.884 thousand.

11.2. Revenues from the Sales of Products and Services

Structure of revenues from the sales of products and services	In RSD thousand	
	2014	2013
Sales of products and services to other related companies - domestic	580	1,141
Sales of products and services to other related companies - foreign	1,689,732	1,660,879
Sales of products and services to domestic customers	8,950,536	4,746,555
Sales of products and services to foreign customers	22,830,007	15,277,344
TOTAL	33,470,855	21,685,919

• **Revenues from the sales of products and services to other related companies - domestic** in the amount of RSD 580 thousand (in 2013: RSD 1.141 thousand) were generated by the Energoprojekt Industrija from the sales of products and services to the affiliated Company Energopet Ltd.

• **Revenues from the sales of products and services to other related companies - foreign** in the amount of RSD 1.689.732 thousand were generated from the sales of products and services to the affiliated Company Energo Nigeria Ltd., Lagos, Nigeria, predominantly by the Energoprojekt Oprema Company in the amount of RSD 1.689.354 thousand (in 2013: RSD 1.660.879 thousand).

• **Revenues from the sales of products and services to domestic customers** in the amount of RSD 8.950.536 thousand were generated primarily by the following Companies of the Energoprojekt Group:

- Energoprojekt Oprema in the amount of RSD 4.641.111 thousand, the largest portion of which amounting to RSD 4.111.776 thousand was generated from the sales to the following buyers: International Project Services Ltd. OY Branch, SNC Lavalin International and Tent Ltd. In comparison with the previous period, an increase of revenues was achieved in 2014 from the sales to the said buyers in the amount of RSD 2.140.058 thousand;

- Energoprojekt Niskogradnja Company, in the amount of RSD 3.154.611 thousand, within the following projects: Sarani Tunnel, Bridge over the Danube-Tisa-Danube Canal, Lajkovac - Ljig, Belgrade – Novi Sad Highway and other projects, and in 2014 an increase of revenues from the sales of products and services was achieved in the amount of RSD 1.899.391 thousand; and from the sales of other products and services.

• **Revenues from the sales of products and services to foreign customers** in the amount of RSD 22.830.007 thousand were primarily generated by the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 9.161.768 thousand based on the works performed for Investors primarily in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 2.447.580 thousand (in 2013: RSD 1.035.701 thousand), as well as in Russia and in Kazakhstan in the following Projects: Z-091 Astrakhan Schlumberger: RSD 2.038.347 thousand, Z-088 Hotel Hyatt Rostov: RSD 1.896.077 thousand, Z-085 Business Facility Uhta: RSD 1.027.447 thousand, Z-089 Aktau Hospital: RSD 728.819 thousand, Z-092 Horizonti Siktivkar: RSD 622.685 thousand, Z-087 Aktau Restaurant: RSD 200.252 thousand, etc.;

- Energoprojekt Niskogradnja in the amount of RSD 8.400.210 thousand, based on the Projects realized in Peru: RSD 5.564.793 thousand and in Uganda: RSD 2.835.417 thousand;

- Energoprojekt Entel in the amount of RSD 3.682.313 thousand generated in the following companies: Energoprojekt Entel LTD, Doha, Qatar, EP Entel L.L.C., Muscat, Sultanate of Oman and Energoconsult L.L.C., Abu Dhabi, UAE;

- Energoprojekt Hidroinženjering in the amount of RSD 590.520 thousand, predominantly from the Projects realized in Algeria and in Peru; and in other companies.

In comparison with the previous period, the increase in the revenues from the sales of products and services in the international markets in 2014 in the amount of RSD 7.552.663 thousand relate predominantly to Energoprojekt Visokogradnja: RSD 4.212.892 thousand, Energoprojekt Niskogradnja: RSD 2.737.715 thousand and Energoprojekt Entel: RSD 642.078 thousand.

11.3. Other Operating Income

Structure of other operating income	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Income from premiums, subventions, subsidies, donations, etc.	50	1,533
Other operating income:		
a) Rent from other legal entities in the country	22,301	19,523
b) Rent from other legal entities abroad	82,892	95,605
c) Other operating income from parent companies, subsidiaries and other related parties		35
d) Other operating income	113,395	174,722
<i>Total</i>	<i>218,588</i>	<i>289,885</i>
GRAND TOTAL	<i>218,638</i>	<i>291,418</i>

• **Income from premiums, subventions, subsidies, donations, etc.** in the amount of RSD 50 thousand relate to Energoprojekt Energodata, based on subventions granted by the National Employment Agency for persons with disabilities (in 2013: RSD 208 thousand). In the previous reporting period, the amount of RSD 1.533 thousand predominantly pertained to Energoprojekt Niskogradnja Company: RSD 1.323 based on donations from Serbian Investment and Export Promotion Agency as reimbursement of costs for Branch Office opening in Zambia and in Moscow.

• **Income from the rent paid by other legal entities in the country** in the amount of RSD 22.301 thousand was primarily generated by Energoprojekt Garant Company in the amount of RSD 6.856 thousand (based on the rent of business facilities in Bulevar Zorana Djindjica Street and of the business premises in YU Business Centre in Novi Beograd), by Energoprojekt Visokogradnja in the amount of RSD 6.768 thousand (predominantly from the rent of the facility in Ub: RSD 3.164 thousand (based on which an increase in other operating income was achieved in the reporting period, since these facilities were not rented in 2013) and from the rent of the facility in Preradoviceva Street in Belgrade: RSD 3.313 thousand), by Energoprojekt Energodata in the amount of RSD 6.397 thousand (based on the rent of the business facility in Palmira Toljatija Street and of the barracks in Novi Beograd), and by some other Companies of the Energoprojekt Group.

• **Income from the rent from other legal entities in foreign countries** in the amount of RSD 82.892 thousand was predominantly generated by the following Companies of the Energoprojekt Group:

- Dom 12 S.A.L., Lebanon in the amount of RSD 37.430 thousand, based on the rent of the office building in Moscow;

- Zambia Engineering and Contracting Company Limited, Zambia in the amount of RSD 25.816 thousand, based on the rent of a number of properties in Zambia;

- Energoprojekt Niskogradnja in the amount of RSD 9.761 thousand, based on the rent of a part of the office building Cruz del Sur in Lima, Peru: RSD 9.411 thousand and of the machinery in Peru: RSD 350 thousand;

- Energo (Private) Limited, Zimbabwe in the amount of RSD 4.268 thousand (based on the rent of properties in Zimbabwe); and in other companies.

The decrease in income from the rent from other legal entities in foreign countries in the amount of RSD 12.713 thousand was primarily the result of the decrease in Energoprojekt Visokogradnja (since the properties in the Energoprojekt Ghana Ltd., Accra, Ghana were not rented in 2014 and that the machinery used in projects realized abroad, which were completed in the reporting year, was not rented) and in the Dom 12 S.A.L., Lebanon company (due to the devaluation of the Rubble).

• **Other operating income** in the amount of RSD 113.395 thousand was primarily generated in the following Companies of the Energoprojekt Group:

- Energoprojekt Garant in the amount of RSD 80.788 thousand relate to the income from the share in coinsurance and reinsurance in damage compensation in the amount of RSD 70.595 thousand (which, compared to the previous reporting period grew significantly, since a large amount of damage compensation was paid in 2014, and the Company, while taking account of the operating risks, based on the funds earmarked for re-insurance, generated the said income amount); income from the fee for the premiums transferred to reinsurance: RSD 5.594 thousand (which, due to the significantly larger scope of the transferred risks and premium, grew in comparison with the previous period); income from the decrease in provisions for damage: RSD 4.553 thousand and to other operating income in the amount of RSD 46 thousand;
- Energoprojekt Niskogradnja in the amount of RSD 23.220 thousand, the largest share of which relate to the reimbursement of costs based on the subcontracting agreements for the Dam on Tisa River Project: RSD 20.302 thousand and Lot 1.1. Project, Novi Sad: RSD 1.706 thousand, which were reduced by RSD 124.691 thousand compared to the same period of the preceding year;
- Energoprojekt Visokogradnja in the amount of RSD 4.563 thousand relate to the various pass-through costs;
- Energoprojekt Hidroinženjering in the amount of RSD 3.006 thousand based on the reimbursement of a part of Consortium costs in the Projects in Peru; and in other companies.

12. COSTS OF GOODS SOLD

Structure of cost of goods sold	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Purchase value of goods sold:		
a) Purchase price of goods sold to other related parties	4,317	16,646
b) Purchase price of goods sold to domestic customers	64,440	115,616
c) Purchase price of goods sold to foreign customers	66,582	120,172
<i>Total</i>	<i>135,339</i>	<i>252,434</i>
Purchase price of property acquired for sale		1,173
TOTAL	<i>135,339</i>	<i>253,607</i>

• **Purchase value of goods sold to other related parties** in the amount of RSD 4.317 thousand relate to Encom GmbH Consulting, Engineering & Trading, Germany in the amount of RSD 2.392 thousand and to I.N.E.C. Engineering Company Limited, Great Britain in the amount of RSD 1.925 thousand for the purchase of goods for the affiliated company Energo Nigeria Ltd., Lagos, Nigeria (in 2013: RSD 16.646 thousand).

• **Purchase value of goods sold to domestic customers** in the amount of RSD 64.440 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoplast in the amount of RSD 28.722 thousand, for purchase of finished stoppers for resale;
- Energoprojekt Energodata in the amount of RSD 20.399 thousand, for purchase of ATM machines, software, hardware and goods from the field of graphics and printing;
- Energoprojekt Niskogradnja in the amount of RSD 7.583 thousand, for purchase of fuel, oil, cement, PP equipment and other materials; and to other companies.

• **Purchase value of goods sold to foreign customers** in the amount of RSD 66.582 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 65.537 thousand, for the costs of materials' stock (fuel and spare parts) sold pursuant to the agreement to subcontractors in Projects realized in Peru, in order to provide for unobstructed works' schedule and to avoid any consequences of delays in works (contractually agreed deadlines) at the expense of the Company as the principal contractor.

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

Revenues from activation of goods and effects and increase and decrease of finished goods and work in progress	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Revenues from activation of goods and effects	49,389	71,511
Increase of finished goods, work in progress and services in progress	119,515	162,544
Decrease of finished goods, work in progress and services in progress	102,352	72,072
TOTAL	271,256	306,127

• **Revenues from activation of goods and effects** in the amount of RSD 49.389 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 38.844 thousand (in 2013: RSD 61.614 thousand), based on the repair of equipment: RSD 25.920 thousand (domestic: RSD 8.971 thousand and abroad: RSD 16.949 thousand) and based on own construction of buildings: RSD 12.924 thousand (value of investments until December 31, 2014 in Project Lajkovac – Ljig, based on the first interim progress report for the construction of commercial building site Dici-Tunel Brancici).

• In the reporting period, the **increase in finished goods, work in progress and services in progress** amounting to RSD 119.515 thousand relate to:

- Energoprojekt Visokogradnja in the amount of RSD 111.278 thousand (in 2013: 93.491 thousand) based on the increase in value of work in progress on the construction of residential and business building in Cara Nikolaja Street in Belgrade; and

- Energoprojekt Niskogradnja in the amount of RSD 8.237 thousand based on the produced ground rock and sand for concrete production in the Project Z-030 Hydro Power Plant Chancay in Rucuy, Peru (in 2013: RSD 66.953 thousand related to the produced material for the base, asphalt and fractions for concrete in the Projects Z-019 Cochabamba Chota and Z-023 Pericos in Peru).

• **Decrease in finished goods, work in progress and services in progress** in the amount of RSD 102.352 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 96.014 thousand, based on the decrease in (built-in) stock of produced material for the base, asphalt, fractions for concrete in the Projects Z-019 Cochabamba Chota and Z-023 Pericos in Peru;

- Energoprojekt Visokogradnja in the amount of RSD 2.235 thousand, based on the property sold in Herceg Novi in the amount of RSD 2.057 thousand and parking space sold in Block 12 in Novi Beograd in the amount of RSD 178 thousand; and to other companies.

14. COSTS OF MATERIALS, FUEL AND ENERGY

Structure of costs of material, fuel and energy	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Costs of materials:		
a) Costs of materials used in production	8,743,680	4,552,531
b) Costs of other materials (overheads)	286,240	338,041
c) Costs of spare parts	198,371	205,911
d) Costs of one-off write-off of tools and inventory	91,778	48,781
<i>Total</i>	<i>9,320,069</i>	<i>5,145,264</i>
Costs of fuel and energy:		
a) Fuel costs	1,289,886	1,221,704
b) Costs of electrical energy and heating	188,621	131,937
<i>Total</i>	<i>1,478,507</i>	<i>1,353,641</i>
GRAND TOTAL	<i>10,798,576</i>	<i>6,498,905</i>

• **Costs of materials used in production** in the amount of RSD 8.743.680 thousand, the largest portion of material costs, relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 4.099.203 thousand, the most significant material costs of which are those for materials used for production abroad, in Projects Z-091 Schlumberger Astrakhan: RSD 1.079.240 thousand, Z-088 Hotel Hyatt Rostov: RSD 925.588 thousand, Z-089 Aktau Hospital: RSD 363.199 thousand and others, as well as in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 826.890 thousand. The most important material costs for production in the country were incurred

in the Projects of Sulphuric Acid Plant Bor: RSD 155.665 thousand, Smelter Bor: RSD 117.987 thousand and Prokop: RSD 31.394 thousand;

- Energoprojekt Oprema in the amount of RSD 2.304.085 thousand, out of which costs incurred in Projects realized abroad amount to RSD 1.503.871 thousand, and in the Projects realized in the country amount to RSD 800.214 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 2.044.951 thousand, out of which costs incurred in Projects realized abroad (in Peru and Uganda) amount to RSD 1.199.179 thousand, and in the Projects realized in the country amount to RSD 845.772 thousand; and to other companies.

• The largest shares in **costs of other materials (overhead)** amounting to RSD 286.240 thousand are those of the Energoprojekt Niskogradnja Company in the amount of RSD 185.002 thousand (abroad: RSD 178.613 thousand, in the country: RSD 6.389 thousand), Energoprojekt Entel in the amount of RSD 39.795 thousand, Energoprojekt Visokogradnja in the amount of RSD 30.093 thousand and to other Companies of the Energoprojekt Group.

• **Costs of spare parts** in the amount of RSD 198.371 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 159.017 thousand (abroad: RSD 121.842 thousand, in the country: RSD 37.175 thousand).

• **Costs of one-off write-off of tools and inventory** in the amount of RSD 91.778 thousand relate predominantly to Energoprojekt Visokogradnja in the amount of RSD 44.815 thousand, Energoprojekt Oprema in the amount of RSD 27.898 thousand, Energoprojekt Niskogradnja in the amount of RSD 11.432 thousand and to other Companies of the Energoprojekt Group.

• The largest share in the **costs of fuel and energy** amounting to RSD 1.478.507 thousand are those of the Energoprojekt Niskogradnja Company, in the amount of RSD 1.156.795 thousand, Energoprojekt Visokogradnja Company, in the amount of RSD 171.335 thousand, Energoprojekt Entel Company, in the amount of RSD 57.121 thousand, Energoprojekt Holding Company, in the amount of RSD 18.837 thousand, Energoprojekt Oprema Company, in the amount of RSD 17.762 thousand, and of other Companies of the Energoprojekt Group.

The increase in the costs of materials, fuel and energy in 2014 compared with the comparable last year's period amounting to RSD 4.299.671 thousand relate primarily to Energoprojekt Visokogradnja: RSD 2.621.479 thousand (primarily due to the larger scope of work on the Projects realized abroad); Energoprojekt Niskogradnja: RSD 1.104.464 thousand (due to the increased use of own equipment and machinery in the new projects in the country (the Sarani Tunnel) and abroad (in Peru), as well as due to hiring of subcontractors with lease of equipment where the Company is responsible for supplying energy sources); Energoprojekt Oprema: RSD 553.453 thousand (due to the increased scope of works in the Smelter Bor and Sulphuric Acid Plant in Bor Projects); and to other Companies of the Energoprojekt Group.

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

Structure of costs of salaries, fringe benefits and other personnel expenses	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Costs of salaries and fringe benefits (gross)	7,596,127	6,281,334
Taxes and contributions on salaries and contributions on salaries payable by employer	983,064	710,582
Service agreements contributions	14,684	38,657
Copyright agreements contributions	28,358	34,344
Contracts on temporary and periodical engagement, contributions	167,362	109,036
Considerations to physical persons based on other agreements	125,560	70,668
Considerations to General Manager and/or Management and Supervisory Board members	23,021	24,240
Other personnel expenses and remunerations	924,587	619,296
TOTAL	9,862,763	7,888,157

• **Costs of salaries and fringe benefits (gross) as well as taxes and contributions on salaries and contributions on salaries payable by employer** amounting to RSD 8.579.191 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 2.657.016 thousand, Energoprojekt Entel in the amount of RSD 2.256.362 thousand, Energoprojekt Niskogradnja in the amount of RSD 2.056.628 thousand, Energoprojekt Oprema in the amount of RSD 470.305 thousand and to other Companies of the Energoprojekt Group.

Compared with the same period of the previous year, the increase in the costs of salaries, fringe benefits and other personnel expenses in 2014 amounting to RSD 1.587.275 thousand was primarily the result of the increase of such costs in Energoprojekt Visokogradnja in the amount of RSD 559.597 thousand (based on the increase in the scope of works in the projects realized abroad, in Energoprojekt Niskogradnja in the amount of RSD 432.297 thousand (based on the increased use of resources (for the new projects in the country and abroad), works in shifts and extended terms of workers' contracts, payment of tunnel and construction site-related contributions and allowances, etc.), in Energoprojekt Entel in the amount of RSD 486.251 thousand (based on the increase in the number of workers hired abroad, with the total of 87 newly hired workers abroad) and in other Companies of the Energoprojekt Group.

• **Costs of contributions for contract fees for temporary and periodical engagement** amounting to RSD 167.362 thousand were predominantly incurred in Energoprojekt Niskogradnja in the amount of RSD 111.963 thousand (in the country: RSD 31.599 thousand, abroad: RSD 80.364 thousand) and are the result of Company's periodical needs for workforce with adequate qualifications for realization of projects (in construction sites) in compliance with the agreed schedules and types of works. Increase in the these costs compared with the same period of the previous year in the amount of RSD 58.326 thousand relate predominantly to Energoprojekt Niskogradnja, amounting to RSDS 50.711 thousand.

• **Other personnel expenses and remunerations** amounting to RSD 924.587 thousand predominantly relate to Energoprojekt Visokogradnja in the amount of RSD 566.445 thousand, predominantly based on board and lodging, transportation and other personnel related costs in the projects realized abroad. Other personnel expenses include the costs of business trips, retirement bonuses, commuting costs, solidarity fund allowances, scholarship allowances and other compensations. In addition to Energoprojekt Visokogradnja, a significant share in other personnel expenses was incurred in Energoprojekt Niskogradnja amounting to RSD 139.476 thousand and in Energoprojekt Entel in the amount of RSD 66.888 thousand.

The increase in other personnel expenses and remunerations amounting to RSD 305.291 thousand is primarily the result of the increase in these expenses incurred in Energoprojekt Visokogradnja in the amount of RSD 266.815 thousand (based on subsistence allowances, accommodation and air fares for Company staff that were incurred as the result of the increase in the scope of works on the projects realized abroad).

16. COSTS OF PRODUCTION SERVICES

Structure of costs of production services	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Costs of production services	6,634,625	3,813,889
Transportation services' costs	561,414	494,049
Repairs and maintenance services' costs	222,347	143,734
Rental costs	843,567	681,491
Trade fair costs	6,912	1,869
Advertising costs	23,014	12,195
Research costs	8,389	1,829
Costs of other services	139,629	289,581
TOTAL	8,439,897	5,438,637

• **Costs of production services** in the amount of RSD 6.634.625 thousand are predominantly related to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 2.235.743 thousand for the costs based on subcontracting agreements in the country amounting to RSD 1.007.573 thousand and abroad (in Uganda and Peru) amounting to RSD 1.228.170 thousand, which increased by RSD 1.003.417 thousand compared with the comparable last year's period. Significant hiring of subcontractors for projects' realization was due to the specific nature of works required and/or mechanization for the realization of the said projects (works in tunnels, hydro power plant construction, etc.);

- Energoprojekt Oprema in the amount of RSD 2.191.240 thousand comprise of the subcontractors' costs and consortium partners' costs in a number of projects, which increased by RSD 996.247 thousand compared with the comparable last year's period (the most significant of these costs were those incurred within the RTB Bor Project due to which the increase in these costs compared with the last year was recorded);

- Energoprojekt Visokogradnja in the amount of RSD 1.711.599 thousand comprising of the associates' and subcontractors' costs incurred within the relevant projects in the country and abroad (predominantly in Energoprojekt Ghana Ltd., Accra, Ghana company), which grew compared with the comparable last year's period by RSD 627.628 thousand; and to other Companies.

• **Transportation services' costs** comprise of the transportation services' costs in the country and abroad, landline telephone bills, mobile phone bills, etc. These costs amount to RSD 561.414 thousand and are related to Energoprojekt Entel in the amount of RSD 226.086 thousand, Energoprojekt Visokogradnja in the amount of RSD 158.845 thousand, Energoprojekt Niskogradnja in the amount of RSD 94.602 thousand, Energoprojekt Oprema in the amount of RSD 56.289 thousand and to other Companies of the Energoprojekt Group.

• **Repair and maintenance services' costs** amounting to RSD 222.347 thousand were incurred primarily in Energoprojekt Niskogradnja in the amount of RSD 97.530 thousand, in Energoprojekt Entel in the amount of RSD 60.007 thousand, in Energoprojekt Visokogradnja in the amount of RSD 25.749 thousand and in other companies of the Energoprojekt Group. These costs were predominantly incurred for regular equipment maintenance.

Increase in the repair and maintenance services' costs amounting to RSD 78.613 thousand in comparison with the previous reporting period was the result on one hand of the increase in the costs of regular equipment maintenance in Energoprojekt Niskogradnja in the amount of RSD 56.237 thousand and in Energoprojekt Entel in the amount of RSD 29.048 thousand, and on the other hand, a decrease in these costs were recorded primarily in Energoprojekt Visokogradnja in the amount of RSD 7.606 thousand.

• **Rental costs** amount to RSD 843.567 thousand and are predominantly related to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 367.470 thousand, comprising of the rental costs of equipment, sites, business, residential and warehousing facilities abroad amounting to RSD 340.343 thousand and in the country in the amount of RSD 27.127 thousand, where the rent of large machinery for the Projects realized in Peru account for the most significant share of such costs;

- Energoprojekt Entel in the amount of RSD 245.600 thousand, recorded primarily for the rent of apartments in the Companies of this Group abroad;

- Energoprojekt Visokogradnja in the amount of RSD 159.005 thousand are predominantly related to the rental costs of apartments and machinery abroad, amounting to RSD 151.119 thousand;

- Energoprojekt Oprema in the amount of RSD 59.961 thousand are predominantly related to the rental costs of equipment (heavy booms and cranes) and apartments; and to other Companies of the Energoprojekt Group.

Increase in the rental costs in 2014 compared with the comparable last year's period amounting to RSD 162.076 thousand is related to all the above mentioned Companies of the Energoprojekt Group, and primarily to Energoprojekt Niskogradnja in the amount of RSD 70.274 thousand (based on the rent of heavy machinery for the Projects realized in Peru that grew significantly compared with the previous year, because the available equipment and machinery proved to be insufficient to respond to the needs for such equipment and machinery in compliance with the agreed schedule of works on a number of Projects realized simultaneously in a number of different locations) and to Energoprojekt

Visokogradnja in the amount of RSD 37.053 thousand (primarily based on the rental costs incurred abroad).

- **Advertising costs** amounting to RSD 23.014 thousand relate primarily to Energoprojekt Holding in the amount of RSD 11.528 thousand (for the production of a corporate promo film for the Energoprojekt Group, “Building a Better World” („Gradimo bolji svet“ in Serbian), advertising in print media locally and abroad, on the web pages and online, to media presentations, participation in conferences, etc.) and to Energoprojekt Entel in the amount of RSD 7.225 thousand (primarily for the production of the corporate promo film for this Company).

Compared with the previous year, these costs increased in 2014 by the amount of RSD 10.819 thousand, which predominantly comprise of the costs incurred by Energoprojekt Holding in the amount of RSD 10.016 thousand, as the result of the production of corporate promo film and increased advertising and promotional activities in this Company and in the Energoprojekt Group, both in the country and abroad.

- **Costs of other services** in the amount of RSD 139.629 thousand were primarily incurred in the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 45.841 thousand, primarily based on the construction sites’ security costs, utility services’ costs, costs of licenses, legalization costs, personal protection at work, registration of vehicles, etc.;

- Energoprojekt Energodata in the amount of RSD 34.683 thousand, primarily based on maintenance of ATM machines, graphic and printing services, hardware servicing, etc.;

- Energoprojekt Visokogradnja in the amount of RSD 19.955 thousand primarily based on the costs of personal protection at work, registration of vehicles, photocopying costs, etc.;

- Energoprojekt Holding in the amount of RSD 10.198 thousand, primarily based on the costs of licenses, costs of photocopying, graphic design and printing services, utility services, etc.; and to other Companies of the Energoprojekt Group.

17. DEPRECIATION COSTS AND COSTS OF LONG-TERM PROVISIONS

Structure of depreciation costs and costs of long-term provisions	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Depreciation costs:		
a) Amortization of intangible assets (Note 25)	12,507	12,396
b) Depreciation of property, plant and equipment (Note 26)	644,011	521,752
<i>Total</i>	<i>656,518</i>	<i>534,148</i>
Long-term provisions' costs:		
a) Warranty period provisions' costs	132,048	
b) Provisions for contributions and other personnel benefits	57,068	54,735
v) Other long-term provisions	30,816	14,786
<i>Total</i>	<i>219,932</i>	<i>69,521</i>
GRAND TOTAL	876,450	603,669

• Total **depreciation costs** amount to RSD 656.518 thousand. As at December 31, 2014, appraisal of residual values and remaining useful life of properties and equipment with significant booking value. Effects of the change in the accounting policy impact the change in depreciation costs, and thus, consequently, in the booking value of assets as at December 31, 2014.

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

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

• The most significant costs in the breakdown of the provision costs amounting to the total of RSD 219.932 thousand are the **warranty period provisions** in the amount of RSD 132.048 thousand. Management of the Energoprojekt Group Companies assessed the costs of provisions for the future warranty claims based on information on such claims from the previous periods, as well as based on the recent trends that could provide some indication on whether information about the costs from the past may differ from the future claims. In compliance with the above, provisions were made for the warranty period costs in the following Companies of the Energoprojekt Group:

- Energoprojekt Oprema in the amount of RSD 90.719 thousand, for the RTB Bor Project with the warranty period of 1 year that will expire in March 2016. The Company usually provides guarantee for its products for the period of 1-2 years, depending on the project in question; and

- Energoprojekt Visokogradnja in the amount of RSD 41.329 thousand relate to calculated and included expected costs of the Projects Z-091 Schlumberger Astrakhan: RSD 16.813 thousand, Z-072 Pavlodar Oil Base: RSD 16.065 thousand and Z-092 Horizonti Siktivkar: RSD 8.451 thousand. The Company usually provides guarantee for the completed buildings, which are expected to incur some expenses over the course of the warranty period (Notes 38).

• **Provisions for contributions and other personnel benefits** in the amount of RSD 57.068 thousand relate to Energoprojekt Entel in the amount of RSD 56.322 thousand (provisions for termination pay for workers abroad), to Energoprojekt Industrija in the amount of RSD 736 thousand and to Energoprojekt Garant in the amount of RSD 10 thousand.

In 2014, in most cases in the Energoprojekt Group, income from release of long-term provisions for contributions and other personnel benefits were recorded, which were disclosed based on the actuarial calculation of the Energoprojekt Group expert team. (Notes 21.1 and 38).

• **Other long-term provisions** in the amount of RSD 30.816 thousand (in 2013: RSD 14.786 thousand) are related in their entirety to Energoprojekt Garant Company based on the provisions for damage compensation amounting to RSD 30.272 thousand, provisions for risk levelling amounting to RSD 493 thousand and provisions for financing of activities on various risks' prevention amounting to RSD 51 thousand.

18. NON-PRODUCTION COSTS

Structure of non-production costs	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Costs of non-production services	1,058,430	758,104
Expense account	90,385	66,225
Insurance premiums costs	157,795	120,131
Payment operations costs	355,683	202,192
Membership fee costs	11,444	20,144
Tax duties	867,732	112,122
Contribution costs	9,648	1,007
Other non-production costs	155,487	168,195
TOTAL	2,706,604	1,448,120

• **Costs of non-production services** in the amount of RSD 1.058.430 thousand (which include the attorney fees, consulting and intellectual services, audit costs, professional training and education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other costs) consist primarily to the costs of Energoprojekt Visokogradnja Company amounting to RSD 415.147 thousand, Energoprojekt Entel amounting to RSD 304.881 thousand, Energoprojekt Niskogradnja amounting to RSD 232.512 thousand and of the costs of other Companies of the Energoprojekt Group.

• **Insurance premium costs** amounting to RSD 157.795 thousand refer to the insurance of works, property and persons, primarily in the Energoprojekt Niskogradnja Company in the amount of RSD 80.642 thousand and in Energoprojekt Entel Company in the amount of RSD 47.087 thousand.

• **Payment operation costs** in the amount of RSD 355.683 thousand primarily comprise of the payment operation costs of Energoprojekt Visokogradnja Company amounting to RSD 120.411 thousand (domestic: RSD 12.750 thousand, internationally: RSD 107.661 thousand), Energoprojekt Niskogradnja amounting to RSD 121.389 thousand (most of which pertain to the bank fee costs for guarantees provided in the country: RSD 61.527 thousand and abroad: RSD 41.115 thousand), Energoprojekt Oprema amounting to RSD 39.897 thousand, Energoprojekt Entel amounting to RSD 43.572 thousand, Energoprojekt Hidroinženjering amounting to RSD 22.532 thousand, etc.

• **Tax duties** in the amount of RSD 867.732 thousand consist of the property tax, income tax in foreign countries according to the local regulations, etc. Tax duties were primarily incurred in Energoprojekt Niskogradnja Company in the amount of RSD 627.677 thousand (internationally: RSD 620.666 thousand, domestically: RSD 7.011 thousand) and in Energoprojekt Visokogradnja in the amount of RSD 116.416 thousand (internationally: RSD 100.021 thousand, domestically: RD 16.395 thousand, out of which RSD 14.966 thousand pertain to property tax).

Increase in tax duties when compared to the previous period in the amount of RSD 755.610 thousand predominantly pertain to Energoprojekt Niskogradnja Company duties amounting to RSD 615.747 thousand, which is the result of the significant taxable income made abroad over the reporting period (arbitration procedures were completed – damage compensation claims in Peru in favour of the Company), and thus to the mandatory local income tax, but also to the increase in property tax in the country due to the newly introduced property tax basis calculation method for 2014 in compliance with the Law on Property Taxes (RS Official Gazette, No. 26/2001, FRY Official Gazette, No. 42/2002 – Federal Constitutional Court Decision, and RS Official Gazette, No. 80/2002, 80/2002 – other law, 135/2004, 61/2007, 5/2009, 101/2010, 24/2011, 78/2011, 57/2012 – Constitutional Court Decision and 47/2013), which resulted in the increase in property tax costs in other Energoprojekt Group Companies as well.

• Within the **other non-production costs** item (administrative, court and other fees, expert professional magazines, publication of announcements and tenders, visa costs for employees working abroad, hiring of local workforce in foreign countries for international projects' realization, etc.) amounting to the total of RSD 155.487 thousand consist primarily to the costs incurred by Energoprojekt Visokogradnja Company in the amount of RSD 69.423 thousand and by Energoprojekt Entel in the amount of RSD 33.473 thousand.

19. FINANCIAL INCOME AND FINANCIAL EXPENSE

19.1. Financial Income

Structure of financial income	<i>In RSD thousand</i>	
	2014	2013
Financial income from other related parties	57,852	11,399
Financial income from the profit of affiliates and joint ventures	133,668	99,291
Other financial income:		
a) Income from dividends		3,217
b) Other financial income	149,141	71,145
<i>Total</i>	<i>149,141</i>	<i>74,362</i>
<i>Total financial income from related parties and other financial income</i>	<i>340,661</i>	<i>185,052</i>
Interest income (third parties)	293,789	105,323
Income from FX gains and positive effect of FX clauses	1,900,134	647,861
TOTAL	2,534,584	938,236

• **Financial income from other related parties** in the amount of RSD 57.852 thousand consist of the financial income from:

- Affiliated company Energo Nigeria Ltd., Lagos, Nigeria in the amount of RSD 37.115 thousand, which was disclosed by Energoprojekt Oprema as the FX gains;
- Joint venture Enjub Ltd. in the amount of RSD 20.772 thousand (in 2013: RSD 11.376 thousand) which consist of the interest income from the Energoprojekt Holding loan in the amount of RSD 10.572 thousand and positive effects of FX clauses in the amount of RSD 10.200 thousand, primarily in Energoprojekt Holding; and
- Affiliated Energopet Ltd. Company in the amount of RSD 15 thousand, which was booked by Energoprojekt Industrija Company.

• **Financial income from affiliated companies and joint ventures** in the amount of RSD 133.668 thousand consist of the net profit in 2014 of the affiliated Companies Energo Nigeria Ltd., Lagos, Nigeria in the amount of RSD 88.248 thousand (in 2013: RSD 70.876 thousand) and Energopet Ltd. in the amount of RSD 45.420 thousand (in 2013: RSD 28.415 thousand) that were included through primary consolidation by applying the equity method in the consolidated financial statements of the Energoprojekt Oprema and Energoprojekt Industrija subsidiaries, and thus in the consolidated financial statements of the Energoprojekt Group.

• **Interest income (from third parties)** in the amount of RSD 293.789 thousand consists primarily of the interest income of Energoprojekt Niskogradnja amounting to RSD 228.937 thousand, predominantly from the agreed default interest invoiced to the Investor in Uganda for the outstanding debt: RSD 195.615 thousand; from the interest income in Peru from the completed arbitration procedures (damage compensation claims) in favour of the Company: RSD 26.198 thousand and from the interest income from the short term deposits in the country: RSD 6.932 thousand. The significant share in the interest income (from third parties) over the reporting period was additionally achieved by the Energoprojekt Garant Company in the amount of RSD 16.543 thousand, Energoprojekt Holding in the amount of RSD 14.601 thousand, Energoprojekt Entel in the amount of RSD 12.850 thousand and by other Companies, primarily from the short term deposits with commercial banks.

• **Income from FX gains and positive effects of FX clauses** are presented in Note 19.2.

19.2. Financial Expense

Structure of financial expense	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Financial expense from other related parties	5,522	
Financial expense from the loss of affiliated companies and joint ventures	38,847	27,380
Other financial expense	741	1,112
<i>Total financial expense from the related parties and other financial expense</i>	<i>45,110</i>	<i>28,492</i>
Interest expense (to third parties)	333,696	270,630
Negative FX differences and expenses incurred from the effects of FX clauses (to third parties)	2,051,510	645,881
TOTAL	2,430,316	945,003

- **Financial expenses from other related parties** in the amount of RSD 5.522 thousand refer to the affiliated Company Energo Nigeria Ltd., Lagos, Nigeria, predominantly from the negative FX differences and expenses incurred from the effects of FX clauses.

- **Financial expense incurred from affiliated entities and joint ventures** in the amount of RSD 38.847 thousand (in 2013: RSD 27.380 thousand) refer to the net result of the Enjub Ltd. joint venture that was included in the consolidated financial statements of the Energoprojekt Group by applying the equity method.

- **Interest expenses (to third parties)** consist of the expenses from loan interest and default interest in debtor-creditor transactions. Interest expenses in the amount of RSD 333.696 thousand consist primarily of the expenses incurred by the Energoprojekt Niskogradnja Company in the amount of RSD 145.909 thousand (primarily from the interest on loans granted by commercial banks and other legal entities, as well as from the interest on lease agreement and specifically, in the country: RSD 75.047 thousand, and abroad: RSD 66.404 thousand) and by the Energoprojekt Visokogradnja Company in the amount of RSD 142.855 thousand (out of which the amount of RSD 122.327 thousand consists of the interest expenses from the loans granted to commercial banks, which primarily caused the increase in interest expenses in 2014).

- **Negative FX differences and expenses incurred from the effects of FX clauses** amount to RSD 2.051.510 thousand, and gains from FX differences and income from the effects of FX clauses amount to RSD 1.900.134 thousand, so that in 2014 net negative FX differences and expenses from the effect of FX clauses were booked in the amount of RSD 151.376 thousand, which primarily consist of the expenses incurred by the Energoprojekt Niskogradnja due to their significant trade payable to suppliers in foreign countries and due to their liabilities for long-term and short-term loans denominated in foreign currencies due to which the Company suffers significant expenses from the negative FX differences and negative effects of FX clauses, owing to RSD depreciation in 2014, primarily to EUR and USD (from which the Company suffers the most).

When compared to the previous year, in 2014 RSD dropped to EUR by 5.51% (in 2013: 0.81%), to USD by as much as 19.65% (in 2013: RSD was appreciated by +3.54%), and there was an appreciation of RSD to RUB by +29.68% (in 2013: 10.66%).

20. INCOME AND EXPENCES FROM VALUATION ADJUSTMENT OF OTHER PROPERTY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

20.1. Income from valuation adjustment of other property measured at fair value through Profit or Loss

Structure of income from valuation adjustment of other property carried at fair value through profit or loss	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Income from valuation adjustment of long-term financial investments and securities available for sale	1,147	4,357
Income from valuation adjustment of receivables and short-term financial investments	20,310	26,113
TOTAL	21,457	30,470

- **Income from valuation adjustment of long-term financial investments and securities available for sale** in the amount of RSD 1.147 thousand consist to valuation adjustment of the fair value of old foreign currency savings bonds of the Republic of Serbia in the Energoprojekt Industrija Company.

- **Income from valuation adjustment of receivables and short-term financial investments** in the amount of RSD 20.310 thousand consist predominantly from the profit made by the Energoplast Company in the amount of RSD 9.368 thousand (from the collected receivables), Energoprojekt Garant Company in the amount of RSD 6.471 thousand (from the adjustment of the fair value of the Republic of Serbia bonds).

20.2. Expences from valuation adjustment of other property measured at fair value through Profit or Loss

Structure of expences from valuation adjustment of other property measured at fair value through profit or loss	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Expences from valuation adjustment of long-term financial investments and securities available for sale		2,279
Expences from valuation adjustment of receivables and short-term financial investments	40,711	91,221
TOTAL	40,711	93,500

• **Loss from valuation adjustment of receivables and short-term financial investments** in the amount of RSD 40.711 thousand consists predominantly of the losses incurred in the Energoprojekt Industrija in the amount of RSD 22.630 thousand (primarily based on the correction of receivables from Jugoremedija Plc. in the amount of RSD 21.924 thousand), Energoprojekt Garant Company in the amount of RSD 4.482 thousand (based on the difference between the purchase price and estimated value as at December 31, 2014 of the Republic of Serbia coupon bonds acquired in December 2014) and of the such losses of other Energoprojekt Group Companies.

21. OTHER INCOME AND OTHER EXPENSE

21.1. Other Income

Structure of other income	In RSD thousand	
	2014	2013
Income from disposal of intangible assets, property, plant and equipment	21,661	21,054
Income from disposal of shares and securities	193	4,063
Income from disposal of materials	182	
Surpluses	3,052	1,479
Collected written-off receivables	8,375	48,640
Income from the effects of agreed risk protection that cannot be posted in other comprehensive result	1,235	566
Income from reduction of liabilities	161,442	287,130
Income from release of long-term and short-term provisions	379,088	116,958
Other income	108,525	140,379
Income from valuation adjustments of property, plant and equipment	72,844	65,678
Income from valuation adjustment of other property		467
TOTAL	756,597	686,414

• **Income from disposal of intangible assets, property, plant and equipment** in the amount of RSD 21.661 thousand predominantly pertain to the following Energoprojekt Group Companies:

- Energoprojekt Niskogradnja in the amount of RSD 10.158 thousand, from the sale of construction machinery and equipment;
- Energoprojekt Hidroinženjering in the amount of RSD 6.424 thousand, from the sale of an apartment, with prior re-classification from the item Property to the item of Non-current assets held for sale;
- Energoprojekt Entel in the amount of RSD 1.957 thousand, from the sale of fixed assets in the Group Companies in other countries;
- Energoprojekt Oprema in the amount of RSD 1.468 thousand, from the sale of an apartment from the Solidarity Fund, which was posted in the Property item; etc.

• **Collected written-off receivables** in the amount of RSD 8.375 thousand pertain to Energoprojekt Visokogradnja Company in the amount of RSD 6.407 thousand (collected written-off receivables from the Energoprojekt Ghana Ltd., Accra, Ghana in the amount of RSD 6.314 thousand and from Jugobanka in the amount of RSD 93 thousand) and to Energoprojekt Hidroinženjering Company in the amount of RSD 1.968 thousand (collected written-off receivables from the Municipality of Coka that acted as the Investor in the Agreement on Drafting of Design and Technical Documentation for the Construction of Water Supply Network in Coka).

• **Income from the reduction of liabilities** in the amount of RSD 161.442 thousand relate predominantly to the following Energoprojekt Group Companies:

- Energoprojekt Visokogradnja in the amount of RSD 80.781 thousand, predominantly from the cancellation of Company's debt to CC Rad based on the Court Decision in the amount of RSD 39.207 thousand and written-off tax liability of the Energoprojekt Ghana Ltd., Accra, Ghana Company in the amount of RSD 36.248 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 54.756 thousand, predominantly based on the reduction of liabilities based on the Proposal by the Inventory Committee in the amount of RSD 41.702 thousand, due to its outdatedness and absence of any attempt to collect the amount due in the previous period (in compliance with the provisions of IAS 39 and the principle of prudence) and based on the reduction of payables to suppliers based on the subsequently approved rebates and discounts in the amount of RSD 31.054 thousand; etc.

• **Income from release of long-term and short-term provisions** in the amount of RSD 379.088 thousand related primarily to the income from cancellation of long-term provisions for costs during warranty period for projects that were successfully completed and for which Energoprojekt Entel collected the claimed warranty deposit in the amount of RSD 325.226 thousand (Energoprojekt Entel LTD, Doha, Qatar: RSD 264.907 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 60.319 thousand).

Within the income in question, income from release of long-term provisions for fringe benefits and other personnel expenses were included, in compliance with IAS 19 – Employee Benefits, in almost all the Energoprojekt Group Companies.

• **Other income not posted elsewhere** in the amount of RSD 108.525 thousand predominantly relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Entel in the amount of RSD 51.282 thousand based on the release of provisions based on the translation of financial statements posted in another functional currency and/or presentation currency, into the reporting currency of the completed projects realized abroad that were accounted for, in compliance with IAS 21 – The Effects of Changes in Foreign Exchange Rates;

- Energoprojekt Niskogradnja in the amount of RSD 50.902 thousand, primarily based on the release of provisions based on the translation of financial statements in other functional currency and/or in presentation currency into the reporting currency of the completed project realized abroad that were accounted for, in compliance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, in the amount of RSD 22.692 thousand; and of the income from damage compensation collection from insurance companies based on equipment destruction in the amount of RSD 4.721 thousand (in projects realized in foreign countries: RSD 3.562 thousand and in projects realized domestically: RSD 1.159 thousand);

- Energoprojekt Visokogradnja in the amount of RSD 4.174 thousand, the largest portion of which, or the amount of RSD 1.040 thousand, pertain to the income based on collection of court expenses from the lawsuit with Astra Bank; etc.

• **Income from valuation adjustment of property, plant and equipment** in the amount of RSD 72.884 thousand refer predominantly to Energoprojekt Niskogradnja Company in the amount of RSD 62.033 thousand based on valuation adjustment of the investment property - “Cruz del Sur“ office building, Peru, to its fair value in compliance with IAS 40 – Investment Property.

21.2. Other Expense

Structure of other expense	In RSD thousand	
	2014	2013
Losses incurred from decommissioning and disposal of intangible assets, property, plant and equipment	28,583	43,959
Losses incurred from the disposal of equity investments and securities	4,191	
Losses incurred from the sales of material	3,271	1,015
Shortages	3,616	1,469
Hedging contract expenses		241
Expences from direct write-off of receivables	380,560	124,007
Expences from decommissioning of inventories	40,036	20,206
Other expenses	94,909	78,269
Impairment of property, plant and equipment	48,384	1,594
Impairment of inventories of materials and goods	3,226	6,024
TOTAL	606,776	276,784

• **Losses from decommissioning and disposal of intangible assets, property, plant and equipment** in the amount of RSD 28.583 thousand relate predominantly to Energoplast Company in the amount of RSD 12.323 thousand (based on decommissioning of assets intended for sale), Energoprojekt Visokogradnja in the amount of RSD 8.237 thousand (predominantly from decommissioning of fixed assets according to the inventory count for 2014), Energoprojekt Energodata Company in the amount of RSD 2.940 thousand (predominantly based on the sale of office facilities in Nis for RSD 1.500 thousand), Energoprojekt Entel Company in the amount of RSD 2.092 thousand (predominantly based on the sale of vehicles in Company subsidiaries in Qatar and Oman), Energoprojekt Niskogradnja in the amount of RSD 1.570 thousand (based on the decommissioning of assets according to the inventory count for 2014), etc.

• **Losses from disposal of equity investments and securities** in the amount of RSD 4.191 thousand relate to Energoprojekt Entel in the amount of RSD 3.545 thousand and to Energoprojekt Holding in the amount of RSD 646 thousand, based on the sale of shares of Aik Banka Plc., Nis.

• **Expences from direct write-off of receivables** in the amount of RSD 380.560 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 329.889 thousand, which are primarily the result of performed valuation of balance sheet items in compliance with the provisions of

IAS 39 – Financial Instruments: Recognition and Measurement, and the prudence principle, which the Company Management assessed as uncollectible and decided to write off, and which relate to the write-off of receivables of the subsidiary company Energo Uganda Company Ltd, Kampala, Uganda in the amount of RSD 301.821 thousand (trade receivables: RSD 180.730 thousand and receivables from the Tax Administration for taxes: RSD 121.091 thousand).

Energo Uganda Company Ltd, Kampala, Uganda has for a number of years and based on the agreements concluded with the Ministry of Works and Transport and business operations posted in its books that are kept in compliance with the legal regulations of the Republic of Serbia receivables in the amount of UGX 5.660.402 thousand (or USD 2.041 thousand, at FX rate as at December 31, 2014 of 1 USD = 2773,07 UGX). In addition to the above, in the books of the said Company that are kept in compliance with the legal regulations of the Republic of Serbia, receivables from the Uganda Revenue Authority were posted as well for the prepaid value added tax amount and withholding tax in the amount of UGX 3.792.519 thousand (or USD 1.368 thousand, at the above stated FX rate as at December 31, 2014). Based on the analysis of the said balance sheet items, the following has been concluded:

- Ministry of Works and Transport as the Investor transferred all their activities and contracts signed in relation to the construction and reconstruction of roads to the Uganda National Road Authority,
- Uganda National Road Authority (despite the fact that they did not deny the claims made by the Company in question in conversations), will not pay these claims without a relevant Court Decision,
- Uganda National Road Authority is the Investor of the Company in the largest and most important projects that are currently being realized in Ugandan market,
- Potential impairment of relations between the Company and its Investor, that can be caused by initiating a lawsuit, will be incomparably and much more detrimental for the Company compared with the amount of its claims in this other matter,
- Ugandan market is of strategic importance for the Company and in that sense, good relations with the Investor are among top priorities for the Company,
- In practice, the Uganda Revenue Authority does not refund any tax amount except in cases where the claimant has won the lawsuit and has been granted a positive final and enforceable Court Decision,
- filing a lawsuit against Ugandan Tax Administration would be more of a burden and an obstacle in Company's relations with the Investors in Uganda, since these parties are institutions paid from the Government budget, which are predominantly funded from tax collection,
- Company is the 100% owner of the subsidiary in question,
- In the future period, the subsidiary in question has no plans for any significant business operations (developmental strategy for the Ugandan market has been based on projects that will be realized by the Company, and not on the projects that would be implemented by the subsidiary company in question here),
- The Public Procurement and Disposal Assets Authority of Uganda has reached the Decision No. PPDA/042/003 dated September 3, 2014, according to which the right of the subsidiary company in question to take part in public tenders in Uganda is suspended due to the fine imposed by the WB to the parent company of Energoprojekt Niskogradnja Plc., which is an additional burden for the position of the subsidiary company in question.

Bearing in mind all the above stated and starting from the accounting principle of prudence, obligation to realistically measure and assess all the balance sheet items, and in compliance with the provisions of IAS 39 – Financial Instruments – Recognition and Measuring, Board of Directors of the Company has reached the decision on direct write-off of the above stated receivables that are to be transferred and debited against current period result.

In addition to the above stated, the Company has performed a partial write-off of its receivables for prepaid value added tax in Kazakhstan in the amount of RSD 19.844 thousand which has been deemed obsolete, according to the relevant notification of the Tax Administration of Kazakhstan.

• **Expences from decommissioning of inventories of materials and goods** in the amount of RSD 40.036 thousand are predominantly incurred in Energoprojekt Niskogradnja Company in the amount of RSD 32.179 thousand, out of which the amount of RSD 30.915 thousand relate to the write-off of retired inventories that cannot be used any more in the production process, based on the inventory count for 2014 (abroad: RSD 30.886 thousand, in the country: RSD 29 thousand); the amount of RSD 1.264 thousand relate to the decommissioning of inventories due to the force majeure.

• **Other expenses not otherwise mentioned** in the amount of RSD 94.909 thousand predominantly pertain to the following Companies of the Energoprojekt Group:

- Energoprojekt Oprema, in the amount of RSD 27.363 thousand, based on the donation expenses: RSD 9.415 thousand; non-recognized, non-invoiced revenues: RSD 12.561 thousand; damage compensation: RSD 5,678 thousand, etc.;

- Energoprojekt Entel, in the amount of RSD 22.422 thousand primarily relate to the scholarship expenses of the Group Companies in Oman and in Qatar: RSD 14.500 thousand; and to the sports, culture, etc. related expenses, etc.

- Energoprojekt Niskogradnja, in the amount of RSD 18.055 thousand, based on the removal of reporting currency translation effects for the international projects that were completed and accounted for in compliance with IAS 21: RSD 12.069 thousand; and based on the relevant Decision, donation expenses, etc.;

- Energoprojekt Hidroinženjering in the amount of RSD 16.156 thousand, primarily based on the performance of agreed liabilities from the newly agreed design projects in Algeria;

- Energoprojekt Visokogradnja in the amount of RSD 6.959 thousand primarily based on damage compensation: RSD 3.063 thousand and for other expenses incurred abroad: RSD 2.694 thousand (for VAT corrections in Russia, primarily for the Z-088 Project Hotel Hyatt Rostov, etc.);

- Energoprojekt Holding in the amount of RSD 2.078 thousand, primarily based on donations: RSD 1.237 thousand, humanitarian flood relief in Serbia, expenses for scientific and athletic purposes, fines and penalties, as well as for some other Companies of the Energoprojekt Group.

• **Impairment of property, plant and equipment** in the amount of RSD 48.384 thousand, primarily relate to Energoprojekt Energodata Company in the amount of RSD 37.835 thousand (based on the impairment of equipment – ATM machines (201 ATMs), owing to which the recognized ATM value was reduced to its real market price) and Energoprojekt Holding in the amount of RSD 6.590 thousand (for impairment of investment property - Stari Merkator office building).

22. NET PROFIT / LOSS FROM DISPOSAL OF DISCONTINUING OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERROR

Structure of net profit/loss from discontinuing operations, effects of change in accounting policy and correction of prior period errors	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Net profit from discontinuing operations, effects of change in accounting policy and correction of prior period errors		
Net loss from discontinuing operations, effects of change in accounting policy and correction of prior period error	34,280	13,617
TOTAL	(34,280)	(13,617)

• **Net loss from discontinuing operations** in the amount of RSD 34.280 thousand relate primarily to the Energoprojekt Niskogradnja Company in the amount of RSD 33.796 thousand based on the subsequently established income and/or losses from the previous period as the materially insignificant amounts, based on which these were recognized as debit and/or credit for the current period (income tax expenses in Uganda: RSD 19.815 thousand; income tax expenses in Peru that the Group invoiced to its partners after the submission of tax balance: RSD 13.552 thousand, etc.).

23. PROFIT BEFORE TAX

Structure of gross result	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Operating income	33,832,266	22,247,208
Operating expenses	32,753,077	21,969,112
Operating result	1,079,189	278,096
Financial income	2,534,584	938,236
Financial expenses	2,430,316	945,003
Financial result	104,268	(6,767)
Revenues from valuation adjustment of other assets carried at fair value through Profit or Loss	21,457	30,470
Other revenues	756,597	686,414
Expenses from valuation adjustment of other assets carried at fair value through Profit or Loss	40,711	93,500
Other expenses	606,776	276,784
Result of other revenues and expenses	130,567	346,600
Result from regular operations before tax	1,314,024	617,929
Net operating profit from discontinuing operations, changes in accounting policy and correction of prior period errors		
Net loss from discontinuing operations, changes in accounting policy and correction of prior period errors	34,280	13,617
TOTAL INCOME	37,144,904	23,902,328
TOTAL EXPENSE	35,865,160	23,298,016
PROFIT/LOSS BEFORE TAX	1,279,744	604,312

Income of the Energoprojekt Group in the reporting year in the amount of RSD 1.279.744 thousand is primarily the result of the consolidated operating income in the amount of RSD 1.079.189 thousand, primarily achieved in Energoprojekt Niskogradnja and Energoprojekt Oprema Companies.

In comparison with the previous year, almost all the Companies of the Energoprojekt Group achieved improved operating results, as the result of the increase in their operational activities primarily from the new projects in foreign countries.

In 2014, Energoprojekt Visokogradnja Company suffered a significant operating loss, which impaired the total operating result of the entire Energoprojekt Group to a considerable degree. The exceptionally low operating result of the Energoprojekt Visokogradnja Company primarily came as a consequence of the significantly worsened business and market conditions in the traditional market for Visokogradnja Company in Russia (huge foreign exchange rates' differences due to devaluation of Russian ruble – a decrease of approximately 30%, a dramatic drop in the prices of crude oil and international sanctions have all made this market a high risk business environment in a very short period of time), lack of opportunities for contracting and insufficient level of employment of its resources in the country (especially in the field of building construction), as well as due to some objective standstills in the realization of the most important current agreed deals (in individual projects, upon request from the Investor, redesign and amendments to agreed terms and conditions were made, in addition to some delays in securing of financial resources, etc.).

24. EARNINGS PER SHARE

Indicator	In RSD thousand	
	2014	2013
Net profit	825,122	373,717
Average number of shares during the year	10,931,292	10,931,292
Earnings per share (in RSD)	75.48	34.19

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

Net profit for the shareholders of the parent company for the reporting period is RSD 825.122 thousand; the weighted average number of shares in the issue is 10.931.292 shares, therefore, the earnings per share as at December 31, 2014 is RSD 75,48.

BALANCE SHEET

25. INTANGIBLE ASSETS

In RSD thousand

Structure of intangible assets	Development investments	Software and other rights	Intangible assets in preparation	Advance payments for intangible assets	Total
<u>Purchase value</u>					
Balance as at January 1, 2014		140,814	16,388	320	157,522
New purchases	4,945	14,644	2,144		21,733
Disposal and decommissioning		(1,397)			(1,397)
Increase by transfer from investment in progress		13,048	(13,048)		
Other transfers (from)/to		1,225	(1,225)		
FX gains and losses		5,196			5,196
Other increase/(decrease)		(90)	(2,115)	(320)	(2,525)
Balance as at December 31, 2014	4,945	173,440	2,144		180,529
<u>Valuation adjustment</u>					
Balance as at January 1, 2014		96,845			96,845
Depreciation	412	12,095			12,507
Disposal and decommissioning		(1,395)			(1,395)
FX gains and losses		4,238			4,238
Other increase/(decrease)		(90)			(90)
Balance as at December 31, 2014	412	111,693			112,105
<u>Net book value</u>					
31.12.2013		43,969	16,388	320	60,677
31.12.2014	4,533	61,747	2,144		68,424

Software and other rights as at December 31, 2014 relate to various software used by the Energoprojekt Group for own purposes, which are depreciated in compliance with the relevant accounting policy.

Decrease in intangible assets in preparation compared to December 31, 2013, refer primarily to implementation of software products for BI (Business Intelligence) solution in the Energoprojekt Group.

26. PROPERTY, PLANT AND EQUIPMENT

In RSD thousand

Structure of property, plant and equipment	Land	Buildings	Plant and equipment	Investment property and investment property in progress	Other property, plant and equipment	Property, plant and equipment in progress	Investments in other property, plant and equipment	Advances for property, plant and equipment	Total
<i>Purchase value</i>									
Balance as at January 1, 2014	707,413	5,001,948	8,936,172	2,378,653	3,494	54,132	39,546	43,219	17,164,577
Purchase during the year			1,322,951		20,421	114,724			1,458,096
Increase by transfer from investment in progress			786			-92,277			-91,491
Transfer to assets held for sale		-4,628		-3,907					-8,535
Other transfer from / (to)		-263,352	19,346	-26,015	268,825	1,196			
Disposal and decommissioning		-19,237	-353,898		-19,296				-392,431
Profit/(loss) included in Report on Other Result (group 330)		4,046,029		113,759	15,886				4,175,674
Profit/(loss) included in Profit and Loss		-2,861		65,156					62,295
FX gains and losses	1,289	98,093	221,242	193,015	14			2,382	516,035
Other increases / (decreases)		-1,440,514	-5,821	-1,497	-41,952		-17,288		-1,507,072
Balance as at December 31, 2014	708,702	7,415,478	10,140,778	2,719,164	247,392	77,775	22,258	45,601	21,377,148
<i>Valuation adjustment</i>									
Balance as at January 1, 2014		1,625,904	5,793,464				9,340		7,428,708
Depreciation		13,330	604,140		18,594		7,947		644,011
Disposal and decommissioning		-11,724	-288,556		-17,301				-317,581
Transfer to assets held for sale		-1,167							-1,167
Other transfers from / (to)		-149,557	962		148,595				
Impairment			37,835						37,835
FX gains and losses		3,474	123,173						126,647
Other increases /decreases		-1,445,271	-3,676		-41,952		-17,287		-1,508,186
Balance as at December 31, 2014		34,989	6,267,342		107,936				6,410,267
<i>Net book value</i>									
Balance as at December 31, 2013	707,413	3,376,044	3,142,708	2,378,653	3,494	54,132	30,206	43,219	9,735,869
Balance as at December 31, 2014	708,702	7,380,489	3,873,436	2,719,164	139,456	77,775	22,258	45,601	14,966,881

- **Land**

Value of land of the Energoprojekt Group amounting to RSD 708.702 thousand primarily relate to the Energoprojekt Visokogradnja Company in the amount of RSD 517.370 thousand (land in Ub and in Stara Pazova), Energoprojekt Niskogradnja Company in the amount of RSD 98.048 thousand (land in Peru and domestically – in Stara Pazova) and to the Energoprojekt Oprema Company in the amount of RSD 75.058 thousand (Sevino polje plot – in Novi Beograd), and to other land.

- **Buildings**

In 2014, based on changes in accounting policies, re-classification of property, plant and equipment was performed into the following newly defined groups: land, buildings, plant, construction machinery, motor vehicles, furniture and appliances, office equipment and other, and in compliance with such modifications, all the Companies of the Energoprojekt Group implemented the new classification of the fixed assets' groups within their individual accounting records and/or they transferred such assets among the groups of: buildings, plant and equipment, other property, plant and equipment, which is presented in the above table in item Other transfers (from)/to.

In addition to the above, in compliance with the changes in accounting policies with regard to measuring of buildings after the initial recognition, transition was made from the acquisition price model to the revalorisation model. In compliance with the provisions of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, after the initial measuring, on the occasion of the transition from the acquisition price model to the revalorisation model, the value of buildings disclosed as at December 31, 2013 was not modified. (Note 7.8.)

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

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

As at December 31, 2014, the residual value and the remaining useful lifetime of the buildings were appraised, which resulted in the change in depreciation costs for 2014.

Accounting disclosure of the transition from the acquisition price model to the revalorization model was performed by eliminating the previous valuation adjustment, which is presented in the above table under Other decreases, in the items of acquisition price and valuation adjustment.

Increase in the value of buildings through reduction to their fair value was posted in equity items – Revalorization provisions for property, and it is presented in the above table through Profit included in The Report on Other Result in the amount of RSD 4.046.029 thousand, and the impairment in the value of buildings by reducing it to its fair value was posted through the items of the Profit and Loss – Impairment of property, and it is presented in the above table through Losses included in Profit and Loss in the amount of RSD 2.321 thousand.

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

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

• **Plant and Equipment**

As at December 31, 2014, appraisal of the residual value and the remaining useful lifetime of the equipment with significant accounting value were performed. From the aspect of depreciation costs, in comparison with the previous year, there were no changes of relevance in 2014.

In acquisitions of plant and equipment in 2014 that amounted to RSD 1.322.951 thousand, the largest share consists of the acquisitions of the following Companies of the Energoprojekt Group: Energoprojekt Niskogradnja in the amount of RSD 926.443 thousand (abroad: RSD 690.079 thousand (in Uganda and Peru) and domestically: RSD 236.364 thousand) and of the Energoprojekt Visokogradnja in the amount of RSD 265.406 thousand (domestically: RSD 155.241 thousand and abroad: RSD 110.165 thousand, predominantly for the projects in Rostov and Astrakhan).

In the total acquisition of equipment in 2014 under lease agreements, the amount of RSD 288.618 thousand relate entirely to the Energoprojekt Niskogradnja Company.

Liabilities of the Energoprojekt Group based on the financial lease are explained in greater detail in the Note 39.2.

• **Investment property** as at December 31, 2014 amount to RSD 2.719.164 thousand.

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

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

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

Disclosure of value of Energoprojekt Group investment property at its fair value and/or posting of the increase and reduction of its value to its fair value was performed through the following Profit and Loss items: Loss from property impairment and Profit from property valuation adjustment, and in the above table such disclosure was presented as the net effect through Profit included in Profit and Loss in the amount of RSD 65.156 thousand.

The first evaluation of the fair value of property was performed by transferring the property (production facility in Ub with its ancillary facilities and residential buildings in Visnjicka Banja) from the buildings to the investment property items, and it was posted through the equity item of Revalorization provisions for property, and it was presented in the above table through Profit included in The Report on Other Result in the amount of RSD 113.759 thousand.

In 2014, the Energoprojekt Group generated income from the rent of investment property in the country and abroad in the amount of RSD 86.195 thousand, and the principal portion of such amount relate to the income generated from the rent of the office building in Moscow, Dom 12, in the amount of RSD 37.430 thousand and from the rent of a number of properties in Lusaka, Zambia, in the amount of RSD 25.816 thousand.

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

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

27. LONG-TERM FINANCIAL INVESTMENTS

Structure of long-term financial investments	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Equity investments in affiliated companies and joint ventures	849,665	742,299
Equity investments in other legal entities and other securities available for sale	33,750	82,419
Securities held to maturity	9,178	48,542
Other long-term financial investments	221,183	205,445
TOTAL	1,113,776	1,078,705

• **Equity investments in affiliated companies and joint ventures** in the amount of RSD 849.665 thousand are presented in the following table.

Equity investments in affiliated companies and joint ventures	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Energoprojekt Nigeria Ltd., Lagos, Nigeria	428,204	311,356
Energoprojekt Ltd. Belgrade	383,889	348,744
Enjub Ltd. Belgrade	37,572	82,199
TOTAL	849,665	742,299

Increase in equity investments in affiliated companies and joint ventures in comparison with the previous year in the amount of RSD 107.366 thousand came primarily as the result of the net income of the affiliated companies (Energoprojekt Nigeria Ltd., Lagos, Nigeria and Energoprojekt Ltd.), which were, by applying the equity method, included through primary consolidation in consolidated financial statements of the affiliated companies of Energoprojekt Oprema and Energoprojekt Industrija, and thus also in the consolidated financial statements of the Energoprojekt Group.

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

Energoprojekt Nigeria Ltd., Lagos, Nigeria	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Non-current assets	552,676	584,293
Working capital	1,240,007	729,484
Assets	1,792,683	1,313,777
Liabilities	1,364,479	1,002,421
Equity	428,204	311,356
Income	2,266,358	1,975,391
Net profit of the current period	88,248	70,876

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

Energoprojekt Ltd. Belgrade	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Non-current assets	345,456	352,836
Working capital	451,611	405,661
Assets	797,067	758,497
Liabilities	413,178	409,753
Equity	383,889	348,744
Income	997,346	998,672
Net profit of the current period	45,420	28,415

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

Enjub Ltd., Belgrade	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Non-current assets	129,004	159,734
Working capital	120,309	122,168
Deferred tax assets		5,780
Assets	249,313	287,682
Liabilities	211,741	205,483
Equity	37,572	82,199
Income	14,387	47,326
Net loss of the current period	(38,847)	(27,380)

• **Equity investments in other legal entities and other securities available for sale** in the amount of RSD 33.750 thousand are presented in the following table.

Equity investments in other legal entities and other securities available for sale	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Equity investments in other legal entities:		
a) Banks and financial organizations	27,259	76,314
b) Other legal entities	6,491	6,105
TOTAL	33,750	82,419

Equity investments in other legal entities in the amount of RSD 33.750 thousand primarily comprise of equity investments of the Energoprojekt Holding in banks and other financial organizations in the amount of RSD 27.139 thousand (Jubmes Bank Plc. Belgrade, Fima See Activist Plc. Belgrade, Energobroker Plc. Belgrade and Dunav Insurance Company Ltd. Belgrade) and in other legal entities in the amount of RSD 5.887 thousand (Hotel Bela Ladja Plc. Becej).

In 2014, a decrease of RSD 48.669 in equity investments was due to the sale of Aik Bank Plc. Belgrade shares in the amount of RSD 21.298 thousand in Energoprojekt Entel and Energoprojekt Holding Companies (where the losses from the sale of shares and securities in the amount of RSD 4.191 thousand were generated); transfer of the financial investments in the shares of the Belgrade Stock Exchange Plc. Belgrade from Equity Investments to Financial Assets Measured at Fair Value through Profit or Loss in the amount of RSD 5.054 thousand, which was performed in Energoprojekt Garant Company upon order by the NBS; valuation adjustment of the Belgrade Stock Exchange Plc. Belgrade shares in the Energoprojekt Niskogradnja to their nominal value that was debited against previously posted income on the same basis in the amount of RSD 1.642 thousand; and valuation adjustment of securities in the Company portfolio with their fair value in the secondary securities market as at the financial statements date.

• **Securities held to maturity** in the amount of RSD 9.178 thousand comprise only of the foreign currency savings bonds held by the Energoprojekt Industrija Company.

The decrease in value of securities held to maturity in 2014 compared with the previous year, in the amount of RSD 39.364 thousand, was the result of the transfer of financial investments in bonds in the Energoprojekt Garant Company upon order by the NBS into Financial Assets Measured at Fair Value through Profit or Loss in the amount of RSD 35.788 thousand and of the sale of foreign currency savings bonds in the Energoprojekt Industrija Company in the amount of RSD 3.576 thousand.

• **Other long-term financial investments** in the amount of RSD 221.183 thousand are presented in the following table.

Other long-term financial investments	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Housing loans granted to employees	48,428	56,410
Long term deposits	49,474	19,520
Deposits for bank guarantees	30,343	34,781
Other	92,938	94,734
TOTAL	221,183	205,445

• **Long-term housing loans granted to employees** are interest-free and in compliance with the Housing Loan Agreement provisions and pursuant to the Law on Amendments and Addenda to the Law on Housing, the Company performs legally prescribed revalorization of loan instalments based on the trends in consumer prices in the Republic of Serbia for the accounting period in question. Of the total of RSD 48.428 thousand, the largest portion of these loans amounting to RSD 27.835 thousand relate to the Energoprojekt Visokogradnja Company, Energoprojekt Oprema Company in the amount of RSD 11.360 thousand and to the Energoprojekt Niskogradnja Company in the amount of RSD 4.479 thousand, but also to other Companies of the Energoprojekt Group.

• **Long-term deposits** in the amount of RSD 49.474 thousand comprise only of the special purpose term deposit of the Energoprojekt Oprema Company with Findomestic Bank based on the RTB Bor Project (in 2013: RSD 19.520 thousand).

• **Deposits for bank guarantees** in the amount of RSD 30.343 thousand comprise only of the Energoprojekt Entel Company guarantees (in Energoprojekt Entel Ltd. Doha, Qatar: RSD 21.996 thousand and in Energoconsult L.L.C., Abu Dhabi, UAE: RSD 8.347 thousand).

• **Other long-term financial investments** in the amount of RSD 92.938 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 88.362 thousand, the largest share of which or RSD 82.406 thousand relate to a building within the tourist complex of Crni Vrh (which has not yet been completed), in which the Company holds ownership rights up to 5%, based on its co-financing; and

- Energoprojekt Entel in the amount of RSD 4.576 thousand, based on the deposits for apartments in foreign countries (in Companies Energoconsult L.L.C., Abu Dhabi, UAE: RSD 3.214 thousand, Energoprojekt Entel Ltd. Doha, Qatar: RSD 775 thousand and Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman: RSD 587 thousand).

28. LONG-TERM RECEIVABLES

Structure of long-term receivables	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Receivables from other related parties	129,684	145,543
Other long-term receivables	644,634	411,730
TOTAL	774,318	557,273

• **Receivables from other related parties** in the amount of RSD 129.684 thousand relate to the receivables of Energoprojekt Oprema Company from its affiliated company Energo Nigeria Ltd., Lagos, Nigeria, based on the long-term guarantee deposit in its projects abroad.

• **Other long-term receivables** in the amount of RSD 644.634 thousand comprise only of the receivables of the Energoprojekt Entel Company based on its long-term receivables for guarantee deposit, which is in most of the cases a deposit amounting to 10% of the invoice amount and which can be collected only upon expiry of the guarantee term (in Companies Energoprojekt Entel Ltd. Doha, Qatar: RSD 583.770 thousand and in Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman: RSD 60.864 thousand).

Increase in other long-term receivables over the reporting period in the amount of RSD 232.904 thousand relates to the increase in long-term receivables for guarantee deposit in Energoprojekt Entel Company.

29. INVENTORIES

Structure of inventories	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Material, spare parts, tools and small inventory items	1,206,668	1,146,045
Work in progress	1,294,624	1,272,555
Finished goods	159,845	166,217
Merchandize	75,988	269,609
Fixed assets held for sale	54,150	62,983
Advances paid for inventories and services:		
a) Advances paid for inventories and services to other related parties	45,793	42,911
b) Advances paid for material, spare parts and inventory	465,691	162,422
c) Advances paid for goods	2,070	242
d) Advances paid for services	1,082,460	508,738
<i>Total</i>	<i>1,596,014</i>	<i>714,313</i>
GRAND TOTAL	4,387,289	3,631,722

• **Material, spare parts, tools and small inventory items** in the amount of RSD 1.206.668 thousand relate predominantly to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 629.558 thousand, out of which inventories abroad amount to RSD 448.448 thousand (Uganda: RSD 275.211 thousand, Peru: RSD 173.237 thousand), and inventories in the country amount to RSD 181.110 thousand. Stock levels, primarily those of the materials and spare parts, are determined by the work schedule and timely supply in the relevant regions;

- Energoprojekt Visokogradnja in the amount of RSD 340.435 thousand, out of which inventories abroad amount to RSD 257.763 thousand and inventories in the country amount to RSD 82.672 thousand;

- Energoprojekt Oprema in the amount of RSD 166.389 thousand, out of which materials' stock amount to RSD 162.000 thousand, and tools and inventory amount to RSD 4.389 thousand;

- Energoplast in the amount of RSD 46.794 thousand, out of which material amount to RSD 36.602 thousand, and spare parts amount to RSD 10.192 thousand; etc.

Increase in materials, spare parts, tools and small inventory items compared to the previous year in the amount of RSD 60.623 thousand relate primarily to the Energoprojekt Visokogradnja Company: RSD 20.456 thousand and to Energoprojekt Niskogradnja: RSD 60.080 thousand, while the majority of other Companies of the Energoprojekt Group recorded a decrease in this respect.

• **Work in progress** in the amount of RSD 1.294.624 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 1.277.748 thousand, out of which work in progress in the country in the amount of RSD 760.799 thousand (based on own investments in Belgrade, in Cara Nikolaja Street: RSD 506.271 thousand, in Knez Danilova Street and in Dalmatinska Street: RSD 79.669 thousand, in Bezanijska Kosa: RSD 46.712 thousand, in Vozdovac: RSD 25.937 thousand and in the town of Bor, in Bor Shopping Mall: RSD 102.210 thousand), and the amount of RSD 516.949 thousand relate to the work in progress abroad (based on the works on the residential complex Sistet Bare in Herceg Novi, Montenegro);

- Energoprojekt Niskogradnja in the amount of RSD 15.558 thousand relate to the processed rock for the upper dam, processed rock for the filter, aggregate for concrete production and material for the lower dam (embankment) for the projects realized abroad (Peru); and

- Energoplast in the amount of RSD 1.318 thousand relate to the products sent for grinding and then used again in the production process as a part of materials used in the production of plastic stoppers.

• **Finished goods** in the amount of RSD 159.845 thousand relate to the following Companies of the Energoprojekt Group:

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

- Energoplast in the amount of RSD 52.588 thousand that relate to the finished plastic stoppers.

• The total value of **merchandise** in the amount of RSD 75.988 thousand primarily relate to Energoprojekt Niskogradnja in the amount of RSD 58.058 thousand (that almost entirely relate to the invoiced materials and spare part, predominantly for the projects realized abroad (in Peru and Uganda), which were not received until December 31, 2014 – Goods in Transit); Energoprojekt Visokogradnja in the amount of RSD 9.542 thousand (abroad: 5.101 thousand, in the country: RSD 4.441 thousand) and to the Energoplast Company in the amount of RSD 6.133 thousand (acquired finished stoppers for resale).

Decrease in merchandise in 2014 compared with the previous year amount to RSD 193.621 thousand and relate to the decrease recorded in Energoprojekt Oprema: RSD 199.287 thousand (projects in Nigeria), in Energoprojekt Visokogradnja: RSD 7.709 thousand and to Energoprojekt Energodata: RSD 13.107 thousand; in other Companies of the Energoprojekt Group an increase in merchandise has been recorded.

• **Fixed assets held for sale** amount to RSD 54.150 thousand, out of which the amount of RSD 50.688 thousand relate to Energoprojekt Niskogradnja and RSD 3.462 thousand relate to Energoprojekt Entel Company.

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

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

Reclassification of land for sale was performed based on the Decision passed by the Board of Directors of the Energoprojekt Niskogradnja on October 2, 2012 on the sale of land in Kenya and land "Santa Clara" in Lima, Peru, with accompanying facilities (warehouse facility); the total value thereof is RSD 22.667 thousand and the value of buildings held for sale amount to RSD 22.273 thousand in compliance with ISFR 5.

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

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

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

• **Advances paid for inventories and services to other related entities** amount to RSD 45.793 thousand and relate in their entirety to Energoprojekt Oprema, based on the advances paid for the services rendered to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

• **Advances paid for material, spare parts and inventory** in the amount of RSD 465.691 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 341.574 thousand, out of which advance payments abroad amount to RSD 282.121 thousand and advance payments in the country amount to RSD 59.453 thousand;

- Energoprojekt Oprema in the amount of RSD 88.732 thousand, out of which advance payments for the projects in the country amount to RSD 83.364 thousand and advance payments to international suppliers abroad amount to RSD 5.368 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 34.305 thousand relate to the advance payments to the suppliers for the projects abroad (in Uganda and Peru) and to the subcontractors for the projects realized in the country; etc.

• **Advances paid for goods** in the amount of RSD 2.070 thousand relate mostly to I.N.E.C. Engineering Company Limited, Great Britain in the amount of RSD 2.009 thousand, based on the acquisition of goods for resale.

• **Advances paid for services** in the amount of RSD 1.082.460 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 843.530 thousand relate primarily to the advance payments to suppliers for the projects abroad (in Uganda and Peru);

- Energoprojekt Oprema, in the amount of RSD 203.261 thousand, which relate to the advance payments to suppliers for the projects in the country: RSD 191.977 thousand and for the projects abroad: RSD 11.284 thousand;

- Energoprojekt Visokogradnja, in the amount of RSD 15.631 thousand, which relate to the advances paid abroad amounting to RSD 13.494 thousand and to the advances paid in the country amounting to RSD 2.137 thousand; etc.

30. TRADE RECEIVABLES

Structure of trade receivables	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Trade receivables domestic - other related parties	2,138	1,372
Foreign trade receivables - other related parties	566,150	279,196
Trade receivables - domestic buyers	3,012,665	1,492,387
Trade receivables - international buyers	7,554,332	4,742,826
TOTAL	11,135,285	6,515,781

• **Trade receivables domestic – other related parties** in the amount of RSD 2.138 thousand relate to the receivables of the Energoprojekt Urbanizam i arhitektura Company in the amount of RSD 1.433 thousand and of the Energoprojekt Holding in the amount of RSD 705 thousand from the joint venture Enjub Ltd.

• **Foreign trade receivables – other related parties** in the amount of RSD 566.150 thousand related to trade receivables from the affiliate company Energo Nigeria Ltd., Lagos, Nigeria, primarily in Energoprojekt Oprema in the amount of RSD 561.833 thousand.

• **Trade receivables domestic** amounting to RSD 3.012.665 thousand and relate primarily to the trade receivables of Energoprojekt Oprema: RSD 1.594.359 thousand, Energoprojekt Niskogradnja: RSD 983.765 thousand, Energoprojekt Energodata: RSD 144.315 thousand, Energoplast: RSD 119.125 thousand, Energoprojekt Hidroinženjering: RSD 51.544 thousand, Energoprojekt Garant: RSD 37.589 thousand, Energoprojekt Entel: RSD 34.987 thousand, Energoprojekt Visokogradnja: RSD 31.318 thousand and to other Companies of Energoprojekt Group.

Energoprojekt Group Belgrade

Trade receivables domestic as at the financial statements date in the Companies of the Energoprojekt Group with significant trade receivables' amounts are broken down in the following table.

Structure of trade receivables domestic	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
<i>Energoprojekt Oprema:</i>		
SNC Lavalin International	636,112	262,950
TENT Ltd.	364,290	
International Project Sevices LTD.OY Branch	308,466	434,199
Zeleznice Srbije Plc.	174,102	
PC Elektromreza Srbije	68,927	109,249
Other	42,462	53,063
Total	1,594,359	859,461
<i>Energoprojekt Niskogradnja:</i>		
RZD International (Pancevo Railroad Project)	575,557	
AzVirt, Beograd (Sarani Tunnel Project)	359,497	166,437
Dunav Grupa agregati Plc. (The Tisa Project)	13,131	13,074
Hidrogradjevinar Plc. (Projekat Tisa)	7,864	39,669
PC Putevi Srbije	1,929	75,546
Other	25,787	48,635
Total	983,765	343,361
<i>Energoprojekt Energodata:</i>		
Credit Agricole Srbija Plc.	129,710	
Prva televizija Ltd.	3,630	
Telekom Srbija Plc.	2,905	4,257
Komercijalna banka Plc.	2,183	1,872
Other	5,887	8,772
Total	144,315	14,901

The largest increase in trade receivables domestic over the reporting period was recorded in Energoprojekt Oprema Company: RSD 734.898 thousand (primarily from TENT Ltd. and from Zeleznice Srbije Plc. based on the works performed on new projects and also from SNC-Lavalin International based on the increased scope of works on the RTB Bor Project) and in the Energoprojekt Niskogradnja Company: RSD 640.404 thousand (primarily from the buyers in the Pancevo Railroad and Sarani Tunnel Projects).

• **Foreign trade receivables** in the amount of RSD 7.554.332 thousand refer to Energoprojekt Niskogradnja Company: RSD 3.868.828 thousand, Energoprojekt Entel Company: RSD 1.817.359 thousand, Energoprojekt Visokogradnja Company: RSD 1.235.154 thousand, Energoprojekt Hidroinženjering Company: RSD 353.759 thousand and to some other Companies of the Energoprojekt Group.

Energoprojekt Group Belgrade

Foreign trade receivables as at the financial statements date in the Energoprojekt Group Companies with significant trade amounts of receivables posted are broken down in the following table.

Structure of foreign trade receivables	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
<i>Energoprojekt Niskogradnja:</i>		
<i>Uganda:</i>		
Uganda National Roads Authority, Uganda, Z-017 and Z-027	1,520,717	777,712
Ministry of Works and Transport, Z-010	568,610	997,600
The Civil Aviation Authority, Z-032 and Z-033	436,847	115,975
Kampala Capital City Authority	160,535	149,674
<i>Total Uganda</i>	<i>2,686,709</i>	<i>2,040,961</i>
<i>Peru:</i>		
Conсорcio Energoprojekt Cuv, Peru, Z-0188	698,577	
Proyecto Especial Binaciona Puyang Tumbes, Peru, Z-015	170,807	
Empresa Administradora Chungar SAC, Peru, Z-030	111,835	
Conсорcio Pericos San Ignacio, Peru, Z-023	71,443	28,858
Conсорcio Chota Cochabamba, Z-019	31,761	83,812
Other	97,151	147,731
<i>Total Peru</i>	<i>1,181,574</i>	<i>260,401</i>
<i>Other foreign trade receivables</i>	<i>545</i>	<i>1,082</i>
TOTAL	<i>3,868,828</i>	<i>2,302,444</i>
<i>Energoprojekt Entel:</i>		
In Energoprojekt Entel L.L.C., Doha, Qatar	1,181,167	715,904
In Energoprojekt Entel L.L.C., Muscat, Sultanat of Oman	214,312	172,416
In Energoconsult L.L.C., Abu Dhabi, UAE	413,984	218,940
Other	7,896	2,215
TOTAL	<i>1,817,359</i>	<i>1,109,475</i>
<i>Energoprojekt Visokogradnja:</i>		
Sofie Medgroup, Aktau, Kazahstan, Z-089	132,029	34,109
Stojgazkonsalting, Uhta, Russia, Z-085	199,437	146,797
NCA Tower, Gana (in Energoprojekt Ghana Ltd., Akra, Gana)	187,780	92,102
Schlumberger Logeco, Astrahanj, Russia, Z-091	118,081	97,417
OIL Real Estate, Aktau, Kazakhstan, Z-068	110,853	105,064
Prombistroi, Horizons - Russia, Z-092	56,468	69,979
Fund Stroj.grad Sitkivkar, Z-082		80,503
Other	430,506	205,268
TOTAL	<i>1,235,154</i>	<i>831,239</i>

The largest increase in foreign trade receivables over the reporting period was recorded in Energoprojekt Niskogradnja Company: RSD 1.566.384 thousand (increase based on the projects realized in Uganda and Peru) and in Energoprojekt Entel Company: RSD 707.609 thousand (in the Group Companies in Qatar, Oman and in the United Arab Emirates).

31. RECEIVABLES FROM SPECIFIC BUSINESS OPERATIONS

Structure of receivables from specific operations	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Receivables from specific operations from other related parties	31,042	19,552
Receivables from specific operations from other legal entities	4,483	4,993
TOTAL	35,525	24,545

• **Receivables from specific operations from other related parties** in the amount of RSD 31.042 thousand relate to Energoprojekt Oprema in the amount of RSD 29.689 thousand, based on the expenses transferred to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria and Energoprojekt Holding in the amount of RSD 1.353 thousand, based on the transfer of expenses to the Enjub Ltd. joint venture.

• **Receivables from specific operations from other legal entities** in the amount of RSD 4.483 thousand relate predominantly to Energoprojekt Holding in the amount of RSD 2.950 thousand, Energoprojekt Garant in the amount of RSD 1.526 thousand and to other Companies of the Energoprojekt Group.

32. OTHER RECEIVABLES

Structure of other receivables	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Interest and dividend receivables:		
a) Interest and dividend receivables from other related parties	35,634	23,656
b) Interest agreed and default interest receivable from other companies	172	7,686
<i>Total</i>	<i>35,806</i>	<i>31,342</i>
Receivables from employees	23,404	27,235
Receivables from public authorities and organizations		65
Receivables for overpaid profit tax	76,006	102,774
Receivables in respect of prepaid other taxes and contributions	7,462	9,119
Receivables for fringe benefits' returns	8,599	1,782
Other short-term receivables	192,907	323,010
TOTAL	344,184	495,327

• **Interest and dividend receivables from other related parties** in the amount of RSD 35.634 thousand comprise exclusively of the receivables of Energoprojekt Holding, based on the interest receivables for loans granted to the joint venture Enjub Ltd.

• **Receivables from employees** in the amount of 23.404 thousand relate predominantly to unjustifiably paid advance payments to employees leaving to work in foreign countries and to loans granted to employees, and specifically these expenses in Energoprojekt Oprema amount to RSD 6.120 thousand, in Energoprojekt Energodata RSD 4.117 thousand, in Energoprojekt Niskogradnja in the amount of

RSD 3.982 thousand, in Zambia Engineering and Contracting Company Limited in the amount of RSD 3.559 thousand and in other Energoprojekt Group Companies.

- **Receivables for overpaid profit tax** in the amount of RSD 76.006 thousand predominantly refer to Energoprojekt Visokogradnja Company in the amount of RSD 43.006 thousand (in the country: RSD 16.820 thousand, in Kazakhstan and in Russian Federation: RSD 26.186 thousand), to Energoprojekt Holding in the amount of RSD 13.126 thousand, Energoprojekt Hidroinženjering in the amount of RSD 7.941 thousand, to Zambia Engineering and Contracting Company Limited in the amount of RSD 3.749 thousand and to other Companies of the Energoprojekt Group.

- **Receivables for prepaid other taxes and contributions** amount to RSD 7.462 thousand and predominantly refer to Energoprojekt Visokogradnja in the amount of RSD 3.214 thousand (which in its entirety relate to Energoprojekt Ghana Ltd., Accra, Ghana company in the amount of RSD 3.214 thousand) and to Zambia Engineering and Contracting Company Limited in the amount of RSD 2.310 thousand.

- **Receivables for fringe benefits' returns** (sick leaves longer exceeding 30 days, maternity leave, etc.) in the amount of RSD 8.599 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 4.557 thousand, to Energoprojekt Hidroinženjering in the amount of RSD 1.830, to Energoprojekt Holding in the amount of RSD 977 thousand and to other Companies of the Energoprojekt Group.

- **Other short-term receivables** amounting to RSD 192.907 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 179.906 thousand, primarily based on the receivables from Tax Administration for overpaid income tax in Peru and Uganda: RSD 120.147 thousand and to the receivables for the externally granted loans to Consortiums in Peru for payment of joint liabilities on the project: RSD 36.654 thousand.

The decrease in other short-term receivables over the reporting period in the amount of RSD 130.103 thousand was primarily due to Energoprojekt Niskogradnja in the amount of RSD 120.101 thousand, since in 2014 this Company performed a complete write-off of receivables from Tax Administration for overpaid income tax and value added tax in Uganda (in the Energo (Uganda) Company Limited, Uganda) and a partial write-off of receivables for obsolete overpaid value added tax in Kazakhstan.

33. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Structure of financial assets measured at fair value through Profit or Loss	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Shares	1,359	
Bonds	182,736	
TOTAL	184,095	

Financial assets measured at fair value through Profit or Loss relate in their entirety to the shares and bonds of the Energoprojekt Garant Company, and specifically to 45 shares of the Belgrade Stock Exchange Plc. amounting to the total of RSD 1.359 thousand, 332.400 old foreign currency savings

bonds in the amount of RSD 39.404 thousand and to 1.198 foreign currency coupon bonds in the amount of RSD 143.332 thousand, which were, upon order by the NBS, reclassified and transferred from the item Long-term financial investments (Note 27).

Valuation adjustment of financial assets measured at fair value through Profit or Loss is performed for foreign currency coupon bonds based on data obtained from the secondary market for such assets and by applying the foreign exchange rate, and valuation of old foreign currency savings bonds is performed based on their value on the stock exchange as at the last trading transaction date in 2014 per series and by applying the foreign exchange rate as at the calculation date.

34. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short-term financial investments	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Short-term loans and investments in other related parties	161,527	153,094
Short-term credits and loans domestic	729	536
Short-term international credits and loans	968	917
Portion of long-term financial investments with maturity date up to one year:		
a) Portion of long-term financial investments in other companies with maturity date up to one year		14,764
b) Portion of other long-term financial investments with maturity date up to one year	801	759
<i>Total</i>	<i>801</i>	<i>15,523</i>
Securities held to maturity - portion with maturity date up to one year		6,768
Other short-term financial investments:		
a) Short term deposits	1,217,985	1,725,725
b) Other short-term financial investments	17,138	5,871
<i>Total</i>	<i>1,235,123</i>	<i>1,731,596</i>
GRAND TOTAL	<i>1,399,148</i>	<i>1,908,434</i>

• **Short-term loans and investments in other related parties** in the amount of RSD 161.527 thousand relate in their entirety to Energoprojekt Holding based on the loans granted to the Enjub Ltd. joint venture (in 2013: RSD 153.094 thousand).

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

• **Short term deposits** in the amount of RSD 1.217.985 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Entel in the amount of RSD 796.340 thousand relate to the deposits with international and domestic commercial banks in foreign countries in Energoprojekt Entel Qatar: RS 627.897

thousand, with interest rate of 1.18% annually and in Energo Consult LLC Abu Dhabi, UAE: RSD 164.851 thousand, with interest rate of 1.42% annually; and in the country in the amount of RSD 3.592 thousand, at the Beonia rate minus 200 b.p. annually; and

- Energoprojekt Garant in the amount of RSD 421.645 thousand relate to the foreign currencies deposits in EUR and USD with the domestic commercial banks with interest rate ranging from 2.41% to 2,50% annually.

• **Other short-term financial investments** in the amount of RSD 17.138 thousand primarily refer to Energoprojekt Visokogradnja Company in the amount of RSD 12.566 thousand (deposits for guarantees provided abroad), to Energoprojekt Niskogradnja Company in the amount of RSD 4.528 thousand (the largest share of which amounting to RSD 4.504 thousand relate to work permits' issuing to persons who are not nationals of the Republic of Uganda), and to other Companies of the Energoprojekt Group as well.

35. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Current (business) account	74,952	133,784
Earmarked cash and letters of credit	1	
Petty cash	416	109
Foreign currency account	2,297,829	2,621,716
Letters of credit in foreign currencies	73,808	102,419
Foreign currency petty cash	86,703	76,999
Other cash:		
a) Short term deposits	208,655	142,745
b) Other cash	320,501	8,097
<i>Total</i>	<i>529,156</i>	<i>150,842</i>
Value-impaired or restricted cash	36,393	2
TOTAL	3,099,258	3,085,871

• **Current (business) account** of the Energoprojekt Group in the amount of RSD 74.952 thousand predominantly refer to the current accounts of the following Companies of the Energoprojekt Group: Energoprojekt Garant in the amount of RSD 35.113 thousand, Energoprojekt Niskogradnja in the amount of RSD 16.281 thousand, Energoprojekt Hidroinženjering in the amount of RSD 11.081 thousand, Energoprojekt Industrija in the amount of RSD 3.390 thousand and to other Companies of the Group.

• **Foreign currency account** in the amount of RSD 2.297.829 thousand predominantly refer to the foreign currency accounts of the following Companies in the Energoprojekt Group: Energoprojekt Visokogradnja in the amount of RSD 837.871 thousand (in Energoprojekt Ghana Ltd., Accra, Ghana:

RSD 785.646 thousand), Energoprojekt Niskogradnja in the amount of RSD 783.318 thousand, Energoprojekt Entel in the amount of RSD 303.847, Energoprojekt Hidroinženjering in the amount of RSD 124.772 thousand, Energoprojekt Oprema in the amount of RSD 95.910 thousand, Energoprojekt Garant in the amount of RSD 82.922 thousand and to other Companies of the Group.

- **Letters of credit in foreign currencies** in the amount of RSD 73.808 thousand refer entirely to Energoprojekt Oprema based on its projects in foreign countries.

- **Foreign currency petty cash** in the amount of RSD 86.703 thousand primarily refer to Energoprojekt Visokogradnja in the amount of RSD 70.558 thousand, to Energoprojekt Hidroinženjering in the amount of RSD 11.590 thousand and to other Companies of the Energoprojekt Group.

- **Short term deposits** in the amount of RSD 208.655 thousand relate to the term deposits in the country amounting to RSD 200.647 thousand, and specifically in Energoprojekt Holding in the amount of RSD 115.105 thousand, Energoprojekt Visokogradnja in the amount of RSD 61.671 thousand, Energoprojekt Oprema in the amount of RSD 23.871 thousand; and to the term deposits abroad in the amount of 8.008 thousand, which relate in their entirety to the Dom 12 S.A.L Company, Lebanon.

- **Other cash** in the amount of RSD 320.501 thousand refer predominantly to Energoprojekt Visokogradnja in the amount of RSD 317.085 thousand (predominantly to the collaterals provided for the projects of the Energoprojekt Ghana Ltd., Accra, Ghana: RSD 316.279 thousand).

- **Value-impaired or restricted cash** in the amount of RSD 36.393 thousand relate to Energoprojekt Hidroinženjering based on the bank deposits serving as collaterals for guarantees' issuing for the projects Ourkiss, Alto Piura, Yarascay and Machu Picchu. Cash will be available upon the release of the guarantees in question.

36. VALUE ADDED TAX AND PREPAYMENTS AND DEFERRED EXPENSES

36.1. Value Added Tax

Structure of value added tax	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Value added tax	80,225	29,982
TOTAL	80,225	29,982

Receivables for value added tax in the amount of RSD 80.225 thousand refer to the difference between calculated tax and input tax, and specifically in Energoprojekt Niskogradnja in the amount of RSD 58.030 thousand, Energoprojekt Entel in the amount of RSD 5.855 thousand, Zambia Engineering and Contracting Company Limited, Zambia in the amount of RSD 3.897 thousand, Energoplast in the amount of RSD 3.888 thousand, Energoprojekt Industrija in the amount of RSD 3.718 thousand and in other Companies of the Energoprojekt Group in the amount of RSD 4.837 thousand.

36.2. Prepayments and Deferred Expenses

Structure of prepayments and deferred expenses	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Prepayments:		
a) Prepaid subscriptions for professional publications	1,456	950
b) Prepaid rent	214,270	100,500
c) Prepaid insurance premiums	51,870	35,648
d) Prepaid advertising and marketing expenses	1,952	
e) Other prepaid expenses	43,872	41,281
<i>Total</i>	<i>313,420</i>	<i>178,379</i>
Receivables for accrued non-invoiced income:		
a) Receivables for accrued non-invoiced income - other related parties		5,301
b) Receivables for accrued non-invoiced income - other companies	1,860,764	1,343,887
<i>Total</i>	<i>1,860,764</i>	<i>1,349,188</i>
Deferred expenses for liabilities		193
Other deferred expenses:		
a) Accrued value added tax	99,754	28,404
b) Other deferred expenses	38,728	84,694
<i>Total</i>	<i>138,482</i>	<i>113,098</i>
GRAND TOTAL	<i>2,312,666</i>	<i>1,640,858</i>

• **Prepaid rent** in the amount of RSD 214.270 thousand primarily refer to Energoprojekt Entel in the amount of RSD 174.551 thousand, based on the rent of apartments for Company workforce in foreign countries.

• **Receivables for accrued non-invoiced income – other companies** in the amount of RSD 1.860.764 thousand refer primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 998.451 thousand, primarily refer to the following:

- Verified progress certificates for the works performed in December 2014 within the following projects:
 - Cochabamba - Chota, Peru, Z-019: RSD 171.332 thousand;
 - Pericos, Peru, Z-023: RSD 103.395 thousand;
 - Chancay y Rucuy, Peru, Z-030: RSD 197.572 thousand;
 - Lajkovac-Ljig: RSD 212.794 thousand;
 - Sarani Tunnel: RSD 179.013 thousand;
 - Lot 1.1. Novi Sad, RSD 18.900 thousand;
 - Pancevo Bridge: RSD 12.295 thousand; and other projects.

- Approved by not yet invoiced arbitration-based requests in 2014 for the Yanacocha Project, Peru, Z-014: RSD 103.113 thousand.
- Energoprojekt Visokogradnja in the amount of RSD 467.706 thousand relate to the receivables for progress certificates submitted to the Investor for verification, but not verified before the balance sheet submission date. The largest receivables for the accrued non-invoiced income are recorded for the following projects in the country and abroad:
 - Hotel Aktau, Z-068: RSD 183.476 thousand;
 - Sarijagas Winery, Z-074: RSD 38.598 thousand;
 - Uhta, Z-085: RSD 34.040 thousand;
 - Prokop Railway Station: RSD 147.977 thousand;
 - Cableway Crni Vrh in Bor: RSD 10.659 thousand;
 - Sulphuric acid plant and Smelter in Bor: RSD 10.066 thousand; and for other projects as well.
- Energoprojekt Holding in the amount of RSD 328.336 thousand relate entirely to the realization of the Agreement on Construction of Republic of Serbia Embassy in Abuja, Federal Republic of Nigeria, a turn-key project, in the Cadastral parcel No. 313, registered in the Real Estate Registry, Cadastral Zone A00.
- Among other Companies of the Energoprojekt Group, receivables for accrued non-invoiced income were posted in Energoprojekt Industrija in the amount of RSD 10.335 thousand, Energoprojekt Hidroinženjering in the amount of RSD 53.308 thousand and Energoprojekt Urbanizam i arhitektura in the amount of RSD 2.628 thousand.
- **Prepaid value added tax (VAT)** in the amount of RSD 99.754 thousand relate to the VAT in received invoices for the reporting year, where the right to deduction of input tax can be exercised in the following calculation period, since the received invoices arrived after the tax return for December of the respective year was filed. The largest amount of prepaid VAT was recorded in Energoprojekt Oprema Company in the amount of RSD 92.770 thousand.
- **Other prepayments and deferred expenses** in the amount of RSD 38.728 thousand predominantly refer to Energoprojekt Garant in the amount of RSD 18.677 thousand (interest on bank deposits, transferrable premiums and claims charged to coinsurer and reinsurer calculated in advance) and to Energoprojekt Visokogradnja in the amount of RSD 17.703 (prepaid VAT for the Projects realized in Kazakhstan), and other Companies of the Energoprojekt Group.

37. EQUITY

Structure of equity	In RSD thousand	
	2014	2013
Original capital	5,893,998	5,894,281
Reserves	374,453	374,266
Revaluation reserves based on revaluation of intangible assets, property, plant and equipment	5,788,138	2,194,086
Unrealized gains on securities and other components of other comprehensible income (credit balances of accounts of group 33, except 330)	415,520	78,693
Unrealized losses on securities and other components of other comprehensible income (debit balances of group 33, except 330)	41,501	31,423
Retained earnings	5,402,867	4,635,242
Non-controlling interest	165,922	282,451
TOTAL	17,999,397	13,427,596

37.1. Original Capital

Structure of basic capital	In RSD thousand	
	2014	2013
Share capital - total	5,725,400	5,839,150
Non-controlling interest	(150,441)	(264,191)
<i>Total share capital</i>	<i>5,574,959</i>	<i>5,574,959</i>
Share in limited liability companies - total	9,289	9,289
Non-controlling interest	(9,289)	(9,289)
<i>Total share in limited liability companies</i>		
Share issue premiums	237,014	237,014
Other basic capital - total	88,217	91,279
Non-controlling interest - other	(6,192)	(8,971)
<i>Total other basic capital</i>	<i>82,025</i>	<i>82,308</i>
TOTAL	5,893,998	5,894,281

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

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

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

In comparison with the previous period, there was a decrease in share capital in 2014 based on the redemption of shares of the remaining shareholders of Energoprojekt Visokogradnja, Energoprojekt Hidroinženjering, Energoprojekt Energodata and Energoprojekt Urbanizam i arhitektura by Energoprojekt Holding, the price of which was determined in compliance with the provisions of the Law on Companies.

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

37.2. Reserves

Structure of reserves	<i>In RSD thousand</i>	
	2014	2013
Legal reserves	218,856	237,952
Statutory and other reserves	155,597	136,314
TOTAL	374,453	374,266

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

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

The change in the structure of reserves in comparison with the same period of the previous year relate to Energoprojekt Niskogradnja based on the correction of reserves from the previous period.

37.3. Revaluation Reserves Based on Revaluation of Intangible Assets, Property, Plant and Equipment

Structure of revaluation reserves based on intangible assets, property, plant and equipment	<i>In RSD thousand</i>	
	2014	2013
Revaluation reserves based on property revaluation:		
a) Revaluation reserves based on property revaluation - Energoprojekt office building	3,163,061	583,492
b) Revaluation reserves based on revaluation of other property	1,063,561	124,815
<i>Total</i>	<i>4,226,622</i>	<i>708,307</i>
Revaluation reserves based on revaluation of investment property	1,295,971	1,212,003
Revaluation reserves based on revaluation of plant and equipment	262,918	270,685
Other revaluation reserves	2,627	3,091
TOTAL	5,788,138	2,194,086

• Changes in **revaluation reserves based on property revaluation – Energoprojekt office building**, compared with the previous year, in the amount of RSD 2.579.569 thousand relate to the increase based on the assessment of the fair value of the Energoprojekt office building as at December 31, 2014 and a decrease based on the implementation of IAS 12 – Income Taxes (15% of the revaluation reserves in 2014). (Note 26)

• **Revaluation reserves based on revaluation of other property** in the amount of RSD 1.063.561 thousand relate to the assessment of the fair value of the buildings and implementation of IAS 12 – Income Taxes, 15% of the revaluation reserves (a negative aspect of the revaluation reserves). (Note 26)

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

- Energoprojekt Niskogradnja: RSD 259.130 thousand (a part of the “Cruz del Sur“ office building in Lima, Peru, business facilities, Lima, Peru and residential building in Kampala, Uganda);
- Energoprojekt Visokogradnja: RSD 247.900 thousand (buildings in Stara Pazova and in Vozdovac);
- I.N.E.C. Engineering Company Limited, Great Britain: RSD 202.825 thousand (an office building in London);
- Energo (Private) Limited, Zimbabwe: RSD 143.839 thousand (business and residential buildings in Harare, Zimbabwe);
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 104.440 thousand (business and residential buildings in Zambia); and others.

• **Revaluation reserves based on revaluation of investment property** in the amount of RSD 1.295.971 thousand relate to the adjustment of fair value of such investment properties, and specifically, primarily to the following Companies of the Energoprojekt Group:

- Dom 12 S.A.L, Lebanon: RSD 540.422 thousand (an office building in Moscow);
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 500.716 thousand (a business and residential facility in Zambia);
- Energoprojekt Niskogradnja: RSD 144.624 thousand (a part of the “Cruz del Sur“ office building in Peru);
- Energoprojekt Visokogradnja: RSD 108.333 thousand; and others.

**37.4. Unrealized Gains on Securities and Other Components of Other Comprehensive Result
(credit balances of accounts of group 33, except 330)**

Structure of unrealized gains on securities and other components of other comprehensive result (credit balances of accounts of the group 33, except 330)	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Unrealized gains on translation of financial statements for international operations	415,520	78,693
TOTAL	415,520	78,693

• **Unrealized gains on translation of financial statements for international operations** in the amount of RSD 451.520 thousand relate primarily to Energoprojekt Entel, Energoprojekt Visokogradnja, Dom 12 S.A.L, Lebanon, I.N.E.C. Engineering Company Limited, Great Britain, Encom GmbH Consulting, Engineering & Trading, Germany and to other Companies of the Energoprojekt Group.

**37.5. Unrealized Losses on Securities and Other Components of Other Comprehensive Result
(debit balances of accounts of group 33, except 330)**

Structure of unrealized losses on securities and other components of other comprehensive result (debit balances of group 33, except 330)	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Losses on securities available for sale	41,501	31,423
TOTAL	41,501	31,423

• **Unrealized losses on securities available for sale** in the amount of RSD 41.501 thousand, which predominantly relate to Energoprojekt Holding in the amount of RSD 40.786 thousand, were recorded, primarily, based on the adjustment of value of securities in Company portfolio with their fair value in the secondary securities market as at the financial statements date (the negative effect of which could not be covered with the positive effects of the change in the fair value of the security in question).

37.6. Retained Earnings

Structure of retained earnings	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Retained earnings from previous years:		
a) Balance as at January 1	4,635,242	4,575,609
b) Changes	(261,407)	(400,534)
<i>Total</i>	4,373,835	4,175,075
Retained earnings of the current year	1,029,032	460,167
TOTAL	5,402,867	4,635,242

• Changes in **retained earnings** of the current year were predominantly the result of the net profit of the Energoprojekt Group in 2014, decreases based on the distribution of retained earnings (dividend payments in Energoprojekt Holding, Energoprojekt Oprema, Energoprojekt Entel and in Energoprojekt Garant, as well as of the coverage of losses from the previous years in Energoprojekt Visokogradnja and in Energoprojekt Urbanizam i arhitektura), FX differences between the opening balance of the retained earnings of the Companies abroad (primarily of the Companies in Ghana, Qatar, Oman and UAE, and also due to the rise of the value of local currencies linked to USD, in relation to RSD) and due to other factors.

37.7. Non-Controlling Interest

Non-controlling interest	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Non-controlling interest	165,922	282,451
TOTAL	165,922	282,451

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

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

Structure of non-controlling interest for total equity of the Companies with shares of minority shareholders	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Basic capital	5,893,998	5,894,281
Reserves	353,126	347,177
Revaluation reserves based on revaluation of intangible assets, property, plant and equipment	5,484,648	2,044,017
Unrealized gains on securities and other components of other comprehensible income (credit balances of accounts of the group 33, except 330)	391,918	64,022
Unrealized losses on securities and other components of other comprehensible income (debit balances of group 33, except 330)	41,045	27,062
Retained earnings	4,671,006	3,981,693
Non-controlling interest	1,245,748	1,123,468
TOTAL	17,999,399	13,427,596

38. LONG-TERM PROVISIONS

Structure of long-term provisions	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Costs of provisions during warranty period	454,572	565,215
Provisions for compensations and other employee benefits	282,730	300,373
Other long-term provisions:		
a) Provisions for caution money and deposits taken		3,771
b) Other long-term provisions	358,827	379,935
<i>Total</i>	358,827	383,706
TOTAL	1,096,129	1,249,294

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

In the projection of provision calculation pursuant to IAS 19 – Employee Benefits, the deductive approach was used, meaning that all the Companies from the Energoprojekt Group were treated as an entity, 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.

Lowering of the provision amount in Energoprojekt (by 53.39%), based on current retirement bonus values in the balance sheet as at December 31, 2014 in comparison to the retirement bonus values in the balance sheet as at December 31, 2013, was the result of several changed factors:

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

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

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

- Firstly, according to employee gender, working experience and years of service in the Company; considering the expected annual fluctuation and mortality rate (estimated annual fluctuation and mortality rate), an estimation was made of the number of employees that will exercise the right to retirement bonus, as well as the period during which the said compensations will be paid out;
- Secondly, considering provisions of the Company Collective Agreement, the bonus amount was appraised for each year of service indicated on the balance sheet date; and

- Thirdly, the levelling factor, representing the levelling to the present value of the expected salary growth ratio, was used by applying the discount factor, which is the ratio of the discount rate and the expected salary growth.

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

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

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

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

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

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

The annual discount rate and annual salaries' growth depend on inflation rate.

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

The provision will thus be estimated according to the planned annual inflation rate of 4%. From the above stated, it can be concluded that the planned long-term annual growth in real salaries in the

Republic of Serbia is 2%, and that the long-term annual real discount rate was planned at the level of 5%. In estimating the expected long-term real growth of salaries in the Republic of Serbia, the IMF estimate of the growth in domestic product in the Republic of Serbia over the future period was primarily used.

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

• **Costs of provisions during warranty period** in the amount of RSD 454.572 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Entel in the amount of RSD 338.589 thousand disclosed based on the provisions for cost of significant changes in agreed items without an option to charge the additional works in the Group Companies abroad. Costs of provisions during warranty period was performed based on the best Management assessment and based on the previous experiences, as an expression of prudent approach in case that it will not be possible to collect all the receivables from agreements with amendments, modifications and extended collection terms. Final amount of liability to be paid may differ from the provision amount, depending on the future developments. These provisions are not discounted, since the impact of such discount is of no material significance.

Compared with the previous reporting period, the decrease in these provisions in the amount of RSD 226.626 thousand was the result of the release of the long-term provisions through income of the current year in the amount of RSD 342.166 thousand and of the posting of the negative FX differences in the amount of RSD 115.540 thousand on the occasion of inclusion of the international operations in the Company books, in compliance with IAS 21 – The Effects of Changes in Foreign Exchange Rates;

- Energoprojekt Oprema in the amount of RSD 90.719 thousand, performed in the reporting period for the RTB Bor Project with warranty period of 1 year that will expire in March 2016. The Company usually provides guarantee for its products for the period of 1-2 years, depending on the project in question. Company management assessed the costs of provisions for the future warranty claims based on information on such claims from the previous periods, as well as based on the recent trends that could provide some indication on whether information about the costs from the past may differ from the future claims; and

- Energoprojekt Visokogradnja in the amount of RSD 25.264 thousand, performed in the reporting period for the projects abroad: Z-091 Schlumberger Astrakhan in the amount of RSD 16.813 thousand and Z-092 Horizonti Siktivkar in the amount of RSD 8.451 thousand. The Company usually provides guarantee for the completed buildings, which are expected to incur some expenses over the course of the warranty period. The Company assessed the provisions costs for the future warranty claims based on information about such claims from the previous periods, as well as based on the recent trends that may provide some indication that information on the costs from the past may differ from the future claims. Of the total costs of provisions during warranty period in 2014 in the amount of RSD 41.329 thousand, provisions made for the Project Z-072 Pavlodar in the amount of RSD 16.065 thousand were used during the reporting year.

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

- Energoprojekt Holding in the amount of RSD 260.000 thousand, posted in the balance as at December 31, 2006, in compliance with the Decision of the competent body of the Company, as potential contractual costs related to the Joint Construction Agreement - Block 26, Novi Beograd, No. 507, concluded between the consortium „Energoprojekt – Napred“ and Trinity Capital Ltd.

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

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

On December 31, 2014, there is still uncertainty with regard to the application of the legislation that may affect the fulfilment of all obligations assumed by the Company and possible activation of issued bills of exchange by Trinity Capital Ltd. Therefore, the management assesses that conditions for the cancellation of the provision at the balance sheet date have not been met yet.

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

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

In comparison with the previous period, release of other long-term provisions was performed in 2014 in Energoprojekt Entel in the amount of RSD 22.838 thousand through the current period income.

Changes in the structure of the long-term provisions for the costs of provisions during warranty period and other long-term provisions in 2014 are presented in the following table.

Structure of long-term provisions	<i>Costs of provisions during warranty period</i>	<i>Other provisions</i>
Balance as at January 1, 2014	565,215	379,935
Additional provisions	132,048	1,730
Used during the year	(16,065)	
Release of unused provision amounts	(342,166)	(22,838)
Differences in foreign exchange rates	115,540	
Balance as at December 31, 2014	454,572	358,827

39. LONG-TERM LIABILITIES

Structure of long-term liabilities	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Long-term loans - domestic	330,930	273,444
Long-term loans - foreign	205,529	184,180
Financial leasing liabilities	188,398	219,107
Other long-term liabilities	2,397,328	613,723
TOTAL	3,122,185	1,290,454
Portion of long-term liabilities with maturity date up to one year (Note 40.3.)	582,012	1,039,233

39.1. Long-Term Loans

Structure of long-term loans	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
In the country:		
a) Long-term loans granted by banks in the country:		
Societe Generale bank	71,712	8,818
Alpha bank	83,828	148,393
VTB bank	175,390	66,232
Komercijalna bank		50,001
<i>Total</i>	<i>330,930</i>	<i>273,444</i>
b) Long-term loans granted by other companies in the country		
<i>Total - loans domestic</i>	<i>330,930</i>	<i>273,444</i>
In foreign countries:		
Long-term loans granted by other companies abroad	205,529	184,180
<i>Total - loans foreign</i>	<i>205,529</i>	<i>184,180</i>
TOTAL	536,459	457,624

• **Long-term loans granted by banks in the country** in the amount of RSD 330.930 thousand relate to Energoprojekt Visokogradnja in the amount of RSD 247.102 thousand (VTB bank: RSD 175.390 thousand and Societe General bank: RSD 71.712 thousand) and to Energoprojekt Energodata in the amount of RSD 83.828 thousand (Alpha bank).

Long-term loans granted by the domestic banks as at December 31, 2014 are presented in the following tables, categorized as liabilities with maturity date up to one year (posted within short-term liabilities, Note 40.3.) and as liabilities with maturity date longer than one year (posted within long-term loans); maturity dates of the long-term loans and currencies in which such loans were denominated broken down per individual Companies of the Energoprojekt Group to which such long-term loans related as at December 31, 2014 are additionally presented in the following tables.

Creditor	Interest rate	In RSD thousand			
		2014		2013	
		Long-term liability	Short-term liability	Long-term liability	Short-term liability
Energoprojekt Visokogradnja:					
VTB bank	3 M Euribor + 5,3% p.a.	175,390			
Societe General bank	5,15 % p.a.	71,712	143,424		
Komercijalna bank	9% p.a.		16,667	16,667	33,333
Total		247,102	160,091	16,667	33,333
Energoprojekt Energodata:					
Alpha bank	3M Euribor + 5,75% p.a.	83,828	72,760	148,393	65,002
Total		83,828	72,760	148,393	65,002
GRAND TOTAL		330,930	232,851	165,060	98,335

Structure of long-term loans' maturity dates	In RSD thousand	
	2014	2013
From 1 to 2 years	330,930	16,667
From 2 to 5 years		148,393
TOTAL	330,930	165,060

Structure of accounting liabilities for long-term loans granted to Company denominated in currencies	In RSD thousand	
	2014	2013
RSD	71,712	16,667
EUR	259,218	148,393
TOTAL	330,930	165,060

• **Long-term loans granted by other companies abroad** in the amount of RSD 205.529 thousand relate in their entirety to Energoprojekt Niskogradnja, and specifically to:

- Liabilities towards associates engaged on the former SFRY Republics on the HPP Banieya II Project in Guinea in the amount of RSD 192.467 thousand. Since the succession process of former SFRY

Republics is not completed and in view of the principle of prudence, the management of the Company is of the opinion that conditions for the write-off of the said liabilities have not yet been met at the moment; and

- Long-term loan in the amount of RSD 13.062 thousand in USD was granted by the Caterpillar Chile for the purchase of equipment with the annual interest rate of 5.95%.

Liabilities based on long-term loans granted by the Caterpillar Chile Company for the purchase of equipment as at December 31, 2014 are presented in the following table, broken down to liabilities with maturity date up to one year (that are posted within the short-term liabilities, Note 40.3.) and to liabilities with maturity date of more than one year (that are posted within the long-term loans).

Creditor	Currency	Outstanding debt balance in currency	Outstanding debt balance in RSD 000	Repayment method and due date	Interest rate p.a.
Societe Generale Bank	EUR	76,923	9,304	Quarterly	3m <i>EURIBOR+5.0%</i>
Agreement no. 213057				20.01.2015	
Caterpillar Chile, Peru	USD	108,789	10,821	01.10.2016	5.95%
Caterpillar Chile, Peru	USD	159,687	15,883	01.10.2016	5.95%
Total			36,008		

Creditor	<i>In RSD thousand</i>	
	Long-term liability	Short-term liability
Societe Generale Bank	-	9,304
Caterpillar Chile, Peru	5,293	5,528
Caterpillar Chile, Peru	7,769	8,114
Total	13,062	22,946

39.2. Financial Lease Liabilities

Structure of financial lease liabilities	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Financial lease liabilities	188,398	219,107
TOTAL	188,398	219,107

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

Of the total long-term financial lease liabilities amounting to RSD 188.398, the largest share in the amount of RSD 178.290 thousand relate to Energoprojekt Niskogradnja Company.

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

Creditor	<i>Currency</i>	<i>Outstanding debt in FX currency</i>	<i>Outstanding debt in RSD thousand</i>	<i>Repayment method and due date</i>	<i>Interest rate per annum</i>
<i>Financial lease liabilities domestic</i>					
S-leasing	EUR	55,134	6,669	monthly 01.12.2015	6M EURIBOR + 4.25%
Sogelease	EUR	1,865,740	225,677	monthly 15.06.2016 - 15.11.2017	6M EURIBOR + margin =4.41%
UniCredit Leasing	EUR	946,659	114,506	monthly 11.09.2017 - 11.12.2017	3M EURIBOR + 4.20%
Total financial lease liabilities domestic			346,852		
<i>Financial lease liabilities foreign</i>					
GNB bank leasing, Peru	USD	685,228	68,156	monthly 01.02.2016	7%
Banco Financiero, Peru	USD	72,300	7,191	monthly 16.02.2015	7.50%
Leasing Peru S.A.	USD	278,253	27,676	monthly 05.05.2016	5.95%
Scotiabank, Peru	USD	301,368	29,975	monthly 02.05.2015	6.00%
Total financial lease liabilities foreign			132,998		
TOTAL			479,850		

Financial lease liabilities denominated in RSD as at December 31, 2014 are presented in the following table, broken down into:

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

Creditor	<i>In RSD thousand</i>	
	<i>Long-term liability</i>	<i>Short-term liability</i>
S-leasing		6,669
Sogelease	96,933	128,744
UniCredit Leasing	63,626	50,880
GNB leasing, Peru	11,364	56,792
Banco Financiero, Peru		7,191
Leasing Peru S.A.	6,367	21,309
Scotiabank, Peru		29,975
TOTAL	178,290	301,560

Structure of financial lease liabilities as per maturity dates	<i>In RSD thousand</i>	
	<i>Present value</i>	<i>Future value</i>
Up to 1 year	301,560	316,636
From 1 to 5 years	178,290	183,933
5 years +		
TOTAL	479,851	500,569

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

39.3. Other Long-Term Liabilities

Structure of other long-term liabilities	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Other long-term liabilities	2,397,328	613,723
TOTAL	2,397,328	613,723

• **Other long-term liabilities** in the amount of RSD 2.397.328 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 2.312.426 thousand that relate in their entirety to the portion of total liabilities for advances received with the due date of January 1, 2016, in compliance with the adopted schedule of works and advance payments repayment schedule for the Projects Z-027 Mpigi-Kanoni, Uganda: RSD 304.345 thousand, Lajkovac-Ljig, Serbia: RSD 1.813.553 thousand and Sarani Tunnel, Serbia: RSD 194.528 thousand; and

- Energoprojekt Visokogradnja in the amount of RSD 84.902 thousand consisting of the liabilities towards the former owners of land parcels who sold their land for the construction of residential and business facilities, where the Company undertook to provide the former land owners with properties

that will be constructed in Cara Nikolaja Street in Belgrade, as compensation. This liability was posted at the projected cost of such future properties.

The increase in other long-term liabilities over the reporting period in the amount of RSD 1.783.605 thousand was the result of the increase in the said liabilities in Energoprojekt Niskogradnja Company within the above mentioned projects on one hand, and of the release of the long-term liabilities for guarantee deposits to suppliers in Energoprojekt Oprema Company in the amount of RSD 66.626 thousand, on the other hand.

40. SHORT-TERM FINANCIAL LIABILITIES

Structure of short-term financial liabilities	In RSD thousand	
	2014	2013
Short-term loans domestic	2,234,056	2,091,065
Short-term loans foreign	757,701	408,988
Other short-term financial liabilities:		
a) Portion of long-term liabilities with maturity date up to one year	582,012	1,039,233
b) Other short-term financial liabilities	541	746
Total	582,553	1,039,979
GRAND TOTAL	3,574,310	3,540,032

40.1. Short-Term Loans Domestic

Structure of short-term loans domestic	u 000 dinara	
	2014	2013
Kratkoročni krediti od banaka u zemlji:		
a) Loans denominated in RSD	777,477	600,712
b) Loans with FX clause	1,456,579	1,490,353
TOTAL	2,234,056	2,091,065

• **Short-term loans granted by banks in the country** in the amount of RSD 2.234.056 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 1.255.789 thousand (loans with FX clause (EUR) granted by the Societe Generale bank, Alpha bank, Unicredit bank, Hypo Alpe Adria bank; interest rate ranging from 3m Euribor + 4% per annum to 3m Euribor + 5.95% per annum; collaterals: guarantees provided by the Energoprojekt Holding, Energoprojekt Niskogradnja and Energoprojekt Oprema);

- Energoprojekt Niskogradnja in the amount of RSD 640.142 thousand (loans denominated in RSD granted by the Societe General bank and Unicredit bank in the amount of RSD 511.927 thousand; interest rate ranging from interest-free to 1m Belibor + 1.4% per annum; and loans with FX clause (EUR) in the amount of RSD 128.215 thousand granted by the Societe General bank, interest rates ranging from 3m Euribor + 4.00% per annum; collaterals: Company promissory notes and joint

suretyship of Energoprojekt Holding, Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Hidroinženjering and Energoprojekt Oprema);

- Energoprojekt Holding in the amount of RSD 170.000 thousand (RSD loan granted by the Alpha bank, interest rate of 1m Belibor + 1.35% per annum, collaterals: Company promissory notes and suretyship of the Energoprojekt Oprema, Energoprojekt Visokogradnja and Energoprojekt Niskogradnja Companies);

- Energoprojekt Energodata in the amount of RSD 95.550 thousand (RSD loans granted by the Alpha bank, with the interest rate ranging from 6.5% to 8.5% per annum, collateral: blank promissory notes of the Company and blank promissory notes and suretyships of the Energoprojekt Holding, Energoprojekt Oprema and Energoprojekt Niskogradnja Companies); and

- Energoprojekt Hidroinženjering in the amount of RSD 72.575 thousand (loans with FX clause (EUR) granted by the Societe Generale bank and Hypo Alpe Adria bank, with the interest rate of 3m Euribor + 4.00% and 3m Euribor + 5.30%, collateral: blank promissory notes of the Company and of Energoprojekt Holding).

Structure of book value of short-term loans domestic denominated in foreign currencies	<i>In RSD thousand</i>	
	2014	2013
RSD	777,477	600,712
EUR	1,456,579	1,490,353
TOTAL	2,234,056	2,091,065

40.2. Short-Term Loans Foreign

Structure of short-term loans foreign	<i>In RSD thousand</i>	
	2014	2013
Short-term loans granted by foreign banks	609,672	386,626
Short-term loans granted by other legal and physical persons abroad	148,029	22,362
TOTAL	757,701	408,988

• **Short-term loans granted by foreign banks** in the amount of RSD 609.672 thousand relate to Energoprojekt Niskogradnja in the amount of RSD 346.960 thousand (loans granted by the commercial banks in Peru; in 2013: RSD 386.626 thousand) and to Energoprojekt Visokogradnja in the amount of RSD 262.712 thousand (related to the overdraft of the Energoprojekt Ghana Ltd., Accra, Ghana Company, based on which an increase in short-term loans granted by foreign banks was recorded in 2014).

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

Bank	Currency	Outstanding debt balance	Outstanding debt balance	Repayment method and due date	Annual interest rate
		In foreign currency	In RSD thousand		
Banco GNB, Peru	SOL	8,980,000	298,725	23/02/2015 one-off	6.97%
BBVA Continental, Peru	SOL	500,000	16,633	26/01/2015 one-off	5.55%
Scotiabank, Peru	SOL	950,000	31,602	19/01/2015 one-off	6.75%
Total			346,960		

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

• **Short-term loans granted by other legal and physical persons abroad** in the amount of RSD 148.029 thousand are interest-free loans, taken with the aim to fund current liquidity in certain Project realized abroad, primarily in Energoprojekt Visokogradnja (Project Z-089 Aktau Hospital, Project Z-068 Hotel Aktau, Project Z-055 Siktivkar, etc.) and in Energoprojekt Industrija.

40.3. Other Short-Term Financial Liabilities

Structure of other short-term financial liabilities	<i>In RSD thousand</i>	
	2014	2013
Portion of long-term liabilities with maturity date up to one		
a) Portion of long-term loans domestic and foreign with maturity date up to one year	279,031	764,512
b) Financial leasing liabilities with maturity date up to one year	302,981	274,721
<i>Total</i>	<i>582,012</i>	<i>1,039,233</i>
Other short-term financial liabilities	541	746
TOTAL	582,553	1,039,979

• **Portion of long-term loans domestic and foreign with maturity date up to one year** in the amount of RSD 279.031 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 160.091 thousand, as presented in the following table (Note 39.1.).

Bank	<i>Loan granted on</i>	<i>Due date</i>	<i>Currency</i>	<i>LOAN AMOUNT In loan currency</i>	<i>Outstanding debt balance In RSD thousand</i>	<i>Interest rate</i>	<i>One-off interest rate</i>	<i>Suretyship</i>
SOCIETE GENERALE BANK	28.10.2014	28.04.2016	RSD	215.136.000	143.424	5.15 p.a.	0.2	EPH,EPN,EPHI
KOMERCIJALNA BANK	31.12.2013	27.03.2015	RSD	50.000.000	16.667	9% p.a.	0.25	EPH,EPNG,EPO, EPHI
TOTAL					160.091			

- Energoprojekt Niskogradnja in the amount of RSD 22.946 thousand that relate to the portion of long-term loans granted abroad, with maturity dates up to one year (Note 39.1.);

- Energoprojekt Holding in the amount of RSD 16.667 thousand that relate to the portion of long-term loans granted in the country, with maturity dates up to one year (long-term loan for working capital granted by the Komercijalna bank in 2013 in the amount of RSD 50.000 thousand);

- Energoprojekt Energodata in the amount of RSD 72.760 thousand that relate to the portion of long-term loans granted in the country with maturity dates up to one year (Note 39.1.); and

- Energoplast in the amount of RSD 6.567 thousand that relate to the portion of long-term loans granted in the country with maturity dates up to one year (a loan with FX clause (in Euro) granted with the VTB bank, with the interest rate of 3.3%, collateral: mortgage on Company's equipment for the production of stoppers).

• **Financial leasing liabilities with maturity dates up to one year** in the amount of RSD 302.981 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 301.560 thousand (Note 39.2.).

41. RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY

Structure of received advances, deposits and caution money	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Advances received from other related parties	261,481	668
Advances received from other legal entities in the country	1,546,136	1,007,865
Advances received from other legal entities abroad	1,919,033	2,015,520
Deposits received abroad	2,181	
TOTAL	3,728,831	3,024,053

• **Received advances from other related parties** in the amount of RSD 261.481 thousand relate to Energoprojekt Oprema Company in the amount of RSD 260.299 thousand (advances received from Energo Nigeria Ltd., Lagos, Nigeria), to Energoprojekt Urbanizam i Arhitektura Company in the amount of RSD 668 thousand (advances received from Enjub Ltd.) and to Energoprojekt Industrija Company in the amount of RSD 514 thousand (advance received from Energopet Ltd.).

• **Advances received from other legal entities in the country** in the amount of RSD 1.546.136 thousand primarily relate to Energoprojekt Niskogradnja in the amount of RSD 790.435 thousand (advances received on the Projects Lajkovac-Ljig (China Standong International E&T Branch Belgrade): RSD 498.988 thousand; Sarani Tunnel (AzVirt): RSD 275.815 thousand; and Lot 1.1. Novi Sad (PC Putevi Srbije): RSD 15.632 thousand), to Energoprojekt Oprema Company in the amount of RSD 692.512 thousand (primarily for the advances received from the Investor for the following Projects: Prokop: RSD 311.756 thousand, TENT Obrenovac: RSD 160.847 thousand, RTB Bor: RSD 119.465 thousand, etc.), to Energoprojekt Visokogradnja in the amount of RSD 25.143 thousand, to Energoprojekt Urbanizam i arhitektura in the amount of RSD 22.576 thousand, to Energoprojekt Industrija in the amount of RSD 10.583 thousand and to other Companies of the Energoprojekt Group.

• **Advances received from other legal entities abroad** in the amount of RSD 1.919.033 thousand primarily refer to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 964.601 thousand for performance of works for the Investors, primarily within the Projects of Z-088 Hotel Hyatt Rostov: RSD 480.608 thousand, Z-068 Hotel Aktau: RSD 63.709 thousand, Z-074 Sarijagas Winery: RSD 27.133 thousand and other projects, and based on the advances received in the Energoprojekt Ghana Ltd., Accra, Ghana: RSD 380.490 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 812.287 thousand for advances received in Peru in the amount of RSD 281.156 thousand (primarily within the Projects of Z-023 Pericos, Peru (Consortio Pericos San Ignacio): RSD 113.589 thousand, Z-030 Chancay and Rucuy, Peru (Empresa Administradora Chungar SAC): RSD 86.377 thousand, Z-030 Chancay and Rucuy, Peru (Sinidcato Energetico S.A.): RSD 80.720 thousand, etc.) and in Uganda of RSD 531.131 thousand (primarily within the Projects of Z-027 Jinja road (Uganda National Roads Authority, UNRA): RSD 456.517 thousand, Z-029 Mutundwe (Kampala Capital City Authority): RSD 31.392 thousand, etc., as well as to Energo Uganda Company Ltd, Kampala, Uganda: RSD 31.931 thousand);

- Energoprojekt Hidroinženjering in the amount of RSD 102.234 thousand, based on the received advances primarily within the Projects in Algeria in the amount of RSD 93.078 thousand; etc.

• **Deposits received abroad** in the amount of RSD 2.181 thousand relate entirely to the Energoprojekt Niskogradnja Company, primarily based on the deposits received for the rent of apartments in the Cruz del Sur Building in Peru in the amount of RSD 1.860 thousand.

42. LIABILITIES FROM OPERATIONS

Structure of liabilities from operations	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Trade payables - other foreign related parties	4,618	80,640
Trade payables - domestic	1,649,037	956,588
Trade payables - foreign	2,155,986	1,957,216
Other operating liabilities	18,264	7,591
TOTAL	3,827,905	3,002,035

• **Trade payables – other foreign related parties** in the amount of RSD 4.618 thousand relate to the liabilities of the Energoprojekt Oprema Company towards Energo Nigeria Ltd., Lagos, Nigeria.

• **Trade payables - domestic** in the amount of RSD 1.649.037 thousand relate predominantly to Energoprojekt Oprema in the amount of RSD 828.788 thousand, to Energoprojekt Niskogradnja in the amount of RSD 482.881 thousand, to Energoprojekt Visokogradnja in the amount of RSD 265.912 thousand, to Energoprojekt Energodata in the amount of RSD 29.341 thousand, to Energoprojekt Holding in the amount of RSD 12.416 thousand and to other Companies of the Energoprojekt Group.

Trade payables domestic in the Energoprojekt Group broken down per Companies with largest liabilities for trade payables as at the balance date are presented in the following table.

Structure of trade payables - domestic	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
<i>Energoprojekt Oprema:</i>		
Feromont Inzenjering	225,660	24,798
Energotehnika Južna Bačka	91,101	18,134
ATB Fod	74,917	29,317
Mont R	45,814	89,209
Termoco Plat	33,528	-
Energomontaža	29,389	27,854
Others	328,379	113,898
Total	828,788	303,210
<i>Energoprojekt Niskogradnja:</i>		
Inter Kop ltd.	6,695	6,395
Evrogradnja	41,868	46,755
OMV Srbija	12,509	62,229
Atlas Copco	108,017	31,134
<i>Tehnometal</i>	17,680	11,738
Sika	15,179	9,568
Telefonkabl Plc.	6,972	
Hidro - baza Plc.	30,153	
West - gradnja Ltd.	48,039	3,188
Dunav Group aggregates Plc.	19,397	16,755
Gemax	38,709	
Others	137,663	205,344
Total	482,881	393,106

• **Trade payables – foreign** in the amount of RSD 2.155.986 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 689.151 thousand, to Energoprojekt Visokogradnja in the amount of RSD 500.684 thousand, to Energoprojekt Entel in the amount of RSD 488.808 thousand, to Energoprojekt Oprema in the amount of RSD 400.994 thousand, to Energoprojekt Hidroinženjering in the amount of RSD 19.503 thousand and to other Companies of the Energoprojekt Group.

Energoprojekt Group Belgrade

Trade payables – foreign are broken down in the following table as per the Companies of the Energoprojekt Group with most significant trade payables' amounts as at the balance date.

Structure of trade payables - foreign	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
<i>Energoprojekt Niskogradnja:</i>		
Termcotank SA	107,805	
Shell ltd	83,996	69,877
Alloy Steel Castings	13,875	
Nitro Chemical (U) LTD	13,205	6,367
Lion Assurance	15,338	8,902
Digital Vision LTD	10,204	9,353
Kaggy Investment LTD	12,157	2,182
Others	95,823	81,610
<i>Total in Uganda</i>	<i>352,403</i>	<i>178,291</i>
Orbenor S.A.C.	9,620	49,189
MLV Contratistas Generales Eirl	10,859	13,740
Iesa s a	139,176	
Petroleos del Peru	15,504	2
Comercial del Acero	39,699	
Johesa	17,016	16,798
G&N Grifos	11,374	8,089
Others	92,450	224,096
<i>Total in Peru</i>	<i>335,698</i>	<i>311,914</i>
<i>Other foreign currency trade payables domestic</i>	<i>1,050</i>	<i>35,004</i>
TOTAL	<i>689,151</i>	<i>525,209</i>
<i>Energoprojekt Visokogradnja:</i>		
Strojgazkonsalting (z-085 Uhta - Russia)	16,255	117,407
Steel Con Makedonija	29,826	18,164
Others	454,603	379,039
TOTAL	<i>500,684</i>	<i>514,610</i>
<i>Energoprojekt Entel:</i>		
Agent Recues Optimum	31,464	7,737
Rent suppliers	101,805	72,140
Cosultants	100,643	112,100
Others	254,896	304,920
TOTAL	<i>488,808</i>	<i>496,897</i>
<i>Energoprojekt Oprema:</i>		
Elwo, Poland	69,876	66,227
Mitas Energy, Turkey	91,481	10,120
Balcke Dur, Poland	86,730	-
CCE, Slovenia	83,469	
Vita Construction, Nigeria	23,951	13,269
Teknoxgroup Swiss	4,342	89,998
Others	41,145	166,144
TOTAL	<i>400,994</i>	<i>345,758</i>

• **Other operating liabilities** in the amount of RSD 18.264 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 11.420 thousand (liabilities for cheques issued to suppliers in Peru to settle trade payables, which were not realized by December 31, 2014) and to Energoprojekt Garant in the amount of RSD 6.495 thousand (liabilities for co-insurance and re-insurance premiums, etc.).

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

43. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	<i>In RSD thousand</i>	
	2014	2013
Liabilities from specific operations - other legal entities	285,287	278,134
Liabilities for salaries, fringe benefits and compensations	1,567,548	1,169,943
Other liabilities:		
a) Liabilities for interest and financing costs	8,253	9,547
b) Liabilities for dividends	132,562	138,011
c) Liabilities to employees	17,730	16,632
d) Liabilities to General Manager, or to Management and Supervisory Boards' members	2,908	2,237
e) Liabilities to physical persons on contractual compensations	5,411	5,415
g) Liabilities for short-term provisions	5,277	13,226
f) Other various liabilities	31,837	9,748
<i>Total</i>	<i>203,978</i>	<i>194,816</i>
GRAND TOTAL	2,056,813	1,642,893

• **Liabilities from specific operations – other legal entities** in the amount of RSD 285.287 thousand relate to Energoprojekt Visokogradnja in the amount of RSD 169.121 thousand (liabilities towards CC Rad based on the works performed in Iraq, and according to the Decision of the Commercial Appellate Court in Belgrade) and to Energoprojekt Entel in the amount of RSD 116.166 thousand (predominantly related to the liability to the partner on Projects of the Energoprojekt Entel Ltd. Company, Doha, Qatar).

• **Liabilities for salaries, fringe benefits and compensations** in the amount of RSD 1.567.548 thousand (liabilities for net salaries and fringe benefits, taxes and contributions, liabilities to Chambers for salaries in the country and abroad, etc.) relate predominantly to Energoprojekt Visokogradnja in the amount of RSD 652.434 thousand (abroad: RSD 498.294 thousand, in the country: RSD 154.140 thousand), to Energoprojekt Entel in the amount of RSD 383.455 thousand, to Energoprojekt Niskogradnja in the amount of RSD 250.751 thousand, to Energoprojekt Hidroinženjering in the amount of RSD 110.929 thousand, to Energoprojekt Oprema in the amount of RSD 76.924 thousand and to other Companies of the Energoprojekt Group.

Increase in liabilities for salaries and fringe benefits in comparison with the previous year relate primarily to Energoprojekt Visokogradnja, since this Company have not paid salaries in the country for the second half of November or for December 2014, a portion of salaries abroad for 2013 and 2014, or the allowances for annual vacation for 2013 and 2014.

- **Liabilities for dividends** in the amount of RSD 132.562 thousand pertain predominantly to Energoplast Company in the amount of RSD 102.800 thousand, to Energoprojekt Holding in the amount of RSD 11.838 thousand (primarily for liabilities for dividends from previous years, which have not been paid to date, due to the lack of accurate information about persons holding shares to which dividends should have been paid), to Energoprojekt Entel in the amount of RSD 10.209 thousand (due to the fact that the shareholders have not yet opened the securities' accounts), to Energoprojekt Oprema in the amount of RSD 3.888 thousand and to other Companies of the Energoprojekt Group.

- **Other various liabilities** in the amount of RSD 31.837 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 12.670 thousand (liabilities to Company's Workers' Union, Social Security Fund for Employees, liabilities towards third persons based on withholding from net employees' salaries for statutory and administrative bans, etc.), to Energoprojekt Visokogradnja in the amount of RSD 12.447 thousand (withholding from salaries for Union fees and charities, alimonies, etc.), and to other Companies of the Energoprojekt Group.

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

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

44.1. Liabilities for Value Added Tax

Liabilities for value added tax	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Liabilities for value added tax	441,603	21,814
TOTAL	441,603	21,814

- **Liabilities for value added tax** in the amount of RSD 441.603 thousand relate to the difference between the calculated tax and input tax, primarily in Energoprojekt Visokogradnja in the amount of RSD 337.922 thousand (predominantly abroad and primarily in Energoprojekt Ghana Ltd., Accra Company amounting to RSD 242.667 thousand), Energoprojekt Oprema in the amount of RSD 67.928 thousand, Energoprojekt Energodata in the amount of RSD 24.726 thousand and to other Companies of the Energoprojekt Group.

44.2. Liabilities for Other Taxes, Contributions and Other Duties

Liabilities for other taxes, contributions and other duties	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Liabilities for income tax	639,240	497,113
Liabilities for other taxes, contributions and other duties	1,007,024	319,300
TOTAL	1,646,264	816,413

• **Liabilities for income tax** in the amount of RSD 639.240 thousand relate primarily to Energoprojekt Entel in the amount of RSD 576.566 thousand, Energoprojekt Niskogradnja in the amount of RSD 51.725 thousand and to other Companies of the Energoprojekt Group.

Liability for income tax in Energoprojekt Entel predominantly and in the amount of RSD 477.526 thousand relate to Energoprojekt Entel Ltd., Doha, Qatar based on the liabilities disclosed in 2011 for the expenses of the Head Office or for the Energoprojekt Entel for the period of 3 years (for 2008, 2009 and 2010) that are not recognized by the local Tax Administration. Namely, the local Tax Administration does not recognize the amount disclosed as costs for services rendered by the Energoprojekt Entel Company over the said period as costs, but is of the opinion that income tax should have additionally been paid on that amount as well. A lawsuit was initiated to resolve this issue and the outcome of this lawsuit is uncertain. The short term deposit with the Doha Bank includes cash earmarked and kept in case of a negative outcome of this lawsuit.

• **Liabilities for other taxes, contributions and other duties** in the amount of RSD 1.007.024 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 799.288 thousand comprising of the following presented most significant amounts:

- Liability for income tax in 2014 in Peru in compliance with the local regulations (due on March 30, 2015) amounting to RSD 438.661 thousand;
- Liability for income tax in 2014 in Uganda in compliance with the local regulations (paid within the legally prescribed deadline, in January 2015) amounting to RSD 137.265 thousand;
- Value added tax based on the tax return for December 2014 in Peru amounting to RSD 159.834 thousand and in Uganda amounting to RSD 59.202 thousand (these liabilities were paid within the legally prescribed deadline, in January 2015), etc.

- Energoprojekt Visokogradnja in the amount of RSD 172.301 thousand, the largest part of which relate to the unpaid liabilities for taxes and contributions for workers abroad;

- Energoprojekt Hidroinženjering in the amount of RSD 15.650 thousand, based on the tax liabilities in Peru and in Jordan; and other liabilities.

The increase in liabilities for other taxes, contributions and other duties in comparison with the previous period was primarily the result of the increase in Energoprojekt Niskogradnja due to the significant taxable income made internationally in 2014 (arbitration procedures were completed for the damage compensation claims in Peru in favour of the Company; and the Company's income was increased in Uganda), and thus of the mandatory tax in the country where work is performed.

44.3. Accruals

Liabilities for other taxes, contributions and other duties	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Accrued expenses:		
a) Accrued expenses - other related parties	30,642	526
b) Accrued expenses - other legal entities	1,106,783	178,270
<i>Total</i>	<i>1,137,425</i>	<i>178,796</i>
Deferred income - other legal entities	102,064	293,513
Other accruals	379,609	137,557
TOTAL	<i>1,619,098</i>	<i>609,866</i>

• **Accrued expenses – other related parties** in the amount of RSD 30.642 thousand were disclosed in Energoprojekt Oprema and these pertain to the accrued expenses to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

• **Accrued expenses – other legal entities** in the amount of RSD 1.106.783 thousand relate predominantly to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 554.777 thousand, of which the amount of RSD 520.380 thousand relate to expenses in Energoprojekt Ghana Ltd., Accra, Ghana. Costs of materials not invoiced by the suppliers were calculated;

- Energoprojekt Niskogradnja in the amount of RSD 501.971 thousand, consisting of the following most significant amounts:

- Calculated costs of subcontracting services for October – December 2014 (Project Lajkovac – Ljig): RSD 180.238 thousand;
- Calculated costs of subcontracting services for December 2014 (Project Pancevo Bridge): RSD 38.841 thousand;
- Calculated costs of subcontracting services for December.2014 (Project Sarani Tunnel): RSD 34.758 thousand;
- Calculated costs of subcontracting services for the previous period (Project Bypass – Strazevica): RSD 5.500 thousand;
- Calculated costs related to the approved arbitration procedures in 2014 which were not invoiced by December 31, 2014 (Projects in Peru): RSD 47.673 thousand;
- Calculated insurance costs for works and property (for Projects in Peru): RSD 33.411 thousand;
- Calculated costs of subcontracting services for 2014 (for Projects in Uganda): RSD 51.561 thousand; and others.

- Energoprojekt Oprema in the amount of RSD 31.625 thousand, based on the calculated costs of the period for Projects TENT Obrenovac, RS Embassy u Abuja and RTB Bor, as well as the calculated costs for invoice that was not delivered by LS Kranov;

- Energoprojekt Hidroinženjering in the amount of RSD 9.057 thousand that relate to the calculated subcontracting costs on the Yarascay Project in Peru; and others.

- **Deferred income – other legal entities** in the amount of RSD 102.064 thousand relate entirely to Energoprojekt Garant based on the transferable premium.

- **Other accruals** in the amount of RSD 379.609 thousand relate predominantly to the following Companies of the Energoprojekt Group:

- Energoprojekt Oprema in the amount of RSD 191.888 thousand based on the collected guaranties for Elwo, Poland: RSD 96.863 thousand, prepaid VAT in invoices issued: RSD 94.977 thousand and for prepaid acquisition costs: RSD 48 thousand;

- Energoprojekt Garant in the amount of RSD 183.138 thousand based on the provisions for damage;

- Energoprojekt Niskogradnja in the amount of RSD 37.346 thousand based on:

- Liabilities for prepaid VAT: RSD 36.293 thousand that were paid within the legally prescribed deadline, in January 2015 (calculated liability for VAT in issued invoices – progress reports for December 2014 that were verified in January 2015: RSD 36.264 thousand and calculated VAT on decommissioning based on the annual inventory count: RSD 29 thousand); and
- Deferred income from the sales and leaseback transaction: RSD 1.053 thousand.

45. OFF BALANCE SHEET ASSETS AND LIABILITIES

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

Structure of off balance sheet assets and liabilities	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Issued and received guarantees, letters of credit and bills of exchange	20,063,736	13,078,864
Construction land use rights	4,670,172	1,129,795
Other off balance sheet assets/liabilities	815,192	452,050
TOTAL	25,549,100	14,660,709

46. MORTGAGES REGISTERED IN FAVOUR OR AGAINST COMPANY

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

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

- In order to secure a credit line approved to the Energoprojekt Niskogradnja Company by the Scotiabank Peru, property was mortgaged for the amount of RSD 997.844 thousand (USD 10.032.239,80) which is 75.66% of the total appraised value of the property mortgaged. Appraisal was performed by an external independent qualified appraiser, “J.R.Z. Valuaciones S.A.C” in Peru, which holds recognized and relevant professional qualifications and recent experience with property locations and categories appraised. This Appraiser was hired by the Scotiabank Peru.

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

<i>Property</i>	<i>Surface area in m²</i>	<i>Book value</i>	<i>Appraised value</i>	<i>Appraised value</i>
		<i>In RSD thousand</i>	<i>In USD</i>	<i>In RSD thousand</i>
Land - Camp Primavera, Sullana, Peru	95.907,47	29,479	5,754,448.20	572,361
Business facilities in 16-18 floors, Lima, Peru	427,73	61,647	1,005,501.73	100,011
Cruz Del Sur Building, Lima, Peru	4.295,38	643,753	6,499,632.37	646,480
Total		734,879	13,259,582.30	1,318,852
Mortgage 75.66%			10,032,239.80	

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

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

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

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

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

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

- As collateral to secure the repayment of loan pursuant to the Annex No. 6 of the Loan Agreement No. 367, in the amount of RSD 16,632 thousand (EUR 137 thousand), granted by the Company to Enjub Ltd, the extrajudicial mortgage for the entire loan amount was registered for apartments in 91A Jurija Gagarina Street, on the second and third floors, Cadastre lot No. 5089/9, Cadastral Municipality of Novi Beograd, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality Novi Beograd, in favour of the Company, and as a collateral to secure the repayment of the loan pursuant to the Annex No. 2 to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 144,895 thousand (EUR 1,198 thousand), there is a lien statement (mortgage was not registered) provided for the real property (apartments and business premises) in 93, 93A and 91A Jurija Gagarina Street.

47. COMMITMENT AND CONTINGENCIES

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

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

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

An overview of lawsuits is presented in the following tables.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
1.	New company	EP Holding Plc. and CC Napred	Ownership title to be determined		Commercial Court in Belgrade	2015	Uncertain, proceedings suspended
2.	EP Holding Plc.	Stari grad Municipality	Ownership claim		1 st Basic Court in Belgrade	2015	Ungrounded
3.	Milan Raonić	EP Holding Plc.	Damage compensation (copyright claim)	35.015.794,75 RSD and 1.000.000,00 RSD	Higher Court in Belgrade	2016	According to the Decision of the Court of first instance, Plaintiff's application was granted. We appealed against such decision.
4.	Sreta Ivanišević	EP Holding Plc.	Compensation for expropriated property (Bežanija)		1 st Basic Court in Belgrade	Uncertain	Uncertain
5.	Vladan and Tomislav Krdžić	EP Holding Plc.	Damage compensation (free shares were not allotted to the Plaintiffs)	444.000,00 RSD	Commercial Court in Belgrade	2015	Unfounded, according to the Decision of the Court of first instance, the application was rejected, Court Decision on Plaintiffs' appeal is pending
6.	Rajko Ljubojević	EP Holding Plc.	Expropriation		1 st Basic Court in Belgrade	2015	Uncertain
7.	Kovačević Pavle, Radmila and Milan	EP Holding Plc.	Compensation for expropriated land (in Block 26)		Administrative Court in Belgrade		According to the Decision of RS MF, appeals against the Decision of the Court of first instance, according to which plaintiffs are entitled to pecuniary compensation for expropriated land, were rejected; we shall initiate an administrative procedure.
8.	EP Holding Plc.	Zekstra Group Ltd.	Damage compensation (roof repair in G. Delceva 38 Street)	7.032,68 EUR	Commercial Court in Belgrade	2015	Claim is well grounded.
9.	EP Holding Plc.	Republic of Serbia, EPS Srbije power co., Epsturs Ltd. and Republic of Montenegro	Determining the ideal ownership share of the Park Hotel in Budva		Basic Court in Niksic	2016	Claim is grounded, upon appeals by the RS and Montenegrin Government, the matter was remitted for reconsideration.
10.	EP Holding Plc.	Ivan Musić	Damage compensation (roof repair in G. Delceva 38 Street)	250,61 EUR	3 rd Basic Court in Belgrade	2015	Justified
11.	EP Holding Plc.	City of Belgrade, RS Land Development Directorate	Debt (Arena)	208.000.245,40 RSD	Commercial Court in Belgrade	2015	Justified

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
12.	Marko Martinoli	EP Holding Plc. and EP Niskogradnja Plc.	Share squeeze-out	638.674,92 RSD	Commercial Court in Belgrade	2015	First instance Court Decision approved Plaintiff's application. We initiated an appeal procedure against this Decision.
13.	Land Development Agency	EP Holding Plc., NIS, Putnik Plc.	Claim for construction land for Hayat	Uncertain	Commercial Court in Belgrade	2016	First instance proceedings is pending – expert assessment
14.	Belim Plc. in liquidation	EP Holding Plc.	Unfounded acquisition	89.393.916,52 RSD	Commercial Court in Belgrade	2015	Uncertain
15.	EP Holding Plc.	BMP Plc.	Share value appraisal		Commercial Court in Belgrade	2015	Justified
16.	Goran Rakić	EP Holding Plc. Kompresor automobili	Ownership title to be determined		2 nd Basic Court in Belgrade	2016	Ungrounded
17.	EP Visokogradnja Plc.	Kosmaj mermer co.	Determination of claims of a creditor with separate satisfaction rights	400.000,00 RSD + interest as of 29.01.1998	Commercial Court in Belgrade	2015	Justified
18.	Kosmaj mermer co.	EP Visokogradnja Plc.	Ungrounded claim of a creditor with separate satisfaction right		Commercial Court in Belgrade	2015	Ungrounded
19.	EP Visokogradnja Plc. Vesna Perinčić	Vesna Perinčić EP Visokogradnja Plc.	Debt	Claim 88.500,00 RSD and counterclaim 250.000,00 RSD	1 st Basic Court in Belgrade	2015	Both the claim and the counterclaim were denied by the court of first instance.
20.	EP Visokogradnja Plc.	Promex TV Zvornik	Debt	667.104,25 RSD	Commercial Court in Belgrade	2015	According to the final court decision, Plaintiff's claim was granted.
21.	Reb Darko	EP Visokogradnja Plc.	Debt	64.740,01 EUR	1 st Basic Court in Belgrade	2015	According to the first instance court decision, Plaintiff's claim was denied.
22.	Milan Branković	EP Visokogradnja Plc.	Annulment of a temporary employment contract	/	1 st Basic Court in Belgrade	2016	Ungrounded, proceedings suspended until completion of lawsuit 17.P1.11640/10 initiated by this Plaintiff against the same Defendant

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
23.	Tubić Aleksandra	EP Visokogradnja Plc.	Damage compensation (damage caused by lightning)	300.000,00 EUR	Basic Court in Herceg Novi	2015	Final court decision on denial of Plaintiff's claim, audit submitted by the Plaintiff
24.	EP Visokogradnja Plc.	Trudbenik gradnja co.	Claim recognized in liquidation procedure	2.767.501,76 RSD	Commercial Court in Belgrade		Uncertain collection of claim
25.	Bomaran ltd.	EP Visokogradnja Plc.	Debt	1.440.900,00 RSD	Commercial Court in Belgrade	2015	Partially justified.
26.	Gajić Slobodan	EP Visokogradnja Plc.	Damage compensation	450.000,00 RSD	Basic Court in Sremska Mitrovica	2015	According to the first instance Court Decision, Plaintiff's claim was partially granted in the amount of RSD 240.000,00 and the remaining part of the claim was denied. Proceedings initiated upon Plaintiff's appeal against such decision is pending.
27.	Đorđe Mikša	EP Visokogradnja Plc.	Contractual fine payment	512.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated an appeal proceedings.
28.	Sladan Pavlović	EP Visokogradnja Plc.	Damage compensation	1.700.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated an appeal proceedings.
29.	EP Visokogradnja Plc.	Cvitan Dragan	Debt	212.067,77 RSD	1 st Basic Court in Belgrade	2015	Justified. Partially collected.
30.	Nataša Milojević	EP Visokogradnja Plc.	Ownership title to be determined	100.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision denied plaintiff's claim.
31.	EP Visokogradnja Plc.	Beton gradnja Ltd.	Debt	271.813,90 RSD	Commercial Court in Belgrade	2015	Justified
32.	EP Visokogradnja Plc.	Alumaks sistemi Ltd.	Damage compensation (block 29)	31.605.600,00 RSD	Commercial Court in Belgrade	2015	Second instance court remitted this matter to first instance court.
33.	EP Visokogradnja Plc.	Veso Romić	Unjustified acquisition	35.301.780,00 RSD	Commercial Court in Belgrade	2015	Justified
34.	EP Visokogradnja Plc.	Beočvor	Dug (Prokop)	290.385.390,00 RSD		2015	Justified, proceedings suspended
35.	EP Visokogradnja Plc.	Jugobanka Plc. in liquidation	Claims registration	5.000.000,00 USD	Commercial Court in Belgrade		Justified, claim recognized in liquidation procedure

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
36.	EP Visokogradnja Plc.	Beobanka Plc. in liquidation	Claims registration	1.031.053,82 USD	Commercial Court in Belgrade		Justified, claim recognized in liquidation procedure
37.	EP Visokogradnja Plc.	Banex trade co. in liquidation	Debt, of the total debt of 800.203,44 GBP only 8.478.580,00 RSD collected		Commercial Court in Belgrade		Justified, partially collected.
38.	EP Visokogradnja Plc.	Belim Plc.	Debt under settlement agreement	612.000,00 USD	Commercial Court in Belgrade	Completed	Justified, debt not yet collected.
39.	EP Visokogradnja Plc.	City of Belgrade, Land Development Agency, RS	Debt (Arena)	208.000.245,40 RSD	Commercial Court in Belgrade	2015	Justified, remitted to court of first instance.
40.	EP Visokogradnja Plc.	JP Železnice, Beočvor	Debt (Prokop)	407.301.020,00 RSD	Commercial Court in Belgrade	2015	Justified, proceedings suspended.
41.	EP Visokogradnja Plc.	Milan Korica	Unpaid shop price	63.611,35 RSD	3 rd Basic Court in Belgrade	2015	Justified
42.	CC Rad in liquidation	EP Visokogradnja Plc., EP Niskogradnja Plc., EP Oprema Plc. and EP Promet Ltd.	Debt, works in Iraq	1.750.000,00 USD	Commercial Court in Belgrade		Final court decision in favour of Plaintiff's claim.
43.	Božo Tomašević	EP Visokogradnja Plc.	Annulment of employment contract termination	140.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated an appeal proceedings, second instance court decision is pending.
44.	Aleksandar Petrović	EP Visokogradnja Plc.	Agreement termination and damage compensation	3.500.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated an appeal proceedings.
45.	Sava Krajinović	EP Visokogradnja Plc.	Unjustified acquisition	269.000,00 RSD	1 st Basic Court in Belgrade	2015	Ungrounded
46.	Ljiljana Damjano	EP Visokogradnja Plc.	Performance and damage compensation	350.000,00 RSD	1 st Basic Court in Belgrade	2015	Ungrounded; first instance Court Decision rendered the claim withdrawn, Plaintiff appealed against the first instance court decision, second instance court decision is pending.
47.	Nenad Dautović	EP Visokogradnja Plc.	Annulment of employment contract termination	/	3 rd Basic Court in Belgrade	2015	Ungrounded

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
48.	SIEN Ltd.	EP Visokogradnja Plc.	Debt, SMIP	438.530,00 RSD	Commercial Court in Belgrade		Partially justified, proceedings suspended due to Plaintiff's liquidation.
49.	Residential building in B.M.Pupina 10e	EP Visokogradnja Plc.	Unjustified acquisition	2.000.000,00 RSD	1 st Basic Court in Belgrade		Ungrounded, proceedings suspended.
50.	Kombit	EP Visokogradnja Plc.	Debt (Prokop)	1.269.860,00 RSD	Commercial Court in Belgrade		Partially collected, approximately RSD 160.000,00 proceedings to collect the remaining debt suspended.
51.	Milorad Vasić	EP Visokogradnja Plc.	Damage compensation (block 12)	31.235.250,00 RSD	Higher Court in Belgrade	2015	Partially grounded, hearing before the Court of Appeal in Belgrade – expert opinion to be amended.
52.	EP Visokogradnja Plc.	Siniša and Dragan Romić	Contesting of share transfer agreement		Commercial Court in Belgrade	2016	Justified
53.	Kojić Milan	EP Visokogradnja Plc.	Debt - salaries	1.130,00 EUR	1 st Basic Court in Belgrade	2015	Ungrounded
54.	EP Visokogradnja Plc.	Farmakom MB Ltd. in liquidation	Debt	1.340.520,00 RSD	Commercial Court in Valjevo	2015	Claim recognized in liquidation procedure.
55.	EP Visokogradnja Plc.	LP Gas Ltd.	Debt	1.644.012,60 RSD	Commercial Court in Belgrade	2015	Uncertain
56.	Drago Stupar and others	EP Visokogradnja Plc.	Land ownership title		Basic Court in Herceg Novi	2015	Upon our appeal, lawsuit was remitted for repeat proceedings.
57.	Dušan Petrović, Vladimir Glišović and EGP Investments	EP Visokogradnja Plc.	Share appraisal		Commercial Court in Belgrade	2015	Uncertain
58.	Saša Bošković	EP Visokogradnja Plc.	Share appraisal		Commercial Court in Belgrade	2015	Uncertain

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
59.	Husein Smailović	EP Visokogradnja Plc.	Adjustment of monthly rent for damage compensation	59.000,00 RSD monthly as of January 2010	1 st Basic Court	2015	Uncertain. Partially grounded.
60.	Naim Hajdari	EP Visokogradnja Plc.	Monthly rent for damage compensation	15.000,00 RSD monthly as of January 21, 1989	1 st Basic Court in Belgrade	2015	Ungrounded
61.	Radosavljević Velibor	EP Visokogradnja Plc.	Annulment of employment contract termination		3 rd Basic Court in Belgrade	2015	Ungrounded
62.	EGP Investments	EP Visokogradnja Plc.	Share appraisal		Commercial Court in Belgrade	2015	Uncertain
63.	Ostojić Dragomir, Đurić Milorad and Jorgić broker Plc.	EP Visokogradnja Plc.	Share appraisal		Commercial Court in Belgrade	2015	Uncertain
64.	EP Visokogradnja Plc.	Republic of Serbia	Agreement validation (Voždovac)		Higher Court in Belgrade	2015	First instance court decision granted Plaintiff's claim. Appeal proceedings initiated by the Defendant.
65.	EP Visokogradnja Plc.	PIK Zemun in restructuring procedure	Debt	33.705,46 RSD	Commercial Court in Belgrade	2015	Justified, enforced collection suspended due to the debtor's restructuring.
66.	EP Visokogradnja Plc.	Construction firm Krstić owned by Krstić Radomir	Debt	115.776,00 RSD with accrued interest	Commercial Court in Belgrade	2015	Justified, enforced collection in progress.
67.	EP Visokogradnja Plc.	Kvirin firm owned by Tanasković Milan	Debt	31.642,40 RSD	Commercial Court in Belgrade	2015	Justified, enforced collection in progress.
68.	PUC Vodovod i kanalizacija	EP Visokogradnja Plc.	Debt	1.422.675,28 RSD	Commercial Court in Belgrade	2015	Uncertain
69.	Dragan Petrović	EP Visokogradnja Plc.	Annulment of employment contract termination		3 rd Basic Court in Belgrade	2016	Uncertain.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
70.	Pension and Invalidation Insurance Fund	Kolex co. and EP Visokogradnja Plc.	Court should determine whether the Agreement is null and void or not		Higher Court in Belgrade	2015	Uncertain
71.	Zorica Grujić Kiš and Zlatica Mažibrada	EP Visokogradnja Plc., RS, Municipality of Novi Beograd and the City of Belgrade	Ownership right over construction land (Block 22)		3 rd Basic Court in Belgrade	2015	Uncertain
73.	EP Visokogradnja Plc.	Serbian Shooting Sport Federation	Debt	70.803,28 RSD			Claim obsolete.
73.	Milan Raonić	EP Urbanizam i arhitektura Plc.	Annual vacation benefits and salary differences	322.688,89 RSD	Appellate Court in Belgrade	Uncertain	First instance court decision dismissed Plaintiff's claim. Appeal proceedings pending.
74.	Novica Veljković	EP Urbanizam i arhitektura Plc.	Annulment of Annex III of the employment contract	88.426,53 RSD with accrued interest	3 rd Basic Court in Belgrade	Uncertain	Outcome uncertain. Proceedings suspended.
75.	Novica Veljković	EP Urbanizam i arhitektura Plc.	Annulment of the Annex IV of the employment contract	17.000,00 RSD	3 rd Basic Court in Belgrade	Uncertain	Part of the claim was finally dismissed by the court, the rest is pending.
76.	Miroslav Stefanović	EP Urbanizam i arhitektura Plc.	Salary differences	33.995,00 RSD	3 rd Basic Court in Belgrade	Uncertain	Part of the Court Decision upheld, and the part concerning interest was remitted to first instance court.
77.	EP Urbanizam i arhitektura Plc.	Miodrag Cvijić	Debt	1.523.072,42 RSD	3 rd Basic Court in Belgrade	Uncertain	Justified, enforced collection in progress.
78.	Tamara Vukadinović	EP Urbanizam i arhitektura Plc.	Annulment of employment contract termination	50.000,00 RSD	3 rd Basic Court in Belgrade	Uncertain	Uncertain
79.	Jelena Davidović	EP Urbanizam i arhitektura Plc.	Annulment of employment contract termination	87.666,66 RSD	3 rd Basic Court in Belgrade	Uncertain	Uncertain
80.	Katarina Cvejić	EP Urbanizam i arhitektura Plc.	Payment of fees based on contract on temporary service		3 rd Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated an appeal proceedings.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
81.	Vladimir Marković	EP Urbanizam i arhitektura Plc.	Payment of FX salary	10.147,80 USD	Higher Court in Belgrade	Uncertain	First instance court decision granted plaintiff's claim. Appeal proceedings pending.
82.	EP Oprema Plc.	Graditelj Leskovac co.	Contracted services	71.129.042,82 RSD	Commercial Court, Leskovac	Completed	Justified, collection difficult, due to debtor's bankruptcy.
83.	EP Oprema Plc. and EP Holding Plc.	Municipality of Medveđa	Refund of given	120.000.000,00 RSD	Commercial Court, Leskovac	Uncertain	Uncertain
84.	EP Oprema Plc.	DGP Zlatibor	Debt for works performed	42.000.000,00 RSD	Commercial Court in Belgrade	Completed	Justified, collection difficult, due to debtor's bankruptcy.
85.	EP Oprema Plc.	Serbian Clinical Centre	Debt for works performed	255.544,13 EUR	Commercial Court in Belgrade	2015	Justified. We initiated an appeal proceedings.
86.	EP Oprema Plc.	Serbian Clinical Centre	Damage compensation	1.559,000,00 EUR	Commercial Court in Belgrade	2015	Justified First instance court proceedings in progress
87.	EP Oprema Plc.	Nemanja Ivović	Unfounded acquisition	64.600,50 RSD	1 st Basic Court in Belgrade	2015	Justified. First instance court decision granted plaintiff's claim. Court decision shall soon be final.
88.	Vodovod Leskovac	EP Oprema Plc.	Agreement termination	92.000.000,00 RSD	Commercial Court, Leskovac	2016	Partially grounded claim
89.	EP Oprema Plc.	Beogradska arena	Damage compensation	4.817.705,00 RSD	Commercial Court, Leskovac	2015	Justified
90.	Tekić Siniša	EP Oprema Plc.	Damage compensation	160.254,00 RSD	1 st Basic Court in Belgrade	2015	Ungrounded
91.	Stanojković Milorad	EP Oprema Plc. and PC Elektromreže	Damage compensation	10.000,00 RSD	Basic Court in Vranje	2015	Partially grounded. We initiated an appeal proceedings.
92.	Marinković Staniša	EP Oprema Plc. - intervenor	Damage compensation	304.000,00 RSD	Basic Court in Vranje	2015	Partially grounded First instance court proceedings in progress
93.	Stanojlović Čedomir	EP Oprema Plc. - intervenor	Damage compensation	261.000,00 RSD	Basic Court, Vranje	2015	Partially grounded First instance court proceedings in progress

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
94.	Ristić Čedomir	EP Oprema Plc .- intervenor	Damage compensation	63.000,00 RSD	Basic Court, Vranje	2015	Partially grounded. We initiated an appeal proceedings.
95.	Milan Ilić and Nenad Babić	EP Oprema Plc.	Injury at work	4.200.000,00 RSD	1 st Basic Court in Belgrade	2015	Partially grounded First instance Court Decision in favour of EPO – Plaintiffs' claim denied; Plaintiffs appealed against the Decision; First instance Court Decision partially cancelled, matter remitted to first instance court.
96.	Milan Cvetković	EP Oprema Plc. PC Elektromreže Srbije	Damage compensation	1.328.270,00 RSD	Basic Court	2015	Partially grounded
97.	Novica Ćirković	EP Oprema Plc. PC Elektromreže Srbije	Damage compensation	100.000,00 RSD	Basic Court	2015	Partially grounded
98.	Stamenković Ivan	PC EMS EP Oprema Plc.	Private nuisance		2 nd Basic Court	2015	Ungrounded
99.	EP Oprema Plc.	TENT Ltd.	Receivables for works completed	1.729.125,66 EUR	Commercial Court	2015	Collected
100.	EP Oprema Plc.	Construction Company Rad in liquidation	Debt	1.100.000,00 USD	Commercial Court		Debt amount determined in liquidation procedure.
101.	Construction Company Rad in liquidation	EP Visokogradnja Plc., EP Niskogradnja Plc. EP Oprema Plc. EP Promet Ltd.	Receivables for works completed in Iraq	1.700.000,00 USD	Commercial Court	2015	Final court decision in favour of the plaintiff.
102.	Republic Fund for Pension and Invalidity Insurance, Branch Office in Belgrade	EP Niskogradnja Plc.	Recourse claim	419.600,10 RSD	Commercial Court in Belgrade	Uncertain, suspended until completion of criminal proceedings	Uncertain
103.	Dunav Insurance Company Ltd.	Dragi Nikolić EP Niskogradnja Plc.	Counterclaim for damage compensation	2.500.000,00 RSD	Commercial Court in Belgrade	2015	First instance Court Decision granted Plaintiff's claim, second instance court decision is pending.
104.	Aleksandar Babić and others	EP Niskogradnja Plc.	Bonus payment	40.906,00 EUR	3 rd Basic Court in Belgrade	2015	Ungrounded
105.	Gordana and Veselin Medenica	EP Niskogradnja Plc.	Damage compensation – injury at work	3.200.000,00 RSD	3 rd Basic Court in Belgrade	2015	Uncertain

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
106.	Milko Tadić	EP Niskogradnja Plc.	Annulment of Decision on termination of Employment Contract		3 rd Basic Court in Belgrade	2015	Ungrounded
107.	Bosna putevi Sarajevo	EP Niskogradnja Plc.	Debt, trip to Yemen	17.604.299,00 USD	Commercial Court in Belgrade	2016	Ungrounded
108.	Vladimir Marinković	EP Niskogradnja Plc.	Overtime work in Peru	5.552,84 USD	3 rd Basic Court in Belgrade	2015	Ungrounded
109.	Jovan Čvokić and others	EP Niskogradnja Plc.	Bonus payment	20.145,11 EUR	3 rd Basic Court in Belgrade	2015	Ungrounded
110.	Tanić Dušan	EP Niskogradnja Plc.	Annulment of Decision on salary amount		3 rd Basic Court in Belgrade	2015	Ungrounded
111.	EP Niskogradnja Plc.	Internacional CG in restructuring procedure	Debt	182.056,00 RSD	Commercial Court in Belgrade	2015	Justified
112.	Bosnian Canton Privatization Agency Sarajevo	EP Niskogradnja Plc. Bosna putevi Plc.	Determination of ownership rights over Bosnaputevi claims against EP Niskogradnja Plc.	17.604.299,00 USD	Municipal Court, Sarajevo	2015	Ungrounded
113.	Dragan Kuveljić	EP Niskogradnja Plc.	Share price appraisal		Commercial Court, Belgrade	2015	Uncertain
114.	Angelina and Dejan Lukić	EP Niskogradnja Plc.	Damage compensation	2.000.000,00 RSD	1 st Basic Court in Belgrade	2015	Ungrounded
115.	EP Niskogradnja Plc. Intermost Ltd. in liquidation	Intermost Ltd. in liquidation EP Niskogradnja Plc.	Debt (Novi Sad)	378.685.160,00 RSD 189.827.985,00 RSD	Commercial Court, Belgrade	2016	Claim by EP Niskogradnja Plc. is grounded, remitted to the first instance court upon appeal filed by the Intermost Ltd.
116.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Guarantees for regular repayment of advance payment	7.000.000,00 KM	Municipal Court, Sarajevo	Uncertain	Justified
117.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Performance bond	3.500.000,00 KM	Municipal Court, Sarajevo	Uncertain	Justified
118.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Guarantees for regular repayment of advance payment	4.000.000,00 KM	Municipal Court, Sarajevo	Uncertain	Justified

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
119.	EP Niskogradnja Plc.	JIK Bank Plc. in liquidation	Registration of claims	218.000,00 USD	Commercial Court, Belgrade	Uncertain	Justified
120.	EP Niskogradnja Plc.	Jugobanka Plc. branch office in New York	Registration of claims	455.877,88 USD 12.060.320,00 RSD	Commercial Court, Belgrade	Uncertain	Justified
121.	EP Niskogradnja Plc.	Beogradska bank Plc. in liquidation	Registration of claims	4.546,10 USD 16.278.517,00 RSD	Commercial Court, Belgrade	Uncertain	Justified
122.	Simić Ljubiša	PC Putevi Srbije and EP Niskogradnja Plc.	Damage compensation	4.598,80 EUR	1 st Basic Court in Belgrade	2015	Ungrounded
123.	Sent Andrea Ltd.	EP Niskogradnja Plc.	Damage compensation – profit lost due to agreement termination	2.912.451,60 RSD	Commercial Court	2015	Claim is considered to be withdrawn.
124.	Milijan Mitrović	EP Niskogradnja Plc.	Private nuisance		Basic Court, Ub	2016	Ungrounded
125.	Milijan Mitrović	EP Niskogradnja Plc.	Damage compensation for completed works	50.000,00 RSD	Basic Court, Ub	2016	Ungrounded
126.	Dunav Insurance Company Ltd.	PC Putevi Srbije EP Niskogradnja Plc. - intervenor	Damage compensation	170.536,00 RSD	Commercial Court	2015	Uncertain
127.	Strajnić Nenad	JP Putevi Srbije EP Niskogradnja Plc. - intervenor	Damage compensation	183.928,48 RSD	Basic Court, Novi Sad	2015	Uncertain
128.	Marko Martinoli	EP Niskogradnja Plc.	Payment of difference in shares' prices	638.674,92 RSD	Commercial Court	2015	Uncertain. First instance Court Decision granted Plaintiff's claim.
129.	Milanka Bančić	EP Industrija Plc.	Annulment of decision on allocation of solidarity fund apartments		1 st Basic Court in Belgrade, 9-P1-4419/10	2015	First instance Court Decision against Plaintiff's claim.
130.	Milanka Bančić	EP Industrija Plc.	Purchase of solidarity fund apartment - non-litigious procedure		3 rd Basic Court in Belgrade, 8-R1-948/10	2015	First instance Court Decision against Plaintiff's claim.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
131.	Marko Martinoli	EP Industrija Plc.	Annulment of Assembly Decision		Commercial Court in Belgrade, 29-P-5056/2012	2015	Uncertain
132.	EP Industrija Plc.	Jugoremedija Plc. – in liquidation	Liquidation procedure- registration of claims	321.416,18 EUR registered claim	Commercial Court, Zrenjanin, St-300/2012		Uncertain
133.	EP Industrija Plc.	Jugoremedija Plc. – in liquidation	Determining of claim amount	19.146.240,15 RSD	Commercial Court, Zrenjanin	2015	Uncertain
134.	Marko Martinoli	EP Entel Plc.	Annulment of an individual financial statement		Commercial Court	Uncertain	Uncertain
135.	EP Energodata Plc.	Šipad komerc in liquidation	Unpaid claims	258.586,20 RSD + interest	Commercial Court	Lawsuit won, final court enforcement order against the defendant, liquidation procedure initiated	Uncertain amount to be collected
136.	S.Stojić	EP Hidroinženjering Plc.	Claims for unpaid salaries earned abroad	6.466 USD or 482.865 RSD	1 st Basic Court in Belgrade	Lawsuit initiated by the appeal of the plaintiff S.Stojic, to be completed in 2015	Positive
137.	M. Đorđević	EP Hidroinženjering Plc.	Annulment of Annex to Employment Contract determining the minimum salary amount	No pecuniary claim has been made	1 st Basic Court in Belgrade	First instance court decision in favour of the Company. Appeal was filed. To be completed in 2015	Positive
138.	P. Stanišić and J. Blagojević	EP Hidroinženjering Plc.	Annulment of Decision of Housing Committee	Not a pecuniary claim	1 st Basic Court in Belgrade	First instance Court Decision by the end of 2015	Uncertain

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
139.	M.Bojić	EP Hidroinženjering Plc.	Unpaid salary earned abroad and unpaid subsistence allowance	8.340 USD or 622.811 RSD	1 st Basic Court in Belgrade	First instance Court Decision in favour of the Company, but appeal was filed. To be completed in 2015	Uncertain
140.	EP Hidroinženjering Plc.	RIKO Ljubljana Slovenia	Unpaid invoices	159.425,89 EUR	District Court, Ljubljana Slovenia	Uncertain	Uncertain

48. POST BALANCE SHEET EVENTS

- Pursuant to the Decision dated December 6, 2013 passed in the Energoprojekt Niskogradnja Plc. Beograd Assembly, the Energoprojekt Holding Plc. Company, as the majority shareholder of the Energoprojekt Niskogradnja Plc. Company, conducted the compulsory redemption of shares of this Issuer, in compliance with the procedure laid down in the Law on Companies.

The minority shareholders were paid RSD 1.563,08 per share, in compliance with the valuation performed by a certified appraiser.

A number of minority shareholders of the Energoprojekt Niskogradnja Plc. Company contested the price per share paid and asked the Court to determine the value of shares in an out-of-court procedure.

The Commercial Court in Belgrade, before which the out-of-court procedure was conducted, ordered expert valuation and determined that the price per individual share of the Energoprojekt Niskogradnja Plc. is to amount to RSD 2.769,55.

Upon appeal submitted by the Energoprojekt Holding Plc., the Appellate Commercial Court confirmed the Decision of the Commercial Court in Belgrade.

Based on the said Court Decision, the shareholders are entitled to require the difference in the prices of shares to be paid to them together with the legally prescribed default interest.

- In the beginning of January 2015, the receivable amounting to RSD 129.710 thousand was collected by the Energoprojekt Energodata Company from the Credit Agricole Srbija Plc. Bank (Note 30). The entire amount collected was used primarily to partially pay back the long-term loan granted by the Alpha Bank (Note 39.1.), owing to which the outstanding debt based on this loan was reduced from EUR 1.294 thousand which was the outstanding debt balance as at December 31, 2014 to EUR 411 thousand as at January 13, 2015.

- Other than the above stated, there were no events after the balance sheet date that could have any significant effect on the credibility of the financial statements.

In Belgrade,
On April 24, 2015

Legal Representative of the Company



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

2. INDEPENDENT AUDITOR'S REPORT (complete report)

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ENERGOPROJEKT HOLDING a.d. BELGRADE

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

Management's Responsibility for the Consolidated Financial Statements

Management of Sistem Energoprojekt is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

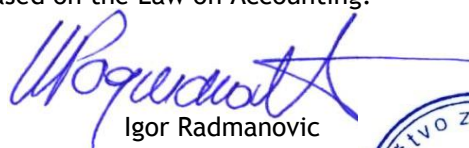
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,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

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

Opinion

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

Belgrade, 24 April 2015


Igor Radmanovic
Certified Auditor



BALANCE SHEET
as at 31.12.2014.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2013.	Opening balance on 01.01.2013.
1	2	3	4	5	6	7
	ASSETS					
00	A. SUBSCRIBED CAPITAL UNPAID	0001		-	-	-
	B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)	0002		16,923,399	11,432,524	-
01	I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003		68,424	60,677	-
010 & part 019	1. Investments in development	0004		4,533	-	-
011, 012 & part 019	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005		61,747	43,969	-
013 & part 019	3. Goodwill	0006		-	-	-
014 & part 019	4. Other intangible assets	0007		-	-	-
015 & part 019	5. Intangible assets in progress	0008		2,144	16,388	-
016 & part 019	6. Advances paid on intangible assets	0009		-	320	-
02	II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		14,966,881	9,735,869	-
020, 021 & part 029	1. Land	0011		708,702	707,413	-
022 & part 029	2. Buildings	0012		7,380,489	3,376,044	-
023 & part 029	3. Plant and equipment	0013		3,873,436	3,142,708	-
024 & part 029	4. Investment property	0014		2,719,164	2,378,653	-
025 & part 029	5. Other property, plant and equipment	0015		139,456	3,494	-
026 & part 029	6. Property, plant and equipment in progress	0016		77,775	54,132	-
027 & part 029	7. Investments in property, plant and equipment, not owned	0017		22,258	30,206	-
028 & part 029	8. Advances paid on property, plant and equipment	0018		45,601	43,219	-
03	III. NATURAL ASSETS (0020+0021+0022+0023)	0019		-	-	-
030, 031 & part 039	1. Forests and growing crops	0020		-	-	-
032 & part 039	2. Livestock	0021		-	-	-
037 & part 039	3. Natural assets in progress	0022		-	-	-
038 & part 039	4. Advances paid for natural assets	0023		-	-	-
04, excl. 047	IV. LONG TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		1,113,776	1,078,705	-
040 & part 049	1. Shares in subsidiaries	0025		-	-	-
041 & part 049	2. Shares in affiliated companies and joint ventures	0026		849,665	742,299	-
042 & part 049	3. Shares in other companies and other available for sale securities	0027		33,750	82,419	-
part 043, part 044 & part 049	4. Long term investments in parent companies and subsidiaries	0028		-	-	-
part 043, part 044 & part 049	5. Long term investments in other affiliated companies	0029		-	-	-
part 045 & part 049	6. Long term investments, domestic	0030		-	-	-
part 045 & part 049	7. Long term investments, foreign countries	0031		-	-	-
046 & part 049	8. Securities held to maturity	0032		9,178	48,542	-
048 & part 049	9. Other long term financial investments	0033		221,183	205,445	-
05	V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		774,318	557,273	-
050 & part 059	1. Receivables from parent company and subsidiaries	0035		-	-	-
051 & part 059	2. Receivables from other affiliated companies	0036		129,684	145,543	-
052 & part 059	3. Receivables from credit sales	0037		-	-	-
053 & part 059	4. Receivables from financial leasing contracts	0038		-	-	-
054 & part 059	5. Receivables from pledged assets	0039		-	-	-
055 & part 059	6. Bad debts and uncollectible claims	0040		-	-	-
056 & part 059	7. Other long term receivables	0041		644,634	411,730	-
288	C. DEFERRED TAX ASSETS	0042		-	-	-
	D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		22,977,675	17,332,520	-
Class 1	I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044		4,387,289	3,631,722	-
10	1. Material, parts, tools and small inventories	0045		1,206,668	1,146,045	-
11	2. Work and services in progress	0046		1,294,624	1,272,555	-
12	3. Finished products	0047		159,845	166,217	-
13	4. Goods	0048		75,988	269,609	-
14	5. Fixed assets for sale	0049		54,150	62,983	-
15	6. Advances paid for inventories and services	0050		1,596,014	714,313	-
20	II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051		11,135,285	6,515,781	-
200 & part 209	1. Local buyers - parent company and subsidiaries	0052		-	-	-
201 & part 209	2. Foreign buyers - parent company and subsidiaries	0053		-	-	-
202 & part 209	3. Local buyers - other affiliated companies	0054		2,138	1,372	-
203 & part 209	4. Foreign buyers - other affiliated companies	0055		566,150	279,196	-
204 & part 209	5. Local buyers	0056		3,012,665	1,492,387	-
205 & part 209	6. Foreign buyers	0057		7,554,332	4,742,826	-
206 & part 209	7. Other receivables from sales	0058		-	-	-
21	III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059		35,525	24,545	-
22	IV. OTHER RECEIVABLES	0060		344,184	495,327	-
236	V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061		184,095	-	-
23 excl. 236 & 237	VI. SHORT TERM FINANCIAL INVESTMENTS (0063+0064+0065+0066+0067)	0062		1,399,148	1,908,434	-
230 & part 239	1. Short term loans and investments - parent company and subsidiaries	0063		-	-	-
231 & part 239	2. Short term loans and investments - other affiliated companies	0064		161,527	153,094	-
232 & part 239	3. Short term credits and loans, domestic	0065		729	536	-
233 & part 239	4. Short term credits and loans, foreign countries	0066		968	917	-
234, 235, 238 & part 239	5. Other short term financial investments	0067		1,235,924	1,753,887	-
24	VII. CASH AND CASH EQUIVALENTS	0068		3,099,258	3,085,871	-
27	VIII. VALUE ADDED TAX	0069		80,225	29,982	-
28 excl. 288	IX. PREPAYMENTS AND ACCRUED INCOME	0070		2,312,666	1,640,858	-
	E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071		39,901,074	28,765,044	-
88	F. OFF-BALANCE SHEET ASSETS	0072		25,549,100	14,660,709	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2013.	Opening balance on 01.01.2013.
1	2	3	4	5	6	7
	LIABILITIES					
	A. CAPITAL (0402+0411-0412+0413+0414+0415+0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401		17,999,397	13,427,596	-
30	I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402		5,893,998	5,894,281	-
300	1. Share capital	0403		5,574,959	5,574,959	-
301	2. Shares of limited liability companies	0404		-	-	-
302	3. Investments	0405		-	-	-
303	4. State owned capital	0406		-	-	-
304	5. Socially owned capital	0407		-	-	-
305	6. Shares of cooperatives	0408		-	-	-
306	7. Issuing premium	0409		237,014	237,014	-
309	8. Other share capital	0410		82,025	82,308	-
31	II. SUBSCRIBED CAPITAL UNPAID	0411		-	-	-
047 & 237	III. TREASURY SHARES REPURCHASED	0412		-	-	-
32	IV. RESERVES	0413		374,453	374,266	-
330	V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414		5,788,138	2,194,086	-
33 excl. 330	VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415		415,520	78,693	-
33 excl. 330	VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416		41,501	31,423	-
34	VIII. RETAINED EARNINGS (0418+0419)	0417		5,402,867	4,635,242	-
340	1. Retained earnings from previous years	0418		4,373,835	4,175,075	-
341	2. Retained earnings from current year	0419		1,029,032	460,167	-
	IX. NON-CONTROLLING INTEREST	0420		165,922	282,451	-
35	X. LOSSES (0422+0423)	0421		-	-	-
350	1. Losses from previous years	0422		-	-	-
351	2. Losses from current year	0423		-	-	-
	B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		4,218,314	2,539,748	-
40	I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		1,096,129	1,249,294	-
400	1. Provisions for warranty costs	0426		454,572	565,215	-
401	2. Provisions for recovery of natural resources	0427		-	-	-
403	3. Provisions for restructuring costs	0428		-	-	-
404	4. Provisions for wages and other employee benefits	0429		282,730	300,373	-
405	5. Provisions for legal expenses	0430		-	-	-
402 & 409	6. Other long term provisions	0431		358,827	383,706	-
41	II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		3,122,185	1,290,454	-
410	1. Liabilities convertible into capital	0433		-	-	-
411	2. Liabilities to parent company and subsidiaries	0434		-	-	-
412	3. Liabilities to other affiliated companies	0435		-	-	-
413	4. Liabilities for issued securities for more than one year	0436		-	-	-
414	5. Long term credits and loans, domestic	0437		330,930	273,444	-
415	6. Long term credits and loans, foreign countries	0438		205,529	184,180	-
416	7. Long term liabilities from financial leasing	0439		188,398	219,107	-
419	8. Other long term liabilities	0440		2,397,328	613,723	-
498	C. DEFERRED TAX LIABILITIES	0441		788,539	140,594	-
42 to 49 (excl. 498)	D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		16,894,824	12,657,106	-
42	I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		3,574,310	3,540,032	-
420	1. Short term loans from parent company and subsidiaries	0444		-	-	-
421	2. Short term loans from other affiliated companies	0445		-	-	-
422	3. Short term credits and loans, domestic	0446		2,234,056	2,091,065	-
423	4. Short term credits and loans, foreign countries	0447		757,701	408,988	-
427	5. Liabilities from fixed assets and assets from discontinued operations available for sale	0448		-	-	-
424,425,426 & 429	6. Other short term financial liabilities	0449		582,553	1,039,979	-
430	II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450		3,728,831	3,024,053	-
43 excl. 430	III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451		3,827,905	3,002,035	-
431	1. Suppliers - parent company and subsidiaries, local	0452		-	-	-
432	2. Suppliers - parent company and subsidiaries, foreign countries	0453		-	-	-
433	3. Suppliers - other affiliated companies, local	0454		-	-	-
434	4. Suppliers - other affiliated companies, foreign countries	0455		4,618	80,640	-
435	5. Suppliers, local	0456		1,649,037	956,588	-
436	6. Suppliers, foreign countries	0457		2,155,986	1,957,216	-
439	7. Other operating liabilities	0458		18,264	7,591	-
44, 45 & 46	IV. OTHER SHORT TERM LIABILITIES	0459		2,056,813	1,642,893	-
47	V. VALUE ADDED TAX	0460		441,603	21,814	-
48	VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461		1,646,264	816,413	-
49 excl. 498	VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462		1,619,098	609,866	-
	D. LOSSES EXCEEDING CAPITAL (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402) ≥ 0 = (0441+0424+0442-0071) ≥ 0	0463		-	-	-
	E. TOTAL LIABILITIES (0424+0442+0441+0401-0463) ≥ 0	0464		39,901,074	28,765,044	-
89	F. OFF-BALANCE LIABILITIES	0465		25,549,100	14,660,709	-

Belgrade,

Date: 24.04.2015.



Legal Representative of the Company

INCOME STATEMENT
from 01.01. until 31.12.2014.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
	A. INCOME FROM NORMAL ACTIVITIES				
60 to 65, excl. 62 & 63	A. OPERATING INCOME (1002+1009+1016+1017)	1001		33,832,266	22,247,208
60	I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002		142,773	269,871
600	1. Income from sale of goods to parent company and subsidiaries on local market	1003		-	-
601	2. Income from sale of goods to parent company and subsidiaries on foreign markets	1004		-	-
602	3. Income from sale of goods to other affiliated companies on local market	1005		-	-
603	4. Income from sale of goods to other affiliated companies on foreign markets	1006		4,648	5,354
604	5. Income from sale of goods on local market	1007		64,579	92,720
605	6. Income from sale of goods on foreign markets	1008		73,546	171,797
61	II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		33,470,855	21,685,919
610	1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010		-	-
611	2. Income from sale of finished products and services to parent company and subsidiaries on foreign markets	1011		-	-
612	3. Income from sale of finished products and services to other affiliated companies on local market	1012		580	1,141
613	4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013		1,689,732	1,660,879
614	5. Income from sale of finished products and services on local market	1014		8,950,536	4,746,555
615	6. Income from sale of finished products and services on foreign markets	1015		22,830,007	15,277,344
64	III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016		50	1,533
65	IV. OTHER OPERATING INCOME	1017		218,588	289,885
	B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029) ≥ 0	1018		32,753,077	21,969,112
55 to 55, 62 & 63	I. COST PRICE OF GOODS SOLD	1019		135,339	253,607
62	II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020		49,389	71,511
630	III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021		119,515	162,544
631	IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022		102,352	72,072
51 excl. 513	V. MATERIAL COSTS	1023		9,320,069	5,145,264
513	VI. FUEL AND ENERGY COSTS	1024		1,478,507	1,353,641
52	VII. EMPLOYEE EXPENSES AND BENEFITS	1025		9,862,763	7,888,157
53	VIII. PRODUCTION SERVICE COSTS	1026		8,439,897	5,438,637
540	IX. DEPRECIATION EXPENSES	1027		656,518	534,148
541 to 549	X. PROVISION EXPENSES	1028		219,932	69,521
55	XI. INTANGIBLE EXPENSES	1029		2,706,604	1,448,120
	C. OPERATING INCOME (1001-1018) ≥ 0	1030		1,079,189	278,096
	D. OPERATING LOSSES (1018-1001) ≥ 0	1031		-	-
66	E. FINANCIAL REVENUES (1033+1038+1039)	1032		2,534,584	938,236
66, excl. 662, 663 & 664	I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033		340,661	185,052
660	1. Financial income from parent company and subsidiaries	1034		-	-
661	2. Financial income from other affiliated companies	1035		57,852	11,399
665	3. Share of profits in associated companies and joint ventures	1036		133,668	99,291
669	4. Other financial revenues	1037		149,141	74,362
662	II. INTEREST INCOME (THIRD PARTY)	1038		293,789	105,323
663 & 664	III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039		1,900,134	647,861
56	F. FINANCIAL EXPENSES (1041+1046+1047)	1040		2,430,316	945,003
56, excl. 562, 563 & 564	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041		45,110	28,492
560	1. Financial expenses from transactions with parent company and subsidiaries	1042		-	-
561	2. Financial expenses from transactions with other affiliated companies	1043		5,522	-
565	3. Share of losses in affiliated companies and joint ventures	1044		38,847	27,380
566 & 569	4. Other financial expenditure	1045		741	1,112
562	II. INTEREST EXPENSES (THIRD PARTY)	1046		333,696	270,630
563 & 564	III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047		2,051,510	645,881
	G. FINANCIAL GAINS (1032-1040)	1048		104,268	-
	H. FINANCIAL LOSSES (1040-1032)	1049		-	6,767
683 & 685	I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1050		21,457	30,470
583 & 585	J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1051		40,711	93,500
67 & 68, excl. 683 & 685	K. OTHER INCOME	1052		756,597	686,414
57 & 58, excl. 583 & 585	L. OTHER EXPENSES	1053		606,776	276,784
	M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		1,314,024	617,929
	N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		-	-

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
69-59	O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1056		-	-
59-69	P. NET LOSSES FROM DISCONTINUED OPERATIONS, EXPENSES FROM CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1057		34,280	13,617
	Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058		1,279,744	604,312
	R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059		-	-
	S. INCOME TAX				
721	I. TAXABLE EXPENSES FOR THE PERIOD	1060		210,439	104,164
part 722	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061		40,273	39,981
part 722	III. DEFERRED TAX INCOME FOR THE PERIOD	1062		-	-
723	T. MANAGEMENT EARNINGS	1063		-	-
	U. NET PROFIT (1058-1059-1060-1061+1062-1063)	1064		1,029,032	460,167
	V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065		-	-
	I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066		203,910	86,450
	II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067		825,122	373,717
	III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS	1068		-	-
	IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER	1069		-	-
	V. EARNINGS PER SHARE				
	1. Basic earnings per share	1070		-	-
	2. Reduced (diluted) earnings per share	1071		-	-

Belgrade,

Date: 24.04.2015.



Legal Representative of the Company

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STATEMENT OF OTHER RESULTS
from 01.01. until 31.12.2014.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. NET OPERATING RESULTS				
	I. NET PROFIT (EDP 1064)	2001		1,029,032	460,167
	II. NET LOSSES (EDP 1065)	2002			
	B. OTHER COMPREHENSIVE RESULTS OR LOSSES				
	a) Items not reclassifiable in the balance sheet in future periods				
330	1. Change of revaluation of intangibles, property, plant and equipment				
	a) increase in revaluation reserves	2003		4,198,358	818,218
	b) decrease in revaluation reserves	2004		952	71,969
331	2. Actuarial gains or losses from defined income plans				
	a) gains	2005			
	b) losses	2006			
332	3. Gains and losses from equity instrument investments				
	a) gains	2007			
	b) losses	2008			
333	4. Gains and losses from share of other comprehensive profits and losses of affiliates				
	a) gains	2009			
	b) losses	2010			
	b) Items that may be reclassified in the balance sheet in future periods				
334	1. Gains and losses from translation of financial statements for foreign operations				
	a) gains	2011		304,459	7,492
	b) losses	2012		5,307	26,754
335	2. Gains and losses from hedging of net investments in foreign operations				
	a) gains	2013			
	b) losses	2014			
336	3. Gains and losses from cash flow hedging				
	a) gains	2015			
	b) losses	2016			
337	4. Gains and losses from available for sale securities				
	a) gains	2017		10,444	638
	b) losses	2018		21,472	23,664
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019		4,485,530	703,961
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020			
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021		570,195	27,844
	IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022		3,915,335	676,117
	V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023			
	C. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD				
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024		4,944,367	1,136,284
	II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) ≥ 0	2025			
	D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026		4,944,367	1,136,284
	1. Payable to majority shareholders	2027		4,134,445	1,354,276
	2. Payable to non-controlling shareholders	2028		809,922	119,883

Belgrade,

Date: 24.04.2015.



Legal Representative of the Company

CASH FLOW STATEMENT
from 01.01. until 31.12.2014.

RSD thousand

Description	EDP	Total	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)			
1. Sales and prepayments	3001	36,393,982	24,504,259
2. Interests from operating activities	3002	35,719,967	24,250,764
3. Other inflow from normal operations	3003	32,549	24,082
	3004	641,466	229,413
II. Cash outflow from operating activities (1 to 5)	3005	35,241,693	24,782,623
1. Payments to suppliers and prepayments	3006	23,831,719	15,960,525
2. Employee expenses and benefits	3007	9,566,395	7,511,211
3. Interests paid	3008	354,695	260,353
4. Income tax	3009	216,245	189,943
5. Payments based on other public revenues	3010	1,272,639	860,591
III. Net cash inflow from operating activities (I-II)	3011	1,152,289	-
IV. Net cash outflow from operating activities (II-I)	3012	-	278,364
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)			
1. Sale of shares and stocks (net inflow)	3013	868,162	610,595
	3014	-	-
2. Sale of intangible investments, property, plant, equipment and natural assets	3015	26,502	12,799
3. Other financial investments (net inflow)	3016	743,916	474,824
4. Interest received from investment activities	3017	64,786	84,567
5. Dividends received	3018	32,958	38,405
II. Cash outflow from investing activities (1 to 3)	3019	1,005,859	734,409
1. Purchase of shares and stocks (net outflow)	3020	133,524	148,699
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	872,335	585,710
3. Other financial investments (net outflow)	3022	-	-
III. Net cash inflow from investing activities (I-II)	3023	-	-
IV. Net cash outflow from investing activities (II-I)	3024	137,697	123,814
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)			
1. Equity increase	3025	78,566	833,764
	3026	-	-
2. Long term loans (net inflow)	3027	-	-
3. Short term loans (net inflow)	3028	58,890	777,288
4. Other long term liabilities	3029	-	-
5. Other short term liabilities	3030	19,676	56,476
II. Cash outflow from financing activities (1 to 6)	3031	1,039,773	741,531
1. Repurchase of own shares and stocks	3032	-	-
2. Long term loans (net outflow)	3033	229,745	309,997
3. Short term loans (net outflow)	3034	-	-
4. Other liabilities	3035	27,967	-
5. Financial leasing	3036	235,652	367,318
6. Dividends paid	3037	546,409	64,216
III. Net cash inflow from financing activities (I -II)	3038	-	92,233
D. Net cash outflow from financing activities (II-I)	3039	961,207	-
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	37,340,710	25,948,618
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	37,287,325	26,258,563
G. NET CASH INFLOW (3040-3041)	3042	53,385	-
H. NET CASH OUTFLOW (3041-3040)	3043	-	309,945
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	3,085,871	3,355,473
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	118,815	139,243
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046	158,813	98,900
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	3,099,258	3,085,871

Belgrade,

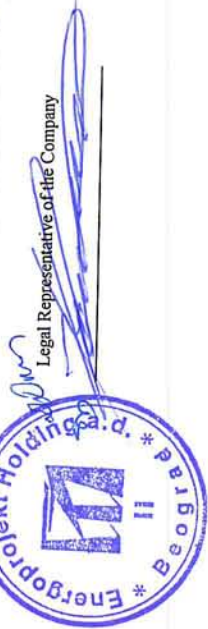
Date: 24.04.2015.



Legal Representative of the Company

Name ENERGOPROJEKT GROUP, BELGRADE

No.	DESCRIPTION	Other results component											RSD thousand		
		332	333	334 & 335	336	337	EDP	336	EDP	337	EDP	Total capital [Σ (row 1b col.3 to col.15) - Σ (row 1a col.3 to col.15)] ≥ 0	EDP	Losses exceeding capital [Σ (row 1a col.3 to col.15) - Σ (row 1b col.3 to col.15)] ≥ 0	
1	2	11	12	13	14	15	16	17						16	17
1	Opening balance on 01.01.2013. a) debit balance b) credit balance	4145 4146		4181 4182		4199 4200		4217 4218	11,199		4235	12,734,425	4244	-	
2	Adjustment for materially significant errors and changes in accounting policies a) adjustment of debit balance b) adjustment of credit balance	4147 4148		4183 4184		4201 4202		4219 4220			4236		4245	-	
3	Adjustment of opening balance on 01.01.2013. a) adjustment of debit balance (1a+2a-2b) ≥ 0 b) adjustment of credit balance (1b-2a+2b) ≥ 0	4149 4150		4185 4186		4203 4204		4221 4222	11,199		4237	12,734,425	4246	-	
4	Changes in previous 2013, year a) debit balance activity b) credit balance activity	4151 4152		4187 4188		4205 4206		4223 4224	24,459 4,235		4238		4247	-	
5	Closing balance previous year at 31.12.2013. a) debit balance (3a+4a-4b) ≥ 0 b) credit balance (3b-4a+4b) ≥ 0	4153 4154		4189 4190		4207 4208		4225 4226	31,423		4239	13,427,596	4248	-	
6	Adjustment for materially significant errors and changes in accounting policies a) adjustment of debit balance b) adjustment of credit balance	4155 4156		4191 4192		4209 4210		4227 4228			4240		4249	-	
7	Adjustment of opening balance current year at 01.01.2014. a) adjustment of debit balance (5a+6a-6b) ≥ 0 b) adjustment of credit balance (5b-6a+6b) ≥ 0	4157 4158		4193 4194		4211 4212		4229 4230	31,423		4241	13,427,596	4250	-	
8	Changes in current 2014, year a) debit balance activity b) credit balance activity	4159 4160		4195 4196		4213 4214		4231 4232	23,919 13,841		4242		4251	-	
9	Closing balance end of year at 31.12.2014. a) debit balance (7a+8a-8b) ≥ 0 b) credit balance (7b-8a+8b) ≥ 0	4161 4162		4197 4198		4215 4216		4233 4234	41,501		4243	17,999,397	4252	-	



Belgrade,

Date: 24.04.2015.

ENERGOPROJEKT GROUP, BELGRADE

**NOTES TO THE REGULAR ANNUAL CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR 2014**

Belgrade, 2015

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1. COMPANY BACKGROUND

Energoprojekt Group, Belgrade (hereinafter: Energoprojekt Group) consists of a parent joint stock company Energoprojekt Holding Plc., Belgrade (hereinafter: Energoprojekt Holding) and 11 subsidiary companies, 10 of which are direct subsidiaries (9 share-based and 1 limited liability company) and 1 subsidiary company indirectly controlled by other subsidiaries (1 limited liability company), as well as one joint venture company, hereinafter: joint venture (1 limited liability company) with 50% equity share. Subsidiary companies comprise of operating units for investments works and branch offices in foreign countries (the total of 102) and of own companies in the country and abroad (12 subsidiaries abroad, 1 affiliate abroad and 2 associated companies in the country), which jointly engage in building construction, design, fitting, study preparation, research, investment facilities' and systems' programming, sales of goods and services and in other business activities.

In 2014, Energoprojekt Group was organized as follows:

Activity	No. of subsidiaries, affiliates and joint ventures domestic	No. of business units for investments works and branch offices abroad	No. of subsidiaries and affiliates abroad
Planning and research	4	25	5
Construction and fitting	4	76	10
Holding	1	1	
Other	5		4
Total	14	102	19

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

Average number of employees of Energoprojekt Group in 2014, based on the actual number of employees at the end of each month, is 2.355 (in 2013: 2.259) excluding local workforce in overseas companies.

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

Financial statements for 2014 that are subject to these Notes are **consolidated financial statements of the Energoprojekt Group** and were approved by the Supervisory Board of the Energoprojekt Holding Company on April 24, 2015 in the 31st meeting of the Energoprojekt Holding Supervisory Board.

2. CONSOLIDATION GROUP

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

Local subsidiaries and joint ventures:

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

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

Subsidiaries abroad – overseas companies:

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

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

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

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

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

In 2014, Energoprojekt Visokogradnja founded a new company abroad, the Energoprojekt Rus Ltd. Moscow, Russia.

The overseas company ECO MEP Technology, Dubai, UAE was excluded from primary consolidation in 2014, as opposed to 2013, due to the fact that this company has not been active for a number of years, it has no assets or liabilities and is in the dissolution process in compliance with the local regulations.

3. BASIS FOR PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

- Pursuant to the Law on Accounting (RS Official Gazette, No. 62/2013) , the financial statements in the Republic of Serbia for the year 2014 are to be presented in the format

stipulated by the Rules on the Contents and Form of the Financial Statements Forms for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014), which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by the Revised IAS 1 – “Presentation of Financial Statements“; and

- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

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

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

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

- Amendments to IAS 32 “Financial Instruments: Presentation” – Offsetting Financial Assets and Financial Liabilities (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IFRS 10, IFRS 12 and IAS 27 - “Investment Entities” (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 36 “Impairment of Assets” - Recoverable Amount Disclosures for Non-Financial Assets (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – Novation of Derivatives and Continuation of Hedge Accounting (effective for the annual periods beginning on or after January 1, 2014); and
- IFRIC 21 “Levies” (effective for the annual periods beginning on or after January 1, 2014).

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

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

- Amendments to various Standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2010 - 2012, published by the IASB in December 2013, primarily through removal of inconsistencies and explanations of the texts (effective for annual periods beginning on or after July 1, 2014);
- Amendments to various Standards (IFRS 1, IFRS 3, IFRS 13 and IAS 40) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2011-2013, published by IASB in December 2013, primarily by removing the inconsistencies perceived and by providing explanations of the texts (effective for annual periods beginning on or after July 1, 2014);
- Amendments to various Standards (IFRS 5, IFRS 7, IAS 19 and IAS 34) that were introduced as the result of the annual improvements to the Standards, Annual Improvements Cycle 2012-2014, published by the IASB in September 2014, primarily through removal of inconsistencies and explanations of the texts (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 19 “Employee Benefits” – Defined benefits’ plans (effective for annual periods beginning on or after July 1, 2014);
- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after January 1, 2018).
- Amendments to IFRS 11 “Joint Arrangements” – Accounting Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 18 “Intangible Assets” – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after January 1, 2016);
- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after January 1, 2016);
- IFRS 15 “Revenues from Contracts with Customers” (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” - Agriculture: Bearer Plants as Biological Assets (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 27 “Separate Financial Statements” – Equity Method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 28 “Investments in Associates and Joint Ventures” and IFRS 10 “Consolidated Financial Statements” – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after January 1, 2016).

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

4. MANAGEMENT ESTIMATION AND ASSESSMENT

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

5. CONSOLIDATION

5.1. Subsidiary Companies

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

5.2. Affiliated Companies

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

5.3. Joint Ventures

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

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

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

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

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

5.4. Segment Reporting

A business segment is a distinguishable component of an entity that is engaged in providing an individual product or service that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an entity that is engaged in providing a product or services within a particular economic environment and that is subject to risk and returns that are different from those of components operating in the other economic environments.

6. ACCOUNTING PRINCIPLES

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

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

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

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

The Prudence Principle means applying a certain level of caution when preparing financial statements of the Company, so that the property and revenues are not overstated and obligations and expenses are not understated. The Prudence Principle, however, should not imply conscious, unrealistic decrease in revenues and capital of the Company or conscious, unrealistic increase of expenses and liabilities of the Company. Namely, The Framework for Preparation and Presentation of Financial

Statements clearly states that the Prudence Principle should not result in the forming of substantial hidden reserves, deliberate reduction of property of revenues, or deliberate exaggeration of liabilities or expenses causing the financial statements to become impartial and therefore unreliable.

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

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

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

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

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

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

In addition to data for the current year, financial statements of the Company contain data from 2013 financial statements as **comparative data**, which was amended in compliance with the legal regulations (IFRS 11 – “Joint Arrangements”) in the part in which joint ventures were presented (Enjub Ltd.) by applying the equity method and which were re-classified in compliance with the Rules on the Contents and Form of Financial Statements’ Forms submitted by Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/14).

In preparation of Company financial statements, relevant provisions IAS 10 were considered. They refer to events that occur between the balance sheet date and the date when the financial statements were authorized for issue. More precisely, **for effects of the event that provide evidence on**

circumstances at the balance sheet date, already recognized amounts in financial statements of the Company were corrected in order to mirror corrected events after the balance sheet date; and **for effects of the event that provide evidence on circumstances after the balance sheet date**, no adjustments of recognized amounts were applied. If there were any, these Notes will disclose the nature of events and the valuation of their financial effects.

7.1. Valuation

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

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

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

7.2. Effects of Foreign Exchange Rates

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

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

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

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

Official Middle Exchange Rates of the National Bank of Serbia

<i>Currency</i>	<i>31.12.2014.</i>	<i>31.12.2013.</i>
	<i>Amount in RSD</i>	
1 EUR	120,9583	114,6421
1 USD	99,4641	83,1282
1 GBP	154,8365	136,9679

Applied average FX rates for the Income Statement items in 2014 and 2013 were as follows:

<i>Currency</i>	<i>31.12.2014.</i>	<i>31.12.2013.</i>
	<i>Amount in RSD</i>	
1 EUR	117,3060	113,1369
1 USD	88,5408	85,1730
1 GBP	145,6441	133,1761

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).

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

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

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

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

7.4. Expenses

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

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

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

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

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

7.5. Interest and Other Borrowing Costs

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

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

7.6. Income Tax

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

- The current tax; and
- The deferred tax.

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

The deferred tax includes:

- Deferred tax assets or
- Deferred tax liabilities.

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

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

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

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

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

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

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

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

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

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

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

7.7. Intangible Assets

Intangible assets are assets without identifiable physical substance, such as: licenses, concession, copyrights, investment in other properties, trademarks, etc. The property fulfils criteria to be identified if: it is detachable or it can be detached from the Company and sold, transferred, licensed, rented or

traded, separately or with a related contract, property or liability; or that derives from contractual and other legal rights, regardless if these rights are transferable or separable from the Company or other rights or obligations.

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

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

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

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

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

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

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

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

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

- Unlimited, or
- Limited.

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

7.8. Property, Plant and Equipment

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

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

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

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

Property, plant and equipment are grouped in the following categories:

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

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

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

7.9. Financial Lease

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

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

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

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

7.10. Amortisation of Intangible Assets, Property, Plant and Equipment

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

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

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

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

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

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

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

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

7.11. Impairment of Intangible Assets, Property, Plant and Equipment

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

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

Recoverable amount is the higher amount of:

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

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

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

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

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

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

7.12. Investment Property

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

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

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

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

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

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

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

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

7.13. Inventories

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

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

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

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

The purchase price (cost) includes all:

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

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

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

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

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

Net realizable value is the valuated price of sale within regular business activities reduced by completion costs and valuated costs necessary for the realization of the sale. The valuation of the net

realizable value is performed based on the most reliable evidence available at the time of valuation with regard amounts that may be achieved.

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

7.14. Non-Current Assets Held for Sale

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

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

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

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

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

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

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

Non-current assets held for sale are not depreciated.

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

7.15. Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On the occasion of the **initial measurement** of a financial instrument, the Company performs the measurement at fair value increased by transaction costs that can be directly attributed to the acquisition or issuance of financial assets or liabilities, providing that the financial instrument has not been marked for measurement at fair value with changes of fair value through the profit and loss account.

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

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

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

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

7.16. Cash and Cash Equivalents

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

7.17. Short-Term Receivables

Short term receivables comprise receivables from related parties (subsidiaries and affiliates) as well as receivables from other legal and physical persons in the country and abroad in the moment of sold products, goods and performed services; expected to be realized within 12 months from the balance sheet date. *Short term trade receivables* are measured by the cost stated in the issued invoice. If the cost on the invoice is stated in the foreign currency, translation to the functional currency is done by applying the average exchange rate ruling on the date of transaction. Changes in exchange rate from the date of transaction to the collection date are presented as gains and losses from exchange posted in favour of revenues or against expenses. Receivables stated in the foreign currency as at the balance sheet date are translated by the ruling average exchange rate and gains and losses arose are booked as revenue or expense for that period.

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

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

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

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

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

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

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

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

7.18. Financial Investments

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

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

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

Based on the relevant provisions of IAS 27 – Consolidated and Separate Financial Statements, investments in subsidiary companies, jointly controlled companies and affiliated entities are carried in the Company's books at their cost, in compliance with the cost method. If, however, in compliance with the provisions of IAS 36 – Impairment of Assets, it should be established that the recoverable amount of costs does not exceed the purchase (booking) price, the Company carries the equity investment amount at its recoverable amount, and the decrease (impairment) in equity investment is presented as an expense in the period in which such impairment was established.

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

7.19. Liabilities

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

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

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

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

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

7.20. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.21. Employee Benefits

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

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

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

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

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

retirement date or paid upon decision of the employee to take voluntary redundancy in exchange for those benefits.

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

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

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

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

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

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

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

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

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

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

The materiality of an error is valuated pursuant to provisions of the Framework for the preparation and presentation of financial reports that state that materiality may imply that omission or false accounting entries may affect economic decisions of users adopted based on financial statements. Materially significant errors are valuated pursuant to relevant provisions from the Framework for the preparation and presentation of financial statements. Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1.5% of the total income in the previous year**.

9. FINANCIAL RISKS

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

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

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

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

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

Generally, comparing markets of developed economies, companies that operate on markets with insufficient economic development, macroeconomic stability and high insolvency, such as the

Republic of Serbia, are significantly exposed to financial risks. Insufficient development of the financial market makes it impossible to use a wide spectrum of *hedging* instruments, characteristic for developed markets. Companies that operate in the Republic of Serbia do not have the possibility to use many derivative instruments in financial risk management due to the fact that these instruments are not widely used nor there is an organized continuous market for financial instruments.

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

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

9.1. Credit Risk

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

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

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

9.2. Market Risk

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

The market risk includes three risk types:

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

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

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

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

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

9.3. Liquidity Risk

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

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

10. SEGMENT INFORMATION

As at December 31, 2014, the Energoprojekt Group is organized, locally and abroad, in the following main business segments:

- 1) Design and research;
- 2) Construction and fitting; and
- 3) Other.

Business and geographical segments of the Energoprojekt Group with balances as at the balance date are presented in the following tables.

Energoprojekt Group Belgrade

Business Segments

	Design and research		Construction and fitting		Other		Total		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenues from sales	5,184,504	4,547,037	28,581,811	17,865,459	1,638,133	1,458,477	35,404,448	23,870,973	1,790,820	1,915,183	33,613,628	21,955,790
SEGMENT RESULT												
Operating profit/loss	143,188	165,990	646,429	-60,504	257,641	181,101	1,047,258	286,587	31,931	8,491	1,079,189	278,096
Interest income	13,589	27,038	245,560	51,070	34,640	27,223	293,789	105,331		8	293,789	105,323
Interest expenses	7,383	5,282	293,924	231,893	32,389	33,507	333,696	270,682		52	333,696	270,630
Income tax	30,521	23,163	139,483	47,228	40,435	33,773	210,439	104,164			210,439	104,164
Profit/loss from regular operations	583,245	362,133	380,651	32,704	218,017	551,049	1,181,913	945,886	132,111	327,957	1,314,024	617,929
Profit/loss from discontinued operations	-790	24,997	-34,194	-34,664	5,656	-4,426	-29,328	-14,093	4,952	476	-34,280	-13,617
Net profit/loss	543,139	359,979	179,486	-80,947	179,248	508,616	901,873	787,648	127,159	327,481	1,029,032	460,167
Total assets	7,911,068	6,314,072	26,655,418	18,777,582	12,766,063	11,752,298	47,332,549	36,843,952	7,431,475	8,078,908	39,901,074	28,765,044
Total liabilities	7,911,068	6,314,072	26,655,418	18,777,582	12,766,063	11,752,298	47,332,549	36,843,952	7,431,475	8,078,908	39,901,074	28,765,044
Depreciation	68,395	46,241	528,970	425,911	53,834	55,132	651,199	527,284	-5,319	-6,864	656,518	534,148

Geographical Segments

	Serbia		Commonwealth of Independent States (CIS)		Europe		Africa		Asia		America		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenues from sales	9,072,134	4,835,267	6,658,551	3,157,767	201,600	214,912	7,863,020	7,325,865	4,066,196	3,054,783	5,752,127	3,367,196	33,613,628	21,955,790
Revenues from the sales of goods to other related entities in the domestic market	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenues from the sales of goods to other related entities in the international market (Energonigeria)	0	0	0	0	0	0	4,648	5,354	0	0	0	0	4,648	5,354
Revenues from the sales of goods - external	66,106	94,045	1,357	4,647	0	3,258	0	28,034	0	0	70,662	134,533	138,125	264,517
Revenues from the sales of goods	66,106	94,045	1,357	4,647	0	3,258	4,648	33,388	0	0	70,662	134,533	142,773	269,871
Revenues from the sales of products and services to other related entities in the domestic market (Energopet)	580	1,141	0	0	0	0	0	0	0	0	0	0	580	1,141
Revenues from the sales of products and services to other related entities in the international market (Energonigeria)			0	0	0	0	1,689,732	1,660,879	0	0	0	0	1,689,732	1,660,879
Revenues from the sales of products and services - external	9,005,448	4,740,081	6,657,194	3,153,120	201,600	211,654	6,168,640	5,631,598	4,066,196	3,054,783	5,681,465	3,232,663	31,780,543	20,023,899
Revenues from the sales of products and services	9,006,028	4,741,222	6,657,194	3,153,120	201,600	211,654	7,858,372	7,292,477	4,066,196	3,054,783	5,681,465	3,232,663	33,470,855	21,685,919

INCOME STATEMENT

11. OPERATING INCOME

11.1. Revenues from the Sales of Merchandise

Structure of revenues from the sales of merchandise	In RSD thousand	
	2014	2013
Revenues from the sales of merchandise to other related companies - foreign	4,648	5,354
Revenues from the sales of merchandise to domestic customers	64,579	92,720
Revenues from the sales of merchandise to foreign customers	73,546	171,797
TOTAL	142,773	269,871

• **Revenues from the sales of merchandise to other related companies in the international markets** in the amount of RSD 4.648 thousand were generated by Encom GmbH Consulting, Engineering & Trading, Germany in the amount of RSD 2.392 thousand and by the I.N.E.C. Engineering Company Limited, the Great Britain in the amount of RSD 2.256 thousand from the sales of merchandise to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria (in 2013: RSD 5.354 thousand).

• **Revenues from the sales of merchandise to domestic customers** in the amount of RSD 64.579 thousand comprise of the revenues generated by the Energoplast Company in the amount of RSD 34.321 thousand, Energoprojekt Energodata Company in the amount of RSD 18.906 thousand, Energoprojekt Niskogradnja Company in the amount of RSD 8.135 thousand and Energoprojekt Industrija in the amount of RSD 3.217 thousand.

• **Revenues from the sales of merchandise to foreign customers** amounting to RSD 73.546 thousand comprise of the revenues generated by the Energoprojekt Niskogradnja Company in the amount of RSD 70.662 thousand and Energoprojekt Visokogradnja Company in the amount of RSD 2.884 thousand.

11.2. Revenues from the Sales of Products and Services

Structure of revenues from the sales of products and services	In RSD thousand	
	2014	2013
Sales of products and services to other related companies - domestic	580	1,141
Sales of products and services to other related companies - foreign	1,689,732	1,660,879
Sales of products and services to domestic customers	8,950,536	4,746,555
Sales of products and services to foreign customers	22,830,007	15,277,344
TOTAL	33,470,855	21,685,919

• **Revenues from the sales of products and services to other related companies - domestic** in the amount of RSD 580 thousand (in 2013: RSD 1.141 thousand) were generated by the Energoprojekt Industrija from the sales of products and services to the affiliated Company Energopet Ltd.

• **Revenues from the sales of products and services to other related companies - foreign** in the amount of RSD 1.689.732 thousand were generated from the sales of products and services to the affiliated Company Energo Nigeria Ltd., Lagos, Nigeria, predominantly by the Energoprojekt Oprema Company in the amount of RSD 1.689.354 thousand (in 2013: RSD 1.660.879 thousand).

• **Revenues from the sales of products and services to domestic customers** in the amount of RSD 8.950.536 thousand were generated primarily by the following Companies of the Energoprojekt Group:

- Energoprojekt Oprema in the amount of RSD 4.641.111 thousand, the largest portion of which amounting to RSD 4.111.776 thousand was generated from the sales to the following buyers: International Project Services Ltd. OY Branch, SNC Lavalin International and Tent Ltd. In comparison with the previous period, an increase of revenues was achieved in 2014 from the sales to the said buyers in the amount of RSD 2.140.058 thousand;

- Energoprojekt Niskogradnja Company, in the amount of RSD 3.154.611 thousand, within the following projects: Sarani Tunnel, Bridge over the Danube-Tisa-Danube Canal, Lajkovac - Ljig, Belgrade – Novi Sad Highway and other projects, and in 2014 an increase of revenues from the sales of products and services was achieved in the amount of RSD 1.899.391 thousand; and from the sales of other products and services.

• **Revenues from the sales of products and services to foreign customers** in the amount of RSD 22.830.007 thousand were primarily generated by the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 9.161.768 thousand based on the works performed for Investors primarily in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 2.447.580 thousand (in 2013: RSD 1.035.701 thousand), as well as in Russia and in Kazakhstan in the following Projects: Z-091 Astrakhan Schlumberger: RSD 2.038.347 thousand, Z-088 Hotel Hyatt Rostov: RSD 1.896.077 thousand, Z-085 Business Facility Uhta: RSD 1.027.447 thousand, Z-089 Aktau Hospital: RSD 728.819 thousand, Z-092 Horizonti Siktivkar: RSD 622.685 thousand, Z-087 Aktau Restaurant: RSD 200.252 thousand, etc.;

- Energoprojekt Niskogradnja in the amount of RSD 8.400.210 thousand, based on the Projects realized in Peru: RSD 5.564.793 thousand and in Uganda: RSD 2.835.417 thousand;

- Energoprojekt Entel in the amount of RSD 3.682.313 thousand generated in the following companies: Energoprojekt Entel LTD, Doha, Qatar, EP Entel L.L.C., Muscat, Sultanate of Oman and Energoconsult L.L.C., Abu Dhabi, UAE;

- Energoprojekt Hidroinženjering in the amount of RSD 590.520 thousand, predominantly from the Projects realized in Algeria and in Peru; and in other companies.

In comparison with the previous period, the increase in the revenues from the sales of products and services in the international markets in 2014 in the amount of RSD 7.552.663 thousand relate predominantly to Energoprojekt Visokogradnja: RSD 4.212.892 thousand, Energoprojekt Niskogradnja: RSD 2.737.715 thousand and Energoprojekt Entel: RSD 642.078 thousand.

11.3. Other Operating Income

Structure of other operating income	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Income from premiums, subventions, subsidies, donations, etc.	50	1,533
Other operating income:		
a) Rent from other legal entities in the country	22,301	19,523
b) Rent from other legal entities abroad	82,892	95,605
c) Other operating income from parent companies, subsidiaries and other related parties		35
d) Other operating income	113,395	174,722
<i>Total</i>	<i>218,588</i>	<i>289,885</i>
GRAND TOTAL	<i>218,638</i>	<i>291,418</i>

• **Income from premiums, subventions, subsidies, donations, etc.** in the amount of RSD 50 thousand relate to Energoprojekt Energodata, based on subventions granted by the National Employment Agency for persons with disabilities (in 2013: RSD 208 thousand). In the previous reporting period, the amount of RSD 1.533 thousand predominantly pertained to Energoprojekt Niskogradnja Company: RSD 1.323 based on donations from Serbian Investment and Export Promotion Agency as reimbursement of costs for Branch Office opening in Zambia and in Moscow.

• **Income from the rent paid by other legal entities in the country** in the amount of RSD 22.301 thousand was primarily generated by Energoprojekt Garant Company in the amount of RSD 6.856 thousand (based on the rent of business facilities in Bulevar Zorana Djindjica Street and of the business premises in YU Business Centre in Novi Beograd), by Energoprojekt Visokogradnja in the amount of RSD 6.768 thousand (predominantly from the rent of the facility in Ub: RSD 3.164 thousand (based on which an increase in other operating income was achieved in the reporting period, since these facilities were not rented in 2013) and from the rent of the facility in Preradoviceva Street in Belgrade: RSD 3.313 thousand), by Energoprojekt Energodata in the amount of RSD 6.397 thousand (based on the rent of the business facility in Palmira Toljatija Street and of the barracks in Novi Beograd), and by some other Companies of the Energoprojekt Group.

• **Income from the rent from other legal entities in foreign countries** in the amount of RSD 82.892 thousand was predominantly generated by the following Companies of the Energoprojekt Group:

- Dom 12 S.A.L., Lebanon in the amount of RSD 37.430 thousand, based on the rent of the office building in Moscow;

- Zambia Engineering and Contracting Company Limited, Zambia in the amount of RSD 25.816 thousand, based on the rent of a number of properties in Zambia;

- Energoprojekt Niskogradnja in the amount of RSD 9.761 thousand, based on the rent of a part of the office building Cruz del Sur in Lima, Peru: RSD 9.411 thousand and of the machinery in Peru: RSD 350 thousand;

- Energo (Private) Limited, Zimbabwe in the amount of RSD 4.268 thousand (based on the rent of properties in Zimbabwe); and in other companies.

The decrease in income from the rent from other legal entities in foreign countries in the amount of RSD 12.713 thousand was primarily the result of the decrease in Energoprojekt Visokogradnja (since the properties in the Energoprojekt Ghana Ltd., Accra, Ghana were not rented in 2014 and that the machinery used in projects realized abroad, which were completed in the reporting year, was not rented) and in the Dom 12 S.A.L., Lebanon company (due to the devaluation of the Rubble).

• **Other operating income** in the amount of RSD 113.395 thousand was primarily generated in the following Companies of the Energoprojekt Group:

- Energoprojekt Garant in the amount of RSD 80.788 thousand relate to the income from the share in coinsurance and reinsurance in damage compensation in the amount of RSD 70.595 thousand (which, compared to the previous reporting period grew significantly, since a large amount of damage compensation was paid in 2014, and the Company, while taking account of the operating risks, based on the funds earmarked for re-insurance, generated the said income amount); income from the fee for the premiums transferred to reinsurance: RSD 5.594 thousand (which, due to the significantly larger scope of the transferred risks and premium, grew in comparison with the previous period); income from the decrease in provisions for damage: RSD 4.553 thousand and to other operating income in the amount of RSD 46 thousand;
- Energoprojekt Niskogradnja in the amount of RSD 23.220 thousand, the largest share of which relate to the reimbursement of costs based on the subcontracting agreements for the Dam on Tisa River Project: RSD 20.302 thousand and Lot 1.1. Project, Novi Sad: RSD 1.706 thousand, which were reduced by RSD 124.691 thousand compared to the same period of the preceding year;
- Energoprojekt Visokogradnja in the amount of RSD 4.563 thousand relate to the various pass-through costs;
- Energoprojekt Hidroinženjering in the amount of RSD 3.006 thousand based on the reimbursement of a part of Consortium costs in the Projects in Peru; and in other companies.

12. COSTS OF GOODS SOLD

Structure of cost of goods sold	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Purchase value of goods sold:		
a) Purchase price of goods sold to other related parties	4,317	16,646
b) Purchase price of goods sold to domestic customers	64,440	115,616
c) Purchase price of goods sold to foreign customers	66,582	120,172
<i>Total</i>	<i>135,339</i>	<i>252,434</i>
Purchase price of property acquired for sale		1,173
TOTAL	<i>135,339</i>	<i>253,607</i>

• **Purchase value of goods sold to other related parties** in the amount of RSD 4.317 thousand relate to Encom GmbH Consulting, Engineering & Trading, Germany in the amount of RSD 2.392 thousand and to I.N.E.C. Engineering Company Limited, Great Britain in the amount of RSD 1.925 thousand for the purchase of goods for the affiliated company Energo Nigeria Ltd., Lagos, Nigeria (in 2013: RSD 16.646 thousand).

• **Purchase value of goods sold to domestic customers** in the amount of RSD 64.440 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoplast in the amount of RSD 28.722 thousand, for purchase of finished stoppers for resale;
- Energoprojekt Energodata in the amount of RSD 20.399 thousand, for purchase of ATM machines, software, hardware and goods from the field of graphics and printing;
- Energoprojekt Niskogradnja in the amount of RSD 7.583 thousand, for purchase of fuel, oil, cement, PP equipment and other materials; and to other companies.

• **Purchase value of goods sold to foreign customers** in the amount of RSD 66.582 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 65.537 thousand, for the costs of materials' stock (fuel and spare parts) sold pursuant to the agreement to subcontractors in Projects realized in Peru, in order to provide for unobstructed works' schedule and to avoid any consequences of delays in works (contractually agreed deadlines) at the expense of the Company as the principal contractor.

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

Revenues from activation of goods and effects and increase and decrease of finished goods and work in progress	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Revenues from activation of goods and effects	49,389	71,511
Increase of finished goods, work in progress and services in progress	119,515	162,544
Decrease of finished goods, work in progress and services in progress	102,352	72,072
TOTAL	271,256	306,127

• **Revenues from activation of goods and effects** in the amount of RSD 49.389 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 38.844 thousand (in 2013: RSD 61.614 thousand), based on the repair of equipment: RSD 25.920 thousand (domestic: RSD 8.971 thousand and abroad: RSD 16.949 thousand) and based on own construction of buildings: RSD 12.924 thousand (value of investments until December 31, 2014 in Project Lajkovac – Ljig, based on the first interim progress report for the construction of commercial building site Dici-Tunel Brancici).

• In the reporting period, the **increase in finished goods, work in progress and services in progress** amounting to RSD 119.515 thousand relate to:

- Energoprojekt Visokogradnja in the amount of RSD 111.278 thousand (in 2013: 93.491 thousand) based on the increase in value of work in progress on the construction of residential and business building in Cara Nikolaja Street in Belgrade; and

- Energoprojekt Niskogradnja in the amount of RSD 8.237 thousand based on the produced ground rock and sand for concrete production in the Project Z-030 Hydro Power Plant Chancay in Rucuy, Peru (in 2013: RSD 66.953 thousand related to the produced material for the base, asphalt and fractions for concrete in the Projects Z-019 Cochabamba Chota and Z-023 Pericos in Peru).

• **Decrease in finished goods, work in progress and services in progress** in the amount of RSD 102.352 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 96.014 thousand, based on the decrease in (built-in) stock of produced material for the base, asphalt, fractions for concrete in the Projects Z-019 Cochabamba Chota and Z-023 Pericos in Peru;

- Energoprojekt Visokogradnja in the amount of RSD 2.235 thousand, based on the property sold in Herceg Novi in the amount of RSD 2.057 thousand and parking space sold in Block 12 in Novi Beograd in the amount of RSD 178 thousand; and to other companies.

14. COSTS OF MATERIALS, FUEL AND ENERGY

Structure of costs of material, fuel and energy	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Costs of materials:		
a) Costs of materials used in production	8,743,680	4,552,531
b) Costs of other materials (overheads)	286,240	338,041
c) Costs of spare parts	198,371	205,911
d) Costs of one-off write-off of tools and inventory	91,778	48,781
<i>Total</i>	<i>9,320,069</i>	<i>5,145,264</i>
Costs of fuel and energy:		
a) Fuel costs	1,289,886	1,221,704
b) Costs of electrical energy and heating	188,621	131,937
<i>Total</i>	<i>1,478,507</i>	<i>1,353,641</i>
GRAND TOTAL	<i>10,798,576</i>	<i>6,498,905</i>

• **Costs of materials used in production** in the amount of RSD 8.743.680 thousand, the largest portion of material costs, relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 4.099.203 thousand, the most significant material costs of which are those for materials used for production abroad, in Projects Z-091 Schlumberger Astrakhan: RSD 1.079.240 thousand, Z-088 Hotel Hyatt Rostov: RSD 925.588 thousand, Z-089 Aktau Hospital: RSD 363.199 thousand and others, as well as in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 826.890 thousand. The most important material costs for production in the country were incurred

in the Projects of Sulphuric Acid Plant Bor: RSD 155.665 thousand, Smelter Bor: RSD 117.987 thousand and Prokop: RSD 31.394 thousand;

- Energoprojekt Oprema in the amount of RSD 2.304.085 thousand, out of which costs incurred in Projects realized abroad amount to RSD 1.503.871 thousand, and in the Projects realized in the country amount to RSD 800.214 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 2.044.951 thousand, out of which costs incurred in Projects realized abroad (in Peru and Uganda) amount to RSD 1.199.179 thousand, and in the Projects realized in the country amount to RSD 845.772 thousand; and to other companies.

• The largest shares in **costs of other materials (overhead)** amounting to RSD 286.240 thousand are those of the Energoprojekt Niskogradnja Company in the amount of RSD 185.002 thousand (abroad: RSD 178.613 thousand, in the country: RSD 6.389 thousand), Energoprojekt Entel in the amount of RSD 39.795 thousand, Energoprojekt Visokogradnja in the amount of RSD 30.093 thousand and to other Companies of the Energoprojekt Group.

• **Costs of spare parts** in the amount of RSD 198.371 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 159.017 thousand (abroad: RSD 121.842 thousand, in the country: RSD 37.175 thousand).

• **Costs of one-off write-off of tools and inventory** in the amount of RSD 91.778 thousand relate predominantly to Energoprojekt Visokogradnja in the amount of RSD 44.815 thousand, Energoprojekt Oprema in the amount of RSD 27.898 thousand, Energoprojekt Niskogradnja in the amount of RSD 11.432 thousand and to other Companies of the Energoprojekt Group.

• The largest share in the **costs of fuel and energy** amounting to RSD 1.478.507 thousand are those of the Energoprojekt Niskogradnja Company, in the amount of RSD 1.156.795 thousand, Energoprojekt Visokogradnja Company, in the amount of RSD 171.335 thousand, Energoprojekt Entel Company, in the amount of RSD 57.121 thousand, Energoprojekt Holding Company, in the amount of RSD 18.837 thousand, Energoprojekt Oprema Company, in the amount of RSD 17.762 thousand, and of other Companies of the Energoprojekt Group.

The increase in the costs of materials, fuel and energy in 2014 compared with the comparable last year's period amounting to RSD 4.299.671 thousand relate primarily to Energoprojekt Visokogradnja: RSD 2.621.479 thousand (primarily due to the larger scope of work on the Projects realized abroad); Energoprojekt Niskogradnja: RSD 1.104.464 thousand (due to the increased use of own equipment and machinery in the new projects in the country (the Sarani Tunnel) and abroad (in Peru), as well as due to hiring of subcontractors with lease of equipment where the Company is responsible for supplying energy sources); Energoprojekt Oprema: RSD 553.453 thousand (due to the increased scope of works in the Smelter Bor and Sulphuric Acid Plant in Bor Projects); and to other Companies of the Energoprojekt Group.

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

Structure of costs of salaries, fringe benefits and other personnel expenses	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Costs of salaries and fringe benefits (gross)	7,596,127	6,281,334
Taxes and contributions on salaries and contributions on salaries payable by employer	983,064	710,582
Service agreements contributions	14,684	38,657
Copyright agreements contributions	28,358	34,344
Contracts on temporary and periodical engagement, contributions	167,362	109,036
Considerations to physical persons based on other agreements	125,560	70,668
Considerations to General Manager and/or Management and Supervisory Board members	23,021	24,240
Other personnel expenses and remunerations	924,587	619,296
TOTAL	9,862,763	7,888,157

• **Costs of salaries and fringe benefits (gross) as well as taxes and contributions on salaries and contributions on salaries payable by employer** amounting to RSD 8.579.191 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 2.657.016 thousand, Energoprojekt Entel in the amount of RSD 2.256.362 thousand, Energoprojekt Niskogradnja in the amount of RSD 2.056.628 thousand, Energoprojekt Oprema in the amount of RSD 470.305 thousand and to other Companies of the Energoprojekt Group.

Compared with the same period of the previous year, the increase in the costs of salaries, fringe benefits and other personnel expenses in 2014 amounting to RSD 1.587.275 thousand was primarily the result of the increase of such costs in Energoprojekt Visokogradnja in the amount of RSD 559.597 thousand (based on the increase in the scope of works in the projects realized abroad, in Energoprojekt Niskogradnja in the amount of RSD 432.297 thousand (based on the increased use of resources (for the new projects in the country and abroad), works in shifts and extended terms of workers' contracts, payment of tunnel and construction site-related contributions and allowances, etc.), in Energoprojekt Entel in the amount of RSD 486.251 thousand (based on the increase in the number of workers hired abroad, with the total of 87 newly hired workers abroad) and in other Companies of the Energoprojekt Group.

• **Costs of contributions for contract fees for temporary and periodical engagement** amounting to RSD 167.362 thousand were predominantly incurred in Energoprojekt Niskogradnja in the amount of RSD 111.963 thousand (in the country: RSD 31.599 thousand, abroad: RSD 80.364 thousand) and are the result of Company's periodical needs for workforce with adequate qualifications for realization of projects (in construction sites) in compliance with the agreed schedules and types of works. Increase in the these costs compared with the same period of the previous year in the amount of RSD 58.326 thousand relate predominantly to Energoprojekt Niskogradnja, amounting to RSDS 50.711 thousand.

• **Other personnel expenses and remunerations** amounting to RSD 924.587 thousand predominantly relate to Energoprojekt Visokogradnja in the amount of RSD 566.445 thousand, predominantly based on board and lodging, transportation and other personnel related costs in the projects realized abroad. Other personnel expenses include the costs of business trips, retirement bonuses, commuting costs, solidarity fund allowances, scholarship allowances and other compensations. In addition to Energoprojekt Visokogradnja, a significant share in other personnel expenses was incurred in Energoprojekt Niskogradnja amounting to RSD 139.476 thousand and in Energoprojekt Entel in the amount of RSD 66.888 thousand.

The increase in other personnel expenses and remunerations amounting to RSD 305.291 thousand is primarily the result of the increase in these expenses incurred in Energoprojekt Visokogradnja in the amount of RSD 266.815 thousand (based on subsistence allowances, accommodation and air fares for Company staff that were incurred as the result of the increase in the scope of works on the projects realized abroad).

16. COSTS OF PRODUCTION SERVICES

Structure of costs of production services	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Costs of production services	6,634,625	3,813,889
Transportation services' costs	561,414	494,049
Repairs and maintenance services' costs	222,347	143,734
Rental costs	843,567	681,491
Trade fair costs	6,912	1,869
Advertising costs	23,014	12,195
Research costs	8,389	1,829
Costs of other services	139,629	289,581
TOTAL	8,439,897	5,438,637

• **Costs of production services** in the amount of RSD 6.634.625 thousand are predominantly related to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 2.235.743 thousand for the costs based on subcontracting agreements in the country amounting to RSD 1.007.573 thousand and abroad (in Uganda and Peru) amounting to RSD 1.228.170 thousand, which increased by RSD 1.003.417 thousand compared with the comparable last year's period. Significant hiring of subcontractors for projects' realization was due to the specific nature of works required and/or mechanization for the realization of the said projects (works in tunnels, hydro power plant construction, etc.);

- Energoprojekt Oprema in the amount of RSD 2.191.240 thousand comprise of the subcontractors' costs and consortium partners' costs in a number of projects, which increased by RSD 996.247 thousand compared with the comparable last year's period (the most significant of these costs were those incurred within the RTB Bor Project due to which the increase in these costs compared with the last year was recorded);

- Energoprojekt Visokogradnja in the amount of RSD 1.711.599 thousand comprising of the associates' and subcontractors' costs incurred within the relevant projects in the country and abroad (predominantly in Energoprojekt Ghana Ltd., Accra, Ghana company), which grew compared with the comparable last year's period by RSD 627.628 thousand; and to other Companies.

• **Transportation services' costs** comprise of the transportation services' costs in the country and abroad, landline telephone bills, mobile phone bills, etc. These costs amount to RSD 561.414 thousand and are related to Energoprojekt Entel in the amount of RSD 226.086 thousand, Energoprojekt Visokogradnja in the amount of RSD 158.845 thousand, Energoprojekt Niskogradnja in the amount of RSD 94.602 thousand, Energoprojekt Oprema in the amount of RSD 56.289 thousand and to other Companies of the Energoprojekt Group.

• **Repair and maintenance services' costs** amounting to RSD 222.347 thousand were incurred primarily in Energoprojekt Niskogradnja in the amount of RSD 97.530 thousand, in Energoprojekt Entel in the amount of RSD 60.007 thousand, in Energoprojekt Visokogradnja in the amount of RSD 25.749 thousand and in other companies of the Energoprojekt Group. These costs were predominantly incurred for regular equipment maintenance.

Increase in the repair and maintenance services' costs amounting to RSD 78.613 thousand in comparison with the previous reporting period was the result on one hand of the increase in the costs of regular equipment maintenance in Energoprojekt Niskogradnja in the amount of RSD 56.237 thousand and in Energoprojekt Entel in the amount of RSD 29.048 thousand, and on the other hand, a decrease in these costs were recorded primarily in Energoprojekt Visokogradnja in the amount of RSD 7.606 thousand.

• **Rental costs** amount to RSD 843.567 thousand and are predominantly related to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 367.470 thousand, comprising of the rental costs of equipment, sites, business, residential and warehousing facilities abroad amounting to RSD 340.343 thousand and in the country in the amount of RSD 27.127 thousand, where the rent of large machinery for the Projects realized in Peru account for the most significant share of such costs;

- Energoprojekt Entel in the amount of RSD 245.600 thousand, recorded primarily for the rent of apartments in the Companies of this Group abroad;

- Energoprojekt Visokogradnja in the amount of RSD 159.005 thousand are predominantly related to the rental costs of apartments and machinery abroad, amounting to RSD 151.119 thousand;

- Energoprojekt Oprema in the amount of RSD 59.961 thousand are predominantly related to the rental costs of equipment (heavy booms and cranes) and apartments; and to other Companies of the Energoprojekt Group.

Increase in the rental costs in 2014 compared with the comparable last year's period amounting to RSD 162.076 thousand is related to all the above mentioned Companies of the Energoprojekt Group, and primarily to Energoprojekt Niskogradnja in the amount of RSD 70.274 thousand (based on the rent of heavy machinery for the Projects realized in Peru that grew significantly compared with the previous year, because the available equipment and machinery proved to be insufficient to respond to the needs for such equipment and machinery in compliance with the agreed schedule of works on a number of Projects realized simultaneously in a number of different locations) and to Energoprojekt

Visokogradnja in the amount of RSD 37.053 thousand (primarily based on the rental costs incurred abroad).

- **Advertising costs** amounting to RSD 23.014 thousand relate primarily to Energoprojekt Holding in the amount of RSD 11.528 thousand (for the production of a corporate promo film for the Energoprojekt Group, “Building a Better World” („Gradimo bolji svet“ in Serbian), advertising in print media locally and abroad, on the web pages and online, to media presentations, participation in conferences, etc.) and to Energoprojekt Entel in the amount of RSD 7.225 thousand (primarily for the production of the corporate promo film for this Company).

Compared with the previous year, these costs increased in 2014 by the amount of RSD 10.819 thousand, which predominantly comprise of the costs incurred by Energoprojekt Holding in the amount of RSD 10.016 thousand, as the result of the production of corporate promo film and increased advertising and promotional activities in this Company and in the Energoprojekt Group, both in the country and abroad.

- **Costs of other services** in the amount of RSD 139.629 thousand were primarily incurred in the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 45.841 thousand, primarily based on the construction sites’ security costs, utility services’ costs, costs of licenses, legalization costs, personal protection at work, registration of vehicles, etc.;

- Energoprojekt Energodata in the amount of RSD 34.683 thousand, primarily based on maintenance of ATM machines, graphic and printing services, hardware servicing, etc.;

- Energoprojekt Visokogradnja in the amount of RSD 19.955 thousand primarily based on the costs of personal protection at work, registration of vehicles, photocopying costs, etc.;

- Energoprojekt Holding in the amount of RSD 10.198 thousand, primarily based on the costs of licenses, costs of photocopying, graphic design and printing services, utility services, etc.; and to other Companies of the Energoprojekt Group.

17. DEPRECIATION COSTS AND COSTS OF LONG-TERM PROVISIONS

Structure of depreciation costs and costs of long-term provisions	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Depreciation costs:		
a) Amortization of intangible assets (Note 25)	12,507	12,396
b) Depreciation of property, plant and equipment (Note 26)	644,011	521,752
<i>Total</i>	<i>656,518</i>	<i>534,148</i>
Long-term provisions' costs:		
a) Warranty period provisions' costs	132,048	
b) Provisions for contributions and other personnel benefits	57,068	54,735
v) Other long-term provisions	30,816	14,786
<i>Total</i>	<i>219,932</i>	<i>69,521</i>
GRAND TOTAL	876,450	603,669

• Total **depreciation costs** amount to RSD 656.518 thousand. As at December 31, 2014, appraisal of residual values and remaining useful life of properties and equipment with significant booking value. Effects of the change in the accounting policy impact the change in depreciation costs, and thus, consequently, in the booking value of assets as at December 31, 2014.

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

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

• The most significant costs in the breakdown of the provision costs amounting to the total of RSD 219.932 thousand are the **warranty period provisions** in the amount of RSD 132.048 thousand. Management of the Energoprojekt Group Companies assessed the costs of provisions for the future warranty claims based on information on such claims from the previous periods, as well as based on the recent trends that could provide some indication on whether information about the costs from the past may differ from the future claims. In compliance with the above, provisions were made for the warranty period costs in the following Companies of the Energoprojekt Group:

- Energoprojekt Oprema in the amount of RSD 90.719 thousand, for the RTB Bor Project with the warranty period of 1 year that will expire in March 2016. The Company usually provides guarantee for its products for the period of 1-2 years, depending on the project in question; and

- Energoprojekt Visokogradnja in the amount of RSD 41.329 thousand relate to calculated and included expected costs of the Projects Z-091 Schlumberger Astrakhan: RSD 16.813 thousand, Z-072 Pavlodar Oil Base: RSD 16.065 thousand and Z-092 Horizonti Siktivkar: RSD 8.451 thousand. The Company usually provides guarantee for the completed buildings, which are expected to incur some expenses over the course of the warranty period (Notes 38).

• **Provisions for contributions and other personnel benefits** in the amount of RSD 57.068 thousand relate to Energoprojekt Entel in the amount of RSD 56.322 thousand (provisions for termination pay for workers abroad), to Energoprojekt Industrija in the amount of RSD 736 thousand and to Energoprojekt Garant in the amount of RSD 10 thousand.

In 2014, in most cases in the Energoprojekt Group, income from release of long-term provisions for contributions and other personnel benefits were recorded, which were disclosed based on the actuarial calculation of the Energoprojekt Group expert team. (Notes 21.1 and 38).

• **Other long-term provisions** in the amount of RSD 30.816 thousand (in 2013: RSD 14.786 thousand) are related in their entirety to Energoprojekt Garant Company based on the provisions for damage compensation amounting to RSD 30.272 thousand, provisions for risk levelling amounting to RSD 493 thousand and provisions for financing of activities on various risks' prevention amounting to RSD 51 thousand.

18. NON-PRODUCTION COSTS

Structure of non-production costs	In RSD thousand	
	2014	2013
Costs of non-production services	1,058,430	758,104
Expense account	90,385	66,225
Insurance premiums costs	157,795	120,131
Payment operations costs	355,683	202,192
Membership fee costs	11,444	20,144
Tax duties	867,732	112,122
Contribution costs	9,648	1,007
Other non-production costs	155,487	168,195
TOTAL	2,706,604	1,448,120

• **Costs of non-production services** in the amount of RSD 1.058.430 thousand (which include the attorney fees, consulting and intellectual services, audit costs, professional training and education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other costs) consist primarily to the costs of Energoprojekt Visokogradnja Company amounting to RSD 415.147 thousand, Energoprojekt Entel amounting to RSD 304.881 thousand, Energoprojekt Niskogradnja amounting to RSD 232.512 thousand and of the costs of other Companies of the Energoprojekt Group.

• **Insurance premium costs** amounting to RSD 157.795 thousand refer to the insurance of works, property and persons, primarily in the Energoprojekt Niskogradnja Company in the amount of RSD 80.642 thousand and in Energoprojekt Entel Company in the amount of RSD 47.087 thousand.

• **Payment operation costs** in the amount of RSD 355.683 thousand primarily comprise of the payment operation costs of Energoprojekt Visokogradnja Company amounting to RSD 120.411 thousand (domestic: RSD 12.750 thousand, internationally: RSD 107.661 thousand), Energoprojekt Niskogradnja amounting to RSD 121.389 thousand (most of which pertain to the bank fee costs for guarantees provided in the country: RSD 61.527 thousand and abroad: RSD 41.115 thousand), Energoprojekt Oprema amounting to RSD 39.897 thousand, Energoprojekt Entel amounting to RSD 43.572 thousand, Energoprojekt Hidroinženjering amounting to RSD 22.532 thousand, etc.

• **Tax duties** in the amount of RSD 867.732 thousand consist of the property tax, income tax in foreign countries according to the local regulations, etc. Tax duties were primarily incurred in Energoprojekt Niskogradnja Company in the amount of RSD 627.677 thousand (internationally: RSD 620.666 thousand, domestically: RSD 7.011 thousand) and in Energoprojekt Visokogradnja in the amount of RSD 116.416 thousand (internationally: RSD 100.021 thousand, domestically: RD 16.395 thousand, out of which RSD 14.966 thousand pertain to property tax).

Increase in tax duties when compared to the previous period in the amount of RSD 755.610 thousand predominantly pertain to Energoprojekt Niskogradnja Company duties amounting to RSD 615.747 thousand, which is the result of the significant taxable income made abroad over the reporting period (arbitration procedures were completed – damage compensation claims in Peru in favour of the Company), and thus to the mandatory local income tax, but also to the increase in property tax in the country due to the newly introduced property tax basis calculation method for 2014 in compliance with the Law on Property Taxes (RS Official Gazette, No. 26/2001, FRY Official Gazette, No. 42/2002 – Federal Constitutional Court Decision, and RS Official Gazette, No. 80/2002, 80/2002 – other law, 135/2004, 61/2007, 5/2009, 101/2010, 24/2011, 78/2011, 57/2012 – Constitutional Court Decision and 47/2013), which resulted in the increase in property tax costs in other Energoprojekt Group Companies as well.

• Within the **other non-production costs** item (administrative, court and other fees, expert professional magazines, publication of announcements and tenders, visa costs for employees working abroad, hiring of local workforce in foreign countries for international projects' realization, etc.) amounting to the total of RSD 155.487 thousand consist primarily to the costs incurred by Energoprojekt Visokogradnja Company in the amount of RSD 69.423 thousand and by Energoprojekt Entel in the amount of RSD 33.473 thousand.

19. FINANCIAL INCOME AND FINANCIAL EXPENSE

19.1. Financial Income

Structure of financial income	<i>In RSD thousand</i>	
	2014	2013
Financial income from other related parties	57,852	11,399
Financial income from the profit of affiliates and joint ventures	133,668	99,291
Other financial income:		
a) Income from dividends		3,217
b) Other financial income	149,141	71,145
<i>Total</i>	<i>149,141</i>	<i>74,362</i>
<i>Total financial income from related parties and other financial income</i>	<i>340,661</i>	<i>185,052</i>
Interest income (third parties)	293,789	105,323
Income from FX gains and positive effect of FX clauses	1,900,134	647,861
TOTAL	2,534,584	938,236

• **Financial income from other related parties** in the amount of RSD 57.852 thousand consist of the financial income from:

- Affiliated company Energo Nigeria Ltd., Lagos, Nigeria in the amount of RSD 37.115 thousand, which was disclosed by Energoprojekt Oprema as the FX gains;
- Joint venture Enjub Ltd. in the amount of RSD 20.772 thousand (in 2013: RSD 11.376 thousand) which consist of the interest income from the Energoprojekt Holding loan in the amount of RSD 10.572 thousand and positive effects of FX clauses in the amount of RSD 10.200 thousand, primarily in Energoprojekt Holding; and
- Affiliated Energopet Ltd. Company in the amount of RSD 15 thousand, which was booked by Energoprojekt Industrija Company.

• **Financial income from affiliated companies and joint ventures** in the amount of RSD 133.668 thousand consist of the net profit in 2014 of the affiliated Companies Energo Nigeria Ltd., Lagos, Nigeria in the amount of RSD 88.248 thousand (in 2013: RSD 70.876 thousand) and Energopet Ltd. in the amount of RSD 45.420 thousand (in 2013: RSD 28.415 thousand) that were included through primary consolidation by applying the equity method in the consolidated financial statements of the Energoprojekt Oprema and Energoprojekt Industrija subsidiaries, and thus in the consolidated financial statements of the Energoprojekt Group.

• **Interest income (from third parties)** in the amount of RSD 293.789 thousand consists primarily of the interest income of Energoprojekt Niskogradnja amounting to RSD 228.937 thousand, predominantly from the agreed default interest invoiced to the Investor in Uganda for the outstanding debt: RSD 195.615 thousand; from the interest income in Peru from the completed arbitration procedures (damage compensation claims) in favour of the Company: RSD 26.198 thousand and from the interest income from the short term deposits in the country: RSD 6.932 thousand. The significant share in the interest income (from third parties) over the reporting period was additionally achieved by the Energoprojekt Garant Company in the amount of RSD 16.543 thousand, Energoprojekt Holding in the amount of RSD 14.601 thousand, Energoprojekt Entel in the amount of RSD 12.850 thousand and by other Companies, primarily from the short term deposits with commercial banks.

• **Income from FX gains and positive effects of FX clauses** are presented in Note 19.2.

19.2. Financial Expense

Structure of financial expense	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Financial expense from other related parties	5,522	
Financial expense from the loss of affiliated companies and joint ventures	38,847	27,380
Other financial expense	741	1,112
<i>Total financial expense from the related parties and other financial expense</i>	<i>45,110</i>	<i>28,492</i>
Interest expense (to third parties)	333,696	270,630
Negative FX differences and expenses incurred from the effects of FX clauses (to third parties)	2,051,510	645,881
TOTAL	2,430,316	945,003

- **Financial expenses from other related parties** in the amount of RSD 5.522 thousand refer to the affiliated Company Energo Nigeria Ltd., Lagos, Nigeria, predominantly from the negative FX differences and expenses incurred from the effects of FX clauses.

- **Financial expense incurred from affiliated entities and joint ventures** in the amount of RSD 38.847 thousand (in 2013: RSD 27.380 thousand) refer to the net result of the Enjub Ltd. joint venture that was included in the consolidated financial statements of the Energoprojekt Group by applying the equity method.

- **Interest expenses (to third parties)** consist of the expenses from loan interest and default interest in debtor-creditor transactions. Interest expenses in the amount of RSD 333.696 thousand consist primarily of the expenses incurred by the Energoprojekt Niskogradnja Company in the amount of RSD 145.909 thousand (primarily from the interest on loans granted by commercial banks and other legal entities, as well as from the interest on lease agreement and specifically, in the country: RSD 75.047 thousand, and abroad: RSD 66.404 thousand) and by the Energoprojekt Visokogradnja Company in the amount of RSD 142.855 thousand (out of which the amount of RSD 122.327 thousand consists of the interest expenses from the loans granted to commercial banks, which primarily caused the increase in interest expenses in 2014).

- **Negative FX differences and expenses incurred from the effects of FX clauses** amount to RSD 2.051.510 thousand, and gains from FX differences and income from the effects of FX clauses amount to RSD 1.900.134 thousand, so that in 2014 net negative FX differences and expenses from the effect of FX clauses were booked in the amount of RSD 151.376 thousand, which primarily consist of the expenses incurred by the Energoprojekt Niskogradnja due to their significant trade payable to suppliers in foreign countries and due to their liabilities for long-term and short-term loans denominated in foreign currencies due to which the Company suffers significant expenses from the negative FX differences and negative effects of FX clauses, owing to RSD depreciation in 2014, primarily to EUR and USD (from which the Company suffers the most).

When compared to the previous year, in 2014 RSD dropped to EUR by 5.51% (in 2013: 0.81%), to USD by as much as 19.65% (in 2013: RSD was appreciated by +3.54%), and there was an appreciation of RSD to RUB by +29.68% (in 2013: 10.66%).

20. INCOME AND EXPENCES FROM VALUATION ADJUSTMENT OF OTHER PROPERTY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

20.1. Income from valuation adjustment of other property measured at fair value through Profit or Loss

Structure of income from valuation adjustment of other property carried at fair value through profit or loss	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Income from valuation adjustment of long-term financial investments and securities available for sale	1,147	4,357
Income from valuation adjustment of receivables and short-term financial investments	20,310	26,113
TOTAL	21,457	30,470

- **Income from valuation adjustment of long-term financial investments and securities available for sale** in the amount of RSD 1.147 thousand consist to valuation adjustment of the fair value of old foreign currency savings bonds of the Republic of Serbia in the Energoprojekt Industrija Company.

- **Income from valuation adjustment of receivables and short-term financial investments** in the amount of RSD 20.310 thousand consist predominantly from the profit made by the Energoplast Company in the amount of RSD 9.368 thousand (from the collected receivables), Energoprojekt Garant Company in the amount of RSD 6.471 thousand (from the adjustment of the fair value of the Republic of Serbia bonds).

20.2. Expences from valuation adjustment of other property measured at fair value through Profit or Loss

Structure of expences from valuation adjustment of other property measured at fair value through profit or loss	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Expences from valuation adjustment of long-term financial investments and securities available for sale		2,279
Expences from valuation adjustment of receivables and short-term financial investments	40,711	91,221
TOTAL	40,711	93,500

• **Loss from valuation adjustment of receivables and short-term financial investments** in the amount of RSD 40.711 thousand consists predominantly of the losses incurred in the Energoprojekt Industrija in the amount of RSD 22.630 thousand (primarily based on the correction of receivables from Jugoremedija Plc. in the amount of RSD 21.924 thousand), Energoprojekt Garant Company in the amount of RSD 4.482 thousand (based on the difference between the purchase price and estimated value as at December 31, 2014 of the Republic of Serbia coupon bonds acquired in December 2014) and of the such losses of other Energoprojekt Group Companies.

21. OTHER INCOME AND OTHER EXPENSE

21.1. Other Income

Structure of other income	In RSD thousand	
	2014	2013
Income from disposal of intangible assets, property, plant and equipment	21,661	21,054
Income from disposal of shares and securities	193	4,063
Income from disposal of materials	182	
Surpluses	3,052	1,479
Collected written-off receivables	8,375	48,640
Income from the effects of agreed risk protection that cannot be posted in other comprehensive result	1,235	566
Income from reduction of liabilities	161,442	287,130
Income from release of long-term and short-term provisions	379,088	116,958
Other income	108,525	140,379
Income from valuation adjustments of property, plant and equipment	72,844	65,678
Income from valuation adjustment of other property		467
TOTAL	756,597	686,414

• **Income from disposal of intangible assets, property, plant and equipment** in the amount of RSD 21.661 thousand predominantly pertain to the following Energoprojekt Group Companies:

- Energoprojekt Niskogradnja in the amount of RSD 10.158 thousand, from the sale of construction machinery and equipment;
- Energoprojekt Hidroinženjering in the amount of RSD 6.424 thousand, from the sale of an apartment, with prior re-classification from the item Property to the item of Non-current assets held for sale;
- Energoprojekt Entel in the amount of RSD 1.957 thousand, from the sale of fixed assets in the Group Companies in other countries;
- Energoprojekt Oprema in the amount of RSD 1.468 thousand, from the sale of an apartment from the Solidarity Fund, which was posted in the Property item; etc.

• **Collected written-off receivables** in the amount of RSD 8.375 thousand pertain to Energoprojekt Visokogradnja Company in the amount of RSD 6.407 thousand (collected written-off receivables from the Energoprojekt Ghana Ltd., Accra, Ghana in the amount of RSD 6.314 thousand and from Jugobanka in the amount of RSD 93 thousand) and to Energoprojekt Hidroinženjering Company in the amount of RSD 1.968 thousand (collected written-off receivables from the Municipality of Coka that acted as the Investor in the Agreement on Drafting of Design and Technical Documentation for the Construction of Water Supply Network in Coka).

• **Income from the reduction of liabilities** in the amount of RSD 161.442 thousand relate predominantly to the following Energoprojekt Group Companies:

- Energoprojekt Visokogradnja in the amount of RSD 80.781 thousand, predominantly from the cancellation of Company's debt to CC Rad based on the Court Decision in the amount of RSD 39.207 thousand and written-off tax liability of the Energoprojekt Ghana Ltd., Accra, Ghana Company in the amount of RSD 36.248 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 54.756 thousand, predominantly based on the reduction of liabilities based on the Proposal by the Inventory Committee in the amount of RSD 41.702 thousand, due to its outdatedness and absence of any attempt to collect the amount due in the previous period (in compliance with the provisions of IAS 39 and the principle of prudence) and based on the reduction of payables to suppliers based on the subsequently approved rebates and discounts in the amount of RSD 31.054 thousand; etc.

• **Income from release of long-term and short-term provisions** in the amount of RSD 379.088 thousand related primarily to the income from cancellation of long-term provisions for costs during warranty period for projects that were successfully completed and for which Energoprojekt Entel collected the claimed warranty deposit in the amount of RSD 325.226 thousand (Energoprojekt Entel LTD, Doha, Qatar: RSD 264.907 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 60.319 thousand).

Within the income in question, income from release of long-term provisions for fringe benefits and other personnel expenses were included, in compliance with IAS 19 – Employee Benefits, in almost all the Energoprojekt Group Companies.

• **Other income not posted elsewhere** in the amount of RSD 108.525 thousand predominantly relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Entel in the amount of RSD 51.282 thousand based on the release of provisions based on the translation of financial statements posted in another functional currency and/or presentation currency, into the reporting currency of the completed projects realized abroad that were accounted for, in compliance with IAS 21 – The Effects of Changes in Foreign Exchange Rates;

- Energoprojekt Niskogradnja in the amount of RSD 50.902 thousand, primarily based on the release of provisions based on the translation of financial statements in other functional currency and/or in presentation currency into the reporting currency of the completed project realized abroad that were accounted for, in compliance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, in the amount of RSD 22.692 thousand; and of the income from damage compensation collection from insurance companies based on equipment destruction in the amount of RSD 4.721 thousand (in projects realized in foreign countries: RSD 3.562 thousand and in projects realized domestically: RSD 1.159 thousand);

- Energoprojekt Visokogradnja in the amount of RSD 4.174 thousand, the largest portion of which, or the amount of RSD 1.040 thousand, pertain to the income based on collection of court expenses from the lawsuit with Astra Bank; etc.

• **Income from valuation adjustment of property, plant and equipment** in the amount of RSD 72.884 thousand refer predominantly to Energoprojekt Niskogradnja Company in the amount of RSD 62.033 thousand based on valuation adjustment of the investment property - “Cruz del Sur“ office building, Peru, to its fair value in compliance with IAS 40 – Investment Property.

21.2. Other Expense

Structure of other expense	In RSD thousand	
	2014	2013
Losses incurred from decommissioning and disposal of intangible assets, property, plant and equipment	28,583	43,959
Losses incurred from the disposal of equity investments and securities	4,191	
Losses incurred from the sales of material	3,271	1,015
Shortages	3,616	1,469
Hedging contract expenses		241
Expences from direct write-off of receivables	380,560	124,007
Expences from decommissioning of inventories	40,036	20,206
Other expenses	94,909	78,269
Impairment of property, plant and equipment	48,384	1,594
Impairment of inventories of materials and goods	3,226	6,024
TOTAL	606,776	276,784

• **Losses from decommissioning and disposal of intangible assets, property, plant and equipment** in the amount of RSD 28.583 thousand relate predominantly to Energoplast Company in the amount of RSD 12.323 thousand (based on decommissioning of assets intended for sale), Energoprojekt Visokogradnja in the amount of RSD 8.237 thousand (predominantly from decommissioning of fixed assets according to the inventory count for 2014), Energoprojekt Energodata Company in the amount of RSD 2.940 thousand (predominantly based on the sale of office facilities in Nis for RSD 1.500 thousand), Energoprojekt Entel Company in the amount of RSD 2.092 thousand (predominantly based on the sale of vehicles in Company subsidiaries in Qatar and Oman), Energoprojekt Niskogradnja in the amount of RSD 1.570 thousand (based on the decommissioning of assets according to the inventory count for 2014), etc.

• **Losses from disposal of equity investments and securities** in the amount of RSD 4.191 thousand relate to Energoprojekt Entel in the amount of RSD 3.545 thousand and to Energoprojekt Holding in the amount of RSD 646 thousand, based on the sale of shares of Aik Banka Plc., Nis.

• **Expences from direct write-off of receivables** in the amount of RSD 380.560 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 329.889 thousand, which are primarily the result of performed valuation of balance sheet items in compliance with the provisions of

IAS 39 – Financial Instruments: Recognition and Measurement, and the prudence principle, which the Company Management assessed as uncollectible and decided to write off, and which relate to the write-off of receivables of the subsidiary company Energo Uganda Company Ltd, Kampala, Uganda in the amount of RSD 301.821 thousand (trade receivables: RSD 180.730 thousand and receivables from the Tax Administration for taxes: RSD 121.091 thousand).

Energo Uganda Company Ltd, Kampala, Uganda has for a number of years and based on the agreements concluded with the Ministry of Works and Transport and business operations posted in its books that are kept in compliance with the legal regulations of the Republic of Serbia receivables in the amount of UGX 5.660.402 thousand (or USD 2.041 thousand, at FX rate as at December 31, 2014 of 1 USD = 2773,07 UGX). In addition to the above, in the books of the said Company that are kept in compliance with the legal regulations of the Republic of Serbia, receivables from the Uganda Revenue Authority were posted as well for the prepaid value added tax amount and withholding tax in the amount of UGX 3.792.519 thousand (or USD 1.368 thousand, at the above stated FX rate as at December 31, 2014). Based on the analysis of the said balance sheet items, the following has been concluded:

- Ministry of Works and Transport as the Investor transferred all their activities and contracts signed in relation to the construction and reconstruction of roads to the Uganda National Road Authority,
- Uganda National Road Authority (despite the fact that they did not deny the claims made by the Company in question in conversations), will not pay these claims without a relevant Court Decision,
- Uganda National Road Authority is the Investor of the Company in the largest and most important projects that are currently being realized in Ugandan market,
- Potential impairment of relations between the Company and its Investor, that can be caused by initiating a lawsuit, will be incomparably and much more detrimental for the Company compared with the amount of its claims in this other matter,
- Ugandan market is of strategic importance for the Company and in that sense, good relations with the Investor are among top priorities for the Company,
- In practice, the Uganda Revenue Authority does not refund any tax amount except in cases where the claimant has won the lawsuit and has been granted a positive final and enforceable Court Decision,
- filing a lawsuit against Ugandan Tax Administration would be more of a burden and an obstacle in Company's relations with the Investors in Uganda, since these parties are institutions paid from the Government budget, which are predominantly funded from tax collection,
- Company is the 100% owner of the subsidiary in question,
- In the future period, the subsidiary in question has no plans for any significant business operations (developmental strategy for the Ugandan market has been based on projects that will be realized by the Company, and not on the projects that would be implemented by the subsidiary company in question here),
- The Public Procurement and Disposal Assets Authority of Uganda has reached the Decision No. PPDA/042/003 dated September 3, 2014, according to which the right of the subsidiary company in question to take part in public tenders in Uganda is suspended due to the fine imposed by the WB to the parent company of Energoprojekt Niskogradnja Plc., which is an additional burden for the position of the subsidiary company in question.

Bearing in mind all the above stated and starting from the accounting principle of prudence, obligation to realistically measure and assess all the balance sheet items, and in compliance with the provisions of IAS 39 – Financial Instruments – Recognition and Measuring, Board of Directors of the Company has reached the decision on direct write-off of the above stated receivables that are to be transferred and debited against current period result.

In addition to the above stated, the Company has performed a partial write-off of its receivables for prepaid value added tax in Kazakhstan in the amount of RSD 19.844 thousand which has been deemed obsolete, according to the relevant notification of the Tax Administration of Kazakhstan.

• **Expences from decommissioning of inventories of materials and goods** in the amount of RSD 40.036 thousand are predominantly incurred in Energoprojekt Niskogradnja Company in the amount of RSD 32.179 thousand, out of which the amount of RSD 30.915 thousand relate to the write-off of retired inventories that cannot be used any more in the production process, based on the inventory count for 2014 (abroad: RSD 30.886 thousand, in the country: RSD 29 thousand); the amount of RSD 1.264 thousand relate to the decommissioning of inventories due to the force majeure.

• **Other expenses not otherwise mentioned** in the amount of RSD 94.909 thousand predominantly pertain to the following Companies of the Energoprojekt Group:

- Energoprojekt Oprema, in the amount of RSD 27.363 thousand, based on the donation expenses: RSD 9.415 thousand; non-recognized, non-invoiced revenues: RSD 12.561 thousand; damage compensation: RSD 5,678 thousand, etc.;

- Energoprojekt Entel, in the amount of RSD 22.422 thousand primarily relate to the scholarship expenses of the Group Companies in Oman and in Qatar: RSD 14.500 thousand; and to the sports, culture, etc. related expenses, etc.

- Energoprojekt Niskogradnja, in the amount of RSD 18.055 thousand, based on the removal of reporting currency translation effects for the international projects that were completed and accounted for in compliance with IAS 21: RSD 12.069 thousand; and based on the relevant Decision, donation expenses, etc.;

- Energoprojekt Hidroinženjering in the amount of RSD 16.156 thousand, primarily based on the performance of agreed liabilities from the newly agreed design projects in Algeria;

- Energoprojekt Visokogradnja in the amount of RSD 6.959 thousand primarily based on damage compensation: RSD 3.063 thousand and for other expenses incurred abroad: RSD 2.694 thousand (for VAT corrections in Russia, primarily for the Z-088 Project Hotel Hyatt Rostov, etc.);

- Energoprojekt Holding in the amount of RSD 2.078 thousand, primarily based on donations: RSD 1.237 thousand, humanitarian flood relief in Serbia, expenses for scientific and athletic purposes, fines and penalties, as well as for some other Companies of the Energoprojekt Group.

• **Impairment of property, plant and equipment** in the amount of RSD 48.384 thousand, primarily relate to Energoprojekt Energodata Company in the amount of RSD 37.835 thousand (based on the impairment of equipment – ATM machines (201 ATMs), owing to which the recognized ATM value was reduced to its real market price) and Energoprojekt Holding in the amount of RSD 6.590 thousand (for impairment of investment property - Stari Merkator office building).

22. NET PROFIT / LOSS FROM DISPOSAL OF DISCONTINUING OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERROR

Structure of net profit/loss from discontinuing operations, effects of change in accounting policy and correction of prior period errors	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Net profit from discontinuing operations, effects of change in accounting policy and correction of prior period errors		
Net loss from discontinuing operations, effects of change in accounting policy and correction of prior period error	34,280	13,617
TOTAL	(34,280)	(13,617)

• **Net loss from discontinuing operations** in the amount of RSD 34.280 thousand relate primarily to the Energoprojekt Niskogradnja Company in the amount of RSD 33.796 thousand based on the subsequently established income and/or losses from the previous period as the materially insignificant amounts, based on which these were recognized as debit and/or credit for the current period (income tax expenses in Uganda: RSD 19.815 thousand; income tax expenses in Peru that the Group invoiced to its partners after the submission of tax balance: RSD 13.552 thousand, etc.).

23. PROFIT BEFORE TAX

Structure of gross result	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Operating income	33,832,266	22,247,208
Operating expenses	32,753,077	21,969,112
Operating result	1,079,189	278,096
Financial income	2,534,584	938,236
Financial expenses	2,430,316	945,003
Financial result	104,268	(6,767)
Revenues from valuation adjustment of other assets carried at fair value through Profit or Loss	21,457	30,470
Other revenues	756,597	686,414
Expenses from valuation adjustment of other assets carried at fair value through Profit or Loss	40,711	93,500
Other expenses	606,776	276,784
Result of other revenues and expenses	130,567	346,600
Result from regular operations before tax	1,314,024	617,929
Net operating profit from discontinuing operations, changes in accounting policy and correction of prior period errors		
Net loss from discontinuing operations, changes in accounting policy and correction of prior period errors	34,280	13,617
TOTAL INCOME	37,144,904	23,902,328
TOTAL EXPENSE	35,865,160	23,298,016
PROFIT/LOSS BEFORE TAX	1,279,744	604,312

Income of the Energoprojekt Group in the reporting year in the amount of RSD 1.279.744 thousand is primarily the result of the consolidated operating income in the amount of RSD 1.079.189 thousand, primarily achieved in Energoprojekt Niskogradnja and Energoprojekt Oprema Companies.

In comparison with the previous year, almost all the Companies of the Energoprojekt Group achieved improved operating results, as the result of the increase in their operational activities primarily from the new projects in foreign countries.

In 2014, Energoprojekt Visokogradnja Company suffered a significant operating loss, which impaired the total operating result of the entire Energoprojekt Group to a considerable degree. The exceptionally low operating result of the Energoprojekt Visokogradnja Company primarily came as a consequence of the significantly worsened business and market conditions in the traditional market for Visokogradnja Company in Russia (huge foreign exchange rates' differences due to devaluation of Russian ruble – a decrease of approximately 30%, a dramatic drop in the prices of crude oil and international sanctions have all made this market a high risk business environment in a very short period of time), lack of opportunities for contracting and insufficient level of employment of its resources in the country (especially in the field of building construction), as well as due to some objective standstills in the realization of the most important current agreed deals (in individual projects, upon request from the Investor, redesign and amendments to agreed terms and conditions were made, in addition to some delays in securing of financial resources, etc.).

24. EARNINGS PER SHARE

Indicator	In RSD thousand	
	2014	2013
Net profit	825,122	373,717
Average number of shares during the year	10,931,292	10,931,292
Earnings per share (in RSD)	75.48	34.19

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

Net profit for the shareholders of the parent company for the reporting period is RSD 825.122 thousand; the weighted average number of shares in the issue is 10.931.292 shares, therefore, the earnings per share as at December 31, 2014 is RSD 75,48.

BALANCE SHEET

25. INTANGIBLE ASSETS

In RSD thousand

Structure of intangible assets	Development investments	Software and other rights	Intangible assets in preparation	Advance payments for intangible assets	Total
<u>Purchase value</u>					
Balance as at January 1, 2014		140,814	16,388	320	157,522
New purchases	4,945	14,644	2,144		21,733
Disposal and decommissioning		(1,397)			(1,397)
Increase by transfer from investment in progress		13,048	(13,048)		
Other transfers (from)/to		1,225	(1,225)		
FX gains and losses		5,196			5,196
Other increase/(decrease)		(90)	(2,115)	(320)	(2,525)
Balance as at December 31, 2014	4,945	173,440	2,144		180,529
<u>Valuation adjustment</u>					
Balance as at January 1, 2014		96,845			96,845
Depreciation	412	12,095			12,507
Disposal and decommissioning		(1,395)			(1,395)
FX gains and losses		4,238			4,238
Other increase/(decrease)		(90)			(90)
Balance as at December 31, 2014	412	111,693			112,105
<u>Net book value</u>					
31.12.2013		43,969	16,388	320	60,677
31.12.2014	4,533	61,747	2,144		68,424

Software and other rights as at December 31, 2014 relate to various software used by the Energoprojekt Group for own purposes, which are depreciated in compliance with the relevant accounting policy.

Decrease in intangible assets in preparation compared to December 31, 2013, refer primarily to implementation of software products for BI (Business Intelligence) solution in the Energoprojekt Group.

26. PROPERTY, PLANT AND EQUIPMENT

In RSD thousand

Structure of property, plant and equipment	Land	Buildings	Plant and equipment	Investment property and investment property in progress	Other property, plant and equipment	Property, plant and equipment in progress	Investments in other property, plant and equipment	Advances for property, plant and equipment	Total
<i>Purchase value</i>									
Balance as at January 1, 2014	707,413	5,001,948	8,936,172	2,378,653	3,494	54,132	39,546	43,219	17,164,577
Purchase during the year			1,322,951		20,421	114,724			1,458,096
Increase by transfer from investment in progress			786			-92,277			-91,491
Transfer to assets held for sale		-4,628		-3,907					-8,535
Other transfer from / (to)		-263,352	19,346	-26,015	268,825	1,196			
Disposal and decommissioning		-19,237	-353,898		-19,296				-392,431
Profit/(loss) included in Report on Other Result (group 330)		4,046,029		113,759	15,886				4,175,674
Profit/(loss) included in Profit and Loss		-2,861		65,156					62,295
FX gains and losses	1,289	98,093	221,242	193,015	14			2,382	516,035
Other increases / (decreases)		-1,440,514	-5,821	-1,497	-41,952		-17,288		-1,507,072
Balance as at December 31, 2014	708,702	7,415,478	10,140,778	2,719,164	247,392	77,775	22,258	45,601	21,377,148
<i>Valuation adjustment</i>									
Balance as at January 1, 2014		1,625,904	5,793,464				9,340		7,428,708
Depreciation		13,330	604,140		18,594		7,947		644,011
Disposal and decommissioning		-11,724	-288,556		-17,301				-317,581
Transfer to assets held for sale		-1,167							-1,167
Other transfers from / (to)		-149,557	962		148,595				
Impairment			37,835						37,835
FX gains and losses		3,474	123,173						126,647
Other increases /decreases		-1,445,271	-3,676		-41,952		-17,287		-1,508,186
Balance as at December 31, 2014		34,989	6,267,342		107,936				6,410,267
<i>Net book value</i>									
Balance as at December 31, 2013	707,413	3,376,044	3,142,708	2,378,653	3,494	54,132	30,206	43,219	9,735,869
Balance as at December 31, 2014	708,702	7,380,489	3,873,436	2,719,164	139,456	77,775	22,258	45,601	14,966,881

- **Land**

Value of land of the Energoprojekt Group amounting to RSD 708.702 thousand primarily relate to the Energoprojekt Visokogradnja Company in the amount of RSD 517.370 thousand (land in Ub and in Stara Pazova), Energoprojekt Niskogradnja Company in the amount of RSD 98.048 thousand (land in Peru and domestically – in Stara Pazova) and to the Energoprojekt Oprema Company in the amount of RSD 75.058 thousand (Sevino polje plot – in Novi Beograd), and to other land.

- **Buildings**

In 2014, based on changes in accounting policies, re-classification of property, plant and equipment was performed into the following newly defined groups: land, buildings, plant, construction machinery, motor vehicles, furniture and appliances, office equipment and other, and in compliance with such modifications, all the Companies of the Energoprojekt Group implemented the new classification of the fixed assets' groups within their individual accounting records and/or they transferred such assets among the groups of: buildings, plant and equipment, other property, plant and equipment, which is presented in the above table in item Other transfers (from)/to.

In addition to the above, in compliance with the changes in accounting policies with regard to measuring of buildings after the initial recognition, transition was made from the acquisition price model to the revalorisation model. In compliance with the provisions of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, after the initial measuring, on the occasion of the transition from the acquisition price model to the revalorisation model, the value of buildings disclosed as at December 31, 2013 was not modified. (Note 7.8.)

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

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

As at December 31, 2014, the residual value and the remaining useful lifetime of the buildings were appraised, which resulted in the change in depreciation costs for 2014.

Accounting disclosure of the transition from the acquisition price model to the revalorization model was performed by eliminating the previous valuation adjustment, which is presented in the above table under Other decreases, in the items of acquisition price and valuation adjustment.

Increase in the value of buildings through reduction to their fair value was posted in equity items – Revalorization provisions for property, and it is presented in the above table through Profit included in The Report on Other Result in the amount of RSD 4.046.029 thousand, and the impairment in the value of buildings by reducing it to its fair value was posted through the items of the Profit and Loss – Impairment of property, and it is presented in the above table through Losses included in Profit and Loss in the amount of RSD 2.321 thousand.

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

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

• **Plant and Equipment**

As at December 31, 2014, appraisal of the residual value and the remaining useful lifetime of the equipment with significant accounting value were performed. From the aspect of depreciation costs, in comparison with the previous year, there were no changes of relevance in 2014.

In acquisitions of plant and equipment in 2014 that amounted to RSD 1.322.951 thousand, the largest share consists of the acquisitions of the following Companies of the Energoprojekt Group: Energoprojekt Niskogradnja in the amount of RSD 926.443 thousand (abroad: RSD 690.079 thousand (in Uganda and Peru) and domestically: RSD 236.364 thousand) and of the Energoprojekt Visokogradnja in the amount of RSD 265.406 thousand (domestically: RSD 155.241 thousand and abroad: RSD 110.165 thousand, predominantly for the projects in Rostov and Astrakhan).

In the total acquisition of equipment in 2014 under lease agreements, the amount of RSD 288.618 thousand relate entirely to the Energoprojekt Niskogradnja Company.

Liabilities of the Energoprojekt Group based on the financial lease are explained in greater detail in the Note 39.2.

• **Investment property** as at December 31, 2014 amount to RSD 2.719.164 thousand.

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

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

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

Disclosure of value of Energoprojekt Group investment property at its fair value and/or posting of the increase and reduction of its value to its fair value was performed through the following Profit and Loss items: Loss from property impairment and Profit from property valuation adjustment, and in the above table such disclosure was presented as the net effect through Profit included in Profit and Loss in the amount of RSD 65.156 thousand.

The first evaluation of the fair value of property was performed by transferring the property (production facility in Ub with its ancillary facilities and residential buildings in Visnjicka Banja) from the buildings to the investment property items, and it was posted through the equity item of Revalorization provisions for property, and it was presented in the above table through Profit included in The Report on Other Result in the amount of RSD 113.759 thousand.

In 2014, the Energoprojekt Group generated income from the rent of investment property in the country and abroad in the amount of RSD 86.195 thousand, and the principal portion of such amount relate to the income generated from the rent of the office building in Moscow, Dom 12, in the amount of RSD 37.430 thousand and from the rent of a number of properties in Lusaka, Zambia, in the amount of RSD 25.816 thousand.

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

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

27. LONG-TERM FINANCIAL INVESTMENTS

Structure of long-term financial investments	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Equity investments in affiliated companies and joint ventures	849,665	742,299
Equity investments in other legal entities and other securities available for sale	33,750	82,419
Securities held to maturity	9,178	48,542
Other long-term financial investments	221,183	205,445
TOTAL	1,113,776	1,078,705

• **Equity investments in affiliated companies and joint ventures** in the amount of RSD 849.665 thousand are presented in the following table.

Equity investments in affiliated companies and joint ventures	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Energoprojekt Nigeria Ltd., Lagos, Nigeria	428,204	311,356
Energoprojekt Ltd. Belgrade	383,889	348,744
Enjub Ltd. Belgrade	37,572	82,199
TOTAL	849,665	742,299

Increase in equity investments in affiliated companies and joint ventures in comparison with the previous year in the amount of RSD 107.366 thousand came primarily as the result of the net income of the affiliated companies (Energoprojekt Nigeria Ltd., Lagos, Nigeria and Energoprojekt Ltd.), which were, by applying the equity method, included through primary consolidation in consolidated financial statements of the affiliated companies of Energoprojekt Oprema and Energoprojekt Industrija, and thus also in the consolidated financial statements of the Energoprojekt Group.

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

Energoprojekt Nigeria Ltd., Lagos, Nigeria	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Non-current assets	552,676	584,293
Working capital	1,240,007	729,484
Assets	1,792,683	1,313,777
Liabilities	1,364,479	1,002,421
Equity	428,204	311,356
Income	2,266,358	1,975,391
Net profit of the current period	88,248	70,876

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

Energoprojekt Ltd. Belgrade	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Non-current assets	345,456	352,836
Working capital	451,611	405,661
Assets	797,067	758,497
Liabilities	413,178	409,753
Equity	383,889	348,744
Income	997,346	998,672
Net profit of the current period	45,420	28,415

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

Enjub Ltd., Belgrade	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Non-current assets	129,004	159,734
Working capital	120,309	122,168
Deferred tax assets		5,780
Assets	249,313	287,682
Liabilities	211,741	205,483
Equity	37,572	82,199
Income	14,387	47,326
Net loss of the current period	(38,847)	(27,380)

• **Equity investments in other legal entities and other securities available for sale** in the amount of RSD 33.750 thousand are presented in the following table.

Equity investments in other legal entities and other securities available for sale	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Equity investments in other legal entities:		
a) Banks and financial organizations	27,259	76,314
b) Other legal entities	6,491	6,105
TOTAL	33,750	82,419

Equity investments in other legal entities in the amount of RSD 33.750 thousand primarily comprise of equity investments of the Energoprojekt Holding in banks and other financial organizations in the amount of RSD 27.139 thousand (Jubmes Bank Plc. Belgrade, Fima See Activist Plc. Belgrade, Energobroker Plc. Belgrade and Dunav Insurance Company Ltd. Belgrade) and in other legal entities in the amount of RSD 5.887 thousand (Hotel Bela Ladja Plc. Becej).

In 2014, a decrease of RSD 48.669 in equity investments was due to the sale of Aik Bank Plc. Belgrade shares in the amount of RSD 21.298 thousand in Energoprojekt Entel and Energoprojekt Holding Companies (where the losses from the sale of shares and securities in the amount of RSD 4.191 thousand were generated); transfer of the financial investments in the shares of the Belgrade Stock Exchange Plc. Belgrade from Equity Investments to Financial Assets Measured at Fair Value through Profit or Loss in the amount of RSD 5.054 thousand, which was performed in Energoprojekt Garant Company upon order by the NBS; valuation adjustment of the Belgrade Stock Exchange Plc. Belgrade shares in the Energoprojekt Niskogradnja to their nominal value that was debited against previously posted income on the same basis in the amount of RSD 1.642 thousand; and valuation adjustment of securities in the Company portfolio with their fair value in the secondary securities market as at the financial statements date.

• **Securities held to maturity** in the amount of RSD 9.178 thousand comprise only of the foreign currency savings bonds held by the Energoprojekt Industrija Company.

The decrease in value of securities held to maturity in 2014 compared with the previous year, in the amount of RSD 39.364 thousand, was the result of the transfer of financial investments in bonds in the Energoprojekt Garant Company upon order by the NBS into Financial Assets Measured at Fair Value through Profit or Loss in the amount of RSD 35.788 thousand and of the sale of foreign currency savings bonds in the Energoprojekt Industrija Company in the amount of RSD 3.576 thousand.

• **Other long-term financial investments** in the amount of RSD 221.183 thousand are presented in the following table.

Other long-term financial investments	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Housing loans granted to employees	48,428	56,410
Long term deposits	49,474	19,520
Deposits for bank guarantees	30,343	34,781
Other	92,938	94,734
TOTAL	221,183	205,445

• **Long-term housing loans granted to employees** are interest-free and in compliance with the Housing Loan Agreement provisions and pursuant to the Law on Amendments and Addenda to the Law on Housing, the Company performs legally prescribed revalorization of loan instalments based on the trends in consumer prices in the Republic of Serbia for the accounting period in question. Of the total of RSD 48.428 thousand, the largest portion of these loans amounting to RSD 27.835 thousand relate to the Energoprojekt Visokogradnja Company, Energoprojekt Oprema Company in the amount of RSD 11.360 thousand and to the Energoprojekt Niskogradnja Company in the amount of RSD 4.479 thousand, but also to other Companies of the Energoprojekt Group.

• **Long-term deposits** in the amount of RSD 49.474 thousand comprise only of the special purpose term deposit of the Energoprojekt Oprema Company with Findomestic Bank based on the RTB Bor Project (in 2013: RSD 19.520 thousand).

• **Deposits for bank guarantees** in the amount of RSD 30.343 thousand comprise only of the Energoprojekt Entel Company guarantees (in Energoprojekt Entel Ltd. Doha, Qatar: RSD 21.996 thousand and in Energoconsult L.L.C., Abu Dhabi, UAE: RSD 8.347 thousand).

• **Other long-term financial investments** in the amount of RSD 92.938 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 88.362 thousand, the largest share of which or RSD 82.406 thousand relate to a building within the tourist complex of Crni Vrh (which has not yet been completed), in which the Company holds ownership rights up to 5%, based on its co-financing; and

- Energoprojekt Entel in the amount of RSD 4.576 thousand, based on the deposits for apartments in foreign countries (in Companies Energoconsult L.L.C., Abu Dhabi, UAE: RSD 3.214 thousand, Energoprojekt Entel Ltd. Doha, Qatar: RSD 775 thousand and Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman: RSD 587 thousand).

28. LONG-TERM RECEIVABLES

Structure of long-term receivables	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Receivables from other related parties	129,684	145,543
Other long-term receivables	644,634	411,730
TOTAL	774,318	557,273

• **Receivables from other related parties** in the amount of RSD 129.684 thousand relate to the receivables of Energoprojekt Oprema Company from its affiliated company Energo Nigeria Ltd., Lagos, Nigeria, based on the long-term guarantee deposit in its projects abroad.

• **Other long-term receivables** in the amount of RSD 644.634 thousand comprise only of the receivables of the Energoprojekt Entel Company based on its long-term receivables for guarantee deposit, which is in most of the cases a deposit amounting to 10% of the invoice amount and which can be collected only upon expiry of the guarantee term (in Companies Energoprojekt Entel Ltd. Doha, Qatar: RSD 583.770 thousand and in Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman: RSD 60.864 thousand).

Increase in other long-term receivables over the reporting period in the amount of RSD 232.904 thousand relates to the increase in long-term receivables for guarantee deposit in Energoprojekt Entel Company.

29. INVENTORIES

Structure of inventories	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Material, spare parts, tools and small inventory items	1,206,668	1,146,045
Work in progress	1,294,624	1,272,555
Finished goods	159,845	166,217
Merchandize	75,988	269,609
Fixed assets held for sale	54,150	62,983
Advances paid for inventories and services:		
a) Advances paid for inventories and services to other related parties	45,793	42,911
b) Advances paid for material, spare parts and inventory	465,691	162,422
c) Advances paid for goods	2,070	242
d) Advances paid for services	1,082,460	508,738
<i>Total</i>	<i>1,596,014</i>	<i>714,313</i>
GRAND TOTAL	4,387,289	3,631,722

• **Material, spare parts, tools and small inventory items** in the amount of RSD 1.206.668 thousand relate predominantly to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 629.558 thousand, out of which inventories abroad amount to RSD 448.448 thousand (Uganda: RSD 275.211 thousand, Peru: RSD 173.237 thousand), and inventories in the country amount to RSD 181.110 thousand. Stock levels, primarily those of the materials and spare parts, are determined by the work schedule and timely supply in the relevant regions;

- Energoprojekt Visokogradnja in the amount of RSD 340.435 thousand, out of which inventories abroad amount to RSD 257.763 thousand and inventories in the country amount to RSD 82.672 thousand;

- Energoprojekt Oprema in the amount of RSD 166.389 thousand, out of which materials' stock amount to RSD 162.000 thousand, and tools and inventory amount to RSD 4.389 thousand;

- Energoplast in the amount of RSD 46.794 thousand, out of which material amount to RSD 36.602 thousand, and spare parts amount to RSD 10.192 thousand; etc.

Increase in materials, spare parts, tools and small inventory items compared to the previous year in the amount of RSD 60.623 thousand relate primarily to the Energoprojekt Visokogradnja Company: RSD 20.456 thousand and to Energoprojekt Niskogradnja: RSD 60.080 thousand, while the majority of other Companies of the Energoprojekt Group recorded a decrease in this respect.

• **Work in progress** in the amount of RSD 1.294.624 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 1.277.748 thousand, out of which work in progress in the country in the amount of RSD 760.799 thousand (based on own investments in Belgrade, in Cara Nikolaja Street: RSD 506.271 thousand, in Knez Danilova Street and in Dalmatinska Street: RSD 79.669 thousand, in Bezanijska Kosa: RSD 46.712 thousand, in Vozdovac: RSD 25.937 thousand and in the town of Bor, in Bor Shopping Mall: RSD 102.210 thousand), and the amount of RSD 516.949 thousand relate to the work in progress abroad (based on the works on the residential complex Sistet Bare in Herceg Novi, Montenegro);

- Energoprojekt Niskogradnja in the amount of RSD 15.558 thousand relate to the processed rock for the upper dam, processed rock for the filter, aggregate for concrete production and material for the lower dam (embankment) for the projects realized abroad (Peru); and

- Energoplast in the amount of RSD 1.318 thousand relate to the products sent for grinding and then used again in the production process as a part of materials used in the production of plastic stoppers.

• **Finished goods** in the amount of RSD 159.845 thousand relate to the following Companies of the Energoprojekt Group:

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

- Energoplast in the amount of RSD 52.588 thousand that relate to the finished plastic stoppers.

• The total value of **merchandise** in the amount of RSD 75.988 thousand primarily relate to Energoprojekt Niskogradnja in the amount of RSD 58.058 thousand (that almost entirely relate to the invoiced materials and spare part, predominantly for the projects realized abroad (in Peru and Uganda), which were not received until December 31, 2014 – Goods in Transit); Energoprojekt Visokogradnja in the amount of RSD 9.542 thousand (abroad: 5.101 thousand, in the country: RSD 4.441 thousand) and to the Energoplast Company in the amount of RSD 6.133 thousand (acquired finished stoppers for resale).

Decrease in merchandise in 2014 compared with the previous year amount to RSD 193.621 thousand and relate to the decrease recorded in Energoprojekt Oprema: RSD 199.287 thousand (projects in Nigeria), in Energoprojekt Visokogradnja: RSD 7.709 thousand and to Energoprojekt Energodata: RSD 13.107 thousand; in other Companies of the Energoprojekt Group an increase in merchandise has been recorded.

• **Fixed assets held for sale** amount to RSD 54.150 thousand, out of which the amount of RSD 50.688 thousand relate to Energoprojekt Niskogradnja and RSD 3.462 thousand relate to Energoprojekt Entel Company.

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

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

Reclassification of land for sale was performed based on the Decision passed by the Board of Directors of the Energoprojekt Niskogradnja on October 2, 2012 on the sale of land in Kenya and land "Santa Clara" in Lima, Peru, with accompanying facilities (warehouse facility); the total value thereof is RSD 22.667 thousand and the value of buildings held for sale amount to RSD 22.273 thousand in compliance with ISFR 5.

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

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

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

• **Advances paid for inventories and services to other related entities** amount to RSD 45.793 thousand and relate in their entirety to Energoprojekt Oprema, based on the advances paid for the services rendered to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

• **Advances paid for material, spare parts and inventory** in the amount of RSD 465.691 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 341.574 thousand, out of which advance payments abroad amount to RSD 282.121 thousand and advance payments in the country amount to RSD 59.453 thousand;

- Energoprojekt Oprema in the amount of RSD 88.732 thousand, out of which advance payments for the projects in the country amount to RSD 83.364 thousand and advance payments to international suppliers abroad amount to RSD 5.368 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 34.305 thousand relate to the advance payments to the suppliers for the projects abroad (in Uganda and Peru) and to the subcontractors for the projects realized in the country; etc.

• **Advances paid for goods** in the amount of RSD 2.070 thousand relate mostly to I.N.E.C. Engineering Company Limited, Great Britain in the amount of RSD 2.009 thousand, based on the acquisition of goods for resale.

• **Advances paid for services** in the amount of RSD 1.082.460 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 843.530 thousand relate primarily to the advance payments to suppliers for the projects abroad (in Uganda and Peru);

- Energoprojekt Oprema, in the amount of RSD 203.261 thousand, which relate to the advance payments to suppliers for the projects in the country: RSD 191.977 thousand and for the projects abroad: RSD 11.284 thousand;

- Energoprojekt Visokogradnja, in the amount of RSD 15.631 thousand, which relate to the advances paid abroad amounting to RSD 13.494 thousand and to the advances paid in the country amounting to RSD 2.137 thousand; etc.

30. TRADE RECEIVABLES

Structure of trade receivables	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Trade receivables domestic - other related parties	2,138	1,372
Foreign trade receivables - other related parties	566,150	279,196
Trade receivables - domestic buyers	3,012,665	1,492,387
Trade receivables - international buyers	7,554,332	4,742,826
TOTAL	11,135,285	6,515,781

• **Trade receivables domestic – other related parties** in the amount of RSD 2.138 thousand relate to the receivables of the Energoprojekt Urbanizam i arhitektura Company in the amount of RSD 1.433 thousand and of the Energoprojekt Holding in the amount of RSD 705 thousand from the joint venture Enjub Ltd.

• **Foreign trade receivables – other related parties** in the amount of RSD 566.150 thousand related to trade receivables from the affiliate company Energo Nigeria Ltd., Lagos, Nigeria, primarily in Energoprojekt Oprema in the amount of RSD 561.833 thousand.

• **Trade receivables domestic** amounting to RSD 3.012.665 thousand and relate primarily to the trade receivables of Energoprojekt Oprema: RSD 1.594.359 thousand, Energoprojekt Niskogradnja: RSD 983.765 thousand, Energoprojekt Energodata: RSD 144.315 thousand, Energoplast: RSD 119.125 thousand, Energoprojekt Hidroinženjering: RSD 51.544 thousand, Energoprojekt Garant: RSD 37.589 thousand, Energoprojekt Entel: RSD 34.987 thousand, Energoprojekt Visokogradnja: RSD 31.318 thousand and to other Companies of Energoprojekt Group.

Energoprojekt Group Belgrade

Trade receivables domestic as at the financial statements date in the Companies of the Energoprojekt Group with significant trade receivables' amounts are broken down in the following table.

Structure of trade receivables domestic	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
<i>Energoprojekt Oprema:</i>		
SNC Lavalin International	636,112	262,950
TENT Ltd.	364,290	
International Project Sevices LTD.OY Branch	308,466	434,199
Zeleznice Srbije Plc.	174,102	
PC Elektromreza Srbije	68,927	109,249
Other	42,462	53,063
Total	1,594,359	859,461
<i>Energoprojekt Niskogradnja:</i>		
RZD International (Pancevo Railroad Project)	575,557	
AzVirt, Beograd (Sarani Tunnel Project)	359,497	166,437
Dunav Grupa agregati Plc. (The Tisa Project)	13,131	13,074
Hidrogradjevinar Plc. (Projekat Tisa)	7,864	39,669
PC Putevi Srbije	1,929	75,546
Other	25,787	48,635
Total	983,765	343,361
<i>Energoprojekt Energodata:</i>		
Credit Agricole Srbija Plc.	129,710	
Prva televizija Ltd.	3,630	
Telekom Srbija Plc.	2,905	4,257
Komercijalna banka Plc.	2,183	1,872
Other	5,887	8,772
Total	144,315	14,901

The largest increase in trade receivables domestic over the reporting period was recorded in Energoprojekt Oprema Company: RSD 734.898 thousand (primarily from TENT Ltd. and from Zeleznice Srbije Plc. based on the works performed on new projects and also from SNC-Lavalin International based on the increased scope of works on the RTB Bor Project) and in the Energoprojekt Niskogradnja Company: RSD 640.404 thousand (primarily from the buyers in the Pancevo Railroad and Sarani Tunnel Projects).

• **Foreign trade receivables** in the amount of RSD 7.554.332 thousand refer to Energoprojekt Niskogradnja Company: RSD 3.868.828 thousand, Energoprojekt Entel Company: RSD 1.817.359 thousand, Energoprojekt Visokogradnja Company: RSD 1.235.154 thousand, Energoprojekt Hidroinženjering Company: RSD 353.759 thousand and to some other Companies of the Energoprojekt Group.

Energoprojekt Group Belgrade

Foreign trade receivables as at the financial statements date in the Energoprojekt Group Companies with significant trade amounts of receivables posted are broken down in the following table.

Structure of foreign trade receivables	<i>In RSD thousand</i>	
	2014	2013
<i>Energoprojekt Niskogradnja:</i>		
<i>Uganda:</i>		
Uganda National Roads Authority, Uganda, Z-017 and Z-027	1,520,717	777,712
Ministry of Works and Transport, Z-010	568,610	997,600
The Civil Aviation Authority, Z-032 and Z-033	436,847	115,975
Kampala Capital City Authority	160,535	149,674
Total Uganda	2,686,709	2,040,961
<i>Peru:</i>		
Conсорcio Energoprojekt Cuv, Peru, Z-0188	698,577	
Proyecto Especial Binaciona Puyang Tumbes, Peru, Z-015	170,807	
Empresa Administradora Chungar SAC, Peru, Z-030	111,835	
Conсорcio Pericos San Ignacio, Peru, Z-023	71,443	28,858
Conсорcio Chota Cochabamba, Z-019	31,761	83,812
Other	97,151	147,731
Total Peru	1,181,574	260,401
Other foreign trade receivables	545	1,082
TOTAL	3,868,828	2,302,444
<i>Energoprojekt Entel:</i>		
In Energoprojekt Entel L.L.C., Doha, Qatar	1,181,167	715,904
In Energoprojekt Entel L.L.C., Muscat, Sultanat of Oman	214,312	172,416
In Energoconsult L.L.C., Abu Dhabi, UAE	413,984	218,940
Other	7,896	2,215
TOTAL	1,817,359	1,109,475
<i>Energoprojekt Visokogradnja:</i>		
Sofie Medgroup, Aktau, Kazahstan, Z-089	132,029	34,109
Stojgazkonsalting, Uhta, Russia, Z-085	199,437	146,797
NCA Tower, Gana (in Energoprojekt Ghana Ltd., Akra, Gana)	187,780	92,102
Schlumberger Logeco, Astrahanj, Russia, Z-091	118,081	97,417
OIL Real Estate, Aktau, Kazakhstan, Z-068	110,853	105,064
Prombistroi, Horizons - Russia, Z-092	56,468	69,979
Fund Stroj.grad Sitkivkar, Z-082		80,503
Other	430,506	205,268
TOTAL	1,235,154	831,239

The largest increase in foreign trade receivables over the reporting period was recorded in Energoprojekt Niskogradnja Company: RSD 1.566.384 thousand (increase based on the projects realized in Uganda and Peru) and in Energoprojekt Entel Company: RSD 707.609 thousand (in the Group Companies in Qatar, Oman and in the United Arab Emirates).

31. RECEIVABLES FROM SPECIFIC BUSINESS OPERATIONS

Structure of receivables from specific operations	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Receivables from specific operations from other related parties	31,042	19,552
Receivables from specific operations from other legal entities	4,483	4,993
TOTAL	35,525	24,545

• **Receivables from specific operations from other related parties** in the amount of RSD 31.042 thousand relate to Energoprojekt Oprema in the amount of RSD 29.689 thousand, based on the expenses transferred to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria and Energoprojekt Holding in the amount of RSD 1.353 thousand, based on the transfer of expenses to the Enjub Ltd. joint venture.

• **Receivables from specific operations from other legal entities** in the amount of RSD 4.483 thousand relate predominantly to Energoprojekt Holding in the amount of RSD 2.950 thousand, Energoprojekt Garant in the amount of RSD 1.526 thousand and to other Companies of the Energoprojekt Group.

32. OTHER RECEIVABLES

Structure of other receivables	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Interest and dividend receivables:		
a) Interest and dividend receivables from other related parties	35,634	23,656
b) Interest agreed and default interest receivable from other companies	172	7,686
<i>Total</i>	<i>35,806</i>	<i>31,342</i>
Receivables from employees	23,404	27,235
Receivables from public authorities and organizations		65
Receivables for overpaid profit tax	76,006	102,774
Receivables in respect of prepaid other taxes and contributions	7,462	9,119
Receivables for fringe benefits' returns	8,599	1,782
Other short-term receivables	192,907	323,010
TOTAL	344,184	495,327

• **Interest and dividend receivables from other related parties** in the amount of RSD 35.634 thousand comprise exclusively of the receivables of Energoprojekt Holding, based on the interest receivables for loans granted to the joint venture Enjub Ltd.

• **Receivables from employees** in the amount of 23.404 thousand relate predominantly to unjustifiably paid advance payments to employees leaving to work in foreign countries and to loans granted to employees, and specifically these expenses in Energoprojekt Oprema amount to RSD 6.120 thousand, in Energoprojekt Energodata RSD 4.117 thousand, in Energoprojekt Niskogradnja in the amount of

RSD 3.982 thousand, in Zambia Engineering and Contracting Company Limited in the amount of RSD 3.559 thousand and in other Energoprojekt Group Companies.

- **Receivables for overpaid profit tax** in the amount of RSD 76.006 thousand predominantly refer to Energoprojekt Visokogradnja Company in the amount of RSD 43.006 thousand (in the country: RSD 16.820 thousand, in Kazakhstan and in Russian Federation: RSD 26.186 thousand), to Energoprojekt Holding in the amount of RSD 13.126 thousand, Energoprojekt Hidroinženjering in the amount of RSD 7.941 thousand, to Zambia Engineering and Contracting Company Limited in the amount of RSD 3.749 thousand and to other Companies of the Energoprojekt Group.

- **Receivables for prepaid other taxes and contributions** amount to RSD 7.462 thousand and predominantly refer to Energoprojekt Visokogradnja in the amount of RSD 3.214 thousand (which in its entirety relate to Energoprojekt Ghana Ltd., Accra, Ghana company in the amount of RSD 3.214 thousand) and to Zambia Engineering and Contracting Company Limited in the amount of RSD 2.310 thousand.

- **Receivables for fringe benefits' returns** (sick leaves longer exceeding 30 days, maternity leave, etc.) in the amount of RSD 8.599 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 4.557 thousand, to Energoprojekt Hidroinženjering in the amount of RSD 1.830, to Energoprojekt Holding in the amount of RSD 977 thousand and to other Companies of the Energoprojekt Group.

- **Other short-term receivables** amounting to RSD 192.907 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 179.906 thousand, primarily based on the receivables from Tax Administration for overpaid income tax in Peru and Uganda: RSD 120.147 thousand and to the receivables for the externally granted loans to Consortiums in Peru for payment of joint liabilities on the project: RSD 36.654 thousand.

The decrease in other short-term receivables over the reporting period in the amount of RSD 130.103 thousand was primarily due to Energoprojekt Niskogradnja in the amount of RSD 120.101 thousand, since in 2014 this Company performed a complete write-off of receivables from Tax Administration for overpaid income tax and value added tax in Uganda (in the Energo (Uganda) Company Limited, Uganda) and a partial write-off of receivables for obsolete overpaid value added tax in Kazakhstan.

33. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Structure of financial assets measured at fair value through Profit or Loss	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Shares	1,359	
Bonds	182,736	
TOTAL	184,095	

Financial assets measured at fair value through Profit or Loss relate in their entirety to the shares and bonds of the Energoprojekt Garant Company, and specifically to 45 shares of the Belgrade Stock Exchange Plc. amounting to the total of RSD 1.359 thousand, 332.400 old foreign currency savings

bonds in the amount of RSD 39.404 thousand and to 1.198 foreign currency coupon bonds in the amount of RSD 143.332 thousand, which were, upon order by the NBS, reclassified and transferred from the item Long-term financial investments (Note 27).

Valuation adjustment of financial assets measured at fair value through Profit or Loss is performed for foreign currency coupon bonds based on data obtained from the secondary market for such assets and by applying the foreign exchange rate, and valuation of old foreign currency savings bonds is performed based on their value on the stock exchange as at the last trading transaction date in 2014 per series and by applying the foreign exchange rate as at the calculation date.

34. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short-term financial investments	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Short-term loans and investments in other related parties	161,527	153,094
Short-term credits and loans domestic	729	536
Short-term international credits and loans	968	917
Portion of long-term financial investments with maturity date up to one year:		
a) Portion of long-term financial investments in other companies with maturity date up to one year		14,764
b) Portion of other long-term financial investments with maturity date up to one year	801	759
<i>Total</i>	<i>801</i>	<i>15,523</i>
Securities held to maturity - portion with maturity date up to one year		6,768
Other short-term financial investments:		
a) Short term deposits	1,217,985	1,725,725
b) Other short-term financial investments	17,138	5,871
<i>Total</i>	<i>1,235,123</i>	<i>1,731,596</i>
GRAND TOTAL	<i>1,399,148</i>	<i>1,908,434</i>

• **Short-term loans and investments in other related parties** in the amount of RSD 161.527 thousand relate in their entirety to Energoprojekt Holding based on the loans granted to the Enjub Ltd. joint venture (in 2013: RSD 153.094 thousand).

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

• **Short term deposits** in the amount of RSD 1.217.985 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Entel in the amount of RSD 796.340 thousand relate to the deposits with international and domestic commercial banks in foreign countries in Energoprojekt Entel Qatar: RS 627.897

thousand, with interest rate of 1.18% annually and in Energo Consult LLC Abu Dhabi, UAE: RSD 164.851 thousand, with interest rate of 1.42% annually; and in the country in the amount of RSD 3.592 thousand, at the Beonia rate minus 200 b.p. annually; and

- Energoprojekt Garant in the amount of RSD 421.645 thousand relate to the foreign currencies deposits in EUR and USD with the domestic commercial banks with interest rate ranging from 2.41% to 2,50% annually.

• **Other short-term financial investments** in the amount of RSD 17.138 thousand primarily refer to Energoprojekt Visokogradnja Company in the amount of RSD 12.566 thousand (deposits for guarantees provided abroad), to Energoprojekt Niskogradnja Company in the amount of RSD 4.528 thousand (the largest share of which amounting to RSD 4.504 thousand relate to work permits' issuing to persons who are not nationals of the Republic of Uganda), and to other Companies of the Energoprojekt Group as well.

35. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Current (business) account	74,952	133,784
Earmarked cash and letters of credit	1	
Petty cash	416	109
Foreign currency account	2,297,829	2,621,716
Letters of credit in foreign currencies	73,808	102,419
Foreign currency petty cash	86,703	76,999
Other cash:		
a) Short term deposits	208,655	142,745
b) Other cash	320,501	8,097
<i>Total</i>	<i>529,156</i>	<i>150,842</i>
Value-impaired or restricted cash	36,393	2
TOTAL	3,099,258	3,085,871

• **Current (business) account** of the Energoprojekt Group in the amount of RSD 74.952 thousand predominantly refer to the current accounts of the following Companies of the Energoprojekt Group: Energoprojekt Garant in the amount of RSD 35.113 thousand, Energoprojekt Niskogradnja in the amount of RSD 16.281 thousand, Energoprojekt Hidroinženjering in the amount of RSD 11.081 thousand, Energoprojekt Industrija in the amount of RSD 3.390 thousand and to other Companies of the Group.

• **Foreign currency account** in the amount of RSD 2.297.829 thousand predominantly refer to the foreign currency accounts of the following Companies in the Energoprojekt Group: Energoprojekt Visokogradnja in the amount of RSD 837.871 thousand (in Energoprojekt Ghana Ltd., Accra, Ghana:

RSD 785.646 thousand), Energoprojekt Niskogradnja in the amount of RSD 783.318 thousand, Energoprojekt Entel in the amount of RSD 303.847, Energoprojekt Hidroinženjering in the amount of RSD 124.772 thousand, Energoprojekt Oprema in the amount of RSD 95.910 thousand, Energoprojekt Garant in the amount of RSD 82.922 thousand and to other Companies of the Group.

- **Letters of credit in foreign currencies** in the amount of RSD 73.808 thousand refer entirely to Energoprojekt Oprema based on its projects in foreign countries.

- **Foreign currency petty cash** in the amount of RSD 86.703 thousand primarily refer to Energoprojekt Visokogradnja in the amount of RSD 70.558 thousand, to Energoprojekt Hidroinženjering in the amount of RSD 11.590 thousand and to other Companies of the Energoprojekt Group.

- **Short term deposits** in the amount of RSD 208.655 thousand relate to the term deposits in the country amounting to RSD 200.647 thousand, and specifically in Energoprojekt Holding in the amount of RSD 115.105 thousand, Energoprojekt Visokogradnja in the amount of RSD 61.671 thousand, Energoprojekt Oprema in the amount of RSD 23.871 thousand; and to the term deposits abroad in the amount of 8.008 thousand, which relate in their entirety to the Dom 12 S.A.L Company, Lebanon.

- **Other cash** in the amount of RSD 320.501 thousand refer predominantly to Energoprojekt Visokogradnja in the amount of RSD 317.085 thousand (predominantly to the collaterals provided for the projects of the Energoprojekt Ghana Ltd., Accra, Ghana: RSD 316.279 thousand).

- **Value-impaired or restricted cash** in the amount of RSD 36.393 thousand relate to Energoprojekt Hidroinženjering based on the bank deposits serving as collaterals for guarantees' issuing for the projects Ourkiss, Alto Piura, Yarascay and Machu Picchu. Cash will be available upon the release of the guarantees in question.

36. VALUE ADDED TAX AND PREPAYMENTS AND DEFERRED EXPENSES

36.1. Value Added Tax

Structure of value added tax	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Value added tax	80,225	29,982
TOTAL	80,225	29,982

Receivables for value added tax in the amount of RSD 80.225 thousand refer to the difference between calculated tax and input tax, and specifically in Energoprojekt Niskogradnja in the amount of RSD 58.030 thousand, Energoprojekt Entel in the amount of RSD 5.855 thousand, Zambia Engineering and Contracting Company Limited, Zambia in the amount of RSD 3.897 thousand, Energoplast in the amount of RSD 3.888 thousand, Energoprojekt Industrija in the amount of RSD 3.718 thousand and in other Companies of the Energoprojekt Group in the amount of RSD 4.837 thousand.

36.2. Prepayments and Deferred Expenses

Structure of prepayments and deferred expenses	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Prepayments:		
a) Prepaid subscriptions for professional publications	1,456	950
b) Prepaid rent	214,270	100,500
c) Prepaid insurance premiums	51,870	35,648
d) Prepaid advertising and marketing expenses	1,952	
e) Other prepaid expenses	43,872	41,281
<i>Total</i>	<i>313,420</i>	<i>178,379</i>
Receivables for accrued non-invoiced income:		
a) Receivables for accrued non-invoiced income - other related parties		5,301
b) Receivables for accrued non-invoiced income - other companies	1,860,764	1,343,887
<i>Total</i>	<i>1,860,764</i>	<i>1,349,188</i>
Deferred expenses for liabilities		193
Other deferred expenses:		
a) Accrued value added tax	99,754	28,404
b) Other deferred expenses	38,728	84,694
<i>Total</i>	<i>138,482</i>	<i>113,098</i>
GRAND TOTAL	2,312,666	1,640,858

• **Prepaid rent** in the amount of RSD 214.270 thousand primarily refer to Energoprojekt Entel in the amount of RSD 174.551 thousand, based on the rent of apartments for Company workforce in foreign countries.

• **Receivables for accrued non-invoiced income – other companies** in the amount of RSD 1.860.764 thousand refer primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 998.451 thousand, primarily refer to the following:

- Verified progress certificates for the works performed in December 2014 within the following projects:
 - Cochabamba - Chota, Peru, Z-019: RSD 171.332 thousand;
 - Pericos, Peru, Z-023: RSD 103.395 thousand;
 - Chancay y Rucuy, Peru, Z-030: RSD 197.572 thousand;
 - Lajkovac-Ljig: RSD 212.794 thousand;
 - Sarani Tunnel: RSD 179.013 thousand;
 - Lot 1.1. Novi Sad, RSD 18.900 thousand;
 - Pancevo Bridge: RSD 12.295 thousand; and other projects.

- Approved by not yet invoiced arbitration-based requests in 2014 for the Yanacocha Project, Peru, Z-014: RSD 103.113 thousand.
- Energoprojekt Visokogradnja in the amount of RSD 467.706 thousand relate to the receivables for progress certificates submitted to the Investor for verification, but not verified before the balance sheet submission date. The largest receivables for the accrued non-invoiced income are recorded for the following projects in the country and abroad:
 - Hotel Aktau, Z-068: RSD 183.476 thousand;
 - Sarijagas Winery, Z-074: RSD 38.598 thousand;
 - Uhta, Z-085: RSD 34.040 thousand;
 - Prokop Railway Station: RSD 147.977 thousand;
 - Cableway Crni Vrh in Bor: RSD 10.659 thousand;
 - Sulphuric acid plant and Smelter in Bor: RSD 10.066 thousand; and for other projects as well.
- Energoprojekt Holding in the amount of RSD 328.336 thousand relate entirely to the realization of the Agreement on Construction of Republic of Serbia Embassy in Abuja, Federal Republic of Nigeria, a turn-key project, in the Cadastral parcel No. 313, registered in the Real Estate Registry, Cadastral Zone A00.
- Among other Companies of the Energoprojekt Group, receivables for accrued non-invoiced income were posted in Energoprojekt Industrija in the amount of RSD 10.335 thousand, Energoprojekt Hidroinženjering in the amount of RSD 53.308 thousand and Energoprojekt Urbanizam i arhitektura in the amount of RSD 2.628 thousand.
- **Prepaid value added tax (VAT)** in the amount of RSD 99.754 thousand relate to the VAT in received invoices for the reporting year, where the right to deduction of input tax can be exercised in the following calculation period, since the received invoices arrived after the tax return for December of the respective year was filed. The largest amount of prepaid VAT was recorded in Energoprojekt Oprema Company in the amount of RSD 92.770 thousand.
- **Other prepayments and deferred expenses** in the amount of RSD 38.728 thousand predominantly refer to Energoprojekt Garant in the amount of RSD 18.677 thousand (interest on bank deposits, transferrable premiums and claims charged to coinsurer and reinsurer calculated in advance) and to Energoprojekt Visokogradnja in the amount of RSD 17.703 (prepaid VAT for the Projects realized in Kazakhstan), and other Companies of the Energoprojekt Group.

37. EQUITY

Structure of equity	In RSD thousand	
	2014	2013
Original capital	5,893,998	5,894,281
Reserves	374,453	374,266
Revaluation reserves based on revaluation of intangible assets, property, plant and equipment	5,788,138	2,194,086
Unrealized gains on securities and other components of other comprehensible income (credit balances of accounts of group 33, except 330)	415,520	78,693
Unrealized losses on securities and other components of other comprehensible income (debit balances of group 33, except 330)	41,501	31,423
Retained earnings	5,402,867	4,635,242
Non-controlling interest	165,922	282,451
TOTAL	17,999,397	13,427,596

37.1. Original Capital

Structure of basic capital	In RSD thousand	
	2014	2013
Share capital - total	5,725,400	5,839,150
Non-controlling interest	(150,441)	(264,191)
<i>Total share capital</i>	<i>5,574,959</i>	<i>5,574,959</i>
Share in limited liability companies - total	9,289	9,289
Non-controlling interest	(9,289)	(9,289)
<i>Total share in limited liability companies</i>		
Share issue premiums	237,014	237,014
Other basic capital - total	88,217	91,279
Non-controlling interest - other	(6,192)	(8,971)
<i>Total other basic capital</i>	<i>82,025</i>	<i>82,308</i>
TOTAL	5,893,998	5,894,281

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

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

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

In comparison with the previous period, there was a decrease in share capital in 2014 based on the redemption of shares of the remaining shareholders of Energoprojekt Visokogradnja, Energoprojekt Hidroinženjering, Energoprojekt Energodata and Energoprojekt Urbanizam i arhitektura by Energoprojekt Holding, the price of which was determined in compliance with the provisions of the Law on Companies.

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

37.2. Reserves

Structure of reserves	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Legal reserves	218,856	237,952
Statutory and other reserves	155,597	136,314
TOTAL	374,453	374,266

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

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

The change in the structure of reserves in comparison with the same period of the previous year relate to Energoprojekt Niskogradnja based on the correction of reserves from the previous period.

37.3. Revaluation Reserves Based on Revaluation of Intangible Assets, Property, Plant and Equipment

Structure of revaluation reserves based on intangible assets, property, plant and equipment	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Revaluation reserves based on property revaluation:		
a) Revaluation reserves based on property revaluation - Energoprojekt office building	3,163,061	583,492
b) Revaluation reserves based on revaluation of other property	1,063,561	124,815
<i>Total</i>	<i>4,226,622</i>	<i>708,307</i>
Revaluation reserves based on revaluation of investment property	1,295,971	1,212,003
Revaluation reserves based on revaluation of plant and equipment	262,918	270,685
Other revaluation reserves	2,627	3,091
TOTAL	5,788,138	2,194,086

• Changes in **revaluation reserves based on property revaluation – Energoprojekt office building**, compared with the previous year, in the amount of RSD 2.579.569 thousand relate to the increase based on the assessment of the fair value of the Energoprojekt office building as at December 31, 2014 and a decrease based on the implementation of IAS 12 – Income Taxes (15% of the revaluation reserves in 2014). (Note 26)

• **Revaluation reserves based on revaluation of other property** in the amount of RSD 1.063.561 thousand relate to the assessment of the fair value of the buildings and implementation of IAS 12 – Income Taxes, 15% of the revaluation reserves (a negative aspect of the revaluation reserves). (Note 26)

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

- Energoprojekt Niskogradnja: RSD 259.130 thousand (a part of the “Cruz del Sur“ office building in Lima, Peru, business facilities, Lima, Peru and residential building in Kampala, Uganda);
- Energoprojekt Visokogradnja: RSD 247.900 thousand (buildings in Stara Pazova and in Vozdovac);
- I.N.E.C. Engineering Company Limited, Great Britain: RSD 202.825 thousand (an office building in London);
- Energo (Private) Limited, Zimbabwe: RSD 143.839 thousand (business and residential buildings in Harare, Zimbabwe);
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 104.440 thousand (business and residential buildings in Zambia); and others.

• **Revaluation reserves based on revaluation of investment property** in the amount of RSD 1.295.971 thousand relate to the adjustment of fair value of such investment properties, and specifically, primarily to the following Companies of the Energoprojekt Group:

- Dom 12 S.A.L, Lebanon: RSD 540.422 thousand (an office building in Moscow);
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 500.716 thousand (a business and residential facility in Zambia);
- Energoprojekt Niskogradnja: RSD 144.624 thousand (a part of the “Cruz del Sur“ office building in Peru);
- Energoprojekt Visokogradnja: RSD 108.333 thousand; and others.

**37.4. Unrealized Gains on Securities and Other Components of Other Comprehensive Result
(credit balances of accounts of group 33, except 330)**

Structure of unrealized gains on securities and other components of other comprehensive result (credit balances of accounts of the group 33, except 330)	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Unrealized gains on translation of financial statements for international operations	415,520	78,693
TOTAL	415,520	78,693

• **Unrealized gains on translation of financial statements for international operations** in the amount of RSD 451.520 thousand relate primarily to Energoprojekt Entel, Energoprojekt Visokogradnja, Dom 12 S.A.L, Lebanon, I.N.E.C. Engineering Company Limited, Great Britain, Encom GmbH Consulting, Engineering & Trading, Germany and to other Companies of the Energoprojekt Group.

**37.5. Unrealized Losses on Securities and Other Components of Other Comprehensive Result
(debit balances of accounts of group 33, except 330)**

Structure of unrealized losses on securities and other components of other comprehensive result (debit balances of group 33, except 330)	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Losses on securities available for sale	41,501	31,423
TOTAL	41,501	31,423

• **Unrealized losses on securities available for sale** in the amount of RSD 41.501 thousand, which predominantly relate to Energoprojekt Holding in the amount of RSD 40.786 thousand, were recorded, primarily, based on the adjustment of value of securities in Company portfolio with their fair value in the secondary securities market as at the financial statements date (the negative effect of which could not be covered with the positive effects of the change in the fair value of the security in question).

37.6. Retained Earnings

Structure of retained earnings	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Retained earnings from previous years:		
a) Balance as at January 1	4,635,242	4,575,609
b) Changes	(261,407)	(400,534)
<i>Total</i>	4,373,835	4,175,075
Retained earnings of the current year	1,029,032	460,167
TOTAL	5,402,867	4,635,242

• Changes in **retained earnings** of the current year were predominantly the result of the net profit of the Energoprojekt Group in 2014, decreases based on the distribution of retained earnings (dividend payments in Energoprojekt Holding, Energoprojekt Oprema, Energoprojekt Entel and in Energoprojekt Garant, as well as of the coverage of losses from the previous years in Energoprojekt Visokogradnja and in Energoprojekt Urbanizam i arhitektura), FX differences between the opening balance of the retained earnings of the Companies abroad (primarily of the Companies in Ghana, Qatar, Oman and UAE, and also due to the rise of the value of local currencies linked to USD, in relation to RSD) and due to other factors.

37.7. Non-Controlling Interest

Non-controlling interest	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Non-controlling interest	165,922	282,451
TOTAL	165,922	282,451

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

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

Structure of non-controlling interest for total equity of the Companies with shares of minority shareholders	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Basic capital	5,893,998	5,894,281
Reserves	353,126	347,177
Revaluation reserves based on revaluation of intangible assets, property, plant and equipment	5,484,648	2,044,017
Unrealized gains on securities and other components of other comprehensible income (credit balances of accounts of the group 33, except 330)	391,918	64,022
Unrealized losses on securities and other components of other comprehensible income (debit balances of group 33, except 330)	41,045	27,062
Retained earnings	4,671,006	3,981,693
Non-controlling interest	1,245,748	1,123,468
TOTAL	17,999,399	13,427,596

38. LONG-TERM PROVISIONS

Structure of long-term provisions	<i>In RSD thousand</i>	
	2014	2013
Costs of provisions during warranty period	454,572	565,215
Provisions for compensations and other employee benefits	282,730	300,373
Other long-term provisions:		
a) Provisions for caution money and deposits taken		3,771
b) Other long-term provisions	358,827	379,935
<i>Total</i>	358,827	383,706
TOTAL	1,096,129	1,249,294

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

In the projection of provision calculation pursuant to IAS 19 – Employee Benefits, the deductive approach was used, meaning that all the Companies from the Energoprojekt Group were treated as an entity, 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.

Lowering of the provision amount in Energoprojekt (by 53.39%), based on current retirement bonus values in the balance sheet as at December 31, 2014 in comparison to the retirement bonus values in the balance sheet as at December 31, 2013, was the result of several changed factors:

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

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

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

- Firstly, according to employee gender, working experience and years of service in the Company; considering the expected annual fluctuation and mortality rate (estimated annual fluctuation and mortality rate), an estimation was made of the number of employees that will exercise the right to retirement bonus, as well as the period during which the said compensations will be paid out;
- Secondly, considering provisions of the Company Collective Agreement, the bonus amount was appraised for each year of service indicated on the balance sheet date; and

- Thirdly, the levelling factor, representing the levelling to the present value of the expected salary growth ratio, was used by applying the discount factor, which is the ratio of the discount rate and the expected salary growth.

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

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

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

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

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

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

The annual discount rate and annual salaries' growth depend on inflation rate.

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

The provision will thus be estimated according to the planned annual inflation rate of 4%. From the above stated, it can be concluded that the planned long-term annual growth in real salaries in the

Republic of Serbia is 2%, and that the long-term annual real discount rate was planned at the level of 5%. In estimating the expected long-term real growth of salaries in the Republic of Serbia, the IMF estimate of the growth in domestic product in the Republic of Serbia over the future period was primarily used.

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

• **Costs of provisions during warranty period** in the amount of RSD 454.572 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Entel in the amount of RSD 338.589 thousand disclosed based on the provisions for cost of significant changes in agreed items without an option to charge the additional works in the Group Companies abroad. Costs of provisions during warranty period was performed based on the best Management assessment and based on the previous experiences, as an expression of prudent approach in case that it will not be possible to collect all the receivables from agreements with amendments, modifications and extended collection terms. Final amount of liability to be paid may differ from the provision amount, depending on the future developments. These provisions are not discounted, since the impact of such discount is of no material significance.

Compared with the previous reporting period, the decrease in these provisions in the amount of RSD 226.626 thousand was the result of the release of the long-term provisions through income of the current year in the amount of RSD 342.166 thousand and of the posting of the negative FX differences in the amount of RSD 115.540 thousand on the occasion of inclusion of the international operations in the Company books, in compliance with IAS 21 – The Effects of Changes in Foreign Exchange Rates;

- Energoprojekt Oprema in the amount of RSD 90.719 thousand, performed in the reporting period for the RTB Bor Project with warranty period of 1 year that will expire in March 2016. The Company usually provides guarantee for its products for the period of 1-2 years, depending on the project in question. Company management assessed the costs of provisions for the future warranty claims based on information on such claims from the previous periods, as well as based on the recent trends that could provide some indication on whether information about the costs from the past may differ from the future claims; and

- Energoprojekt Visokogradnja in the amount of RSD 25.264 thousand, performed in the reporting period for the projects abroad: Z-091 Schlumberger Astrakhan in the amount of RSD 16.813 thousand and Z-092 Horizonti Siktivkar in the amount of RSD 8.451 thousand. The Company usually provides guarantee for the completed buildings, which are expected to incur some expenses over the course of the warranty period. The Company assessed the provisions costs for the future warranty claims based on information about such claims from the previous periods, as well as based on the recent trends that may provide some indication that information on the costs from the past may differ from the future claims. Of the total costs of provisions during warranty period in 2014 in the amount of RSD 41.329 thousand, provisions made for the Project Z-072 Pavlodar in the amount of RSD 16.065 thousand were used during the reporting year.

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

- Energoprojekt Holding in the amount of RSD 260.000 thousand, posted in the balance as at December 31, 2006, in compliance with the Decision of the competent body of the Company, as potential contractual costs related to the Joint Construction Agreement - Block 26, Novi Beograd, No. 507, concluded between the consortium „Energoprojekt – Napred“ and Trinity Capital Ltd.

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

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

On December 31, 2014, there is still uncertainty with regard to the application of the legislation that may affect the fulfilment of all obligations assumed by the Company and possible activation of issued bills of exchange by Trinity Capital Ltd. Therefore, the management assesses that conditions for the cancellation of the provision at the balance sheet date have not been met yet.

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

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

In comparison with the previous period, release of other long-term provisions was performed in 2014 in Energoprojekt Entel in the amount of RSD 22.838 thousand through the current period income.

Changes in the structure of the long-term provisions for the costs of provisions during warranty period and other long-term provisions in 2014 are presented in the following table.

Structure of long-term provisions	<i>Costs of provisions during warranty period</i>	<i>Other provisions</i>
Balance as at January 1, 2014	565,215	379,935
Additional provisions	132,048	1,730
Used during the year	(16,065)	
Release of unused provision amounts	(342,166)	(22,838)
Differences in foreign exchange rates	115,540	
Balance as at December 31, 2014	454,572	358,827

39. LONG-TERM LIABILITIES

Structure of long-term liabilities	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Long-term loans - domestic	330,930	273,444
Long-term loans - foreign	205,529	184,180
Financial leasing liabilities	188,398	219,107
Other long-term liabilities	2,397,328	613,723
TOTAL	3,122,185	1,290,454
Portion of long-term liabilities with maturity date up to one year (Note 40.3.)	582,012	1,039,233

39.1. Long-Term Loans

Structure of long-term loans	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
In the country:		
a) Long-term loans granted by banks in the country:		
Societe Generale bank	71,712	8,818
Alpha bank	83,828	148,393
VTB bank	175,390	66,232
Komercijalna bank		50,001
<i>Total</i>	<i>330,930</i>	<i>273,444</i>
b) Long-term loans granted by other companies in the country		
<i>Total - loans domestic</i>	<i>330,930</i>	<i>273,444</i>
In foreign countries:		
Long-term loans granted by other companies abroad	205,529	184,180
<i>Total - loans foreign</i>	<i>205,529</i>	<i>184,180</i>
TOTAL	536,459	457,624

• **Long-term loans granted by banks in the country** in the amount of RSD 330.930 thousand relate to Energoprojekt Visokogradnja in the amount of RSD 247.102 thousand (VTB bank: RSD 175.390 thousand and Societe General bank: RSD 71.712 thousand) and to Energoprojekt Energodata in the amount of RSD 83.828 thousand (Alpha bank).

Long-term loans granted by the domestic banks as at December 31, 2014 are presented in the following tables, categorized as liabilities with maturity date up to one year (posted within short-term liabilities, Note 40.3.) and as liabilities with maturity date longer than one year (posted within long-term loans); maturity dates of the long-term loans and currencies in which such loans were denominated broken down per individual Companies of the Energoprojekt Group to which such long-term loans related as at December 31, 2014 are additionally presented in the following tables.

Creditor	Interest rate	In RSD thousand			
		2014		2013	
		Long-term liability	Short-term liability	Long-term liability	Short-term liability
Energoprojekt Visokogradnja:					
VTB bank	3 M Euribor + 5,3% p.a.	175,390			
Societe General bank	5,15 % p.a.	71,712	143,424		
Komercijalna bank	9% p.a.		16,667	16,667	33,333
Total		247,102	160,091	16,667	33,333
Energoprojekt Energodata:					
Alpha bank	3M Euribor + 5,75% p.a.	83,828	72,760	148,393	65,002
Total		83,828	72,760	148,393	65,002
GRAND TOTAL		330,930	232,851	165,060	98,335

Structure of long-term loans' maturity dates	In RSD thousand	
	2014	2013
From 1 to 2 years	330,930	16,667
From 2 to 5 years		148,393
TOTAL	330,930	165,060

Structure of accounting liabilities for long-term loans granted to Company denominated in currencies	In RSD thousand	
	2014	2013
RSD	71,712	16,667
EUR	259,218	148,393
TOTAL	330,930	165,060

• **Long-term loans granted by other companies abroad** in the amount of RSD 205.529 thousand relate in their entirety to Energoprojekt Niskogradnja, and specifically to:

- Liabilities towards associates engaged on the former SFRY Republics on the HPP Banieya II Project in Guinea in the amount of RSD 192.467 thousand. Since the succession process of former SFRY

Republics is not completed and in view of the principle of prudence, the management of the Company is of the opinion that conditions for the write-off of the said liabilities have not yet been met at the moment; and

- Long-term loan in the amount of RSD 13.062 thousand in USD was granted by the Caterpillar Chile for the purchase of equipment with the annual interest rate of 5.95%.

Liabilities based on long-term loans granted by the Caterpillar Chile Company for the purchase of equipment as at December 31, 2014 are presented in the following table, broken down to liabilities with maturity date up to one year (that are posted within the short-term liabilities, Note 40.3.) and to liabilities with maturity date of more than one year (that are posted within the long-term loans).

Creditor	Currency	Outstanding debt balance in currency	Outstanding debt balance in RSD 000	Repayment method and due date	Interest rate p.a.
Societe Generale Bank	EUR	76,923	9,304	Quarterly	3m EURIBOR+5.0%
Agreement no. 213057				20.01.2015	
Caterpillar Chile, Peru	USD	108,789	10,821	01.10.2016	5.95%
Caterpillar Chile, Peru	USD	159,687	15,883	01.10.2016	5.95%
Total			36,008		

Creditor	<i>In RSD thousand</i>	
	Long-term liability	Short-term liability
Societe Generale Bank	-	9,304
Caterpillar Chile, Peru	5,293	5,528
Caterpillar Chile, Peru	7,769	8,114
Total	13,062	22,946

39.2. Financial Lease Liabilities

Structure of financial lease liabilities	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Financial lease liabilities	188,398	219,107
TOTAL	188,398	219,107

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

Of the total long-term financial lease liabilities amounting to RSD 188.398, the largest share in the amount of RSD 178.290 thousand relate to Energoprojekt Niskogradnja Company.

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

Creditor	<i>Currency</i>	<i>Outstanding debt in FX currency</i>	<i>Outstanding debt in RSD thousand</i>	<i>Repayment method and due date</i>	<i>Interest rate per annum</i>
<i>Financial lease liabilities domestic</i>					
S-leasing	EUR	55,134	6,669	monthly 01.12.2015	6M EURIBOR + 4.25%
Sogelease	EUR	1,865,740	225,677	monthly 15.06.2016 - 15.11.2017	6M EURIBOR + margin =4.41%
UniCredit Leasing	EUR	946,659	114,506	monthly 11.09.2017 - 11.12.2017	3M EURIBOR + 4.20%
Total financial lease liabilities domestic			346,852		
<i>Financial lease liabilities foreign</i>					
GNB bank leasing, Peru	USD	685,228	68,156	monthly 01.02.2016	7%
Banco Financiero, Peru	USD	72,300	7,191	monthly 16.02.2015	7.50%
Leasing Peru S.A.	USD	278,253	27,676	monthly 05.05.2016	5.95%
Scotiabank, Peru	USD	301,368	29,975	monthly 02.05.2015	6.00%
Total financial lease liabilities foreign			132,998		
TOTAL			479,850		

Financial lease liabilities denominated in RSD as at December 31, 2014 are presented in the following table, broken down into:

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

Creditor	<i>In RSD thousand</i>	
	<i>Long-term liability</i>	<i>Short-term liability</i>
S-leasing		6,669
Sogelease	96,933	128,744
UniCredit Leasing	63,626	50,880
GNB leasing, Peru	11,364	56,792
Banco Financiero, Peru		7,191
Leasing Peru S.A.	6,367	21,309
Scotiabank, Peru		29,975
TOTAL	178,290	301,560

Structure of financial lease liabilities as per maturity dates	<i>In RSD thousand</i>	
	<i>Present value</i>	<i>Future value</i>
Up to 1 year	301,560	316,636
From 1 to 5 years	178,290	183,933
5 years +		
TOTAL	479,851	500,569

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

39.3. Other Long-Term Liabilities

Structure of other long-term liabilities	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Other long-term liabilities	2,397,328	613,723
TOTAL	2,397,328	613,723

• **Other long-term liabilities** in the amount of RSD 2.397.328 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 2.312.426 thousand that relate in their entirety to the portion of total liabilities for advances received with the due date of January 1, 2016, in compliance with the adopted schedule of works and advance payments repayment schedule for the Projects Z-027 Mpigi-Kanoni, Uganda: RSD 304.345 thousand, Lajkovac-Ljig, Serbia: RSD 1.813.553 thousand and Sarani Tunnel, Serbia: RSD 194.528 thousand; and

- Energoprojekt Visokogradnja in the amount of RSD 84.902 thousand consisting of the liabilities towards the former owners of land parcels who sold their land for the construction of residential and business facilities, where the Company undertook to provide the former land owners with properties

that will be constructed in Cara Nikolaja Street in Belgrade, as compensation. This liability was posted at the projected cost of such future properties.

The increase in other long-term liabilities over the reporting period in the amount of RSD 1.783.605 thousand was the result of the increase in the said liabilities in Energoprojekt Niskogradnja Company within the above mentioned projects on one hand, and of the release of the long-term liabilities for guarantee deposits to suppliers in Energoprojekt Oprema Company in the amount of RSD 66.626 thousand, on the other hand.

40. SHORT-TERM FINANCIAL LIABILITIES

Structure of short-term financial liabilities	In RSD thousand	
	2014	2013
Short-term loans domestic	2,234,056	2,091,065
Short-term loans foreign	757,701	408,988
Other short-term financial liabilities:		
a) Portion of long-term liabilities with maturity date up to one year	582,012	1,039,233
b) Other short-term financial liabilities	541	746
Total	582,553	1,039,979
GRAND TOTAL	3,574,310	3,540,032

40.1. Short-Term Loans Domestic

Structure of short-term loans domestic	u 000 dinara	
	2014	2013
Kratkoročni krediti od banaka u zemlji:		
a) Loans denominated in RSD	777,477	600,712
b) Loans with FX clause	1,456,579	1,490,353
TOTAL	2,234,056	2,091,065

• **Short-term loans granted by banks in the country** in the amount of RSD 2.234.056 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 1.255.789 thousand (loans with FX clause (EUR) granted by the Societe Generale bank, Alpha bank, Unicredit bank, Hypo Alpe Adria bank; interest rate ranging from 3m Euribor + 4% per annum to 3m Euribor + 5.95% per annum; collaterals: guarantees provided by the Energoprojekt Holding, Energoprojekt Niskogradnja and Energoprojekt Oprema);

- Energoprojekt Niskogradnja in the amount of RSD 640.142 thousand (loans denominated in RSD granted by the Societe General bank and Unicredit bank in the amount of RSD 511.927 thousand; interest rate ranging from interest-free to 1m Belibor + 1.4% per annum; and loans with FX clause (EUR) in the amount of RSD 128.215 thousand granted by the Societe General bank, interest rates ranging from 3m Euribor + 4.00% per annum; collaterals: Company promissory notes and joint

suretyship of Energoprojekt Holding, Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Hidroinženjering and Energoprojekt Oprema);

- Energoprojekt Holding in the amount of RSD 170.000 thousand (RSD loan granted by the Alpha bank, interest rate of 1m Belibor + 1.35% per annum, collaterals: Company promissory notes and suretyship of the Energoprojekt Oprema, Energoprojekt Visokogradnja and Energoprojekt Niskogradnja Companies);

- Energoprojekt Energodata in the amount of RSD 95.550 thousand (RSD loans granted by the Alpha bank, with the interest rate ranging from 6.5% to 8.5% per annum, collateral: blank promissory notes of the Company and blank promissory notes and suretyships of the Energoprojekt Holding, Energoprojekt Oprema and Energoprojekt Niskogradnja Companies); and

- Energoprojekt Hidroinženjering in the amount of RSD 72.575 thousand (loans with FX clause (EUR) granted by the Societe Generale bank and Hypo Alpe Adria bank, with the interest rate of 3m Euribor + 4.00% and 3m Euribor + 5.30%, collateral: blank promissory notes of the Company and of Energoprojekt Holding).

Structure of book value of short-term loans domestic denominated in foreign currencies	<i>In RSD thousand</i>	
	2014	2013
RSD	777,477	600,712
EUR	1,456,579	1,490,353
TOTAL	2,234,056	2,091,065

40.2. Short-Term Loans Foreign

Structure of short-term loans foreign	<i>In RSD thousand</i>	
	2014	2013
Short-term loans granted by foreign banks	609,672	386,626
Short-term loans granted by other legal and physical persons abroad	148,029	22,362
TOTAL	757,701	408,988

• **Short-term loans granted by foreign banks** in the amount of RSD 609.672 thousand relate to Energoprojekt Niskogradnja in the amount of RSD 346.960 thousand (loans granted by the commercial banks in Peru; in 2013: RSD 386.626 thousand) and to Energoprojekt Visokogradnja in the amount of RSD 262.712 thousand (related to the overdraft of the Energoprojekt Ghana Ltd., Accra, Ghana Company, based on which an increase in short-term loans granted by foreign banks was recorded in 2014).

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

Bank	Currency	Outstanding debt balance	Outstanding debt balance	Repayment method and due date	Annual interest rate
		In foreign currency	In RSD thousand		
Banco GNB, Peru	SOL	8,980,000	298,725	23/02/2015 one-off	6.97%
BBVA Continental, Peru	SOL	500,000	16,633	26/01/2015 one-off	5.55%
Scotiabank, Peru	SOL	950,000	31,602	19/01/2015 one-off	6.75%
Total			346,960		

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

• **Short-term loans granted by other legal and physical persons abroad** in the amount of RSD 148.029 thousand are interest-free loans, taken with the aim to fund current liquidity in certain Project realized abroad, primarily in Energoprojekt Visokogradnja (Project Z-089 Aktau Hospital, Project Z-068 Hotel Aktau, Project Z-055 Siktivkar, etc.) and in Energoprojekt Industrija.

40.3. Other Short-Term Financial Liabilities

Structure of other short-term financial liabilities	<i>In RSD thousand</i>	
	2014	2013
Portion of long-term liabilities with maturity date up to one		
a) Portion of long-term loans domestic and foreign with maturity date up to one year	279,031	764,512
b) Financial leasing liabilities with maturity date up to one year	302,981	274,721
<i>Total</i>	<i>582,012</i>	<i>1,039,233</i>
Other short-term financial liabilities	541	746
TOTAL	582,553	1,039,979

• **Portion of long-term loans domestic and foreign with maturity date up to one year** in the amount of RSD 279.031 thousand relate to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 160.091 thousand, as presented in the following table (Note 39.1.).

Bank	<i>Loan granted on</i>	<i>Due date</i>	<i>Currency</i>	<i>LOAN AMOUNT In loan currency</i>	<i>Outstanding debt balance In RSD thousand</i>	<i>Interest rate</i>	<i>One-off interest rate</i>	<i>Suretyship</i>
SOCIETE GENERALE BANK	28.10.2014	28.04.2016	RSD	215.136.000	143.424	5.15 p.a.	0.2	EPH,EPN,EPHI
KOMERCIJALNA BANK	31.12.2013	27.03.2015	RSD	50.000.000	16.667	9% p.a.	0.25	EPH,EPNG,EPO, EPHI
TOTAL					160.091			

- Energoprojekt Niskogradnja in the amount of RSD 22.946 thousand that relate to the portion of long-term loans granted abroad, with maturity dates up to one year (Note 39.1.);

- Energoprojekt Holding in the amount of RSD 16.667 thousand that relate to the portion of long-term loans granted in the country, with maturity dates up to one year (long-term loan for working capital granted by the Komercijalna bank in 2013 in the amount of RSD 50.000 thousand);

- Energoprojekt Energodata in the amount of RSD 72.760 thousand that relate to the portion of long-term loans granted in the country with maturity dates up to one year (Note 39.1.); and

- Energoplast in the amount of RSD 6.567 thousand that relate to the portion of long-term loans granted in the country with maturity dates up to one year (a loan with FX clause (in Euro) granted with the VTB bank, with the interest rate of 3.3%, collateral: mortgage on Company's equipment for the production of stoppers).

• **Financial leasing liabilities with maturity dates up to one year** in the amount of RSD 302.981 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 301.560 thousand (Note 39.2.).

41. RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY

Structure of received advances, deposits and caution money	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Advances received from other related parties	261,481	668
Advances received from other legal entities in the country	1,546,136	1,007,865
Advances received from other legal entities abroad	1,919,033	2,015,520
Deposits received abroad	2,181	
TOTAL	3,728,831	3,024,053

• **Received advances from other related parties** in the amount of RSD 261.481 thousand relate to Energoprojekt Oprema Company in the amount of RSD 260.299 thousand (advances received from Energo Nigeria Ltd., Lagos, Nigeria), to Energoprojekt Urbanizam i Arhitektura Company in the amount of RSD 668 thousand (advances received from Enjub Ltd.) and to Energoprojekt Industrija Company in the amount of RSD 514 thousand (advance received from Energopet Ltd.).

• **Advances received from other legal entities in the country** in the amount of RSD 1.546.136 thousand primarily relate to Energoprojekt Niskogradnja in the amount of RSD 790.435 thousand (advances received on the Projects Lajkovac-Ljig (China Standong International E&T Branch Belgrade): RSD 498.988 thousand; Sarani Tunnel (AzVirt): RSD 275.815 thousand; and Lot 1.1. Novi Sad (PC Putevi Srbije): RSD 15.632 thousand), to Energoprojekt Oprema Company in the amount of RSD 692.512 thousand (primarily for the advances received from the Investor for the following Projects: Prokop: RSD 311.756 thousand, TENT Obrenovac: RSD 160.847 thousand, RTB Bor: RSD 119.465 thousand, etc.), to Energoprojekt Visokogradnja in the amount of RSD 25.143 thousand, to Energoprojekt Urbanizam i arhitektura in the amount of RSD 22.576 thousand, to Energoprojekt Industrija in the amount of RSD 10.583 thousand and to other Companies of the Energoprojekt Group.

• **Advances received from other legal entities abroad** in the amount of RSD 1.919.033 thousand primarily refer to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 964.601 thousand for performance of works for the Investors, primarily within the Projects of Z-088 Hotel Hyatt Rostov: RSD 480.608 thousand, Z-068 Hotel Aktau: RSD 63.709 thousand, Z-074 Sarijagas Winery: RSD 27.133 thousand and other projects, and based on the advances received in the Energoprojekt Ghana Ltd., Accra, Ghana: RSD 380.490 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 812.287 thousand for advances received in Peru in the amount of RSD 281.156 thousand (primarily within the Projects of Z-023 Pericos, Peru (Consortio Pericos San Ignacio): RSD 113.589 thousand, Z-030 Chancay and Rucuy, Peru (Empresa Administradora Chungar SAC): RSD 86.377 thousand, Z-030 Chancay and Rucuy, Peru (Sinidcato Energetico S.A.): RSD 80.720 thousand, etc.) and in Uganda of RSD 531.131 thousand (primarily within the Projects of Z-027 Jinja road (Uganda National Roads Authority, UNRA): RSD 456.517 thousand, Z-029 Mutundwe (Kampala Capital City Authority): RSD 31.392 thousand, etc., as well as to Energo Uganda Company Ltd, Kampala, Uganda: RSD 31.931 thousand);

- Energoprojekt Hidroinženjering in the amount of RSD 102.234 thousand, based on the received advances primarily within the Projects in Algeria in the amount of RSD 93.078 thousand; etc.

• **Deposits received abroad** in the amount of RSD 2.181 thousand relate entirely to the Energoprojekt Niskogradnja Company, primarily based on the deposits received for the rent of apartments in the Cruz del Sur Building in Peru in the amount of RSD 1.860 thousand.

42. LIABILITIES FROM OPERATIONS

Structure of liabilities from operations	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Trade payables - other foreign related parties	4,618	80,640
Trade payables - domestic	1,649,037	956,588
Trade payables - foreign	2,155,986	1,957,216
Other operating liabilities	18,264	7,591
TOTAL	3,827,905	3,002,035

• **Trade payables – other foreign related parties** in the amount of RSD 4.618 thousand relate to the liabilities of the Energoprojekt Oprema Company towards Energo Nigeria Ltd., Lagos, Nigeria.

• **Trade payables - domestic** in the amount of RSD 1.649.037 thousand relate predominantly to Energoprojekt Oprema in the amount of RSD 828.788 thousand, to Energoprojekt Niskogradnja in the amount of RSD 482.881 thousand, to Energoprojekt Visokogradnja in the amount of RSD 265.912 thousand, to Energoprojekt Energodata in the amount of RSD 29.341 thousand, to Energoprojekt Holding in the amount of RSD 12.416 thousand and to other Companies of the Energoprojekt Group.

Trade payables domestic in the Energoprojekt Group broken down per Companies with largest liabilities for trade payables as at the balance date are presented in the following table.

Structure of trade payables - domestic	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
<i>Energoprojekt Oprema:</i>		
Feromont Inzenjering	225,660	24,798
Energotehnika Južna Bačka	91,101	18,134
ATB Fod	74,917	29,317
Mont R	45,814	89,209
Termoco Plat	33,528	-
Energomontaža	29,389	27,854
Others	328,379	113,898
Total	828,788	303,210
<i>Energoprojekt Niskogradnja:</i>		
Inter Kop ltd.	6,695	6,395
Evrogradnja	41,868	46,755
OMV Srbija	12,509	62,229
Atlas Copco	108,017	31,134
<i>Tehnometal</i>	17,680	11,738
Sika	15,179	9,568
Telefonkabl Plc.	6,972	
Hidro - baza Plc.	30,153	
West - gradnja Ltd.	48,039	3,188
Dunav Group aggregates Plc.	19,397	16,755
Gemax	38,709	
Others	137,663	205,344
Total	482,881	393,106

• **Trade payables – foreign** in the amount of RSD 2.155.986 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 689.151 thousand, to Energoprojekt Visokogradnja in the amount of RSD 500.684 thousand, to Energoprojekt Entel in the amount of RSD 488.808 thousand, to Energoprojekt Oprema in the amount of RSD 400.994 thousand, to Energoprojekt Hidroinženjering in the amount of RSD 19.503 thousand and to other Companies of the Energoprojekt Group.

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Trade payables – foreign are broken down in the following table as per the Companies of the Energoprojekt Group with most significant trade payables' amounts as at the balance date.

Structure of trade payables - foreign	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
<i>Energoprojekt Niskogradnja:</i>		
Termcotank SA	107,805	
Shell ltd	83,996	69,877
Alloy Steel Castings	13,875	
Nitro Chemical (U) LTD	13,205	6,367
Lion Assurance	15,338	8,902
Digital Vision LTD	10,204	9,353
Kaggy Investment LTD	12,157	2,182
Others	95,823	81,610
<i>Total in Uganda</i>	<i>352,403</i>	<i>178,291</i>
Orbenor S.A.C.	9,620	49,189
MLV Contratistas Generales Eirl	10,859	13,740
Iesa s a	139,176	
Petroleos del Peru	15,504	2
Comercial del Acero	39,699	
Johesa	17,016	16,798
G&N Grifos	11,374	8,089
Others	92,450	224,096
<i>Total in Peru</i>	<i>335,698</i>	<i>311,914</i>
<i>Other foreign currency trade payables domestic</i>	<i>1,050</i>	<i>35,004</i>
TOTAL	<i>689,151</i>	<i>525,209</i>
<i>Energoprojekt Visokogradnja:</i>		
Strojgazkonsalting (z-085 Uhta - Russia)	16,255	117,407
Steel Con Makedonija	29,826	18,164
Others	454,603	379,039
TOTAL	<i>500,684</i>	<i>514,610</i>
<i>Energoprojekt Entel:</i>		
Agent Recues Optimum	31,464	7,737
Rent suppliers	101,805	72,140
Cosultants	100,643	112,100
Others	254,896	304,920
TOTAL	<i>488,808</i>	<i>496,897</i>
<i>Energoprojekt Oprema:</i>		
Elwo, Poland	69,876	66,227
Mitas Energy, Turkey	91,481	10,120
Balcke Dur, Poland	86,730	-
CCE, Slovenia	83,469	
Vita Construction, Nigeria	23,951	13,269
Teknoxgroup Swiss	4,342	89,998
Others	41,145	166,144
TOTAL	<i>400,994</i>	<i>345,758</i>

• **Other operating liabilities** in the amount of RSD 18.264 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 11.420 thousand (liabilities for cheques issued to suppliers in Peru to settle trade payables, which were not realized by December 31, 2014) and to Energoprojekt Garant in the amount of RSD 6.495 thousand (liabilities for co-insurance and re-insurance premiums, etc.).

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

43. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	<i>In RSD thousand</i>	
	2014	2013
Liabilities from specific operations - other legal entities	285,287	278,134
Liabilities for salaries, fringe benefits and compensations	1,567,548	1,169,943
Other liabilities:		
a) Liabilities for interest and financing costs	8,253	9,547
b) Liabilities for dividends	132,562	138,011
c) Liabilities to employees	17,730	16,632
d) Liabilities to General Manager, or to Management and Supervisory Boards' members	2,908	2,237
e) Liabilities to physical persons on contractual compensations	5,411	5,415
g) Liabilities for short-term provisions	5,277	13,226
f) Other various liabilities	31,837	9,748
<i>Total</i>	<i>203,978</i>	<i>194,816</i>
GRAND TOTAL	2,056,813	1,642,893

• **Liabilities from specific operations – other legal entities** in the amount of RSD 285.287 thousand relate to Energoprojekt Visokogradnja in the amount of RSD 169.121 thousand (liabilities towards CC Rad based on the works performed in Iraq, and according to the Decision of the Commercial Appellate Court in Belgrade) and to Energoprojekt Entel in the amount of RSD 116.166 thousand (predominantly related to the liability to the partner on Projects of the Energoprojekt Entel Ltd. Company, Doha, Qatar).

• **Liabilities for salaries, fringe benefits and compensations** in the amount of RSD 1.567.548 thousand (liabilities for net salaries and fringe benefits, taxes and contributions, liabilities to Chambers for salaries in the country and abroad, etc.) relate predominantly to Energoprojekt Visokogradnja in the amount of RSD 652.434 thousand (abroad: RSD 498.294 thousand, in the country: RSD 154.140 thousand), to Energoprojekt Entel in the amount of RSD 383.455 thousand, to Energoprojekt Niskogradnja in the amount of RSD 250.751 thousand, to Energoprojekt Hidroinženjering in the amount of RSD 110.929 thousand, to Energoprojekt Oprema in the amount of RSD 76.924 thousand and to other Companies of the Energoprojekt Group.

Increase in liabilities for salaries and fringe benefits in comparison with the previous year relate primarily to Energoprojekt Visokogradnja, since this Company have not paid salaries in the country for the second half of November or for December 2014, a portion of salaries abroad for 2013 and 2014, or the allowances for annual vacation for 2013 and 2014.

- **Liabilities for dividends** in the amount of RSD 132.562 thousand pertain predominantly to Energoplast Company in the amount of RSD 102.800 thousand, to Energoprojekt Holding in the amount of RSD 11.838 thousand (primarily for liabilities for dividends from previous years, which have not been paid to date, due to the lack of accurate information about persons holding shares to which dividends should have been paid), to Energoprojekt Entel in the amount of RSD 10.209 thousand (due to the fact that the shareholders have not yet opened the securities' accounts), to Energoprojekt Oprema in the amount of RSD 3.888 thousand and to other Companies of the Energoprojekt Group.

- **Other various liabilities** in the amount of RSD 31.837 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 12.670 thousand (liabilities to Company's Workers' Union, Social Security Fund for Employees, liabilities towards third persons based on withholding from net employees' salaries for statutory and administrative bans, etc.), to Energoprojekt Visokogradnja in the amount of RSD 12.447 thousand (withholding from salaries for Union fees and charities, alimonies, etc.), and to other Companies of the Energoprojekt Group.

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

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

44.1. Liabilities for Value Added Tax

Liabilities for value added tax	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Liabilities for value added tax	441,603	21,814
TOTAL	441,603	21,814

- **Liabilities for value added tax** in the amount of RSD 441.603 thousand relate to the difference between the calculated tax and input tax, primarily in Energoprojekt Visokogradnja in the amount of RSD 337.922 thousand (predominantly abroad and primarily in Energoprojekt Ghana Ltd., Accra Company amounting to RSD 242.667 thousand), Energoprojekt Oprema in the amount of RSD 67.928 thousand, Energoprojekt Energodata in the amount of RSD 24.726 thousand and to other Companies of the Energoprojekt Group.

44.2. Liabilities for Other Taxes, Contributions and Other Duties

Liabilities for other taxes, contributions and other duties	<i>In RSD thousand</i>	
	2014	2013
Liabilities for income tax	639,240	497,113
Liabilities for other taxes, contributions and other duties	1,007,024	319,300
TOTAL	1,646,264	816,413

• **Liabilities for income tax** in the amount of RSD 639.240 thousand relate primarily to Energoprojekt Entel in the amount of RSD 576.566 thousand, Energoprojekt Niskogradnja in the amount of RSD 51.725 thousand and to other Companies of the Energoprojekt Group.

Liability for income tax in Energoprojekt Entel predominantly and in the amount of RSD 477.526 thousand relate to Energoprojekt Entel Ltd., Doha, Qatar based on the liabilities disclosed in 2011 for the expenses of the Head Office or for the Energoprojekt Entel for the period of 3 years (for 2008, 2009 and 2010) that are not recognized by the local Tax Administration. Namely, the local Tax Administration does not recognize the amount disclosed as costs for services rendered by the Energoprojekt Entel Company over the said period as costs, but is of the opinion that income tax should have additionally been paid on that amount as well. A lawsuit was initiated to resolve this issue and the outcome of this lawsuit is uncertain. The short term deposit with the Doha Bank includes cash earmarked and kept in case of a negative outcome of this lawsuit.

• **Liabilities for other taxes, contributions and other duties** in the amount of RSD 1.007.024 thousand relate primarily to the following Companies of the Energoprojekt Group:

- Energoprojekt Niskogradnja in the amount of RSD 799.288 thousand comprising of the following presented most significant amounts:

- Liability for income tax in 2014 in Peru in compliance with the local regulations (due on March 30, 2015) amounting to RSD 438.661 thousand;
- Liability for income tax in 2014 in Uganda in compliance with the local regulations (paid within the legally prescribed deadline, in January 2015) amounting to RSD 137.265 thousand;
- Value added tax based on the tax return for December 2014 in Peru amounting to RSD 159.834 thousand and in Uganda amounting to RSD 59.202 thousand (these liabilities were paid within the legally prescribed deadline, in January 2015), etc.

- Energoprojekt Visokogradnja in the amount of RSD 172.301 thousand, the largest part of which relate to the unpaid liabilities for taxes and contributions for workers abroad;

- Energoprojekt Hidroinženjering in the amount of RSD 15.650 thousand, based on the tax liabilities in Peru and in Jordan; and other liabilities.

The increase in liabilities for other taxes, contributions and other duties in comparison with the previous period was primarily the result of the increase in Energoprojekt Niskogradnja due to the significant taxable income made internationally in 2014 (arbitration procedures were completed for the damage compensation claims in Peru in favour of the Company; and the Company's income was increased in Uganda), and thus of the mandatory tax in the country where work is performed.

44.3. Accruals

Liabilities for other taxes, contributions and other duties	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Accrued expenses:		
a) Accrued expenses - other related parties	30,642	526
b) Accrued expenses - other legal entities	1,106,783	178,270
<i>Total</i>	<i>1,137,425</i>	<i>178,796</i>
Deferred income - other legal entities	102,064	293,513
Other accruals	379,609	137,557
TOTAL	<i>1,619,098</i>	<i>609,866</i>

• **Accrued expenses – other related parties** in the amount of RSD 30.642 thousand were disclosed in Energoprojekt Oprema and these pertain to the accrued expenses to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

• **Accrued expenses – other legal entities** in the amount of RSD 1.106.783 thousand relate predominantly to the following Companies of the Energoprojekt Group:

- Energoprojekt Visokogradnja in the amount of RSD 554.777 thousand, of which the amount of RSD 520.380 thousand relate to expenses in Energoprojekt Ghana Ltd., Accra, Ghana. Costs of materials not invoiced by the suppliers were calculated;

- Energoprojekt Niskogradnja in the amount of RSD 501.971 thousand, consisting of the following most significant amounts:

- Calculated costs of subcontracting services for October – December 2014 (Project Lajkovac – Ljig): RSD 180.238 thousand;
- Calculated costs of subcontracting services for December 2014 (Project Pancevo Bridge): RSD 38.841 thousand;
- Calculated costs of subcontracting services for December.2014 (Project Sarani Tunnel): RSD 34.758 thousand;
- Calculated costs of subcontracting services for the previous period (Project Bypass – Strazevica): RSD 5.500 thousand;
- Calculated costs related to the approved arbitration procedures in 2014 which were not invoiced by December 31, 2014 (Projects in Peru): RSD 47.673 thousand;
- Calculated insurance costs for works and property (for Projects in Peru): RSD 33.411 thousand;
- Calculated costs of subcontracting services for 2014 (for Projects in Uganda): RSD 51.561 thousand; and others.

- Energoprojekt Oprema in the amount of RSD 31.625 thousand, based on the calculated costs of the period for Projects TENT Obrenovac, RS Embassy u Abuja and RTB Bor, as well as the calculated costs for invoice that was not delivered by LS Kranov;

- Energoprojekt Hidroinženjering in the amount of RSD 9.057 thousand that relate to the calculated subcontracting costs on the Yarascay Project in Peru; and others.

- **Deferred income – other legal entities** in the amount of RSD 102.064 thousand relate entirely to Energoprojekt Garant based on the transferable premium.

- **Other accruals** in the amount of RSD 379.609 thousand relate predominantly to the following Companies of the Energoprojekt Group:

- Energoprojekt Oprema in the amount of RSD 191.888 thousand based on the collected guaranties for Elwo, Poland: RSD 96.863 thousand, prepaid VAT in invoices issued: RSD 94.977 thousand and for prepaid acquisition costs: RSD 48 thousand;

- Energoprojekt Garant in the amount of RSD 183.138 thousand based on the provisions for damage;

- Energoprojekt Niskogradnja in the amount of RSD 37.346 thousand based on:

- Liabilities for prepaid VAT: RSD 36.293 thousand that were paid within the legally prescribed deadline, in January 2015 (calculated liability for VAT in issued invoices – progress reports for December 2014 that were verified in January 2015: RSD 36.264 thousand and calculated VAT on decommissioning based on the annual inventory count: RSD 29 thousand); and
- Deferred income from the sales and leaseback transaction: RSD 1.053 thousand.

45. OFF BALANCE SHEET ASSETS AND LIABILITIES

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

Structure of off balance sheet assets and liabilities	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Issued and received guarantees, letters of credit and bills of exchange	20,063,736	13,078,864
Construction land use rights	4,670,172	1,129,795
Other off balance sheet assets/liabilities	815,192	452,050
TOTAL	25,549,100	14,660,709

46. MORTGAGES REGISTERED IN FAVOUR OR AGAINST COMPANY

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

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

- In order to secure a credit line approved to the Energoprojekt Niskogradnja Company by the Scotiabank Peru, property was mortgaged for the amount of RSD 997.844 thousand (USD 10.032.239,80) which is 75.66% of the total appraised value of the property mortgaged. Appraisal was performed by an external independent qualified appraiser, "J.R.Z. Valuaciones S.A.C" in Peru, which holds recognized and relevant professional qualifications and recent experience with property locations and categories appraised. This Appraiser was hired by the Scotiabank Peru.

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

<i>Property</i>	<i>Surface area in m²</i>	<i>Book value</i>	<i>Appraised value</i>	<i>Appraised value</i>
		<i>In RSD thousand</i>	<i>In USD</i>	<i>In RSD thousand</i>
Land - Camp Primavera, Sullana, Peru	95.907,47	29,479	5,754,448.20	572,361
Business facilities in 16-18 floors, Lima, Peru	427,73	61,647	1,005,501.73	100,011
Cruz Del Sur Building, Lima, Peru	4.295,38	643,753	6,499,632.37	646,480
Total		734,879	13,259,582.30	1,318,852
Mortgage 75.66%			10,032,239.80	

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

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

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

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

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

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

- As collateral to secure the repayment of loan pursuant to the Annex No. 6 of the Loan Agreement No. 367, in the amount of RSD 16,632 thousand (EUR 137 thousand), granted by the Company to Enjub Ltd, the extrajudicial mortgage for the entire loan amount was registered for apartments in 91A Jurija Gagarina Street, on the second and third floors, Cadastre lot No. 5089/9, Cadastral Municipality of Novi Beograd, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality Novi Beograd, in favour of the Company, and as a collateral to secure the repayment of the loan pursuant to the Annex No. 2 to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 144,895 thousand (EUR 1,198 thousand), there is a lien statement (mortgage was not registered) provided for the real property (apartments and business premises) in 93, 93A and 91A Jurija Gagarina Street.

47. COMMITMENT AND CONTINGENCIES

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

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

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

An overview of lawsuits is presented in the following tables.

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
1.	New company	EP Holding Plc. and CC Napred	Ownership title to be determined		Commercial Court in Belgrade	2015	Uncertain, proceedings suspended
2.	EP Holding Plc.	Stari grad Municipality	Ownership claim		1 st Basic Court in Belgrade	2015	Ungrounded
3.	Milan Raonić	EP Holding Plc.	Damage compensation (copyright claim)	35.015.794,75 RSD and 1.000.000,00 RSD	Higher Court in Belgrade	2016	According to the Decision of the Court of first instance, Plaintiff's application was granted. We appealed against such decision.
4.	Sreta Ivanišević	EP Holding Plc.	Compensation for expropriated property (Bežanija)		1 st Basic Court in Belgrade	Uncertain	Uncertain
5.	Vladan and Tomislav Krdžić	EP Holding Plc.	Damage compensation (free shares were not allotted to the Plaintiffs)	444.000,00 RSD	Commercial Court in Belgrade	2015	Unfounded, according to the Decision of the Court of first instance, the application was rejected, Court Decision on Plaintiffs' appeal is pending
6.	Rajko Ljubojević	EP Holding Plc.	Expropriation		1 st Basic Court in Belgrade	2015	Uncertain
7.	Kovačević Pavle, Radmila and Milan	EP Holding Plc.	Compensation for expropriated land (in Block 26)		Administrative Court in Belgrade		According to the Decision of RS MF, appeals against the Decision of the Court of first instance, according to which plaintiffs are entitled to pecuniary compensation for expropriated land, were rejected; we shall initiate an administrative procedure.
8.	EP Holding Plc.	Zekstra Group Ltd.	Damage compensation (roof repair in G. Delceva 38 Street)	7.032,68 EUR	Commercial Court in Belgrade	2015	Claim is well grounded.
9.	EP Holding Plc.	Republic of Serbia, EPS Srbije power co., Epsturs Ltd. and Republic of Montenegro	Determining the ideal ownership share of the Park Hotel in Budva		Basic Court in Niksic	2016	Claim is grounded, upon appeals by the RS and Montenegrin Government, the matter was remitted for reconsideration.
10.	EP Holding Plc.	Ivan Musić	Damage compensation (roof repair in G. Delceva 38 Street)	250,61 EUR	3 rd Basic Court in Belgrade	2015	Justified
11.	EP Holding Plc.	City of Belgrade, RS Land Development Directorate	Debt (Arena)	208.000.245,40 RSD	Commercial Court in Belgrade	2015	Justified

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
12.	Marko Martinoli	EP Holding Plc. and EP Niskogradnja Plc.	Share squeeze-out	638.674,92 RSD	Commercial Court in Belgrade	2015	First instance Court Decision approved Plaintiff's application. We initiated an appeal procedure against this Decision.
13.	Land Development Agency	EP Holding Plc., NIS, Putnik Plc.	Claim for construction land for Hayat	Uncertain	Commercial Court in Belgrade	2016	First instance proceedings is pending – expert assessment
14.	Belim Plc. in liquidation	EP Holding Plc.	Unfounded acquisition	89.393.916,52 RSD	Commercial Court in Belgrade	2015	Uncertain
15.	EP Holding Plc.	BMP Plc.	Share value appraisal		Commercial Court in Belgrade	2015	Justified
16.	Goran Rakić	EP Holding Plc. Kompresor automobili	Ownership title to be determined		2 nd Basic Court in Belgrade	2016	Ungrounded
17.	EP Visokogradnja Plc.	Kosmaj mermer co.	Determination of claims of a creditor with separate satisfaction rights	400.000,00 RSD + interest as of 29.01.1998	Commercial Court in Belgrade	2015	Justified
18.	Kosmaj mermer co.	EP Visokogradnja Plc.	Ungrounded claim of a creditor with separate satisfaction right		Commercial Court in Belgrade	2015	Ungrounded
19.	EP Visokogradnja Plc. Vesna Perinčić	Vesna Perinčić EP Visokogradnja Plc.	Debt	Claim 88.500,00 RSD and counterclaim 250.000,00 RSD	1 st Basic Court in Belgrade	2015	Both the claim and the counterclaim were denied by the court of first instance.
20.	EP Visokogradnja Plc.	Promex TV Zvornik	Debt	667.104,25 RSD	Commercial Court in Belgrade	2015	According to the final court decision, Plaintiff's claim was granted.
21.	Reb Darko	EP Visokogradnja Plc.	Debt	64.740,01 EUR	1 st Basic Court in Belgrade	2015	According to the first instance court decision, Plaintiff's claim was denied.
22.	Milan Branković	EP Visokogradnja Plc.	Annulment of a temporary employment contract	/	1 st Basic Court in Belgrade	2016	Ungrounded, proceedings suspended until completion of lawsuit 17.P1.11640/10 initiated by this Plaintiff against the same Defendant

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
23.	Tubić Aleksandra	EP Visokogradnja Plc.	Damage compensation (damage caused by lightning)	300.000,00 EUR	Basic Court in Herceg Novi	2015	Final court decision on denial of Plaintiff's claim, audit submitted by the Plaintiff
24.	EP Visokogradnja Plc.	Trudbenik gradnja co.	Claim recognized in liquidation procedure	2.767.501,76 RSD	Commercial Court in Belgrade		Uncertain collection of claim
25.	Bomaran ltd.	EP Visokogradnja Plc.	Debt	1.440.900,00 RSD	Commercial Court in Belgrade	2015	Partially justified.
26.	Gajić Slobodan	EP Visokogradnja Plc.	Damage compensation	450.000,00 RSD	Basic Court in Sremska Mitrovica	2015	According to the first instance Court Decision, Plaintiff's claim was partially granted in the amount of RSD 240.000,00 and the remaining part of the claim was denied. Proceedings initiated upon Plaintiff's appeal against such decision is pending.
27.	Đorđe Mikša	EP Visokogradnja Plc.	Contractual fine payment	512.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated an appeal proceedings.
28.	Sladan Pavlović	EP Visokogradnja Plc.	Damage compensation	1.700.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated an appeal proceedings.
29.	EP Visokogradnja Plc.	Cvitan Dragan	Debt	212.067,77 RSD	1 st Basic Court in Belgrade	2015	Justified. Partially collected.
30.	Nataša Milojević	EP Visokogradnja Plc.	Ownership title to be determined	100.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision denied plaintiff's claim.
31.	EP Visokogradnja Plc.	Beton gradnja Ltd.	Debt	271.813,90 RSD	Commercial Court in Belgrade	2015	Justified
32.	EP Visokogradnja Plc.	Alumaks sistemi Ltd.	Damage compensation (block 29)	31.605.600,00 RSD	Commercial Court in Belgrade	2015	Second instance court remitted this matter to first instance court.
33.	EP Visokogradnja Plc.	Veso Romić	Unjustified acquisition	35.301.780,00 RSD	Commercial Court in Belgrade	2015	Justified
34.	EP Visokogradnja Plc.	Beočvor	Dug (Prokop)	290.385.390,00 RSD		2015	Justified, proceedings suspended
35.	EP Visokogradnja Plc.	Jugobanka Plc. in liquidation	Claims registration	5.000.000,00 USD	Commercial Court in Belgrade		Justified, claim recognized in liquidation procedure

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
36.	EP Visokogradnja Plc.	Beobanka Plc. in liquidation	Claims registration	1.031.053,82 USD	Commercial Court in Belgrade		Justified, claim recognized in liquidation procedure
37.	EP Visokogradnja Plc.	Banex trade co. in liquidation	Debt, of the total debt of 800.203,44 GBP only 8.478.580,00 RSD collected		Commercial Court in Belgrade		Justified, partially collected.
38.	EP Visokogradnja Plc.	Belim Plc.	Debt under settlement agreement	612.000,00 USD	Commercial Court in Belgrade	Completed	Justified, debt not yet collected.
39.	EP Visokogradnja Plc.	City of Belgrade, Land Development Agency, RS	Debt (Arena)	208.000.245,40 RSD	Commercial Court in Belgrade	2015	Justified, remitted to court of first instance.
40.	EP Visokogradnja Plc.	JP Železnice, Beočvor	Debt (Prokop)	407.301.020,00 RSD	Commercial Court in Belgrade	2015	Justified, proceedings suspended.
41.	EP Visokogradnja Plc.	Milan Korica	Unpaid shop price	63.611,35 RSD	3 rd Basic Court in Belgrade	2015	Justified
42.	CC Rad in liquidation	EP Visokogradnja Plc., EP Niskogradnja Plc., EP Oprema Plc. and EP Promet Ltd.	Debt, works in Iraq	1.750.000,00 USD	Commercial Court in Belgrade		Final court decision in favour of Plaintiff's claim.
43.	Božo Tomašević	EP Visokogradnja Plc.	Annulment of employment contract termination	140.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated an appeal proceedings, second instance court decision is pending.
44.	Aleksandar Petrović	EP Visokogradnja Plc.	Agreement termination and damage compensation	3.500.000,00 RSD	1 st Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated an appeal proceedings.
45.	Sava Krajinović	EP Visokogradnja Plc.	Unjustified acquisition	269.000,00 RSD	1 st Basic Court in Belgrade	2015	Ungrounded
46.	Ljiljana Damjano	EP Visokogradnja Plc.	Performance and damage compensation	350.000,00 RSD	1 st Basic Court in Belgrade	2015	Ungrounded; first instance Court Decision rendered the claim withdrawn, Plaintiff appealed against the first instance court decision, second instance court decision is pending.
47.	Nenad Dautović	EP Visokogradnja Plc.	Annulment of employment contract termination	/	3 rd Basic Court in Belgrade	2015	Ungrounded

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
48.	SIEN Ltd.	EP Visokogradnja Plc.	Debt, SMIP	438.530,00 RSD	Commercial Court in Belgrade		Partially justified, proceedings suspended due to Plaintiff's liquidation.
49.	Residential building in B.M.Pupina 10e	EP Visokogradnja Plc.	Unjustified acquisition	2.000.000,00 RSD	1 st Basic Court in Belgrade		Ungrounded, proceedings suspended.
50.	Kombit	EP Visokogradnja Plc.	Debt (Prokop)	1.269.860,00 RSD	Commercial Court in Belgrade		Partially collected, approximately RSD 160.000,00 proceedings to collect the remaining debt suspended.
51.	Milorad Vasić	EP Visokogradnja Plc.	Damage compensation (block 12)	31.235.250,00 RSD	Higher Court in Belgrade	2015	Partially grounded, hearing before the Court of Appeal in Belgrade – expert opinion to be amended.
52.	EP Visokogradnja Plc.	Siniša and Dragan Romić	Contesting of share transfer agreement		Commercial Court in Belgrade	2016	Justified
53.	Kojić Milan	EP Visokogradnja Plc.	Debt - salaries	1.130,00 EUR	1 st Basic Court in Belgrade	2015	Ungrounded
54.	EP Visokogradnja Plc.	Farmakom MB Ltd. in liquidation	Debt	1.340.520,00 RSD	Commercial Court in Valjevo	2015	Claim recognized in liquidation procedure.
55.	EP Visokogradnja Plc.	LP Gas Ltd.	Debt	1.644.012,60 RSD	Commercial Court in Belgrade	2015	Uncertain
56.	Drago Stupar and others	EP Visokogradnja Plc.	Land ownership title		Basic Court in Herceg Novi	2015	Upon our appeal, lawsuit was remitted for repeat proceedings.
57.	Dušan Petrović, Vladimir Glišović and EGP Investments	EP Visokogradnja Plc.	Share appraisal		Commercial Court in Belgrade	2015	Uncertain
58.	Saša Bošković	EP Visokogradnja Plc.	Share appraisal		Commercial Court in Belgrade	2015	Uncertain

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
59.	Husein Smailović	EP Visokogradnja Plc.	Adjustment of monthly rent for damage compensation	59.000,00 RSD monthly as of January 2010	1 st Basic Court	2015	Uncertain. Partially grounded.
60.	Naim Hajdari	EP Visokogradnja Plc.	Monthly rent for damage compensation	15.000,00 RSD monthly as of January 21, 1989	1 st Basic Court in Belgrade	2015	Ungrounded
61.	Radosavljević Velibor	EP Visokogradnja Plc.	Annulment of employment contract termination		3 rd Basic Court in Belgrade	2015	Ungrounded
62.	EGP Investments	EP Visokogradnja Plc.	Share appraisal		Commercial Court in Belgrade	2015	Uncertain
63.	Ostojić Dragomir, Đurić Milorad and Jorgić broker Plc.	EP Visokogradnja Plc.	Share appraisal		Commercial Court in Belgrade	2015	Uncertain
64.	EP Visokogradnja Plc.	Republic of Serbia	Agreement validation (Voždovac)		Higher Court in Belgrade	2015	First instance court decision granted Plaintiff's claim. Appeal proceedings initiated by the Defendant.
65.	EP Visokogradnja Plc.	PIK Zemun in restructuring procedure	Debt	33.705,46 RSD	Commercial Court in Belgrade	2015	Justified, enforced collection suspended due to the debtor's restructuring.
66.	EP Visokogradnja Plc.	Construction firm Krstić owned by Krstić Radomir	Debt	115.776,00 RSD with accrued interest	Commercial Court in Belgrade	2015	Justified, enforced collection in progress.
67.	EP Visokogradnja Plc.	Kvirin firm owned by Tanasković Milan	Debt	31.642,40 RSD	Commercial Court in Belgrade	2015	Justified, enforced collection in progress.
68.	PUC Vodovod i kanalizacija	EP Visokogradnja Plc.	Debt	1.422.675,28 RSD	Commercial Court in Belgrade	2015	Uncertain
69.	Dragan Petrović	EP Visokogradnja Plc.	Annulment of employment contract termination		3 rd Basic Court in Belgrade	2016	Uncertain.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
70.	Pension and Invalidation Insurance Fund	Kolex co. and EP Visokogradnja Plc.	Court should determine whether the Agreement is null and void or not		Higher Court in Belgrade	2015	Uncertain
71.	Zorica Grujić Kiš and Zlatica Mažibrada	EP Visokogradnja Plc., RS, Municipality of Novi Beograd and the City of Belgrade	Ownership right over construction land (Block 22)		3 rd Basic Court in Belgrade	2015	Uncertain
73.	EP Visokogradnja Plc.	Serbian Shooting Sport Federation	Debt	70.803,28 RSD			Claim obsolete.
73.	Milan Raonić	EP Urbanizam i arhitektura Plc.	Annual vacation benefits and salary differences	322.688,89 RSD	Appellate Court in Belgrade	Uncertain	First instance court decision dismissed Plaintiff's claim. Appeal proceedings pending.
74.	Novica Veljković	EP Urbanizam i arhitektura Plc.	Annulment of Annex III of the employment contract	88.426,53 RSD with accrued interest	3 rd Basic Court in Belgrade	Uncertain	Outcome uncertain. Proceedings suspended.
75.	Novica Veljković	EP Urbanizam i arhitektura Plc.	Annulment of the Annex IV of the employment contract	17.000,00 RSD	3 rd Basic Court in Belgrade	Uncertain	Part of the claim was finally dismissed by the court, the rest is pending.
76.	Miroslav Stefanović	EP Urbanizam i arhitektura Plc.	Salary differences	33.995,00 RSD	3 rd Basic Court in Belgrade	Uncertain	Part of the Court Decision upheld, and the part concerning interest was remitted to first instance court.
77.	EP Urbanizam i arhitektura Plc.	Miodrag Cvijić	Debt	1.523.072,42 RSD	3 rd Basic Court in Belgrade	Uncertain	Justified, enforced collection in progress.
78.	Tamara Vukadinović	EP Urbanizam i arhitektura Plc.	Annulment of employment contract termination	50.000,00 RSD	3 rd Basic Court in Belgrade	Uncertain	Uncertain
79.	Jelena Davidović	EP Urbanizam i arhitektura Plc.	Annulment of employment contract termination	87.666,66 RSD	3 rd Basic Court in Belgrade	Uncertain	Uncertain
80.	Katarina Cvejić	EP Urbanizam i arhitektura Plc.	Payment of fees based on contract on temporary service		3 rd Basic Court in Belgrade	2015	First instance court decision granted plaintiff's claim. We initiated an appeal proceedings.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
81.	Vladimir Marković	EP Urbanizam i arhitektura Plc.	Payment of FX salary	10.147,80 USD	Higher Court in Belgrade	Uncertain	First instance court decision granted plaintiff's claim. Appeal proceedings pending.
82.	EP Oprema Plc.	Graditelj Leskovac co.	Contracted services	71.129.042,82 RSD	Commercial Court, Leskovac	Completed	Justified, collection difficult, due to debtor's bankruptcy.
83.	EP Oprema Plc. and EP Holding Plc.	Municipality of Medveđa	Refund of given	120.000.000,00 RSD	Commercial Court, Leskovac	Uncertain	Uncertain
84.	EP Oprema Plc.	DGP Zlatibor	Debt for works performed	42.000.000,00 RSD	Commercial Court in Belgrade	Completed	Justified, collection difficult, due to debtor's bankruptcy.
85.	EP Oprema Plc.	Serbian Clinical Centre	Debt for works performed	255.544,13 EUR	Commercial Court in Belgrade	2015	Justified. We initiated an appeal proceedings.
86.	EP Oprema Plc.	Serbian Clinical Centre	Damage compensation	1.559,000,00 EUR	Commercial Court in Belgrade	2015	Justified First instance court proceedings in progress
87.	EP Oprema Plc.	Nemanja Ivović	Unfounded acquisition	64.600,50 RSD	1 st Basic Court in Belgrade	2015	Justified. First instance court decision granted plaintiff's claim. Court decision shall soon be final.
88.	Vodovod Leskovac	EP Oprema Plc.	Agreement termination	92.000.000,00 RSD	Commercial Court, Leskovac	2016	Partially grounded claim
89.	EP Oprema Plc.	Beogradska arena	Damage compensation	4.817.705,00 RSD	Commercial Court, Leskovac	2015	Justified
90.	Tekić Siniša	EP Oprema Plc.	Damage compensation	160.254,00 RSD	1 st Basic Court in Belgrade	2015	Ungrounded
91.	Stanojković Milorad	EP Oprema Plc. and PC Elektromreže	Damage compensation	10.000,00 RSD	Basic Court in Vranje	2015	Partially grounded. We initiated an appeal proceedings.
92.	Marinković Staniša	EP Oprema Plc. - intervenor	Damage compensation	304.000,00 RSD	Basic Court in Vranje	2015	Partially grounded First instance court proceedings in progress
93.	Stanojlović Čedomir	EP Oprema Plc. - intervenor	Damage compensation	261.000,00 RSD	Basic Court, Vranje	2015	Partially grounded First instance court proceedings in progress

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
94.	Ristić Čedomir	EP Oprema Plc .- intervenor	Damage compensation	63.000,00 RSD	Basic Court, Vranje	2015	Partially grounded. We initiated an appeal proceedings.
95.	Milan Ilić and Nenad Babić	EP Oprema Plc.	Injury at work	4.200.000,00 RSD	1 st Basic Court in Belgrade	2015	Partially grounded First instance Court Decision in favour of EPO – Plaintiffs' claim denied; Plaintiffs appealed against the Decision; First instance Court Decision partially cancelled, matter remitted to first instance court.
96.	Milan Cvetković	EP Oprema Plc. PC Elektromreže Srbije	Damage compensation	1.328.270,00 RSD	Basic Court	2015	Partially grounded
97.	Novica Ćirković	EP Oprema Plc. PC Elektromreže Srbije	Damage compensation	100.000,00 RSD	Basic Court	2015	Partially grounded
98.	Stamenković Ivan	PC EMS EP Oprema Plc.	Private nuisance		2 nd Basic Court	2015	Ungrounded
99.	EP Oprema Plc.	TENT Ltd.	Receivables for works completed	1.729.125,66 EUR	Commercial Court	2015	Collected
100.	EP Oprema Plc.	Construction Company Rad in liquidation	Debt	1.100.000,00 USD	Commercial Court		Debt amount determined in liquidation procedure.
101.	Construction Company Rad in liquidation	EP Visokogradnja Plc., EP Niskogradnja Plc. EP Oprema Plc. EP Promet Ltd.	Receivables for works completed in Iraq	1.700.000,00 USD	Commercial Court	2015	Final court decision in favour of the plaintiff.
102.	Republic Fund for Pension and Invalidity Insurance, Branch Office in Belgrade	EP Niskogradnja Plc.	Recourse claim	419.600,10 RSD	Commercial Court in Belgrade	Uncertain, suspended until completion of criminal proceedings	Uncertain
103.	Dunav Insurance Company Ltd.	Dragi Nikolić EP Niskogradnja Plc.	Counterclaim for damage compensation	2.500.000,00 RSD	Commercial Court in Belgrade	2015	First instance Court Decision granted Plaintiff's claim, second instance court decision is pending.
104.	Aleksandar Babić and others	EP Niskogradnja Plc.	Bonus payment	40.906,00 EUR	3 rd Basic Court in Belgrade	2015	Ungrounded
105.	Gordana and Veselin Medenica	EP Niskogradnja Plc.	Damage compensation – injury at work	3.200.000,00 RSD	3 rd Basic Court in Belgrade	2015	Uncertain

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
106.	Milko Tadić	EP Niskogradnja Plc.	Annulment of Decision on termination of Employment Contract		3 rd Basic Court in Belgrade	2015	Ungrounded
107.	Bosna putevi Sarajevo	EP Niskogradnja Plc.	Debt, trip to Yemen	17.604.299,00 USD	Commercial Court in Belgrade	2016	Ungrounded
108.	Vladimir Marinković	EP Niskogradnja Plc.	Overtime work in Peru	5.552,84 USD	3 rd Basic Court in Belgrade	2015	Ungrounded
109.	Jovan Čvokić and others	EP Niskogradnja Plc.	Bonus payment	20.145,11 EUR	3 rd Basic Court in Belgrade	2015	Ungrounded
110.	Tanić Dušan	EP Niskogradnja Plc.	Annulment of Decision on salary amount		3 rd Basic Court in Belgrade	2015	Ungrounded
111.	EP Niskogradnja Plc.	Internacional CG in restructuring procedure	Debt	182.056,00 RSD	Commercial Court in Belgrade	2015	Justified
112.	Bosnian Canton Privatization Agency Sarajevo	EP Niskogradnja Plc. Bosna putevi Plc.	Determination of ownership rights over Bosnaputevi claims against EP Niskogradnja Plc.	17.604.299,00 USD	Municipal Court, Sarajevo	2015	Ungrounded
113.	Dragan Kuveljić	EP Niskogradnja Plc.	Share price appraisal		Commercial Court, Belgrade	2015	Uncertain
114.	Angelina and Dejan Lukić	EP Niskogradnja Plc.	Damage compensation	2.000.000,00 RSD	1 st Basic Court in Belgrade	2015	Ungrounded
115.	EP Niskogradnja Plc. Intermost Ltd. in liquidation	Intermost Ltd. in liquidation EP Niskogradnja Plc.	Debt (Novi Sad)	378.685.160,00 RSD 189.827.985,00 RSD	Commercial Court, Belgrade	2016	Claim by EP Niskogradnja Plc. is grounded, remitted to the first instance court upon appeal filed by the Intermost Ltd.
116.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Guarantees for regular repayment of advance payment	7.000.000,00 KM	Municipal Court, Sarajevo	Uncertain	Justified
117.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Performance bond	3.500.000,00 KM	Municipal Court, Sarajevo	Uncertain	Justified
118.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Guarantees for regular repayment of advance payment	4.000.000,00 KM	Municipal Court, Sarajevo	Uncertain	Justified

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
119.	EP Niskogradnja Plc.	JIK Bank Plc. in liquidation	Registration of claims	218.000,00 USD	Commercial Court, Belgrade	Uncertain	Justified
120.	EP Niskogradnja Plc.	Jugobanka Plc. branch office in New York	Registration of claims	455.877,88 USD 12.060.320,00 RSD	Commercial Court, Belgrade	Uncertain	Justified
121.	EP Niskogradnja Plc.	Beogradska bank Plc. in liquidation	Registration of claims	4.546,10 USD 16.278.517,00 RSD	Commercial Court, Belgrade	Uncertain	Justified
122.	Simić Ljubiša	PC Putevi Srbije and EP Niskogradnja Plc.	Damage compensation	4.598,80 EUR	1 st Basic Court in Belgrade	2015	Ungrounded
123.	Sent Andrea Ltd.	EP Niskogradnja Plc.	Damage compensation – profit lost due to agreement termination	2.912.451,60 RSD	Commercial Court	2015	Claim is considered to be withdrawn.
124.	Milijan Mitrović	EP Niskogradnja Plc.	Private nuisance		Basic Court, Ub	2016	Ungrounded
125.	Milijan Mitrović	EP Niskogradnja Plc.	Damage compensation for completed works	50.000,00 RSD	Basic Court, Ub	2016	Ungrounded
126.	Dunav Insurance Company Ltd.	PC Putevi Srbije EP Niskogradnja Plc. - intervenor	Damage compensation	170.536,00 RSD	Commercial Court	2015	Uncertain
127.	Strajnić Nenad	JP Putevi Srbije EP Niskogradnja Plc. - intervenor	Damage compensation	183.928,48 RSD	Basic Court, Novi Sad	2015	Uncertain
128.	Marko Martinoli	EP Niskogradnja Plc.	Payment of difference in shares' prices	638.674,92 RSD	Commercial Court	2015	Uncertain. First instance Court Decision granted Plaintiff's claim.
129.	Milanka Bančić	EP Industrija Plc.	Annulment of decision on allocation of solidarity fund apartments		1 st Basic Court in Belgrade, 9-P1-4419/10	2015	First instance Court Decision against Plaintiff's claim.
130.	Milanka Bančić	EP Industrija Plc.	Purchase of solidarity fund apartment - non-litigious procedure		3 rd Basic Court in Belgrade, 8-R1-948/10	2015	First instance Court Decision against Plaintiff's claim.

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
131.	Marko Martinoli	EP Industrija Plc.	Annulment of Assembly Decision		Commercial Court in Belgrade, 29-P-5056/2012	2015	Uncertain
132.	EP Industrija Plc.	Jugoremedija Plc. – in liquidation	Liquidation procedure- registration of claims	321.416,18 EUR registered claim	Commercial Court, Zrenjanin, St-300/2012		Uncertain
133.	EP Industrija Plc.	Jugoremedija Plc. – in liquidation	Determining of claim amount	19.146.240,15 RSD	Commercial Court, Zrenjanin	2015	Uncertain
134.	Marko Martinoli	EP Entel Plc.	Annulment of an individual financial statement		Commercial Court	Uncertain	Uncertain
135.	EP Energodata Plc.	Šipad komerc in liquidation	Unpaid claims	258.586,20 RSD + interest	Commercial Court	Lawsuit won, final court enforcement order against the defendant, liquidation procedure initiated	Uncertain amount to be collected
136.	S.Stojić	EP Hidroinženjering Plc.	Claims for unpaid salaries earned abroad	6.466 USD or 482.865 RSD	1 st Basic Court in Belgrade	Lawsuit initiated by the appeal of the plaintiff S.Stojic, to be completed in 2015	Positive
137.	M. Đorđević	EP Hidroinženjering Plc.	Annulment of Annex to Employment Contract determining the minimum salary amount	No pecuniary claim has been made	1 st Basic Court in Belgrade	First instance court decision in favour of the Company. Appeal was filed. To be completed in 2015	Positive
138.	P. Stanišić and J. Blagojević	EP Hidroinženjering Plc.	Annulment of Decision of Housing Committee	Not a pecuniary claim	1 st Basic Court in Belgrade	First instance Court Decision by the end of 2015	Uncertain

Energoprojekt Group Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
139.	M.Bojić	EP Hidroinženjering Plc.	Unpaid salary earned abroad and unpaid subsistence allowance	8.340 USD or 622.811 RSD	1 st Basic Court in Belgrade	First instance Court Decision in favour of the Company, but appeal was filed. To be completed in 2015	Uncertain
140.	EP Hidroinženjering Plc.	RIKO Ljubljana Slovenia	Unpaid invoices	159.425,89 EUR	District Court, Ljubljana Slovenia	Uncertain	Uncertain

48. POST BALANCE SHEET EVENTS

- Pursuant to the Decision dated December 6, 2013 passed in the Energoprojekt Niskogradnja Plc. Beograd Assembly, the Energoprojekt Holding Plc. Company, as the majority shareholder of the Energoprojekt Niskogradnja Plc. Company, conducted the compulsory redemption of shares of this Issuer, in compliance with the procedure laid down in the Law on Companies.

The minority shareholders were paid RSD 1.563,08 per share, in compliance with the valuation performed by a certified appraiser.

A number of minority shareholders of the Energoprojekt Niskogradnja Plc. Company contested the price per share paid and asked the Court to determine the value of shares in an out-of-court procedure.

The Commercial Court in Belgrade, before which the out-of-court procedure was conducted, ordered expert valuation and determined that the price per individual share of the Energoprojekt Niskogradnja Plc. is to amount to RSD 2.769,55.

Upon appeal submitted by the Energoprojekt Holding Plc., the Appellate Commercial Court confirmed the Decision of the Commercial Court in Belgrade.

Based on the said Court Decision, the shareholders are entitled to require the difference in the prices of shares to be paid to them together with the legally prescribed default interest.

- In the beginning of January 2015, the receivable amounting to RSD 129.710 thousand was collected by the Energoprojekt Energodata Company from the Credit Agricole Srbija Plc. Bank (Note 30). The entire amount collected was used primarily to partially pay back the long-term loan granted by the Alpha Bank (Note 39.1.), owing to which the outstanding debt based on this loan was reduced from EUR 1.294 thousand which was the outstanding debt balance as at December 31, 2014 to EUR 411 thousand as at January 13, 2015.

- Other than the above stated, there were no events after the balance sheet date that could have any significant effect on the credibility of the financial statements.

In Belgrade,
On April 24, 2015

Legal Representative of the Company



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

3. ANNUAL BUSINESS REPORT

- Company background;
 - Summary of Company's business operations and organizational structure;
 - Overview of Company's development, financial position and business results, including relevant financial and non-financial indicators and personnel-related information;
 - Description of Company's expected development in the following period, changes in its business policies and main risks and threats to which its business is exposed;
 - Significant events after the end of the reporting business year;
 - Significant transactions with related parties;
 - Company's research and development activities;
 - Information on investments aimed at environmental protection;
 - Information on redemption of own stock and/or shares;
 - Company branches;
 - Financial instruments of significance for the assessment of Company's financial position and business results;
 - Objectives and policies related to financial risk management and protection policy for each type of planned significant transaction for which protection is applied; Exposure to price risk, credit risk, liquidity risk and cash flow risk, management strategy for these risks and assessment of their effectiveness;
 - Statement on Code of Corporate Governance Implementation
-

Note:

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

Company Background

Business name: Energoprojekt Holding Plc.

Head office and address: Beograd, Bulevar Mihaila Pupina 12

Registration number: 07023014

TIN: 100001513

Web site and e-mail address: www.energoprojekt.rs ; ep@energoprojekt.rs

Number and date of the Decision on Company Registration with the Companies Register: BD 8020/2005

Registered business activity (code and description): 06420 - Holding Company

Number of employees (average number of employees in 2014): 71

Auditor's business name, head office and business address: BDO doo. Beograd, Knez Mihailova 10

Number of shareholders (as at December 31, 2014): 7,779

Ten principal Company's shareholders (as at December 31, 2014):

No.	Name and family name (business name)	No. of shares	% of total issue
1.	Republic of Serbia	3.671.205	33.58%
2.	Napred Razvoj Plc. Novi Beograd	2,225,084	20.36%
3.	East Capital (Lux) - Balkan Fund	370,593	3.39%
4.	Raiffeisen Bank Plc. - custody	138,721	1.27%
5.	Gustavia Fonder Aktiebolag	100,000	0.91%
6.	Raiffeisenbank Plc. Beograd - custody	92,930	0.85%
7.	Raiffeisen Bank Plc. - custody	77,977	0.71%
8.	Societe generale Bank Srbija Plc. - custody	68,877	0.63%
9.	Unicredit Bank Serbia Plc. – summary account	63,065	0.58%
10.	Global Macro Capital Opportuni	62,500	0.57%

Basic capital: Share capital RSD 5,574,958,920

Number of shares: 10,931,292 ordinary shares

Nominal value of share is RSD 510

ISIN number: RSHOLDE58279

CIF with: ESVUFR

Price of shares over the reported period:

- Last price (as at December 31, 2014): RSD 910/share
- Highest price: RSD 980/share
- Lowest price: RSD 706/share

Market capitalization (as at December 31, 2014): RSD 9,947,475,720

Organized market: Belgrade Stock Exchange, Novi Beograd, Omladinskih brigada 1

Energoprojekt Holding Plc. shares are prime-listed on the Belgrade Stock Exchange.

Shares of other companies of the Energoprojekt Group are traded in the Open Market of the Belgrade Stock Exchange (share of Energoprojekt Entel Plc. and Energoprojekt Industrija Plc. Companies) and in the MTP Belex market segment of the Belgrade Stock Exchange (share of the Energoprojekt Oprema Plc. and Energoprojekt Garant Ltd. Companies).

In 2014 and upon request from the issuers (following completion of ownership consolidation procedure), the shares of Energoprojekt Visokogradnja Plc., Energoprojekt Niskogradnja Plc., Energoprojekt Hidroinženjering Plc., Energoprojekt Urbanizam i arhitektura Plc. and Energoprojekt Energodata Plc. were excluded from the Belgrade Stock Exchange market (pursuant to the relevant Decisions of the Belgrade Stock Exchange).

Overview of Company's Business Activities and Organizational Structure

Energoprojekt Group comprises of the Energoprojekt Holding Plc. as the parent company and its subsidiaries in the country and abroad. Based on equity investments, Companies of the Energoprojekt Group are related companies, since the Energoprojekt Holding Plc. directly or indirectly (through its subsidiaries) holds the majority ownership share in all these companies.

Energoprojekt Holding Plc. is the controlling – parent company pursuing holding operations, or financing and management of subsidiaries. In addition to energy and water management, the business activity of Energoprojekt Group includes design and construction of industrial plants, public and residential complexes, telecommunication systems, service provision in the fields of urbanism and environmental protection, information technologies, trade, real estate and insurance.

According to the Company's turnover, except for the domestic market, the most important markets are those in the African countries (Nigeria, Uganda, Ghana, Algeria, Zambia), Kazakhstan, Russia, Near East (Qatar, UAE, Oman, Jordan) and South America (Peru).

Information about subsidiaries (principal subjects of consolidation procedure):

No.	Business Name	Business Seat and Address
1.	Energoprojekt Visokogradnja Plc.	Bulevar Mihaila Pupina 12, Beograd
2.	Energoprojekt Niskogradnja Plc.	Bulevar Mihaila Pupina 12, Beograd
3.	Energoprojekt Oprema Plc.	Bulevar Mihaila Pupina 12, Beograd
4.	Energoprojekt Entel Plc.	Bulevar Mihaila Pupina 12, Beograd
5.	Energoprojekt Hidroinženjering Plc.	Bulevar Mihaila Pupina 12, Beograd
6.	Energoprojekt Industrija Plc.	Bulevar Mihaila Pupina 12, Beograd
7.	Energoprojekt Energodata Plc.	Bulevar Mihaila Pupina 12, Beograd
8.	Energoprojekt Urbanizam i Arhitektura Plc.	Bulevar Mihaila Pupina 12, Beograd
9.	Energoprojekt Garant	Bulevar Mihaila Pupina 12, Beograd

Information about Company management:

Supervisory Board members (as at December 31, 2014):

Name, family name and place of residence	Educational background/ Present position	No. of ENHL shares
1. Dragan Veljić, Belgrade, President	VIII degree, M. Sc. Law, Elektroprivreda Srbije	0
2. Milun Trivunac, Belgrade, member	VII-2 degree, B. Sc. Ecc, RS Privatization Agency	0
3. Dragan Aleksić, Belgrade, member	VII-2 degree, B. Sc. Ecc, Sector Head, Energoprojekt Holding	1.172

4. Nebojša Peruničić, Belgrade, member	VII-1 degree, M. Sc. Law, RS Civil Aviation Directorate	1.000
5. Slobodan Jovanović, Belgrade, member	VII-1 degree, B. Sc. EE, Advisor, Energoprojekt Holding	1.299
6. Aleksandar Glišić, Belgrade, member	VII-2 degree, B. Sc. EE, Lead Engineer, Energoprojekt Hidroinženjering	1.197
7. Vladimir Sekulić, Belgrade, member	VII-1 degree, B. Sc. Ecc, Primary Broker, BDD M&V Investments	1.220

Executive Board members (as at December 31, 2014):

Name, family name and place of residence	Educational background/ Present position	No. of ENHL shares
1. Vladimir Milovanović, Belgrade,	VII-1 degree, B. Sc. EE, General Manager, Energoprojekt Holding	15.323
2. Dimitraki Zipovski, Beograd,	VIII degree, B. Sc. Ecc, Executive Manager for Finances, Accounting and Planning, Energoprojekt Holding	11.378
3. Zoran Jovanović, Belgrade,	VII-2 degree, M. Sc. Law, Executive Manager for Legal Affairs, Energoprojekt Holding	7.924
4. Zoran Radosavljević, Belgrade,	VII-1 degree, B. Sc. CE, Executive Manager for Corporative Projects, Development and Quality, Energoprojekt Holding	2.541
5. Dragan Tadić, Belgrade,	VII-1 degree, B. Sc. CE, Executive Manager for Real Estate, Energoprojekt Holding	8.328

Overview of Company's development, financial position and business results, including relevant financial and non-financial indicators and personnel-related information

Energoprojekt Group Beograd (hereinafter: Energoprojekt Group) comprises of the parent joint stock company - Energoprojekt Holding Plc., Beograd (hereinafter: Energoprojekt Holding) and 11 subsidiaries, 10 of which are directly controlled (9 joint stock companies and 1 limited liability company) and 1 of which is indirectly controlled through other subsidiary companies (1 limited liability company) and of one joint venture, which will hereinafter be referred to as joint undertaking (1 limited liability company) with ownership share of 50%. Subsidiaries' organization includes units for investment works and branch offices abroad (the total of 102) and own companies in the country and abroad (12 subsidiaries abroad, 1 affiliated company abroad and 2 affiliated companies in the country), which jointly conduct construction, design, equipping, making of studies, research, programming of investment facilities and systems, sales of goods and services and other business activities.

In 2014, organizational structure of Energoprojekt Group included the following units:

Business Activity	No. of subsidiaries, affiliates and joint undertakings in the country	No. of units for investment works abroad and branch offices abroad	No. of subsidiaries and affiliates abroad
Design and Research	4	25	5
Construction and equipping	4	76	10
Holding	1	1	
Other	5		4
Total	14	102	19

Group for consolidation comprises of the Energoprojekt Holding parent company and of the following subsidiary companies and joint undertakings in the country listed below, and of the subsidiary companies abroad – international companies:

Subsidiaries and joint undertakings in the country:

No.	N a m e	% ownership share
<i>Subsidiary Companies</i>		
<i>Construction and Equipping</i>		
1.	Energoprojekt Visokogradnja Plc.	99.93 %
2.	Energoprojekt Niskogradnja Plc.	100.00 %
3.	Energoprojekt Oprema Plc.	67.87 %
<i>Design and Research</i>		
4.	Energoprojekt Urbanizam i arhitektura Plc.	100.00 %
5.	Energoprojekt Industrija Plc.	62.77 %
6.	Energoprojekt Entel Plc.	86.26 %
7.	Energoprojekt Hidroinženjering Plc.	100.00 %
<i>Other</i>		
8.	Energoprojekt Energodata Plc.	100.00 %
9.	Energoprojekt Promet Ltd.	100.00 %
10.	Energoprojekt Garant	92.94 %
11.	Energoplast Ltd.	60.00 %
<i>Joint Undertakings</i>		
<i>Construction and Equipping</i>		
12.	Enjub Ltd.	50.00 %

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

Subsidiary companies abroad – international companies:

No.	N a m e	% ownership share
1.	Zambia Engineering and Contracting Company Limited, Zambia	100.00
2.	Energoprojekt Holding Guinee S.A, Guinea	100.00
3.	I.N.E.C. Engineering Company Limited, United Kingdom	100.00
4.	Encom GmbH Consulting, Engineering & Trading, Germany	100.00
5.	Dom 12 S.A.L, Lebanon	100.00
6.	Energo (Private) Limited, Zimbabwe	100.00

A number of the above listed companies in foreign countries (such as the Energoprojekt Holding Guinee S.A., Guinea; Zambia Engineering and Contracting Company Limited, Zambia and Energo (Private) Limited, Zimbabwe) is registered as companies owned by the Energoprojekt Holding Company, despite the fact that these are coordinated and managed by certain subsidiary companies.

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

No.	N a m e	Included through primary consolidation
<i>Foreign countries</i>		
<i>Subsidiary companies abroad - international companies</i>		
1.	Energoprojekt Ghana Ltd., Accra, Ghana	EP Visokogradnja Plc.
2.	Energoprojekt Montenegro Ltd., Montenegro	EP Visokogradnja Plc.
3.	Energoprojekt Rus Ltd., Moscow, Russia	EP Visokogradnja Plc.
4.	Energo Uganda Company Ltd, Kampala, Uganda	EP Niskogradnja Plc.
5.	Enlisa S.A., Lima, Peru	EP Niskogradnja Plc.
6.	Energoprojekt Oprema Crna Gora Ltd., Podgorica, Montenegro	EP Oprema Plc.

- | | |
|--|--------------------------|
| 7. Enhisa S.A., Lima, Peru | EP Hidroinženjering Plc. |
| 8. Zahinos Ltd., Cyprus | EP Industrija Plc. |
| 9. Energoprojekt Entel L.L.C., Muscat, the Sultanate of Oman | EP Entel Plc. |
| 10. Energoprojekt Entel L.L.C., Doha, Qatar | EP Entel Plc. |
| 11. Energoconsult L.L.C., Abu Dhabi, UAE | EP Entel Plc. |
| 12. Energoprojekt Energodata Montenegro Ltd., Montenegro | EP Energodata Plc. |

Associated Companies abroad

- | | |
|--|----------------|
| 13. Energo Nigeria Ltd., Lagos, Nigeria (40.00%) | EP Oprema Plc. |
|--|----------------|

Domestically

Associated Companies domestically

- | | |
|---------------------------------------|---|
| 1. Energopet Ltd. (33.33 %) | EP Industrija Plc. |
| 2. Energoplast Ltd. (40.00% + 20.00%) | EP Industrija Plc.
(40.00%), EP Entel Plc.
(20.00%) |

Through the consolidated financial statements of the Energoprojekt Group, the inclusion of Energoplast Ltd. was eliminated by applying the equity method through its primary consolidation in EP Industrija (40.00%) and EP Entel (20.00%), and it was including by using the method of complete consolidation, since it became a Group member as a subsidiary, with the ownership share of 60.00%, as it was stated above.

In 2014, Energoprojekt Visokogradnja Company established a new Company abroad, the Energoprojekt Rus Ltd., Moscow, Russia.

In 2014, the international company of ECO MEP Technology, Dubai, UAE was excluded from the primary consolidation, as opposed to 2013, since this Company has been inactive for a number of years now, it has no assets or liabilities, and it is in the liquidation process in compliance with the local regulations.

Authentic overview of the development and business results of the Company, its financial position and information of significance for the assessment of the Company's assets are presented in detail and explained in the Notes to Financial Statements for the Year of 2014. Only some of the relevant parameters of the parent company's (Energoprojekt Holding Plc.) and of the

Energoprojekt Group's business operations are presented below, which are of significance for adequate understanding of the presented subject matter.

Structure of the total business result of Energoprojekt Holding Plc. (parent company) in 2014

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

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

Earnings per Share:

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

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

The most important liquidity indicators for the Company's business in 2014 are presented in the following table, and specifically:

- The current liquidity ratio (ratio of working capital and short-term liabilities), indicating the short-term liabilities coverage against working capital;
- Quick ratio (ratio of liquid assets, which include total working capital reduced by inventories, and short-term liabilities), indicating the short-term liabilities coverage against liquid assets;
- Operating cash flow liquidity ratio (ratio of cash flow increased by cash equivalents and short-term liabilities), indicating the short-term liabilities coverage against cash assets; and
- Net working capital (the excess of working capital over short-term liabilities).

Drawing conclusions on liquidity indicators based on the ratio analysis means, *inter alia*, comparison of these indicators against satisfactory general standards, which are presented in the following table.

Liquidity Indicators	Satisfactory General Standards	2014	2013
Current liquidity ratio	2:1	5.54:1	3.54:1
Quick ratio	1:1	5.48:1	3.37:1
Operating cash flow ratio		0.44:1	0.44:1
Net working capital (in RSD thousand)	Positive value	1,216,152	883,794

The results of the ratio analysis indicate that the Company was **liquid** during 2014, meaning that it had no difficulties to meet its due liabilities or to maintain the necessary scope and structure of the working capital and to preserve its good creditworthiness.

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

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

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

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

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

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

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

The net debt ratio indicates the Company's capital coverage against Company's net debt.

Net debt means the difference between:

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

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

Energoprojekt Group operating income structure for 2014

Structure of gross operating income	<i>In RSD thousand</i>	
	<i>2014</i>	<i>2013</i>
Operating income	33,832,266	22,247,208
Operating expense	32,753,077	21,969,112
Operating income	1,079,189	278,096
Financial income	2,534,584	938,236
Financial expenses	2,430,316	945,003
Financial income	104,268	(6,767)
Revenues from valuation adjustment of other assets disclosed at fair value through Profit or Loss	21,457	30,470
Other income	756,597	686,414
Expenses from valuation adjustment of other assets disclosed at fair value through Profit or Loss	40,711	93,500
Other expense	606,776	276,784
Result of other revenues and expenses	130,567	346,600
Result from regular operations before tax	1,314,024	617,929
Net income from disposal of discontinuing operations, effects of change in accounting policy and corrections of errors from previous periods		
Net loss from disposal of discontinuing operations, effects of change in accounting policy and corrections of errors from previous periods	34,280	13,617
TOTAL INCOME	37,144,904	23,902,328
TOTAL EXPENSE	35,865,160	23,298,016
PROFIT/LOSS BEFORE TAX	1,279,744	604,312

The achieved income of the Energoprojekt over the reporting year of RSD 1.279.744 thousand came predominantly as the result of the achieved consolidated operating income of RSD 1.079.189 thousand, which was primarily earned by Energoprojekt Niskogradnja and Energoprojekt Oprema Companies. In comparison with the previous year, almost all the Companies of the Energoprojekt Group achieved better operating income results, as the consequence of the increase in their operating activities primarily through the new projects in foreign countries.

Earnings per share:

Indicator	In RSD thousand	
	2014	2013
Net profit	825,122	373,717
Average number of shares per year	10,931,292	10,931,292
Earnings per share (in RSD)	75.48	34.19

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

Net profit for the parent company's owners for the reporting period is RSD 825.122 thousand, and the average weighted number of ordinary shares in circulation was 10.931.292, so that the earnings per share as at December 31, 2014 was RSD 75.48 per share.

Average number of employees with the Energoprojekt Group in 2014, based on the actual number of employees at the end of each month, was 2,355 (in 2013: 2,259); local workforce was not taken into account for this calculation.

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

The Company's expected development over the following period shall be realized in compliance with the following adopted strategic documents of the Company:

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

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

Priority tasks:

- Activities aimed at preparation of a new strategic document – “Basic Elements of the Medium-Term Business Plan for 2015–2020“;
- Further development of the business and information system that is matched to the needs of the Energoprojekt Holding Plc. Company;
- Continued financial and business consolidation of individual subsidiaries of the Energoprojekt Group, which have, due to various reasons, presented poorer business results over the previous period (from the aspect of their revenues, profit, human resources’ competencies, secured projects and borrowing debts).

Other business-related tasks:

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

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

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

Significant events after the end of the year for which the reports are prepared

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

We are hereby noting that it is possible that the amount of corporate income tax could be changed and thus the reported amount of net profit for 2014 could change (owing to the transfer prices' amounts). Statutory deadline for submission of tax balances is June 30, 2015.

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

Significant business transactions with the related parties

In compliance with the requirements contained in the IAS 24 – Related Parties Disclosures, relationship, transactions, etc. between the Company and its related parties are disclosed below. From the Company's point of view, the related parties are: **subsidiaries, associated companies, joint ventures and key management personnel** (persons with authorizations and responsibilities for planning, direction and control of the activities of an entity, either directly or

indirectly, including all the directors, whether executive or otherwise or the entity) and the close members of these persons' families.

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

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

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

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

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

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

Company activities in the field of research and development

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

A new strategic document, "Basic Elements of the Company's Medium-Term Business Plan for 2015-2020" will be prepared in the following period, which will, among other things, include information about new Company's projects in the field of research and development.

Information on investments aimed at environmental protection

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

Company's business activities are regularly harmonized with the applicable requirements of the positive legal regulations in the field of environmental protection, environmental protection programs are adopted and efforts are made towards the strict compliance with such requirements and programs. The said programs are being implemented through impact and/or risk analyses and assessments in the field of environmental protection, as well as through the implementation of relevant technical and technological solutions and instructions for elimination and/or reduction of adverse environmental effects. In that sense, Energoprojekt management organize and continuously monitor, review and direct activities of all the organizational units, services and individuals in order to completely implement the said IMS policy.

Company's activities aimed at environmental protection are integrated and implemented in compliance with the business philosophy and through joint activities on the level of the Energoprojekt Group. Thus, the Waste Management Project is an example of the said activities, which is being implemented in a coordinated manner, in compliance with the Rulebook on Waste Management in the Energoprojekt Building. Participation of the representatives of each Company of the Energoprojekt Group in the waste management working group serves as a guarantee that all the planned activities will be implemented in the least expensive and most effective manner: such as, for example, the selection of various office waste materials (used paper, used batteries, car batteries, discarded electrical and electronic appliances and devices), recycling of these items, as well as the disposal of such items in compliance with the legally prescribed standards, etc.

Information about redemption of own stock and/or shares

Company does not hold its own shares. Company has not acquired its own shares since the previous annual report.

Company branches

Energoprojekt Holding Plc. does not have any registered branches in Serbia.

The official seat of the Parent Company and its subsidiaries is located in 12 Bulevar Mihaila Pupina Street in Novi Beograd.

Detailed reviews of and comments on the business operations of the (foreign) entities of the Energoprojekt Group are presented in the Notes to the Consolidated Financial Statements of the Energoprojekt Group and in the Notes to the Consolidated Financial Statements of its subsidiary companies.

Financial instruments of significance for the assessment of Company's financial position and business results

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

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

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

All the relevant financial instruments of significance for the assessment of the financial position and business results of the Company are presented in greater detail in the Notes to the Financial Statements.

Objectives and policies related to financial risk management and protection policies for each type of planned significant transaction for which protection is applied; Exposure to price risk, credit risk, liquidity risk and cash flow risk, management strategy for these risks and the assessment of their effectiveness

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

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

Credit Risk

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

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

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

Market Risk

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

The market risk includes three risk types:

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

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

The sensitivity analysis indicates that variations in the exchange rate will significantly affect variations in financial results of the Company and it can therefore be concluded that the Company is exposed to the currency risk to a significant extent.

- **The interest risk** is a risk of adverse effects to the result and capital of the Company due to unfavourable interest rates' fluctuations. The Company is exposed to this type of risk to a significant extent due to financial obligations related to loans with potentially fluctuating interest rates (Belibor).

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

Liquidity Risk

Liquidity risk is a risk of having difficulties to fulfil due obligations and maintain the necessary scope and structure of the working capital and good creditworthiness. The results of the ratio analysis indicate that the Company was **liquid** during 2014, meaning that it had no difficulties to meet its due liabilities or to maintain the necessary scope and structure of the working capital and to preserve its good creditworthiness.

Therefore we emphasise that:

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

This subject matter was defined in and it is being implemented in compliance with the following adopted internal acts of the Company:

- *"Rulebook on the Basic Elements of the Internal Control System and Risk Management in Energoprojekt Holding Plc."*,
- *"Rulebook on the Operations of the Internal Supervision Sector of Energoprojekt Holding Plc."*,
- *"Rulebook on Accounting and Accounting Policies of Energoprojekt Holding Plc."*

All the Companies in the Energoprojekt Group have adopted and are implementing their own individual acts regulating the said subject matter.

Most of the above listed risks, as well as some other risks not mentioned herein, are presented in greater detail in the Notes to the Financial Statements (which are primarily focusing on the review of the financial risks: the credit risk, market risk and liquidity risk) and/or other internal acts of the Company.

Statement on Code of Corporate Governance Implementation

Energoprojekt Holding Plc. implements its own Code of Corporate Governance (as adopted in the 11th meeting of the Management Board of the Energoprojekt Holding Plc. held on January 26, 2012). The Code has been made publicly available on the Company's Internet page (at www.energoprojekt.rs).

The Energoprojekt Holding Plc. Code on Corporate Governance set out the principles of corporate practices and organizational culture that the principal holders of the corporate governance function of the Energoprojekt Holding Plc. comply with, with regard to the shareholders' rights, corporate governance frameworks and methods, public relations and transparency of the Company's business operations. The main objective of this Code is to introduce good business practice in the field of corporate management, which should provide for the right balance between the influences exerted by the principal corporate governance holders, consistency of the control system and strengthening of shareholders' and investors' trust in the Company, all with the aim to achieve long-term development of the Company.

Relevant Company's bodies make a point of presenting the principles laid down in the Code in greater detail in other general acts of the Company, whenever necessary. In the application thereof, there are no significant deviations from the rules of the Code of Corporate Governance.

In compliance with the Rules on Listing and Quotation of the Belgrade Stock Exchange, parallel with the disclosure of its Annual Business Report, Energoprojekt Holding Plc. delivers and discloses the completed "Questionnaire on Corporate Governance Practices" and has agreed to its online publication on the Internet page of the Belgrade Stock Exchange.

All the Companies of the Energoprojekt Group have adopted and are now implementing their own codes of corporate governance regulating the said subject matter.

Energoprojekt Holding Plc.

Executive Director for Finance, Accounting and Planning



Dimitraki Zipovski

Dimitraki Zipovski, D.Sc. Ecc.

Energoprojekt Holding Plc.

Chief Executive Officer



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

INDEPENDENT AUDITOR'S REPORT ON ANNUAL BUSINESS REPORT

To the Shareholders of Energoprojekt Holding a.d. Belgrade

We have audited the accompanying standalone and consolidated financial statements of Energoprojekt Holding a.d. Belgrade (hereinafter: "The Company") for the year ended 31 December 2014 and presented in the consolidated annual business report for 2014, on which we issued our audit opinion on 25 February 2015 and 24 April 2015, respectively.

Management's Responsibility for the Annual Business Report

Management of the Company is responsible for the preparation and fair presentation of consolidated annual business report in accordance with the requirements of the Law on Accounting and Law on the Capital Market ("Official Gazette of the Republic of Serbia", no. 31/2011).

Auditor's Responsibility

Our responsibility is to express an opinion on the consistency of the Company's consolidated annual business report for the year ended 31 December 2014 with the standalone and consolidated financial statements for the year then ended. Our procedures in this regard were performed in accordance with International Standard on Auditing 720 "The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements", and are only limited to the assessment of the consistency of the consolidated annual business report with the audited standalone and consolidated financial statements.

Opinion

In our opinion, the Company's consolidated annual business report for the year ended 31 December 2014 is consistent, in all material respects, with the Company's audited standalone and consolidated financial statements for the year ended 31 December 2014.

Belgrade, 24 April 2015




Igor Radmanovic
Certified Auditor

4. STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

To the best of our knowledge, Consolidated Annual Financial Statements of the Energoprojekt Group for 2014 were prepared in compliance with the relevant International Financial Reporting Standards and these present authentic and objective information about assets, liabilities, financial position and operations, profit and losses, cash flows and changes in equity of the Public Company, including those of the Companies included in the Consolidated Statements.

Person responsible for preparation of the Annual Report:

Legal Representative:

Energoprojekt Holding Plc.

Energoprojekt Holding Plc.

Executive Director for Finance, Accounting and Planning

Chief Executive Officer



Dimitraki Zipovski

Dimitraki Zipovski, D.Sc. Ecc.



Vladimir Milovanović

Vladimir Milovanović, B.Sc. Mech. Eng.

5. DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF COMPANY'S ANNUAL CONSOLIDATED FINANCIAL STATEMENTS *

Note *:

- Consolidated Financial Statements of the Energoprojekt Group for the year 2014 were approved on April 24, 2015 on the 31st meeting of the Supervisory Board of the Issuer. At the moment when the Annual Consolidated Report of the Company is published, it has not yet been adopted by the competent Company's body (Shareholder' Assembly). The Company shall publish the complete Decision of the competent body on the adoption of Company's Consolidated Annual Report at a later date.

6. DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES *

Note *:

- Decisions on distribution of profit of the Energoprojekt Holding Plc. and all its subsidiaries in the Energoprojekt Group for 2014 shall be passed in the regular annual Shareholders' Assembly meetings. The Companies shall publish the complete Decisions of the competent bodies on distribution of Companies' profit at a later date.

A public company is legally obliged to prepare their annual consolidated financial statements, to disclose them and to deliver them to the Commission, and, providing that the securities of such company are admitted for trading, to deliver these Statements to the regulated market or to the MTP four months after the end of each business year at the latest, and to ensure that the annual financial statements are available to the general public over the course of five years at the minimum from the date of its disclosure.

The Company shall be held responsible for the accuracy and veracity of data presented in the Annual Consolidated Report.

In Belgrade, April 2015

Person responsible for preparation of the Annual Report:

Energoprojekt Holding Plc.

Executive Director for Finance, Accounting and Planning

Dimitraki Zipovski, D.Sc. Ecc.

Legal Representative:

Energoprojekt Holding Plc.

Chief Executive Officer

Vladimir Milovanović, B.Sc. Mech. Eng.

