

Energoprojekt Holding Plc. Quarterly Report for Q2 2016

Belgrade, August 2016

Pursuant to Article 53 of the Law on Capital Market (RS Official Gazette, No. 31/2011) and pursuant to Article 5 of the Rulebook on the Content, Form and Method of Publication of Annual, Semi-Annual and Quarterly Reports of Public Companies (RS Official Gazette, No. 14/2012 and 5/2015), **Energoprojekt Holding Plc. from Belgrade, registration No.: 07023014 hereby publishes the following:**

QUARTERLY REPORT FOR Q2 2016

C O N T E N T S

1. FINANCIAL STATEMENTS OF THE ENERGOPROJEKT HOLDING PLC. FOR Q2 2016

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

2. BUSINESS REPORT

(Note: Business Report and Consolidated Business Report are presented as one report, containig information of significance for the economic overview)

3. STATEMENT BY PERSONS RESPONSIBLE FOR PREPARATION OF REPORT

4. DECISION OF COMPETENT CORPORATE BODY TO ADOPT THE Q2 2016 QUARTERLY REPORT * (Note)

1. FINANCIAL STATEMENTS OF ENERGOPROJEKT HOLDING PLC. FOR Q2 2016 (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement on Changes in Equity, Notes to Financial Statements)

Reporting period:

from

1.1.2016

until

30.6.2016

Quarterly Financial Statement for Businesses KFI-PD

Business name: **ENERGOPROJEKT HOLDING p.l.c.**

Reg. No.: **07023014**

Postal code, city: **11070**

NOVI BEOGRAD

Street and number: **BULEVAR MIHAILA PUPINA 12**

E-mail: **ep@energoprojekt.rs**

Website: **www.energoprojekt.rs**

Consolidated/individual: **INDIVIDUAL**

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

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

Contact person: **DIMITRAKI ZIPOVSKI**

(name and surname of contact person)

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

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

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

Name and surname: **VLADIMIR MILOVANOVIC**

(authorized officer)

Documents for publishing (in PDF format, as a whole):

1. Financial statements (balance sheet, income statement, statement of other results, cash flow statement, statement of changes in equity, notes to the financial statements)
2. Business Report
3. Statement of responsible person for the preparation of the Report




(Signature of legal representative)

BALANCE SHEET

at day 30.06.2016

RSD thousand

DESCRIPTION	EDP	Total	
		End of quarter current year	31.12. previous year
1	2	3	4
ASSETS			
A. SUBSCRIBED CAPITAL UNPAID	0001		
B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)	0002	7,957,226	7,486,396
I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003	10,729	11,883
1. Investments in development	0004		
2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	10,729	11,883
3. Goodwill	0006		
4. Other intangible assets	0007		
5. Intangible assets in progress	0008		
6. Advances paid on intangible assets	0009		
II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010	2,022,011	2,027,691
1. Land	0011		
2. Buildings	0012	1,374,249	1,380,671
3. Plant and equipment	0013	11,977	11,994
4. Investment property	0014	588,890	588,890
5. Other property, plant and equipment	0015	283	283
6. Property, plant and equipment in progress	0016	124	
7. Investments in property, plant and equipment, not owned	0017		
8. Advances paid on property, plant and equipment	0018	46,488	45,853
III. NATURAL ASSETS (0020+0021+0022+0023)	0019		
1. Forests and growing crops	0020		
2. Livestock	0021		
3. Natural assets in progress	0022		
4. Advances paid for natural assets	0023		
IV. LONG TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024	5,924,486	5,446,822
1. Shares in subsidiaries	0025	5,048,414	5,047,931
2. Shares in affiliated companies and joint ventures	0026	29,550	29,550
3. Shares in other companies and other available for sale securities	0027	20,336	25,467
4. Long term investments in parent companies and subsidiaries	0028	824,789	342,438
5. Long term investments in other affiliated companies	0029		
6. Long term investments, domestic	0030		
7. Long term investments, foreign countries	0031		
8. Securities held to maturity	0032		
9. Other long term financial investments	0033	1,397	1,436
V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		
1. Receivables from parent company and subsidiaries	0035		
2. Receivables from other affiliated companies	0036		
3. Receivables from credit sales	0037		
4. Receivables from financial leasing contracts	0038		
5. Receivables from pledged assets	0039		
6. Bad debts and uncollectible claims	0040		
7. Other long term receivables	0041		
C. DEFERRED TAX ASSETS	0042		
D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043	2,185,934	2,030,932
I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044	4,441	1,826
1. Material ,parts, tools and small inventories	0045		
2. Work and services in progress	0046		
3. Finished products	0047		
4. Goods	0048		
5. Fixed assets for sale	0049		
6. Advances paid for inventories and services	0050	4,441	1,826

DESCRIPTION	EDP	Total	
		End of quarter current year	31.12. previous year
1	2	3	4
II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051	568,676	488,928
1. Local buyers - parent company and subsidiaries	0052	567,956	488,186
2. Foreign buyers - parent company and subsidiaries	0053		
3. Local buyers - other affiliated companies	0054	705	705
4. Foreign buyers - other affiliated companies	0055		
5. Local buyers	0056	15	37
6. Foreign buyers	0057		
7. Other receivables from sales	0058		
III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059	106,793	105,617
IV. OTHER RECEIVABLES	0060	438,425	58,383
V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061		
VI. SHORT TERM FINANCIAL INVESTMENTS(0063+0064+0065+0066+0067)	0062	530,196	522,951
1. Short term loans and investments - parent company and subsidiaries	0063	365,449	360,454
2. Short term loans and investments - other affiliated companies	0064	164,669	162,419
3. Short term credits and loans, domestic	0065		
4. Short term credits and loans, foreign countries	0066		
5. Other short term financial investments	0067	78	78
VII. CASH AND CASH EQUIVALENTS	0068	128,665	463,343
VIII. VALUE ADDED TAX	0069		
IX. PREPAYMENTS AND ACCRUED INCOME	0070	408,738	389,884
E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071	10,143,160	9,517,328
F. OFF-BALANCE SHEET ASSETS	0072	22,523,997	22,596,458
LIABILITIES			
A. CAPITAL (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401	8,679,481	8,450,766
I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402	7,202,622	7,202,622
1. Share capital	0403	5,574,959	5,574,959
2. Shares of limited liability companies	0404		
3. Investments	0405		
4. State owned capital	0406		
5. Socially owned capital	0407		
6. Shares of cooperatives	0408		
7. Issuing premium	0409	1,600,485	1,600,485
8. Other share capital	0410	27,178	27,178
II. SUBSCRIBED CAPITAL UNPAID	0411		
III. TREASURY SHARES REPURCHASED	0412		
IV. RESERVES	0413	134,881	134,881
V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	817,591	817,591
VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415		
VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416	27,228	28,433
VIII. RETAINED EARNINGS (0418+0419)	0417	551,615	324,105
1. Retained earnings from previous years	0418	105,483	87,132
2. Retained earnings from current year	0419	446,132	236,973
IX. NON-CONTROLLING INTEREST	0420		
X. LOSSES (0422+0423)	0421		
1. Losses from previous years	0422		
2. Losses from current year	0423		
B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)	0424	262,210	262,210
I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425	262,210	262,210
1. Provisions for warranty costs	0426		
2. Provisions for recovery of natural resources	0427		
3. Provisions for restructuring costs	0428		
4. Provisions for wages and other employee benefits	0429	2,210	2,210
5. Provisions for legal expenses	0430		
6. Other long term provisions	0431	260,000	260,000

DESCRIPTION	EDP	Total	
		End of quarter current year	31.12. previous year
1	2	3	4
II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		
1. Liabilities convertible into capital	0433		
2. Liabilities to parent company and subsidiaries	0434		
3. Liabilities to other affiliated companies	0435		
4. Liabilities for issued securities for more than one year	0436		
5. Long term credits and loans, domestic	0437		
6. Long term credits and loans, foreign countries	0438		
7. Long term liabilities from financial leasing	0439		
8. Other long term liabilities	0440		
C. DEFERRED TAX LIABILITIES	0441	156,365	156,365
D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442	1,045,104	647,987
I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443	682,965	565,607
1. Short term loans from parent company and subsidiaries	0444		
2. Short term loans from other affiliated companies	0445		
3. Short term credits and loans, domestic	0446	682,734	565,561
4. Short term credits and loans, foreign countries	0447		
5. Liabilities from fixed assets and assets from discontinued operations available for sale	0448		
6. Other short term financial liabilities	0449	231	46
II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450	18,844	
III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451	29,198	26,351
1. Suppliers - parent company and subsidiaries, local	0452	9,979	1,677
2. Suppliers - parent company and subsidiaries, foreign countries	0453	11,622	11,503
3. Suppliers - other affiliated companies, local	0454		
4. Suppliers - other affiliated companies, foreign countries	0455		
5. Suppliers, local	0456	5,476	5,667
6. Suppliers, foreign countries	0457	2,121	7,504
7. Other operating liabilities	0458		
IV. OTHER SHORT TERM LIABILITIES	0459	251,431	23,561
V. VALUE ADDED TAX	0460	20,896	4,559
VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	13,569	734
VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	28,201	27,175
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	10,143,160	9,517,328
F. OFF-BALANCE LIABILITIES	0465	22,523,997	22,596,458

INCOME STATEMENT

RSD thousand

DESCRIPTION	EDP	Total			
		current period		previous period	
		quarter	cumulative	quarter	cumulative
1	2	3	4	5	6
INCOME FROM NORMAL ACTIVITIES					
A. OPERATING INCOME (1002+1009+1016+1017)	1001	104,236	215,532	135,514	281,363
I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002				
1. Income from sale of goods to parent company and subsidiaries on local market	1003				
2. Income from sale of goods to parent company and subsidiaries on foreign markets	1004				
3. Income from sale of goods to other affiliated companies on local market	1005				
4. Income from sale of goods to other affiliated companies on foreign markets	1006				
5. Income from sale of goods on local market	1007				
6. Income from sale of goods on foreign markets	1008				
II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009	98,849	203,093	130,320	270,991
1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010	98,830	203,054	105,384	211,578
2. Income from sale of finished products and services to parent company and subsidiaries on foreign markets	1011				
3. Income from sale of finished products and services to other affiliated companies on local market	1012				
4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013				
5. Income from sale of finished products and services on local market	1014	19	39	6	10
6. Income from sale of finished products and services on foreign markets	1015			24,930	59,403
III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016				
IV. OTHER OPERATING INCOME	1017	5,387	12,439	5,194	10,372
EXPENSES FROM NORMAL ACTIVITIES					
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029) ≥ 0	1018	110,695	200,626	117,246	237,487
I. COST PRICE OF GOODS SOLD	1019				
II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020	84	168	92	184
III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021				
IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022				
V. MATERIAL COSTS	1023	2,684	3,918	2,589	4,387
VI. FUEL AND ENERGY COSTS	1024	4,581	9,514	6,087	11,130
VII. EMPLOYEE EXPENSES AND BENEFITS	1025	51,349	101,961	48,541	93,871
VIII. PRODUCTION SERVICE COSTS	1026	28,991	43,987	40,591	90,089
IX. DEPRECIATION EXPENSES	1027	4,875	9,708	3,546	6,974
X. PROVISION EXPENSES	1028				
XI. INTANGIBLE EXPENSES	1029	18,299	31,706	15,984	31,220
C. OPERATING INCOME (1001-1018) ≥ 0	1030		14,906	18,268	43,876
D. OPERATING LOSSES (1018-1001) ≥ 0	1031	6,459			
E. FINANCIAL REVENUES (1033+1038+1039)	1032	427,793	462,858	427,564	437,204
I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033	425,962	454,877	426,772	433,034
1. Financial income from parent company and subsidiaries	1034	422,732	444,326	418,616	422,925
2. Financial income from other affiliated companies	1035	3,230	8,045	3,252	5,205
3. Share of profits in associated companies and joint ventures	1036				
4. Other financial revenues	1037		2,506	4,904	4,904
II. INTEREST INCOME (THIRD PARTY)	1038	286	1,159	650	1,195
III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039	1,545	6,822	142	2,975
F. FINANCIAL EXPENSES (1041+1046+1047)	1040	7,811	18,620	5,312	17,257
I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041	339	805		5,396
1. Financial expenses from transactions with parent company and subsidiaries	1042	339	805		4,827
2. Financial expenses from transactions with other affiliated companies	1043				569
3. Share of losses in affiliated companies and joint ventures	1044				
4. Other financial expenditure	1045				
II. INTEREST EXPENSES (THIRD PARTY)	1046	6,198	10,922	5,312	10,322
III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047	1,274	6,893		1,539
G. FINANCIAL GAINS (1032-1040)	1048	419,982	444,238	422,252	419,947
H. FINANCIAL LOSSES (1040-1032)	1049				
I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1050				
J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1051				
K. OTHER INCOME	1052	30	172	36	88
L. OTHER EXPENSES	1053	1,231	6,126	627	1,578
M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054	412,322	453,190	439,929	462,333
N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055				
O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1056			1,344	1,344
P. NET LOSSES FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1057		66		
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058	412,322	453,124	441,273	463,677
R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059				

DESCRIPTION	EDP	Total			
		current period		previous period	
		quarter	cumulative	quarter	cumulative
1	2	3	4	5	6
S. INCOME TAX					
I. TAXABLE EXPENSES FOR THE PERIOD	1060	871	6,992	4,479	7,840
II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061				
III. DEFERRED TAX INCOME FOR THE PERIOD	1062				
T. MANAGEMENT EARNINGS					
U. NET PROFIT (1058-1059-1060-1061+1062-1063)	1064	411,451	446,132	436,794	455,837
V. NET LOSSES (1059-1058+1060+1061-1062+1063)					
I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066				
II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067				
III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS	1068				
IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER	1069				
V. EARNINGS PER SHARE					
1. Basic earnings per share	1070				
2. Reduced (diluted) earnings per share	1071				

STATEMENT OF OTHER RESULTS

from 01.01.2016 until 30.06.2016

RSD thousand

DESCRIPTION 1	EDP 2	Total			
		current period		previous period	
		quarter 3	cumulative 4	quarter 5	cumulative 6
A. NET OPERATING RESULTS					
I. NET PROFIT (EDP 1064)	2001	411,451	446,132	436,794	455,837
II. NET LOSSES (EDP 1065)	2002				
B. OTHER COMPERHENSIVE GAINS OR LOSSES					
a) Items not reclassifiable in the balance sheet in future periods					
1. Change of revaluation of intangibles, property, plant and equipment					
a) increase in revaluation reserves	2003				
b) decrease in revaluation reserves	2004				
2. Actuarial gains or losses from defined income plans					
a) gains	2005				
b) losses	2006				
3. Gains and losses from equity instrument investments					
a) gains	2007				
b) losses	2008				
4. Gains and losses from share of other comprehensive profits and losses of affiliates					
a) gains	2009				
b) losses	2010				
b) Items that may be reclassified in the balance sheet in future periods					
1. Gains and losses from translation of financial statements for foreign operations					
a) gains	2011				
b) losses	2012				
2. Gains and losses from hedging of net investments in foreign operations					
a) gains	2013				
b) losses	2014				
3. Gains and losses from cash flow hedging					
a) gains	2015				
b) losses	2016				
4. Gains and losses from available for sale securities					
a) gains	2017	1,535	1,205	1,643	8,953
b) losses	2018			49	49
I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019	1,535	1,205	1,594	8,904
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				
IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022	1,535	1,205	1,594	8,904
V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023				
C. TOTAL COMPERHENSIVE NET RESULTS FOR THE PERIOD					
I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024	412,986	447,337	438,388	464,741
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					
1. Payable to majority shareholders	2027				
2. Payable to non-controlling shareholders	2028				

CASH FLOW STATEMENT

from 01.01.2016 until 6/30/2016

RSD thousand

DESCRIPTION	EDP	Total	
		cumulative for current year quarter	cumulative for previous year quarter
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)	3001	235,977	230,340
1. Sales and prepayments	3002	232,269	227,253
2. Interests from operating activities	3003		
3. Other inflow from normal operations	3004	3,708	3,087
II. Cash outflow from operating activities (1 to 5)	3005	280,869	296,133
1. Payments to suppliers and prepayments	3006	121,881	146,814
2. Employee expenses and benefits	3007	102,735	91,340
3. Interests paid	3008	9,964	10,043
4. Income tax	3009	12,996	
5. Payments based on other public revenues	3010	33,293	47,936
III. Net cash inflow from operating activities (I-II)	3011		
IV. Net cash outflow from operating activities (II-I)	3012	44,892	65,793
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3013	65,548	55,017
1. Sale of shares and stocks (net inflow)	3014	5,514	
2. Sale of intangible investments, property, plant, equipment and natural assets	3015		
3. Other financial investments (net inflow)	3016		
4. Interest received from investment activities	3017	1,136	4,367
5. Dividends received	3018	58,898	50,650
II. Cash outflow from investing activities (1 to 3)	3019	466,680	88,460
1. Purchase of shares and stocks (net outflow)	3020		71,000
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	2,523	5,505
3. Other financial investments (net outflow)	3022	464,157	11,955
III. Net cash inflow from investing activities (I-II)	3023		
IV. Net cash outflow from investing activities (II-I)	3024	401,132	33,443
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)	3025	110,410	130,534
1. Equity increase	3026		
2. Long term loans (net inflow)	3027		
3. Short term loans (net inflow)	3028	110,410	130,534
4. Other long term liabilities	3029		
5. Other short term liabilities	3030		
II. Cash outflow from financing activities (1 to 6)	3031	64	16,674
1. Repurchase of own shares and stocks	3032		
2. Long term loans (net outflow)	3033		16,667
3. Short term loans (net outflow)	3034		
4. Other liabilities	3035		
5. Financial leasing	3036		
6. Dividends paid	3037	64	7
III. Net cash inflow from financing activities (I -II)	3038	110,346	113,860
D. Net cash outflow from financing activities (II-I)	3039		
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	411,935	415,891
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	747,613	401,267
G. NET CASH INFLOW (3040-3041)	3042		14,624
H. NET CASH OUTFLOW (3041-3040)	3043	335,678	
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	463,343	116,713
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	1,000	2,860
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046		10
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	128,665	134,187

STATEMENT OF CHANGES IN EQUITY

from 01.01.2016 until 30.06.2016

RSD thousand

DESCRIPTION	Equity component															Total capital [Σ (row 1b col.3 to col.15) - Σ (row 1a col.3 to col.15)] ≥ 0	Losses exceeding capital [Σ (row 1a col.3 to col.15) - Σ (row 1b col.3 to col.15)] ≥ 0												
	EDP	30 Equity capital	EDP	31 Subscribed capital unpaid	EDP	32 Provisions	EDP	35 Losses	EDP	047 и 237 Treasury shares repurchased	EDP	34 Retained earnings	EDP	330 Revaluation reserves	EDP			331 Actuarial gains of losses	EDP	332 Gains and losses from equity instrument investments	EDP	333 Gains and losses from share of other profits and losses of affiliates	EDP	334 и 335 Gains and losses from foreign operations and translation of financial statements	EDP	336 Gains and losses from cash flow hedging	EDP	337 Gains and losses from available-for-sale securities	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17													
Opening balance 01.01.2015																													
a) debit balance	4001		4019		4037		4055		4073		4091		4109		4127		4145		4163		4181		4199		4217	40,786	4235	8,418,694	4244
b) credit balance	4002	7,202,622	4020		4038	134,881	4056		4074		4092	304,386	4110	817,591	4128		4146		4164		4182		4200		4218				
Adjustment for materially significant errors and changes in accounting policies																													
a) adjustment of debit balance	4003		4021		4039		4057		4075		4093		4111		4129		4147		4165		4183		4201		4219		4236		4245
b) adjustment of credit balance	4004		4022		4040		4058		4076		4094		4112		4130		4148		4166		4184		4202		4220				
Adjustment of opening balance on 01.01.2015																													
a) adjustment of debit balance (1a+2a-2b) ≥ 0	4005		4023		4041		4059		4077		4095		4113		4131		4149		4167		4185		4203		4221	40,786	4237	8,418,694	4246
b) adjustment of credit balance (1b-2a+2b) ≥ 0	4006	7,202,622	4024		4042	134,881	4060		4078		4096	304,386	4114	817,591	4132		4150		4168		4186		4204		4222				
Changes in previous 2015 year																													
a) debit balance activity	4007		4025		4043		4061		4079		4097	218,626	4115		4133		4151		4169		4187		4205		4223	3	4238		4247
b) credit balance activity	4008		4026		4044		4062		4080		4098	238,345	4116		4134		4152		4170		4188		4206		4224	12,356			
Closing balance previous year at 31.12.2015																													
a) debit balance (3a+4a-4b) ≥ 0	4009		4027		4045		4063		4081		4099		4117		4135		4153		4171		4189		4207		4225	28,433	4239	8,450,766	4248
b) credit balance (3b-4a+4b) ≥ 0	4010	7,202,622	4028		4046	134,881	4064		4082		4100	324,105	4118	817,591	4136		4154		4172		4190		4208		4226				
Adjustment for materially significant errors and changes in accounting policies																													
a) adjustment of debit balance	4011		4029		4047		4065		4083		4101		4119		4137		4155		4173		4191		4209		4227		4240		4249
b) adjustment of credit balance	4012		4030		4048		4066		4084		4102		4120		4138		4156		4174		4192		4210		4228				
Adjustment of opening balance current year at 01.01.2016																													
a) adjustment of debit balance (5a+6a-6b) ≥ 0	4013		4031		4049		4067		4085		4103		4121		4139		4157		4175		4193		4211		4229	28,433	4241	8,450,766	4250
b) adjustment of credit balance (5b-6a+6b) ≥ 0	4014	7,202,622	4032		4050	134,881	4068		4086		4104	324,105	4122	817,591	4140		4158		4176		4194		4212		4230				
Changes in current 2016 year																													
a) debit balance activity	4015		4033		4051		4069		4087		4105	218,626	4123		4141		4159		4177		4195		4213		4231		4242		4251
b) credit balance activity	4016		4034		4052		4070		4088		4106	446,136	4124		4142		4160		4178		4196		4214		4232	1,205			
Closing balance at end quarter current 2016 year																													
a) debit balance (7a+8a-8b) ≥ 0	4017		4035		4053		4071		4089		4107		4125		4143		4161		4179		4197		4215		4233	27,228	4243	8,679,481	4252
b) credit balance (7b-8a+8b) ≥ 0	4018	7,202,622	4036		4054	134,881	4072		4090		4108	551,615	4126	817,591	4144		4162		4180		4198		4216		4234				



**NOTES TO THE FINANCIAL STATEMENTS
FOR Q2 2016**

Belgrade, 2016

C O N T E N T S

1.	COMPANY BACKGROUND	4
2.	MANAGEMENT STRUCTURE	7
3.	OWNERSHIP STRUCTURE	7
4.	BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS	7
5.	MANAGEMENT EVALUATION AND JUDGEMENTS	10
6.	OVERVIEW OF PRINCIPAL ACCOUNTING POLICIES	10
7.	OPERATING INCOME	11
	7.1. Income from Sale of Products and Services	11
	7.2. Other Operating Income.....	12
8.	INCREASE/DECREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS	12
9.	MATERIAL COSTS AND FUEL AND ENERGY COST	13
10.	EMPLOYEE EXPENSES AND BENEFITS.....	13
11.	PRODUCTION SERVICE COSTS	14
12.	DEPRECIATION EXPENSES AND PROVISION EXPENSE.....	15
13.	INTANGIBLE EXPENSES	15
14.	FINANCIAL INCOME AND FINANCIAL EXPENSE.....	16
	14.1. Financial Income.....	16
	14.2. Financial Expense	17
15.	OTHER INCOME AND OTHER EXPENSES	18
	15.1. Other Income.....	18
	15.2. Other Expenses	18
16.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICIES AND ADJUSTMENTS OF ERRORS FROM PREVIOUS YEARS	19
17.	PROFIT / LOSS BEFORE TAX.....	19
18.	PROFIT TAX AND NET PROFIT.....	20
19.	INTANGIBLES ASSETS	21
20.	PROPERTY, PLANT AND EQUIPMENT	22
	20.1. Property, Plant and Equipment Exclusive of Investment Property.....	22
	20.2. Investment Property	24
21.	LONG-TERM FINANCIAL INVESTMENTS	25
	21.1. Share Investments	26
	21.2. Long-Term Financial Investments	29

22.	INVENTORIES.....	30
23.	RECEIVABLES FROM SALES	31
24.	RECEIVABLES FROM SPECIAL TRANSACTIONS	32
25.	OTHER RECEIVABLES.....	35
26.	SHORT-TERM FINANCIAL INVESTMENTS	37
27.	CASH AND CASH EQUIVALENTS	38
28.	VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED EXPENSES AND DEFERRED INCOME.....	39
29.	CAPITAL	40
	29.1. Equity Capital	41
	29.2. Reserves	42
	29.3. Revaluation Reserves from Revaluation of Intangibles, Property, Plant and Equipment	43
	29.4. Unrealized Losses from Securities and Other Components of Other Comprehensive Result (debit balance under account class 33, excl. 330).....	43
	29.5. Retained Earnings	44
30.	LONG-TERM PROVISIONS.....	44
	30.1. Provisions for Wages and Other Employee Benefits.....	45
	30.2. Other Long-Term Provisions	45
31.	SHORT-TERM FINANCIAL LIABILITIES	45
	31.1. Short-Term Credits and Loans Domestic.....	46
	31.2. Other Short-Term Financial Liabilities.....	46
32.	RECEIVED ADVANCES, DEPOSITS AND BONDS.....	47
33.	OPERATING LIABILITIES.....	47
34.	OTHER SHORT-TERM LIABILITIES	50
35.	LIABILITIES FOR VALUE ADDED TAX, LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE AND ACCRUED EXPENSES AND DEFERRED INCOME.....	50
	35.1. Liabilities for Value Added Tax	50
	35.2. Liabilities for Other Taxes, Contributions and Fees Payable	51
	35.3. Accrued Expenses and Deferred Income	51
36.	DEFERRED TAX ASSETS AND LIABILITIES	52
37.	OFF-BALANCE SHEET ASSETS AND LIABILITIES	52
38.	MORTGAGES REGISTERED IN FAVOUR AND/OR AGAINST THE COMPANY	54
39.	COMMITMENT AND CONTINGENCIES.....	54
40.	POST BALANCE SHEET EVENTS.....	57

1. COMPANY BACKGROUND

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

The Company harmonized its operations with the Companies Law (RS Official Gazette No. 36/2011, 99/2011, 83/2014 – other law and 5/2015) by passing the Decision on Harmonization of Company's Articles of Association with the Companies Law adopted on the General Assembly meeting on March 16, 2012 and by passing the Articles of Association on the General Assembly meeting on January 12, 2012.

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

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

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

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

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

General Company Data

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

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

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

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

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

Subsidiary companies abroad – international companies are as follows:

- Zambia Engineering and Contracting Company Limited, Zambia,
- Energoprojekt Holding Guinee S.A, Guinea,
- I.N.E.C. Engineering Company Limited, UK,
- Encom GmbH Consulting, Engineering & Trading, Germany,
- Dom 12 S.A.L, Lebanon,
- Energo (Private) Limited, Zimbabwe and
- Energo Kaz Ltd., Kazakhstan.

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

- Enjub Ltd.

The affiliated company in the country is:

- Fima SEE Activist Plc.

The share percentage of the Company in the capital of the FIMA SEE Activist Plc. closed investment fund exceeded 20.00% by the end of 2015, whereby the said investment fund became an affiliated company of Energoprojekt Holding.

Energoprojekt Holding Plc.

The following table contains data on the ownership share in subsidiaries as at June 30, 2016.

<i>Equity investments in subsidiary legal entities</i>	
<i>Name of subsidiary company</i>	<i>% ownership</i>
<i>In the country:</i>	
Energoprojekt Visokogradnja Plc.	100,00
Energoprojekt Niskogradnja Plc.	100,00
Energoprojekt Oprema Plc.	67,87
Energoprojekt Hidroinzenjering Plc.	100,00
Energoprojekt Urbanizam i arhitektura Plc.	100,00
Energoprojekt Energodata Plc.	100,00
Energoprojekt Industrija Plc.	62,77
Energoprojekt Entel Plc.	86,26
Energoprojekt Garant Plc.	92,94
Energoprojekt Promet Ltd.	100,00
Energoprojekt Sunnyville Ltd.	100,00
<i>Abroad:</i>	
Zambia Engineering and Contracting Company Limited, Zambia	100,00
Energoprojekt Holding Guinee S.A, Guinea	100,00
I.N.E.C. Engineering Company Limited, UK	100,00
Encom GmbH Consulting, Engineering & Trading, Germany	100,00
Dom 12 S.A.L, Lebanon	100,00
Energo (private) Limited, Zimbabwe	100,00
Energo Kaz Ltd., Kazakhstan	100,00

Ownership share of the Company in other related legal entities in the country is presented in the following table.

<i>Equity share in other related legal entities in the country</i>	
<i>Name of the joint company</i>	<i>% ownership</i>
Enjub Ltd.	50,00
<i>Name of the affiliated company</i>	<i>% ownership</i>
Fima SEE Activist Ltd.	28,7047%

In addition to the above listed subsidiaries and other related legal entities, the Company has its representative office in Baghdad, Iraq as well, which has been in the dormant status since 2015.

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

The average number of employees with the Company in the reporting period, based on the actual number of employees at the end of each month, is 68 (as at December 31, 2015: 70).

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

The financial statements that are subject of these Notes are the **financial statements of the Company for the period from January 1 till June 30, 2016** that were approved by the Executive Board of the Company on August 12, 2016, at 12 meeting of the Company and are not subject to an audit by an external auditor.

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

2. MANAGEMENT STRUCTURE

Key management of the Company in 2016 reporting period included the following persons:

- Vladimir Milovanovic - General Manager;
- Dr Dimitraki Zipovski - Executive Manager for finances, accounting and plan,
- Mr Zoran Jovanovic - Executive Manager for legal affairs; and
- Dragan Tadic - Executive Manager for "Real Estate" projects.

3. OWNERSHIP STRUCTURE

According to records of the Central Securities Depository, the registered ownership structure of the Company as at June 30, 2016 is presented in the Note 29.1.

4. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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

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

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

The Company financial statements were presented in the form and with the content specified by the provisions of the Rules on the Contents and Form of Financial Statements' Forms submitted by

Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014). These Rules, among other things, laid down the form and content of individual positions in the Balance Sheet, Income Statement, Other Comprehensive Income Report, Cash Flow Statement, Statement of Changes in Equity and Notes to Financial Statements. Pursuant to the above mentioned Rules, amounts in RSD thousands are to be presented in these forms.

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

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

- Law on Corporate Income Tax (RS Official Gazette, No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 – other law, 142/2014, 91/2015 – authentic interpretation and 112/2015);
- Law on Added Value Tax (RS Official Gazette, No. 84/2004, 86/2004 - corrigendum, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 – other law, 142/2014, 5/2015, 83/2015 and 5/2016);
- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax (RS Official Gazette, No. 99/2010, 8/2011, 13/2012, 8/2013 and 20/2014 – other Rules);
- 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).

Among the legal acts comprising the internal regulations of the Company, in preparation of the financial statements of the Company, the Rules on Accounting and Accounting Policies of the Company, as adopted on November 27, 2015 by the Executive Board of the Company, was used. In addition to the above listed, other internal acts of the Company were used, such as, for example, the Collective Agreement of the Company, regulating employment in the country.

The Law on Capital Market (RS Official Gazette, No. 31/2011 and 112/2015) set down mandatory data to be included in the annual, six monthly and quarterly statements of public companies with securities listed in the regulated markets.

It should be noted here that in certain cases, not all the relevant provisions of the IFRS or of the Interpretations thereof were taken into account in preparation of the Company financial statements.

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

- Pursuant to the Law on Accounting (RS Official Gazette, No. 62/2013) , the financial statements in the Republic of Serbia for 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, with no significant effect on financial position of the Company nor on its business result.

Functional currency and currency used for data presentation

Amounts presented in financial statements are in thousands of Serbian dinar (RSD). The Company uses RSD as the functional and reporting currency. Transactions effectuated in non-functional currencies shall be treated as transactions effectuated in foreign currencies.

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.

Income/expenses 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.

The official middle currency exchange rates of the National Bank of Serbia used for recalculation of monetary assets and liabilities were as follows:

<i>Currency</i>	<i>June 30, 2016</i>	<i>December 31, 2015</i>	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<i>Amount in RSD</i>			
EUR 1	123.3115	121,6261	120.6042	120,9583
USD 1	111.0714	111,2468	107.7304	99,4641
GBP 1	148.7473	164,9391	169.4117	154,8365

5. MANAGEMENT EVALUATION AND JUDGEMENTS

Preparation and presentation of financial statements in compliance with valid legislation of Republic of Serbia, requires that the management of the Company performs assessments, provides judgements and assumptions that are reflected on the reported amounts of assets, liabilities, income and expenses. Although, achieved results may differ from the estimated ones, evaluation and judgements are based on information available as at 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.

6. OVERVIEW OF PRINCIPAL ACCOUNTING POLICIES

The basic accounting policies applied in preparation of these financial statements, which were primarily based on the Rulebook on Accounting and Accounting Policies of the Company, are in line with the accounting policies applied in preparation of the financial statements for the year that ended on December 31, 2015, and were applied consistently to all the presented years, unless specified otherwise.

In cases where certain bookkeeping aspects were not regulated clearly by the provisions of the Rulebook on Accounting and Accounting Policies of the Company, the accounting policies based on the currently applicable IFRS were applied.

INCOME STATEMENT

7. OPERATING INCOME

7.1. Income from Sale of Products and Services

Structure of income from the sales of products and services is presented in the following table.

Structure of income from sale of products and services	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Income from sale of finished products and services to parent company and subsidiaries on local market	203.054	211.578
Income from sale of finished products and services on local market	39	10
Income from sale of finished products and services on foreign markets		59.403
TOTAL	203.093	270.991

Income from the sale of finished products and services to parent companies and subsidiaries on local market are based on services rendered by the Company to its subsidiaries, in accordance with agreements approved and adopted by the competent management bodies of the Company and of the subsidiaries, in compliance with the relevant legal acts and these amounted to RSD 203.054 thousand (last year comparison period: RSD 211.578 thousand).

Structure of income from the sale of finished products and services to subsidiaries on local market is presented in the table below.

Structure of income from the sale of finished products and services to subsidiaries on local market	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Energoprojekt Garant Ltd	1.320	907
Energoprojekt Visokogradnja Plc.	52.705	37.358
Energoprojekt Niskogradnja Plc.	74.961	46.493
Energoprojekt Hidroinzenjering Plc.	6.452	16.803
Energoprojekt Entel Plc.	29.921	44.877
Energoprojekt Energodata Plc.	2.669	4.493
Energoprojekt Industrija Plc.	2.813	10.083
Energoprojekt Urbanizam i arhitektura Plc.	1.616	2.980
Energoprojekt Oprema Plc.	30.485	47.584
Energoprojekt Sunnyville Ltd.	112	
TOTAL	203.054	211.578

Income from the sale of finished products and services on local market in the amount of RSD 39 thousand (last year comparison period: RSD 10 thousand) were generated from the sales of flight tickets.

7.2. Other Operating Income

Structure of other operating income	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Incomes from the rent collected from parent, subsidiary and other related companies	10.567	9.764
Incomes from the rent collected from other legal entities on local market	148	145
Other operating income (externally)	1.724	463
TOTAL	12.439	10.372

Incomes from the rent collected from parent, subsidiary and other related companies amounting to RSD 10.567 thousand (last year comparison period: RSD 9.764 thousand), were generated based on renting of the “Samacki Hotel” complex in 24 Batajnicki Drum, which has been rented since 2011 to the Energoprojekt Visokogradnja for RSD 7.715 thousand (last year comparison period: RSD 7.576 thousand), and from the rent of a portion of the Energoprojekt building, which has been rented since 2013 to the Energoprojekt Garant for RSD 2.228 thousand (last year comparison period: RSD 2.188 thousand) and from the rent of another portion of Energoprojekt building, which has been rented since 2016 to the Energoprojekt Sunnyville, for RSD 624 thousand.

Incomes from the rent collected from other legal entities on local market amounting to RSD 148 thousand (last year comparison period: RSD 145 thousand) were generated from renting of the ground floor space of the Energoprojekt building to Telekom Srbija, in the amount of RSD 74 thousand.

Other operating income amounting to RSD 1.724 thousand (last year comparison period: RSD 463 thousand) was generated based on bonus award of Turkish Airlines airline company, in the amount of RSD 1.690 thousand (last year comparison period: RSD 463 thousand) and Aeroflot Russian, in the amount of RSD 34 thousand, for the sales of flight tickets.

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

Structure of increase/decrease of finished goods, work in progress and services in progress	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Increase of finished goods, work in progress and services in progress	168	184
TOTAL	168	184

9. MATERIAL COSTS AND FUEL AND ENERGY COST

Structure of material cost and fuel and energy costs	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Material costs:		
a) Costs of other materials (overheads)	3.678	4.198
b) Costs of one-off write-off of tools and inventory	240	189
<i>Total</i>	<i>3.918</i>	<i>4.387</i>
Fuels and energy costs:		
a) Costs of fuel	951	1.123
b) Costs of electrical energy and heating	8.563	10.007
<i>Total</i>	<i>9.514</i>	<i>11.130</i>
TOTAL	<i>13.432</i>	<i>15.517</i>

Costs of other material (overheads) amounting to RSD 3.678 thousand (last year comparison period: RSD 4.198 thousand) refer to the costs of office supplies amounting to RSD 967 thousand (last year comparison period: RSD 1.218 thousand), professional and expert literature, magazines, etc. amounting to RSD 569 thousand (last year comparison period: RSD 685 thousand) and other material costs amounting to RSD 2.142 thousand (last year comparison period: RSD 2.295 thousand).

10. EMPLOYEE EXPENSES AND BENEFITS

Structure of employee expenses and benefits	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Expenses of wages and fringe benefits (gross)	79.607	70.282
Taxes and contributions on wages and contributions on wages payable by employer	9.971	10.243
Service agreements contributions	2.527	3.605
Copyright agreements contributions	509	138
Costs of contributions for contract fees for temporary and periodical engagement	697	739
Considerations to General Manager and/or Management and Supervisory Board members	5.499	4.677
Other personnel expenses and fringe benefits	3.151	4.187
TOTAL	<i>101.961</i>	<i>93.871</i>
Average number of employees	68	70

Other personnel expenses and fringe benefits amounting to RSD 3.151 thousand (last year comparison period: RSD 4.187 thousand) refer to the business trips' expenses amounting to RSD 1.930 thousand (last year comparison period: RSD 2.799 thousand), Company expenses for employee commuting reimbursements amounting to RSD 1.151 thousand (last year comparison period: RSD 1.258 thousand), solidarity fund allowances and other employee compensations amounting to RSD 70 thousand (last year comparison period: RSD 130 thousand).

11. PRODUCTION SERVICE COSTS

Structure of production service cost	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Production service cost		59.404
Transportation services cost	1.613	1.502
Repairs and maintenance services' costs	28.114	17.504
Rental costs	240	148
Fair participation costs	104	52
Advertising costs	6.213	4.489
Costs of other services	7.703	6.990
TOTAL	43.987	90.089

Transportation services' costs in the amount of RSD 1.613 thousand (last year comparison period: RSD 1.502 thousand), refer to the landline costs and mobile phone costs, Internet services, taxi services, parking services, cars, toad tolls, etc.

Repairs and maintenance services costs amounting to RSD 28.114 thousand (last year comparison period: RSD 17.504 thousand) pertain primarily to investment maintenance of the Energoprojekt building amounting to RSD 26.889 thousand (last year comparison period: RSD 16.208 thousand) and to the ongoing maintenance of equipment amounting to RSD 1.208 thousand (last year comparison period: RSD 1.277 thousand).

Advertising costs amounting to RSD 6.213 thousand predominantly refers to sponsorship expenses (last year comparison period: RSD 4.489 thousand).

Costs of other services amounting to RSD 7.703 thousand (last year comparison period: RSD 6.990 thousand) refer to the photocopying costs and costs of technical and operational support provided by the Energoprojekt Energodata in multimedia presentations, updating and preparation of advertising and promo materials for info-board, graphic design services and other: RSD 3.713 thousand (last year comparison period: RSD 3.190 thousand), licenses' costs: RSD 2.641 thousand (last year comparison period: RSD 2.349 thousand), utility services: RSD 1.106 thousand (last year comparison period: RSD 1.181 thousand) and safety at work and car registration expenses: RSD 234 thousand (last year comparison period: RSD 270 thousand).

12. DEPRECIATION EXPENSES AND PROVISION EXPENSE

Structure of depreciation expenses and provision expenses	In RSD thousand	
	01/01 - 30/06 2016	01/01 - 30/06 2015
Depreciation expenses:		
a) Depreciation of intangible assets (Note 19)	1,498	1,229
b) Depreciation of property, plant and equipment (Note 20.1.)	8,210	5,745
<i>Total</i>	<i>9,708</i>	<i>6,974</i>
Provisions expenses		
Provisions for contributions and other personnel benefits		
<i>Total</i>		
TOTAL	9,708	6,974

Depreciation expenses for the 2016 reporting period were calculated based on the appraisal of residual values and the remaining useful life as at December 31, 2015 for property and equipment with significant booking value, since there were no changes of relevance that would require additional appraisal as at the balance date as well.

13. INTANGIBLE EXPENSES

Structure of intangible expenses	In RSD thousand	
	01/01 - 30/06 2016	01/01 - 30/06 2015
Intangible expenses	10.225	9.897
Expense account	4.309	2.227
Insurance premiums expenses	422	524
Payment operations' expenses	677	1.625
Membership fee expenses	684	625
Tax duties	13.059	12.818
Other non-operating expenses	2.330	3.504
TOTAL	31.706	31.220

Intangible expenses amounting to RSD 10.225 thousand (last year comparison period: RSD 9.897 thousand) pertain to the costs of attorney fees, consulting and intellectual services, professional training, financial statements' audit costs, education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other costs.

Expense accounts amounting to RSD 4.309 thousand (last year comparison period: RSD 2.227 thousand) include primarily the catering services. The increase in expense accounts for this reporting period came mainly as the result of Energoprojekt 65 anniversary celebration.

Insurance premium expenses amounting to RSD 422 thousand (last year comparison period: RSD 524 thousand) refer to the insurance of property and persons.

Payment operations expenses amounting to RSD 677 thousand pertain to the local payment operations costs (last year comparison period: RSD 1.625 thousand).

Membership fee expenses amounting to RSD 684 thousand (last year comparison period: RSD 625 thousand) include membership fees to Chambers (Serbian Chamber of Commerce) representing a salary expense liability of RSD 107 thousand (last year comparison period: RSD 110 thousand) and other Chambers' membership fees and Associations' fees in the amount of RSD 577 thousand (last year comparison period: RSD 515 thousand).

Tax duties in the amount of RSD 13.059 thousand (last year comparison period: RSD 12.818 thousand) refer predominantly to the property tax amounting to RSD 12.718 thousand (last year comparison period: RSD 12.717 thousand).

Other non-operating expenses amounting to RSD 2.330 thousand refer to duties and lawsuit expenses, the cost share in salaries of persons with disabilities, TV subscription fee, printing of Energoprojekt newspaper, etc. (last year comparison period: RSD 3.504 thousand).

14. FINANCIAL INCOME AND FINANCIAL EXPENSE

14.1. Financial Income

Structure of financial income	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Financial income from transactions with parent companies and subsidiaries	444.326	422.925
Financial income from other related companies	8.045	5.205
Income from dividends	2.506	4.904
<i>Total financial income from the related parties and other financial income</i>	<i>454.877</i>	<i>433.034</i>
Interest income (third party)	1.159	1.195
Exchange rate gains and positive currency clause effects (third party)	6.822	2.975
TOTAL	462.858	437.204

Financial income from transactions with parent companies and subsidiaries amounting to RSD 444.326 thousand (last year comparison period: RSD 422.925 thousand) refer to interest income from subsidiaries amounting to RSD 19.815 thousand (last year comparison period: RSD 16.182 thousand) and income from the effects of foreign exchange clauses and foreign exchange gains from subsidiaries amounting to RSD 18.002 thousand (last year comparison period: RSD 234 thousand), as well as share income from dividends amounting RSD 406.509 thousand (last year comparison period: RSD 406.509 thousand), from subsidiaries, as follows:

- Energoprojekt Garant Plc. in the amount of RSD 45.747 thousand (last year comparison period: RSD 45.747 thousand),

- Energoprojekt Entel Plc. in the amount of RSD 265.322 thousand (last year comparison period: RSD 265.322 thousand) and
- Energoprojekt Oprema Plc. in the amount of RSD 95.440 thousand (last year comparison period: RSD 95.440 thousand).

Financial income from other related companies in the amount of RSD 8.045 thousand (last year comparison period: RSD 5.205 thousand) relates to the interest income: RSD 5.144 thousand (last year comparison period: RSD 5.205 thousand) and to the effects of the foreign exchange clauses: RSD 2.901 thousand from the joint venture Enjub Ltd.

Income from dividends in the amount of RSD 2.506 thousand relates to the Energo Broker Ltd.

Interest income (third party) in the amount of RSD 1.159 thousand refers to the interest calculated on the term deposits (last year comparison period: RSD 1.195 thousand).

Positive currency clause effects in the amount of RSD 6.822 thousand (last year comparison period: RSD 2.975 thousand), refer to gains in FX exchange: RSD 816 thousand (last year comparison period: RSD 2.964 thousand) and income from the effects of foreign currency clause in the amount of RSD 6.006 thousand (last year comparison period: RSD 11 thousand), the largest portion of which pertains to the effects of foreign currency clause based on the receivables for income from the construction of Embassy building in Abuja: RSD 5.347 thousand.

14.2. Financial Expense

Structure of financial expense	In RSD thousand	
	01/01 - 30/06 2016	01/01 - 30/06 2015
Financial expenses from transactions with parent company and subsidiaries	805	4.827
Financial expenses from transactions with other related companies		569
<i>Total financial expense incurred from related parties and other financial expense</i>	805	5.396
Interest expenses (third party)	10.922	10.322
Exchange rate losses and negative currency clause effects (third party)	6.893	1.539
TOTAL	18.620	17.257

Financial expenses from transactions with parent companies and subsidiaries amounting to RSD 805 thousand (last year comparison period: RSD 4.827 thousand) pertain to the expenses incurred from the effects of foreign currency clauses and negative effects of foreign exchange rates from transactions with subsidiaries.

Interest expense (third party) in the amount of RSD 10.922 thousand relate to the interest expense from domestic current liquidity loans granted by Erste bank, Eurobank and Jubmes bank (last year

comparison period: RSD 10.322 thousand, based on the domestic loans granted by Komercijalna banka, Alpha bank and Eurobank).

Negative foreign exchange rates and expenses based on the effects of foreign currency clauses in the amount of RSD 6.893 thousand (last year comparison period: RSD 1.539 thousand), refer to the negative foreign exchange rates in the amount of RSD 107 thousand (last year comparison period: RSD 478 thousand) and expenses based on effects of foreign currency clauses, in the amount of RSD 6.786 thousand (last year comparison period: RSD 1.061 thousand), predominantly related to effects of foreign currency clauses based on receivables for the non-invoiced income based on embassy premises construction in Abuja, in the amount of RSD 850 thousand).

15. OTHER INCOME AND OTHER EXPENSES

15.1. Other Income

Structure of other income	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Other income	172	88
TOTAL	172	88

Other income in the amount of RSD 172 thousand refer primarily to the income from damage compensation from Energoprojekt Garant in the amount of RSD 72 thousand and to the income from the sales of used paper amounting to RSD 94 thousand (last year comparison period: RSD 88 thousand, which was related to the income from reimbursement of lawsuit expenses from Energoprojekt Garant: RSD 36 thousand and to the income from the sales of used paper: RSD 43 thousand).

15.2. Other Expenses

Structure of other expenses	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Losses incurred from decommissioning and disposal of intangibles assets, property, plant and equipment		25
Expense from direct write-off of receivables		120
Other expense	6,126	1,433
TOTAL	6,126	1,578

Other expense in the amount of RSD 6.126 thousand relate to donations granted in the amount of RSD 5.916 thousand, sport expenses amounting RSD 207 thousand and fines and penalties amounting to RSD 3 thousand (last year comparison period: RSD 1.433 thousand relate mainly to donations granted: RSD 714 thousand).

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

Structure of net profit/loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		1,344
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	66	
TOTAL	(66)	1,344

Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year in the amount of RSD 66 thousand mainly came as a result of subsequently defined expenses and income from previous period, that are not of any material significance, but were recognized as liabilities or receivables in current period.

17. PROFIT / LOSS BEFORE TAX

Structure of gross result	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Operating income	215,532	281,363
Operating expenses	200,626	237,487
Operating result	14,906	43,876
Financial income	462,858	437,204
Financial expenses	18,620	17,257
Financial result	444,238	419,947
Other revenues	172	88
Other expenses	6,126	1,578
Result of other revenues and expenses	(5,954)	(1,490)
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		1,344
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	66	
TOTAL INCOME	678,562	719,999
TOTAL EXPENSE	225,438	256,322
PROFIT/LOSS BEFORE TAX	453,124	463,677

18. PROFIT TAX AND NET PROFIT

Structure of calculation of profit tax and net profit	<i>In RSD thousand</i>	
	<i>01/01 - 30/06 2016</i>	<i>01/01 - 30/06 2015</i>
Profit before tax	453,124	463,677
Profit/(losses) in Income Statement		
Adjustment and net correction of revenues/(expenses) in tax balance	(406,509)	(411,412)
Taxable profit	46,615	52,265
Amount of loss in tax balance from previous years up to the amount of taxable profit		
Other taxable profit	46,615	52,265
Capital gains/(losses) calculated in compliance with the law		
Capital losses carried from previous years up the amount of capital profit calculated in compliance with the law		
Other capital gains		
Tax basis	46,615	52,265
Calculated tax (15% of tax base)	6,992	7,840
Total deductions from the calculated tax		
Calculated tax after deductions	6,992	7,840
Profit/(loss) before tax	453,124	463,677
Tax loss of the period	6,992	7,840
Net profit	446,132	455,837

BALANCE SHEET

19. INTANGIBLES ASSETS

In RSD thousand

Structure of intangible assets	Software and other rights	Intangible assets in preparation	Advance payments for intangible assets	Total
<u>Purchase Value</u>				
Balance as at January 1, 2015	12,375	1,783	411	14,569
Correction of opening balance				
New purchases	1,944			1,944
Transfer from one form to another	2,194	(1,783)	(411)	
Disposal and decommissioning	(688)			(688)
Balance as at December 31, 2015	15,825			15,825
Correction of opening balance				
New purchases	344			344
Transfer from one form to another				
Disposal and decommissioning				
Balance as at June 30, 2016	16,169			16,169
<u>Value Adjustment</u>				
Balance as at January 1, 2015	1,386			1,386
Correction of opening balance				
Depreciation	2,785			2,785
Disposal and decommissioning	(229)			(229)
Impairment				
Balance as at December 31, 2015	3,942			3,942
Correction of opening balance				
Depreciation	1,498			1,498
Disposal and decommissioning				
Impairment				
Balance as at June 30, 2016	5,440			5,440
<u>Net Book Value</u>				
December 31, 2015	11,883			11,883
June 30, 2016	10,729			10,729

20. PROPERTY, PLANT AND EQUIPMENT

20.1. Property, Plant and Equipment Exclusive of Investment Property

U 000 dinara

Structure of property, plant and equipment	Buildings	Plant and equipment	Other property, plant and equipment	Property, plant and equipment in progress	Advance payments for property, plant and equipment	Total
<u>Purchase value</u>						
Balance as at January 01, 2015	1.393.710	93.858	283		45.601	1.533.452
Correction of opening balance						
New purchases during the year		1.533				1.533
Disposal and decommissioning		(3.782)				(3.782)
FX gains and losses					252	252
Other transfers from / (to)						
Balance as at December 31, 2015	1.393.710	91.609	283		45.853	1.531.455
Correction of opening balance						
New purchases during the year		1.770				1.770
Disposal and decommissioning						
FX gains and losses					635	635
Other transfers from / (to)				124		124
Balance as at June 30, 2016	1.393.710	93.379	283	124	46.488	1.533.984
<u>Value Adjustment</u>						
Balance as at January 01, 2015		78.469				78.469
Correction of opening balance						
Depreciation	13.039	4.831				17.870
Disposal and decommissioning		(3.685)				(3.685)
Balance as at December 31, 2015	13.039	79.615				92.654
Correction of opening balance						
Depreciation	6.422	1.787				8.209
Disposal and decommissioning						
Balance as at June 30, 2016	19.461	81.402				100.863
<u>Net Book Value</u>						
Balance as at December 31, 2015	1.380.671	11.994	283		45.853	1.438.801
Balance as at June 30, 2016	1.374.249	11.977	283	124	46.488	1.433.121

On December 31, 2015 the residual value and the remaining useful lifetime for the property and equipment with significant accounting value were evaluated, based on which depreciation costs were calculated for the reporting period.

Assessment of Fair Value of Buildings

On December 31, 2014. due to the changes in accounting policies with regard to measuring of buildings after the initial recognition, transition was made from the acquisition price model to the revalorisation model.

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

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

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

The Energoprojekt building was booked at the revalorized value as at June 30, 2016 in the amount of RSD 1.374.249 thousand, i.e, it was performed by reducing the last assessment of the fair value for depreciation accumulated. The ultimate valuation was performed on December 31, 2014 by an external independent qualified valuator by using the comparative method. Pursuant to relevant provisions of IAS 16, considering the insignificant changes in fair value of building in question, it was not necessary to perform its fair value as at balance sheet day.

Starting from the appraised fair value of the building in question as at December 31, 2014, residual value as at December 31, 2015 and established remaining useful lifetime (100 years; remaining useful life as at June 30, 2016: 66 years), the depreciation cost for this building in the reporting period, due to the residual value that is lower than its fair value, amounts to RSD 6.422 thousand.

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

In RSD thousand

No.	Building	Opening balance	Residual value as at balance sheet date	Remaining useful life	Depreciation	Profit / (losses) included in report on "Other Income"	Closing balance
1	Energoprojekt building	1,380,671	518,606	66	6,422		1,374,249
	TOTAL	1,380,671	518,606		6,422		1,374,249

If the revaluated items had been presented by using the cost value method, their current value would amount to RSD 530.120 thousand.

Advances for property, plant and equipment in the amount of RSD 46.488 thousand, refer primarily to the advance paid to the Republic of Serbia for the purchase of properties in Uganda, Peru and Nigeria.

The Company management was of the opinion that property and equipment value as at balance sheet date, was not impaired compared with the presented value.

As at balance sheet date, the Company has no property or equipment mortgaged or taken as lien to be used as collateral for financial obligations.

20.2. Investment Property

Investment property	<i>In RSD thousand</i>	
	30/06/2016	31/12/2015
Balance as at January 1	588,890	584,440
Profit/(losses) included in Income Statement		4,450
Closing balance	588,890	588,890

In relation to the investment property, the following amounts were recognized in Income Statement:

Profit and loss related to investment property included in Profit and Loss	<i>In RSD thousand</i>	
	30/06/2016	31/12/2015
Rental income (Note 7.2.)	7,715	3,803
Direct operating expenses incurred from investment property that generated rental income during the year	(1,387)	(492)
Direct operating expenses incurred from investment property that did not generate rental income during the year	(184)	(108)
TOTAL	6,144	3,203

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

				<i>In RSD thousand</i>
No.	Investment property	Opening balance	Profit / (losses) included in Income Statement	Closing balance
1	Samacki hotel complex	502.901		502.901
2	Stari merkator office space	85.989		85.989
	TOTAL	588.890		588.890

In its books, the Company posted the fair value of its investment property according to its value determined by means of its fair value assessment as at December 31, 2015.

Valuation of the fair value of investment property as at December 31, 2015 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 at the time when the assessment was performed 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.

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

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

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

Investment property in the amount of RSD 588.890 thousand refers to the following facilities:

- The "Samacki Hotel" complex, with the total area of 8,034.00 m², with the municipal construction land use rights for the total area of 18,598.00 m², in 24 Batajnicki Put Street in Zemun in the amount of RSD 502.901 thousand.
Income amounting to RSD 7.715 thousand was generated from the rent of the property in question to Energoprojekt Visokogradnja Company in the reporting period (Note 7.2.).
- The "Stari Merkator" office space with the total area of 643 m², in 5 Palmira Toljatija Street in New Belgrade in the amount of RSD 85,989 thousand.
In the reporting period, this property was not rented. Due to the present inauspicious situation for the rent of property in the Republic of Serbia, it has been quite difficult to find adequate tenant for this property.

21. LONG-TERM FINANCIAL INVESTMENTS

Structure of long-term financial investments	In RSD thousand	
	30/06/2016	31/12/2015
Shares in subsidiaries	5.763.478	5.762.996
Shares in affiliated companies and joint ventures	30.612	30.612
Shares in other companies and other available for sale securities	126.100	132.435
Long-term investments in parent companies and subsidiaries	824.789	342.438
Other long-term financial investments	1.397	1.436
<i>Total</i>	<i>6.746.376</i>	<i>6.269.917</i>
<i>Value adjustment</i>	<i>(821.890)</i>	<i>(823.095)</i>
TOTAL	5.924.486	5.446.822

21.1. Share Investments

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

Structure of share investments	Share %	In RSD thousand	
		30/06/2016	31/12/2015
Share in subsidiaries			
Energoprojekt Visokogradnja Plc.	100,00%	1.826.137	1.826.137
Energoprojekt Niskogradnja Plc.	100,00%	1.102.776	1.102.293
Energoprojekt Oprema Plc.	67,87%	121.316	121.316
Energoprojekt Hidroinženjering Plc.	100,00%	427.626	427.626
Energoprojekt Urbanizam i arhitektura Plc.	100,00%	192.642	192.642
Energoprojekt Energodata Plc.	100,00%	194.862	194.862
Energoprojekt Industrija Plc.	62,77%	61.209	61.209
Energoprojekt Entel Plc.	86,26%	216.422	216.422
Energoprojekt Garant Plc.	92,94%	597.545	597.545
Energoprojekt Sunnyville Ltd.	100,00%	2.500	2.500
I.N.E.C. Engineering Company Limited, UK	100,00%	70.311	70.311
Encom GmbH Consulting, Engineering & Trading, Germany	100,00%	3.493	3.493
Dom 12 S.A.L., Lebanon	100,00%	924.749	924.749
Enrgo Kaz Ltd. Kazakhstan	100,00%	101	101
Zambia Engineering and Contracting Company Limited, Zambia	100,00%	587	587
Energoprojekt Holding Guinee S.A., Guinea	100,00%	1.628	1.628
Energoprojekt (Malesia) Sdn. Bhd., Kuala Lumpur	100,00%	19.574	19.574
<i>Value adjustment</i>		(715.064)	(715.064)
Total		5.048.414	5.047.931
Share in affiliated companies and joint ventures			
Necco Nigerian Engeneering and Construction CO LTD, Kano, Nigeria	40,00%	1.063	1.063
Firma see Activist Plc.	28,70%	16.000	16.000
Enjub Ltd.	50,00%	13.550	13.550
<i>Value adjustment</i>		(1.063)	(1.063)
Total		29.550	29.550
Share in other companies and other available for sale securities			
Banks and financial organizations			
Dunav osiguranje Plc.	0,01%	5.814	5.814
Jubmes banka Plc.	1,41%	120.176	120.176
Energ Broker Plc.			6.445
Beogradska berza	0,12%	100	
Intel Computers	0,04%	1	
Agrobanka Plc. Belgrade	0,35%	7	
BIP Plc. Belgrade	0,00%	1	
<i>Value adjustment</i>		(105.763)	(106.968)
Total		20.336	25.467
TOTAL		5.098.300	5.102.948

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

Share investments - adjustment value	<i>In RSD thousand</i>		
	<i>Gross investment amount</i>	<i>Adjustment value</i>	<i>Net investment amount</i>
Share in subsidiaries			
Energoprojekt Visokogradnja Plc.	1.826.137	(641.632)	1.184.505
Energoprojekt Urbanizam i arhitektura Plc.	192.642	(44.277)	148.365
I.N.E.C. Engineering Company Limited, Great Britain	70.311	(7.953)	62.358
Energoprojekt Holding Guinee S.A., Guinea	1.628	(1.628)	-
Energoprojekt (Malesia) Sdn. Bhd., Kuala Lumpur	19.574	(19.574)	-
<i>Total</i>	2.110.292	(715.064)	1.395.228
Share in affiliated companies and joint ventures			
Necco Nigerian Engenering and Construction CO LTD, Kano, Nigeria	1.063	(1.063)	-
Share in other companies and other available for sale securities	1.063	(1.063)	0
Banks and financial organizations			
Dunav osiguranje Ltd.	5.814	(5.340)	474
Jubmes banka Plc.	120.176	(100.423)	19.753
<i>Total</i>	125.990	(105.763)	20.227
TOTAL	2.237.345	(821.890)	1.415.455

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

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

Increase in share investment in Energoprojekt Niskogradnja Plc. in 2016 compared with the reference year came as the result of the Decision of the Commercial Court of Appeal, according to which the Company paid to the minority shareholders the total of RSD 483 thousand. as the difference in share price, with accrued interest. Namely, based on the shareholder's decision passed on the General Meeting of the Energoprojekt Niskogradnja Plc. on December 6, 2013, the Company as the majority shareholder of the Energoprojekt Niskogradnja Plc. 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 the price of 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 Company, the Commercial Court of Appeal confirmed the Decision of the Commercial Court in Belgrade on March 20, 2015. Based on the said Court Decision, the Company is obliged to pay to the shareholders who require the difference in the prices of shares to be paid to them the differences in share price, together with the legally prescribed default interest.

Value adjustment of share investment in Energoprojekt Visokogradnja in the amount of RSD 641.632 thousand was performed on December 31, 2014 in compliance with IAS 36 – Impairment of Assets, based on the Report prepared by the Scientific and Research Centre of the Faculty of Economics of the University of Belgrade on equity valuation of Energoprojekt Visokogradnja for implementation of IAS/IFRS as at December 31, 2014.

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

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

Share in other companies and available for sale securities are measured at market (fair) value.

Energoprojekt Plc. – in liquidation, pursuant to the decision of shareholders' assembly on division of liquidation balance, paid to the Company, based on return of capital shares, the amount of RSD 6.445 thousand, which as a result showed annulled business record of the Company regarding the share in Energoprojekt Plc. capital. Furthermore, referring to the above mentioned decision, the Company has registered dividend income in the amount of RSD 2.506 thousand, in the reported period (Note 14.1) as well as share in capital of the following legal entities:

- Beogradska berza Plc.: 5 shares of RSD 20.000,00 each, the total of RSD100.000,00;
- Intel computers Plc.: 25 shares of RSD 30,00 each, the total of RSD 750,00;
- Agrobanka Plc. Beograd: 15 shares of RSD 500,00 each, the total of RSD 7.500,00;
- BIP Plc. Beograd: 47 shares of RSD 29,78 each, the total of RSD 1.400,00;
- Pinki Plc. Zemun: 3 shares of RSD 52,00 each (estimated value), the total of RSD 156,00 and
- KBM bank Kragujevac: 32 shares of RSD 2.169,00 each, the total of RSD 69.408,00, sold in sixth month of the reporting year.

The change in the position Securities available for sale came, in addition to the above mentioned, as a result of the adjustment of the value of shares in Company's portfolio of shares (Jubmes banka Plc. and Dunav osiguranje Plc.), with their fair value in the secondary securities' market as at the financial statements date (which are presented in the account for impairment of equity investments and profit and loss from securities available for sale).

The Company has made equity investments in the following banks, financial institutions and other legal entities with listed shares in the Belgrade Stock Exchange and their fair value was determined based on their current market value as at June 30, 2016:

- Dunav Insurance Plc.: 527 shares, with the market value as at the balance sheet day of RSD 900,00 per share and
- Jubmes Banka Plc.: 4.056 shares, with the market value of RSD 4.870,00 per share.

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

Financial assets available for sale are presented in RSD.

21.2. Long-Term Financial Investments

Structure of long-term financial investments	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Long-term investments in parent companies and subsidiaries	824,789	342,438
<i>Value adjustment</i>		
<i>Total</i>	<i>824,789</i>	<i>342,438</i>
Other long-term financial investments:		
a) Housing loans granted to employees	1,397	1,436
<i>Value adjustment</i>		
<i>Total</i>	<i>1,397</i>	<i>1,436</i>
TOTAL	<i>826,186</i>	<i>343,874</i>

Long-term financial investments in parent companies and subsidiaries in the amount of RSD 824.789 thousand refer to the long-term loans granted to:

- Energoprojekt Niskogradnja Company in the amount of RSD 254.610 thousand, with 4% annual interest rate and maturity period of 2 years, based on the Agreement on Debt Rescheduling No. 20/151 dated December 31, 2015 (the long-term loan amount: RSD 248.951 and interest amount: RSD 5.659 thousand);
- Energoprojekt Sunnyville Ltd. in the amount of RSD 562.766 thousand, with annual interest rate of 3,75% + 3m Euribor to 4% and maturity period till December 31, 2018 (the long-term loan amount: RSD: 555.867 and interest amount: RSD 6.899 thousand) and
- Energoprojekt Visokogradnja Company in the amount of RSD 7.413 thousand, (EUR 60.000,00) with annual interest rate of 3,50% + 3m Euribor, and grace period of 12 months and maturity period till June 10, 2019 and 24 equal pay-off instalments, based on the Agreement on Debt Rescheduling No. 153 dated June 30, 2016 (the long-term loan amount: RSD 7.399 and interest amount: RSD 14 thousand);

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

The long-term housing loans granted to employees that are presented among other long-term financial investments refer to four interest-free housing credits granted to employees, two of which were granted on June 10, 1992 for the repayment period of 38.5 years, and the remaining two loans were granted on November 28, 1995 for the repayment period of 40 years. In compliance with the terms and provisions of the loan agreements and in compliance with the provisions of the Law on Amendments and Addenda to the Law on Housing, the Company performs revalorisation of loan instalments twice a year based on the trends in consumer prices in the Republic of Serbia for the given accounting period. A portion of the long-term financial investments made on this basis with maturity dates up to one year that is being regularly repaid/collected amounts to RSD 78 thousand (Note 26).

22. INVENTORIES

Structure of inventories	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Advances paid for inventories and services:		
a) Advances paid for inventories and services to parent companies and subsidiaries	917	483
b) Advances paid for inventories and services to other related companies		
c) Advances paid for material, spare parts and inventory	377	288
d) Advances paid for goods		
e) Advances paid for services	3,147	1,055
<i>Total</i>	<i>4,441</i>	<i>1,826</i>
<i>Value adjustment</i>		
TOTAL	4,441	1,826

Advance payments for inventories and services to the parent and subsidiary legal entities in the amount of RSD 917 thousand, refer to the advance payment to Energoprojekt Energodata for billboard space renting.

Advance payments paid for services in the amount of RSD 3.147 thousand primarily pertain to advance payment to ICP – International Communication Partners Ltd. in the amount of RSD 1.302 thousand (for 65 Anniversary of Energoprojekt organization), M&V Investments Plc. in the amount of RSD 807 thousand (for the Company liability comprising of the difference in share prices in the compulsory redemption of Energoprojekt Niskogradnja Plc. shares in 2016, with default interest incurred (Note 21.1.) and advance payment to Beogradska berza, in the amount of RSD 655 thousand (for annual fee for organized share trading in 2016).

23. RECEIVABLES FROM SALES

Structure of receivables from sales	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Local buyers - parent company and subsidiaries	567,956	488,186
Local buyers - other related companies	705	705
Local buyers	15	37
<i>Value adjustment</i>		
TOTAL	568,676	488,928

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

Structure of local buyers – parent companies and subsidiaries is presented in the following table.

Structure of local buyers - parent company and subsidiaries	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
<i>Trade receivables domestic - subsidiaries</i>		
Energoprojekt Visokogradnja Plc.	390.364	322.647
Energoprojekt Niskogradnja Plc.	38.162	8.980
Energoprojekt Hidroinzenjering Plc.	18.994	22.115
Energoprojekt Entel Plc.		9.013
Energoprojekt Energodata Plc.	24.352	26.632
Energoprojekt Industrija Plc.	79.566	75.149
Energoprojekt Urbanizam i Arhitektura Plc.	15.725	15.348
Energoprojekt Oprema Plc.		8.119
Energoprojekt Garant Plc.	659	183
Energoprojekt Sunnyville Ltd.	134	
Total	567.956	488.186
<i>Trade receivables domestic - other related parties</i>		
Enjub Ltd.	705	705
Total	705	705
<i>Trade receivables domestic (externally)</i>	15	37
Total	15	37
TOTAL	568.676	488.928

The Company has not been presented with any collection collaterals for local buyers – other related companies and local buyers (external).

Receivables from sale and other receivables from sale bear no interest.

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

Aging receivables structure based on sales is presented in the following table.

Aging receivables structure based on sales	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
<i>Local buyers - parent companies and subsidiaries:</i>		
a) Current	105,741	40,550
b) Up to 30 days		8,116
c) 30 - 60 days		8,116
d) 60 - 90 days		8,116
e) 90 - 365 days	59,656	75,073
f) 365 days +	402,559	348,215
Total	567,956	488,186
<i>Local buyers - other related legal entities:</i>		
a) Current		
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +	705	705
Total	705	705
<i>Local buyers - external</i>		
a) Current	15	37
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +		
Total	15	37
TOTAL	568,676	488,928

24. RECEIVABLES FROM SPECIAL TRANSACTIONS

Structure of receivables from special transactions	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Receivables from special transactions from parent companies and subsidiaries	104,845	103,769
Receivables from special transactions from other related companies	1,901	1,775
Receivables from special transactions from other companies	3,795	3,809
<i>Value adjustment</i>	(3,748)	(3,736)
TOTAL	106,793	105,617

Detailed information on receivables from special transactions, as changes in value adjustment are presented in the following tables.

Structure of receivables from special transactions	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
<i>Receivables from special transactions from parent companies and subsidiaries</i>		
Energoprojekt Visokogradnja Plc.	102.594	102.017
Energoprojekt Niskogradnja Plc.	87	35
Energoprojekt Hidroinzenjering Plc.	613	383
Energoprojekt Entel Plc.	103	62
Energoprojekt Energodata Plc.	13	73
Energoprojekt Industrija Plc.	8	98
Energoprojekt Urbanizam i arhitektura Plc.	565	560
Energoprojekt Oprema Plc.	166	87
Energoprojekt Garant Plc.	446	454
Energoprojekt Sunnyville Ltd.	250	
Total	104.845	103.769
<i>Receivables from special transactions from other related companies:</i>		
Enjub Ltd.	1.901	1.775
Total	1.901	1.775
<i>Receivables from special transactions from other legal entities:</i>		
Music School S.Binicki	15	41
Zekstra Group-Zekstra Ltd.	867	855
Music Ivan	31	30
Energoprojekt Union	1	2
Napred razvoj Plc.	2.881	2.881
Total	3.795	3.809
<i>Value adjustment from receivables from special transactions:</i>		
Zekstra Group-Zekstra Ltd.	867	855
Napred razvoj Plc.	2.881	2.881
Total	3.748	3.736
TOTAL	106.793	105.617

Receivables from special transactions from parent companies and subsidiaries in the amount of RSD 104.845 thousand refer, predominantly, to receivables from Energoprojekt Visokogradnja in the amount of RSD 102.594 thousand, recorded, mainly, based on renting of the „Samacki hotel“ complex, in the amount of RSD 81.195 thousand and receivables for air-tickets, in the amount of RSD 21.327 thousand.

Changes in value adjustment for receivables from special transactions is presented in the following table.

Changes in value adjustment for receivables from special transactions	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Balance as at January 1	3,736	851
Additional value adjustment		2,881
FX gains and losses	12	4
TOTAL	3,748	3,736

Value adjustment for receivables from special transactions in the amount of RSD 3.748 thousand refers to value adjustment of receivables based on inventory as at December 31, 2014 from company Zekstra Group – Zekstra Ltd., Belgrade in the amount of RSD 867 thousand (EUR 7 thousand) and based on inventory as at December 31, 2015 from company Napred Razvoj Plc. in the amount of RSD 2.881 thousand.

Aging receivables structure based on specific transactions is presented in the following table.

Aging structure of receivables based on special transactions	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
<i>Receivables from special transactions from parent companies and subsidiaries</i>		
a) Current	3,936	7,759
b) Up to 30 days	2,480	4,372
c) 30 - 60 days	1,651	1,734
d) 60 - 90 days	1,730	2,413
e) 90 - 365 days	20,398	22,024
f) 365 days +	74,650	65,467
<i>Total</i>	<i>104,845</i>	<i>103,769</i>
<i>Receivables from special transactions from other related companies</i>		
a) Current		84
b) Up to 30 days	16	
c) 30 - 60 days	7	
d) 60 - 90 days	18	
e) 90 - 365 days	84	29
f) 365 days +	1,776	1,662
<i>Total</i>	<i>1,901</i>	<i>1,775</i>
<i>Receivables from special transactions from other legal entities</i>		
a) Current	16	43
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +	31	30
<i>Total</i>	<i>47</i>	<i>73</i>
TOTAL	106,793	105,617

25. OTHER RECEIVABLES

Structure of other receivables	<i>In RSD thousand</i>	
	30/06/2016	31/12/2015
Interest and dividend receivables		
a) Interest and dividend receivable from parent companies and subsidiaries	368,031	
b) Interest and dividend receivable from related companies	52,167	46,372
c) Interest agreed and default interest from other legal entities		
<i>Total</i>	<i>420,198</i>	<i>46,372</i>
Receivables from employees	172	
Receivables for overpaid profit tax	17,157	11,150
Receivables for fringe benefits' returns	898	861
<i>Value adjustment</i>		
TOTAL	438,425	58,383

Structure of interest and dividend receivables in the amount of RSD 420.198 thousand is presented in the following table.

Structure of interest and dividend receivables	<i>In RSD thousand</i>	
	30/06/2016	31/12/2015
<i>Interest receivables from parent companies and subsidiaries:</i>		
Energoprojekt Visokogradnja Plc.	5.764	
Energoprojekt Energodata Plc.	893	
Energoprojekt Urbanizam i arhitektura Plc.	612	
<i>Total</i>	<i>7.269</i>	<i>0</i>
<i>Dividend receivables from parent company and subsidiaries:</i>		
Energoprojekt Entel Plc.	265.322	
Energoprojekt Oprema Plc.	95.440	
<i>Total</i>	<i>360.762</i>	<i>0</i>
<i>Interest receivables from other related companies:</i>		
Enjub Ltd.	52.167	46.372
<i>Total</i>	<i>52.167</i>	<i>46.372</i>
<i>Dividend receivables from other legal entities:</i>		
Energoprojekt Broker Plc.		
<i>Total</i>	<i>0</i>	<i>0</i>
TOTAL	420.198	46.372

Receivables for fringe benefits' returns in the amount of RSD 898 thousand relate to the receivables for sick leave longer than 30 days and maternity leaves.

Aging receivables structure of other receivables is presented in the following table.

Aging structure of other receivables	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
<i>Other receivables from parent companies and subsidiaries:</i>		
a) Current	364,406	
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days	3,625	
e) 90 - 365 days		
f) 365 days +		
Total	368,031	-
<i>Other receivables from other related companies:</i>		
a) Current	2,558	2,631
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days	2,586	2,652
e) 90 - 365 days	7,852	8,022
f) 365 days +	39,171	33,067
Total	52,167	46,372
<i>Other receivables - other:</i>		
a) Current	17,647	11,263
b) Up to 30 days	235	188
c) 30 - 60 days	124	233
d) 60 - 90 days	107	78
e) 90 - 365 days	94	202
f) 365 days +	20	47
Total	18,227	12,011
TOTAL	438,425	58,383

26. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short-term financial investments	In RSD thousand	
	30/06/2016	31/12/2015
Short-term loans and investments - parent companies and subsidiaries	365,449	360,454
Short-term loans and investments - other related companies	164,669	162,419
Short-term credits and loans domestic		
Portion of other long-term financial investments with maturity date up to one year (Note 21.2)	78	78
<i>Value adjustment</i>		
TOTAL	530,196	522,951

Short-term loans and investments – subsidiaries and other affiliated companies pertain to the loans approved with maturity dates up to 12 months and with interest rate ranging from 4% annually to 3M Euribor + 6,5 % annually, as presented in the table below.

No.	Borrower and Agreement No.	Loan amount in EUR thousand	Remaining receivables from loan in EUR thousand	Remaining receivables from loan in RSD thousand	Maturity date	Loan terms and conditions
1	EP Visokogradnja Plc.					
	Loan Rescheduling Agreement No. 37/175	2,350	2,350	289,775	31.12.2016.	4 % annually
2	EP Energodata Plc.					
	Loan Rescheduling Agreement No.21/05	364	364	44,906	31.12.2016.	4 % annually
3	EP Urbanizam i arhitektura Plc.					
	Loan Rescheduling Agreement No. 19/2727	250	250	30,768	31.12.2016.	4 % annually
Total for subsidiaries		2,964	2,964	365,449		
4	Enjub Ltd.					
	Annex No. 8 of Loan of Agreement No. 367	137	137	16,955	31.12.2016.	3M Euribor + 6,5% annually
	Annex No. 4 of Loan Rescheduling Agreement No. 115	1,198	1,198	147,714	31.12.2016.	3M Euribor + 6,5% annually
Total for other related companies		1,335	1,335	164,669		
TOTAL		4,299	4,299	530,118		

The Company has 2 (two) signed blank solo promissory notes to be filled out by beneficiary to be used as collateral for the collection of payments pursuant to loan agreements concluded with subsidiaries and the joint venture.

As collaterals for loan repayment pursuant to:

- Annex No. 8 of the Loan Agreement No. 367 concluded with Enjub Ltd. in the amount of RSD 16.955 thousand (EUR 137 thousand), the Company (in addition to bills of exchange) has an extrajudicial mortgage for the entire loan amount for apartments in 91A Jurija Gagarina Street in New Belgrade, as collateral for loan repayment; and
- Annex No. 4 of the Loan Rescheduling Agreement No. 115 concluded with Enjub Ltd. in the amount of RSD 147.714 thousand (EUR 1.198 thousand), a mortgage bond was issued (mortgage has not been registered) for real estate (apartments and office space) in 93, 93A and 91A Jurija Gagarina (Note 38).

Portion of other long-term financial investments with maturity of up to one year in the amount of RSD 78 thousand relate to the long-term housing loans granted to employees with maturity of up to one year (Note 21.2.).

27. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Current (business) account	29,159	30,349
Foreign currency account	238	238
Foreign currency petty cash		4
<i>Other cash</i>		
a) Short-term term deposits	98,661	432,329
b) Other cash	607	423
<i>Total</i>	<i>99,268</i>	<i>432,752</i>
TOTAL	<i>128,665</i>	<i>463,343</i>

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

Short term deposits in the amount of RSD 98.661 thousand refer to the short term deposits held with business banks in the country (Unicredit Bank and Eurobank) with 1 to 3 months' terms, with interest rate ranging from 0,30% to 1,15% annually and with the option to terminate the term deposit contract at any given moment. The term deposits are in EUR and USD, namely: EUR 483 thousand and USD 352 thousand.

Other cash in the amount of RSD 607 thousand refer to the overnight deposits with Alpha Bank, in the amount of RSD 520 thousand, as well as to a sick leave in the amount of RSD 87 thousand.

28. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED EXPENSES AND DEFERRED INCOME

Structure of repayments and accrued income	In RSD thousand	
	30/06/2016	31/12/2015
<i>Prepayments:</i>		
a) Prepaid expenses - parent companies and subsidiaries	3,637	2,403
b) Prepaid subscriptions for expert and professional publications	382	779
c) Prepaid insurance premiums	53	26
<i>Total</i>	<i>4,072</i>	<i>3,208</i>
<i>Receivables for accrued non-invoiced income</i>		
a) Receivables for accrued non-invoiced income - parent company and subsidiaries		
b) Receivables for accrued non-invoiced income - other legal entities	391,175	385,828
<i>Total</i>	<i>391,175</i>	<i>385,828</i>
<i>Other prepayments and accrued expenses:</i>		
a) Prepaid value added tax	175	139
b) Other prepayments and deferred income	13,316	709
<i>Total</i>	<i>13,491</i>	<i>848</i>
TOTAL	408,738	389,884

Prepaid expenses - parent companies and subsidiaries in the amount of RSD 3.637 thousand refer to prepayments for licensing costs (Energoprojekt Energodata) and to the costs of property and personal insurance (Energoprojekt Garant).

Receivables for accrued non-invoiced income – other legal entities in the amount of RSD 391.175 thousand refer to the realization of the Agreement on Construction of the Republic of Serbia Embassy Building in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the Real Estate Registry, Cadastral Zone A00.

Prepaid value added tax includes added value tax from prepared invoices for the reporting period; the right to deduction of the previous tax can be exercised in the following calculation period, since the invoices arrived after the tax return for June 2016 was filled.

Other prepayments and deferred income in the amount of RSD 13.316 thousand relate primarily to the pre-calculated property tax for 2016 in the amount of RSD 12.857 thousand, and the rest to prepaid membership, antivirus licences, etc.

29. CAPITAL

DESCRIPTION	Share capital	Other share capital	Issuing premium	Reserves	Revaluation reserves	Unrealized gains/losses on securities	Retained earnings	Total
Balance as at January 1, 2015	5,574,959	27,178	1,600,485	134,881	817,591	(40,786)	304,386	8,418,694
Net profit for the year							236,973	236,973
Other comprehensive result:								
a) Changes in fair value of financial assets available for sale						12,353		12,353
b) Revaluation								
c) Other - levelling of present value, IAS 12 et al.								
Total - other comprehensive result						12,353		12,353
Total comprehensive result for 2015						12,353	236,973	249,326
Corrections							1,372	1,372
Increase in share capital								
Profit distribution							(218,626)	(218,626)
Balance as at December 31, 2015	5,574,959	27,178	1,600,485	134,881	817,591	(28,433)	324,105	8,450,766
Net profit for the year							446,132	446,132
Other comprehensive result:								
a) Changes in fair value of financial assets available for sale						1,205		1,205
b) Revaluation								
c) Other - levelling of present value, IAS 12 et al.								
Total - other comprehensive result						1,205		1,205
Total comprehensive result 30/06/2016						1,205	446,132	447,337
Corrections							4	4
Pincrease in share capital								
Profit distribution							(218,626)	(218,626)
Balance as at June 30, 2016	5,574,959	27,178	1,600,485	134,881	817,591	(27,228)	551,615	8,679,481

29.1. Equity Capital

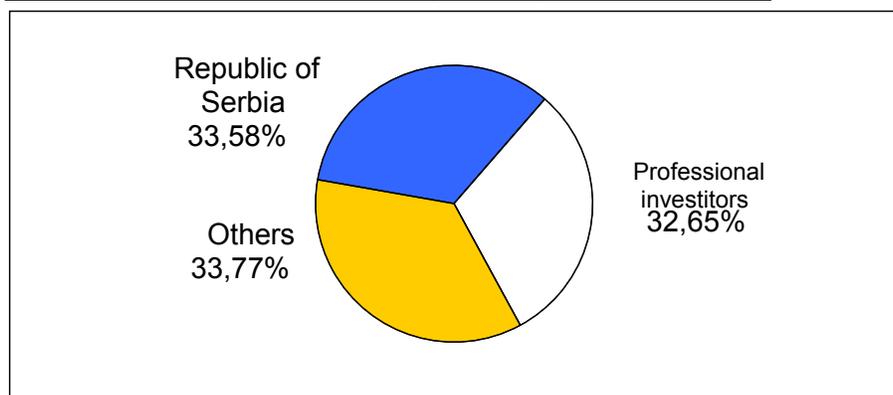
According to the Central Securities, Depository and Clearing House Register, the Company's present ownership structure as at June 30, 2016 is as follows:

	No of shares	% in total issue
Shares held by private shareholders	2.913.849	26,66%
Shares held by legal entities	6.666.135	60,98%
- Republic of Serbia	3.671.205	33,58%
- Other legal entities	2.994.930	27,40%
Aggregate (castody) account	1.351.308	12,36%
Ukupan broj akcija	10.931.292	100%

No. Of shareholders with equity shares	Number of entities			Number of shares			% in total issue		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
Up to 5%	6.983	211	7.194	4.495.701	528.401	5.024.102	41,13%	4,83%	45,96%
5% to 10%	0	0	0	0	0	0	0,00%	0,00%	0,00%
10% to 25%	1	0	1	2.235.985	0	2.235.985	20,45%	0%	20,45%
25% to 33%	0	0	0	0	0	0	0,00%	0,00%	0,00%
33% to 50%	1	0	1	3.671.205	0	3.671.205	33,58%	0,00%	33,58%
50% to 66%	0	0	0	0	0	0	0,00%	0,00%	0,00%
66% to 75%	0	0	0	0	0	0	0,00%	0,00%	0,00%
Over 75%	0	0	0	0	0	0	0,00%	0,00%	0,00%
Total No.	6.985	211	7.196	10.402.891	528.401	10.931.292	95,17%	4,83%	100,00%

List of top 10 shareholders per no. of shares/votes held :

Shareholder	No. of shares	% in total issue
Republic of Serbia	3.671.205	33,58%
Napred Razvoj Plc Novi Beograd	2.235.985	20,45%
Societe generale bank Plc. Serbia - castody	323.695	2,96%
East Capital (Lux) – Balkan Fund	250.593	2,29%
Vojvodjanska bank Plc.Novi Sad - collective	215.751	1,97%
Erste bank Plc Novi Sad - collective	190.531	1,74%
Raiffeisen bank Plc - castody	100.903	0,92%
Societe generale bank Serbia Plc.- castody	93.305	0,85%
Vojvodjanska bank Plc.Novi Sad - collective	88.268	0,81%
Gustavia Fonder Aktiebolag	70.000	0,64%



Structure of equity capital is presented in the following table.

Structure of equity capital	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
<i>Share capital</i>		
a) Share capital in parent companies, subsidiaries and other related companies		
b) Share capital (externally)	5,574,959	5,574,959
Total	5,574,959	5,574,959
Issuing premiums	1,600,485	1,600,485
Other share capital	27,178	27,178
TOTAL	7,202,622	7,202,622

Share capital consists of 10.931.292 ordinary shares with nominal value of RSD 510,00 (RSD 5.574.959 thousand) and nominal book value of RSD 794,00.

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.

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

Issuing premium in the amount of RSD 1.600.485 thousand 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 in the amount of RSD 1.363.471 thousand, based on compulsory redemption and selling of Company shares, in the amount above the nominal value, in the period from 2006 to 2011, amounting RSD 237.014 thousand.

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

29.2. Reserves

Structure of reserves	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Legal reserves	23,185	23,185
Statutory and other reserves	111,696	111,696
TOTAL	134,881	134,881

Legal reserves were formed in compliance with the law until 2004, by incremental annual payments of a minimum of 5% of the profits until the reserves' level reaches at least 10% of the equity capital.

In compliance with the Company's Statute, **statutory reserves** were made until 2011 and the shareholders determined the amount of such reserves at the General Meeting, which could not be less than 5% of the net profit.

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

Structure of revaluation reserves from revaluation of intangibles, property, plant and equipment	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Revaluation reserves based on revaluation of property - Energoprojekt building	817,591	817,591
TOTAL	817,591	817,591

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

- Effects of posting of the fair value of the Energoprojekt building as at December 31, 2014 in the amount of RSD 863,317 thousand,
- Levelling of the present value per m² of the Energoprojekt building in the amount of RSD 98,543 thousand; and
- Posting of 15% profit tax (negative aspect of revaluation reserves) for the amount of deferred tax on the basis of revaluation reserves, in compliance with IAS 12 – Income Taxes, in the amount of RSD 144,281 thousand.

29.4. Unrealized Losses from Securities and Other Components of Other Comprehensive Result (debit balance under account class 33, excl. 330)

Structure of unrealized losses from securities and other components of other comprehensive results (debit balances under account class 33, excl. 330)	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Unrealized losses on securities available for sale	27,228	28,433
TOTAL	27,228	28,433

Changes in the position of **Unrealized losses on securities available for sale** in the amount of RSD 1.205 thousand, relate to adjustments of value of securities in Company portfolio (Jubmes banka Plc. and Dunav osiguranje Plc.), with their fair value in the secondary securities market as at the financial statements date (Note 21.1.).

29.5. Retained Earnings

Structure of retained earnings	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
<i>Retained earnings from previous years</i>		
a) Balance as at January 1 of reported period	324,105	304,386
b) Correction of profit based on income tax	4	1,372
c) Other corrections (IAS 12 et al.)		
d) Profit distribution	(218,626)	(218,626)
<i>Total</i>	105,483	87,132
Retained earnings from current years	446,132	236,973
TOTAL	551,615	324,105

Undistributed profit from the current year in the amount of RSD 446.132 thousand relates to Company's net income generated in the reporting period.

30. LONG-TERM PROVISIONS

Long-term provisions are recognized in the following cases:

- Where the Company has a (legal or actual) liability incurred as a result of a past event;
- Where it is probable that the resource containing economic value will necessarily be deployed to settle a liability; and
- Where the liability amount can be measured reliably.

Structure of long-term provisions is presented in the following table.

Structure of long-term provisions	<i>In RSD thousand</i>		
	<i>Provisions for wages and other employee benefits</i>	<i>Other long-term provisions</i>	<i>TOTAL</i>
Balance as at January 1, 2015	2.288	260.000	262.288
Additional provisions	782		782
Used during the year	(860)		(860)
Cancelling of unused amounts			
Balance as at December 31, 2015	2.210	260.000	262.210
Additional provisions			
Used during the year			
Cancelling of unused amounts			
Balance as at June 30, 2016	2.210	260.000	262.210

30.1. Provisions for Wages and Other Employee Benefits

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

30.2. Other Long-Term Provisions

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

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

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

On June 30, 2016 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.

31. SHORT-TERM FINANCIAL LIABILITIES

Structure of short-term financial liabilities	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Short-term credits and loans domestic	682,734	565,561
<i>Other short-term financial liabilities:</i>		
a) Portion of long-term liabilities with maturity date up to one year		
b) Other short-term financial liabilities	231	46
Total	231	46
TOTAL	682,965	565,607

31.1. Short-Term Credits and Loans Domestic

Structure of short-term credits and loans domestic	Interest rate	In RSD thousand	
		30/06/2016	31/12/2015
Short-term loans granted by banks domestically:			
a) Dinar loans			
b) Loans with foreign currency clause	<i>3m Euribor + 3,70% annually, 3m Euribor + 3,75% annually, 3,50% annually</i>	682.734	565.561
TOTAL		682.734	565.561

Short-term loans domestic in the amount of RSD 682.734 thousand related to the loan with currency clause (EUR) granted by:

- Eurobank Plc. in the amount of RSD 51.380 thousand, with the interest rate of 3M Euribor + 3,70% per annum. Company's bills of exchange and sureties of the Energoprojekt Oprema and Energoprojekt Niskogradnja Companies were provided as collaterals for loans' repayment;
- Erste Bank PLc. in the amount of RSD 594.361 thousand, with the interest rate of 3M Euribor + 3,75% per annum. Six Companys' blank bill of exchange were provided as collateras for loans' repayment, and
- Jubmes Bank PLc. in the amount of RSD 36.993 thousand, with the interest rate of 3,50% per annum. Ten Companys' blank bill of exchange and sureties of the Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Enrgoprojekt Hidroinzenjering, Energoporjekt Oprema, Energoprojekt Industrija and Energoprojekt Energodata Companies were provided as collaterals for loans' repayment.

31.2. Other Short-Term Financial Liabilities

Structure of long-term liabilities with maturity dates up to one year	In RSD thousand	
	30/06/2016	31/12/2015
Portion of long-term loans domestic with maturity up to one year		
Other short-term financial liabilities	231	46
TOTAL	231	46

Other short-term financial liabilities amounting to RSD 231 thousand pertain to the liabilities incurred based on the expenses paid by using the business Visa cards, which were settled in July 2016.

32. RECEIVED ADVANCES, DEPOSITS AND BONDS

Structure of received advances, deposits and bonds	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Advance payments from parent companies and subsidiaries	18,844	
UKUPNO	18,844	0

Received advances from parent companies and subsidiaries in the amount of RSD 18.844 thousand, refer to advance payments for the Company services, pursuant to agreements contracted in 2016.

33. OPERATING LIABILITIES

Structure of operating liabilities	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Suppliers - parent company and subsidiaries, local	9,979	1,677
Suppliers - parent company and subsidiaries, abroad	11,622	11,503
Suppliers, local	5,476	5,667
Suppliers, abroad	2,121	7,504
TOTAL	29,198	26,351

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

Structure of operating liabilities per currencies	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
RSD	13,301	13,993
EUR	15,897	12,319
GBP		39
TOTAL	29,198	26,351

Geographic distribution of suppliers is as follows:

Geographic distribution of suppliers	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Local suppliers (subsidiaries and other legal entities)	15,455	7,344
Foreign suppliers (subsidiaries):		
Europe	11,622	11,503
<i>Total</i>	11,622	11,503
Foreign suppliers (other legal entities):		
Europe	2,121	7,504
<i>Total</i>	2,121	7,504
<i>Value adjustment</i>		
TOTAL	29,198	26,351

The key suppliers are presented in the following table, according to the suppliers' balances as at the Company balance sheet date.

Structure of suppliers	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
<i>Local suppliers (related and other legal entities):</i>		
Energoprojekt Visokogradnja Plc.	4.920	3
Energoprojekt Oprema Plc.	1.455	
Dedinje Ltd.	815	407
Lloyds register Ltd.	562	
Abu Ali Chemicals Ltd.	560	
Algotech Ltd.	526	346
PUC Beogradske elektrane	279	954
Universe Ltd.	275	
Compacc Ltd.	239	237
Alarm prim inzenjering Ltd.	211	24
Bel Computers Ltd.	184	47
Other	5.429	5.326
<i>Total</i>	<i>15.455</i>	<i>7.344</i>
<i>Foreign suppliers (related and other legal entities):</i>		
Encom GmbH Consulting, Engineering&Trading, Germany	11.622	11.463
IATA	1.496	6.931
Other	625	613
<i>Total</i>	<i>13.743</i>	<i>19.007</i>
TOTAL	29.198	26.351

Pursuant to the provisions of agreement, the Company has provided four blank single bills of exchange to the supplier PUC Elektroprivreda Srbije as payment collaterals.

Suppliers are exclusive of interest and with value date ranging from 5 to 30 days.

Company Management is of the opinion that the disclosed amounts of liabilities from operations reflect the fair value of such liabilities as at the balance sheet date.

Aging suppliers' liabilities structure is presented in the following table.

Aging suppliers' liabilities structure	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
<i>Related legal entities:</i>		
a) Current	7,393	1,714
b) Up to 30 days	587	3
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +	11,622	11,463
Svega	19,602	13,180
<i>Local suppliers:</i>		
a) Current	5,856	3,507
b) Up to 30 days	868	1,979
c) 30 - 60 days	488	181
d) 60 - 90 days	263	
e) 90 - 365 days		
f) 365 days +		
Total	7,475	5,667
<i>Foreign suppliers:</i>		
a) Current	2,121	7,504
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +		
Total	2,121	7,504
TOTAL	29,198	26,351

34. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	In RSD thousand	
	30/06/2016	31/12/2015
Liabilities for wages, fringe benefits and compensations	12,489	13,864
<i>Other liabilities:</i>		
a) Liabilities for interest and financing costs		
b) Liabilities for dividends	237,056	7,544
c) Liabilities to employees	192	195
d) Liabilities to General Manager, or to management and Supervisory Board members	567	566
e) Liabilities to physical persons on contractual obligations	281	558
f) Other various liabilities	846	834
<i>Total</i>	<i>238,942</i>	<i>9,697</i>
TOTAL	251,431	23,561

Liabilities for wages, fringe benefits and compensations in the amount of RSD 12.489 thousand refer to the liabilities (net, taxes and contributions) for March salary, that the Company paid in July 2016.

Liabilities for dividends in the amount of RSD 237.056 thousand refer, mainly, to the liabilities based on Resolution of the shareholders' annual meeting in 2016 regarded the profit share, in the amount of RSD 218.626 thousand and for dividends' payment from previous years in the amount of RSD 18.430 thousand, which have not yet been paid to date (probate proceedings, etc.).

Other various liabilities in the amount of RSD 846 thousand refer predominantly to withholding from net wages (based mostly on loans granted by employees, union fees, etc.).

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

35. LIABILITIES FOR VALUE ADDED TAX, LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE AND ACCRUED EXPENSES AND DEFERRED INCOME**35.1. Liabilities for Value Added Tax**

Liabilities for value added tax	In RSD thousand	
	30/06/2016	31/12/2015
Liabilities for value added tax	20,896	4,559
TOTAL	20,896	4,559

Liabilities for value added tax refer to the difference between calculated tax and input tax. This liability was settled by the Company within the legally prescribed deadline, in July 2016.

35.2. Liabilities for Other Taxes, Contributions and Fees Payable

Liabilities for other taxes, contributions and fees payable	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Liabilities for other taxes, contributions and fees payable	13,569	734
TOTAL	13,569	734

Liabilities for other taxes, contributions and fees payable in the amount of RSD 13.569 thousand refer primarily to the liabilities for property tax in the amount of RSD 12.857 thousand; contributions for considerations to Supervisory Board members: RSD 330 thousand, contributions paid based on service agreements: RSD 142 thousand; liabilities for income tax on dividends: RSD 97 thousand; and other.

Out of the total amount of liabilities for taxes, contributions and fees payable in the amount of RSD 13.569 thousand, the amount of RSD 615 thousand was settled in July 2016 (only liabilities for property tax in the amount of RSD 12.587 thousand remained unpaid, due to the trimestral payment and liabilities for income tax on dividends in the amount of RSD 97 thousand, which pertain to unpaid dividends – Note 34).

35.3. Accrued Expenses and Deferred Income

Accrued expenses and deferred income	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Precalculated expenses:		
a) Precalculated expenses - parent company, subsidiaries and other related companies	25,490	25,142
b) Precalculated expenses - other legal entities	2,711	1,146
<i>Total</i>	<i>28,201</i>	<i>26,288</i>
Other accruals		887
TOTAL	28,201	27,175

Precalculated expenses – parent company, subsidiaries and other related companies in the amount of RSD 25.490 thousand refer to the liability owed to Energoprojekt Oprema company for calculated expenses for the period till June 30, 2015, based on the Agreement on Construction of the Embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, “a turnkey project”, in the cadastre lot No. 313, registered in the Real Estate Cadastre of the Cadastre Zone A00.

Precalculated expenses – other legal entities in the amount of RSD 2.711 thousand pertain primarily to the calculated interest costs for the credit agreements from banks in the country for June 2016 in the amount of RSD 1.845 thousand (Erste bank: RSD 1.796 thousand and Eurobank: RSD 49 thousand) and precalculated electricity costs for June 2016 in the amount of RSD 863 thousand.

36. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities	In RSD thousand	
	30/06/2016	31/12/2015
Deferred tax assets	3,374	3,374
Deferred tax liabilities	159,739	159,739
Net effect of deferred tax assets (liabilities)	(156,365)	(156,365)

Deferred tax assets are the income tax amounts recoverable in future periods based on *deductible temporary differences*.

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

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

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

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

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

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

Structure of off-balance sheet assets and liabilities	<i>In RSD thousand</i>	
	<i>30/06/2016</i>	<i>31/12/2015</i>
Provided sureties, guarantees and other rights	18,052,465	18,125,158
Received mortgages and other rights	16,955	16,723
Other off-balance sheet asset/liabilities	4,454,577	4,454,577
TOTAL	22,523,997	22,596,458

Provided sureties, guarantees and other rights amounting to RSD 18.052.382 thousand refer to the following:

- Guarantees issued for credits and guarantees for subsidiaries amounting to RSD 15.383.668 thousand;
- Corporate guarantees issued to Energoprojekt Niskogradnja amounting to RSD 2.665.714 thousand (BBVA - Peru amounting to RSD 1.555.000 thousand and Banco Financiero - Peru amounting to RSD 1.110.714 thousand) for the project in Peru; and
- Guarantee issued by Alpha bank in favor of IATA (International Air Transport Association) for liabilities referring to air-tickets, in the amount of RSD 3.083 thousand, the one which ends at July 20, 2016 and is renewed (evergreen status) after 3 months.

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

Received mortgages and other rights amounting to RSD 16.955 thousand pertain to the mortgage on Enjub Ltd. apartments, arising from the Loan Agreement regulating the loan approved to Enjub Ltd. (Note 38).

Other off-balance sheet assets/liabilities amounting to RSD 4.454.577 thousand include the following:

- The right to use the municipal construction land – in Block 25 and Block 26 in New Belgrade, amounting to RSD 4.424.135 thousand;
- Dividends receivables from Enjub Ltd., which were directly written-off in the previous accounting period in the amount of RSD 30,442 thousand; and
- Unused construction facilities in Budva that were directly written-off in the inventory count as at December 31, 2014 and presented in the off-balance records without any value.

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

Mortgages registered in favour of the Company are as follows:

- As collateral to secure the repayment of loan pursuant to the Annex No. 8 of the Loan Agreement No. 367, in the amount of RSD 16.955 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 New Belgrade, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality New Belgrade, in favour of the Company, and
- As collateral to secure the repayment of the loan pursuant to the Annex No. 4 of the Agreement on Rescheduling of Approved Loan pursuant to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 147.714 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.

39. COMMITMENT AND CONTINGENCIES

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

The number and estimated values of lawsuits with the Company as the defendant and not very small probability for the Company to lose the case are presented in the following Table. The disclosed lawsuits' amounts with the contingent liability as at June 30, 2016 include only the principal amount per case.

Plaintiff	First instance procedure	Second instance procedure	Total
<i>No. of lawsuits</i>			
Physical person	2	5	7
Legal entity	1	2	3
TOTAL	3	7	10
<i>In RSD thousand</i>			
Physical person		444	444
Legal entity			
TOTAL	0	444	444

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

Plaintiff	Basis for legal action	Contingent liability in RSD thousand
Raonic Milan	Damage compensation for copyright infringement	Uncertain
Land development public agency	Debt and compensation for land (Hotel Hyatt Regency Beograd)	Uncertain
Marko Martinoli	Compulsory redemption of shares	Uncertain
Belim Plc. in bankruptcy	Unfounded gains	Uncertain
Sreta Ivanisevic	Compensation for expropriated property (Bezanija)	Uncertain
Vladan and Tomislav Krdzic	Damage compensation (for the value of free shares that they did not acquire)	444
Goran Rakic	Establishment of ownership right on the land under building for legalization purposes	Ungrounded
Pavle, Radmila and Milan Kovacevic	Compensation for expropriated land (Block 26)	Amount not determined
Rajko Ljubojevic	Expropriation of land from 1957	Uncertain
Activeast management Ltd	Payment of difference in the price of shares	Uncertain
TOTAL		444

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

In addition to the above stated, the second instance procedure is in progress as well, in which a number of minority shareholders of the Energoprojekt Niskogradnja company called in question the price of shares from compulsory redemption that was paid by the Company as the majority shareholder. In addition to that, the first instance procedure is also in progress in which a small number of minority shareholders of the Energoprojekt Visokogradnja Company called into question the price paid to them in the procedure initiated at their request for compulsory sale of shares.

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

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

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

Defendant	First instance procedure	Second instance procedure	Total
<i>No. of lawsuits</i>			
Physical person			
Legal entity	1	4	5
TOTAL	1	4	5
<i>In RSD thousand</i>			
Physical person			
Legal entity		3,748	3,748
TOTAL		3,748	3,748

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

Defendant	Basis for legal action	Contingency amount in RSD thousand
Beogradsko mesovito preduzeće Plc. (BMP)	Determining of BMP shares' value	Amount not determined
Zekstra group Ltd.	Damage compensation (roof repair works in 38 Goce Delceva Street)	867
Republic of Serbia, EPS Serbia, Epsturs Ltd and Republic of Montenegro	Determining of the ideal ownership share in the Park hotel in Budva	Acquiring of 13% of the total hotel surface area is legally founded, but the value thereof has not been determined
City of Belgrade, Land development public agency, Republic of Serbia	Debt (Arena)	Uncertain
Napred Razvoj Plc.	Remuneration for organization of an extraordinary Company meeting	2,881
TOTAL		3,748

It should be noted here that an impairment of the receivable owed by the Zekstra Group Ltd. was performed in 2014 in the amount of RSD 867 thousand (EUR 7 thousand), and that in 2015 the receivable amount owed by Napred Razvoj Plc. in the amount of RSD 2.881 thousand was adjusted (Note 24).

In addition to the presented legal actions in which the Company is involved as the plaintiff, there is a court action initiated against Music Ivan, for compensation of damage (roof repair in 38 Goce Delceva Street), on the basis of which a receivable amounting to RSD 31 thousand was presented in the accounting books of the Company.

40. POST BALANCE SHEET EVENTS

There were no events after the balance sheet date that could have any significant effect on the credibility of the financial statements.

In Belgrade,
On August 09, 2016

2. BUSINESS REPORT

- Authentic overview of Company's growth and business results, financial position and information of significance for its assets valuation;
 - Description of Company's anticipated growth in the following period, changes in its business policies and main risks and threats to which its business is exposed;
 - Major events after the end of the reporting year;
 - Major transactions with related parties;
 - Corporate activities in research and development;
-

Note:

Business Report and Consolidated Business Report are presented as one report, containing information of significance for the economic overview.

Authentic overview of Company's growth and business results, financial position and information of significance for its assets valuation

An authentic overview of the Energoprojekt Holding Plc. (parent Company) and Energoprojekt Group growth and business results, financial position and information of significance for the valuation of corporate assets is presented and explained in detail within the Notes to the Financial Statements (see Chapter 1 of the said Statements).

Plans for 2016 include contracting of new business deals for the Energoprojekt Group in the country and abroad in the total amount of EUR 309,7 million, namely: EUR 142,4 million (46%) in the country and EUR 167,3 million (54%) abroad. During the first half of 2016, contracts for new business deals worth the total of EUR 165,1 million were concluded: EUR 97,2 million (59%) in the country and EUR 67,9 million (41%) abroad, which makes 53% of the total targeted annual contracting plan.

As at the last day of the reporting period, business deals worth approximately EUR 490,9 million remained on the level of the Energoprojekt Group to be completed over the following periods (in Serbia: EUR 214,9 million ; abroad EUR 276,0 million).

Description of Company's anticipated growth in the following period, changes in its business policies and main risks and threats to which its business is exposed

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 2016:

Priority tasks:

- Activities aimed at preparation of a new strategic document – “Basic Elements of the Medium-Term Business Plan for 2016–2020“.
- Further development of the business and information system that is matched to the needs of the Energoprojekt Holding Plc.,

- Continued financial and business consolidation of individual subsidiaries of the Energoprojekt Group, which have, due to various reasons, presented poorer business results over the previous period (from the aspect of their revenues, profit, human resources' competencies, secured projects and borrowing debts).

Other business-related tasks:

- To improve efficiency of the management system and allocation of individual responsibilities in all operational processes;
- To strengthen the management system and the internal control system for the business processes in the subsidiaries (with the aim to increase their revenues and profit, parallel with optimization of operational costs) and to thus reduce the operational risk levels;
- To establish adequate management structure that will raise the team spirit to a higher level in the team-work atmosphere;
- To revitalize the existing business activities that are currently in decline or stagnating and to initiate new developmental projects;
- To re-engineer the business processes and to improve personnel structures in Energoprojekt Visokogradnja Plc., Energoprojekt Hidroinženjering Plc. and in all the other Companies of the Energoprojekt Group, wherever necessary;
- To strengthen the functions of internal supervision and internal audit in Energoprojekt Holding Plc. and in the Energoprojekt Group;
- To provide for sustainable growth and development of the Energoprojekt Group, and to increase equity capital and dividend distribution;
- Transparency of business operations and public presentation of Energoprojekt, by means of supplying relevant information through the Stock Exchange and regular communication with investors, partners and experts, in the country and abroad.

The most significant threats to which the Company is exposed include: continuing and deepening of the global and Eurozone economic crisis; competition in the form of foreign companies from the countries with huge populations and cheap workforce; competition in the form of the foreign companies with easier access to cheaper financial resources; institutional changes in the domestic and selected foreign markets; dependency on the political stability of the markets in which Energoprojekt realizes its projects and so on.

It is necessary to establish a system for timely risks' identification and management for the business operations of the Energoprojekt in the country and in the foreign markets as a constituent part of all its executive functions and as one of the principal functions of the Company's internal audit. Efforts on risk management development strategy are intensive and according to the plans, in compliance with the established annual plan of the Energoprojekt Holding Plc. internal audit for 2016.

At 44th Repeat Annual General Meeting of Energoprojekt Holding Plc. Shareholders, celebrated on June 23rd, 2016, new members of Energoprojekt Holding Plc. Supervisory Board were appointed for the next four year period.

Pursuant to the Resolution of Annual General Meeting of Energoprojekt Holding Plc. and based on Art. 86, par. 4 of the Articles of Association of Energoprojekt Holding Plc., the Energoprojekt Holding Plc. Supervisory Board was founded at its 1st constitutional meeting, on June 27th, 2016.

At 2nd Energoprojekt Holding Plc. Supervisory Board Meeting, celebrated on July 1st, 2016, the Resolution on Appointment of General Manager and Executive Managers of Energoprojekt Holding plc. was approved.

The expected company development in the forthcoming period will be realized complying the approved company documents:

- *"Basic Business Guidelines of the Energoprojekt Group in mandatory period"* (approved at 2nd Energoprojekt Holding Plc. Supervisory Board Meeting, celebrated on July 1st, 2016, following the proposal of General Manager);
- *"Annual Business Plan of Energoprojekt Holding Plc. and Energoprojekt Group for the year 2016"* (approved on 265th Energoprojekt Holding Plc. Executive Board Meeting, celebrated on December 21st, 2015).

Major business events after the end of the reporting year

There were no major business events from the balance date to the date of publication of the said statements, which would require disclosure or exert any impact on the authenticity of the disclosed financial statements.

At 44th Repeat Annual General Meeting of Energoprojekt Holding Plc. Shareholders, celebrated on June 23rd, 2016, the following relevant resolutions were approved: Resolution on Approval of Energoprojekt Group Annual Consolidated Statement for 2015 (*Energoprojekt Group consolidated financial statement for 2015; Auditor's Report for 2015 and Annual Business Report*); Resolution on Approval of Energoprojekt Holding Plc. Annual Business Report for 2015 (*Energoprojekt Holding Plc. financial statements for 2015; Auditor's Report for 2015 and Annual Business Report*); Resolution on Distribution of Undistributed Profits; Resolution on Approval of Report by the Supervisory Board of Energoprojekt Holding Plc.; Resolution on Appointment of the Company Auditor for 2016 and Approval of the Auditor's Fee; Resolution on Appointment of Members of the Supervisory Board of Energoprojekt Holding Plc.; Resolution on Fees to the Members of Supervisory Board for their Engagement in this Board and

on prior Consent for Signing of Agreement on Fees to the Members of Supervisory Board of Energoprojekt Holding Plc.; Decision on Acquisition of Own shares of Energoprojekt Holding Plc..

Regular annual meetings of all subsidiary companies' shareholders from the Energoprojekt Group were held in due legal terms, so that all proposed resolutions were duly approved.

Relevant business news on major events are being regularly published on the Energoprojekt web site (at: <http://www.energoprojekt.rs>) and on the web site of the Belgrade Stock Exchange (in Serbian and in English), as a part of the Company's obligations related to the Prime Listing of its shares on the Belgrade Stock Exchange

Major transactions with related parties

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

Corporate activities on research and development

Energoprojekt Holding Plc. establishes and improves its own integrated management system (IMS) that includes quality management (harmonized with ISO 9001:2008 standard), environmental protection management (harmonized with ISO 14001:2004 standard) and health and safety at work management (harmonized with OHSAS 18001:2007 standard).

Activities on further development and implementation of an adequate business and information system are underway, and the system will be adequate to the current scope and planned growth of the Company's business.

A new strategic medium-term business documents of companies and the Energoprojekt Group, for 2016-2020 period, will, among other things, include information about new Company's projections in the field of research and development.

3. STATEMENT BY PERSONS RESPONSIBLE FOR PREPARATION OF REPORT

To the best of our knowledge, the Quarterly Financial Statements for the second quarter of 2016 were prepared in compliance with the relevant International Financial Reporting Standards and they present authentic and objective information about assets, liabilities, financial position and operations, profit and losses, cash flows and changes in equity of the Public Company, including those of the Companies included in the Statements.

In compliance with the Law on Capital Market (RS Official Gazette, No. 31/2011) we hereby declare that the financial statements in question have not been audited.

Person responsible for preparation of the Report:

Legal Representative:

Energoprojekt Holding Plc.

Energoprojekt Holding Plc.

Executive Director for Finance

Chief Executive Officer



Dimitraki Zipovski
Dr Dimitraki Zipovski, D.Sc. Ecc.



Vladimir Milovanovic
Vladimir Milovanovic, B.Sc. Mech. Eng.

4. DECISION OF COMPETENT CORPORATE BODY TO ADOPT THE Q2 2016 QUARTERLY REPORT *

Note *:

- Q2 2016 Quarterly Report of the Energoprojekt Holding Plc. was approved and adopted on August 12, 2016, at 12th meeting of the Executive Board of the Issuer.

In Belgrade, August 2016

Person responsible for preparation of the Report:

Energoprojekt Holding Plc.

Executive Director for Finance



Dimitraki Zipovski

Dr Dimitraki Zipovski, D.Sc. Ecc.

Legal Representative:

Energoprojekt Holding Plc.

Chief Executive Officer



Vladimir Milovanović
Vladimir Milovanović, B.Sc. Mech. Eng.