

Annual Consolidated Statement  
Energoprojekt Group  
2012

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

## **ANNUAL CONSOLIDATED STATEMENT**

### **ENERGOPROJEKT GROUP 2012**

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(Balance sheet, Income statement, Cash flow statement, Statement of Changes in Equity, Statistical Annex, Notes to Financial Statements)
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1. CONSOLIDATED FINANCIAL STATEMENTS ENERGOPROJEKT  
GROUP 2012 (Balance sheet, Income statement, Cash flow statement,  
Statement of Changes in Equity, Statistical annex, Notes to the Financial  
Statements)

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## ENERGOPROJEKT GROUP, BELGRADE

**CONSOLIDATED  
INCOME STATEMENT**  
for the period January 1 to December 31, 2012

in 000 RSD

Group accounts, account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. BUSINESS REVENUE AND EXPENSES</b>				
	<b>I. BUSINESS REVENUE (202+203+204-205+206)</b>	201		<b>26,375,339</b>	<b>20,846,517</b>
60 and 61	1. Sale revenue	202	8	25,634,951	21,193,645
62	2. Revenue from undertaking of outputs and goods for own purposes	203		58,673	57,549
630	3. Increase of inventories	204	9	612,474	30,574
631	4. Decrease of inventories	205	9	219,082	564,699
64 and 65	5. Other business revenue	206	10	288,323	129,448
	<b>II. BUSINESS EXPENSES (208 to 212)</b>	207		<b>25,646,895</b>	<b>20,599,641</b>
50	1. Cost value of sold goods	208	11	345,095	99,355
51	2. Cost of material	209	12	9,256,476	5,428,574
52	3. Staff costs	210	13	7,057,296	6,868,019
54	4. Depreciation and provisions costs	211	14	516,510	1,177,245
53 and 55	5. Other business expenses	212	15	8,471,518	7,026,448
	<b>III. PROFIT FROM OPERATIONS (201 - 207)</b>	213		<b>728,444</b>	<b>246,876</b>
	<b>IV. LOSS FROM OPERATIONS (207 - 201)</b>	214		-	-
66	V. FINANCIAL REVENUE	215	16	1,730,326	1,887,836
56	VI. FINANCIAL EXPENSES	216	16	1,363,668	2,160,135
67, 68	VII. OTHER REVENUE	217	17	267,630	1,301,027
57, 58	VIII. OTHER EXPENSES	218	17	313,376	682,876
	<b>IX. PROFIT FROM OPERATIONS BEFORE TAX (213-214+215-216+217-218)</b>	219		<b>1,049,356</b>	<b>592,728</b>
	<b>X. LOSS FROM OPERATIONS BEFORE TAX (214-213-215+216-217+218)</b>	220		-	-
69-59	XI. NET PROFIT FROM DISCONTINUED OPERATIONS	221		-	-
59-69	XII. NET LOSS FROM DISCONTINUED OPERATIONS	222	18	37,156	17,664
	<b>B. PROFIT BEFORE TAX (219-220+221-222)</b>	223		<b>1,012,200</b>	<b>575,064</b>
	<b>V. LOSS BEFORE TAX (220-219+222-221)</b>	224		-	-
	<b>G. INCOME TAX</b>			-	-
721	1. Tax expenses for the period	225		89,446	87,862
722	2. Deferred tax expenses for the period	226		25,810	-
722	3. Deferred tax revenues for the period	227		-	8,683
723	<b>D. EMPLOYER'S EARNINGS PAID</b>	228		-	-
	<b>Đ. NET PROFIT (223-224-225-226+227-228)</b>	229		<b>896,944</b>	<b>495,885</b>
	<b>E. NET LOSS (224-223+225+226-227+228)</b>	230		-	-
	<b>Ž. NET PROFIT BELONGING TO MINORITY INVESTORS</b>	231		<b>191,749</b>	<b>127,079</b>
	<b>Z. NET PROFIT BELONGING TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	232		<b>705,195</b>	<b>368,806</b>
	<b>I. EARNINGS PER SHARE</b>			-	-
	1. Basic earnings per share	233		-	-
	2. Decreased (diluted) earnings per share	234		-	-

In Belgrade,

date 18.04.2013.

Person responsible for  
preparation of financial  
statements



Legal representative

**CONSOLIDATED  
CASH FLOW STATEMENT**  
for the period January 1 to December 31, 2012

in 000 RSD

Position	EDP	Amount	
		Current year	Previous year
1	2	3	4
<b>A. CASH FLOW FROM BUSINESS ACTIVITIES</b>			
<b>I. Cash flow from business activities (1 to 3)</b>	301	26,847,296	22,799,420
1. Sale and received advance payments	302	25,913,039	22,181,964
2. Received interests from business activities	303	54,972	59,608
3. Other cash flow from regular operations	304	879,285	557,848
<b>II. Cash outflow from business activities (1 to 5)</b>	305	26,755,138	21,561,258
1. Cash to suppliers and advances paid	306	18,434,674	13,822,894
2. Staff costs	307	6,925,208	6,278,525
3. Interests paid	308	277,251	380,606
4. Income tax	309	272,523	238,572
5. Other public duties	310	845,482	840,661
<b>III. Net cash flow from business activities (I-II)</b>	311	92,158	1,238,162
<b>IV. Net cash outflow from business activities (II-I)</b>	312	-	-
<b>B. CASH FLOW FROM INVESTMENTS</b>			
<b>I. Cash flow from investments (1 to 5)</b>	313	4,816,802	2,163,789
1. Sale of shares and stakes (net inflow)	314	2,000	72,745
2. Sale of intangible assets, property, plant, equipment and biological assets	315	187,984	668,870
3. Other financial investments (net inflow)	316	4,505,941	1,317,017
4. Interests received from investments	317	90,076	81,244
5. Dividends received	318	30,801	23,913
<b>II. Cash outflow from investments (1 to 3)</b>	319	4,313,445	2,278,284
1. Acquisition of shares and stakes (net outflow)	320	-	34,253
2. Acquisition of intangible assets, property, plant, equipment and biological assets	321	846,629	220,278
3. Other financial investments (net outflow)	322	3,466,816	2,023,753
<b>III. Net cash flow from investments (I-II)</b>	323	503,357	-
<b>IV. Net cash outflow from investments (II-I)</b>	324	-	114,495
<b>V. CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>I. Cash flow from financing activities (1 to 3)</b>	325	2,479,743	553,125
1. Increase of capital assets	326	-	770
2. Long-term and short-term credits (net inflow)	327	1,245,512	301,793
3. Other long-term and short-term liabilities	328	1,234,231	250,562
<b>II. Cash outflow from financing activities (1 to 4)</b>	329	2,729,399	1,619,871
1. Acquisition of own shares and stakes	330	-	-
Long and short-term credits and other liabilities (net outflow)	331	2,514,883	1,482,047
3. Finance leasing	332	155,202	92,916
4. Dividends paid	333	59,314	44,908
<b>III. Net cash flow from financing activities (I-II)</b>	334	-	-
<b>IV. Net cash outflow from financing activities (II-I)</b>	335	249,656	1,066,746
<b>G. TOTAL CASH FLOW (301+313+325)</b>	336	34,143,841	25,516,334
<b>D. TOTAL CASH OUTFLOW (305+319+329)</b>	337	33,797,982	25,459,413
<b>DJ. NET CASH FLOW (336-337)</b>	338	345,859	56,921
<b>E. NET CASH OUTFLOW (337-336)</b>	339	-	-
<b>Z. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD</b>	340	2,941,524	2,877,078
<b>Z. GAINS ON EXCHANGE</b>	341	205,080	92,427
<b>L. LOSS ON EXCHANGE</b>	342	136,978	84,902
<b>J. CASH AT THE END OF THE ACCOUNTING PERIOD (338-339+340+341-342)</b>	343	3,355,485	2,941,524

In Belgrade,

date 18.04.2013.

Person responsible for  
preparation of financial  
statement




Legal representative



CONSOLIDATED  
STATEMENT OF CHANGES IN CAPITAL  
for the period January 1 to December 31, 2012

in 000 RSD

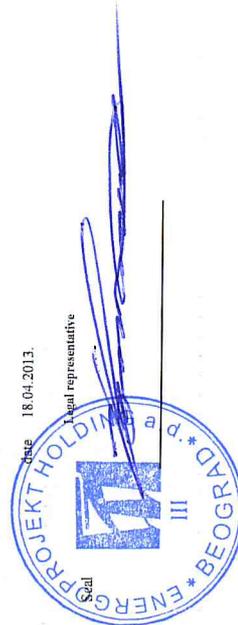
No.	DESCRIPTION	in 000 RSD																									
		EDP	Issued capital (group 30 without 309)	EDP	Other capital (account 309)	EDP	Unpaid sub-scribed capital (group 31)	EDP	Emission premium (account 320)	EDP	Reserves (account 321, 322)	EDP	Revaluation reserves (group 330,331)	EDP	Unrealized gains based on securities available for sale (account 332)	EDP	Unrealized losses based on securities available for sale (account 333)	EDP	Undistributed profit (group 34)	EDP	Loss to the capital value (group 35)	EDP	Retained own shares and stakes (account 037, 237)	EDP	Total (group 2-3+4-5+6-7+8-9+10-11-12)	EDP	Less above capital (group 29)
		1	2	3	4	5	6	7	8	9	10	11	12	13	14												
1	Balance on January 1, previous year	-401	4,467,699	-414	98,657	-427	-	440	236,607	453	341,824	-466	958,158	479	60,049	-492	19,865	505	4,058,801	518	-	531	341	544	10,201,589	557	-
2	Correction of materially significant errors and changes in accounting policies in the previous year - increase	402	-	415	-	428	-	441	-	454	-	467	-	480	-	493	-	506	-	519	-	532	-	545	-	558	-
3	Correction of materially significant errors and changes in accounting policies in the previous year - decrease	403	-	416	-	429	-	442	-	455	-	468	-	481	-	494	-	507	-	520	-	533	-	546	-	559	-
4	Corrected initial balance on January 1, of the previous year (no.1+2-3)	404	4,467,699	417	98,657	430	-	443	236,607	456	341,824	-469	958,158	482	60,049	-495	19,865	508	4,068,772	521	-	534	341	547	10,151,560	560	-
5	Total increase in the previous year	405	664,363	418	3	431	-	444	319,053	470	684,356	-483	4,222	496	4,222	-496	2,727	509	982,442	522	-	535	341	548	2,652,546	561	-
6	Total decrease in the previous year	406	5,647	419	1,972	432	-	445	5	458	-	471	171,136	484	48,249	-497	521	510	1,015,751	523	-	536	341	549	1,087,898	562	-
7	Balance on December 31, previous year (no.4+5-6)	407	5,126,415	420	96,688	433	-	446	237,036	459	660,877	-472	1,625,478	485	16,022	-498	22,071	511	3,975,463	524	-	537	-	550	11,715,908	563	-
8	Correction of materially significant errors and changes in accounting policies in the previous year - increase	408	-	421	-	434	-	447	-	460	-	473	-	486	-	499	-	512	-	525	-	538	-	551	-	564	-
9	Correction of materially significant errors and changes in accounting policies in the previous year - decrease	409	-	422	-	435	-	448	-	461	-	474	-	487	-	500	-	513	-	526	-	539	-	552	-	565	-
10	Corrected initial balance on January 1, of the current year (no.7+8-9)	410	5,126,415	423	96,688	436	-	449	237,036	462	660,877	-475	1,625,478	488	16,022	-501	22,071	514	3,975,463	527	-	540	-	553	11,715,908	566	-
11	Total increase in the current year	411	1,226,049	424	23,221	437	-	450	17,335	476	17,335	-489	123,536	499	1,751	-502	3,727	515	598,982	528	-	541	-	554	1,987,307	567	-
12	Total decrease in the current year	412	955,138	425	5,271	438	-	451	22	464	16,409	-477	490	3,174	-503	-	516	-	529	-	542	-	555	-	980,014	568	-
13	Balance on December 31, of the current year (no. 10+11-12)	413	5,397,336	426	114,658	439	-	452	237,014	465	662,203	-478	1,748,834	491	14,899	-504	25,798	517	4,574,445	530	-	543	-	556	12,723,261	569	-

In Belgrade,

Person responsible for  
preparation of financial  
statements

date 18.04.2013.

Legal representative



**CONSOLIDATED  
STATISTICAL ANNEX**  
for the period January 1 to December 31, 2012.

**I GENERAL INFORMATION ON THE LEGAL ENTITY, I.E. ENTREPRENEUR**

DESCRIPTION	EDP	Current year	Previous year
1	2	3	4
1. Number of business months (designation from 1 to 12.)	601	12	12
2. Size designation (from 1 to 3)	602	3	3
3. Ownership designation (from 1 to 5)	603	2	2
4. Number of foreign (legal or physical) entities with equity share	604	243	-
5. Average number of employees based on the balance at the end of each month (whole number)	605	2,385	2,478

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

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Gross	Correction of value	Net (col.4-5)
1	2	3	4	5	6
o1	<b>1.Intangible assets</b>				
	1.1. Balance at the beginning of the year	606	168,392	85,757	82,635
	1.2. Increase (acquisitions) during the year	607	11,833	-	11,833
	1.3. Decrease (sale, removal from inventory and impairment) during the year	608	19,438	-	23,989
	1.4. Revaluation during the year	609	-	-	-
	1.5. Balance at the end of the year (606+607-608+609)	610	160,787	90,308	70,479
o2	<b>2. Real property, plant, equipment and biological assets</b>				
	2.1. Balance at the beginning of the year	611	15,133,545	7,486,058	7,647,487
	2.2. Increase (acquisitions) during the year	612	1,473,964	-	1,473,964
	2.3. Decrease (sale, removal from inventory and ensuring) during the year	613	994,529	-	941,978
	2.4. Revaluation during the year	614	240,112	-	240,112
	2.5. Balance at the end of the year ( 611+612-613+614)	615	15,853,092	7,433,507	8,419,585

**III STRUCTURE OF INVENTORIES**

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
10	1. Inventories	616	921,827	1,880,120
11	2. Unfinished production	617	1,270,562	933,635
12	3. Finished products	618	213,952	242,063
13	4. Goods	619	65,651	255,127
14	5. Non-current assets held for sale	620	64,156	266,954
15	6. Advances given	621	584,170	895,201
	<b>7.TOTAL (616+617+618+619+620+621=013)</b>	<b>622</b>	<b>3,120,318</b>	<b>4,473,100</b>

**IV STRUCTURE OF CAPITAL ASSETS**

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
300	1. Share capital	623	5,388,037	5,126,202
	in it: foreign capital	624	215,418	-
301	2. Share of limited liability company	625	9,289	213
	in it: foreign capital	626	9,289	-
302	3. Shares of members of partnership and limited-partnership company	627	-	-
	in it: foreign capital	628	-	-
303	4. State-owned capital	629	-	-
304	5. Socially-owned capital	630	-	-
305	6. Cooperative shares	631	-	-
309	7. Other capital shares	632	114,638	96,688
30	<b>TOTAL: ( 623+625+627+629+630+631+632=102)</b>	<b>633</b>	<b>5,511,964</b>	<b>5,223,103</b>

V EQUITY STRUCTURE

Number of shares as a whole number  
Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
	<b>1. Ordinary shares</b>			
	1.1. Number of ordinary shares	634	10,575,319	10,105,591
part 300	1.2. Nominal value of ordinary shares - total	635	5,388,037	5,126,202
	<b>2. Priority shares</b>			
	2.1. Number of priority shares	636	-	-
part 300	2.2. Nominal value of priority shares - total	637	-	-
300	<b>3. TOTAL - nominal value of shares (635+637= 623)</b>	<b>638</b>	<b>5,388,037</b>	<b>5,126,202</b>

VI RECEIVABLES AND LIABILITIES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
20	1. Sale receivables (balance at the end of the year 639 ≤ 016)	639	6,694,951	6,683,144
43	2. Liabilities from operations (balance at the end of the year 640 ≤ 117)	640	5,842,960	2,967,812
part 228	3. Receivables during the year from insurance companies for damages (debt turnover without initial balance)	641	3,928	4,036
27	4. VAT paid during acquisition of goods and services (debt turnover without initial balance)	642	1,652,466	998,317
43	5. Business liabilities (receivables turnover without initial balance)	643	24,967,611	15,434,671
450	6. Liabilities for net income and income compensations (receivables turnover without initial balance)	644	4,354,459	4,830,312
451	7. Liabilities for salaries tax and salaries compensations paid by employees (receivables turnover without initial balance)	645	551,486	280,014
452	8. Liabilities for contributions on salaries and salaries compensations paid by employees (receivables turnover without initial balance)	646	871,876	502,713
461,462 and 723	9. Liabilities for dividends, profit share and employer's personal earnings (receivables turnover without initial balance)	647	191,855	1,564
465	10. Liabilities toward physical entities for compensations per contracts (receivables turnover without initial balance)	648	84,947	21,300
47	11. VAT collected during sale of products, goods and services (receivables turnover without initial balance)	649	2,003,609	1,121,679
	<b>12. Control summary (from 639 to 649)</b>	<b>650</b>	<b>47,220,148</b>	<b>32,845,562</b>

VII OTHER EXPENSES AND EXPENDITURES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
513	1. Fuel and energy costs	651	986,618	921,096
520	2. Salaries and salaries compensations (gross)	652	5,553,854	5,289,454
521	3. Tax expenses and contributions on salaries and salaries compensations paid by employer	653	668,889	727,952
522,523,524 and 525	4. Expenses for compensations to physical entities (gross) based on contracts	654	215,650	162,921
526	5. Expenses of compensations to BoD & Supervision Board members (gross)	655	29,191	48,282
529	6. Other personal expenses and compensations	656	589,712	639,410
53	7. Expenses of production services	657	6,575,678	5,367,410
533, part 540 and part 525	8. Lease expenses	658	480,142	489,699
part 533, part 540 & part 525	9. Expenses of land lease	659	12,979	10,100
536,537	10. Expenses of research and development	660	2,753	2,686
540	11. Depreciation expenses	661	457,582	687,359
552	12. Expenses of insurance premiums	662	91,491	165,979
553	13. Payroll expenses	663	253,120	254,669
554	14. Membership fees	664	27,750	18,541
555	15. Tax expenses	665	187,408	963,474
556	16. Contributions	666	1,270	2,563
562	17. Interests	667	306,965	414,974
part 560, part 561 and 562	18. Interests expenses and a part of financial expenses	668	321,593	444,822
part 560, part 561 and 562	19. Interests expenses per credits and banks and dfo	669	57,275	86,296
part 579	20. Expenses for humanitarian, cultural, health, educational, scientific and religious purposes, for protection of the Environment and sports	670	22,573	16,884
	<b>21. Control summary (from 651 to 670)</b>	<b>671</b>	<b>16,842,493</b>	<b>16,714,571</b>

## VIII OTHER REVENUE

		Amounts in 000 RSD		
Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
60	1. Goods sale revenue	672	1,244,618	649,367
640	2. Revenue from premiums, subsidies, dotations, recourses, compensations and tax duties returns	673	663	13,988
641	3. Revenue from conditioned donations	674	-	-
part 650	4. Revenue from land lease	675	3,087	2,348
651	5. Membership revenue	676	-	-
part 660, part 661, 662	6. Interests revenue	677	232,903	219,429
part 660, part 661, and part 662	7. Revenue from interests per accounts and deposits in banks and other financial organizations	678	55,446	44,770
part 660, part 661 and part 669	8. Revenue from dividends and profit share	679	107,012	304,608
	9. Control summary (from 672 to 679)	680	1,643,729	1,234,510

## IX OTHER DATA

		Amounts in 000 RSD		
DESCRIPTION	EDP	Current year	Previous year	
1	2	3	4	
1. Liabilities for excises (according to annual excises calculation)	681	-	-	
2. Calculated custom duties and other import duties (total annual amount according to calculation)	682	8,615	48,822	
3. Capital subsidies and other state subsidies for construction and acquisition of capital assets and intangible assets	683	-	-	
4. State allocations for premiums, recourses and covering of current operating expenses	684	-	-	
5. Other state allocations	685	260	-	
6. Received donations from abroad and other non-returnable assets in money or nature from foreign legal and physical entities	686	-	-	
7. Personal income of entrepreneurs from net profit (filled in by entrepreneurs only)	687	-	-	
8. Control summary (from 681 to 687)	688	8,875	48,822	

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

		Amounts in 000 RSD		
DESCRIPTION	EDP code	Current year	Previous year	
1	2	3	4	
1. Opening balance of the accrued net effect of the contractual currency clause	689	-	-	
2. Accrued net effect of the contractual currency clause	690	-	-	
3. Proportional part of the cancelled accrued net effect	691	-	-	
4. Remaining amount of the accrued net effect of the contractual currency clause (no. 1 + no. 2 - no.3)	692	-	-	
5. Opening balance of the accrued net effect of gains/losses arising on the translation of foreign currency	693	-	-	
6. Accrued net effect of gains/losses arising on the translation of foreign currency	694	-	-	
7. Proportional part of the cancelled accrued net effect of gains/losses	695	-	-	
8. Remaining amount of the accrued net effect of gains/losses (no. 5 + no.6. - no.7)	696	-	-	

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

		Amounts in 000 RSD		
DESCRIPTION	EDP code	Current year	Previous year	
1	2	3	4	
1. Opening balance of the accrued net effect of the contractual currency clause	697	-	-	
2. Accrued net effect of the contractual currency clause	698	-	-	
3. Proportional part of the cancelled accrued net effect	699	-	-	
4. Remaining amount of the accrued net effect of the contractual currency clause (no. 1 + no. 2 - no.3)	700	-	-	
5. Opening balance of the accrued net effect of gains/losses	701	-	-	
6. Accrued net effect of gains/losses arising on the translation of foreign currency	702	-	-	
7. Proportional part of the cancelled accrued net effect of gains/losses	703	-	-	
8. Remaining amount of the accrued net effect of gains/losses (no. 5 + no.6. - no.7)	704	-	-	

In Belgrade,

date 18.04.2013.

Person responsible for  
preparation of financial  
statement



Legal representative

***"ENERGOPROJEKT" GROUP, BELGRADE***

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
2012**

***"ENERGOPROJEKT" GROUP, BELGRADE***

**CONSOLIDATED FINANCIAL STATEMENTS  
2012**

**C O N T E N T S**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the period from January 1 to December 31 2012

( thousand RSD)

Account group, account	DESCRIPTION	ADP	Note	Amount	
				Current year	Previous year
	<b>A. INCOME AND EXPENDITURE FROM REGULAR OPERATIONS</b>				
	<b>I. BUSINESS INCOME</b>	201		<b>26.375.339</b>	<b>20.846.517</b>
60 and 61	1. Return on sales	202	8	25.634.951	21.193.645
62	2. Own use of products, services and merchandise	203		58.673	57.549
630	3. Increase in inventories	204	9	612.474	30.574
631	4. Decrease in inventories	205	9	219.082	564.699
64 and 65	5. Other business revenues	206	10	288.323	129.448
	<b>II. BUSINESS EXPENDITURE</b>	207		<b>25.646.895</b>	<b>20.599.641</b>
50	1. Cost of merchandise sold	208	11	345.095	99.355
51	2. Cost of material	209	12	9.256.476	5.428.574
52	3. Costs of salaries, fringe benefits and other personal expenses	210	13	7.057.296	6.868.019
54	4. Costs of depreciation and provisions	211	14	516.510	1.177.245
53 and 55	5. Other business expenditure	212	15	8.471.518	7.026.448
	<b>III. BUSINESS PROFIT</b>	213		<b>728.444</b>	<b>246.876</b>
	<b>IV. BUSINESS LOSSES</b>	214			
66	<b>V. FINANCIAL INCOME</b>	215	16	<b>1.730.326</b>	<b>1.887.836</b>
56	<b>VI. FINANCIAL EXPENDITURE</b>	216	16	<b>1.363.668</b>	<b>2.160.135</b>
67,68	<b>VII. OTHER INCOME</b>	217	17	<b>267.630</b>	<b>1.301.027</b>
57,58	<b>VIII. OTHER EXPENDITURE</b>	218	17	<b>313.376</b>	<b>682.876</b>
	<b>IX. OPERATING REVENUE BEFORE TAX</b>	219		<b>1.049.356</b>	<b>592.728</b>
	<b>X. OPERATING LOSSES BEFORE TAX</b>	220			
69-59	<b>XI. NET PROFIT OF DISCONTINUED OPERATIONS</b>	221			
59-69	<b>XII. NET LOSS OF DISCONTINUED OPERATIONS</b>	222	18	37.156	17.664
	<b>B. PROFIT BEFORE TAX</b>	223		<b>1.012.200</b>	<b>575.064</b>
	<b>C. LOSSES BEFORE TAX</b>	224			
	<b>D. CORPORATE INCOME TAX</b>				
721	1. Tax liabilities	225		89.446	87.862
722	2. Deferred tax liabilities	226		25.810	
723	3. Deferred tax income	227			8.683
	<b>E. PERSONAL WAGES PAID TO EMPLOYER</b>	228			
	<b>F. NET PROFIT</b>	229		<b>896.944</b>	<b>495.885</b>
	<b>G. NET LOSSES</b>	230			
	<b>H. NET PROFIT PAYABLE TO MINORITY STAKEHOLDERS</b>	231		191.749	127.079
	<b>I. NET PROFIT PAYABLE TO PARENT COMPANY OWNERS</b>	232		705.195	368.806
	<b>J. EARNINGS PER SHARE</b>				
	1. Basic earnings per share	233			
	2. Diluted earnings per share	234			

## CONSOLIDATED BALANCE SHEET

As at 31.12.2012

( thousand RSD)

Account group, account	ITEM	ADP	Note No.	Amount	
				Current year	Previous year
	<b>A S S E T S</b>				
	<b>A. NON-CURRENT ASSETS</b>	001		<b>10.055.237</b>	<b>8.914.837</b>
00	I. SUBSCRIBED CAPITAL, UNPAID	002			
012	II. GOODWILL	003			
01 without 012	III. INTANGIBLE ASSETS	004	20	70.479	82.635
	IV. PROPERTY, PLANT, EQUIPMENT AND NATURAL ASSETS	005		8.419.585	7.647.487
020,022,023,02 6,027(part),028 (part),029	1. Property, plant, equipment	006	21	6.410.029	6.067.870
024,027(part) and 028(part)	2. Investment property	007	21	2.009.556	1.579.617
021,025,027 (part) and 028(part)	3. Natural assets	008			
	IV. LONG-TERM FINANCIAL INVESTMENTS	009		1.565.173	1.184.715
030 to 032,039 (part)	1. Share of Capital	010	22	667.669	610.046
033 to 038,039(part) minus 037	2. Other long-term financial investments	011	23	897.504	574.669
	<b>B. CURRENT ASSETS</b>	012		<b>17.267.092</b>	<b>18.139.950</b>
10 to 13,15	I. MATERIAL	013	24	3.056.162	4.465.017
14	II. ASSETS HELD FOR TRADING AND ASSETS FROM DISCONTINUED OPERATIONS	014	25	64.156	8.083
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH	015		14.146.774	13.666.850
20,21 and 22, except 223	1. Receivables	016	26	7.116.005	7.482.739
223	2. Receivables from prepaid income tax	017			
23 minus 237	3. Short-term financial investments	018	27	2.370.296	2.525.196
24	4. Cash and cash equivalents	019	28	3.355.485	2.941.524
27 and 28 except 288	5. VAT and deferred income	020	29	1.304.988	717.391
288	III. DEFERRED TAX ASSETS	021			
	<b>C. BUSINESS PROPERTY</b>	022		<b>27.322.329</b>	<b>27.054.787</b>
29	<b>D. LOSSES OVER CAPITAL</b>	023			
	<b>E. TOTAL ASSETS</b>	024		<b>27.322.329</b>	<b>27.054.787</b>
88	<b>F. OFF-BALANCE SHEET ITEMS</b>	025	42	<b>14.076.978</b>	<b>10.287.693</b>

## CONSOLIDATED BALANCE SHEET

As at 31. 12.2012 - continued

( thousand RSD)

Account group, account	ITEM	ADP	Note No.	Amount	
				Current year	Previous year
	<b>LIABILITIES</b>				
	<b>A. CAPITAL</b>	101		<b>12.723.261</b>	<b>11.715.908</b>
30	I. ORIGINAL AND OTHER CAPITAL	102	30	5.511.964	5.223.103
31	II. SUBSCRIBED CAPITAL, UNPAID	103			
32	III. RESERVES	104	31	899.217	897.913
330 and 331	IV. REVALUATION RESERVES	105	32	1.748.834	1.625.478
332	V. Unrealized gains from securities	106	32	14.599	16.022
333	VI. Unrealized losses from securities	107	32	25.798	22.071
34	VII. UNDISTRIBUTED PROFIT	108	33	4.574.445	3.975.463
35	VIII. LOSSES	109			
037 and 237	IX. REDEEMED SHARES	110			
	<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	111		<b>14.511.935</b>	<b>15.305.562</b>
40	I. LONG-TERM PROVISIONS	112	34	1.388.665	1.334.845
41	II. LONG-TERM LIABILITIES	113		1.907.239	785.615
414,415	1. Long-term loans	114	35	943.240	732.424
41 without 414 and 415	2. Other long-term liabilities	115	36	963.999	53.191
	<b>III. SHORT-TERM LIABILITIES</b>	116		<b>11.216.031</b>	<b>13.185.102</b>
42 except 427	1. Short-term financial liabilities	117	37	2.749.962	2.564.443
427	2. Liabilities for assets held for trading and assets related to discontinued operations	118			
43 and 44	3. Liabilities from operations	119	38	6.143.839	7.610.143
45 and 46	4. Other Short-term liabilities	120	39	1.134.937	1.051.249
47, 48 except 481 and 49 except 498	5. VAT and other public duties and accruals	121	40	702.413	1.431.711
481	6. Liabilities related to the income tax	122		484.880	527.556
498	IV. DEFERRED TAX LIABILITIES	123		87.133	33.317
	<b>C. TOTAL LIABILITIES</b>	124		<b>27.322.329</b>	<b>27.054.787</b>
89	<b>D. OFF-BALANCE SHEET ITEMS</b>	125	42	<b>14.076.978</b>	<b>10.287.693</b>
	<b>MINORITY INTEREST (EQUITY)</b>			<b>1.337.239</b>	<b>1.203.771</b>

## CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to December 31 2012

( thousand RSD)

ITEM	ADP	Amount	
		Current year	Previous year
<b>A. CASH FLOW FROM BUSINESS OPERATIONS</b>			
<b>I. Cash flow from business operations</b>	301	<b>26.847.296</b>	<b>22.799.420</b>
1. Sales return and received advances	302	25.913.039	22.181.964
2. Received interest from business operations	303	54.972	59.608
3. Other cash inflows from regular business operations	304	879.285	557.848
<b>II. Cash outflow from business operations</b>	305	<b>26.755.138</b>	<b>21.561.258</b>
1. Payments to suppliers and advances given	306	18.434.674	13.822.894
2. Salaries, emoluments and other personal expenses	307	6.925.208	6.278.525
3. Paid interest	308	277.251	380.606
4. Income tax	309	272.523	238.572
5. Other public revenue expenses	310	845.482	840.661
<b>III. Net cash inflow from business operations</b>	311	<b>92.158</b>	<b>1.238.162</b>
<b>IV. Net cash outflow from business operations</b>	312		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>I. Cash inflow from investing activities</b>	313	<b>4.816.802</b>	<b>2.163.789</b>
1. Sale of shares and equity investments (net inflow)	314	2.000	72.745
2. Sale of intangible assets, plant, property, equipment & natural assets	315	187.984	668.870
3. Other financial investments (net inflow)	316	4.505.941	1.317.017
4. Received interest	317	90.076	81.244
5. Received dividends	318	30.801	23.913
<b>II. Cash outflow from investing activities</b>	319	<b>4.313.445</b>	<b>2.278.284</b>
1. Purchase of shares and equity investments (net outflow)	320		34.253
2. Purchase of intangible assets, plant, property, equipment & natural assets	321	846.629	220.278
3. Other financial investments (net outflow)	322	3.466.816	2.023.753
<b>III. Net cash inflow from investing activities</b>	323	<b>503.357</b>	
<b>IV. Net cash outflow from investing activities</b>	324		<b>114.495</b>

**CONSOLIDATED CASH FLOW STATEMENT - continued**

**for the period from January 1 to December 31 2012**

( thousand RSD)

ITEM	ADP	Amount	
		Current year	Previous year
<b>C. CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
<b>I. Cash inflow from financing activities</b>	325	<b>2.479.743</b>	<b>553.125</b>
1. Increase of original capital	326		770
2. Long term and short term loans (net inflow)	327	1.245.512	301.793
3. Other long term and short term liabilities	328	1.234.231	250.562
<b>II. Cash outflow from financing activities</b>	329	<b>2.729.399</b>	<b>1.619.871</b>
1. Repurchase of treasury shares and equity	330		
2. Long term and short term loans and other liabilities (net outflow)	331	2.514.883	1.482.047
3. Finance leasing	332	155.202	92.916
4. Paid dividends	333	59.314	44.908
<b>III. Net cash inflow from financing activities</b>	334		
<b>IV. Net cash outflow from financing activities</b>	335	<b>249.656</b>	<b>1.066.746</b>
<b>D. CASH INFLOW TOTAL</b>	336	<b>34.143.841</b>	<b>25.516.334</b>
<b>E. CASH OUTFLOW TOTAL</b>	337	<b>33.797.982</b>	<b>25.459.413</b>
<b>F. CASH INFLOW NET</b>	338	<b>345.859</b>	<b>56.921</b>
<b>G. CASH OUTFLOW NET</b>	339		
<b>H. OPENING CASH BALANCE</b>	340	<b>2.941.524</b>	<b>2.877.078</b>
<b>I. FX GAINS FROM CASH TRANSLATION</b>	341	205.080	92.427
<b>J. FX LOSSES FROM CASH TRANSLATION</b>	342	136.978	84.902
<b>K. CLOSING CASH BALANCE</b>	343	<b>3.355.485</b>	<b>2.941.524</b>

**CONSOLIDATED STATEMENT ON CHANGES IN EQUITY CAPITAL**  
**for the period from January 1 to December 31 2012**

(thousand RSD)

No.	DESCRIPTION	Original capital (group 30 w/o 309)	Other capital (a/c 309)	Registered capital unpaid (group 31)	Issuing premium (a/c 320)	Reserves (a/c 321, 322)	Revaluation reserves (group 33)	Unrealized profits from securities (332)	Unrealized losses from securities (333)	Undistributed profit (group 34)	Losses over capital (group 35)	Repurchased shares and equity (a/c 037,237)	TOTAL	Losses over capital (group 29)
1	ADP	401	414	427	440	453	466	479	492	505	518	531	544	557
	Balance on 01.01. of the previous year 2011	<b>4.467.699</b>	<b>98.657</b>		<b>236.607</b>	<b>341.824</b>	<b>958.158</b>	<b>60.049</b>	<b>19.865</b>	<b>4.058.801</b>		<b>341</b>	<b>10.201.589</b>	
2	ADP	402	415	428	441	454	467	480	493	506	519	532	545	558
	Correction of the prior years material significant errors and changes in accounting policies – increase													
3	ADP	403	416	429	442	455	468	481	494	507	520	533	546	559
	Correction of the prior years material significant errors and changes in accounting policies – decrease									50.029			50.029	
4	ADP	404	417	430	443	456	469	482	495	508	521	534	547	560
	Restated opening balance on 01.01. of the previous year 2011 (no.1+2-3)	<b>4.467.699</b>	<b>98.657</b>		<b>236.607</b>	<b>341.824</b>	<b>958.158</b>	<b>60.049</b>	<b>19.865</b>	<b>4.008.772</b>		<b>341</b>	<b>10.151.560</b>	
5	ADP	405	418	431	444	457	470	483	496	509	522	535	548	561
	Total increase in the previous year	664.363	3		434	319.053	684.456	4.222	2.727	982.442			2.652.246	
6	ADP	406	419	432	445	458	471	484	497	510	523	536	549	562
	Total decrease in the previous year	5.647	1.972		5		17.136	48.249	521	1.015.751		341	1.087.898	
7	ADP	407	420	433	446	459	472	485	498	511	524	537	550	563
	Balance on 31.12. of the previous year 2011 (no. 4+5-6)	<b>5.126.415</b>	<b>96.688</b>		<b>237.036</b>	<b>660.877</b>	<b>1.625.478</b>	<b>16.022</b>	<b>22.071</b>	<b>3.975.463</b>			<b>11.715.908</b>	
8	ADP	408	421	434	447	460	473	486	499	512	525	538	551	564
	Correction of the current year material significant errors and changes in accounting policies – increase													
9	ADP	409	422	435	448	461	474	487	500	513	526	539	552	565
	Correction of the current year material significant errors and changes in accounting policies – decrease													
10	ADP	410	423	436	449	462	475	488	501	514	527	540	553	566
	Restated opening balance on 01.01. of the current year 2012 (no.7+8-9)	<b>5.126.415</b>	<b>96.688</b>		<b>237.036</b>	<b>660.877</b>	<b>1.625.478</b>	<b>16.022</b>	<b>22.071</b>	<b>3.975.463</b>			<b>11.715.908</b>	
11	ADP	411	424	437	450	463	476	489	502	515	528	541	554	567
	Total increase in the current year	1.226.049	23.221			17.735	123.356	1.751	3.727	598.982			1.987.367	
12	ADP	412	425	438	451	464	477	490	503	516	529	542	555	568
	Total decrease in the current year	955.138	5.271		22	16.409		3.174					980.014	
13	ADP	413	426	439	452	465	478	491	504	517	530	543	556	569
	Balance on 31.12. of the current year 2012 (no. 10+11-12)	<b>5.397.326</b>	<b>114.638</b>		<b>237.014</b>	<b>662.203</b>	<b>1.748.834</b>	<b>14.599</b>	<b>25.798</b>	<b>4.574.445</b>			<b>12.723.261</b>	

**"ENERGOPROJEKT" GROUP, BELGRADE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2012**

**Consolidated statistical annex  
for 2012**

**I GENERAL INFORMATION ABOUT THE LEGAL ENTITY/ENTREPRENEUR**

DESCRIPTION	ADP	Current year	Previous year
1. Total months of operation (indicate from 1 to 12)	601	12	12
2. Size (indicate from 1 to 3)	602	3	3
3. Ownership (indicate from to 5)	603	2	2
4. Number of foreign (legal or natural) parties with share of equity	604	243	
5. Average number of employees based on monthly account (whole number)	605	2.385	2.478

**II GROSS CHANGES IN INTANGIBLE INVESTMENTS AND PROPERTY, PLANTS, EQUIPMENT AND NATURAL ASSETS**

Account group, acc.	DESCRIPTION	ADP	in 000 RSD		
			Gross	Value adjustment	Net (col. 4-5)
01	<b>1. Intangible investments</b>				
	1.1. Opening balance	606	<b>168.392</b>	<b>85.757</b>	<b>82.635</b>
	1.2. Increase (purchase) during the year	607	11.833		11.833
	1.3. Reduction (disposal, retirement and depreciation) during the year	608	19.438		23.989
	1.4. Revaluation during the year	609			
	1.5. End-of-year balance	610	<b>160.787</b>	<b>90.308</b>	<b>70.479</b>
02	<b>2. Property, plants, equipment and natural assets</b>				
	2.1. Opening balance	611	<b>15.133.545</b>	<b>7.486.058</b>	<b>7.647.487</b>
	2.2. Increase (purchase) during the year	612	1.473.964		1.473.964
	2.3. Reduction (disposal, retirement and depreciation) during the year	613	994.529		941.978
	2.4. Revaluation during the year	614	240.112		240.112
	2.5. End-of-year balance	615	<b>15.853.092</b>	<b>7.433.507</b>	<b>8.419.585</b>

**III STRUCTURE OF INVENTORIES**

Account group, acc.	DESCRIPTION	ADP	in 000 RSD	
			Current year	Previous year
10	1. Stocked material	616	921.827	1.880.120
11	2. Work in progress	617	1.270.562	933.635
12	3. Finished products	618	213.952	242.063
13	4. Goods	619	65.651	255.127
14	5. Assets held for trading	620	64.156	266.954
15	6. Advances given	621	584.170	895.201
	<b>7. TOTAL</b>	622	<b>3.120.318</b>	<b>4.473.100</b>

**"ENERGOPROJEKT" GROUP, BELGRADE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2012**

**IV STRUCTURE OF ORIGINAL CAPITAL**

Account group, acc.	DESCRIPTION	ADP	in 000 RSD	
			Current year	Previous year
300	1. Share capital	623	5.388.037	5.126.202
	of which foreign capital	624	215.418	
301	2. Share of limited liability company	625	9.289	213
	of which foreign capital	626	9.289	
302	3. Investments by members of partnerships and limited partnerships	627		
	of which: foreign capital	628		
303	4. Government owned capital	629		
304	5. Socially owned capital	630		
305	6. Cooperative shares	631		
309	7. Other equity	632	114.638	96.688
30	<b>TOTAL</b>	633	<b>5.511.964</b>	<b>5.223.103</b>

**V STRUCTURE OF SHARE CAPITAL**

Account group, acc.	DESCRIPTION	ADP	Total shares as a whole number in thousands of RSD	
			Current year	Previous year
	<b>1. Ordinary shares</b>			
	1.1. Number of ordinary shares	634	10.575.319	10.105.591
Part of 300	1.2. Nominal value of ordinary shares - total	635	5.388.037	5.126.202
	<b>2. Preferred shares</b>			
	2.1 Number of preferred shares	636		
part of 300	2.2 Nominal value of preferred shares - total	637		
300	<b>TOTAL</b>	638	<b>5.388.037</b>	<b>5.126.202</b>

**VI CLAIMS AND COMMITMENTS**

Account group, acc.	DESCRIPTION	ADP	in 000 RSD	
			Current year	Previous year
20	1. Claims from sales arrangements (end-of-year balance 639≤016)	639	6.694.951	6.683.144
43	2. Business commitments (end-of-year balance 640≤0117)	640	5.842.960	2.967.812
part 228	3. Damage claims during year from insurance companies (debit transactions, no opening balance)	641	3.928	4.036
27	4. VAT - previous tax (annual amount according to tax reports)	642	1.652.466	998.317
43	5. Business commitments (debit transactions with no opening balance)	643	24.967.611	15.434.671

**"ENERGOPROJEKT" GROUP, BELGRADE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2012**

450	6. Net wages and emoluments (credit transactions with no opening balance)	644	4.354.459	4.830.312
451	7. Salary taxes and duties paid by employee (credit transactions with no opening balance)	645	551.486	280.014
452	8. Salary contributions and emoluments paid by employee (credit transactions with no opening balance)	646	871.876	502.713
461, 462 and 723	9. Dividends, share of profit and employer's remuneration (credit transactions with no opening balance)	647	191.855	1.564
465	10. Obligations to natural entities based on service contracts (credit transactions with no opening balance)	648	84.947	21.300
47	11. VAT liabilities (annual amount according to tax reports)	649	2.003.609	1.121.679
	<b>12. Subtotal (from 639 to 649)</b>	650	<b>47.220.148</b>	<b>32.845.562</b>

**VII OTHER EXPENDITURE**

Account group, acc.	DESCRIPTION	ADP	in 000 RSD	
			Current year	Previous year
513	1. Cost of fuel and energy	651	986.618	921.096
520	2. Wages and emoluments (gross)	652	5.553.854	5.289.454
521	3. Salary taxes and contributions and emoluments paid by employer	653	668.889	727.952
522,523, 524 and 525	4. Obligations to natural entities (gross) based on service contracts	654	215.650	162.921
526	5. Remuneration for board members and the Supervisory Board (gross)	655	29.191	48.282
529	6. Other personal expenses and fees	656	589.712	639.410
53	7. Production service costs	657	6.575.678	5.367.410
533, part of 540 and part of 525	8. Rents	658	480.142	489.699
part of 533, part of 540 and part of 525	9. Leasehold	659	12.979	10.100
536,537	10. Research and development	660	2.753	2.686
540	11. Depreciation	661	457.582	687.359
552	12. Insurance premiums	662	91.491	165.979
553	13. Payment transaction costs	663	253.120	254.669
554	14. Membership fees	664	27.750	18.541
555	15. Taxes	665	187.408	963.474
556	16. Contributions	666	1.270	2.563
562	17. Interest expenses	667	306.965	414.974
part of 560, part of 561 and 562	18. Interest expenses and partial financial expenditure	668	321.593	444.822

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part of 560, part of 561, and part of 562	19. Interest on loans from banks and other financial organizations	669	57.275	86.296
part of 579	20. Expenses for humanitarian, cultural, healthcare, educational, scientific and religious purposes, environmental protection and sports	670	22.573	16.884
	<b>21. Subtotal (from 651 to 670)</b>	671	<b>16.842.493</b>	<b>16.714.571</b>

**VIII OTHER INCOME**

Account group, acc.	DESCRIPTION	ADP	in 000 RSD	
			Current year	Previous year
60	1. Sales return	672	1.244.618	649.367
640	2. Income from premiums, subsidies, grants, compensation and tax refunds	673	663	13.988
641	3. Income from conditional donations	674		
part of 650	4. Income from lease of land	675	3.087	2.348
651	5. Income from membership fees	676		
part of 660, part of 661 and part of 662	6. Income from interest	677	232.903	219.429
part of 660, part of 661 and part of 662	7. Income from interest on invoices and deposits in banks and other financial organizations	678	55.446	44.770
part of 660, part of 661, and part of 669	8. Income from dividends and profit shares	679	107.012	304.608
	<b>9. Subtotal (from 672 to 679)</b>	680	<b>1.643.729</b>	<b>1.234.510</b>

**IX OTHER INFORMATION**

DESCRIPTION	ADP	in 000 RSD	
		Current year	Previous year
1. Excise duties (according to annual excise report)	681		
2. Customs and other import duties (annual amount according to account)	682	8.615	48.822
3. Capital subventions and other government grants for construction and purchase of fixed assets and intangibles	683		

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4. Government grants for premiums, subsidies and covering current operating expenses	684		
5. Other government grants	685	260	
6. Accepted donations from abroad and other nonrefundable assets from foreign legal and natural entities in money or in kind	686		
7. Personal earnings of entrepreneur from net profit (entrepreneurs only)	687		
<b>8. Subtotal (from 681 to 687)</b>	688	<b>8.875</b>	<b>48.822</b>

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**1. COMPANY BACKGROUND**

Energoprojekt Group, Belgrade (hereinafter: Group) consists of the parent limited company Energoprojekt Holding ad, Beograd (hereinafter: EP Holding) and its 11 subsidiaries, 10 of which are direct subordinates (9 share-based and 1 limited company) and 1 indirectly subordinated through other subsidiaries (1 limited) and one affiliate (1 limited) in which the Group holds 50% equity share. Operating units and legal entities have been established in Serbia and foreign countries by the parent company and its subsidiaries to engage in operations including building construction and fitting, research and investment building/systems programming, and sale of goods and services.

Energoprojekt Group was organized in 2012 as follows:

Activity	Subsidiaries	Business units for investment work abroad	Foreign companies
Planning and research	4	20	5
Building construction and fitting	3	67	7
Trade	1	-	-
Holding	1	-	5
Other	4	-	1
<b>Total</b>	<b>13</b>	<b>87</b>	<b>18</b>

The Group and its subsidiaries are seated in New Belgrade, Bulevar Mihajla Pupina 12 St.

On December 31 2012 the Energoprojekt had 2.266 employees (2011: 2.316) excluding local staff in overseas companies.

Energoprojekt Holding plc shares are A-listed on the Belgrade Stock Exchange, while some subsidiary shares are traded over-the-counter on the Belgrade Stock Exchange.

**2. CONSOLIDATION GROUP**

The consolidation group consists of the parent company EP Holding and its local subsidiaries, affiliates and foreign subsidiaries (foreign companies listed below):

**Local subsidiaries and affiliates:**

No.	Name	% ownership
	<b><i>Building construction and fitting</i></b>	
1.	EP Visokogradnja plc	92,39
2.	EP Niskogradnja plc	93,32
3.	EP Oprema plc	67,87
	<b><i>Planning and research</i></b>	
4.	EP Urbanizam i arhitektura plc	94,40
5.	EP Industrija plc	62,77

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6.	EP Entel plc	86,26
7.	EP Hidroinženjering plc	94,84
	<i><b>Other</b></i>	
8.	EP Energodata plc	96,43
9.	EP Promet ltd	100,00
10.	EP Garant plc	92,94
11.	Energoplast ltd.	60,00
	<i><b>Affiliates</b></i>	
12.	Enjub ltd	50,00

The first eight local subsidiaries are themselves parent companies and are required to prepare consolidated financial statements.

**Foreign subsidiaries (foreign companies):**

No.	Name	% ownership
1.	Zecco LTD, Lusaka, Zambia	100,00
2.	Energoprojekt Holding Guinee S.A, Guinea	100,00
3.	Inec Engineering Co.Ltd., London, UK	100,00
4.	Encom GmbH, Frankfurt, Germany	100,00
5.	Nana off Shore, Beirut, Lebanon	100,00

Some of the foreign subsidiaries (Energoprojekt Holding Guinee S.A., Guinea and Zecco LTD, Zambia) are registered as being owned by EP Holding but are in fact controlled by the subsidiaries.

In addition to those listed above the first level consolidation group also includes Energo Private LTD, Harare, Zimbabwe; Energoprojekt Ghana LTD., Akra, Ghana; Energoprojekt Montenegro ltd, Montenegro; Energo Uganda Company LTD., Uganda; Enlisa S.A., Lima, Peru; ECO MEP Technology, Dubai, UAE; Energo Nigeria Ltd., Lagos, Nigeria; Zahinos LTD., Cyprus; Enhisa S.A., Lima, Peru; EP Entel L.L.C., Muscat, Sultanate Oman; Energoprojekt Entel L.L.C., Doha, Qatar; Energo consult L.L.C., Abu Dhabi, UAE and Energodata Montenegro ltd, Montenegro. The subsidiary Energoprojekt Co Harare, Zimbabwe is included in financial statements of the foreign subsidiary Energo (Private) Limited, Harare, Zimbabwe.

Energoplast ltd and Energojet ltd, two local affiliates, were also introduced to the first level consolidation group; the Group's consolidated financial statements however did not process Energoplast ltd by equity method, applying instead the full consolidation method because it entered the group as a subsidiary, as described earlier.

In comparison to 2011, the company United Consulting CO. Botswana, Botswana was excluded from the Group's consolidated financial statements for 2012, since the company has been inactive and has no assets for many years.

Starting from January 1 2004 the operations of the foreign units are included in the relevant financial statements, with a detailed overview of the units provided in the notes to consolidated financial reports of the relevant subsidiary.

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### **3. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS**

The financial statements on which we are reporting are prepared in accordance with the Law on Accounting and Auditing (RS Official Gazette 46/2006, 111/2009 and 99/2011) and the relevant regulations there under, applying the accounting policies set out in Note 6 of this Report and according to general practice in Serbia.

The Group's consolidated financial statements have been prepared in the form prescribed by the Regulation of the Form and Contents of Financial Statements submitted by companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette 114/06, 5/2007, 119/08, 2/2010, 101/12 and 118/12).

#### **3.1. Functional and reporting currency**

The figures in the consolidated financial statements are shown in thousands of RSD. The RSD represents the functional and reporting currency of the Group members. All transactions made in currencies other than the functional currency are treated as FX transactions.

Figures in the financial statements are shown in thousands of RSD (functional currency and domicile currency) as at balance sheet date - December 31, 2012.

Comparative data is shown in thousands of RSD as at December 31, 2011.

The official exchange rates for main currencies prescribed by the NBS, used in the translation of monetary assets and liabilities denominated in foreign currencies into RSD, were as follows:

	31.12.2012	31.12.2011
EURO	113,7183	104,6409
USD	86,1763	80,8662

Applied average annual exchange rates for the figures disclosed in the income statement for 2012 and 2011 were as follows:

	31.12.2012	31.12.2011
EUR	113,1277	101,9502
USD	88,1169	73,3382

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

Preparation of the consolidated financial statements in accordance with IAS and IFRS requires that the management performs estimation, ponderation and assumption reflecting on the reporting figures of assets, liabilities revenues and expenses. The obtained results may differ from estimated.

#### **5. CONSOLIDATION**

##### **5.1. Subsidiaries**

Subsidiaries (or controlled companies) are enterprises in which EP Holding directly or indirectly holds more than half of the ownership or voting power and can therefore control their business operations. The accounting method used for subsidiaries is full consolidation. Intra group balances and intra group transactions are eliminated in full in the consolidation process. Minority interest is presented separately.

##### **5.2. Affiliates**

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

##### **5.3. Joint ventures**

In its consolidated financial statements, venturer reports its interest in a jointly controlled entity using proportionate consolidation. The application of proportionate consolidation means that the consolidated financial statement of the Group includes its share of the assets and liabilities that it controls, as well as assets and liabilities from the financial reports of jointly controlled entities.

A detailed list of subsidiaries, affiliates and joint ventures which together with EP Holding comprise the Group for consolidation Energoprojekt Group is shown in Note No. 2.

##### **5.4. Segment reporting**

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

## **6. PRINCIPAL ACCOUNTING POLICIES**

In the preparation of consolidated financial statements, the following regulations were used: The Accounting and Accounting Policies Regulation in force, adopted on 22.10.2012 by the Executive Board of the Holding and the Regulation on the amendments to the Company's Accounting and Accounting Policies Regulation no. 10 (as at 21.03.2013); they formulate the unique accounting policies that are obligatory for each member of the consolidated group. If the applied accounting policies in some subsidiaries differ from the common policies, the effects of these difference are quantified and eliminated (if materially significant) during the preparation of consolidated financial statements.

The significant accounting policies are shown below:

### **(a) Principles of valuation - assumptions**

The financial statements are prepared on the accrual basis of accounting and going concern.

Under this basis, the effects of transactions and other events are recognized when they occur (and not as cash or its equivalent is received or paid). Financial statements prepared on the accrual basis (except Cash Flow Statement) inform users not only of past transactions involving the payment and receipt of cash but also of obligations to pay cash in the future and of resources that represent cash to be received in the future.

The financial statements are prepared on the assumption that a Group is a going concern and will continue in operation for the foreseeable future.

### **(b) Recognition of the elements of financial statements**

An asset is recognized in the balance sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

A liability is recognized in the balance sheet when it is probable that outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

Income is recognized in the income statement when an increase in the future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. Income is recognized simultaneously when an increase in assets or decrease in liability is recognized.

Expenses are recognized in the income statement when a decrease in the future economic benefits related to a decrease in an asset or an increase of liability has arisen that can be measured reliably.

Under a financial concept of capital, such as invested money or invested purchasing power, capital is synonymous with the equity of the company. The concept of capital is shown in the financial capital maintenance. Financial capital maintenance is measured into nominal monetary items-RSD. Under this concept a profit is earned only if the financial (or money) amount of the net assets at the end of period exceed the financial (or money) amount of net assets at the beginning of the period, after excluding any distributions to, and contributions from, owners during the period.

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**(c) Profits/losses on translation of foreign currencies**

Cash, receivables and liabilities in foreign currencies are translated into RSD at the official rate of exchange ruling at the balance sheet date. Gains and losses arising on the translation of foreign currency receivables and liabilities into RSD amounts are treated as revenues/expenses of the period.

**(d) Sales revenue**

Revenue from the sale of goods is recognized when all of the following conditions have been satisfied:

- the company has transferred to the buyer any and all significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenues from services rendered are recognized by reference to the stage of completion of the transaction at the balance sheet date.

Revenues from fixed price construction contracts are recognized according to the percentage of completion, contractual activities at the balance sheet date. The percentage of completion of the contract is calculated by the proportion between reinforcement expenses for performed work until the given date in accordance with last estimated total contractual expenses (IAS 11).

**(e) Operating expenses**

Operating expenses comprise of costs of purchase, material used, gross salaries and compensations for salaries, depreciation and provisions, producing costs and non material costs.

The basic elements and principles of expense recognition are:

- expenses are recognized and stated when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably;
- expenses are recognized on the basis of a direct association between the costs incurred and the earnings (going concern);
- when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognized on the basis of systematic and rational allocation procedure;
- expenses are recognized immediately when an expenditure produces no future economic benefits or when future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as asset;
- expenses are also recognized in those cases when a liability is incurred without the recognition of an asset.

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**(f) Profit and losses**

Profit represents increases in economic benefits, include those arising on sale of fixed assets for price higher than net book value, unrealized gains arising on the sale of securities (when securities measured by their market price) and those resulting from increases in the net book value of fixed assets because of stopping circumstances causing their decreasing.

Losses arising on the sale of assets by prices lower than book value, those arising on the disposal of none write off fixed assets, damages which can be refunded in whole or separately from insurances and by applying principle of decrease in assets value.

**(g) Financial revenues and expenses**

The financial revenues and expenses include revenue and expenses from interest, gains and losses from exchange, and other financial income and expenditure.

Revenues from dividends are recognized as income in the year when they are approved for payment.

**(h) Income tax**

Income tax represents the amount that is calculated in accordance with Serbian Republic Law. Tax obligation is calculated at 10% on the taxable income (in 2011: 10%). The taxable income represents gross income in the income statement (prepared in accordance with the accounting regulations) less some revenue and expenditure according to the tax regulations. Tax deductions are also applied (investments in fixed assets in the entity's registered line of business and other tax deductions according to the tax regulations).

Income tax for foreign subsidiaries is calculated in compliance with regulations of the countries in which they operate.

**(i) Deferred income tax**

Deferred income tax is reserved entirely, applied liability method, for temporary differences arising from tax base and accounting amounts disclosed in the consolidated financial statements.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences.

Considering the assets that are subject to depreciation, deferred tax liabilities are acknowledged always when there is a taxable temporary difference between the accounting value of assets that are subject to depreciation and their tax base. Taxable temporary difference occurs if the accounting value of assets is greater than their tax base.

The taxable temporary difference is determined on the balance sheet date, after the accounting and tax depreciation for the financial year for which the financial statements are prepared. The amount of a deferred tax liability is determined by applying the prescribed (or expected) tax rate to the profit of the Company and the amount of taxable temporary difference.

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On each balance sheet date, deferred tax liabilities are reduced to the amount that is determined based on the temporary difference on that date. If, at the end of the previous year, the temporary difference was taxable, and based on this, the deferred tax liabilities were acknowledged, at the end of the current year, based on the same assets, the temporary difference is deductible, previously formed deferred tax liabilities are cancelled in full and, at the same time, deferred tax assets of the Company are acknowledged in the amount as determined on the balance sheet date.

Deferred tax liabilities may be acknowledged also on other bases for which the Company has established that the amounts of income taxes are payable in the future with regard to the taxable temporary differences.

**(k) Employee benefits**

**/i/ Pension insurance and employee benefits**

The Group members make payments on behalf of their employees to the Pension Fund of the Republic of Serbia. All employees are members of this pension fund. All contributions arising from said obligation are recognized as an expense/liability at the time of the transaction. The Group members do not have their own pension funds or post-employment plans in the event of termination hence there are no pension duties.

**/ii/ Health insurance**

The Group members pay health insurance contributions which are recognized as an expense/liability when calculated.

**/iii/ Retirement bonus**

The Group members pay to their employees a retirement bonus equal to three net salaries obtained in the month preceding the retirement month (according to the terms of the Particular Collective Agreement).

**/iiii/ Post-employment benefits**

A severance wage is payable in cases of consensual termination of an employment contract when the employer and employee agree on termination of employment in exchange for a severance wage, subject to management approval.

**(j) Intangible assets, property, plant and equipment**

Intangible assets are identifiable non monetary assets without physical substance controlled by the company if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise.

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Intangible assets comprise of: goodwill, licenses, concession, trademarks, seals, accounting software, franchises, design and implementation of new products, processes or systems, copyrights, investment in other properties, plants and equipment, etc.

Property, plant and equipment are:

- tangible assets that are held by a company for use in the production or supply of goods or services, for rental to others, or for administrative purpose;
- tangible assets that are expected to be used during more than one period;

An item of property, plant and equipment is recognized as an asset:  
if it is probable that future economic benefits associated with the item will flow to the entity; and  
if the cost of the item can be measured reliably.

An item of property, plant and equipment are initially measured at its cost – purchase price. The cost price consists of the invoiced amount plus any directly attributable costs of bringing the asset to working condition for its intended use. Cost price of aforementioned assets produced in the own production comprises of direct and indirect costs relating to this investment.

The purchase cost or price cost includes borrowing costs which may be indirectly added to the purchase, construction or production the asset available for use in accordance with IAS/IFRS.

Subsequent expenses relating to an item of intangible asset, property, plant and equipment that has already been recognized is added to the carrying amount if the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the company.

Subsequent expenses are treated as subsequent investment:

- if the item's useful life is extended, including an increase in its capacity;
- if a substantial improvement in the quality of output is achieved; and
- if a substantial reduction in previously assessed operating costs is achieved.

All other later subsequent expenses (maintenance costs, technical service, minor repairs etc.) are recognized as an expense when incurred.

After initial recognition as an asset, plant and equipment is carried at its purchase cost or cost less any accumulated depreciation and any accumulated impairment losses.

An item of intangible asset, property, plant and equipment is eliminated from the balance sheet on disposal or when the asset is permanently withdraw from use and no future economic benefits are expected from its disposal.

Gains or losses arising from retirement or disposal is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the income statement.

**Investment property** is property (land or a building – or part of a building – or both) held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purpose or sale in the ordinary course of business. Investment property therefore generates cash flows which are largely

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independent from other property held by the company.

An investment property should be measured initially at its cost. Transaction costs are included in the initial measurement.

Subsequent expenditure relating to an investment property that has already been recognized is added to the carrying amount of the investments property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property will flow to the enterprise. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

After initial recognition the investment property is measured by their fair value. Fair value is usually its market value. Fair value is measured as the most probable price reasonably obtainable in the market at the balance sheet date in keeping with the fair value definition. It is the best price reasonably obtainable by the seller.

A gain or loss arising from a change in the fair value of investment property is included in net profit or loss for the period in which it arises.

**(I) Depreciation**

Depreciation base presents acquisition cost after determination of residual and retirement amount.

The residual value of an intangible asset is assumed to be zero unless:  
there is a commitment by a third party to purchase the asset at the end of its useful life; or  
there is an active market for the asset and residual value can be determined by reference to that market and it is probable that such a market will exist at the end of the asset's useful life.

For the purposes of financial statements preparation, intangible assets are written off by the proportional method of amortization over a period of five years, excluding investments used over a fixed period, which are written off in accordance with the dates agreed in the contract.

Goodwill is not amortized but is subject to an impairment test conducted before the preparation of the financial reports in accordance with IAS.

Intangible assets with unlimited lifetime are not amortized.

Accounting of depreciation of intangible assets is applied from the beginning of the following month in relation to the month when the assets was put in use.

For tax balance purposes, depreciation of intangible assets is applied according to the relevant regulations.

Internally generated goodwill is not recognized as an intangible asset.

After initial recognition, property, plant & equipment is disclosed at cost value less total depreciation and impairment losses.

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The basis for depreciation of property, plant & equipment consists of cost less residual value of the asset.

Property, plant & equipment are systematically depreciated over the useful life of the asset.

For financial reporting purposes, depreciation is accounted for using the proportional method over the estimated useful life of the asset. The estimated useful life of the asset is reviewed if needed, and if expectations significantly differ from previous estimates, depreciation rates are adjusted for the current and future periods.

For tax balance purposes, property, plant & equipment is classified and depreciated according to rates prescribed under tax laws.

Accounting of property, plant and equipment depreciation begins from the following month in relation to the month in which capital assets were put in use.

The useful life of an asset is determined by applying the time method, so that the useful life of an asset may be understood as the time period during which it is expected that the respective asset may be used by the Company.

The amount that is depreciated or the purchase price or another amount that is replacing this price in the financial statements of the Company, less the residual value, is systematically allocated during its lifetime.

The residual value is the estimated amount that the Company would have received today on disposal, after the estimated disposal costs have been deducted and assuming that the asset is approaching the end of its useful life and is in the expected condition at the end of its useful life.

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

The depreciation is not performed for assets that do not lose value over time (such as artwork) or assets with unlimited life span.

**(m) Financial investments**

Financial investments represent financial assets initially measured at its cost, which is fair value of the consideration given for it. Transaction costs are included in the initial measurement of all financial assets.

For the purpose of measuring a financial asset subsequent to initial recognition financial assets are classified into four categories:

financial assets held for trading, initially recognized at its fair value through profit or loss;

held-to-maturity investments;

loans and receivables originated by the company and not held for trading;

available-for-sale financial assets.

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A financial asset is classified as available for sale if it cannot be grouped into any of the other three categories of financial assets.

A financial asset is classified as hold to maturity, and not as available for sale, if the asset is part of portfolio of similar assets for which the trading model exists in order to obtain profit from short-term changes in price or dealer margins.

After initial recognition, the company measured financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets:

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

There is insufficient market stability, experience and liquidity in Serbia in the process of financial assets trading and official information from the market is not available. Therefore it is usually not possible to measure the fair value as required by IFRS.

A recognized gain or loss arising from a change in the fair value of financial asset or financial liability that is not part of a hedging relationship, initially recognized at fair value through the profit or loss, now is recognized profit or loss in the income statement and for financial asset available for sale in the revaluation reserves.

**(n) Inventories**

**Inventories of goods** are measured at their cost value comprising the invoiced purchase price, import duties and other taxes (other than those subsequently recoverable by the company from the taxing authorities), and transport, handling and other costs directly attributable to the cost of purchase. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase.

Subtraction of material inventories spent is performed by the benchmark treatment of weighted average cost formulas.

**Inventories of material** purchased from suppliers are measured by their purchase cost and inventories of material from own production measured at the lower of cost and net realizable value.

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the company from the tax authorities), and transport, handling and other costs directly attributable to the acquisition of materials. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Subtraction of material inventories spent is performed by the benchmark treatment of weighted average cost formulas.

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**Inventories of work in progress and finished goods** arose as a result of production process. These inventories are measured at the lower of cost and net realizable value.

The cost of conversion of work in progress and finished goods includes costs directly related to the units of production (such as direct material and direct labor), as well as fixed and variable production overheads.

The cost of conversion does not include costs of management, sale and marketing.

Borrowing costs are included in the cost of inventories in limited circumstances.

**(o) Short term receivables and investments**

Short term receivables comprise trade receivables from related parties, domestic and foreign buyers in the moment of sold products and performed services.

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

Short term trade receivables are measured by the cost stated in issued invoice. If the cost on the invoice is stated in the foreign currency, translation to the reporting currency is done by applying the average exchange rate ruling on the date of transaction. Changes in exchange rate from the date of transaction to the collection date are stated as gains and losses from exchange posted in the favor of revenues or against expenses. Receivables stated in the foreign currency as at the balance sheet date are translated by the ruling exchange rate and gains and losses arose are booked as revenue or expense for period.

Short term financial investments held for trading are measured by cumulated depreciation, notwithstanding the company's tendency to hold them to maturity.

If it is probable that the company will not be able to collect all due receivables (principal plus interest) in accordance with the contractual terms for the issued loans, receivables or investments held to maturity, stated by cumulated depreciation, loss appears caused by depreciation or uncollectible receivables.

Indirect write off is applied to short term receivables and investments where recovery is uncertain, while direct write off is applied in duly documented cases when recovery is not possible.

The probability of recovery is evaluated in each specific case based on the relevant supporting documents (e.g. bankruptcy or liquidation of the debtor, excessive debt, disposal of property, forced or out-of-court settlement, obsolescence, court order, board resolution, and other cases where non-collectability is supported by credible documents).

**(p) Cash and cash equivalents**

Cash and cash equivalents consist of: petty cash, demands deposits with banks, other short term highly liquidity investments which may be transferred in the known cash that are not under the influence of significant risk of value changes and bank overdrafts. Bank overdrafts are included in the Balance sheet as the figure liabilities for loans – under item current liabilities as short term financial liabilities.

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**(r) Rentals**

Rentals, in which lesser keeps a significant part of risk and ownership profit, are classified as business rentals. Payments made from business rentals are charged against income statement on the proportional base during the rental period.

**(s) Finance lease liabilities**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred.

The liability for finance lease is stated at the balance sheet date deducted for the interest comprising in the lease (net value of minimum lease repayment). The interest is allocated to the accounting periods in lease period and in accordance with the repayment schedule.

Finance lease liabilities are charged against accrued liabilities for non-due interests according to the repayment schedule.

**(t) Commitment and contingencies**

Contingent liability is disclosed, but not recognized, only by the occurrence or non-occurrence of one or more uncertain future events and when it is provision recognized in the financial statements.

A contingent asset is not disclosed, unless an economic benefit is probable in the future. If the inflow is certain it can be recognized in the financial statement.

**(u) Borrowing costs**

Other borrowing costs include interests, charges and other costs arose in the company as relate in accordance with IAS/IFRS.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset.

Borrowing costs are recognized as expenses in the period in which they are incurred.

**(v) Impairment**

On each balance sheet date, competent persons in or outside of the Company, will verify, if there are indications that the accounting value of an asset (intangible assets, property, plants and equipment) is decreased or if the accounting value exceeds the recoverable amount for this asset.

If there are indications on the decrease in value, the estimate of the recoverable amount for the respective asset is performed in accordance with IAS 36 provisions.

The recoverable amount is the greater amount than:

- the fair value, decreased by the costs of sales and
- the in-use value.

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The fair value, decreased by the costs of sales is the expected net selling price for the respective asset or the amount that may be obtained by selling an asset in an independent transaction between familiar, willing parties, decreased by the costs of disposal.

The in-use value is the present value of estimated future cash flows that are expected to arise from the continued use of the property throughout its useful lifetime and its sales at the end of it. The discount rate that is used in the determination of the present value, reflects the current market estimates of the time value of money as well as the risks specific to the respective asset.

The recoverable amount is estimated for each separate asset or, if not possible, for the unit that generates the cash to which this assets belongs. The unit that generates the cash is the smallest recognizable group of assets that generates the cash flows that are, mostly, independent from the cash flow of other assets or groups of assets.

If it has been established that a decrease in value occurred, the accounting value is reduced to the recoverable amount. The loss caused by decrease is expressed:

- if a revaluation reserve is previously created, by decreasing the revaluation reserves; and
- if a revaluation reserve is not previously created, it is expressed as expenditure for the respective period.

**(w) Financial liabilities**

Financial liabilities comprise long term liabilities (long term loans, liabilities from long term securities and other), short term financial liabilities (short term loans and other), short term financial liabilities (short term loans and other) liabilities from operating activities (suppliers and other) and other short term liabilities.

Short term liabilities represent those maturing one year from the maturity date, or from the balance sheet date.

Long term liabilities represent those maturing over one year from the financial statements date.

Long term liabilities maturing in up to one year from the financial statements date are disclosed as short term liabilities.

Financial liabilities are recognized initially by their purchase cost which represents their fair price paid for them. Transaction charges are included in the beginning measurement of all financial assets.

Direct write off is applied for decreasing liabilities based on legal provisions or under an out-of-court settlement etc.

**(x) Long term provisions**

A provision is recognized when:

1. the company has a present obligation (legal or constructive) as a result of a past event;

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2. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
3. a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision is recognized.

Long term provisions consist of: provisions for costs during the warranty period, provisions for recovery of natural resources, provisions for retained deposits and caution money, provisions for restructuring costs, provisions for fees and other employee benefits and other long term provisions for liabilities covering (legal or constructive) as a result of a past event, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation which can be reliably estimated (e.g. lawsuits in progress), as well as reservations for issued guarantees.

Long term provision for expenses and risks are tracked by sorts and their reduction/cancellation is credited as income.

Provisions are not recognized for future operational losses.

Provisions are distinguished from other liabilities because there is uncertainty about the timing or amount of the future expenditure required in settlement.

The amount recognized as a provision is the estimate of the expenditure expected to be required to settle the obligation.

Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Decisions regarding individual provisions are resolved by the each member's Supervisory Board.

**(y) Effects of changes in accounting policies and correction of fundamental errors**

Correction of the additionally determined material significant errors is one influence on the financial statements relating to one or several prior accounting periods whereby those financial statements may not be considered as reliable at the date of their issuing.

Correction of the prior year's material significant errors is done by the restating prior years undistributed profit/loss opening balance.

Materially significant effects and correction of fundamental errors are corrected retroactively with the adoption of the comparative data disclosed in the financial statements, if it is practically impossible (than the changes in accounting policy is applied prospect). All corrections arising are disclosed as a correction in the figure of opening balance's undistributed profit item.

According to the newly adopted Regulation on amendments and supplements to the Regulation on Accounting and Accounting policies of Energoprojekt Group companies, a material significant error is defined as an error, which amounts to, separately and cumulatively with other errors, more than 1,5% of total income of the Company in the previous year.

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**(z) Foreign exchange rates**

Official exchange rates significant for the company's operations and translations of the figures in the financial statement into RSD were as follows:

	2012	2011
EUR	113,7183 RSD	104,6409 RSD
USD	86,1763 RSD	80,8662 RSD
GBP	139,1901 RSD	124,6022 RSD
CHF	94,1922 RSD	85,9121 RSD
RUB	2,8328 RSD	2,5141 RSD

## **6. FINANCIAL RISK MANAGEMENT**

### **6.1. Financial risk factors**

The Group's activities expose it to variety of financial risks: market risk (including currency risk, interest risk, fair value risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group members use various financial instruments to hedge certain risk exposures.

The Financial Department identifies, evaluates and hedges financial risks in close co-operation with the operating units.

**(a) Market risk**

**/i/ Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the EURO and USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The Group in accordance with local legalizations on the local markets on which operates, applying the financial hedging tries to minimize foreign exchange risk.

**/ii/ Fair value risk**

The Group has in its portfolio securities available for sale recognized by the fair value. Considering the fact that the market on the stock exchange is uncertain there is a possibility for fair value risk appearance.

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**/iii/ Interest rate risk**

The Group borrows assets on the financial market by the changeable interest rates, connected with Euribor, Belibor and reference interest rate issued by the NBS on the rep transactions. With an aim to avoid/limit risk of significant changes in the financial markets, the company borrows assets over short-term periods while insisting on receiving the bank's lowest margin with a mandatory clause allowing early repayment without additional costs.

**(b) Credit risk**

The Group has no significant concentration of credit risk, since the credit exposure is low.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate sources of funding and the ability to close out market positions, due to the dynamic nature of the business. The Group aims to maintain flexibility in funding by collecting their funds from buyers and investments of available funds. Besides the aforementioned, in accordance with the Group's policy, the Group makes Back to Back Agreements with the business partners whereby the possible risk connected to a possible default is transferred/shared between contractual parties.

## **7. SEGMENT INFORMATION**

### **7.1. Primary reporting formats – business segment**

The Group is organized, local and abroad, in the following business segments as of 31 December 2012:

- 1) Planning and research,
- 2) Building construction and fitting and
- 3) Other.

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**REPORTABLE SEGMENTS**

Business segments

in 000 RSD

	Planning and research		Building construction and fitting		Other		Total		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from sales	4.427.830	4.714.959	22.496.542	15.862.806	1.592.556	1.607.286	28.516.928	22.185.051	(2.881.977)	(991.406)	25.634.951	21.193.645
<b>SEGMENT RESULT</b>												
<b>Business profit</b>	281.147	92.227	655.475	6.395	234.933	159.876	1.171.555	258.498	(443.111)	(11.622)	728.444	246.876
Income from interest	62.405	60.311	137.414	48.941	33.478	36.718	233.297	145.970	(394)	(5.264)	232.903	140.706
Interest expenses	31.444	41.896	242.419	260.387	35.428	48.299	309.291	350.582	(2.326)	(36.672)	306.965	313.910
Income tax	1.748	4.683	40.144	47.709	47.554	35.470	89.446	87.862			89.446	87.862
Profit from regular operations	469.667	236.814	740.126	592.950	643.722	421.615	1.853.515	1.251.379	(804.159)	(658.651)	1.049.356	592.728
Losses from discontinued operations	594	6.632	35.538	10.733	3.170	3.798	39.302	21.163	(2.146)	(3.499)	37.156	17.664
<b>Net profit</b>	460.652	224.728	643.501	545.914	594.820	380.549	1.698.973	1.151.191	(802.029)	(655.306)	896.944	495.885
<b>Total assets</b>	5.930.522	6.061.525	17.181.757	17.844.495	12.064.523	11.785.057	35.176.802	35.691.077	(7.854.473)	(8.636.291)	27.322.329	27.054.786
<b>Total liabilities</b>	5.930.522	6.061.525	17.181.757	17.844.495	12.064.523	11.785.057	35.176.802	35.691.077	(7.854.473)	(8.636.291)	27.322.329	27.054.786
Depreciation	51.244	69.007	335.988	516.346	63.687	82.468	450.919	667.821	6.662		457.581	667.821

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**Geographical segments**

in 000 RSD

	Serbia		ZND		Europe		Africa		Asia		USA		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from sales	8.814.270	5.907.857	3.945.741	5.463.835	268.633	329.796	7.915.304	3.893.499	2.937.063	3.502.435	1.753.940	2.096.223	25.634.951	21.193.645
Revenues from sales of goods	138.676	3.764	161.617		9.972	401	47.056	44.900	613			14.570	357.934	63.635
Revenues from sales of products and services	8.675.594	5.904.093	3.784.124	5.463.835	258.661	329.395	7.868.248	3.848.599	2.936.450	3.502.435	1.753.940	2.081.653	25.277.017	21.130.010

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**8. REVENUES FROM SALES**

Revenues from goods, products and services sold and rendered on the local market totaled 8.814.270 thousand RSD (2011: 6.040.778 thousand RSD), on foreign markets 16.820.681 thousand RSD (2011: 15.152.867 thousand RSD), giving a grand total of 25.634.951 thousand RSD (2011: RSD 20.007.949 thousand).

**9. INCREASE /(DECREASE) IN INVENTORIES**

	2012 (RSD 000)	2011 (RSD 000)
Increase in inventories	612,474	30,574
Decrease in inventories	(219,082)	(564,699)
<b>Total</b>	<b>393,392</b>	<b>(534,125)</b>

• In 2012, the **increase in inventories** mostly relates to the increase of work in progress and finished products:

- EP Visokogradnja – The increase in inventories relates mostly to:

The increase in inventories in the country is based on the acquisition of new locations for the construction of business and residential buildings in: Belgrade, Dalmatinska and Knez Danilova Street (79.165 thousand RSD), Cara Nikolaja Street (302.155 thousand RSD) and Voždovac (25.938 thousand RSD).

The increase of work in progress relates to the unfinished shopping center in Bor (102.210 thousand RSD). The facility was registered in books on 17.10.2012 in the Municipality of Bor. The facility has 4.494 m<sup>2</sup>.

- EP Niskogradnja - The increase in inventories (35.428 thousand RSD) relates to subsidiaries abroad, first of all the project Z-019 Cochabamba Chota, Peru, and

- Energoplast (11.432 thousand RSD).

• **The decrease in inventories** in 2012 relates to EP Visokogradnja (198.021 thousand RSD) and EP Niskogradnja (21.061 thousand RSD).

- The reduction of finished products in EP Visokogradnja (19.610 thousand RSD) relates to sold property in Bežanijska Kosa, Block 29 and Herceg Novi.

The decrease in inventories in the amount of 80.395 thousand RSD relates to the reduction of work in progress abroad in 2011, where the investor verified works from 2011 in 2012.

In the country, inventories of work in progress were reposted to receivables for non-invoiced income from the company „Beogradčvor“ for works related to the project – railway station Prokop (73.055 thousand RSD), presented as the decrease in inventories.

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The decrease in inventories relates to derecognition of inventories for the joint investment with the company „Kolex“ ltd in Dalmatinska and Knez Danilova Street (24.961 thousand RSD). „Kolex“ ltd abandoned the joint investment and sold the location to EP Visokogradnja by concluding a purchase agreement for the facility and accompanying land.

- The decrease in inventories in EP Niskogradnja (21.061 thousand RSD) relates to the installation of the manufactured material for the production of a buffer layer, asphalt, fraction for concrete and fabricated material for the vertical traffic signalization - project Z-014 Yanacocha, Peru.

## 10. OTHER OPERATING INCOME

	2012 (RSD 000)	2011 (RSD 000)
Premiums, subventions, subsidies, refunded amounts, compensation and tax refunds	663	-
Rents	103,646	74,674
Other	184,014	54,774
<b>Total</b>	<b>288,323</b>	<b>129,448</b>

• **The income from subventions and the recovery of tax dues** (663 thousand RSD) relates to: EP Energodata obtained profit from subventions granted by the non-governmental organization Siepa for the participation at the exhibition abroad (500 thousand RSD), and the remaining amount of 163 thousand RSD relates to the recovery of tax dues of EP Visokogradnja abroad.

• **Income from rents** relates mostly from the following companies: EP Visokogradnja (50.346 thousand RSD), Zecco (16.130 thousand RSD), EP Niskogradnja (9.083 thousand RSD), Enjub (8.311 thousand RSD), EP Energodata (8.390 thousand RSD), EP Garant (4.618 thousand RSD) and EP Gvineja (2.998 thousand RSD).

• **Other operating income** relates mostly to EP Niskogradnja (123.653 thousand RSD), out of which 108.890 thousand RSD relate to the refund of expenses based on agreements with subcontractors related to the project Tisa, while other refund of expenses are based on the agreement with subcontractors related to the project Lot 1.1.

Other significant income among subsidiaries within the Energoprojekt Group relates to EP Visokogradnja (40.144 thousand RSD) and EP Garant (19.780 thousand RSD).

## 11. PURCHASE VALUE OF GOODS SOLD

	2012 (RSD 000)	2011 (RSD 000)
Purchase value of goods sold	(345,095)	(99,355)
<b>Total</b>	<b>(345,095)</b>	<b>(99,355)</b>

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**The purchase value of goods sold** in 2012 relates mostly to the following subsidiaries:

- EP Industrija: 105.647 thousand RSD for the purchase of granules and equipment for the investor;
- Energoplast: 62.591 thousand RSD for the purchase of stoppers, imported by Energoplast for resale;
- EP Energodata: 59.443 for the purchase of equipment (computers) for EP Energodata;
- EP Visokogradnja: 44.461 thousand RSD, and
- EP Oprema: 16.960 thousand RSD.

## 12. MATERIAL COST

	2012	2011
	(RSD 000)	(RSD 000)
Raw material	(7,996,951)	(4,251,540)
Other material (overheads)	(272,907)	(258,482)
Fuel and energy	(986,618)	(918,552)
<b>total</b>	<b>(9,256,476)</b>	<b>(5,428,574)</b>

The major part of **material cost** in 2012 relates to raw material and relates to the following subsidiaries:

- EP Visokogradnja: the amount of 3.245.475 thousand RSD (project Z-068 Hotel Aktau: 1.164.358 thousand RSD, project Z-075 Schlumberger: 607.832 thousand RSD, Energoprojekt Ghana: 693.038 thousand RSD and other);
- EP Oprema: 3.370.019 thousand RSD;
- EP Niskogradnja: 1.132.896 thousand RSD, and
- Energoplast: 218.267 thousand RSD.

The major part in **fuel and energy expenses** relates to EP Niskogradnja (673.886 thousand RSD) and EP Visokogradnja (176.448 thousand RSD).

## 13. STAFF COSTS

	2012	2011
	(RSD 000)	(RSD 000)
Salaries and fringe benefits (gross)	(5,553,854)	(5,289,454)
Taxes and contributions on salaries and fringe benefits charged to employer	(668,889)	(727,952)
Remunerations according to temporary service contracts	(30,822)	(8,090)
Remunerations according to author's contracts	(64,237)	(58,702)
Remunerations according to temporary and provisional contracts	(74,687)	(52,614)
Remunerations to individuals according to other contracts	(45,904)	(43,515)
BoD and Supervisory Board	(29,191)	(48,282)
Other personal expenses and remunerations	(589,712)	(639,410)
<b>Total</b>	<b>(7,057,296)</b>	<b>(6,868,019)</b>

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**14. DEPRECIATION AND PROVISION EXPENSES**

	2012 (RSD 000)	2011 (RSD 000)
Depreciation of intangible investments	18,479	16,221
Depreciation of property and equipment	439,102	657,967
Provision costs	58,929	503,057
<b>Total</b>	<b>516,510</b>	<b>1,177,245</b>

• Total **depreciation expenses** amount to 457.581 thousand RSD (2011: 674.188 thousand RSD). On 31.12.2012 the residual value and the remaining useful lifetime of properties and equipment of significant accounting value were estimated. The effect of the change in accounting estimate influenced the change in the depreciation expenses for 2012 and thereby, subsequently, the accounting value of assets on 31.12.2012.

• The major part of **provision expenses** in the amount of 58.929 thousand RSD (2011: 503.057 thousand RSD) relates to provision expenses for fees and other benefits for employees in accordance with IAS 19.

**15. OTHER OPERATING EXPENSES**

	2012 (RSD 000)	2011 (RSD 000)
<b><u>Costs of production services</u></b>		
Service costs of outputs	(5,162,775)	(3,332,845)
Transportation costs	(440,650)	(442,695)
Maintenance costs	(165,426)	(179,153)
Rental costs	(480,142)	(456,180)
Fairs exhibit costs	(2,477)	(1,079)
Advertising costs	(21,308)	(26,716)
Costs of researching activities	(2,753)	(2,616)
Costs of other services	(300,147)	(274,084)
<b>Total</b>	<b>(6,575,678)</b>	<b>(4,715,368)</b>
<b><u>Non-production costs</u></b>		
Costs of non-production services	(729,383)	(727,939)
Expense accounts	(67,132)	(62,843)
Insurance premium costs	(91,491)	(108,512)
Payment operation costs	(253,120)	(254,676)
Membership fees	(27,750)	(18,541)
Tax duties	(187,408)	(965,635)
Contribution costs	(1,271)	(885)
Other	(538,285)	(172,049)
<b>Total</b>	<b>(1,895,840)</b>	<b>(2,311,080)</b>
<b>Grand total</b>	<b>(8,471,518)</b>	<b>(7,026,448)</b>

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Other operating expenses comprise of production services costs and non-material costs.

The largest figure **under other operating expenses** involves the production service costs, among which the most important are service costs of outputs (subcontractors and associates).

I. The most important figures under **production service costs** relate to the following:

- **Service costs of outputs** relate mostly to the following subsidiaries:

- EP Oprema: 2.059.852 thousand RSD relate mostly to subcontractors and consortium partners in various projects;

- EP Visokogradnja: 1.428.735 thousand RSD relate to expenses of associates on construction sites in the country and abroad;

- EP Niskogradnja: 1.365.878 thousand RSD relate to expenses based on subcontracting agreements (projects in the country in the amount of 872.937 thousand RSD, and projects abroad 492.941 thousand RSD);

- EP Entel: 174.793 thousand RSD relate to the engagement of subcontractors in the company Katar.

- **Rental costs** amount to 480.142 thousand RSD and relate mostly to the following companies in the Energoprojekt Group:

- EP Entel: 222.577 thousand RSD relate mostly apartment rental fees in the company's foreign branches.

- EP Niskogradnja: 122.160 thousand RSD include rental costs of equipment, field work expenses, office, residential and warehouse space in the country and abroad.

- EP Visokogradnja: 98.292 thousand RSD relate predominantly to rental costs in foreign countries.

The largest figure under non-material costs relates to costs of non-production services in the amount of 729.383 thousand RSD and other non-material costs in the amount of 538.285 thousand RSD.

II. The most important figures under **non-material costs** relates to the following:

- The largest separate **costs of non-production services** relate to EP Entel in the amount of 345.328 thousand RSD (consulting services, professional training of employees, legal and other services), EP Visokogradnja in the amount of 200.610 thousand RSD and EP Niskogradnja in the amount of 89.143 thousand RSD.

- The largest figure under **other non-material costs** in the total amount of 538.285 thousand RSD relates to the participation of the following subsidiaries:

- EP Visokogradnja: 299.669 thousand RSD relate to the acquisition of land for the construction of office, residential space:

- in Cara Nikolaja Street: 197.319 thousand RSD,

- in Knez Danilova and Dalmatinska Streets: 76.413 thousand RSD, and

- in Voždovac: 25.937 thousand RSD.

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- EP Oprema is included in other non-material costs in the amount of 124.356 thousand RSD, based on: engineering and technical services, hiring foreign workers to support various projects, etc.

- EP Niskogradnja has, for the same type of expenses, an amount of 23.178 thousand RSD.

**16. REVENUES AND EXPENSES**

	2012	2011
	(RSD 000)	(RSD 000)
<b><u>Financial revenues</u></b>		
Financial income incurred with other associated companies	68,354	27,899
Income from interest	232,903	140,706
FX gains	1,322,057	1,577,393
Other	107,012	141,838
<b>Total</b>	<b>1,730,326</b>	<b>1,887,836</b>
<b><u>Financial expenses</u></b>		
Financial expenses incurred with other associated companies	(14,628)	(50,058)
Costs of interest	(306,965)	(313,910)
FX losses	(1,026,025)	(1,787,051)
Other	(16,050)	(9,116)
<b>Total</b>	<b>(1,363,668)</b>	<b>(2,160,135)</b>

In 2012, the positive net financial performance came mainly as the result of positive foreign exchange, since the dinar rate dropped by 6,6% against the USD, but rose by 8,7% against the EUR.

Interest expenses mean interest based on received loans and default interest from debtor/creditor relationships.

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**17. OTHER REVENUES AND EXPENSES**

	2012	2011
	(RSD 000)	(RSD 000)
<b><u>Other revenues</u></b>		
Gains on disposals of intangible assets and property, plant and equipment	7,992	17,139
Gains on disposals of securities	112	6,701
Surpluses	707	939
Collected written-off receivables	65,071	102,734
Income from reduction of liabilities	57,154	645,357
Income from abolishing of long-term provisions	341	662
Other	79,844	269,205
Income from valuation adjustments of property, plant and equipment	39,732	2,370
Income from valuation adjustments LT investments and securities		
	15,202	1,007
Income from valuation adjustments of receivables and ST financial investments		
	1,467	236,093
Income from valuation adjustments of other property	8	18,820
<b>Total</b>	<b>267,630</b>	<b>1,301,027</b>
<b><u>Other expenses</u></b>		
Losses on writing-offs and disposals of intangible assets and PPE	(24,423)	(14,409)
Losses on disposals of equity investments and securities		(4,751)
Losses based on sales of material	(3,108)	(1,296)
Shortages	(14,729)	(2,906)
Hedging contract expenses	(211)	
Expenses based on direct write offs	(13,643)	(117,544)
Other	(98,343)	(98,796)
Impairment of property, plant and equipment	(19,922)	(25,522)
Impairment of long-term investments and other securities	(5,818)	(206,040)
Impairment of receivables and short-term financial investments	(64,399)	(210,805)
Impairment of other property	(68,780)	(807)
<b>Total</b>	<b>(313,376)</b>	<b>(682,876)</b>

• Other income (267.630 thousand RSD) - **reduction of liabilities** relates to 57.154 thousand RSD; most of relates to the income from the cancellation of obligations based on the long-term loan granted by Astra bank in the amount of 40.140 thousand RSD in EP Visokogradnja.

• **Other income** (79.844 thousand RSD) relates mostly to EP Niskogradnja (47.906 thousand RSD), first of all to income based on the overpaid added value tax (acknowledged by the tax authority Kazakhstan) in the amount of 46.883 thousand RSD. 15.214 thousand RSD relate to EP Visokogradnja, and other to other companies in the Energoprojekt Group.

• **Written-off claims recovered** (65.071 thousand RSD) relate to the following companies in the Energoprojekt Group:

- EP Visokogradnja: 31.138 thousand RSD relate to claim recovered from Inex Interexport that was written off in previous years;

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- Energoplast: 18.227 thousand RSD relate to claims recovered from buyers for which value adjustments were previously performed and which were recovered till 31.12.2012, and

- EP Entel: 15.706 thousand RSD.

Other expenses (313.376 thousand RSD) include mostly the following:

• **Other expenses** in the amount of 98.343 thousand RSD relate mostly to expenses based on the retirement of stocked material and goods in the amount of 50.328 thousand RSD (EP Niskogradnja) and to the write-off of obsolete inventories in Uganda based on the decision of the Board of Directors of the Company on the adoption of the regular annual inventory of property and liabilities.

• **Depreciation of claims and short-term investments** (64.399 thousand RSD) mostly refers to the following subsidiaries:

- EP Garant (29.486 thousand RSD) relates to the value adjustment of claims pursuant to the Regulations of the Company on how to assess on-balance and off-balance items;

- EP Energoplast: 16.428 thousand RSD, and

- EP Industrija: 14.616 thousand RSD.

• **Depreciation of other property** (68.780 thousand RSD) relates mostly to EP Energodata (68.674 thousand RSD) due to the performed depreciation of ATMs based on the assessment of the Committee for the determination of technological functionality and value of inventories

## **18. NET PROFIT/(LOSS) OF DISCONTINUED OPERATIONS**

	2012 (RSD 000)	2011 (RSD 000)
Net profit from discontinued operations		
Net losses from discontinued operations	(37.156)	(17.664)

## **19. NET EARNINGS PER SHARE**

Net earnings per share is computed by dividing the profit of common shareholders by the weighted-average number of common shares outstanding during that period.

	2012	2011
Profit due to Group shareholders (in 000 RSD)	705.195	368.806
Weighted average number of issued ordinary shares	9.705.241	9.705.241
Net earnings per share (RSD per share)	72,66	38,00

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**20. INTANGIBLE INVESTMENTS**

	Concession, copyrights and similar rights	Other intangible investments	Intangible investments in preparation	Advance payments for intangible investments	Total
	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)
<b>Purchase value</b>					
<b>01.01.2012</b>	<b>17,874</b>	<b>132,516</b>	<b>17,582</b>	<b>420</b>	<b>168,392</b>
Purchase		11,833			11,833
Increase by transfer from investment in progress		1,195			1,195
Disposals and write-offs		(21,470)			(21,470)
Transfer from/to			(1,194)		(1,194)
FX exchange gains and losses		2,451			2,451
Other increase (decrease)				(420)	(420)
<b>Balance on 31.12.2012</b>	<b>17,874</b>	<b>126,525</b>	<b>16,388</b>	<b>-</b>	<b>160,787</b>
<b>Value adjustment</b>					
<b>Balance on 01.01.2012</b>	<b>631</b>	<b>85,126</b>			<b>85,757</b>
Depreciation	239	18,240			18,479
Disposals and write-offs		(15,282)			(15,282)
FX exchange gains and losses		1,354			1,354
<b>Balance on 31.12.2012</b>	<b>870</b>	<b>89,438</b>	<b>-</b>	<b>-</b>	<b>90,308</b>
<b>Present value</b>					
<b>31.12.2012</b>	<b>17,004</b>	<b>37,087</b>	<b>16,388</b>	<b>-</b>	<b>70,479</b>
<b>Present value</b>					
<b>31.12.2011</b>	<b>17,243</b>	<b>47,390</b>	<b>17,582</b>	<b>420</b>	<b>82,635</b>

As at 31/12/2012, concession, copyrights and similar rights and other intangible investments relate to various software used by the Group for own purposes, depreciated pursuant to the accounting policies in force.

Intangible investments in progress on 31/12/2012 refer to investments of the Group in relation to the delivery, installation, implementation and maintenance of software products for BI (business intelligence) solution. This BI solution has not been implemented yet on the balance sheet date.

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**21. PROPERTY, PLANTS, EQUIPMENT AND INVESTMENT PROPERTY**

	Land and buildings	Plants and equipment	Investment property and inv.prop.in preparation	Other PPE	Property and equipment in preparation and advances	Total
	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)
<b>Purchase value</b>						
<b>Balance on 01.01.2012</b>	<b>5,301,569</b>	<b>7,819,525</b>	<b>1,603,044</b>	<b>36,535</b>	<b>372,872</b>	<b>15,133,545</b>
Purchase	430,487	790,985			222,330	1,443,802
Increase by transfer from investment in progress	23,653	15,960			(9,451)	30,162
Disposal and write-off	(18,087)	(259,502)	(10,560)			(288,149)
Transfer from/to	(203,192)		200,888		(55,593)	(57,897)
Revaluation - assessment			240,112			240,112
Increase/reduction of advance pay.					(53,359)	(53,359)
FX exchange gains and losses	2,330	17,624		21		19,975
Other increase/decrease	(83,464)	(266,495)	(501)	(2,272)	(262,367)	(615,099)
<b>Balance on 31.12.2012</b>	<b>5,453,296</b>	<b>8,118,097</b>	<b>2,032,983</b>	<b>34,284</b>	<b>214,432</b>	<b>15,853,092</b>
<b>Value adjustment</b>						
<b>Balance on 01.01.2012</b>	<b>1,830,036</b>	<b>5,630,714</b>	<b>23,427</b>	<b>1,881</b>	<b>-</b>	<b>7,486,058</b>
Depreciation	26,538	408,986		3,578		439,102
Disposal and write-off	(21,088)	(222,073)				(243,161)
Transfer from/to	(15,815)					(15,815)
Revaluation - assessment						0
FX exchange gains and losses	71	8,685				8,756
Other increase/decrease	7,913	(249,346)				(241,433)
<b>Balance on 31.12.2012</b>	<b>1,827,655</b>	<b>5,576,966</b>	<b>23,427</b>	<b>5,459</b>	<b>-</b>	<b>7,433,507</b>
<b>Present value</b>						
<b>31.12.2012</b>	<b>3,625,641</b>	<b>2,541,131</b>	<b>2,009,556</b>	<b>28,825</b>	<b>214,432</b>	<b>8,419,585</b>
<b>Present value</b>						
<b>31.12.2011</b>	<b>3,471,533</b>	<b>2,188,811</b>	<b>1,579,617</b>	<b>34,654</b>	<b>372,872</b>	<b>7,647,487</b>

	2012	2011
<b>Depreciation expenses</b>		
Depreciation of intangible investments	18.479	23.846
Depreciation of property and equipment	439.102	657.967
<b>Total</b>	<b>457.581</b>	<b>681.813</b>

The fair value of investment properties on 31st of December 2012 was 2.009.556 thousand RSD. The most important investment properties of the Energoprojekt Group include the following:

- office and residential building in Moscow, Dom 12;
- office building (EP Niskogradnja) in Peru, Cruz del Sur;

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- business premises (EP Garant) in Goce Delčeva Street, Novi Beograd, residential building in the Zorana Đinđić Boulevard, Novi Beograd and business premises in YU business center, Novi Beograd, and
- business premises (EP Energodata) in Palmira Toljatića Street (PTC Old Merkator) Novi Beograd and business premises in Nis.

In addition to the above, EP Holding, Enjub and EP Urbanizam i arhitektura have business premises in Novi Beograd.

The valuation of the investment property was performed by an independent valuator who has appropriate professional qualifications and recent relevant work experience in the field of investment property.

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

In order to secure a credit line approved by Scotiabank Peru EP Niskogradnja mortgaged its property for the sum of 886.774 thousand RSD which accounts for 94,2% of the total appraised value of the mortgaged property. Value assessment was performed by the valuator Provalua S.A.A.- Provsas, authorized by the respective authority in Peru – Superintendencia de Banca, Seguros y AFP.

## **22. EQUITY INVESTMENTS**

Equity investments represent long term investments in shares and parts of enterprises, banks and insurance companies.

Equity investments pertain to shares (stakes):

	2012	2011
	(RSD 000)	(RSD 000)
a) Banks and financial organizations	23,865	104,493
b) Other legal entities:	643,804	505,553
- Energopet	297,262	295,468
- Energo Nigeria	259,767	204,797
- Other	86,775	5,288
<b>Total</b>	<b>667,669</b>	<b>610,046</b>

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**23. OTHER LONG-TERM FINANCIAL INVESTMENTS**

Other long term financial investments include:

	2012 (RSD 000)	2011 (RSD 000)
a) FCY savings bonds	60,335	56,196
b) Housing loans for employees	57,510	55,257
c) Other	779,659	463,216
<b>Total</b>	<b>897,504</b>	<b>574,669</b>

• **Foreign currency savings bonds** relate to the following companies: EP Garant (47.600 thousand RSD) and EP Industrija (12.735 thousand RSD).

• **Long-term housing loans** are interest-free and the legal revalorization is performed.

• **Other long-term financial investment** (779.659 thousand RSD) relate mostly to the following subsidiaries:

- EP Entel: 543.716 thousand RSD relate mostly to long-term claims for the guarantee deposit, which is mostly 10% of the invoiced value and which may be collected only upon completion of all works on the respective project to which it relates (516.282 thousand RSD);

- EP Oprema: 111.305 thousand RSD comprise of long-term financial investments based on guarantee deposits for a large number of works, and

- EP Visokogradnja: 82.406 thousand RSD relate to the tourist resort Crni Vrh (not completed) where the Company has 5% ownership rights based on co-financing.

**24. INVENTORIES**

	2012 (RSD 000)	2011 (RSD 000)
Raw material, spare parts and tools	921,827	1,877,728
Work in progress	1,270,563	819,765
Finished goods	213,952	215,187
Merchandise	65,651	255,127
Paid advances	584,169	1,297,210
<b>Total</b>	<b>3,056,162</b>	<b>4,465,017</b>

• Decrease in **stocked materials and reduction in advance payments** in 2012 in comparison to 2011 relates mostly to EP Visokogradnja, in particular to the following projects: Z-068 Hotel Aktau and Z-075 Schlumberger. Stocked materials at the end of 2011 were used in 2012. The suppliers delivered the goods and services and therefore, the advance payments were reduced.

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• **Work in progress** (1.270.563 thousand RSD), relates mostly to EP Visokogradnja (1.109.032 thousand RSD), in particular:

- in the country (556.030 thousand RSD) – based on own investments in Knez Danilova and Dalmatinska streets (79.165 thousand RSD), Bežanijska Kosa (46.562 thousand RSD), Cara Nikolaja street (302.155 thousand RSD), Voždovac (25.938 thousand RSD) and the shopping mall in Bor (102.210 thousand RSD). In 2012, in Cara Nikolaja street, in Voždovac, Dalmatinska and Knez Danilova street pieces of land were bought for the construction of office and residential buildings.
- abroad (553.003 thousand RSD) – based on works related to the residential complex Šišet Bare in Montenegro.

Prokop – progress certificates were issued to the investor, yet not certified before the balance sheet was prepared and they were reposted from work in progress to non-invoiced income.

EP Niskogradnja – stocked material, spare parts, tools and inventories (566.982 thousand RSD), relate mostly to projects in Uganda and Peru. The quantity of stocked material and spare parts depends upon the intensity of works and possibility of timely purchase.

## 25. FIXED ASSETS FOR SALE

Fixed assets for sale of the Energoprojekt Group (64.156 thousand RSD - in 2011: 8.083 thousand RSD) relate to EP Niskogradnja (50.688 thousand RSD), Energoplast (12.295 thousand RSD) and EP Viskogradnja (1.173 thousand RSD).

## 26. RECEIVABLES

	2012	2011
	(RSD 000)	(RSD 000)
<b><u>Receivables from sales</u></b>		
Domestic buyers	1,366,766	1,839,680
Foreign buyers	5,328,185	4,843,464
<b>Total</b>	<b>6,694,951</b>	<b>6,683,144</b>
<b><u>Receivables from specific business operations</u></b>	<b>26,098</b>	<b>34,696</b>
<b><u>Other receivables</u></b>		
Receivables from employees	25,732	16,839
Receivables from government authorities and institutions	431	795
Receivables for other prepaid taxes and contributions	4,616	3,564
Other receivables	364,177	743,701
<b>Total</b>	<b>394,956</b>	<b>764,899</b>
<b>Grand total</b>	<b>7,116,005</b>	<b>7,482,739</b>

• In 2012, **trade receivables - domestic** (1.366.766 thousand RSD) relate mostly to EP Oprema (661.149 thousand RSD), EP Niskogradnja (284.571 thousand RSD), EP Hidroinženjering (133.115 thousand RSD), Energoplast (127.267 thousand RSD), EP Visokogradnja (93.033 thousand RSD) and EP Industrija (43.697 thousand RSD).

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• **Trade receivables - foreign** (5.328.185 thousand RSD) relate mostly to EP Niskogradnja with receivables from investors abroad (3.072.167 thousand RSD), EP Entel (749.379 thousand RSD), EP Visokogradnja (644.310 thousand RSD) and EP Hidroinženjering (256.621 thousand RSD).

**27. SHORT TERM FINANCIAL INVESTMENTS**

	(RSD 000)	(RSD 000)
Short fixed deposits	2,252,993	2,427,955
Short-term loans extended	79,120	64,245
Other	38,183	32,996
<b>Total</b>	<b>2,370,296</b>	<b>2,525,196</b>

• **Short fixed deposits** relate mostly to EP Entel (1.478.372 thousand RSD), EP Garant (483.943 thousand RSD), EP Visokogradnja (157.000 thousand RSD), EP Industrija (99.891 thousand RSD) and EP Niskogradnja (33.787 thousand RSD).

• **Short - term loans extended** (79.120 thousand RSD) relate mostly (75.929 thousand RSD) to the loan granted to Enjub (50% of the amount considering how the company is included in the consolidated financial statements of the Energoprojekt Group using the proportional method).

**28. CASH AND CASH EQUIVALENTS**

	2012 (RSD 000)	2011 (RSD 000)
<b><u>RSD</u></b>		
Current accounts	59,728	97,541
Petty cash	267	225
Short-term deposits	779,730	-
Other	721	95,318
<b>Total</b>	<b>840,446</b>	<b>193,084</b>
<b><u>FCY</u></b>		
Foreign currency accounts	2,288,187	2,328,404
Petty cash	92,245	155,834
L/C	52,247	-
Other	82,360	264,202
Value-impaired or restricted pecuniary assets	-	-
<b>Total</b>	<b>2,515,039</b>	<b>2,748,440</b>
<b>Grand total</b>	<b>3,355,485</b>	<b>2,941,524</b>

Foreign currency accounts relate mostly to EP Visokogradnja, EP Niskogradnja, EP Oprema and EP Entel.

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**29. ADDED VALUE TAX AND ACTIVE ACCRUALS**

	2012 (RSD 000)	2011 (RSD 000)
	<b>27,401</b>	-
<b><u>Active accruals</u></b>		
Prepayments	131,613	202,727
Uninvoiced income receivables	895,363	459,364
Accrued VAT	42,228	39,427
Accrued commitments	115,062	-
Other active accruals	93,321	15,873
<b>Total</b>	<b>1,277,587</b>	<b>717,391</b>
<b>Grand total</b>	<b>1,304,988</b>	<b>717,391</b>

**Receivables on non - invoiced income** relate mostly to EP Visokogradnja, 539.891 thousand RSD - include receivables based on progress certificates issued to the investor for verification, but not verified before the balance sheet was prepared and income that was expressed, considering the principle of prudence, in accordance with incurred expenses for which Annexes to the Contracts have to be signed. The Company applies the International Accounting Standard 11 - Construction contracts and expresses the income in proportion to completed works.

- Receivables on non-invoiced income that relate to EP Niskogradnja (222.333 thousand RSD) include mostly the following:

Project Z-014 Yanacocha, Peru - receivables from the investor based on certified preliminary progress certificates for completed works in 2012 (23.934 thousand RSD);

Project Z-019 Cochabamba - Chota, Peru - receivables from the investor based on certified preliminary progress certificates for completed works in 2012 (173.205 thousand RSD);

Project Z-022 Colan, Peru - receivables from the investor based on certified preliminary progress certificates for completed works in 2012 (16.511 thousand RSD), i

Project Tisa - receivables from the investor based on certified preliminary progress certificates for completed works in 2012 (8.256 thousand RSD).

Receivables on non-invoiced income that relate other companies in the Energoprojekt Group include the following:

- EP Holding: 49.554 thousand RSD (Embassy in Abuja);

- EP Oprema: 27.400 thousand RSD) - relates mostly to the added value tax that was calculated based on completed, yet not certified turnover in November 2012 (14.676 thousand RSD), according to the 30th progress certificate for the adaptation of the block 2 Thermal Power Plant Kostolac B with electro-filter reconstruction;

- EP Hidroinženjering – 34.584 thousand RSD relates entirely to the project “Dredging of the Danube

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riverbed”, financed by the European Delegation in Serbia (only final invoice upon work completion will be issued), and

- EP Industrija - 18.887 thousand RSD relates mostly to the projects RTB Bor sulfuric acid and Copper smeltery (15.452 thousand RSD).

### **30. EQUITY AND OTHER CAPITAL**

Equity includes the following capital types:

	2012 (RSD 000)	2011 (RSD 000)
Share capital	5,397,326	5,126,415
Other capital	114,638	96,688
<b>Total</b>	<b>5,511,964</b>	<b>5,223,103</b>

The share capital of the parent company EP Holding plc, on the balance sheet date, consists of 9.937.538 ordinary shares each with a nominal value of 510 RSD (5.068.144 thousand RSD).

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

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

At the XXXIX General Meeting held on 29.06.2012, decisions were reached (item 3 and 4 of the agenda) regarding the following:

- the distribution of annual profits of Energoprojekt Holding plc for 2011,
- X issue of ordinary shares without public offering for the payment of dividends.

The total amount of net profit according to the annual financial statement for 2011 was 277.619.339,39 RSD. The total amount of undistributed profit that includes undistributed profit from previous years (248.682.298,72 RSD) and undistributed profit for 2011 (277.619.339,39 RSD) was 526.301.638,11 RSD.

The above mentioned amount for undistributed profit was distributed according to the decision reached by the Assembly as follows: the amount of 241.429.155,00 RSD will be used for dividends. Energoprojekt Holding plc, Belgrade issues X issue of shares in the total amount of 239.561.280,00 RSD, of which 469.728 shares with individual nominal value of 510,00 RSD.

The remaining amount up to the total nominal value of one share under this Decision, in the total amount of 1.867.875,00 RSD, the Company will pay to the shareholders in cash. The distribution of profit among the shareholders shall be pro rata of their share in the existing equity of the Company, meaning that for every 20 (twenty) shares, each shareholder will receive 1 (one) new share from the profits, free of charge.

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**31. RESERVES**

Reserves comprise of:

	2012 (RSD 000)	2011 (RSD 000)
Legal	237,952	248,538
Statutory and other	424,251	412,339
Issuing premium	237,014	237,036
<b>Total</b>	<b>899,217</b>	<b>897,913</b>

The legal reserves were formed according to the Law on Enterprises which was in force up to 30 November 2004, which was superseded by the Companies Law. Each year at least 5% was appropriated from profits until the statutory level is reached of at least 10% of the issued capital.

Statutory and other reserves are reserves formed from profit in accordance with the Articles of Association and other internal regulations of the company.

The issuing premium represents the positive difference between the achieved sales value of shares and their nominal value.

The changes in the structure of reserves in 2012 arise from the distribution of the profit of the companies in the Energoprojekt Group, based on resolutions adopted at respective general meetings.

The decrease in reserves in the reporting period is a consequence of loss coverage related to EP Urbanizam i arhitektura and EP Energodata reserves.

**32. REVALUATION RESERVES, UNREALIZED PROFIT/LOSS FROM SECURITIES**

	2012 (RSD 000)	2011 (RSD 000)
Revaluation reserves	1,748,834	1,625,478
Unrealized profit from available-for-sale securities	14,599	16,022
Unrealized losses from available-for-sale securities	( 25,798)	( 22,071)
<b>Total</b>	<b>1,737,635</b>	<b>1,619,429</b>

• **Revaluation reserves** relate to gain/losses of the fair value of property and equipment, as well as reserves based on the financial statements calculation displayed in another functional currency than the presentation currency (reporting currency).

- Revaluation reserves relate mostly to revaluation surpluses of movements in fair value of the investment property in Moscow (Dom 12) last year, included in the balance sheet of the foreign branch Nana Off Shore and amount to 635.996 thousand RSD.

- Revaluation reserves of EP Niskogradnja (170.146 thousand RSD) relate to the difference between the accounting value of a fixed asset (55% of the building Cruz del Sur, Lima) and the fair value (estimated value) on the transfer date to the investment property, according to the decision of the Board of Directors of the Company and relevant provisions of IAS 16 and IAS 40. This excludes the increase

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of fair value from the balance sheet of the Company that occurred before the property became investment property. The value estimation was performed by an independent valuator PROVALUA S.A.A. - PROVSA, Peru that has acknowledged (authorization issued by the relevant authority in Peru: Superintendencia de Banca, Seguros and AFP-Peru) and relevant qualification as well as recent experience with locations and the investment property category that is assessed. 69.934 thousand RSD relate to revaluation reserves based on the translation of financial statements displayed in another functional currency than reporting currency.

- EP Visokogradnja: revaluation reserves comprise of reserves from fixed assets revaluation (113.148 thousand RSD) and reserves based on the translation financial statements into the reporting currency (90.227 thousand RSD).

- In addition, revaluation reserves that arise from the fair value adjustment relate to EP Industrija (189.205 thousand RSD), EP Entel (114.761 thousand RSD), EP Hidroinženjering (113.067 thousand RSD) and other.

• The price drop of shares at the Belgrade Stock Exchange for those companies, whose shares are in the portfolio of available-for-sale securities in the Energoprojekt Group, influenced mostly the drop of **Unrealized profits** and the rise of **Unrealized profits based on available-for-sale securities**.

### 33. UNDISTRIBUTED PROFIT AND LOSS

Undistributed profit comprises:

	2012	2011
	(RSD 000)	(RSD 000)
Consolidated net prior years profit	3,975,463	4,058,801
Correction of materially significant errors		(50,029)
Corrected opening balance		4,008,772
Changes during the year	598,982	(33,309)
<b>Consolidated net profit as at 31.12.2013</b>	<b>4,574,445</b>	<b>3,975,463</b>

Changes which occurred during the year are the result of profit generated in 2012 and the profit distribution deductions in 2011 for the payment of dividends.

The distribution of the undistributed profit on 31.12.2011 (current profit for 2011) was performed based on the resolution adopted by the general meeting of Energoprojekt Holding (XXXIX meeting, item 3 of the agenda, held on 29.06.2012) - Note no. 30.

### 34. LONG-TERM PROVISIONS

Long term provisions are disclosed when:

- an enterprise has a present obligation (legal or constructive) as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

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Long term provisions comprise:

	2012 (RSD 000)	2011 (RSD 000)
Provision for expenses in warranty	705,158	10,926
Provision for employee benefits	280,851	140,471
Other	402,656	1,183,448
<b>total</b>	<b>1,388,665</b>	<b>1,334,845</b>

• **Provisions for warranty related expenses** relate to EP Entel (704.278 thousand RSD) and Enjub (880 thousand RSD).

Provisions for warranty related expenses are calculated based on the best assessment of the management and based on the previous experience and are expected to be payable for a period of less than 5 years. The final amount of the obligation to be paid may differ from the provision depending upon future developments. These provisions are not discounted since the discount impact is not materially significant.

• **Other long-term provisions** relate mostly to EP Holding (260.000 thousand RSD) and refer to provisions in the balance sheet on 31.12.2006, according to the decision of the Executive Board of the Company, on behalf of possible expenses related to the implementation of the Contract on joint construction works in Block 26, Novi Beograd no. 507, concluded between the Consortium „Energoprojekt – Napred“ and Trinity Capital ltd.

In accordance with provision of the Contract on joint construction works and Annex no. 1 to the Contract, Trinity Capital ltd. has paid the agreed amount and the Company has issued a blank bill of exchange and authorization with unlimited validity. The above mentioned bill of exchange may be activated upon final decision of the respective authority, according to which the land of the Company (subject of the contract) will be seized due to solely Company's fault and for reasons that the Trinity Capital ltd was not aware of at the time the contract was concluded.

The provision was performed in accordance with requirements IAS 37 Provisions, Contingent Liabilities and Contingent Assets, due to the uncertainty with regard to the implementation of the legislation that refers to the subject of the Contract and that may influence the fulfillment of all obligations of the Company, as well as due to the issued blank bill of exchange, as previously mentioned.

On the 31.12.2012, the uncertainty still exists with regard to the implementation of the legislation that refers to the subject of the Contract and that may influence the fulfillment of all obligations of the Company, as well as the possibility that Trinity Capital ltd. will activate the issued bill of exchange. Therefore, the management estimates that, on the balance sheet date, the requirements for the cancellation of the respective provision have not been met.

EP Niskogradnja has long-term provisions (97.097 thousand RSD) that relate to the obligation of the Company towards the subcontractor based on the project Z-0163 „Navigation Lock“, Iraq. The provision amount was determined according to the identical methodology as prescribed by the Government of Iraq, based on which the Company has collected its receivables with respect to the mentioned project.

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• **Provisions for fees and other employee benefits** (provisions for non-due retirement bonus upon retirement) are displayed based on the actuarial calculation performed by experts of the Energoprojekt Group.

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

The increase of the provision amount based on the present value of retirement bonus for the entire Energoprojekt Group (by 2,2%) in the balance sheet on 31.12.2012 in comparison to 31.12.2011, was a result of several changed factors:

- On one hand, changes of some factors affect the increase of the provision amount (2,72% increase of the average years in service in the Company);
- On the other hand, changes of some factors affect the decrease of the provision amount (first of all, reduced average gross retirement bonus by 0,30% and reduced total number of employees by 2,33%).

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

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

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

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

Upon discounting, the following assumptions were considered:

- *expected annual growth of earnings in the Company of 7,5% and*
- *discount rate of 10% .*

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

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deadlines for bonds should be in accordance with the value date and deadlines for liabilities for income after employment.

Since the financial market of Serbia is insufficiently developed, the real annual yield from the purchase of government bonds with the Republic of Serbia as the guarantor should be used as a reference for the determination of the discount rate on the balance sheet date. The yield of government bonds of the Republic of Serbia (old frozen savings bonds due between 2013 and 2016), as well as the yield of government bonds in EURO issued by the Ministry of Finance of the Republic of Serbia in 2012 are analyzed below. Specifically, the nominal annual yield of government bonds (old frozen savings) on the balance sheet date (maturity from 6 months to 3 years and 6 months) is ca 4,7% and the nominal annual yield of long-term bonds of the Republic of Serbia in EURO, during 2012, was 5,95% (issue 20.02.; maturity 371 days), 6,10% (issue 26.03.; maturity 728 days), 6,19% (issue 23.05.; maturity 546 days), 6,25% (issue 06.06.; maturity 730 days), 6,30% (issue 25.06.; maturity 546 days), 6,15% (issue 11.07.; maturity 371 days), 6,20% (issue 24.07.; maturity 730 days), 6,15% (issue 21.08.; maturity 371 days), 6,15% (issue 03.09.; maturity 371 days), 5,75% (issue 31.10.; maturity 371 days), 5,85% (issue 13.11.; maturity 546 days) and 5,05% (issue 12.12.; maturity 546 days). Since the maturity of reference securities is shorter than the average estimated maturity for income that is the subject of this calculation, in view of requirements from paragraph 81, IAS 19, the discount rate was estimated considering longer maturity.

Considering the estimated nominal annual yield of long-term government bonds (ca. 6,5%), the projected inflation in EURO zone countries (1,9%) and the assumption that the foreign exchange rate is formed based on the purchasing power parity theory (under the assumption that there are no disparities in the current rate, the projected annual devaluation is conditioned by the difference between the projected annual inflation in Serbia and EURO zone countries), the real annual yield of reference securities is ca. 4,5% or for the projected nominal inflation in Serbia of 5,5%, the nominal annual yield is ca. 10%.

**The annual expected wage growth in the Company** is planned at a level of 7,5%.

The annual discount rate and the annual wage growth depend upon the inflation rate.

The Memorandum of the National Bank of Serbia on the target inflation rate till 2014, adopted at the meeting of the Executive Board of NBS on 10.05.2012, among other things, determines the target inflation rate for 2013, measured by the Annual Percentage Change in Consumer Price Index. Beginning with the consumer price at the end of the previous year, the target inflation rate for 2013 is 4% with permissible deviation (positive and negative) of 1,5 percentage points. Since the inflation in 2012 exceeded the target inflation by 5% (inflation in November 2012 in comparison to November 2011 was 11,9%), it would be realistic, for the next-year inflation and within permitted framework foreseen by the Memorandum, to plan the inflation with maximum permissible deviation (+1,5%).

The provision will be estimated according to the planned annual inflation of 5,5%. It can be concluded that the Company planned a long-term annual wage growth of 2% (applied also to provisions from previous years) and the long-term annual real discount rate was planned at 4,5%.

If the inflation rate would drop in the future, the applied logic would result in the reduction of nominal wages but also of the discount rate (that is defined by the inflation rate) so that the change would lead to the change in results presented in this document. The methodology used, indicating the long-term 7,5% planned annual salary growth and long-term annual discount rate of 10%, assumes an

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unchanged inflation rate in future. This assumption is requested in the paragraph 75, IAS 19.

### 35. LONG-TERM LOANS

Liabilities from long term loans are due in a period longer than one year from the performance date, or balance sheet date, and pertain to the following:

	Currency	2012 (RSD 000)	2011. (RSD 000)
<u>Domestic</u>			
Development Fund	EUR	148,997	84,033
"Astra Banka", Beograd	RSD		40,140
Societe Generale bank		113,719	127,657
Alpha bank		110,331	
Erste bank		165,030	
Moskovska bank		15,571	
Paris Club			
Legal entities and other	USD, EUR	10,681	201,673
<b>Total</b>		<b>564,329</b>	<b>453,503</b>
<u>Foreign</u>			
Other	USD, EUR	378,911	278,921
<b>Total</b>		<b>378,911</b>	<b>278,921</b>
<b>Grand total</b>		<b>943,240</b>	<b>732,424</b>

• **Long-term domestic loans** relate mostly to EP Holding (148.997 thousand RSD). It was granted by the Development Fund of the Republic of Serbia in 2010 for working capital to overcome the short-term insolvency of subsidiaries in the country. Long-term loans include also EP Visokogradnja (151.333 thousand RSD) and EP Niskogradnja (144.009 thousand RSD).

Loans, granted to Energoplast in 2012, are secured by a lien: long-term loan granted by the Moscow bank was secured by a lien on the equipment for the production of stoppers and the long-term loan granted by the Komercijalna banka was secured by a lien on receivables under Contract and Annex between Energoplast and the buyer Knjaz Milos, Arandjelovac.

• **Long-term loans granted abroad** relate to:

- EP Energodata: long-term loan granted by Alpha bank London for the settlement of ATM liabilities (208.619 thousand RSD), and

- EP Niskogradnja (170.292 thousand RSD) relate mostly to associates from former YU republics (166.754 thousand RSD - 1.935 thousand USD) engaged on the project Hydroelectric power station Baniya II, Guinea. Considering the fact that the succession process of former YU republics is not finished and in view of the principle of prudence, the management of the Company believes that, at this moment, there are no favorable conditions to write off the above mentioned liabilities. The long-term

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loan to Atlas Copca for fixed assets is 3.538 thousand RSD.

### 36. OTHER LONG-TERM LIABILITIES

Other long term liabilities include:

	2012 (RSD 000)	2011 (RSD 000)
Finance lease liabilities - long term	60,783	38,186
Other long-term liabilities	903,216	15,005
<b>total</b>	<b>963,999</b>	<b>53,191</b>

• **Finance lease liabilities – long-term**, 59.001 thousand RSD relate to EP Niskogradnja, first of all to long-term finance lease liabilities abroad.

• **Other long-term liabilities** relate mostly to the following subsidiaries:

- EP Niskogradnja: 616.346 thousand RSD relate to the part of the liability for received advance for the Project Sarani tunnel,

- EP Oprema: 185.643 thousand RSD relate to guarantee deposit, and

- EP Visokogradnja: 84.902 thousand RSD relate to obligations towards former owners of plots, who have sold the land for the construction of residential and office buildings and where the Company agreed to settle them with the property that will be built in Cara Nikolaja Street. The liability is presented according to the price, designed for future properties.

### 37. SHORT-TERM FINANCIAL LIABILITIES

	Currency	2012 (RSD 000)	2011 (RSD 000)
<u>Short term RSD loans</u>		(Rsd. 000)	(Rsd. 000)
Domestic banks		727,812	670,848
<u>Short term foreign currency loans</u>			
Domestic banks	EUR, USD	188,010	817,165
<b>Total</b>		<b>915,822</b>	<b>1,488,013</b>
Other short term financial liabilities/current maturities of long term loans		1,339,655	584,220
Short term loans abroad/ current maturities of long term loans abroad	EUR, USD	494,485	492,210
<b>Total</b>		<b>2,749,962</b>	<b>2,564,443</b>

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• **Short term RSD loans and loans with a FCY clause from local banks** are predominated by EP Visokogradnja (736.697 thousand RSD), EP Niskogradnja (43.408 thousand RSD), EP Energodata (66.482 thousand RSD), EP Hidroinženjering (34.322 thousand RSD) and EP Enjub (32.635 thousand RSD).

• **Other short-term liabilities and current maturities of long-term loans** relate mostly to EP Holding (295.035 thousand RSD), EP Visokogradnja (448.518 thousand RSD) and EP Niskogradnja (380.337 thousand RSD).

• **Liabilities related to short-term loans and current maturities of long-term loans in other countries** (494.485 thousand RSD) relate to EP Niskogradnja.

### **38. LIABILITIES FROM OPERATIONS**

Liabilities from business operations include:

	2012	2011
	(RSD 000)	(RSD 000)
<b><u>Liabilities from business operations</u></b>		
Received advances, short-term deposits and caution money	2,944,597	4,128,789
Domestic suppliers	854,003	1,052,609
Foreign suppliers	2,036,149	1,646,502
Other liabilities from business operations	8,211	37,145
<b>Total</b>	<b>5,842,960</b>	<b>6,865,045</b>
Liabilities from specific operations	300,879	745,098
<b>Total</b>	<b>6,143,839</b>	<b>7,610,143</b>

• **Received advance payments** relate mostly to the following companies of Energoprojekt Group:

- EP Niskogradnja (1.438.486 thousand RSD),
- EP Visokogradnja (845.176 thousand RSD) and
- EP Oprema (545.229 thousand RSD).

The reduction of obligation related to received advance payments, deposits and caution money in comparison to 2011 was recorded, first of all, for EP Visokogradnja, EP Oprema and EP Industrija.

• The reduction of **obligations to suppliers** in the country relates, first of all, to EP Niskogradnja, Energoplast, EP Enjub and EP Energodata, and the increase in obligations to suppliers abroad relates mostly to EP Visokogradnja, EP Niskogradnja and EP Oprema.

• **Liabilities from specific operations** relate mostly to EP Visokogradnja (189.726 thousand RSD) – obligations to GP „Rad“ based on works in Iraq – ongoing lawsuit) and EP Entel (108.788 thousand RSD) – obligation to partners in accordance with the contract for Phase VI and Phase VII in Qatar).

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**39. OTHER SHORT TERM LIABILITIES**

	(RSD 000)	(RSD 000)
Salaries and emoluments	1,015,373	922,496
Dividends	57,381	40,091
Other liabilities	62,183	88,662
<b>Total</b>	<b>1,134,937</b>	<b>1,051,249</b>

**40. VAT AND OTHER PUBLIC DUTIES AND ACCRUALS**

	2012 (RSD 000)	2011 (RSD 000)
VAT and other public liabilities	301,508	617,581
Accruals	400,905	814,130
<b>Total</b>	<b>702,413</b>	<b>1,431,711</b>

In the balance sheet, the item **Accruals** predominantly includes the following companies:

- EP Garant (164.892 thousand RSD) for transferable non-life insurance premiums, coinsurance premiums, liability provisions and other accruals;
- EP Oprema (127.125 thousand RSD);
- EP Niskogradnja (87.529 thousand RSD), and
- EP Visokogradnja (18.732 thousand RSD).

**41. COMMITMENT AND CONTINGENCIES**

There is a number of ongoing lawsuits against members of Energoprojekt Group in the country. The most important are listed in the attachment.

In addition to the above, there is a lawsuit between Energoprojekt Entel L.L.C., Doha, Qatar and the Ministry of Finance. The subject of the lawsuit are not recognized consulting costs with the parent company in Belgrade from 2007, 2008 and 2009.

Since the final outcome of these legal proceedings is uncertain, the impact on the financial position of companies cannot be reliably predicted. Based on the opinion of the professional department, the management believes that there is no real risk of these lawsuits causing severe financial expenditure for the company, and therefore no provisions were made for potential losses in this respect.

**42. OFF-BALANCE SHEET ITEMS**

The Group's off-balance assets and liabilities totaling 14.076.978 thousand RSD mostly relate to guarantees issued and received (advances, performance bonds, guarantee deposit, etc) - 12.438.705 thousand RSD, land use rights (1.150.733 thousand RSD) and other (487.540 thousand RSD).

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**43. MORTGAGES REGISTERED IN FAVOR OR AGAINST COMPANIES FROM THE ENERGOPROJEKT GROUP**

The subsidiary "Energoprojekt Entel" LLC Doha, Qatar reserves the disposal and usufruct right with regard to the property of total area of 4.488 m<sup>2</sup>, located on cadastral parcels number 65582, 65583, 65584, 65585, 65586, 65587, 65588, 65589 and 65590 with area of 10.736 m<sup>2</sup>, in Doha - Qatar, Zone 44, East Al Naija, Al Mumtaza Street Doha Qatar, registered owner is a local private individual. The owner has mortgaged the property in the "Doha bank" according to the contract no. 52973 as collateral for issuing a tender guarantee and a performance guarantee.

In order to secure a credit line approved by Scotiabank Peru EP Niskogradnja mortgaged its property for the sum of 886.774 thousand RSD which accounts for 94,2% of the total appraised value of the mortgaged property. Value assessment was performed by the valuator Provalua S.A.A.- Provsa, authorized by the respective authority in Peru – Superintendencia de Banca, Seguros y AFP.

To secure the repayment of the loan pursuant to contract no. 423/367, in the amount of 137.500 EUR, granted by EP Holding to Enjub ltd, the extrajudicial mortgage for the entire loan amount was registered for apartments in Jurija Gagarina 91A, second and third floor, cadastral plot no. 5089/9, cadastral municipality Novi Beograd, registered in the registry of immovable property no. 4550, cadastral municipality Novi Beograd in favor of the Company.

Loans, granted to Energoplast in 2012, are secured by a lien: long-term loan granted by the Moscow bank was secured by a lien on the equipment for the production of stoppers and the long-term loan granted by the Komercijalna banka was secured by a lien on receivables under Contract and Annex between Energoplast and the buyer Knjaz Milos, Arandjelovac.

**44. POST BALANCE SHEET EVENTS**

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

In Belgrade,  
18.04.2013

CFO



Dimitraki Zipovski, M.Sc.Ecc.

CEO



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



## ***ENERGOPROJEKT GROUP, BELGRADE***

### **SECTOR FOR LEGAL REPRESENTATION**

**Belgrade, 18/04/2013**

### **Report on pending lawsuits of Energoprojekt Group as of 31/12/2012**

<b>No.</b>	<b>Plaintiff</b>	<b>Respondent</b>	<b>Legal grounds</b>	<b>Value</b>	<b>Competent court</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
1.	Marko Martinoli	EP Holding and EP Niskogradnja	Share squeeze-out	2.163.932,00 RSD	Commercial Court of Belgrade	2014	Outcome uncertain
2.	Aleksandar Vasojević	EP Holding	Annulment of resolutions from the XXXVII EGM		Commercial Court of Belgrade	2013	Unsubstantiated
3.	New company	EP Holding and GP Napred	Establishment of ownership rights		Commercial Court of Belgrade	2014	Outcome uncertain, suspended proceedings
4.	EP Holding	Stari Grad municipality	Establishment of ownership rights		First Primary Court of Belgrade	2014	Founded
5.	EP Holding	Finance Ministry – Tax Admin	Prepaid tax refund	26.959.260,00 RSD	Constitutional Court		Founded
6.	EGP Investments	EP Holding	Share squeeze-out	1.267.710,00 RSD	Commercial Court of Belgrade	2013	Legal suit upheld by first instance court
7.	Milan Raonić	EP Holding	Copyright claim	7.000.000,00 RSD	Higher Court of Belgrade	2014	Partly founded
8.	Association of Small Shareholders, Association of Pensioners, Jovan Korolija and Ivan Petrović	EP Holding	Annulment of resolutions from the XXXVII EGM		Commercial Court of Belgrade	2013	Unsubstantiated
9.	Radomir Banjac	EP Holding	Damage claim	4.400.000,00 RSD	First Primary Court of Belgrade		Unsubstantiated
10.	Sreta Ivanišević	EP Holding	Compensation for expropriated property (Bežanija)		First Primary Court of Belgrade		Outcome uncertain

11.	Ivan Petrović et al.	EP Holding	Annulment of resolutions from the XXXVII EGM		Commercial Court of Belgrade	2013	Unsubstantiated
12.	Vladan and Tomislav Krdžić	EP Holding	Damage claim (free shares not allotted to the plaintiffs)	444.000,00 RSD	Commercial Court of Belgrade	2013	Unsubstantiated
13.	Dimničar a.d.	EP Holding	Share squeeze-out	1.317.190,00 RSD	Commercial Court of Belgrade	2013	Legal suit upheld by first instance court
14.	East West Invest a.d.	EP Holding	Share squeeze-out	847.980,00 RSD	Commercial Court of Belgrade	2013	Legal suit upheld by first instance court
15.	EGP Investments	EP Holding	Share squeeze-out	348.230,00 RSD	Commercial Court of Belgrade	2013	Legal suit upheld by first instance court
16.	Serbian government	EP Holding	Establishment of apartment ownership		Commercial Court of Belgrade	2013	Founded
17.	EP Holding	Mottivi d.o.o	Damage claim (roof repairs at G. Delčeva 38)	828,82 EUR	Commercial Court of Belgrade	2013	Founded
18.	EP Holding	Zekstra grupa d.o.o.	Damage claim (roof repairs at G. Delčeva 38)	7.032,68 EUR	Commercial Court of Belgrade	2014	Founded
19.	EP Holding	Serbian government, EPS power co, Epsturs d.o.o and Montenegro government	Establishment of ideal share of ownership of Hotel Park in Budva		Primary Court of Herceg Novi		Founded
20.	EP Holding	Ivan Musić	Damage claim (roof repairs at G. Delčeva 38)	250,61 EUR	First Primary Court of Belgrade	2014	Founded
21.	EP Holding	Dejan and Mirjana Gojković	Damage claim (roof repairs at G. Delčeva 38)	1.060,13 EUR	First Primary Court of Belgrade	2013	Founded
22.	EP Holding	City of Belgrade, Land Development Agency, Serbia	Debt (Arena)	17.549.287,81 USA\$	Commercial Court of Belgrade		Founded
23.	EP Visokogradnja	Kosmaj mermer	Establishment of separate claim	400.000,00 RSD incl. interest as of 29/01/1998	CCB	2014	Outcome uncertain. Suspended proceedings
24.	Kosmaj mermer	EP Visokogradnja	Establishment of unfoundedness of separate claim		CCB	2014	Outcome uncertain. Depends on pending lawsuit

25.	EP Visokogradnja	FMPE Bačka Topola in bankruptcy	Claim assessment in bankruptcy proceedings	3.511.710,47 RSD	CC Subotica	Ended	Settlement through bankruptcy proceedings unlikely
26.	Vasilev Grozda	EP Visokogradnja	Performance and damage claim	900.000,00 RSD	First Primary Court of Belgrade	2013	Legal suit dismissed by first instance court
27.	EP Visokogradnja Vesna Perinčić	Vesna Perinčić EP Visokogradnja	Debt claim	88.500,00 RSD from the claim and 250.000,00 RSD from the counterclaim	First Primary Court of Belgrade	2012	Both lawsuit and countersuit dismissed by first instance court
28.	EP Visokogradnja	Promex TV Zvornik	Debt claim	667.104,25 RSD	CCB	2014	Legal suit upheld by first instance court
29.	Vladan Šipetić	EP Visokogradnja	Damage claim	381.062,00 RSD	First Primary Court of Belgrade	2013	Legal suit dismissed by first instance court
30.	EP Visokogradnja	GIK Banat	Debt claim	4.172.333,47 RSD	CC Zrenjanin		Claim recognized in bankruptcy proceedings
31.	EP Visokogradnja	SZR. ČA ART	Debt claim	212.457,60 RSD	CC Novi Sad	2013	Founded
32.	Reb Darko	EP Visokogradnja	Debt claim	64.740,01 EUR	First Primary Court	2014	Legal suit dismissed by first instance court
33.	EP Visokogradnja	LHR	Debt claim	580.000,00 RSD	CCB	2013	Founded
34.	EP Visokogradnja	Global ID	Debt claim	111.669,40 RSD	CCB	2012	Respondent's accounts are blocked, settlement is unlikely
35.	Stamenović Božidar	EP Visokogradnja	Unfounded acquisition	487.179,65 RSD	First Primary Court of Belgrade	2013	Legal suit dismissed by first instance court in repeated proceedings
36.	EP Visokogradnja	Trudbenik gradnja	Claim recognized in bankruptcy proceedings	2.767.501,76 RSD	CCB		Settlement uncertain

37.	EP Visokogradnja	Herceg Novi municipality	Debt claim	42.000,00 EUR	CC Podgorica	2013	Returned to first instance procedure after review of the respondent
38.	Bomaran d.o.o.	EP Visokogradnja	Debt claim	1.440.900,00 RSD	CCB	2013	Legal suit upheld by first instance court
39.	EP Visokogradnja	ZR Belker	Debt	79.401,60 RSD	CCB	2012	Settlement is unlikely
40.	Gajić Slobodan	EP Visokogradnja	Damage claim	450.000,00 RSD	Primary Court of Sremska Mitrovica	2012	Legal suit partly upheld by first instance court up to the sum of 240.000,00 RSD,
41.	EP Visokogradnja	Lipa Papir	Debt	2.142.004,69 RSD	CCB		Respondent's accounts are blocked, settlement is unlikely
42.	Đorđe Mikša	EP Visokogradnja	Contractual penalty	512.000,00 RSD	First Primary Court of Belgrade	2013	Outcome uncertain
43.	Jagoda Mikša	EP Visokogradnja	Contractual penalty	504.000,00 RSD	First Primary Court of Belgrade	2013	Legal suit upheld by first instance court
44.	Sladjan Pavlović	EP Visokogradnja	Damage claim	1.700.000,00 RSD	First Primary Court of Belgrade	2014	Partly founded
45.	EP Visokogradnja	Cvitan Dragan	Debt	212.067,77 RSD	First Primary Court of Belgrade	2013	Founded
46.	Nataša Milojević	EP Visokogradnja	Establishment of ownership rights	100.000,00 RSD	First Primary Court	2014	Outcome uncertain
47.	Agency for investments and housing of Belgrade	EP Visokogradnja	Debt	3.113.778,99 RSD	CCB	2014	Outcome uncertain
48.	EP Visokogradnja	Beton gradnja d.o.o.	Debt	271.813,90 RSD	CCB	2013	Founded,
49.	EP Visokogradnja	Alukaks sistemi doo	Damage claim (block 29)	31.605.600,00 RSD	CCB	2013	Founded
50.	EP Visokogradnja	Veso Romić	Unfounded acquisition of wealth	35.301.780,00 RSD	CCB	2014	Founded
51.	EP Visokogradnja	Beočvor	Debt (Prokop)	290.385.390,00 RSD			Founded
52.	EP Visokogradnja	Širbegović, construction company	Contract debt	56.532,00 EUR	Municipal Court of Tuzla		Founded

53.	EP Visokogradnja	Jugobanka a.d. in bankruptcy	Claim registration	5.000.000,00 USD	CCB		Founded
54.	EP Visokogradnja	Beobanka a.d. in bankruptcy	Claim registration	1.031.053,82 USD	CCB		Founded
55.	EP Visokogradnja	Banex trade in bankruptcy	Debt 800.203,44 GBP collected 8.478.580,00 RSD		CCB		Founded
56.	EP Visokogradnja	Belim a.d.	Debt under settlement agreement	612.000,00 USD	CCB		Founded
57.	EP Visokogradnja	Astra banka a.d. in bankruptcy	Claim registration	396.944,99 USD	CCB		Founded
58.	EP Visokogradnja	City of Belgrade, Land Development Agency, Serbia	Debt (Arena)	17.549.287,81 USD	CCB		Founded
59.	EP Visokogradnja	JP Železnice, Beočvor	Debt (Prokop)	407.301.020,00 RSD	CCB		Founded
60.	GP Rad in bankruptcy	EP Visokogradnja, EP Niskogradnja, EP Oprema and EP Promet	Debt, works in Iraq	2.250.188,60 USD	CCB		Founded
61.	Astra banka a.d. in bankruptcy	EP Visokogradnja	Loan agreements	40.000.000,00 RSD	CCB		Unsubstantiated
62.	Božo Tomašević	EP Visokogradnja	Annulment of employment contract termination	140.000,00 RSD	First Primary Court of Belgrade		Unsubstantiated
63.	Aleksandar Petrović	EP Visokogradnja	Contract termination and damage claim	3.500.000,00 RSD	First Primary Court of Belgrade		Partly founded
64.	Sava Krajinović	EP Visokogradnja	Unfounded acquisition of wealth	269.000,00 RSD	First Primary Court of Belgrade		Unsubstantiated
65.	Ljiljana Damjano	EP Visokogradnja	Performance and damage claim	350.000,00 RSD	First Primary Court of Belgrade		Unsubstantiated
66.	Tubić Aleksandra	EP Visokogradnja	Damage claim	300.000,00 EUR	Primary Court of Herceg Novi		Unsubstantiated
67.	SIEN doo	EP Visokogradnja	Debt, SMIP	438.530,00 RSD	CCB		Partly founded
68.	Residential building, B.M.Pupina 10e	EP Visokogradnja	Unfounded acquisition of wealth	2.000.000,00 RSD	First Primary Court of Belgrade		Unsubstantiated

69.	Kombit	EP Visokogradnja	Debt (Prokop)	1.269.860,00 RSD	CCB		Partly founded
70.	Milorad Vasić	EP Visokogradnja	Damage claim (block 12)	31.235.250,00 RSD	Higher Court of Belgrade		Partly founded
71.	EP Visokogradnja	Siniša and Dragan Romić	Contesting of share transfer agreement		Commercial Court of Belgrade		Founded
72.	Clinical Centre "Dr Dragiša Mišović"	EP Visokogradnja	Debt	2.226.569,14 RSD	Commercial Court of Belgrade		Pending settlement (debt total 137.000,00 RSD)
73.	Beogradska berza	EP Visokogradnja	Debt	35.400,00 RSD	Commercial Court of Belgrade		Founded
74.	Kojić Milan	EP Visokogradnja	Debt-salaries	1.130,00 EUR	First Primary Court of Belgrade		Unsubstantiated
75.	Vladimir Marković	EP Urbanizam i arhitektura	Foreign currency salary	10.147,80 USD	Higher Court of Belgrade	Outcome uncertain	Legal suit upheld by first instance court
76.	Branko Lakčević, Vladimir Perić, Danica Pantić, Ivan Pantić	EP Urbanizam i arhitektura	Foreign currency salary	87.678,09 RSD	First Primary Court of Belgrade	Outcome uncertain	Founded, expired in our view
77.	Milan Raonić	EP Urbanizam i arhitektura	Annual vacation benefits and salary differences	322.688,89 RSD	Court of Appeals in Belgrade	Outcome uncertain	Outcome uncertain, legal suit dismissed by first instance court
78.	Novica Veljković	EP Urbanizam i arhitektura	Annulment of Annex III of employment contract	88.426,53 RSD incl. accrued interest	Court of Appeals in Belgrade	Outcome uncertain	Outcome uncertain
79.	Novica Veljković	EP Urbanizam i arhitektura	Annulment of Annex IV of employment contract	17.000,00 RSD	First Primary Court	Outcome uncertain	Part of the claim was effectively dismissed by court, the rest is pending

80.	Miroslav Stefanović	EP Urbanizam i arhitektura	Salary differences	33.995,00 RSD	First Primary Court	Outcome uncertain	Part of the court ruling upheld, while the part concerning interest was returned for repeat proceedings
81.	EP Urbanizam i arhitektura	Miodrag Cvijić	Debt	1.523.072,42 RSD	First Primary Court of Belgrade	Outcome uncertain	Founded, execution proceedings in progress
82.	Tamara Vukadinović	EP Urbanizam i arhitektura	Annulment of employment contract termination	50.000,00 RSD	First Primary Court of Belgrade	Outcome uncertain	Outcome uncertain
83.	Jelena Davidović	EP Urbanizam i arhitektura	Annulment of employment contract termination	87.666,66 RSD	First Primary Court of Belgrade	Outcome uncertain	Outcome uncertain
84.	EP Urbanizam i arhitektura	Herceg Novi municipality, Montenegro	Invoices	11.090,00 EUR	Commercial Court of Podgorica	Outcome uncertain	Founded
85.	EP Oprema	DGP Zlatibor	Fee for work performed	42.000.000,00 RSD	CC Belgrade	Ended	Founded, settlement difficult, debtor has filed for bankruptcy
86.	EP Oprema	Graditelj Leskovac	Contracted services	71.129.042,82 RSD	CC Leskovac	Ended	Founded, settlement difficult, debtor has filed for bankruptcy
87.	EP Oprema and EP Holding	Medveđa municipality	Refund of given	120.000.000,00 RSD	CC Leskovac		
88.	EP Oprema	Serbian Clinical Centre	Debt for works	255.544,13 EUR	CC Belgrade	2013	Founded. Hearing completed, court ruling is pending Main hearing reopened by court decision; lawsuit in progress
89.	EP Oprema	Serbian Clinical Centre	Damage claim	1.559,000,00 EUR	Commercial Court of Belgrade	2013	Founded, first instance proceedings are in progress
90.	EP Oprema	Nemanja Ivović	Unfounded acquisition	64.600,50 RSD	First Primary Court of Belgrade	2013	Founded Court expected to schedule a hearing

91.	Zastava Automobili	EP Oprema	Fulfillment of obligations		CC Kragujevac	2013	Unsubstantiated Second instance decision is pending
92.	Branka Mihajlović	EP Oprema and JP Elektromreže	Damage claim	200.000,00 RSD	Primary Court	2012	Founded, expert's testimony upheld. Effective ruling in favour of the plaintiff
93.	Vodovod Leskovac	EP Oprema	Contract termination	92.000.000,00 RSD	CC Leskovac		Partly founded
94.	EP Oprema	Belgrade Arena	Damage claim	4.817.705,00 RSD	CC Belgrade		Founded
95.	Tekić Siniša	EP Oprema	Damage claim	160.254,00 RSD	First Primary Court of Belgrade	2012	Unsubstantiated
96.	Stanojković Milorad	EP Oprema and JP Elektromreže	Damage claim	10.000,00 RSD	Primary Court of Vranje	2013	Partly founded First instance proceedings are in progress
97.	Marinković Staniša	EP Oprema -intervener	Damage claim	304.000,00 RSD	Primary Court of Vranje	2013	Partly founded First instance proceedings are in progress
98.	Stanojlović Čedomir	EP Oprema-intervener	Damage claim	261.000,00 RSD	Primary Court of Vranje	2013	Partly founded First instance proceedings are in progress
99.	Ristić Čedomir	EP Oprema-intervener	Damage claim	63.000,00 RSD	Primary Court of Vranje	2013	Partly founded First instance proceedings are in progress
100.	Milan Ilić and Nenad Babić	EP Oprema	Workplace injury	4.200.000,00 RSD	First Primary Court of Belgrade		Partly founded First instance ruling in favour of EPO – plaintiffs dismissed; plaintiffs appealed; First instance ruling partly overturned, case returned for repeat proceedings

101.	Dunav Osiguranje	EP Niskogradnja	Recourse claim	278.230,00 RSD	Commercial Court of Belgrade	2012	Legal suit effectively upheld
102.	Pension & Disability Insurance Fund Belgrade office	EP Niskogradnja	Recourse claim	419.600,10 RSD	Commercial Court of Belgrade	Outcome uncertain, suspended pending criminal trial	Outcome uncertain
103.	Institute for Health Insurance Belgrade office	EP Niskogradnja	Recourse claim	468.345,00 RSD	Commercial Court of Appeals Belgrade	Outcome uncertain	Outcome uncertain, legal suit upheld by first instance court
104.	Aleksić Mirjana	EP Niskogradnja	Damage claim	500.000,00 RSD	Court of Appeals in Novi Sad	Ended in October 2012	Legal suit upheld for the sum of 180.000,00 RSD and 97.000,00 court expenses
105.	Dunav osiguranje	EP Niskogradnja	Recourse claim for indemnity	2.500.000,00 RSD	Commercial Court of Belgrade	2013	Founded
106.	Aleksandar Babić et al.	EP Niskogradnja	Bonus payout	40.906,00 EUR	First Primary Court of Belgrade	2014	Unsubstantiated
107.	Gordana and Veselin Medenica	EP Niskogradnja	Damage claim – workplace injury	3.200.000,00 RSD	First Primary Court of Belgrade	2014	Outcome uncertain
108.	Milko Tadić	EP Niskogradnja	Annulment of employment contract termination		First Primary Court of Belgrade	2014	Unsubstantiated
109.	Bosna putevi Sarajevo	EP Niskogradnja	Debt, trip to Yemen	17.604.299,00 USD	Commercial Court of Belgrade	Outcome uncertain	Unsubstantiated
110.	Vladimir Marinković	EP Niskogradnja	Overtime work, Peru	5.552,84 USD	First Primary Court of Belgrade	2014	Unsubstantiated
111.	Danica Mutapović	EP Niskogradnja	Bonuses, Peru	11.416,43 USD	First Primary Court of Belgrade	2013	Unsubstantiated
112.	Dragan Nešković et al.	EP Niskogradnja	Bonuses, Peru	62.574,37 USD	First Primary Court of Belgrade	2013	Unsubstantiated
113.	Intermost doo in bankruptcy	EP Niskogradnja	Payment for materials(Novi Sad)	189.827.985,00 RSD	Commercial Court of Belgrade	2014	Outcome uncertain

114.	EP Niskogradnja	Media Max doo	Debt	456.541,00 RSD	Commercial Court of Belgrade	2013	Founded
115.	EP Niskogradnja	Intermost doo in bankruptcy	Debt (Novi Sad)	378.685.160,00 RSD	Commercial Court of Belgrade	2014	Founded
116.	EP Niskogradnja	UniCredit bank a.d. Mostar	Advance payment bond	7.000.000,00 KM	Municipal Court of Sarajevo	Outcome uncertain	Founded
117.	EP Niskogradnja	UniCredit bank a.d. Mostar	Contract performance bond	3.500.000,00 KM	Municipal Court of Sarajevo	Outcome uncertain	Founded
118.	EP Niskogradnja	UniCredit bank a.d. Mostar	Advance payment bond	4.000.000,00 KM	Municipal Court of Sarajevo	Outcome uncertain	Founded
119.	EP Niskogradnja	JIK Banka a.d. in bankruptcy	Claim registration	218.000,00 USD	Commercial Court of Belgrade	Outcome uncertain	Founded
120.	EP Niskogradnja	Jugobanka a.d. New York office	Claim registration	455.877,88 USD 12.060.320,00 RSD	Commercial Court of Belgrade	Outcome uncertain	Founded
121.	EP Niskogradnja	Beogradska banka a.d. in bankruptcy	Claim registration	4.546,10 USD 16.278.517,00 RSD	Commercial Court of Belgrade	Outcome uncertain	Founded
122.	Simić Ljubiša	1. JP Putevi Srbije 2. EP Niskogradnja	Damage claim	4.598,80 EUR	First Primary Court of Belgrade		Unsubstantiated lawsuit against EP Niskogradnja
123.	Milanka Bančić	EP Industrija	Annulment of allotment resolution for solidarity apartments		First Primary Court of Belgrade, 9-P1-4419/10	2013-2014	Outcome uncertain
124.	Milanka Bančić	EP Industrija	Purchase of solidarity apartment-out of court		First Primary Court of Belgrade,8-R1-948/10	2013-2014	Outcome uncertain
125.	Marko Martinoli	EP Industrija	Annulment of GM resolution		Commercial Court of Belgrade, 29-P-5056/2012	2013-2014	Outcome uncertain
126.	EP Industrija	Jugoremedija a.d.- in bankruptcy	Bankruptcy proceedings-claim registration	321.416,18 EUR reported claim amount	Commercial Court of Zrenjanin, St-300/2012		Outcome uncertain

127.	EP Energodata	"Šipad komerc" in bankruptcy	Non payment of completed	258.586,20 + interest	Commercial Court	Execution decision obtained, respondent has filed for bankruptcy	Settlement amount is uncertain
128.	EP Hidroinženjering	Relja Orlić	Damage claim for violation of non competition clause	40.000,00 USD principal debt (2.987.104,00 RSD)	First Primary Court of Belgrade	Request for audit refused for technical reasons closed	Unfavourable
129.	Counter plaintiff Relja Orlić	Counter respondent EP-Hidroinženjering	Unpaid salaries claim for services abroad	7.144,00 USD (533.497,00 RSD)	First Primary Court of Belgrade	Closed settlement completed	Settlement
130.	EP Hidroinženjering	PONTA d.o.o.	Unsettled debt claim	1.942.816,00 RSD	First Primary Court of Belgrade	First instance ruling in our favour. Appeal filed. End of 2013	Favourable
131.	EP Hidroinženjering	ČOKA MUNICIPALITY (Investor) Capital Investments Fund of Vojvodina Province (financier)	Unsettled debt claim	2.384.304,00 RSD and 45.912,00 RSD	Commercial Court of Novi Sad	First instance ruling by end 2013	Outcome uncertain
132.	Counterlawsuit by Čoka municipality	Counter respondent EP-Hidroinženjering	Contract termination due to default	Commercial Court of Novi Sad	First instance ruling by end 2013	Outcome uncertain	
133.	S.Stojić	EP Hidroinženjering	Unpaid salaries claim for services abroad	6.466,00 USD (482.865,00 RSD)	First Primary Court of Belgrade	Pending appeal by plaintiff S.Stojić, end of 2013	Favourable
134.	M. Đorđević	EP-Hidroinženjering	Annulment of employment contract annex stipulating minimum salary	Claim does not specify cash amount	First Primary Court of Belgrade	First instance ruling in our favour. Appeal filed. End of 2013	Favourable
135.	P. Stanišić and J. Blagojević	EP Hidroinženjering	Annulment of Housing Committee resolution	Not a pecuniary claim	First Primary Court of Belgrade	First instance ruling by end 2013	Outcome uncertain

136.	M. Bojić	EP Hidroinženjering	Unpaid salaries and food allowance claim for services abroad	8.340,00 USD (622.811,00 RSD)	First Primary Court of Belgrade	First instance ruling in our favour, appeal filed. End of 2013	Outcome uncertain
137.	Lj. Selenić	EP Hidroinženjering as second respondent	Damage claim for objects damaged during removal from premises	Principal debt 950.000,00 RSD	First Primary Court of Belgrade	First instance ruling by end 2013	Favourable
138.	S.Ilić	EP Hidroinženjering	Unpaid salaries claim for overtime work	Principal debt 950.000,00 RSD	First Primary Court of Belgrade	First instance ruling by end 2013	Favourable

## 2. AUDIT REPORT (the whole report)

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

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of the Company  
"Energoprojekt Holding" a.d. Beograd**

We have audited the accompanying consolidated financial statements of the company "Energoprojekt Holding" a.d. Beograd and its consolidated subsidiaries (hereinafter referred to together as "Sistem Energoprojekt"), which comprise the consolidated balance sheet as of 31 December 2012, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated statistical annex is an integral part of the accompanying consolidated financial statements.

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

Management of Sistem Energoprojekt is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting regulations prevailing in the Republic of Serbia, based on the Law on Accounting and Audit ("Official Gazette of RS", no. 46/2006, 111/2009 and 99/2011), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the Company  
"Energoprojekt Holding" a.d. Beograd (Continued)

### *Opinion*

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of Sistem Energoprojekt as of 31 December 2012 and its financial performance and its cash flows for the year then ended, in accordance with the accounting regulations prevailing in the Republic of Serbia.

Belgrade, 24 April 2013



Igor Radmanović  
Certified Auditor

**CONSOLIDATED  
BALANCE SHEET  
on December 31, 2012**

in 000 RSD

Group accounts account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. NON-CURRENT ASSETS (002+003+004+005+009)</b>	001		<b>10,055,237</b>	<b>8,914,837</b>
00	I. UNPAID SUBSCRIBED CAPITAL	002		-	-
012	II. GOODWILL	003		-	-
01 w/out 012	III. INTANGIBLE ASSETS	004	20	70,479	82,635
	IV. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005		8,419,585	7,647,487
020,022,023, 026,027(part), 028(part), 029	1. Property, plant and equipment	006	21	6,410,029	6,067,870
024,027(part) 028(part)	2. Investment property	007	21	2,009,556	1,579,617
021,025,027 (part) and 028(part)	3. Biological assets	008		-	-
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		1,565,173	1,184,715
030 to 032, 039(part)	1. Equity share	010	22	667,669	610,046
033 to 038, 039(part) less 037	2. Other long-term financial investments	011	23	897,504	574,669
	<b>B. CURRENT ASSETS (013+014+015)</b>	012		<b>17,267,092</b>	<b>18,139,950</b>
10 to 13,15	I. INVENTORIES	013	24	3,056,162	4,465,017
14	II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS	014	25	64,156	8,083
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015		14,146,774	13,666,850
20, 21 and 22, except 223	1. Receivables	016	26	7,116,005	7,482,739
223	2. Receivables for overpaid income tax	017		-	-
23 less 237	3. Short-term financial investments	018	27	2,370,296	2,525,196
24	5. Cash equivalents and cash	019	28	3,355,485	2,941,524
27 and 28 except 288	4. VAT and accruals	020	29	1,304,988	717,391
288	C. DEFERRED TAX ASSETS	021		-	-
	D. OPERATING ASSETS (001+012+021)	022		27,322,329	27,054,787
29	E. LOSS OVER CAPITAL	023		-	-
	F. TOTAL ASSETS (022+023)	024		27,322,329	27,054,787
88	G. OFF-BALANCE SHEET ITEMS	025	42	14,076,978	10,287,693

Group accounts, account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>CAPITAL AND LIABILITIES</b>				
	<b>A. CAPITAL (102+103+104+105+106-107+108-109-110)</b>	101		<b>12,723,261</b>	<b>11,715,908</b>
30	I. ISSUED AND OTHER CAPITAL	102	30	5,511,964	5,223,103
31	II. UNPAID SUBSCRIBED CAPITAL	103		-	-
32	III. RESERVES	104	31	899,217	897,913
330 i 331	IV. REVALUATION RESERVES	105	32	1,748,834	1,625,478
332	V. UNREALIZED GAINS BASED ON SECURITIES AVAILABLE FOR SALE	106	32	14,599	16,022
333	V. UNREALIZED LOSSES BASED ON SECURITIES AVAILABLE FOR SALE	107	32	25,798	22,071
34	VII. RETAINED EARNINGS	108	33	4,574,445	3,975,463
35	VIII. LOSS	109		-	-
037 and 237	IX. REDEEMED OWN SHARES	110		-	-
	<b>B. NON-CURRENT PROVISIONS AND LIABILITIES (112+113+116)</b>	111		<b>14,511,935</b>	<b>15,305,562</b>
40	I. NON-CURRENT PROVISIONS	112	34	1,388,665	1,334,845
41	II. NON-CURRENT LIABILITIES (114+115)	113		1,907,239	785,615
414, 415	1. Long-term credits	114	35	943,240	732,424
41 w/out 414 and 415	2. Other non-current liabilities	115	36	963,999	53,191
	III. CURRENT LIABILITIES (117+118+119+120+121+122)	116		11,216,031	13,185,102
42, except 427	1. Short-term financial liabilities	117	37	2,749,962	2,564,443
427	2. Liabilities from assets held for sale and assets from discontinued operations	118		-	-
43 and 44	3. Liabilities from business operations	119	38	6,143,839	7,610,143
45 i 46	4. Other short-term liabilities	120	39	1,134,937	1,051,249
47, 48 except 481 and 49 except 498	5. VAT and other public liabilities and accruals	121	40	702,413	1,431,711
481	6. Income tax liabilities	122		484,880	527,556
498	C. DEFERRED TAX LIABILITIES	123		87,133	33,317
	D. TOTAL CAPITAL AND LIABILITIES (101+111+123)	124		27,322,329	27,054,787
89	E. OFF-BALANCE SHEET ITEMS	125	42	14,076,978	10,287,693
	NON-CONTROLLING INTEREST			1,337,239	1,203,771

In Belgrade,

date 18.04.2013.

Person responsible for  
preparation of financial  
statements

Seal

Legal representative



## ENERGOPROJEKT GROUP, BELGRADE

**CONSOLIDATED  
INCOME STATEMENT**  
for the period January 1 to December 31, 2012

in 000 RSD

Group accounts, account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. BUSINESS REVENUE AND EXPENSES</b>				
	<b>I. BUSINESS REVENUE (202+203+204-205+206)</b>	201		<b>26,375,339</b>	<b>20,846,517</b>
60 and 61	1. Sale revenue	202	8	25,634,951	21,193,645
62	2. Revenue from undertaking of outputs and goods for own purposes	203		58,673	57,549
630	3. Increase of inventories	204	9	612,474	30,574
631	4. Decrease of inventories	205	9	219,082	564,699
64 and 65	5. Other business revenue	206	10	288,323	129,448
	<b>II. BUSINESS EXPENSES (208 to 212)</b>	207		<b>25,646,895</b>	<b>20,599,641</b>
50	1. Cost value of sold goods	208	11	345,095	99,355
51	2. Cost of material	209	12	9,256,476	5,428,574
52	3. Staff costs	210	13	7,057,296	6,868,019
54	4. Depreciation and provisions costs	211	14	516,510	1,177,245
53 and 55	5. Other business expenses	212	15	8,471,518	7,026,448
	<b>III. PROFIT FROM OPERATIONS (201 - 207)</b>	213		<b>728,444</b>	<b>246,876</b>
	<b>IV. LOSS FROM OPERATIONS (207 - 201)</b>	214		-	-
66	V. FINANCIAL REVENUE	215	16	1,730,326	1,887,836
56	VI. FINANCIAL EXPENSES	216	16	1,363,668	2,160,135
67, 68	VII. OTHER REVENUE	217	17	267,630	1,301,027
57, 58	VIII. OTHER EXPENSES	218	17	313,376	682,876
	<b>IX. PROFIT FROM OPERATIONS BEFORE TAX (213-214+215-216+217-218)</b>	219		<b>1,049,356</b>	<b>592,728</b>
	<b>X. LOSS FROM OPERATIONS BEFORE TAX (214-213-215+216-217+218)</b>	220		-	-
69-59	XI. NET PROFIT FROM DISCONTINUED OPERATIONS	221		-	-
59-69	XII. NET LOSS FROM DISCONTINUED OPERATIONS	222	18	37,156	17,664
	<b>B. PROFIT BEFORE TAX (219-220+221-222)</b>	223		<b>1,012,200</b>	<b>575,064</b>
	<b>V. LOSS BEFORE TAX (220-219+222-221)</b>	224		-	-
	<b>G. INCOME TAX</b>			-	-
721	1. Tax expenses for the period	225		89,446	87,862
722	2. Deferred tax expenses for the period	226		25,810	-
722	3. Deferred tax revenues for the period	227		-	8,683
723	<b>D. EMPLOYER'S EARNINGS PAID</b>	228		-	-
	<b>Đ. NET PROFIT (223-224-225-226+227-228)</b>	229		<b>896,944</b>	<b>495,885</b>
	<b>E. NET LOSS (224-223+225+226-227+228)</b>	230		-	-
	<b>Ž. NET PROFIT BELONGING TO MINORITY INVESTORS</b>	231		<b>191,749</b>	<b>127,079</b>
	<b>Z. NET PROFIT BELONGING TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	232		<b>705,195</b>	<b>368,806</b>
	<b>I. EARNINGS PER SHARE</b>			-	-
	1. Basic earnings per share	233		-	-
	2. Decreased (diluted) earnings per share	234		-	-

In Belgrade,

date 18.04.2013.

Person responsible for  
preparation of financial  
statements



Legal representative

**CONSOLIDATED  
CASH FLOW STATEMENT**  
for the period January 1 to December 31, 2012

in 000 RSD

Position	EDP	Amount	
		Current year	Previous year
1	2	3	4
<b>A. CASH FLOW FROM BUSINESS ACTIVITIES</b>			
<b>I. Cash flow from business activities (1 to 3)</b>	301	26,847,296	22,799,420
1. Sale and received advance payments	302	25,913,039	22,181,964
2. Received interests from business activities	303	54,972	59,608
3. Other cash flow from regular operations	304	879,285	557,848
<b>II. Cash outflow from business activities (1 to 5)</b>	305	26,755,138	21,561,258
1. Cash to suppliers and advances paid	306	18,434,674	13,822,894
2. Staff costs	307	6,925,208	6,278,525
3. Interests paid	308	277,251	380,606
4. Income tax	309	272,523	238,572
5. Other public duties	310	845,482	840,661
<b>III. Net cash flow from business activities (I-II)</b>	311	92,158	1,238,162
<b>IV. Net cash outflow from business activities (II-I)</b>	312	-	-
<b>B. CASH FLOW FROM INVESTMENTS</b>			
<b>I. Cash flow from investments (1 to 5)</b>	313	4,816,802	2,163,789
1. Sale of shares and stakes (net inflow)	314	2,000	72,745
2. Sale of intangible assets, property, plant, equipment and biological assets	315	187,984	668,870
3. Other financial investments (net inflow)	316	4,505,941	1,317,017
4. Interests received from investments	317	90,076	81,244
5. Dividends received	318	30,801	23,913
<b>II. Cash outflow from investments (1 to 3)</b>	319	4,313,445	2,278,284
1. Acquisition of shares and stakes (net outflow)	320	-	34,253
2. Acquisition of intangible assets, property, plant, equipment and biological assets	321	846,629	220,278
3. Other financial investments (net outflow)	322	3,466,816	2,023,753
<b>III. Net cash flow from investments (I-II)</b>	323	503,357	-
<b>IV. Net cash outflow from investments (II-I)</b>	324	-	114,495
<b>V. CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>I. Cash flow from financing activities (1 to 3)</b>	325	2,479,743	553,125
1. Increase of capital assets	326	-	770
2. Long-term and short-term credits (net inflow)	327	1,245,512	301,793
3. Other long-term and short-term liabilities	328	1,234,231	250,562
<b>II. Cash outflow from financing activities (1 to 4)</b>	329	2,729,399	1,619,871
1. Acquisition of own shares and stakes	330	-	-
Long and short-term credits and other liabilities (net outflow)	331	2,514,883	1,482,047
3. Finance leasing	332	155,202	92,916
4. Dividends paid	333	59,314	44,908
<b>III. Net cash flow from financing activities (I-II)</b>	334	-	-
<b>IV. Net cash outflow from financing activities (II-I)</b>	335	249,656	1,066,746
<b>G. TOTAL CASH FLOW (301+313+325)</b>	336	34,143,841	25,516,334
<b>D. TOTAL CASH OUTFLOW (305+319+329)</b>	337	33,797,982	25,459,413
<b>DJ. NET CASH FLOW (336-337)</b>	338	345,859	56,921
<b>E. NET CASH OUTFLOW (337-336)</b>	339	-	-
<b>Z. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD</b>	340	2,941,524	2,877,078
<b>Z. GAINS ON EXCHANGE</b>	341	205,080	92,427
<b>L. LOSS ON EXCHANGE</b>	342	136,978	84,902
<b>J. CASH AT THE END OF THE ACCOUNTING PERIOD (338-339+340+341-342)</b>	343	3,355,485	2,941,524

In Belgrade,

date 18.04.2013.

Person responsible for  
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Legal representative



CONSOLIDATED  
STATEMENT OF CHANGES IN CAPITAL  
for the period January 1 to December 31, 2012

in 000 RSD

No.	DESCRIPTION	in 000 RSD																									
		EDP	Issued capital (group 30 without 309)	EDP	Other capital (account 309)	EDP	Unpaid sub-scribed capital (group 31)	EDP	Emission premium (account 320)	EDP	Reserves (account 321, 322)	EDP	Revaluation reserves (group 330,331)	EDP	Unrealized gains based on securities available for sale (account 332)	EDP	Unrealized losses based on securities available for sale (account 333)	EDP	Undistributed profit (group 34)	EDP	Loss to the capital value (group 35)	EDP	Retained own shares and stakes (account 037, 237)	EDP	Total (group 2-3+4-5+6-7+8-9+10-11-12)	EDP	Less above capital (group 29)
		1	2	3	4	5	6	7	8	9	10	11	12	13	14												
1	Balance on January 1, previous year	-401	4,467,699	-414	98,657	-427	-	440	236,607	453	341,824	-466	958,158	479	60,049	-492	19,865	505	4,058,801	518	-	531	341	544	10,201,589	557	-
2	Correction of materially significant errors and changes in accounting policies in the previous year - increase	402	-	415	-	428	-	441	-	454	-	467	-	480	-	493	-	506	-	519	-	532	-	545	-	558	-
3	Correction of materially significant errors and changes in accounting policies in the previous year - decrease	403	-	416	-	429	-	442	-	455	-	468	-	481	-	494	-	507	-	520	-	533	-	546	-	559	-
4	Corrected initial balance on January 1, of the previous year (no.1+2-3)	404	4,467,699	417	98,657	430	-	443	236,607	456	341,824	-469	958,158	482	60,049	-495	19,865	508	4,068,772	521	-	534	341	547	10,151,560	560	-
5	Total increase in the previous year	405	664,363	418	3	431	-	444	319,053	470	684,356	-483	4,222	496	4,222	-496	2,727	509	982,442	522	-	555	548	548	2,652,546	561	-
6	Total decrease in the previous year	406	5,647	419	1,972	432	-	445	5	458	-	471	171,136	484	48,249	-497	521	510	1,015,751	523	-	556	341	549	1,087,898	562	-
7	Balance on December 31, previous year (no.4+5-6)	407	5,126,415	420	96,688	433	-	446	237,036	459	660,877	-472	1,625,478	485	16,022	-498	22,071	511	3,975,463	524	-	537	-	550	11,715,908	563	-
8	Correction of materially significant errors and changes in accounting policies in the previous year - increase	408	-	421	-	434	-	447	-	460	-	473	-	486	-	499	-	512	-	525	-	538	-	551	-	564	-
9	Correction of materially significant errors and changes in accounting policies in the previous year - decrease	409	-	422	-	435	-	448	-	461	-	474	-	487	-	500	-	513	-	526	-	539	-	552	-	565	-
10	Corrected initial balance on January 1, of the current year (no.7+8-9)	410	5,126,415	423	96,688	436	-	449	237,036	462	660,877	-475	1,625,478	488	16,022	-501	22,071	514	3,975,463	527	-	540	-	553	11,715,908	566	-
11	Total increase in the current year	411	1,226,049	424	23,221	437	-	450	17,335	476	17,335	-489	123,536	499	1,751	-502	3,727	515	598,982	528	-	541	-	554	1,987,307	567	-
12	Total decrease in the current year	412	955,138	425	5,271	438	-	451	22	464	16,409	-477	490	3,174	-503	-	516	-	529	-	542	-	555	-	980,014	568	-
13	Balance on December 31, of the current year (no. 10+11-12)	413	5,397,336	426	114,658	439	-	452	237,014	465	662,203	-478	1,748,834	491	14,899	-504	25,798	517	4,574,445	530	-	543	-	556	12,723,261	569	-

In Belgrade, date 18.04.2013.

Person responsible for  
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statements



**CONSOLIDATED  
STATISTICAL ANNEX**  
for the period January 1 to December 31, 2012.

**I GENERAL INFORMATION ON THE LEGAL ENTITY, I.E. ENTREPRENEUR**

DESCRIPTION	EDP	Current year	Previous year
1	2	3	4
1. Number of business months (designation from 1 to 12.)	601	12	12
2. Size designation (from 1 to 3)	602	3	3
3. Ownership designation (from 1 to 5)	603	2	2
4. Number of foreign (legal or physical) entities with equity share	604	243	-
5. Average number of employees based on the balance at the end of each month (whole number)	605	2,385	2,478

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

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Gross	Correction of value	Net (col.4-5)
1	2	3	4	5	6
o1	<b>1.Intangible assets</b>				
	1.1. Balance at the beginning of the year	606	168,392	85,757	82,635
	1.2. Increase (acquisitions) during the year	607	11,833	-	11,833
	1.3. Decrease (sale, removal from inventory and impairment) during the year	608	19,438	-	23,989
	1.4. Revaluation during the year	609	-	-	-
	1.5. Balance at the end of the year (606+607-608+609)	610	160,787	90,308	70,479
o2	<b>2. Real property, plant, equipment and biological assets</b>				
	2.1. Balance at the beginning of the year	611	15,133,545	7,486,058	7,647,487
	2.2. Increase (acquisitions) during the year	612	1,473,964	-	1,473,964
	2.3. Decrease (sale, removal from inventory and ensuring) during the year	613	994,529	-	941,978
	2.4. Revaluation during the year	614	240,112	-	240,112
	2.5. Balance at the end of the year ( 611+612-613+614)	615	15,853,092	7,433,507	8,419,585

**III STRUCTURE OF INVENTORIES**

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
10	1. Inventories	616	921,827	1,880,120
11	2. Unfinished production	617	1,270,562	933,635
12	3. Finished products	618	213,952	242,063
13	4. Goods	619	65,651	255,127
14	5. Non-current assets held for sale	620	64,156	266,954
15	6. Advances given	621	584,170	895,201
	<b>7.TOTAL (616+617+618+619+620+621=013)</b>	<b>622</b>	<b>3,120,318</b>	<b>4,473,100</b>

**IV STRUCTURE OF CAPITAL ASSETS**

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
300	1. Share capital	623	5,388,037	5,126,202
	in it: foreign capital	624	215,418	-
301	2. Share of limited liability company	625	9,289	213
	in it: foreign capital	626	9,289	-
302	3. Shares of members of partnership and limited-partnership company	627	-	-
	in it: foreign capital	628	-	-
303	4. State-owned capital	629	-	-
304	5. Socially-owned capital	630	-	-
305	6. Cooperative shares	631	-	-
309	7. Other capital shares	632	114,638	96,688
30	<b>TOTAL: ( 623+625+627+629+630+631+632=102)</b>	<b>633</b>	<b>5,511,964</b>	<b>5,223,103</b>

V EQUITY STRUCTURE

Number of shares as a whole number  
Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
	<b>1. Ordinary shares</b>			
	1.1. Number of ordinary shares	634	10,575,319	10,105,591
part 300	1.2. Nominal value of ordinary shares - total	635	5,388,037	5,126,202
	<b>2. Priority shares</b>			
	2.1. Number of priority shares	636	-	-
part 300	2.2. Nominal value of priority shares - total	637	-	-
300	<b>3. TOTAL - nominal value of shares (635+637= 623)</b>	<b>638</b>	<b>5,388,037</b>	<b>5,126,202</b>

VI RECEIVABLES AND LIABILITIES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
20	1. Sale receivables (balance at the end of the year 639 ≤ 016)	639	6,694,951	6,683,144
43	2. Liabilities from operations (balance at the end of the year 640 ≤ 117)	640	5,842,960	2,967,812
part 228	3. Receivables during the year from insurance companies for damages (debt turnover without initial balance)	641	3,928	4,036
27	4. VAT paid during acquisition of goods and services (debt turnover without initial balance)	642	1,652,466	998,317
43	5. Business liabilities (receivables turnover without initial balance)	643	24,967,611	15,434,671
450	6. Liabilities for net income and income compensations (receivables turnover without initial balance)	644	4,354,459	4,830,312
451	7. Liabilities for salaries tax and salaries compensations paid by employees (receivables turnover without initial balance)	645	551,486	280,014
452	8. Liabilities for contributions on salaries and salaries compensations paid by employees (receivables turnover without initial balance)	646	871,876	502,713
461,462 and 723	9. Liabilities for dividends, profit share and employer's personal earnings (receivables turnover without initial balance)	647	191,855	1,564
465	10. Liabilities toward physical entities for compensations per contracts (receivables turnover without initial balance)	648	84,947	21,300
47	11. VAT collected during sale of products, goods and services (receivables turnover without initial balance)	649	2,003,609	1,121,679
	<b>12. Control summary (from 639 to 649)</b>	<b>650</b>	<b>47,220,148</b>	<b>32,845,562</b>

VII OTHER EXPENSES AND EXPENDITURES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
513	1. Fuel and energy costs	651	986,618	921,096
520	2. Salaries and salaries compensations (gross)	652	5,553,854	5,289,454
521	3. Tax expenses and contributions on salaries and salaries compensations paid by employer	653	668,889	727,952
522,523,524 and 525	4. Expenses for compensations to physical entities (gross) based on contracts	654	215,650	162,921
526	5. Expenses of compensations to BoD & Supervision Board members (gross)	655	29,191	48,282
529	6. Other personal expenses and compensations	656	589,712	639,410
53	7. Expenses of production services	657	6,575,678	5,367,410
533, part 540 and part 525	8. Lease expenses	658	480,142	489,699
part 533, part 540 & part 525	9. Expenses of land lease	659	12,979	10,100
536,537	10. Expenses of research and development	660	2,753	2,686
540	11. Depreciation expenses	661	457,582	687,359
552	12. Expenses of insurance premiums	662	91,491	165,979
553	13. Payroll expenses	663	253,120	254,669
554	14. Membership fees	664	27,750	18,541
555	15. Tax expenses	665	187,408	963,474
556	16. Contributions	666	1,270	2,563
562	17. Interests	667	306,965	414,974
part 560, part 561 and 562	18. Interests expenses and a part of financial expenses	668	321,593	444,822
part 560, part 561 and part 562	19. Interests expenses per credits and banks and dfo	669	57,275	86,296
part 579	20. Expenses for humanitarian, cultural, health, educational, scientific and religious purposes, for protection of the Environment and sports	670	22,573	16,884
	<b>21. Control summary (from 651 to 670)</b>	<b>671</b>	<b>16,842,493</b>	<b>16,714,571</b>

## VIII OTHER REVENUE

		Amounts in 000 RSD		
Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
60	1. Goods sale revenue	672	1,244,618	649,367
640	2. Revenue from premiums, subsidies, dotations, recourses, compensations and tax duties returns	673	663	13,988
641	3. Revenue from conditioned donations	674	-	-
part 650	4. Revenue from land lease	675	3,087	2,348
651	5. Membership revenue	676	-	-
part 660, part 661, 662	6. Interests revenue	677	232,903	219,429
part 660, part 661, and part 662	7. Revenue from interests per accounts and deposits in banks and other financial organizations	678	55,446	44,770
part 660, part 661 and part 669	8. Revenue from dividends and profit share	679	107,012	304,608
	9. Control summary (from 672 to 679)	680	1,643,729	1,234,510

## IX OTHER DATA

		Amounts in 000 RSD		
DESCRIPTION	EDP	Current year	Previous year	
1	2	3	4	
1. Liabilities for excises (according to annual excises calculation)	681	-	-	
2. Calculated custom duties and other import duties (total annual amount according to calculation)	682	8,615	48,822	
3. Capital subsidies and other state subsidies for construction and acquisition of capital assets and intangible assets	683	-	-	
4. State allocations for premiums, recourses and covering of current operating expenses	684	-	-	
5. Other state allocations	685	260	-	
6. Received donations from abroad and other non-returnable assets in money or nature from foreign legal and physical entities	686	-	-	
7. Personal income of entrepreneurs from net profit (filled in by entrepreneurs only)	687	-	-	
8. Control summary (from 681 to 687)	688	8,875	48,822	

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

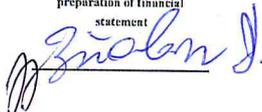
		Amounts in 000 RSD		
DESCRIPTION	EDP code	Current year	Previous year	
1	2	3	4	
1. Opening balance of the accrued net effect of the contractual currency clause	689	-	-	
2. Accrued net effect of the contractual currency clause	690	-	-	
3. Proportional part of the cancelled accrued net effect	691	-	-	
4. Remaining amount of the accrued net effect of the contractual currency clause (no. 1 + no. 2 - no.3)	692	-	-	
5. Opening balance of the accrued net effect of gains/losses arising on the translation of foreign currency	693	-	-	
6. Accrued net effect of gains/losses arising on the translation of foreign currency	694	-	-	
7. Proportional part of the cancelled accrued net effect of gains/losses	695	-	-	
8. Remaining amount of the accrued net effect of gains/losses (no. 5 + no.6. - no.7)	696	-	-	

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

		Amounts in 000 RSD		
DESCRIPTION	EDP code	Current year	Previous year	
1	2	3	4	
1. Opening balance of the accrued net effect of the contractual currency clause	697	-	-	
2. Accrued net effect of the contractual currency clause	698	-	-	
3. Proportional part of the cancelled accrued net effect	699	-	-	
4. Remaining amount of the accrued net effect of the contractual currency clause (no. 1 + no. 2 - no.3)	700	-	-	
5. Opening balance of the accrued net effect of gains/losses	701	-	-	
6. Accrued net effect of gains/losses arising on the translation of foreign currency	702	-	-	
7. Proportional part of the cancelled accrued net effect of gains/losses	703	-	-	
8. Remaining amount of the accrued net effect of gains/losses (no. 5 + no.6. - no.7)	704	-	-	

In Belgrade,

date 18.04.2013.

Person responsible for  
preparation of financial  
statement



Legal representative



***"ENERGOPROJEKT" GROUP, BELGRADE***

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
2012**

***"ENERGOPROJEKT" GROUP, BELGRADE***

**CONSOLIDATED FINANCIAL STATEMENTS  
2012**

**C O N T E N T S**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the period from January 1 to December 31 2012

( thousand RSD)

Account group, account	DESCRIPTION	ADP	Note	Amount	
				Current year	Previous year
	<b>A. INCOME AND EXPENDITURE FROM REGULAR OPERATIONS</b>				
	<b>I. BUSINESS INCOME</b>	201		<b>26.375.339</b>	<b>20.846.517</b>
60 and 61	1. Return on sales	202	8	25.634.951	21.193.645
62	2. Own use of products, services and merchandise	203		58.673	57.549
630	3. Increase in inventories	204	9	612.474	30.574
631	4. Decrease in inventories	205	9	219.082	564.699
64 and 65	5. Other business revenues	206	10	288.323	129.448
	<b>II. BUSINESS EXPENDITURE</b>	207		<b>25.646.895</b>	<b>20.599.641</b>
50	1. Cost of merchandise sold	208	11	345.095	99.355
51	2. Cost of material	209	12	9.256.476	5.428.574
52	3. Costs of salaries, fringe benefits and other personal expenses	210	13	7.057.296	6.868.019
54	4. Costs of depreciation and provisions	211	14	516.510	1.177.245
53 and 55	5. Other business expenditure	212	15	8.471.518	7.026.448
	<b>III. BUSINESS PROFIT</b>	213		<b>728.444</b>	<b>246.876</b>
	<b>IV. BUSINESS LOSSES</b>	214			
66	<b>V. FINANCIAL INCOME</b>	215	16	<b>1.730.326</b>	<b>1.887.836</b>
56	<b>VI. FINANCIAL EXPENDITURE</b>	216	16	<b>1.363.668</b>	<b>2.160.135</b>
67,68	<b>VII. OTHER INCOME</b>	217	17	<b>267.630</b>	<b>1.301.027</b>
57,58	<b>VIII. OTHER EXPENDITURE</b>	218	17	<b>313.376</b>	<b>682.876</b>
	<b>IX. OPERATING REVENUE BEFORE TAX</b>	219		<b>1.049.356</b>	<b>592.728</b>
	<b>X. OPERATING LOSSES BEFORE TAX</b>	220			
69-59	<b>XI. NET PROFIT OF DISCONTINUED OPERATIONS</b>	221			
59-69	<b>XII. NET LOSS OF DISCONTINUED OPERATIONS</b>	222	18	37.156	17.664
	<b>B. PROFIT BEFORE TAX</b>	223		<b>1.012.200</b>	<b>575.064</b>
	<b>C. LOSSES BEFORE TAX</b>	224			
	<b>D. CORPORATE INCOME TAX</b>				
721	1. Tax liabilities	225		89.446	87.862
722	2. Deferred tax liabilities	226		25.810	
723	3. Deferred tax income	227			8.683
	<b>E. PERSONAL WAGES PAID TO EMPLOYER</b>	228			
	<b>F. NET PROFIT</b>	229		<b>896.944</b>	<b>495.885</b>
	<b>G. NET LOSSES</b>	230			
	<b>H. NET PROFIT PAYABLE TO MINORITY STAKEHOLDERS</b>	231		191.749	127.079
	<b>I. NET PROFIT PAYABLE TO PARENT COMPANY OWNERS</b>	232		705.195	368.806
	<b>J. EARNINGS PER SHARE</b>				
	1. Basic earnings per share	233			
	2. Diluted earnings per share	234			

## CONSOLIDATED BALANCE SHEET

As at 31.12.2012

( thousand RSD)

Account group, account	ITEM	ADP	Note No.	Amount	
				Current year	Previous year
	<b>A S S E T S</b>				
	<b>A. NON-CURRENT ASSETS</b>	001		<b>10.055.237</b>	<b>8.914.837</b>
00	I. SUBSCRIBED CAPITAL, UNPAID	002			
012	II. GOODWILL	003			
01 without 012	III. INTANGIBLE ASSETS	004	20	70.479	82.635
	IV. PROPERTY, PLANT, EQUIPMENT AND NATURAL ASSETS	005		8.419.585	7.647.487
020,022,023,02 6,027(part),028 (part),029	1. Property, plant, equipment	006	21	6.410.029	6.067.870
024,027(part) and 028(part)	2. Investment property	007	21	2.009.556	1.579.617
021,025,027 (part) and 028(part)	3. Natural assets	008			
	IV. LONG-TERM FINANCIAL INVESTMENTS	009		1.565.173	1.184.715
030 to 032,039 (part)	1. Share of Capital	010	22	667.669	610.046
033 to 038,039(part) minus 037	2. Other long-term financial investments	011	23	897.504	574.669
	<b>B. CURRENT ASSETS</b>	012		<b>17.267.092</b>	<b>18.139.950</b>
10 to 13,15	I. MATERIAL	013	24	3.056.162	4.465.017
14	II. ASSETS HELD FOR TRADING AND ASSETS FROM DISCONTINUED OPERATIONS	014	25	64.156	8.083
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH	015		14.146.774	13.666.850
20,21 and 22, except 223	1. Receivables	016	26	7.116.005	7.482.739
223	2. Receivables from prepaid income tax	017			
23 minus 237	3. Short-term financial investments	018	27	2.370.296	2.525.196
24	4. Cash and cash equivalents	019	28	3.355.485	2.941.524
27 and 28 except 288	5. VAT and deferred income	020	29	1.304.988	717.391
288	III. DEFERRED TAX ASSETS	021			
	<b>C. BUSINESS PROPERTY</b>	022		<b>27.322.329</b>	<b>27.054.787</b>
29	<b>D. LOSSES OVER CAPITAL</b>	023			
	<b>E. TOTAL ASSETS</b>	024		<b>27.322.329</b>	<b>27.054.787</b>
88	<b>F. OFF-BALANCE SHEET ITEMS</b>	025	42	<b>14.076.978</b>	<b>10.287.693</b>

## CONSOLIDATED BALANCE SHEET

As at 31. 12.2012 - continued

( thousand RSD)

Account group, account	ITEM	ADP	Note No.	Amount	
				Current year	Previous year
	<b>LIABILITIES</b>				
	<b>A. CAPITAL</b>	101		<b>12.723.261</b>	<b>11.715.908</b>
30	I. ORIGINAL AND OTHER CAPITAL	102	30	5.511.964	5.223.103
31	II. SUBSCRIBED CAPITAL, UNPAID	103			
32	III. RESERVES	104	31	899.217	897.913
330 and 331	IV. REVALUATION RESERVES	105	32	1.748.834	1.625.478
332	V. Unrealized gains from securities	106	32	14.599	16.022
333	VI. Unrealized losses from securities	107	32	25.798	22.071
34	VII. UNDISTRIBUTED PROFIT	108	33	4.574.445	3.975.463
35	VIII. LOSSES	109			
037 and 237	IX. REDEEMED SHARES	110			
	<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	111		<b>14.511.935</b>	<b>15.305.562</b>
40	I. LONG-TERM PROVISIONS	112	34	1.388.665	1.334.845
41	II. LONG-TERM LIABILITIES	113		1.907.239	785.615
414,415	1. Long-term loans	114	35	943.240	732.424
41 without 414 and 415	2. Other long-term liabilities	115	36	963.999	53.191
	<b>III. SHORT-TERM LIABILITIES</b>	116		<b>11.216.031</b>	<b>13.185.102</b>
42 except 427	1. Short-term financial liabilities	117	37	2.749.962	2.564.443
427	2. Liabilities for assets held for trading and assets related to discontinued operations	118			
43 and 44	3. Liabilities from operations	119	38	6.143.839	7.610.143
45 and 46	4. Other Short-term liabilities	120	39	1.134.937	1.051.249
47, 48 except 481 and 49 except 498	5. VAT and other public duties and accruals	121	40	702.413	1.431.711
481	6. Liabilities related to the income tax	122		484.880	527.556
498	IV. DEFERRED TAX LIABILITIES	123		87.133	33.317
	<b>C. TOTAL LIABILITIES</b>	124		<b>27.322.329</b>	<b>27.054.787</b>
89	<b>D. OFF-BALANCE SHEET ITEMS</b>	125	42	<b>14.076.978</b>	<b>10.287.693</b>
	<b>MINORITY INTEREST (EQUITY)</b>			<b>1.337.239</b>	<b>1.203.771</b>

## CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to December 31 2012

( thousand RSD)

ITEM	ADP	Amount	
		Current year	Previous year
<b>A. CASH FLOW FROM BUSINESS OPERATIONS</b>			
<b>I. Cash flow from business operations</b>	301	<b>26.847.296</b>	<b>22.799.420</b>
1. Sales return and received advances	302	25.913.039	22.181.964
2. Received interest from business operations	303	54.972	59.608
3. Other cash inflows from regular business operations	304	879.285	557.848
<b>II. Cash outflow from business operations</b>	305	<b>26.755.138</b>	<b>21.561.258</b>
1. Payments to suppliers and advances given	306	18.434.674	13.822.894
2. Salaries, emoluments and other personal expenses	307	6.925.208	6.278.525
3. Paid interest	308	277.251	380.606
4. Income tax	309	272.523	238.572
5. Other public revenue expenses	310	845.482	840.661
<b>III. Net cash inflow from business operations</b>	311	<b>92.158</b>	<b>1.238.162</b>
<b>IV. Net cash outflow from business operations</b>	312		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>I. Cash inflow from investing activities</b>	313	<b>4.816.802</b>	<b>2.163.789</b>
1. Sale of shares and equity investments (net inflow)	314	2.000	72.745
2. Sale of intangible assets, plant, property, equipment & natural assets	315	187.984	668.870
3. Other financial investments (net inflow)	316	4.505.941	1.317.017
4. Received interest	317	90.076	81.244
5. Received dividends	318	30.801	23.913
<b>II. Cash outflow from investing activities</b>	319	<b>4.313.445</b>	<b>2.278.284</b>
1. Purchase of shares and equity investments (net outflow)	320		34.253
2. Purchase of intangible assets, plant, property, equipment & natural assets	321	846.629	220.278
3. Other financial investments (net outflow)	322	3.466.816	2.023.753
<b>III. Net cash inflow from investing activities</b>	323	<b>503.357</b>	
<b>IV. Net cash outflow from investing activities</b>	324		<b>114.495</b>

**CONSOLIDATED CASH FLOW STATEMENT - continued**

**for the period from January 1 to December 31 2012**

( thousand RSD)

ITEM	ADP	Amount	
		Current year	Previous year
<b>C. CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
<b>I. Cash inflow from financing activities</b>	325	<b>2.479.743</b>	<b>553.125</b>
1. Increase of original capital	326		770
2. Long term and short term loans (net inflow)	327	1.245.512	301.793
3. Other long term and short term liabilities	328	1.234.231	250.562
<b>II. Cash outflow from financing activities</b>	329	<b>2.729.399</b>	<b>1.619.871</b>
1. Repurchase of treasury shares and equity	330		
2. Long term and short term loans and other liabilities (net outflow)	331	2.514.883	1.482.047
3. Finance leasing	332	155.202	92.916
4. Paid dividends	333	59.314	44.908
<b>III. Net cash inflow from financing activities</b>	334		
<b>IV. Net cash outflow from financing activities</b>	335	<b>249.656</b>	<b>1.066.746</b>
<b>D. CASH INFLOW TOTAL</b>	336	<b>34.143.841</b>	<b>25.516.334</b>
<b>E. CASH OUTFLOW TOTAL</b>	337	<b>33.797.982</b>	<b>25.459.413</b>
<b>F. CASH INFLOW NET</b>	338	<b>345.859</b>	<b>56.921</b>
<b>G. CASH OUTFLOW NET</b>	339		
<b>H. OPENING CASH BALANCE</b>	340	<b>2.941.524</b>	<b>2.877.078</b>
<b>I. FX GAINS FROM CASH TRANSLATION</b>	341	205.080	92.427
<b>J. FX LOSSES FROM CASH TRANSLATION</b>	342	136.978	84.902
<b>K. CLOSING CASH BALANCE</b>	343	<b>3.355.485</b>	<b>2.941.524</b>

**CONSOLIDATED STATEMENT ON CHANGES IN EQUITY CAPITAL**  
**for the period from January 1 to December 31 2012**

(thousand RSD)

No.	DESCRIPTION	Original capital (group 30 w/o 309)	Other capital (a/c 309)	Registered capital unpaid (group 31)	Issuing premium (a/c 320)	Reserves (a/c 321, 322)	Revaluation reserves (group 33)	Unrealized profits from securities (332)	Unrealized losses from securities (333)	Undistributed profit (group 34)	Losses over capital (group 35)	Repurchased shares and equity (a/c 037,237)	TOTAL	Losses over capital (group 29)
1	ADP	401	414	427	440	453	466	479	492	505	518	531	544	557
	Balance on 01.01. of the previous year 2011	<b>4.467.699</b>	<b>98.657</b>		<b>236.607</b>	<b>341.824</b>	<b>958.158</b>	<b>60.049</b>	<b>19.865</b>	<b>4.058.801</b>		<b>341</b>	<b>10.201.589</b>	
2	ADP	402	415	428	441	454	467	480	493	506	519	532	545	558
	Correction of the prior years material significant errors and changes in accounting policies – increase													
3	ADP	403	416	429	442	455	468	481	494	507	520	533	546	559
	Correction of the prior years material significant errors and changes in accounting policies – decrease									50.029			50.029	
4	ADP	404	417	430	443	456	469	482	495	508	521	534	547	560
	Restated opening balance on 01.01. of the previous year 2011 (no.1+2-3)	<b>4.467.699</b>	<b>98.657</b>		<b>236.607</b>	<b>341.824</b>	<b>958.158</b>	<b>60.049</b>	<b>19.865</b>	<b>4.008.772</b>		<b>341</b>	<b>10.151.560</b>	
5	ADP	405	418	431	444	457	470	483	496	509	522	535	548	561
	Total increase in the previous year	664.363	3		434	319.053	684.456	4.222	2.727	982.442			2.652.246	
6	ADP	406	419	432	445	458	471	484	497	510	523	536	549	562
	Total decrease in the previous year	5.647	1.972		5		17.136	48.249	521	1.015.751		341	1.087.898	
7	ADP	407	420	433	446	459	472	485	498	511	524	537	550	563
	Balance on 31.12. of the previous year 2011 (no. 4+5-6)	<b>5.126.415</b>	<b>96.688</b>		<b>237.036</b>	<b>660.877</b>	<b>1.625.478</b>	<b>16.022</b>	<b>22.071</b>	<b>3.975.463</b>			<b>11.715.908</b>	
8	ADP	408	421	434	447	460	473	486	499	512	525	538	551	564
	Correction of the current year material significant errors and changes in accounting policies – increase													
9	ADP	409	422	435	448	461	474	487	500	513	526	539	552	565
	Correction of the current year material significant errors and changes in accounting policies – decrease													
10	ADP	410	423	436	449	462	475	488	501	514	527	540	553	566
	Restated opening balance on 01.01. of the current year 2012 (no.7+8-9)	<b>5.126.415</b>	<b>96.688</b>		<b>237.036</b>	<b>660.877</b>	<b>1.625.478</b>	<b>16.022</b>	<b>22.071</b>	<b>3.975.463</b>			<b>11.715.908</b>	
11	ADP	411	424	437	450	463	476	489	502	515	528	541	554	567
	Total increase in the current year	1.226.049	23.221			17.735	123.356	1.751	3.727	598.982			1.987.367	
12	ADP	412	425	438	451	464	477	490	503	516	529	542	555	568
	Total decrease in the current year	955.138	5.271		22	16.409		3.174					980.014	
13	ADP	413	426	439	452	465	478	491	504	517	530	543	556	569
	Balance on 31.12. of the current year 2012 (no. 10+11-12)	<b>5.397.326</b>	<b>114.638</b>		<b>237.014</b>	<b>662.203</b>	<b>1.748.834</b>	<b>14.599</b>	<b>25.798</b>	<b>4.574.445</b>			<b>12.723.261</b>	

**"ENERGOPROJEKT" GROUP, BELGRADE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2012**

**Consolidated statistical annex  
for 2012**

**I GENERAL INFORMATION ABOUT THE LEGAL ENTITY/ENTREPRENEUR**

DESCRIPTION	ADP	Current year	Previous year
1. Total months of operation (indicate from 1 to 12)	601	12	12
2. Size (indicate from 1 to 3)	602	3	3
3. Ownership (indicate from to 5)	603	2	2
4. Number of foreign (legal or natural) parties with share of equity	604	243	
5. Average number of employees based on monthly account (whole number)	605	2.385	2.478

**II GROSS CHANGES IN INTANGIBLE INVESTMENTS AND PROPERTY, PLANTS, EQUIPMENT AND NATURAL ASSETS**

Account group, acc.	DESCRIPTION	ADP	in 000 RSD		
			Gross	Value adjustment	Net (col. 4-5)
01	<b>1. Intangible investments</b>				
	1.1. Opening balance	606	<b>168.392</b>	<b>85.757</b>	<b>82.635</b>
	1.2. Increase (purchase) during the year	607	11.833		11.833
	1.3. Reduction (disposal, retirement and depreciation) during the year	608	19.438		23.989
	1.4. Revaluation during the year	609			
	1.5. End-of-year balance	610	<b>160.787</b>	<b>90.308</b>	<b>70.479</b>
02	<b>2. Property, plants, equipment and natural assets</b>				
	2.1. Opening balance	611	<b>15.133.545</b>	<b>7.486.058</b>	<b>7.647.487</b>
	2.2. Increase (purchase) during the year	612	1.473.964		1.473.964
	2.3. Reduction (disposal, retirement and depreciation) during the year	613	994.529		941.978
	2.4. Revaluation during the year	614	240.112		240.112
	2.5. End-of-year balance	615	<b>15.853.092</b>	<b>7.433.507</b>	<b>8.419.585</b>

**III STRUCTURE OF INVENTORIES**

Account group, acc.	DESCRIPTION	ADP	in 000 RSD	
			Current year	Previous year
10	1. Stocked material	616	921.827	1.880.120
11	2. Work in progress	617	1.270.562	933.635
12	3. Finished products	618	213.952	242.063
13	4. Goods	619	65.651	255.127
14	5. Assets held for trading	620	64.156	266.954
15	6. Advances given	621	584.170	895.201
	<b>7. TOTAL</b>	622	<b>3.120.318</b>	<b>4.473.100</b>

**"ENERGOPROJEKT" GROUP, BELGRADE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2012**

**IV STRUCTURE OF ORIGINAL CAPITAL**

Account group, acc.	DESCRIPTION	ADP	in 000 RSD	
			Current year	Previous year
300	1. Share capital	623	5.388.037	5.126.202
	of which foreign capital	624	215.418	
301	2. Share of limited liability company	625	9.289	213
	of which foreign capital	626	9.289	
302	3. Investments by members of partnerships and limited partnerships	627		
	of which: foreign capital	628		
303	4. Government owned capital	629		
304	5. Socially owned capital	630		
305	6. Cooperative shares	631		
309	7. Other equity	632	114.638	96.688
30	<b>TOTAL</b>	633	<b>5.511.964</b>	<b>5.223.103</b>

**V STRUCTURE OF SHARE CAPITAL**

Account group, acc.	DESCRIPTION	ADP	Total shares as a whole number in thousands of RSD	
			Current year	Previous year
	<b>1. Ordinary shares</b>			
	1.1. Number of ordinary shares	634	10.575.319	10.105.591
Part of 300	1.2. Nominal value of ordinary shares - total	635	5.388.037	5.126.202
	<b>2. Preferred shares</b>			
	2.1 Number of preferred shares	636		
part of 300	2.2 Nominal value of preferred shares - total	637		
300	<b>TOTAL</b>	638	<b>5.388.037</b>	<b>5.126.202</b>

**VI CLAIMS AND COMMITMENTS**

Account group, acc.	DESCRIPTION	ADP	in 000 RSD	
			Current year	Previous year
20	1. Claims from sales arrangements (end-of-year balance 639≤016)	639	6.694.951	6.683.144
43	2. Business commitments (end-of-year balance 640≤0117)	640	5.842.960	2.967.812
part 228	3. Damage claims during year from insurance companies (debit transactions, no opening balance)	641	3.928	4.036
27	4. VAT - previous tax (annual amount according to tax reports)	642	1.652.466	998.317
43	5. Business commitments (debit transactions with no opening balance)	643	24.967.611	15.434.671

**"ENERGOPROJEKT" GROUP, BELGRADE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2012**

450	6. Net wages and emoluments (credit transactions with no opening balance)	644	4.354.459	4.830.312
451	7. Salary taxes and duties paid by employee (credit transactions with no opening balance)	645	551.486	280.014
452	8. Salary contributions and emoluments paid by employee (credit transactions with no opening balance)	646	871.876	502.713
461, 462 and 723	9. Dividends, share of profit and employer's remuneration (credit transactions with no opening balance)	647	191.855	1.564
465	10. Obligations to natural entities based on service contracts (credit transactions with no opening balance)	648	84.947	21.300
47	11. VAT liabilities (annual amount according to tax reports)	649	2.003.609	1.121.679
	<b>12. Subtotal (from 639 to 649)</b>	650	<b>47.220.148</b>	<b>32.845.562</b>

**VII OTHER EXPENDITURE**

Account group, acc.	DESCRIPTION	ADP	in 000 RSD	
			Current year	Previous year
513	1. Cost of fuel and energy	651	986.618	921.096
520	2. Wages and emoluments (gross)	652	5.553.854	5.289.454
521	3. Salary taxes and contributions and emoluments paid by employer	653	668.889	727.952
522,523, 524 and 525	4. Obligations to natural entities (gross) based on service contracts	654	215.650	162.921
526	5. Remuneration for board members and the Supervisory Board (gross)	655	29.191	48.282
529	6. Other personal expenses and fees	656	589.712	639.410
53	7. Production service costs	657	6.575.678	5.367.410
533, part of 540 and part of 525	8. Rents	658	480.142	489.699
part of 533, part of 540 and part of 525	9. Leasehold	659	12.979	10.100
536,537	10. Research and development	660	2.753	2.686
540	11. Depreciation	661	457.582	687.359
552	12. Insurance premiums	662	91.491	165.979
553	13. Payment transaction costs	663	253.120	254.669
554	14. Membership fees	664	27.750	18.541
555	15. Taxes	665	187.408	963.474
556	16. Contributions	666	1.270	2.563
562	17. Interest expenses	667	306.965	414.974
part of 560, part of 561 and 562	18. Interest expenses and partial financial expenditure	668	321.593	444.822

**"ENERGOPROJEKT" GROUP, BELGRADE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2012**

part of 560, part of 561, and part of 562	19. Interest on loans from banks and other financial organizations	669	57.275	86.296
part of 579	20. Expenses for humanitarian, cultural, healthcare, educational, scientific and religious purposes, environmental protection and sports	670	22.573	16.884
	<b>21. Subtotal (from 651 to 670)</b>	671	<b>16.842.493</b>	<b>16.714.571</b>

**VIII OTHER INCOME**

Account group, acc.	DESCRIPTION	ADP	in 000 RSD	
			Current year	Previous year
60	1. Sales return	672	1.244.618	649.367
640	2. Income from premiums, subsidies, grants, compensation and tax refunds	673	663	13.988
641	3. Income from conditional donations	674		
part of 650	4. Income from lease of land	675	3.087	2.348
651	5. Income from membership fees	676		
part of 660, part of 661 and part of 662	6. Income from interest	677	232.903	219.429
part of 660, part of 661 and part of 662	7. Income from interest on invoices and deposits in banks and other financial organizations	678	55.446	44.770
part of 660, part of 661, and part of 669	8. Income from dividends and profit shares	679	107.012	304.608
	<b>9. Subtotal (from 672 to 679)</b>	680	<b>1.643.729</b>	<b>1.234.510</b>

**IX OTHER INFORMATION**

DESCRIPTION	ADP	in 000 RSD	
		Current year	Previous year
1. Excise duties (according to annual excise report)	681		
2. Customs and other import duties (annual amount according to account)	682	8.615	48.822
3. Capital subventions and other government grants for construction and purchase of fixed assets and intangibles	683		

**"ENERGOPROJEKT" GROUP, BELGRADE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2012**

4. Government grants for premiums, subsidies and covering current operating expenses	684		
5. Other government grants	685	260	
6. Accepted donations from abroad and other nonrefundable assets from foreign legal and natural entities in money or in kind	686		
7. Personal earnings of entrepreneur from net profit (entrepreneurs only)	687		
<b>8. Subtotal (from 681 to 687)</b>	<b>688</b>	<b>8.875</b>	<b>48.822</b>

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**1. COMPANY BACKGROUND**

Energoprojekt Group, Belgrade (hereinafter: Group) consists of the parent limited company Energoprojekt Holding ad, Beograd (hereinafter: EP Holding) and its 11 subsidiaries, 10 of which are direct subordinates (9 share-based and 1 limited company) and 1 indirectly subordinated through other subsidiaries (1 limited) and one affiliate (1 limited) in which the Group holds 50% equity share. Operating units and legal entities have been established in Serbia and foreign countries by the parent company and its subsidiaries to engage in operations including building construction and fitting, research and investment building/systems programming, and sale of goods and services.

Energoprojekt Group was organized in 2012 as follows:

Activity	Subsidiaries	Business units for investment work abroad	Foreign companies
Planning and research	4	20	5
Building construction and fitting	3	67	7
Trade	1	-	-
Holding	1	-	5
Other	4	-	1
<b>Total</b>	<b>13</b>	<b>87</b>	<b>18</b>

The Group and its subsidiaries are seated in New Belgrade, Bulevar Mihajla Pupina 12 St.

On December 31 2012 the Energoprojekt had 2.266 employees (2011: 2.316) excluding local staff in overseas companies.

Energoprojekt Holding plc shares are A-listed on the Belgrade Stock Exchange, while some subsidiary shares are traded over-the-counter on the Belgrade Stock Exchange.

**2. CONSOLIDATION GROUP**

The consolidation group consists of the parent company EP Holding and its local subsidiaries, affiliates and foreign subsidiaries (foreign companies listed below):

**Local subsidiaries and affiliates:**

No.	Name	% ownership
	<b><i>Building construction and fitting</i></b>	
1.	EP Visokogradnja plc	92,39
2.	EP Niskogradnja plc	93,32
3.	EP Oprema plc	67,87
	<b><i>Planning and research</i></b>	
4.	EP Urbanizam i arhitektura plc	94,40
5.	EP Industrija plc	62,77

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6.	EP Entel plc	86,26
7.	EP Hidroinženjering plc	94,84
	<i>Other</i>	
8.	EP Energodata plc	96,43
9.	EP Promet ltd	100,00
10.	EP Garant plc	92,94
11.	Energoplast ltd.	60,00
	<i>Affiliates</i>	
12.	Enjub ltd	50,00

The first eight local subsidiaries are themselves parent companies and are required to prepare consolidated financial statements.

**Foreign subsidiaries (foreign companies):**

No.	Name	% ownership
1.	Zecco LTD, Lusaka, Zambia	100,00
2.	Energoprojekt Holding Guinee S.A, Guinea	100,00
3.	Inec Engineering Co.Ltd., London, UK	100,00
4.	Encom GmbH, Frankfurt, Germany	100,00
5.	Nana off Shore, Beirut, Lebanon	100,00

Some of the foreign subsidiaries (Energoprojekt Holding Guinee S.A., Guinea and Zecco LTD, Zambia) are registered as being owned by EP Holding but are in fact controlled by the subsidiaries.

In addition to those listed above the first level consolidation group also includes Energo Private LTD, Harare, Zimbabwe; Energoprojekt Ghana LTD., Akra, Ghana; Energoprojekt Montenegro ltd, Montenegro; Energo Uganda Company LTD., Uganda; Enlisa S.A., Lima, Peru; ECO MEP Technology, Dubai, UAE; Energo Nigeria Ltd., Lagos, Nigeria; Zahinos LTD., Cyprus; Enhisa S.A., Lima, Peru; EP Entel L.L.C., Muscat, Sultanate Oman; Energoprojekt Entel L.L.C., Doha, Qatar; Energo consult L.L.C., Abu Dhabi, UAE and Energodata Montenegro ltd, Montenegro. The subsidiary Energoprojekt Co Harare, Zimbabwe is included in financial statements of the foreign subsidiary Energo (Private) Limited, Harare, Zimbabwe.

Energoplast ltd and Energopet ltd, two local affiliates, were also introduced to the first level consolidation group; the Group's consolidated financial statements however did not process Energoplast ltd by equity method, applying instead the full consolidation method because it entered the group as a subsidiary, as described earlier.

In comparison to 2011, the company United Consulting CO. Botswana, Botswana was excluded from the Group's consolidated financial statements for 2012, since the company has been inactive and has no assets for many years.

Starting from January 1 2004 the operations of the foreign units are included in the relevant financial statements, with a detailed overview of the units provided in the notes to consolidated financial reports of the relevant subsidiary.

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### **3. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS**

The financial statements on which we are reporting are prepared in accordance with the Law on Accounting and Auditing (RS Official Gazette 46/2006, 111/2009 and 99/2011) and the relevant regulations there under, applying the accounting policies set out in Note 6 of this Report and according to general practice in Serbia.

The Group's consolidated financial statements have been prepared in the form prescribed by the Regulation of the Form and Contents of Financial Statements submitted by companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette 114/06, 5/2007, 119/08, 2/2010, 101/12 and 118/12).

#### **3.1. Functional and reporting currency**

The figures in the consolidated financial statements are shown in thousands of RSD. The RSD represents the functional and reporting currency of the Group members. All transactions made in currencies other than the functional currency are treated as FX transactions.

Figures in the financial statements are shown in thousands of RSD (functional currency and domicile currency) as at balance sheet date - December 31, 2012.

Comparative data is shown in thousands of RSD as at December 31, 2011.

The official exchange rates for main currencies prescribed by the NBS, used in the translation of monetary assets and liabilities denominated in foreign currencies into RSD, were as follows:

	31.12.2012	31.12.2011
EURO	113,7183	104,6409
USD	86,1763	80,8662

Applied average annual exchange rates for the figures disclosed in the income statement for 2012 and 2011 were as follows:

	31.12.2012	31.12.2011
EUR	113,1277	101,9502
USD	88,1169	73,3382

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

Preparation of the consolidated financial statements in accordance with IAS and IFRS requires that the management performs estimation, ponderation and assumption reflecting on the reporting figures of assets, liabilities revenues and expenses. The obtained results may differ from estimated.

#### **5. CONSOLIDATION**

##### **5.1. Subsidiaries**

Subsidiaries (or controlled companies) are enterprises in which EP Holding directly or indirectly holds more than half of the ownership or voting power and can therefore control their business operations. The accounting method used for subsidiaries is full consolidation. Intra group balances and intra group transactions are eliminated in full in the consolidation process. Minority interest is presented separately.

##### **5.2. Affiliates**

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

##### **5.3. Joint ventures**

In its consolidated financial statements, venturer reports its interest in a jointly controlled entity using proportionate consolidation. The application of proportionate consolidation means that the consolidated financial statement of the Group includes its share of the assets and liabilities that it controls, as well as assets and liabilities from the financial reports of jointly controlled entities.

A detailed list of subsidiaries, affiliates and joint ventures which together with EP Holding comprise the Group for consolidation Energoprojekt Group is shown in Note No. 2.

##### **5.4. Segment reporting**

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

## **6. PRINCIPAL ACCOUNTING POLICIES**

In the preparation of consolidated financial statements, the following regulations were used: The Accounting and Accounting Policies Regulation in force, adopted on 22.10.2012 by the Executive Board of the Holding and the Regulation on the amendments to the Company's Accounting and Accounting Policies Regulation no. 10 (as at 21.03.2013); they formulate the unique accounting policies that are obligatory for each member of the consolidated group. If the applied accounting policies in some subsidiaries differ from the common policies, the effects of these difference are quantified and eliminated (if materially significant) during the preparation of consolidated financial statements.

The significant accounting policies are shown below:

### **(a) Principles of valuation - assumptions**

The financial statements are prepared on the accrual basis of accounting and going concern.

Under this basis, the effects of transactions and other events are recognized when they occur (and not as cash or its equivalent is received or paid). Financial statements prepared on the accrual basis (except Cash Flow Statement) inform users not only of past transactions involving the payment and receipt of cash but also of obligations to pay cash in the future and of resources that represent cash to be received in the future.

The financial statements are prepared on the assumption that a Group is a going concern and will continue in operation for the foreseeable future.

### **(b) Recognition of the elements of financial statements**

An asset is recognized in the balance sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

A liability is recognized in the balance sheet when it is probable that outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

Income is recognized in the income statement when an increase in the future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. Income is recognized simultaneously when an increase in assets or decrease in liability is recognized.

Expenses are recognized in the income statement when a decrease in the future economic benefits related to a decrease in an asset or an increase of liability has arisen that can be measured reliably.

Under a financial concept of capital, such as invested money or invested purchasing power, capital is synonymous with the equity of the company. The concept of capital is shown in the financial capital maintenance. Financial capital maintenance is measured into nominal monetary items-RSD. Under this concept a profit is earned only if the financial (or money) amount of the net assets at the end of period exceed the financial (or money) amount of net assets at the beginning of the period, after excluding any distributions to, and contributions from, owners during the period.

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**(c) Profits/losses on translation of foreign currencies**

Cash, receivables and liabilities in foreign currencies are translated into RSD at the official rate of exchange ruling at the balance sheet date. Gains and losses arising on the translation of foreign currency receivables and liabilities into RSD amounts are treated as revenues/expenses of the period.

**(d) Sales revenue**

Revenue from the sale of goods is recognized when all of the following conditions have been satisfied:

- the company has transferred to the buyer any and all significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenues from services rendered are recognized by reference to the stage of completion of the transaction at the balance sheet date.

Revenues from fixed price construction contracts are recognized according to the percentage of completion, contractual activities at the balance sheet date. The percentage of completion of the contract is calculated by the proportion between reinforcement expenses for performed work until the given date in accordance with last estimated total contractual expenses (IAS 11).

**(e) Operating expenses**

Operating expenses comprise of costs of purchase, material used, gross salaries and compensations for salaries, depreciation and provisions, producing costs and non material costs.

The basic elements and principles of expense recognition are:

- expenses are recognized and stated when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably;
- expenses are recognized on the basis of a direct association between the costs incurred and the earnings (going concern);
- when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognized on the basis of systematic and rational allocation procedure;
- expenses are recognized immediately when an expenditure produces no future economic benefits or when future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as asset;
- expenses are also recognized in those cases when a liability is incurred without the recognition of an asset.

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**(f) Profit and losses**

Profit represents increases in economic benefits, include those arising on sale of fixed assets for price higher than net book value, unrealized gains arising on the sale of securities (when securities measured by their market price) and those resulting from increases in the net book value of fixed assets because of stopping circumstances causing their decreasing.

Losses arising on the sale of assets by prices lower than book value, those arising on the disposal of none write off fixed assets, damages which can be refunded in whole or separately from insurances and by applying principle of decrease in assets value.

**(g) Financial revenues and expenses**

The financial revenues and expenses include revenue and expenses from interest, gains and losses from exchange, and other financial income and expenditure.

Revenues from dividends are recognized as income in the year when they are approved for payment.

**(h) Income tax**

Income tax represents the amount that is calculated in accordance with Serbian Republic Law. Tax obligation is calculated at 10% on the taxable income (in 2011: 10%). The taxable income represents gross income in the income statement (prepared in accordance with the accounting regulations) less some revenue and expenditure according to the tax regulations. Tax deductions are also applied (investments in fixed assets in the entity's registered line of business and other tax deductions according to the tax regulations).

Income tax for foreign subsidiaries is calculated in compliance with regulations of the countries in which they operate.

**(i) Deferred income tax**

Deferred income tax is reserved entirely, applied liability method, for temporary differences arising from tax base and accounting amounts disclosed in the consolidated financial statements.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences.

Considering the assets that are subject to depreciation, deferred tax liabilities are acknowledged always when there is a taxable temporary difference between the accounting value of assets that are subject to depreciation and their tax base. Taxable temporary difference occurs if the accounting value of assets is greater than their tax base.

The taxable temporary difference is determined on the balance sheet date, after the accounting and tax depreciation for the financial year for which the financial statements are prepared. The amount of a deferred tax liability is determined by applying the prescribed (or expected) tax rate to the profit of the Company and the amount of taxable temporary difference.

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On each balance sheet date, deferred tax liabilities are reduced to the amount that is determined based on the temporary difference on that date. If, at the end of the previous year, the temporary difference was taxable, and based on this, the deferred tax liabilities were acknowledged, at the end of the current year, based on the same assets, the temporary difference is deductible, previously formed deferred tax liabilities are cancelled in full and, at the same time, deferred tax assets of the Company are acknowledged in the amount as determined on the balance sheet date.

Deferred tax liabilities may be acknowledged also on other bases for which the Company has established that the amounts of income taxes are payable in the future with regard to the taxable temporary differences.

**(k) Employee benefits**

**/i/ Pension insurance and employee benefits**

The Group members make payments on behalf of their employees to the Pension Fund of the Republic of Serbia. All employees are members of this pension fund. All contributions arising from said obligation are recognized as an expense/liability at the time of the transaction. The Group members do not have their own pension funds or post-employment plans in the event of termination hence there are no pension duties.

**/ii/ Health insurance**

The Group members pay health insurance contributions which are recognized as an expense/liability when calculated.

**/iii/ Retirement bonus**

The Group members pay to their employees a retirement bonus equal to three net salaries obtained in the month preceding the retirement month (according to the terms of the Particular Collective Agreement).

**/iiii/ Post-employment benefits**

A severance wage is payable in cases of consensual termination of an employment contract when the employer and employee agree on termination of employment in exchange for a severance wage, subject to management approval.

**(j) Intangible assets, property, plant and equipment**

Intangible assets are identifiable non monetary assets without physical substance controlled by the company if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise.

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Intangible assets comprise of: goodwill, licenses, concession, trademarks, seals, accounting software, franchises, design and implementation of new products, processes or systems, copyrights, investment in other properties, plants and equipment, etc.

Property, plant and equipment are:

- tangible assets that are held by a company for use in the production or supply of goods or services, for rental to others, or for administrative purpose;
- tangible assets that are expected to be used during more than one period;

An item of property, plant and equipment is recognized as an asset:  
if it is probable that future economic benefits associated with the item will flow to the entity; and  
if the cost of the item can be measured reliably.

An item of property, plant and equipment are initially measured at its cost – purchase price. The cost price consists of the invoiced amount plus any directly attributable costs of bringing the asset to working condition for its intended use. Cost price of aforementioned assets produced in the own production comprises of direct and indirect costs relating to this investment.

The purchase cost or price cost includes borrowing costs which may be indirectly added to the purchase, construction or production the asset available for use in accordance with IAS/IFRS.

Subsequent expenses relating to an item of intangible asset, property, plant and equipment that has already been recognized is added to the carrying amount if the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the company.

Subsequent expenses are treated as subsequent investment:

- if the item's useful life is extended, including an increase in its capacity;
- if a substantial improvement in the quality of output is achieved; and
- if a substantial reduction in previously assessed operating costs is achieved.

All other later subsequent expenses (maintenance costs, technical service, minor repairs etc.) are recognized as an expense when incurred.

After initial recognition as an asset, plant and equipment is carried at its purchase cost or cost less any accumulated depreciation and any accumulated impairment losses.

An item of intangible asset, property, plant and equipment is eliminated from the balance sheet on disposal or when the asset is permanently withdraw from use and no future economic benefits are expected from its disposal.

Gains or losses arising from retirement or disposal is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the income statement.

**Investment property** is property (land or a building – or part of a building – or both) held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purpose or sale in the ordinary course of business. Investment property therefore generates cash flows which are largely

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independent from other property held by the company.

An investment property should be measured initially at its cost. Transaction costs are included in the initial measurement.

Subsequent expenditure relating to an investment property that has already been recognized is added to the carrying amount of the investments property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property will flow to the enterprise. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

After initial recognition the investment property is measured by their fair value. Fair value is usually its market value. Fair value is measured as the most probable price reasonably obtainable in the market at the balance sheet date in keeping with the fair value definition. It is the best price reasonably obtainable by the seller.

A gain or loss arising from a change in the fair value of investment property is included in net profit or loss for the period in which it arises.

**(I) Depreciation**

Depreciation base presents acquisition cost after determination of residual and retirement amount.

The residual value of an intangible asset is assumed to be zero unless:  
there is a commitment by a third party to purchase the asset at the end of its useful life; or  
there is an active market for the asset and residual value can be determined by reference to that market and it is probable that such a market will exist at the end of the asset's useful life.

For the purposes of financial statements preparation, intangible assets are written off by the proportional method of amortization over a period of five years, excluding investments used over a fixed period, which are written off in accordance with the dates agreed in the contract.

Goodwill is not amortized but is subject to an impairment test conducted before the preparation of the financial reports in accordance with IAS.

Intangible assets with unlimited lifetime are not amortized.

Accounting of depreciation of intangible assets is applied from the beginning of the following month in relation to the month when the assets was put in use.

For tax balance purposes, depreciation of intangible assets is applied according to the relevant regulations.

Internally generated goodwill is not recognized as an intangible asset.

After initial recognition, property, plant & equipment is disclosed at cost value less total depreciation and impairment losses.

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The basis for depreciation of property, plant & equipment consists of cost less residual value of the asset.

Property, plant & equipment are systematically depreciated over the useful life of the asset.

For financial reporting purposes, depreciation is accounted for using the proportional method over the estimated useful life of the asset. The estimated useful life of the asset is reviewed if needed, and if expectations significantly differ from previous estimates, depreciation rates are adjusted for the current and future periods.

For tax balance purposes, property, plant & equipment is classified and depreciated according to rates prescribed under tax laws.

Accounting of property, plant and equipment depreciation begins from the following month in relation to the month in which capital assets were put in use.

The useful life of an asset is determined by applying the time method, so that the useful life of an asset may be understood as the time period during which it is expected that the respective asset may be used by the Company.

The amount that is depreciated or the purchase price or another amount that is replacing this price in the financial statements of the Company, less the residual value, is systematically allocated during its lifetime.

The residual value is the estimated amount that the Company would have received today on disposal, after the estimated disposal costs have been deducted and assuming that the asset is approaching the end of its useful life and is in the expected condition at the end of its useful life.

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

The depreciation is not performed for assets that do not lose value over time (such as artwork) or assets with unlimited life span.

**(m) Financial investments**

Financial investments represent financial assets initially measured at its cost, which is fair value of the consideration given for it. Transaction costs are included in the initial measurement of all financial assets.

For the purpose of measuring a financial asset subsequent to initial recognition financial assets are classified into four categories:

financial assets held for trading, initially recognized at its fair value through profit or loss;

held-to-maturity investments;

loans and receivables originated by the company and not held for trading;

available-for-sale financial assets.

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A financial asset is classified as available for sale if it cannot be grouped into any of the other three categories of financial assets.

A financial asset is classified as hold to maturity, and not as available for sale, if the asset is part of portfolio of similar assets for which the trading model exists in order to obtain profit from short-term changes in price or dealer margins.

After initial recognition, the company measured financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets:

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

There is insufficient market stability, experience and liquidity in Serbia in the process of financial assets trading and official information from the market is not available. Therefore it is usually not possible to measure the fair value as required by IFRS.

A recognized gain or loss arising from a change in the fair value of financial asset or financial liability that is not part of a hedging relationship, initially recognized at fair value through the profit or loss, now is recognized profit or loss in the income statement and for financial asset available for sale in the revaluation reserves.

**(n) Inventories**

**Inventories of goods** are measured at their cost value comprising the invoiced purchase price, import duties and other taxes (other than those subsequently recoverable by the company from the taxing authorities), and transport, handling and other costs directly attributable to the cost of purchase. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase.

Subtraction of material inventories spent is performed by the benchmark treatment of weighted average cost formulas.

**Inventories of material** purchased from suppliers are measured by their purchase cost and inventories of material from own production measured at the lower of cost and net realizable value.

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the company from the tax authorities), and transport, handling and other costs directly attributable to the acquisition of materials. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Subtraction of material inventories spent is performed by the benchmark treatment of weighted average cost formulas.

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**Inventories of work in progress and finished goods** arose as a result of production process. These inventories are measured at the lower of cost and net realizable value.

The cost of conversion of work in progress and finished goods includes costs directly related to the units of production (such as direct material and direct labor), as well as fixed and variable production overheads.

The cost of conversion does not include costs of management, sale and marketing.

Borrowing costs are included in the cost of inventories in limited circumstances.

**(o) Short term receivables and investments**

Short term receivables comprise trade receivables from related parties, domestic and foreign buyers in the moment of sold products and performed services.

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

Short term trade receivables are measured by the cost stated in issued invoice. If the cost on the invoice is stated in the foreign currency, translation to the reporting currency is done by applying the average exchange rate ruling on the date of transaction. Changes in exchange rate from the date of transaction to the collection date are stated as gains and losses from exchange posted in the favor of revenues or against expenses. Receivables stated in the foreign currency as at the balance sheet date are translated by the ruling exchange rate and gains and losses arose are booked as revenue or expense for period.

Short term financial investments held for trading are measured by cumulated depreciation, notwithstanding the company's tendency to hold them to maturity.

If it is probable that the company will not be able to collect all due receivables (principal plus interest) in accordance with the contractual terms for the issued loans, receivables or investments held to maturity, stated by cumulated depreciation, loss appears caused by depreciation or uncollectible receivables.

Indirect write off is applied to short term receivables and investments where recovery is uncertain, while direct write off is applied in duly documented cases when recovery is not possible.

The probability of recovery is evaluated in each specific case based on the relevant supporting documents (e.g. bankruptcy or liquidation of the debtor, excessive debt, disposal of property, forced or out-of-court settlement, obsolescence, court order, board resolution, and other cases where non-collectability is supported by credible documents).

**(p) Cash and cash equivalents**

Cash and cash equivalents consist of: petty cash, demands deposits with banks, other short term highly liquidity investments which may be transferred in the known cash that are not under the influence of significant risk of value changes and bank overdrafts. Bank overdrafts are included in the Balance sheet as the figure liabilities for loans – under item current liabilities as short term financial liabilities.

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**(r) Rentals**

Rentals, in which lesser keeps a significant part of risk and ownership profit, are classified as business rentals. Payments made from business rentals are charged against income statement on the proportional base during the rental period.

**(s) Finance lease liabilities**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred.

The liability for finance lease is stated at the balance sheet date deducted for the interest comprising in the lease (net value of minimum lease repayment). The interest is allocated to the accounting periods in lease period and in accordance with the repayment schedule.

Finance lease liabilities are charged against accrued liabilities for non-due interests according to the repayment schedule.

**(t) Commitment and contingencies**

Contingent liability is disclosed, but not recognized, only by the occurrence or non-occurrence of one or more uncertain future events and when it is provision recognized in the financial statements.

A contingent asset is not disclosed, unless an economic benefit is probable in the future. If the inflow is certain it can be recognized in the financial statement.

**(u) Borrowing costs**

Other borrowing costs include interests, charges and other costs arose in the company as relate in accordance with IAS/IFRS.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset.

Borrowing costs are recognized as expenses in the period in which they are incurred.

**(v) Impairment**

On each balance sheet date, competent persons in or outside of the Company, will verify, if there are indications that the accounting value of an asset (intangible assets, property, plants and equipment) is decreased or if the accounting value exceeds the recoverable amount for this asset.

If there are indications on the decrease in value, the estimate of the recoverable amount for the respective asset is performed in accordance with IAS 36 provisions.

The recoverable amount is the greater amount than:

- the fair value, decreased by the costs of sales and
- the in-use value.

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The fair value, decreased by the costs of sales is the expected net selling price for the respective asset or the amount that may be obtained by selling an asset in an independent transaction between familiar, willing parties, decreased by the costs of disposal.

The in-use value is the present value of estimated future cash flows that are expected to arise from the continued use of the property throughout its useful lifetime and its sales at the end of it. The discount rate that is used in the determination of the present value, reflects the current market estimates of the time value of money as well as the risks specific to the respective asset.

The recoverable amount is estimated for each separate asset or, if not possible, for the unit that generates the cash to which this assets belongs. The unit that generates the cash is the smallest recognizable group of assets that generates the cash flows that are, mostly, independent from the cash flow of other assets or groups of assets.

If it has been established that a decrease in value occurred, the accounting value is reduced to the recoverable amount. The loss caused by decrease is expressed:

- if a revaluation reserve is previously created, by decreasing the revaluation reserves; and
- if a revaluation reserve is not previously created, it is expressed as expenditure for the respective period.

**(w) Financial liabilities**

Financial liabilities comprise long term liabilities (long term loans, liabilities from long term securities and other), short term financial liabilities (short term loans and other), short term financial liabilities (short term loans and other) liabilities from operating activities (suppliers and other) and other short term liabilities.

Short term liabilities represent those maturing one year from the maturity date, or from the balance sheet date.

Long term liabilities represent those maturing over one year from the financial statements date.

Long term liabilities maturing in up to one year from the financial statements date are disclosed as short term liabilities.

Financial liabilities are recognized initially by their purchase cost which represents their fair price paid for them. Transaction charges are included in the beginning measurement of all financial assets.

Direct write off is applied for decreasing liabilities based on legal provisions or under an out-of-court settlement etc.

**(x) Long term provisions**

A provision is recognized when:

1. the company has a present obligation (legal or constructive) as a result of a past event;

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2. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
3. a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision is recognized.

Long term provisions consist of: provisions for costs during the warranty period, provisions for recovery of natural resources, provisions for retained deposits and caution money, provisions for restructuring costs, provisions for fees and other employee benefits and other long term provisions for liabilities covering (legal or constructive) as a result of a past event, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation which can be reliably estimated (e.g. lawsuits in progress), as well as reservations for issued guarantees.

Long term provision for expenses and risks are tracked by sorts and their reduction/cancellation is credited as income.

Provisions are not recognized for future operational losses.

Provisions are distinguished from other liabilities because there is uncertainty about the timing or amount of the future expenditure required in settlement.

The amount recognized as a provision is the estimate of the expenditure expected to be required to settle the obligation.

Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Decisions regarding individual provisions are resolved by the each member's Supervisory Board.

**(y) Effects of changes in accounting policies and correction of fundamental errors**

Correction of the additionally determined material significant errors is one influence on the financial statements relating to one or several prior accounting periods whereby those financial statements may not be considered as reliable at the date of their issuing.

Correction of the prior year's material significant errors is done by the restating prior years undistributed profit/loss opening balance.

Materially significant effects and correction of fundamental errors are corrected retroactively with the adoption of the comparative data disclosed in the financial statements, if it is practically impossible (than the changes in accounting policy is applied prospect). All corrections arising are disclosed as a correction in the figure of opening balance's undistributed profit item.

According to the newly adopted Regulation on amendments and supplements to the Regulation on Accounting and Accounting policies of Energoprojekt Group companies, a material significant error is defined as an error, which amounts to, separately and cumulatively with other errors, more than 1,5% of total income of the Company in the previous year.

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**(z) Foreign exchange rates**

Official exchange rates significant for the company's operations and translations of the figures in the financial statement into RSD were as follows:

	2012	2011
EUR	113,7183 RSD	104,6409 RSD
USD	86,1763 RSD	80,8662 RSD
GBP	139,1901 RSD	124,6022 RSD
CHF	94,1922 RSD	85,9121 RSD
RUB	2,8328 RSD	2,5141 RSD

## **6. FINANCIAL RISK MANAGEMENT**

### **6.1. Financial risk factors**

The Group's activities expose it to variety of financial risks: market risk (including currency risk, interest risk, fair value risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group members use various financial instruments to hedge certain risk exposures.

The Financial Department identifies, evaluates and hedges financial risks in close co-operation with the operating units.

**(a) Market risk**

**/i/ Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the EURO and USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The Group in accordance with local legalizations on the local markets on which operates, applying the financial hedging tries to minimize foreign exchange risk.

**/ii/ Fair value risk**

The Group has in its portfolio securities available for sale recognized by the fair value. Considering the fact that the market on the stock exchange is uncertain there is a possibility for fair value risk appearance.

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**/iii/ Interest rate risk**

The Group borrows assets on the financial market by the changeable interest rates, connected with Euribor, Belibor and reference interest rate issued by the NBS on the rep transactions. With an aim to avoid/limit risk of significant changes in the financial markets, the company borrows assets over short-term periods while insisting on receiving the bank's lowest margin with a mandatory clause allowing early repayment without additional costs.

**(b) Credit risk**

The Group has no significant concentration of credit risk, since the credit exposure is low.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate sources of funding and the ability to close out market positions, due to the dynamic nature of the business. The Group aims to maintain flexibility in funding by collecting their funds from buyers and investments of available funds. Besides the aforementioned, in accordance with the Group's policy, the Group makes Back to Back Agreements with the business partners whereby the possible risk connected to a possible default is transferred/shared between contractual parties.

## **7. SEGMENT INFORMATION**

### **7.1. Primary reporting formats – business segment**

The Group is organized, local and abroad, in the following business segments as of 31 December 2012:

- 1) Planning and research,
- 2) Building construction and fitting and
- 3) Other.

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**REPORTABLE SEGMENTS**

Business segments

in 000 RSD

	Planning and research		Building construction and fitting		Other		Total		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from sales	4.427.830	4.714.959	22.496.542	15.862.806	1.592.556	1.607.286	28.516.928	22.185.051	(2.881.977)	(991.406)	25.634.951	21.193.645
<b>SEGMENT RESULT</b>												
<b>Business profit</b>	281.147	92.227	655.475	6.395	234.933	159.876	1.171.555	258.498	(443.111)	(11.622)	728.444	246.876
Income from interest	62.405	60.311	137.414	48.941	33.478	36.718	233.297	145.970	(394)	(5.264)	232.903	140.706
Interest expenses	31.444	41.896	242.419	260.387	35.428	48.299	309.291	350.582	(2.326)	(36.672)	306.965	313.910
Income tax	1.748	4.683	40.144	47.709	47.554	35.470	89.446	87.862			89.446	87.862
Profit from regular operations	469.667	236.814	740.126	592.950	643.722	421.615	1.853.515	1.251.379	(804.159)	(658.651)	1.049.356	592.728
Losses from discontinued operations	594	6.632	35.538	10.733	3.170	3.798	39.302	21.163	(2.146)	(3.499)	37.156	17.664
<b>Net profit</b>	460.652	224.728	643.501	545.914	594.820	380.549	1.698.973	1.151.191	(802.029)	(655.306)	896.944	495.885
<b>Total assets</b>	5.930.522	6.061.525	17.181.757	17.844.495	12.064.523	11.785.057	35.176.802	35.691.077	(7.854.473)	(8.636.291)	27.322.329	27.054.786
<b>Total liabilities</b>	5.930.522	6.061.525	17.181.757	17.844.495	12.064.523	11.785.057	35.176.802	35.691.077	(7.854.473)	(8.636.291)	27.322.329	27.054.786
Depreciation	51.244	69.007	335.988	516.346	63.687	82.468	450.919	667.821	6.662		457.581	667.821

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**Geographical segments**

in 000 RSD

	Serbia		ZND		Europe		Africa		Asia		USA		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from sales	8.814.270	5.907.857	3.945.741	5.463.835	268.633	329.796	7.915.304	3.893.499	2.937.063	3.502.435	1.753.940	2.096.223	25.634.951	21.193.645
Revenues from sales of goods	138.676	3.764	161.617		9.972	401	47.056	44.900	613			14.570	357.934	63.635
Revenues from sales of products and services	8.675.594	5.904.093	3.784.124	5.463.835	258.661	329.395	7.868.248	3.848.599	2.936.450	3.502.435	1.753.940	2.081.653	25.277.017	21.130.010

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**8. REVENUES FROM SALES**

Revenues from goods, products and services sold and rendered on the local market totaled 8.814.270 thousand RSD (2011: 6.040.778 thousand RSD), on foreign markets 16.820.681 thousand RSD (2011: 15.152.867 thousand RSD), giving a grand total of 25.634.951 thousand RSD (2011: RSD 20.007.949 thousand).

**9. INCREASE /(DECREASE) IN INVENTORIES**

	2012 (RSD 000)	2011 (RSD 000)
Increase in inventories	612,474	30,574
Decrease in inventories	(219,082)	(564,699)
<b>Total</b>	<b>393,392</b>	<b>(534,125)</b>

• In 2012, the **increase in inventories** mostly relates to the increase of work in progress and finished products:

- EP Visokogradnja – The increase in inventories relates mostly to:

The increase in inventories in the country is based on the acquisition of new locations for the construction of business and residential buildings in: Belgrade, Dalmatinska and Knez Danilova Street (79.165 thousand RSD), Cara Nikolaja Street (302.155 thousand RSD) and Voždovac (25.938 thousand RSD).

The increase of work in progress relates to the unfinished shopping center in Bor (102.210 thousand RSD). The facility was registered in books on 17.10.2012 in the Municipality of Bor. The facility has 4.494 m<sup>2</sup>.

- EP Niskogradnja - The increase in inventories (35.428 thousand RSD) relates to subsidiaries abroad, first of all the project Z-019 Cochabamba Chota, Peru, and

- Energoplast (11.432 thousand RSD).

• **The decrease in inventories** in 2012 relates to EP Visokogradnja (198.021 thousand RSD) and EP Niskogradnja (21.061 thousand RSD).

- The reduction of finished products in EP Visokogradnja (19.610 thousand RSD) relates to sold property in Bežanijska Kosa, Block 29 and Herceg Novi.

The decrease in inventories in the amount of 80.395 thousand RSD relates to the reduction of work in progress abroad in 2011, where the investor verified works from 2011 in 2012.

In the country, inventories of work in progress were reposted to receivables for non-invoiced income from the company „Beogradčvor“ for works related to the project – railway station Prokop (73.055 thousand RSD), presented as the decrease in inventories.

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The decrease in inventories relates to derecognition of inventories for the joint investment with the company „Kolex“ ltd in Dalmatinska and Knez Danilova Street (24.961 thousand RSD). „Kolex“ ltd abandoned the joint investment and sold the location to EP Visokogradnja by concluding a purchase agreement for the facility and accompanying land.

- The decrease in inventories in EP Niskogradnja (21.061 thousand RSD) relates to the installation of the manufactured material for the production of a buffer layer, asphalt, fraction for concrete and fabricated material for the vertical traffic signalization - project Z-014 Yanacocha, Peru.

## 10. OTHER OPERATING INCOME

	2012 (RSD 000)	2011 (RSD 000)
Premiums, subventions, subsidies, refunded amounts, compensation and tax refunds	663	-
Rents	103,646	74,674
Other	184,014	54,774
<b>Total</b>	<b>288,323</b>	<b>129,448</b>

• **The income from subventions and the recovery of tax dues** (663 thousand RSD) relates to: EP Energodata obtained profit from subventions granted by the non-governmental organization Siepa for the participation at the exhibition abroad (500 thousand RSD), and the remaining amount of 163 thousand RSD relates to the recovery of tax dues of EP Visokogradnja abroad.

• **Income from rents** relates mostly from the following companies: EP Visokogradnja (50.346 thousand RSD), Zecco (16.130 thousand RSD), EP Niskogradnja (9.083 thousand RSD), Enjub (8.311 thousand RSD), EP Energodata (8.390 thousand RSD), EP Garant (4.618 thousand RSD) and EP Gvineja (2.998 thousand RSD).

• **Other operating income** relates mostly to EP Niskogradnja (123.653 thousand RSD), out of which 108.890 thousand RSD relate to the refund of expenses based on agreements with subcontractors related to the project Tisa, while other refund of expenses are based on the agreement with subcontractors related to the project Lot 1.1.

Other significant income among subsidiaries within the Energoprojekt Group relates to EP Visokogradnja (40.144 thousand RSD) and EP Garant (19.780 thousand RSD).

## 11. PURCHASE VALUE OF GOODS SOLD

	2012 (RSD 000)	2011 (RSD 000)
Purchase value of goods sold	(345,095)	(99,355)
<b>Total</b>	<b>(345,095)</b>	<b>(99,355)</b>

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**The purchase value of goods sold** in 2012 relates mostly to the following subsidiaries:

- EP Industrija: 105.647 thousand RSD for the purchase of granules and equipment for the investor;
- Energoplast: 62.591 thousand RSD for the purchase of stoppers, imported by Energoplast for resale;
- EP Energodata: 59.443 for the purchase of equipment (computers) for EP Energodata;
- EP Visokogradnja: 44.461 thousand RSD, and
- EP Oprema: 16.960 thousand RSD.

## 12. MATERIAL COST

	2012	2011
	(RSD 000)	(RSD 000)
Raw material	(7,996,951)	(4,251,540)
Other material (overheads)	(272,907)	(258,482)
Fuel and energy	(986,618)	(918,552)
<b>total</b>	<b>(9,256,476)</b>	<b>(5,428,574)</b>

The major part of **material cost** in 2012 relates to raw material and relates to the following subsidiaries:

- EP Visokogradnja: the amount of 3.245.475 thousand RSD (project Z-068 Hotel Aktau: 1.164.358 thousand RSD, project Z-075 Schlumberger: 607.832 thousand RSD, Energoprojekt Ghana: 693.038 thousand RSD and other);
- EP Oprema: 3.370.019 thousand RSD;
- EP Niskogradnja: 1.132.896 thousand RSD, and
- Energoplast: 218.267 thousand RSD.

The major part in **fuel and energy expenses** relates to EP Niskogradnja (673.886 thousand RSD) and EP Visokogradnja (176.448 thousand RSD).

## 13. STAFF COSTS

	2012	2011
	(RSD 000)	(RSD 000)
Salaries and fringe benefits (gross)	(5,553,854)	(5,289,454)
Taxes and contributions on salaries and fringe benefits charged to employer	(668,889)	(727,952)
Remunerations according to temporary service contracts	(30,822)	(8,090)
Remunerations according to author's contracts	(64,237)	(58,702)
Remunerations according to temporary and provisional contracts	(74,687)	(52,614)
Remunerations to individuals according to other contracts	(45,904)	(43,515)
BoD and Supervisory Board	(29,191)	(48,282)
Other personal expenses and remunerations	(589,712)	(639,410)
<b>Total</b>	<b>(7,057,296)</b>	<b>(6,868,019)</b>

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**14. DEPRECIATION AND PROVISION EXPENSES**

	2012 (RSD 000)	2011 (RSD 000)
Depreciation of intangible investments	18,479	16,221
Depreciation of property and equipment	439,102	657,967
Provision costs	58,929	503,057
<b>Total</b>	<b>516,510</b>	<b>1,177,245</b>

• Total **depreciation expenses** amount to 457.581 thousand RSD (2011: 674.188 thousand RSD). On 31.12.2012 the residual value and the remaining useful lifetime of properties and equipment of significant accounting value were estimated. The effect of the change in accounting estimate influenced the change in the depreciation expenses for 2012 and thereby, subsequently, the accounting value of assets on 31.12.2012.

• The major part of **provision expenses** in the amount of 58.929 thousand RSD (2011: 503.057 thousand RSD) relates to provision expenses for fees and other benefits for employees in accordance with IAS 19.

**15. OTHER OPERATING EXPENSES**

	2012 (RSD 000)	2011 (RSD 000)
<b><u>Costs of production services</u></b>		
Service costs of outputs	(5,162,775)	(3,332,845)
Transportation costs	(440,650)	(442,695)
Maintenance costs	(165,426)	(179,153)
Rental costs	(480,142)	(456,180)
Fairs exhibit costs	(2,477)	(1,079)
Advertising costs	(21,308)	(26,716)
Costs of researching activities	(2,753)	(2,616)
Costs of other services	(300,147)	(274,084)
<b>Total</b>	<b>(6,575,678)</b>	<b>(4,715,368)</b>
<b><u>Non-production costs</u></b>		
Costs of non-production services	(729,383)	(727,939)
Expense accounts	(67,132)	(62,843)
Insurance premium costs	(91,491)	(108,512)
Payment operation costs	(253,120)	(254,676)
Membership fees	(27,750)	(18,541)
Tax duties	(187,408)	(965,635)
Contribution costs	(1,271)	(885)
Other	(538,285)	(172,049)
<b>Total</b>	<b>(1,895,840)</b>	<b>(2,311,080)</b>
<b>Grand total</b>	<b>(8,471,518)</b>	<b>(7,026,448)</b>

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Other operating expenses comprise of production services costs and non-material costs.

The largest figure **under other operating expenses** involves the production service costs, among which the most important are service costs of outputs (subcontractors and associates).

I. The most important figures under **production service costs** relate to the following:

- **Service costs of outputs** relate mostly to the following subsidiaries:

- EP Oprema: 2.059.852 thousand RSD relate mostly to subcontractors and consortium partners in various projects;

- EP Visokogradnja: 1.428.735 thousand RSD relate to expenses of associates on construction sites in the country and abroad;

- EP Niskogradnja: 1.365.878 thousand RSD relate to expenses based on subcontracting agreements (projects in the country in the amount of 872.937 thousand RSD, and projects abroad 492.941 thousand RSD);

- EP Entel: 174.793 thousand RSD relate to the engagement of subcontractors in the company Katar.

- **Rental costs** amount to 480.142 thousand RSD and relate mostly to the following companies in the Energoprojekt Group:

- EP Entel: 222.577 thousand RSD relate mostly apartment rental fees in the company's foreign branches.

- EP Niskogradnja: 122.160 thousand RSD include rental costs of equipment, field work expenses, office, residential and warehouse space in the country and abroad.

- EP Visokogradnja: 98.292 thousand RSD relate predominantly to rental costs in foreign countries.

The largest figure under non-material costs relates to costs of non-production services in the amount of 729.383 thousand RSD and other non-material costs in the amount of 538.285 thousand RSD.

II. The most important figures under **non-material costs** relates to the following:

- The largest separate **costs of non-production services** relate to EP Entel in the amount of 345.328 thousand RSD (consulting services, professional training of employees, legal and other services), EP Visokogradnja in the amount of 200.610 thousand RSD and EP Niskogradnja in the amount of 89.143 thousand RSD.

- The largest figure under **other non-material costs** in the total amount of 538.285 thousand RSD relates to the participation of the following subsidiaries:

- EP Visokogradnja: 299.669 thousand RSD relate to the acquisition of land for the construction of office, residential space:

- in Cara Nikolaja Street: 197.319 thousand RSD,

- in Knez Danilova and Dalmatinska Streets: 76.413 thousand RSD, and

- in Voždovac: 25.937 thousand RSD.

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- EP Oprema is included in other non-material costs in the amount of 124.356 thousand RSD, based on: engineering and technical services, hiring foreign workers to support various projects, etc.

- EP Niskogradnja has, for the same type of expenses, an amount of 23.178 thousand RSD.

**16. REVENUES AND EXPENSES**

	2012	2011
	(RSD 000)	(RSD 000)
<b><u>Financial revenues</u></b>		
Financial income incurred with other associated companies	68,354	27,899
Income from interest	232,903	140,706
FX gains	1,322,057	1,577,393
Other	107,012	141,838
<b>Total</b>	<b>1,730,326</b>	<b>1,887,836</b>
<b><u>Financial expenses</u></b>		
Financial expenses incurred with other associated companies	(14,628)	(50,058)
Costs of interest	(306,965)	(313,910)
FX losses	(1,026,025)	(1,787,051)
Other	(16,050)	(9,116)
<b>Total</b>	<b>(1,363,668)</b>	<b>(2,160,135)</b>

In 2012, the positive net financial performance came mainly as the result of positive foreign exchange, since the dinar rate dropped by 6,6% against the USD, but rose by 8,7% against the EUR.

Interest expenses mean interest based on received loans and default interest from debtor/creditor relationships.

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**17. OTHER REVENUES AND EXPENSES**

	2012	2011
	(RSD 000)	(RSD 000)
<b><u>Other revenues</u></b>		
Gains on disposals of intangible assets and property, plant and equipment	7,992	17,139
Gains on disposals of securities	112	6,701
Surpluses	707	939
Collected written-off receivables	65,071	102,734
Income from reduction of liabilities	57,154	645,357
Income from abolishing of long-term provisions	341	662
Other	79,844	269,205
Income from valuation adjustments of property, plant and equipment	39,732	2,370
Income from valuation adjustments LT investments and securities		
	15,202	1,007
Income from valuation adjustments of receivables and ST financial investments		
	1,467	236,093
Income from valuation adjustments of other property	8	18,820
<b>Total</b>	<b>267,630</b>	<b>1,301,027</b>
<b><u>Other expenses</u></b>		
Losses on writing-offs and disposals of intangible assets and PPE	(24,423)	(14,409)
Losses on disposals of equity investments and securities		(4,751)
Losses based on sales of material	(3,108)	(1,296)
Shortages	(14,729)	(2,906)
Hedging contract expenses	(211)	
Expenses based on direct write offs	(13,643)	(117,544)
Other	(98,343)	(98,796)
Impairment of property, plant and equipment	(19,922)	(25,522)
Impairment of long-term investments and other securities	(5,818)	(206,040)
Impairment of receivables and short-term financial investments	(64,399)	(210,805)
Impairment of other property	(68,780)	(807)
<b>Total</b>	<b>(313,376)</b>	<b>(682,876)</b>

• Other income (267.630 thousand RSD) - **reduction of liabilities** relates to 57.154 thousand RSD; most of relates to the income from the cancellation of obligations based on the long-term loan granted by Astra bank in the amount of 40.140 thousand RSD in EP Visokogradnja.

• **Other income** (79.844 thousand RSD) relates mostly to EP Niskogradnja (47.906 thousand RSD), first of all to income based on the overpaid added value tax (acknowledged by the tax authority Kazakhstan) in the amount of 46.883 thousand RSD. 15.214 thousand RSD relate to EP Visokogradnja, and other to other companies in the Energoprojekt Group.

• **Written-off claims recovered** (65.071 thousand RSD) relate to the following companies in the Energoprojekt Group:

- EP Visokogradnja: 31.138 thousand RSD relate to claim recovered from Inex Interexport that was written off in previous years;

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- Energoplast: 18.227 thousand RSD relate to claims recovered from buyers for which value adjustments were previously performed and which were recovered till 31.12.2012, and

- EP Entel: 15.706 thousand RSD.

Other expenses (313.376 thousand RSD) include mostly the following:

• **Other expenses** in the amount of 98.343 thousand RSD relate mostly to expenses based on the retirement of stocked material and goods in the amount of 50.328 thousand RSD (EP Niskogradnja) and to the write-off of obsolete inventories in Uganda based on the decision of the Board of Directors of the Company on the adoption of the regular annual inventory of property and liabilities.

• **Depreciation of claims and short-term investments** (64.399 thousand RSD) mostly refers to the following subsidiaries:

- EP Garant (29.486 thousand RSD) relates to the value adjustment of claims pursuant to the Regulations of the Company on how to assess on-balance and off-balance items;

- EP Energoplast: 16.428 thousand RSD, and

- EP Industrija: 14.616 thousand RSD.

• **Depreciation of other property** (68.780 thousand RSD) relates mostly to EP Energodata (68.674 thousand RSD) due to the performed depreciation of ATMs based on the assessment of the Committee for the determination of technological functionality and value of inventories

## **18. NET PROFIT/(LOSS) OF DISCONTINUED OPERATIONS**

	2012 (RSD 000)	2011 (RSD 000)
Net profit from discontinued operations		
Net losses from discontinued operations	(37.156)	(17.664)

## **19. NET EARNINGS PER SHARE**

Net earnings per share is computed by dividing the profit of common shareholders by the weighted-average number of common shares outstanding during that period.

	2012	2011
Profit due to Group shareholders (in 000 RSD)	705.195	368.806
Weighted average number of issued ordinary shares	9.705.241	9.705.241
Net earnings per share (RSD per share)	72,66	38,00

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**20. INTANGIBLE INVESTMENTS**

	Concession, copyrights and similar rights	Other intangible investments	Intangible investments in preparation	Advance payments for intangible investments	Total
	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)
<b>Purchase value</b>					
<b>01.01.2012</b>	<b>17,874</b>	<b>132,516</b>	<b>17,582</b>	<b>420</b>	<b>168,392</b>
Purchase		11,833			11,833
Increase by transfer from investment in progress		1,195			1,195
Disposals and write-offs		(21,470)			(21,470)
Transfer from/to			(1,194)		(1,194)
FX exchange gains and losses		2,451			2,451
Other increase (decrease)				(420)	(420)
<b>Balance on 31.12.2012</b>	<b>17,874</b>	<b>126,525</b>	<b>16,388</b>	<b>-</b>	<b>160,787</b>
<b>Value adjustment</b>					
<b>Balance on 01.01.2012</b>	<b>631</b>	<b>85,126</b>			<b>85,757</b>
Depreciation	239	18,240			18,479
Disposals and write-offs		(15,282)			(15,282)
FX exchange gains and losses		1,354			1,354
<b>Balance on 31.12.2012</b>	<b>870</b>	<b>89,438</b>	<b>-</b>	<b>-</b>	<b>90,308</b>
<b>Present value</b>					
<b>31.12.2012</b>	<b>17,004</b>	<b>37,087</b>	<b>16,388</b>	<b>-</b>	<b>70,479</b>
<b>Present value</b>					
<b>31.12.2011</b>	<b>17,243</b>	<b>47,390</b>	<b>17,582</b>	<b>420</b>	<b>82,635</b>

As at 31/12/2012, concession, copyrights and similar rights and other intangible investments relate to various software used by the Group for own purposes, depreciated pursuant to the accounting policies in force.

Intangible investments in progress on 31/12/2012 refer to investments of the Group in relation to the delivery, installation, implementation and maintenance of software products for BI (business intelligence) solution. This BI solution has not been implemented yet on the balance sheet date.

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**21. PROPERTY, PLANTS, EQUIPMENT AND INVESTMENT PROPERTY**

	Land and buildings	Plants and equipment	Investment property and inv.prop.in preparation	Other PPE	Property and equipment in preparation and advances	Total
	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)
<b>Purchase value</b>						
<b>Balance on 01.01.2012</b>	<b>5,301,569</b>	<b>7,819,525</b>	<b>1,603,044</b>	<b>36,535</b>	<b>372,872</b>	<b>15,133,545</b>
Purchase	430,487	790,985			222,330	1,443,802
Increase by transfer from investment in progress	23,653	15,960			(9,451)	30,162
Disposal and write-off	(18,087)	(259,502)	(10,560)			(288,149)
Transfer from/to	(203,192)		200,888		(55,593)	(57,897)
Revaluation - assessment			240,112			240,112
Increase/reduction of advance pay.					(53,359)	(53,359)
FX exchange gains and losses	2,330	17,624		21		19,975
Other increase/decrease	(83,464)	(266,495)	(501)	(2,272)	(262,367)	(615,099)
<b>Balance on 31.12.2012</b>	<b>5,453,296</b>	<b>8,118,097</b>	<b>2,032,983</b>	<b>34,284</b>	<b>214,432</b>	<b>15,853,092</b>
<b>Value adjustment</b>						
<b>Balance on 01.01.2012</b>	<b>1,830,036</b>	<b>5,630,714</b>	<b>23,427</b>	<b>1,881</b>	<b>-</b>	<b>7,486,058</b>
Depreciation	26,538	408,986		3,578		439,102
Disposal and write-off	(21,088)	(222,073)				(243,161)
Transfer from/to	(15,815)					(15,815)
Revaluation - assessment						0
FX exchange gains and losses	71	8,685				8,756
Other increase/decrease	7,913	(249,346)				(241,433)
<b>Balance on 31.12.2012</b>	<b>1,827,655</b>	<b>5,576,966</b>	<b>23,427</b>	<b>5,459</b>	<b>-</b>	<b>7,433,507</b>
<b>Present value</b>						
<b>31.12.2012</b>	<b>3,625,641</b>	<b>2,541,131</b>	<b>2,009,556</b>	<b>28,825</b>	<b>214,432</b>	<b>8,419,585</b>
<b>Present value</b>						
<b>31.12.2011</b>	<b>3,471,533</b>	<b>2,188,811</b>	<b>1,579,617</b>	<b>34,654</b>	<b>372,872</b>	<b>7,647,487</b>

	2012	2011
<b>Depreciation expenses</b>		
Depreciation of intangible investments	18.479	23.846
Depreciation of property and equipment	439.102	657.967
<b>Total</b>	<b>457.581</b>	<b>681.813</b>

The fair value of investment properties on 31st of December 2012 was 2.009.556 thousand RSD. The most important investment properties of the Energoprojekt Group include the following:

- office and residential building in Moscow, Dom 12;
- office building (EP Niskogradnja) in Peru, Cruz del Sur;

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- business premises (EP Garant) in Goce Delčeva Street, Novi Beograd, residential building in the Zorana Đinđić Boulevard, Novi Beograd and business premises in YU business center, Novi Beograd, and
- business premises (EP Energodata) in Palmira Toljatija Street (PTC Old Merkator) Novi Beograd and business premises in Nis.

In addition to the above, EP Holding, Enjub and EP Urbanizam i arhitektura have business premises in Novi Beograd.

The valuation of the investment property was performed by an independent valuator who has appropriate professional qualifications and recent relevant work experience in the field of investment property.

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

In order to secure a credit line approved by Scotiabank Peru EP Niskogradnja mortgaged its property for the sum of 886.774 thousand RSD which accounts for 94,2% of the total appraised value of the mortgaged property. Value assessment was performed by the valuator Provalua S.A.A.- Provsas, authorized by the respective authority in Peru – Superintendencia de Banca, Seguros y AFP.

## **22. EQUITY INVESTMENTS**

Equity investments represent long term investments in shares and parts of enterprises, banks and insurance companies.

Equity investments pertain to shares (stakes):

	2012 (RSD 000)	2011 (RSD 000)
a) Banks and financial organizations	23,865	104,493
b) Other legal entities:	643,804	505,553
- Energopet	297,262	295,468
- Energo Nigeria	259,767	204,797
- Other	86,775	5,288
<b>Total</b>	<b>667,669</b>	<b>610,046</b>

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**23. OTHER LONG-TERM FINANCIAL INVESTMENTS**

Other long term financial investments include:

	2012 (RSD 000)	2011 (RSD 000)
a) FCY savings bonds	60,335	56,196
b) Housing loans for employees	57,510	55,257
c) Other	779,659	463,216
<b>Total</b>	<b>897,504</b>	<b>574,669</b>

• **Foreign currency savings bonds** relate to the following companies: EP Garant (47.600 thousand RSD) and EP Industrija (12.735 thousand RSD).

• **Long-term housing loans** are interest-free and the legal revalorization is performed.

• **Other long-term financial investment** (779.659 thousand RSD) relate mostly to the following subsidiaries:

- EP Entel: 543.716 thousand RSD relate mostly to long-term claims for the guarantee deposit, which is mostly 10% of the invoiced value and which may be collected only upon completion of all works on the respective project to which it relates (516.282 thousand RSD);

- EP Oprema: 111.305 thousand RSD comprise of long-term financial investments based on guarantee deposits for a large number of works, and

- EP Visokogradnja: 82.406 thousand RSD relate to the tourist resort Crni Vrh (not completed) where the Company has 5% ownership rights based on co-financing.

**24. INVENTORIES**

	2012 (RSD 000)	2011 (RSD 000)
Raw material, spare parts and tools	921,827	1,877,728
Work in progress	1,270,563	819,765
Finished goods	213,952	215,187
Merchandise	65,651	255,127
Paid advances	584,169	1,297,210
<b>Total</b>	<b>3,056,162</b>	<b>4,465,017</b>

• Decrease in **stocked materials and reduction in advance payments** in 2012 in comparison to 2011 relates mostly to EP Visokogradnja, in particular to the following projects: Z-068 Hotel Aktau and Z-075 Schlumberger. Stocked materials at the end of 2011 were used in 2012. The suppliers delivered the goods and services and therefore, the advance payments were reduced.

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• **Work in progress** (1.270.563 thousand RSD), relates mostly to EP Visokogradnja (1.109.032 thousand RSD), in particular:

- in the country (556.030 thousand RSD) – based on own investments in Knez Danilova and Dalmatinska streets (79.165 thousand RSD), Bežanijska Kosa (46.562 thousand RSD), Cara Nikolaja street (302.155 thousand RSD), Voždovac (25.938 thousand RSD) and the shopping mall in Bor (102.210 thousand RSD). In 2012, in Cara Nikolaja street, in Voždovac, Dalmatinska and Knez Danilova street pieces of land were bought for the construction of office and residential buildings.
- abroad (553.003 thousand RSD) – based on works related to the residential complex Šištet Bare in Montenegro.

Prokop – progress certificates were issued to the investor, yet not certified before the balance sheet was prepared and they were reposted from work in progress to non-invoiced income.

EP Niskogradnja – stocked material, spare parts, tools and inventories (566.982 thousand RSD), relate mostly to projects in Uganda and Peru. The quantity of stocked material and spare parts depends upon the intensity of works and possibility of timely purchase.

## 25. FIXED ASSETS FOR SALE

Fixed assets for sale of the Energoprojekt Group (64.156 thousand RSD - in 2011: 8.083 thousand RSD) relate to EP Niskogradnja (50.688 thousand RSD), Energoplast (12.295 thousand RSD) and EP Viskogradnja (1.173 thousand RSD).

## 26. RECEIVABLES

	2012	2011
	(RSD 000)	(RSD 000)
<b><u>Receivables from sales</u></b>		
Domestic buyers	1,366,766	1,839,680
Foreign buyers	5,328,185	4,843,464
<b>Total</b>	<b>6,694,951</b>	<b>6,683,144</b>
<b><u>Receivables from specific business operations</u></b>	<b>26,098</b>	<b>34,696</b>
<b><u>Other receivables</u></b>		
Receivables from employees	25,732	16,839
Receivables from government authorities and institutions	431	795
Receivables for other prepaid taxes and contributions	4,616	3,564
Other receivables	364,177	743,701
<b>Total</b>	<b>394,956</b>	<b>764,899</b>
<b>Grand total</b>	<b>7,116,005</b>	<b>7,482,739</b>

• In 2012, **trade receivables - domestic** (1.366.766 thousand RSD) relate mostly to EP Oprema (661.149 thousand RSD), EP Niskogradnja (284.571 thousand RSD), EP Hidroinženjering (133.115 thousand RSD), Energoplast (127.267 thousand RSD), EP Visokogradnja (93.033 thousand RSD) and EP Industrija (43.697 thousand RSD).

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• **Trade receivables - foreign** (5.328.185 thousand RSD) relate mostly to EP Niskogradnja with receivables from investors abroad (3.072.167 thousand RSD), EP Entel (749.379 thousand RSD), EP Visokogradnja (644.310 thousand RSD) and EP Hidroinženjering (256.621 thousand RSD).

**27. SHORT TERM FINANCIAL INVESTMENTS**

	(RSD 000)	(RSD 000)
Short fixed deposits	2,252,993	2,427,955
Short-term loans extended	79,120	64,245
Other	38,183	32,996
<b>Total</b>	<b>2,370,296</b>	<b>2,525,196</b>

• **Short fixed deposits** relate mostly to EP Entel (1.478.372 thousand RSD), EP Garant (483.943 thousand RSD), EP Visokogradnja (157.000 thousand RSD), EP Industrija (99.891 thousand RSD) and EP Niskogradnja (33.787 thousand RSD).

• **Short - term loans extended** (79.120 thousand RSD) relate mostly (75.929 thousand RSD) to the loan granted to Enjub (50% of the amount considering how the company is included in the consolidated financial statements of the Energoprojekt Group using the proportional method).

**28. CASH AND CASH EQUIVALENTS**

	2012 (RSD 000)	2011 (RSD 000)
<b><u>RSD</u></b>		
Current accounts	59,728	97,541
Petty cash	267	225
Short-term deposits	779,730	-
Other	721	95,318
<b>Total</b>	<b>840,446</b>	<b>193,084</b>
<b><u>FCY</u></b>		
Foreign currency accounts	2,288,187	2,328,404
Petty cash	92,245	155,834
L/C	52,247	-
Other	82,360	264,202
Value-impaired or restricted pecuniary assets	-	-
<b>Total</b>	<b>2,515,039</b>	<b>2,748,440</b>
<b>Grand total</b>	<b>3,355,485</b>	<b>2,941,524</b>

Foreign currency accounts relate mostly to EP Visokogradnja, EP Niskogradnja, EP Oprema and EP Entel.

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**29. ADDED VALUE TAX AND ACTIVE ACCRUALS**

	2012 (RSD 000)	2011 (RSD 000)
	<b>27,401</b>	-
<b><u>Active accruals</u></b>		
Prepayments	131,613	202,727
Uninvoiced income receivables	895,363	459,364
Accrued VAT	42,228	39,427
Accrued commitments	115,062	-
Other active accruals	93,321	15,873
<b>Total</b>	<b>1,277,587</b>	<b>717,391</b>
<b>Grand total</b>	<b>1,304,988</b>	<b>717,391</b>

**Receivables on non - invoiced income** relate mostly to EP Visokogradnja, 539.891 thousand RSD - include receivables based on progress certificates issued to the investor for verification, but not verified before the balance sheet was prepared and income that was expressed, considering the principle of prudence, in accordance with incurred expenses for which Annexes to the Contracts have to be signed. The Company applies the International Accounting Standard 11 - Construction contracts and expresses the income in proportion to completed works.

- Receivables on non-invoiced income that relate to EP Niskogradnja (222.333 thousand RSD) include mostly the following:

Project Z-014 Yanacocha, Peru - receivables from the investor based on certified preliminary progress certificates for completed works in 2012 (23.934 thousand RSD);

Project Z-019 Cochabamba - Chota, Peru - receivables from the investor based on certified preliminary progress certificates for completed works in 2012 (173.205 thousand RSD);

Project Z-022 Colan, Peru - receivables from the investor based on certified preliminary progress certificates for completed works in 2012 (16.511 thousand RSD), i

Project Tisa - receivables from the investor based on certified preliminary progress certificates for completed works in 2012 (8.256 thousand RSD).

Receivables on non-invoiced income that relate other companies in the Energoprojekt Group include the following:

- EP Holding: 49.554 thousand RSD (Embassy in Abuja);

- EP Oprema: 27.400 thousand RSD) - relates mostly to the added value tax that was calculated based on completed, yet not certified turnover in November 2012 (14.676 thousand RSD), according to the 30th progress certificate for the adaptation of the block 2 Thermal Power Plant Kostolac B with electro-filter reconstruction;

- EP Hidroinženjering – 34.584 thousand RSD relates entirely to the project “Dredging of the Danube

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riverbed”, financed by the European Delegation in Serbia (only final invoice upon work completion will be issued), and

- EP Industrija - 18.887 thousand RSD relates mostly to the projects RTB Bor sulfuric acid and Copper smeltery (15.452 thousand RSD).

### **30. EQUITY AND OTHER CAPITAL**

Equity includes the following capital types:

	2012 (RSD 000)	2011 (RSD 000)
Share capital	5,397,326	5,126,415
Other capital	114,638	96,688
<b>Total</b>	<b>5,511,964</b>	<b>5,223,103</b>

The share capital of the parent company EP Holding plc, on the balance sheet date, consists of 9.937.538 ordinary shares each with a nominal value of 510 RSD (5.068.144 thousand RSD).

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

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

At the XXXIX General Meeting held on 29.06.2012, decisions were reached (item 3 and 4 of the agenda) regarding the following:

- the distribution of annual profits of Energoprojekt Holding plc for 2011,
- X issue of ordinary shares without public offering for the payment of dividends.

The total amount of net profit according to the annual financial statement for 2011 was 277.619.339,39 RSD. The total amount of undistributed profit that includes undistributed profit from previous years (248.682.298,72 RSD) and undistributed profit for 2011 (277.619.339,39 RSD) was 526.301.638,11 RSD.

The above mentioned amount for undistributed profit was distributed according to the decision reached by the Assembly as follows: the amount of 241.429.155,00 RSD will be used for dividends. Energoprojekt Holding plc, Belgrade issues X issue of shares in the total amount of 239.561.280,00 RSD, of which 469.728 shares with individual nominal value of 510,00 RSD.

The remaining amount up to the total nominal value of one share under this Decision, in the total amount of 1.867.875,00 RSD, the Company will pay to the shareholders in cash. The distribution of profit among the shareholders shall be pro rata of their share in the existing equity of the Company, meaning that for every 20 (twenty) shares, each shareholder will receive 1 (one) new share from the profits, free of charge.

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**31. RESERVES**

Reserves comprise of:

	2012 (RSD 000)	2011 (RSD 000)
Legal	237,952	248,538
Statutory and other	424,251	412,339
Issuing premium	237,014	237,036
<b>Total</b>	<b>899,217</b>	<b>897,913</b>

The legal reserves were formed according to the Law on Enterprises which was in force up to 30 November 2004, which was superseded by the Companies Law. Each year at least 5% was appropriated from profits until the statutory level is reached of at least 10% of the issued capital.

Statutory and other reserves are reserves formed from profit in accordance with the Articles of Association and other internal regulations of the company.

The issuing premium represents the positive difference between the achieved sales value of shares and their nominal value.

The changes in the structure of reserves in 2012 arise from the distribution of the profit of the companies in the Energoprojekt Group, based on resolutions adopted at respective general meetings.

The decrease in reserves in the reporting period is a consequence of loss coverage related to EP Urbanizam i arhitektura and EP Energodata reserves.

**32. REVALUATION RESERVES, UNREALIZED PROFIT/LOSS FROM SECURITIES**

	2012 (RSD 000)	2011 (RSD 000)
Revaluation reserves	1,748,834	1,625,478
Unrealized profit from available-for-sale securities	14,599	16,022
Unrealized losses from available-for-sale securities	( 25,798)	( 22,071)
<b>Total</b>	<b>1,737,635</b>	<b>1,619,429</b>

• **Revaluation reserves** relate to gain/losses of the fair value of property and equipment, as well as reserves based on the financial statements calculation displayed in another functional currency than the presentation currency (reporting currency).

- Revaluation reserves relate mostly to revaluation surpluses of movements in fair value of the investment property in Moscow (Dom 12) last year, included in the balance sheet of the foreign branch Nana Off Shore and amount to 635.996 thousand RSD.

- Revaluation reserves of EP Niskogradnja (170.146 thousand RSD) relate to the difference between the accounting value of a fixed asset (55% of the building Cruz del Sur, Lima) and the fair value (estimated value) on the transfer date to the investment property, according to the decision of the Board of Directors of the Company and relevant provisions of IAS 16 and IAS 40. This excludes the increase

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of fair value from the balance sheet of the Company that occurred before the property became investment property. The value estimation was performed by an independent valuator PROVALUA S.A.A. - PROVSA, Peru that has acknowledged (authorization issued by the relevant authority in Peru: Superintendencia de Banca, Seguros and AFP-Peru) and relevant qualification as well as recent experience with locations and the investment property category that is assessed. 69.934 thousand RSD relate to revaluation reserves based on the translation of financial statements displayed in another functional currency than reporting currency.

- EP Visokogradnja: revaluation reserves comprise of reserves from fixed assets revaluation (113.148 thousand RSD) and reserves based on the translation financial statements into the reporting currency (90.227 thousand RSD).

- In addition, revaluation reserves that arise from the fair value adjustment relate to EP Industrija (189.205 thousand RSD), EP Entel (114.761 thousand RSD), EP Hidroinženjering (113.067 thousand RSD) and other.

• The price drop of shares at the Belgrade Stock Exchange for those companies, whose shares are in the portfolio of available-for-sale securities in the Energoprojekt Group, influenced mostly the drop of **Unrealized profits** and the rise of **Unrealized profits based on available-for-sale securities**.

### 33. UNDISTRIBUTED PROFIT AND LOSS

Undistributed profit comprises:

	2012	2011
	(RSD 000)	(RSD 000)
Consolidated net prior years profit	3,975,463	4,058,801
Correction of materially significant errors		(50,029)
Corrected opening balance		4,008,772
Changes during the year	598,982	(33,309)
<b>Consolidated net profit as at 31.12.2013</b>	<b>4,574,445</b>	<b>3,975,463</b>

Changes which occurred during the year are the result of profit generated in 2012 and the profit distribution deductions in 2011 for the payment of dividends.

The distribution of the undistributed profit on 31.12.2011 (current profit for 2011) was performed based on the resolution adopted by the general meeting of Energoprojekt Holding (XXXIX meeting, item 3 of the agenda, held on 29.06.2012) - Note no. 30.

### 34. LONG-TERM PROVISIONS

Long term provisions are disclosed when:

- an enterprise has a present obligation (legal or constructive) as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

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Long term provisions comprise:

	2012 (RSD 000)	2011 (RSD 000)
Provision for expenses in warranty	705,158	10,926
Provision for employee benefits	280,851	140,471
Other	402,656	1,183,448
<b>total</b>	<b>1,388,665</b>	<b>1,334,845</b>

• **Provisions for warranty related expenses** relate to EP Entel (704.278 thousand RSD) and Enjub (880 thousand RSD).

Provisions for warranty related expenses are calculated based on the best assessment of the management and based on the previous experience and are expected to be payable for a period of less than 5 years. The final amount of the obligation to be paid may differ from the provision depending upon future developments. These provisions are not discounted since the discount impact is not materially significant.

• **Other long-term provisions** relate mostly to EP Holding (260.000 thousand RSD) and refer to provisions in the balance sheet on 31.12.2006, according to the decision of the Executive Board of the Company, on behalf of possible expenses related to the implementation of the Contract on joint construction works in Block 26, Novi Beograd no. 507, concluded between the Consortium „Energoprojekt – Napred“ and Trinity Capital ltd.

In accordance with provision of the Contract on joint construction works and Annex no. 1 to the Contract, Trinity Capital ltd. has paid the agreed amount and the Company has issued a blank bill of exchange and authorization with unlimited validity. The above mentioned bill of exchange may be activated upon final decision of the respective authority, according to which the land of the Company (subject of the contract) will be seized due to solely Company's fault and for reasons that the Trinity Capital ltd was not aware of at the time the contract was concluded.

The provision was performed in accordance with requirements IAS 37 Provisions, Contingent Liabilities and Contingent Assets, due to the uncertainty with regard to the implementation of the legislation that refers to the subject of the Contract and that may influence the fulfillment of all obligations of the Company, as well as due to the issued blank bill of exchange, as previously mentioned.

On the 31.12.2012, the uncertainty still exists with regard to the implementation of the legislation that refers to the subject of the Contract and that may influence the fulfillment of all obligations of the Company, as well as the possibility that Trinity Capital ltd. will activate the issued bill of exchange. Therefore, the management estimates that, on the balance sheet date, the requirements for the cancellation of the respective provision have not been met.

EP Niskogradnja has long-term provisions (97.097 thousand RSD) that relate to the obligation of the Company towards the subcontractor based on the project Z-0163 „Navigation Lock“, Iraq. The provision amount was determined according to the identical methodology as prescribed by the Government of Iraq, based on which the Company has collected its receivables with respect to the mentioned project.

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• **Provisions for fees and other employee benefits** (provisions for non-due retirement bonus upon retirement) are displayed based on the actuarial calculation performed by experts of the Energoprojekt Group.

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

The increase of the provision amount based on the present value of retirement bonus for the entire Energoprojekt Group (by 2,2%) in the balance sheet on 31.12.2012 in comparison to 31.12.2011, was a result of several changed factors:

- On one hand, changes of some factors affect the increase of the provision amount (2,72% increase of the average years in service in the Company);
- On the other hand, changes of some factors affect the decrease of the provision amount (first of all, reduced average gross retirement bonus by 0,30% and reduced total number of employees by 2,33%).

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

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

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

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

Upon discounting, the following assumptions were considered:

- *expected annual growth of earnings in the Company of 7,5% and*
- *discount rate of 10% .*

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

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deadlines for bonds should be in accordance with the value date and deadlines for liabilities for income after employment.

Since the financial market of Serbia is insufficiently developed, the real annual yield from the purchase of government bonds with the Republic of Serbia as the guarantor should be used as a reference for the determination of the discount rate on the balance sheet date. The yield of government bonds of the Republic of Serbia (old frozen savings bonds due between 2013 and 2016), as well as the yield of government bonds in EURO issued by the Ministry of Finance of the Republic of Serbia in 2012 are analyzed below. Specifically, the nominal annual yield of government bonds (old frozen savings) on the balance sheet date (maturity from 6 months to 3 years and 6 months) is ca 4,7% and the nominal annual yield of long-term bonds of the Republic of Serbia in EURO, during 2012, was 5,95% (issue 20.02.; maturity 371 days), 6,10% (issue 26.03.; maturity 728 days), 6,19% (issue 23.05.; maturity 546 days), 6,25% (issue 06.06.; maturity 730 days), 6,30% (issue 25.06.; maturity 546 days), 6,15% (issue 11.07.; maturity 371 days), 6,20% (issue 24.07.; maturity 730 days), 6,15% (issue 21.08.; maturity 371 days), 6,15% (issue 03.09.; maturity 371 days), 5,75% (issue 31.10.; maturity 371 days), 5,85% (issue 13.11.; maturity 546 days) and 5,05% (issue 12.12.; maturity 546 days). Since the maturity of reference securities is shorter than the average estimated maturity for income that is the subject of this calculation, in view of requirements from paragraph 81, IAS 19, the discount rate was estimated considering longer maturity.

Considering the estimated nominal annual yield of long-term government bonds (ca. 6,5%), the projected inflation in EURO zone countries (1,9%) and the assumption that the foreign exchange rate is formed based on the purchasing power parity theory (under the assumption that there are no disparities in the current rate, the projected annual devaluation is conditioned by the difference between the projected annual inflation in Serbia and EURO zone countries), the real annual yield of reference securities is ca. 4,5% or for the projected nominal inflation in Serbia of 5,5%, the nominal annual yield is ca. 10%.

**The annual expected wage growth in the Company** is planned at a level of 7,5%.

The annual discount rate and the annual wage growth depend upon the inflation rate.

The Memorandum of the National Bank of Serbia on the target inflation rate till 2014, adopted at the meeting of the Executive Board of NBS on 10.05.2012, among other things, determines the target inflation rate for 2013, measured by the Annual Percentage Change in Consumer Price Index. Beginning with the consumer price at the end of the previous year, the target inflation rate for 2013 is 4% with permissible deviation (positive and negative) of 1,5 percentage points. Since the inflation in 2012 exceeded the target inflation by 5% (inflation in November 2012 in comparison to November 2011 was 11,9%), it would be realistic, for the next-year inflation and within permitted framework foreseen by the Memorandum, to plan the inflation with maximum permissible deviation (+1,5%).

The provision will be estimated according to the planned annual inflation of 5,5%. It can be concluded that the Company planned a long-term annual wage growth of 2% (applied also to provisions from previous years) and the long-term annual real discount rate was planned at 4,5%.

If the inflation rate would drop in the future, the applied logic would result in the reduction of nominal wages but also of the discount rate (that is defined by the inflation rate) so that the change would lead to the change in results presented in this document. The methodology used, indicating the long-term 7,5% planned annual salary growth and long-term annual discount rate of 10%, assumes an

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unchanged inflation rate in future. This assumption is requested in the paragraph 75, IAS 19.

### 35. LONG-TERM LOANS

Liabilities from long term loans are due in a period longer than one year from the performance date, or balance sheet date, and pertain to the following:

	Currency	2012 (RSD 000)	2011. (RSD 000)
<u>Domestic</u>			
Development Fund	EUR	148,997	84,033
"Astra Banka", Beograd	RSD		40,140
Societe Generale bank		113,719	127,657
Alpha bank		110,331	
Erste bank		165,030	
Moskovska bank		15,571	
Paris Club			
Legal entities and other	USD, EUR	10,681	201,673
<b>Total</b>		<b>564,329</b>	<b>453,503</b>
<u>Foreign</u>			
Other	USD, EUR	378,911	278,921
<b>Total</b>		<b>378,911</b>	<b>278,921</b>
<b>Grand total</b>		<b>943,240</b>	<b>732,424</b>

• **Long-term domestic loans** relate mostly to EP Holding (148.997 thousand RSD). It was granted by the Development Fund of the Republic of Serbia in 2010 for working capital to overcome the short-term insolvency of subsidiaries in the country. Long-term loans include also EP Visokogradnja (151.333 thousand RSD) and EP Niskogradnja (144.009 thousand RSD).

Loans, granted to Energoplast in 2012, are secured by a lien: long-term loan granted by the Moscow bank was secured by a lien on the equipment for the production of stoppers and the long-term loan granted by the Komercijalna banka was secured by a lien on receivables under Contract and Annex between Energoplast and the buyer Knjaz Milos, Arandjelovac.

• **Long-term loans granted abroad** relate to:

- EP Energodata: long-term loan granted by Alpha bank London for the settlement of ATM liabilities (208.619 thousand RSD), and

- EP Niskogradnja (170.292 thousand RSD) relate mostly to associates from former YU republics (166.754 thousand RSD - 1.935 thousand USD) engaged on the project Hydroelectric power station Banieya II, Guinea. Considering the fact that the succession process of former YU republics is not finished and in view of the principle of prudence, the management of the Company believes that, at this moment, there are no favorable conditions to write off the above mentioned liabilities. The long-term

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loan to Atlas Copca for fixed assets is 3.538 thousand RSD.

### 36. OTHER LONG-TERM LIABILITIES

Other long term liabilities include:

	2012 (RSD 000)	2011 (RSD 000)
Finance lease liabilities - long term	60,783	38,186
Other long-term liabilities	903,216	15,005
<b>total</b>	<b>963,999</b>	<b>53,191</b>

• **Finance lease liabilities – long-term**, 59.001 thousand RSD relate to EP Niskogradnja, first of all to long-term finance lease liabilities abroad.

• **Other long-term liabilities** relate mostly to the following subsidiaries:

- EP Niskogradnja: 616.346 thousand RSD relate to the part of the liability for received advance for the Project Sarani tunnel,

- EP Oprema: 185.643 thousand RSD relate to guarantee deposit, and

- EP Visokogradnja: 84.902 thousand RSD relate to obligations towards former owners of plots, who have sold the land for the construction of residential and office buildings and where the Company agreed to settle them with the property that will be built in Cara Nikolaja Street. The liability is presented according to the price, designed for future properties.

### 37. SHORT-TERM FINANCIAL LIABILITIES

	Currency	2012 (RSD 000)	2011 (RSD 000)
<u>Short term RSD loans</u>		(Rsd. 000)	(Rsd. 000)
Domestic banks		727,812	670,848
<u>Short term foreign currency loans</u>			
Domestic banks	EUR, USD	188,010	817,165
<b>Total</b>		<b>915,822</b>	<b>1,488,013</b>
Other short term financial liabilities/current maturities of long term loans		1,339,655	584,220
Short term loans abroad/ current maturities of long term loans abroad	EUR, USD	494,485	492,210
<b>Total</b>		<b>2,749,962</b>	<b>2,564,443</b>

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• **Short term RSD loans and loans with a FCY clause from local banks** are predominated by EP Visokogradnja (736.697 thousand RSD), EP Niskogradnja (43.408 thousand RSD), EP Energodata (66.482 thousand RSD), EP Hidroinženjering (34.322 thousand RSD) and EP Enjub (32.635 thousand RSD).

• **Other short-term liabilities and current maturities of long-term loans** relate mostly to EP Holding (295.035 thousand RSD), EP Visokogradnja (448.518 thousand RSD) and EP Niskogradnja (380.337 thousand RSD).

• **Liabilities related to short-term loans and current maturities of long-term loans in other countries** (494.485 thousand RSD) relate to EP Niskogradnja.

### **38. LIABILITIES FROM OPERATIONS**

Liabilities from business operations include:

	2012	2011
	(RSD 000)	(RSD 000)
<b><u>Liabilities from business operations</u></b>		
Received advances, short-term deposits and caution money	2,944,597	4,128,789
Domestic suppliers	854,003	1,052,609
Foreign suppliers	2,036,149	1,646,502
Other liabilities from business operations	8,211	37,145
<b>Total</b>	<b>5,842,960</b>	<b>6,865,045</b>
Liabilities from specific operations	300,879	745,098
<b>Total</b>	<b>6,143,839</b>	<b>7,610,143</b>

• **Received advance payments** relate mostly to the following companies of Energoprojekt Group:

- EP Niskogradnja (1.438.486 thousand RSD),
- EP Visokogradnja (845.176 thousand RSD) and
- EP Oprema (545.229 thousand RSD).

The reduction of obligation related to received advance payments, deposits and caution money in comparison to 2011 was recorded, first of all, for EP Visokogradnja, EP Oprema and EP Industrija.

• The reduction of **obligations to suppliers** in the country relates, first of all, to EP Niskogradnja, Energoplast, EP Enjub and EP Energodata, and the increase in obligations to suppliers abroad relates mostly to EP Visokogradnja, EP Niskogradnja and EP Oprema.

• **Liabilities from specific operations** relate mostly to EP Visokogradnja (189.726 thousand RSD) – obligations to GP „Rad“ based on works in Iraq – ongoing lawsuit) and EP Entel (108.788 thousand RSD) – obligation to partners in accordance with the contract for Phase VI and Phase VII in Qatar).

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**39. OTHER SHORT TERM LIABILITIES**

	(RSD 000)	(RSD 000)
Salaries and emoluments	1,015,373	922,496
Dividends	57,381	40,091
Other liabilities	62,183	88,662
<b>Total</b>	<b>1,134,937</b>	<b>1,051,249</b>

**40. VAT AND OTHER PUBLIC DUTIES AND ACCRUALS**

	2012 (RSD 000)	2011 (RSD 000)
VAT and other public liabilities	301,508	617,581
Accruals	400,905	814,130
<b>Total</b>	<b>702,413</b>	<b>1,431,711</b>

In the balance sheet, the item **Accruals** predominantly includes the following companies:

- EP Garant (164.892 thousand RSD) for transferable non-life insurance premiums, coinsurance premiums, liability provisions and other accruals;
- EP Oprema (127.125 thousand RSD);
- EP Niskogradnja (87.529 thousand RSD), and
- EP Visokogradnja (18.732 thousand RSD).

**41. COMMITMENT AND CONTINGENCIES**

There is a number of ongoing lawsuits against members of Energoprojekt Group in the country. The most important are listed in the attachment.

In addition to the above, there is a lawsuit between Energoprojekt Entel L.L.C., Doha, Qatar and the Ministry of Finance. The subject of the lawsuit are not recognized consulting costs with the parent company in Belgrade from 2007, 2008 and 2009.

Since the final outcome of these legal proceedings is uncertain, the impact on the financial position of companies cannot be reliably predicted. Based on the opinion of the professional department, the management believes that there is no real risk of these lawsuits causing severe financial expenditure for the company, and therefore no provisions were made for potential losses in this respect.

**42. OFF-BALANCE SHEET ITEMS**

The Group's off-balance assets and liabilities totaling 14.076.978 thousand RSD mostly relate to guarantees issued and received (advances, performance bonds, guarantee deposit, etc) - 12.438.705 thousand RSD, land use rights (1.150.733 thousand RSD) and other (487.540 thousand RSD).

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**43. MORTGAGES REGISTERED IN FAVOR OR AGAINST COMPANIES FROM THE ENERGOPROJEKT GROUP**

The subsidiary "Energoprojekt Entel" LLC Doha, Qatar reserves the disposal and usufruct right with regard to the property of total area of 4.488 m<sup>2</sup>, located on cadastral parcels number 65582, 65583, 65584, 65585, 65586, 65587, 65588, 65589 and 65590 with area of 10.736 m<sup>2</sup>, in Doha - Qatar, Zone 44, East Al Naija, Al Mumtaza Street Doha Qatar, registered owner is a local private individual. The owner has mortgaged the property in the "Doha bank" according to the contract no. 52973 as collateral for issuing a tender guarantee and a performance guarantee.

In order to secure a credit line approved by Scotiabank Peru EP Niskogradnja mortgaged its property for the sum of 886.774 thousand RSD which accounts for 94,2% of the total appraised value of the mortgaged property. Value assessment was performed by the valuator Provalua S.A.A.- Provsa, authorized by the respective authority in Peru – Superintendencia de Banca, Seguros y AFP.

To secure the repayment of the loan pursuant to contract no. 423/367, in the amount of 137.500 EUR, granted by EP Holding to Enjub ltd, the extrajudicial mortgage for the entire loan amount was registered for apartments in Jurija Gagarina 91A, second and third floor, cadastral plot no. 5089/9, cadastral municipality Novi Beograd, registered in the registry of immovable property no. 4550, cadastral municipality Novi Beograd in favor of the Company.

Loans, granted to Energoplast in 2012, are secured by a lien: long-term loan granted by the Moscow bank was secured by a lien on the equipment for the production of stoppers and the long-term loan granted by the Komercijalna banka was secured by a lien on receivables under Contract and Annex between Energoplast and the buyer Knjaz Milos, Arandjelovac.

**44. POST BALANCE SHEET EVENTS**

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

In Belgrade,  
18.04.2013

CFO



Dimitraki Zipovski, M.Sc.Ecc.

CEO



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



## ***ENERGOPROJEKT GROUP, BELGRADE***

### **SECTOR FOR LEGAL REPRESENTATION**

**Belgrade, 18/04/2013**

### **Report on pending lawsuits of Energoprojekt Group as of 31/12/2012**

<b>No.</b>	<b>Plaintiff</b>	<b>Respondent</b>	<b>Legal grounds</b>	<b>Value</b>	<b>Competent court</b>	<b>Expected date of closure</b>	<b>Expected outcome</b>
1.	Marko Martinoli	EP Holding and EP Niskogradnja	Share squeeze-out	2.163.932,00 RSD	Commercial Court of Belgrade	2014	Outcome uncertain
2.	Aleksandar Vasojević	EP Holding	Annulment of resolutions from the XXXVII EGM		Commercial Court of Belgrade	2013	Unsubstantiated
3.	New company	EP Holding and GP Napred	Establishment of ownership rights		Commercial Court of Belgrade	2014	Outcome uncertain, suspended proceedings
4.	EP Holding	Stari Grad municipality	Establishment of ownership rights		First Primary Court of Belgrade	2014	Founded
5.	EP Holding	Finance Ministry – Tax Admin	Prepaid tax refund	26.959.260,00 RSD	Constitutional Court		Founded
6.	EGP Investments	EP Holding	Share squeeze-out	1.267.710,00 RSD	Commercial Court of Belgrade	2013	Legal suit upheld by first instance court
7.	Milan Raonić	EP Holding	Copyright claim	7.000.000,00 RSD	Higher Court of Belgrade	2014	Partly founded
8.	Association of Small Shareholders, Association of Pensioners, Jovan Korolija and Ivan Petrović	EP Holding	Annulment of resolutions from the XXXVII EGM		Commercial Court of Belgrade	2013	Unsubstantiated
9.	Radomir Banjac	EP Holding	Damage claim	4.400.000,00 RSD	First Primary Court of Belgrade		Unsubstantiated
10.	Sreta Ivanišević	EP Holding	Compensation for expropriated property (Bežanija)		First Primary Court of Belgrade		Outcome uncertain

11.	Ivan Petrović et al.	EP Holding	Annulment of resolutions from the XXXVII EGM		Commercial Court of Belgrade	2013	Unsubstantiated
12.	Vladan and Tomislav Krdžić	EP Holding	Damage claim (free shares not allotted to the plaintiffs)	444.000,00 RSD	Commercial Court of Belgrade	2013	Unsubstantiated
13.	Dimničar a.d.	EP Holding	Share squeeze-out	1.317.190,00 RSD	Commercial Court of Belgrade	2013	Legal suit upheld by first instance court
14.	East West Invest a.d.	EP Holding	Share squeeze-out	847.980,00 RSD	Commercial Court of Belgrade	2013	Legal suit upheld by first instance court
15.	EGP Investments	EP Holding	Share squeeze-out	348.230,00 RSD	Commercial Court of Belgrade	2013	Legal suit upheld by first instance court
16.	Serbian government	EP Holding	Establishment of apartment ownership		Commercial Court of Belgrade	2013	Founded
17.	EP Holding	Mottivi d.o.o	Damage claim (roof repairs at G. Delčeva 38)	828,82 EUR	Commercial Court of Belgrade	2013	Founded
18.	EP Holding	Zekstra grupa d.o.o.	Damage claim (roof repairs at G. Delčeva 38)	7.032,68 EUR	Commercial Court of Belgrade	2014	Founded
19.	EP Holding	Serbian government, EPS power co, Epsturs d.o.o and Montenegro government	Establishment of ideal share of ownership of Hotel Park in Budva		Primary Court of Herceg Novi		Founded
20.	EP Holding	Ivan Musić	Damage claim (roof repairs at G. Delčeva 38)	250,61 EUR	First Primary Court of Belgrade	2014	Founded
21.	EP Holding	Dejan and Mirjana Gojković	Damage claim (roof repairs at G. Delčeva 38)	1.060,13 EUR	First Primary Court of Belgrade	2013	Founded
22.	EP Holding	City of Belgrade, Land Development Agency, Serbia	Debt (Arena)	17.549.287,81 USA\$	Commercial Court of Belgrade		Founded
23.	EP Visokogradnja	Kosmaj mermer	Establishment of separate claim	400.000,00 RSD incl. interest as of 29/01/1998	CCB	2014	Outcome uncertain. Suspended proceedings
24.	Kosmaj mermer	EP Visokogradnja	Establishment of unfoundedness of separate claim		CCB	2014	Outcome uncertain. Depends on pending lawsuit

25.	EP Visokogradnja	FMPE Bačka Topola in bankruptcy	Claim assessment in bankruptcy proceedings	3.511.710,47 RSD	CC Subotica	Ended	Settlement through bankruptcy proceedings unlikely
26.	Vasilev Grozda	EP Visokogradnja	Performance and damage claim	900.000,00 RSD	First Primary Court of Belgrade	2013	Legal suit dismissed by first instance court
27.	EP Visokogradnja Vesna Perinčić	Vesna Perinčić EP Visokogradnja	Debt claim	88.500,00 RSD from the claim and 250.000,00 RSD from the counterclaim	First Primary Court of Belgrade	2012	Both lawsuit and countersuit dismissed by first instance court
28.	EP Visokogradnja	Promex TV Zvornik	Debt claim	667.104,25 RSD	CCB	2014	Legal suit upheld by first instance court
29.	Vladan Šipetić	EP Visokogradnja	Damage claim	381.062,00 RSD	First Primary Court of Belgrade	2013	Legal suit dismissed by first instance court
30.	EP Visokogradnja	GIK Banat	Debt claim	4.172.333,47 RSD	CC Zrenjanin		Claim recognized in bankruptcy proceedings
31.	EP Visokogradnja	SZR. ČA ART	Debt claim	212.457,60 RSD	CC Novi Sad	2013	Founded
32.	Reb Darko	EP Visokogradnja	Debt claim	64.740,01 EUR	First Primary Court	2014	Legal suit dismissed by first instance court
33.	EP Visokogradnja	LHR	Debt claim	580.000,00 RSD	CCB	2013	Founded
34.	EP Visokogradnja	Global ID	Debt claim	111.669,40 RSD	CCB	2012	Respondent's accounts are blocked, settlement is unlikely
35.	Stamenović Božidar	EP Visokogradnja	Unfounded acquisition	487.179,65 RSD	First Primary Court of Belgrade	2013	Legal suit dismissed by first instance court in repeated proceedings
36.	EP Visokogradnja	Trudbenik gradnja	Claim recognized in bankruptcy proceedings	2.767.501,76 RSD	CCB		Settlement uncertain

37.	EP Visokogradnja	Herceg Novi municipality	Debt claim	42.000,00 EUR	CC Podgorica	2013	Returned to first instance procedure after review of the respondent
38.	Bomaran d.o.o.	EP Visokogradnja	Debt claim	1.440.900,00 RSD	CCB	2013	Legal suit upheld by first instance court
39.	EP Visokogradnja	ZR Belker	Debt	79.401,60 RSD	CCB	2012	Settlement is unlikely
40.	Gajić Slobodan	EP Visokogradnja	Damage claim	450.000,00 RSD	Primary Court of Sremska Mitrovica	2012	Legal suit partly upheld by first instance court up to the sum of 240.000,00 RSD,
41.	EP Visokogradnja	Lipa Papir	Debt	2.142.004,69 RSD	CCB		Respondent's accounts are blocked, settlement is unlikely
42.	Đorđe Mikša	EP Visokogradnja	Contractual penalty	512.000,00 RSD	First Primary Court of Belgrade	2013	Outcome uncertain
43.	Jagoda Mikša	EP Visokogradnja	Contractual penalty	504.000,00 RSD	First Primary Court of Belgrade	2013	Legal suit upheld by first instance court
44.	Sladjan Pavlović	EP Visokogradnja	Damage claim	1.700.000,00 RSD	First Primary Court of Belgrade	2014	Partly founded
45.	EP Visokogradnja	Cvitan Dragan	Debt	212.067,77 RSD	First Primary Court of Belgrade	2013	Founded
46.	Nataša Milojević	EP Visokogradnja	Establishment of ownership rights	100.000,00 RSD	First Primary Court	2014	Outcome uncertain
47.	Agency for investments and housing of Belgrade	EP Visokogradnja	Debt	3.113.778,99 RSD	CCB	2014	Outcome uncertain
48.	EP Visokogradnja	Beton gradnja d.o.o.	Debt	271.813,90 RSD	CCB	2013	Founded,
49.	EP Visokogradnja	Alukaks sistemi doo	Damage claim (block 29)	31.605.600,00 RSD	CCB	2013	Founded
50.	EP Visokogradnja	Veso Romić	Unfounded acquisition of wealth	35.301.780,00 RSD	CCB	2014	Founded
51.	EP Visokogradnja	Beočvor	Debt (Prokop)	290.385.390,00 RSD			Founded
52.	EP Visokogradnja	Širbegović, construction company	Contract debt	56.532,00 EUR	Municipal Court of Tuzla		Founded

53.	EP Visokogradnja	Jugobanka a.d. in bankruptcy	Claim registration	5.000.000,00 USD	CCB		Founded
54.	EP Visokogradnja	Beobanka a.d. in bankruptcy	Claim registration	1.031.053,82 USD	CCB		Founded
55.	EP Visokogradnja	Banex trade in bankruptcy	Debt 800.203,44 GBP collected 8.478.580,00 RSD		CCB		Founded
56.	EP Visokogradnja	Belim a.d.	Debt under settlement agreement	612.000,00 USD	CCB		Founded
57.	EP Visokogradnja	Astra banka a.d. in bankruptcy	Claim registration	396.944,99 USD	CCB		Founded
58.	EP Visokogradnja	City of Belgrade, Land Development Agency, Serbia	Debt (Arena)	17.549.287,81 USD	CCB		Founded
59.	EP Visokogradnja	JP Železnice, Beočvor	Debt (Prokop)	407.301.020,00 RSD	CCB		Founded
60.	GP Rad in bankruptcy	EP Visokogradnja, EP Niskogradnja, EP Oprema and EP Promet	Debt, works in Iraq	2.250.188,60 USD	CCB		Founded
61.	Astra banka a.d. in bankruptcy	EP Visokogradnja	Loan agreements	40.000.000,00 RSD	CCB		Unsubstantiated
62.	Božo Tomašević	EP Visokogradnja	Annulment of employment contract termination	140.000,00 RSD	First Primary Court of Belgrade		Unsubstantiated
63.	Aleksandar Petrović	EP Visokogradnja	Contract termination and damage claim	3.500.000,00 RSD	First Primary Court of Belgrade		Partly founded
64.	Sava Krajinović	EP Visokogradnja	Unfounded acquisition of wealth	269.000,00 RSD	First Primary Court of Belgrade		Unsubstantiated
65.	Ljiljana Damjano	EP Visokogradnja	Performance and damage claim	350.000,00 RSD	First Primary Court of Belgrade		Unsubstantiated
66.	Tubić Aleksandra	EP Visokogradnja	Damage claim	300.000,00 EUR	Primary Court of Herceg Novi		Unsubstantiated
67.	SIEN doo	EP Visokogradnja	Debt, SMIP	438.530,00 RSD	CCB		Partly founded
68.	Residential building, B.M.Pupina 10e	EP Visokogradnja	Unfounded acquisition of wealth	2.000.000,00 RSD	First Primary Court of Belgrade		Unsubstantiated

69.	Kombit	EP Visokogradnja	Debt (Prokop)	1.269.860,00 RSD	CCB		Partly founded
70.	Milorad Vasić	EP Visokogradnja	Damage claim (block 12)	31.235.250,00 RSD	Higher Court of Belgrade		Partly founded
71.	EP Visokogradnja	Siniša and Dragan Romić	Contesting of share transfer agreement		Commercial Court of Belgrade		Founded
72.	Clinical Centre “Dr Dragiša Mišović”	EP Visokogradnja	Debt	2.226.569,14 RSD	Commercial Court of Belgrade		Pending settlement (debt total 137.000,00 RSD)
73.	Beogradska berza	EP Visokogradnja	Debt	35.400,00 RSD	Commercial Court of Belgrade		Founded
74.	Kojić Milan	EP Visokogradnja	Debt-salaries	1.130,00 EUR	First Primary Court of Belgrade		Unsubstantiated
75.	Vladimir Marković	EP Urbanizam i arhitektura	Foreign currency salary	10.147,80 USD	Higher Court of Belgrade	Outcome uncertain	Legal suit upheld by first instance court
76.	Branko Lakčević, Vladimir Perić, Danica Pantić, Ivan Pantić	EP Urbanizam i arhitektura	Foreign currency salary	87.678,09 RSD	First Primary Court of Belgrade	Outcome uncertain	Founded, expired in our view
77.	Milan Raonić	EP Urbanizam i arhitektura	Annual vacation benefits and salary differences	322.688,89 RSD	Court of Appeals in Belgrade	Outcome uncertain	Outcome uncertain, legal suit dismissed by first instance court
78.	Novica Veljković	EP Urbanizam i arhitektura	Annulment of Annex III of employment contract	88.426,53 RSD incl. accrued interest	Court of Appeals in Belgrade	Outcome uncertain	Outcome uncertain
79.	Novica Veljković	EP Urbanizam i arhitektura	Annulment of Annex IV of employment contract	17.000,00 RSD	First Primary Court	Outcome uncertain	Part of the claim was effectively dismissed by court, the rest is pending

80.	Miroslav Stefanović	EP Urbanizam i arhitektura	Salary differences	33.995,00 RSD	First Primary Court	Outcome uncertain	Part of the court ruling upheld, while the part concerning interest was returned for repeat proceedings
81.	EP Urbanizam i arhitektura	Miodrag Cvijić	Debt	1.523.072,42 RSD	First Primary Court of Belgrade	Outcome uncertain	Founded, execution proceedings in progress
82.	Tamara Vukadinović	EP Urbanizam i arhitektura	Annulment of employment contract termination	50.000,00 RSD	First Primary Court of Belgrade	Outcome uncertain	Outcome uncertain
83.	Jelena Davidović	EP Urbanizam i arhitektura	Annulment of employment contract termination	87.666,66 RSD	First Primary Court of Belgrade	Outcome uncertain	Outcome uncertain
84.	EP Urbanizam i arhitektura	Herceg Novi municipality, Montenegro	Invoices	11.090,00 EUR	Commercial Court of Podgorica	Outcome uncertain	Founded
85.	EP Oprema	DGP Zlatibor	Fee for work performed	42.000.000,00 RSD	CC Belgrade	Ended	Founded, settlement difficult, debtor has filed for bankruptcy
86.	EP Oprema	Graditelj Leskovac	Contracted services	71.129.042,82 RSD	CC Leskovac	Ended	Founded, settlement difficult, debtor has filed for bankruptcy
87.	EP Oprema and EP Holding	Medveđa municipality	Refund of given	120.000.000,00 RSD	CC Leskovac		
88.	EP Oprema	Serbian Clinical Centre	Debt for works	255.544,13 EUR	CC Belgrade	2013	Founded. Hearing completed, court ruling is pending Main hearing reopened by court decision; lawsuit in progress
89.	EP Oprema	Serbian Clinical Centre	Damage claim	1.559,000,00 EUR	Commercial Court of Belgrade	2013	Founded, first instance proceedings are in progress
90.	EP Oprema	Nemanja Ivović	Unfounded acquisition	64.600,50 RSD	First Primary Court of Belgrade	2013	Founded Court expected to schedule a hearing

91.	Zastava Automobili	EP Oprema	Fulfillment of obligations		CC Kragujevac	2013	Unsubstantiated Second instance decision is pending
92.	Branka Mihajlović	EP Oprema and JP Elektromreže	Damage claim	200.000,00 RSD	Primary Court	2012	Founded, expert's testimony upheld. Effective ruling in favour of the plaintiff
93.	Vodovod Leskovac	EP Oprema	Contract termination	92.000.000,00 RSD	CC Leskovac		Partly founded
94.	EP Oprema	Belgrade Arena	Damage claim	4.817.705,00 RSD	CC Belgrade		Founded
95.	Tekić Siniša	EP Oprema	Damage claim	160.254,00 RSD	First Primary Court of Belgrade	2012	Unsubstantiated
96.	Stanojković Milorad	EP Oprema and JP Elektromreže	Damage claim	10.000,00 RSD	Primary Court of Vranje	2013	Partly founded First instance proceedings are in progress
97.	Marinković Staniša	EP Oprema -intervener	Damage claim	304.000,00 RSD	Primary Court of Vranje	2013	Partly founded First instance proceedings are in progress
98.	Stanojlović Čedomir	EP Oprema-intervener	Damage claim	261.000,00 RSD	Primary Court of Vranje	2013	Partly founded First instance proceedings are in progress
99.	Ristić Čedomir	EP Oprema-intervener	Damage claim	63.000,00 RSD	Primary Court of Vranje	2013	Partly founded First instance proceedings are in progress
100.	Milan Ilić and Nenad Babić	EP Oprema	Workplace injury	4.200.000,00 RSD	First Primary Court of Belgrade		Partly founded First instance ruling in favour of EPO – plaintiffs dismissed; plaintiffs appealed; First instance ruling partly overturned, case returned for repeat proceedings

101.	Dunav Osiguranje	EP Niskogradnja	Recourse claim	278.230,00 RSD	Commercial Court of Belgrade	2012	Legal suit effectively upheld
102.	Pension & Disability Insurance Fund Belgrade office	EP Niskogradnja	Recourse claim	419.600,10 RSD	Commercial Court of Belgrade	Outcome uncertain, suspended pending criminal trial	Outcome uncertain
103.	Institute for Health Insurance Belgrade office	EP Niskogradnja	Recourse claim	468.345,00 RSD	Commercial Court of Appeals Belgrade	Outcome uncertain	Outcome uncertain, legal suit upheld by first instance court
104.	Aleksić Mirjana	EP Niskogradnja	Damage claim	500.000,00 RSD	Court of Appeals in Novi Sad	Ended in October 2012	Legal suit upheld for the sum of 180.000,00 RSD and 97.000,00 court expenses
105.	Dunav osiguranje	EP Niskogradnja	Recourse claim for indemnity	2.500.000,00 RSD	Commercial Court of Belgrade	2013	Founded
106.	Aleksandar Babić et al.	EP Niskogradnja	Bonus payout	40.906,00 EUR	First Primary Court of Belgrade	2014	Unsubstantiated
107.	Gordana and Veselin Medenica	EP Niskogradnja	Damage claim – workplace injury	3.200.000,00 RSD	First Primary Court of Belgrade	2014	Outcome uncertain
108.	Milko Tadić	EP Niskogradnja	Annulment of employment contract termination		First Primary Court of Belgrade	2014	Unsubstantiated
109.	Bosna putevi Sarajevo	EP Niskogradnja	Debt, trip to Yemen	17.604.299,00 USD	Commercial Court of Belgrade	Outcome uncertain	Unsubstantiated
110.	Vladimir Marinković	EP Niskogradnja	Overtime work, Peru	5.552,84 USD	First Primary Court of Belgrade	2014	Unsubstantiated
111.	Danica Mutapović	EP Niskogradnja	Bonuses, Peru	11.416,43 USD	First Primary Court of Belgrade	2013	Unsubstantiated
112.	Dragan Nešković et al.	EP Niskogradnja	Bonuses, Peru	62.574,37 USD	First Primary Court of Belgrade	2013	Unsubstantiated
113.	Intermost doo in bankruptcy	EP Niskogradnja	Payment for materials(Novi Sad)	189.827.985,00 RSD	Commercial Court of Belgrade	2014	Outcome uncertain

114.	EP Niskogradnja	Media Max doo	Debt	456.541,00 RSD	Commercial Court of Belgrade	2013	Founded
115.	EP Niskogradnja	Intermost doo in bankruptcy	Debt (Novi Sad)	378.685.160,00 RSD	Commercial Court of Belgrade	2014	Founded
116.	EP Niskogradnja	UniCredit bank a.d. Mostar	Advance payment bond	7.000.000,00 KM	Municipal Court of Sarajevo	Outcome uncertain	Founded
117.	EP Niskogradnja	UniCredit bank a.d. Mostar	Contract performance bond	3.500.000,00 KM	Municipal Court of Sarajevo	Outcome uncertain	Founded
118.	EP Niskogradnja	UniCredit bank a.d. Mostar	Advance payment bond	4.000.000,00 KM	Municipal Court of Sarajevo	Outcome uncertain	Founded
119.	EP Niskogradnja	JIK Banka a.d. in bankruptcy	Claim registration	218.000,00 USD	Commercial Court of Belgrade	Outcome uncertain	Founded
120.	EP Niskogradnja	Jugobanka a.d. New York office	Claim registration	455.877,88 USD 12.060.320,00 RSD	Commercial Court of Belgrade	Outcome uncertain	Founded
121.	EP Niskogradnja	Beogradska banka a.d. in bankruptcy	Claim registration	4.546,10 USD 16.278.517,00 RSD	Commercial Court of Belgrade	Outcome uncertain	Founded
122.	Simić Ljubiša	1. JP Putevi Srbije 2. EP Niskogradnja	Damage claim	4.598,80 EUR	First Primary Court of Belgrade		Unsubstantiated lawsuit against EP Niskogradnja
123.	Milanka Bančić	EP Industrija	Annulment of allotment resolution for solidarity apartments		First Primary Court of Belgrade, 9-P1-4419/10	2013-2014	Outcome uncertain
124.	Milanka Bančić	EP Industrija	Purchase of solidarity apartment-out of court		First Primary Court of Belgrade,8-R1-948/10	2013-2014	Outcome uncertain
125.	Marko Martinoli	EP Industrija	Annulment of GM resolution		Commercial Court of Belgrade, 29-P-5056/2012	2013-2014	Outcome uncertain
126.	EP Industrija	Jugoremedija a.d.- in bankruptcy	Bankruptcy proceedings-claim registration	321.416,18 EUR reported claim amount	Commercial Court of Zrenjanin, St-300/2012		Outcome uncertain

127.	EP Energodata	"Šipad komerc" in bankruptcy	Non payment of completed	258.586,20 + interest	Commercial Court	Execution decision obtained, respondent has filed for bankruptcy	Settlement amount is uncertain
128.	EP Hidroinženjering	Relja Orlić	Damage claim for violation of non competition clause	40.000,00 USD principal debt (2.987.104,00 RSD)	First Primary Court of Belgrade	Request for audit refused for technical reasons closed	Unfavourable
129.	Counter plaintiff Relja Orlić	Counter respondent EP-Hidroinženjering	Unpaid salaries claim for services abroad	7.144,00 USD (533.497,00 RSD)	First Primary Court of Belgrade	Closed settlement completed	Settlement
130.	EP Hidroinženjering	PONTA d.o.o.	Unsettled debt claim	1.942.816,00 RSD	First Primary Court of Belgrade	First instance ruling in our favour. Appeal filed. End of 2013	Favourable
131.	EP Hidroinženjering	ČOKA MUNICIPALITY (Investor) Capital Investments Fund of Vojvodina Province (financier)	Unsettled debt claim	2.384.304,00 RSD and 45.912,00 RSD	Commercial Court of Novi Sad	First instance ruling by end 2013	Outcome uncertain
132.	Counterlawsuit by Čoka municipality	Counter respondent EP-Hidroinženjering	Contract termination due to default	Commercial Court of Novi Sad	First instance ruling by end 2013	Outcome uncertain	
133.	S.Stojić	EP Hidroinženjering	Unpaid salaries claim for services abroad	6.466,00 USD (482.865,00 RSD)	First Primary Court of Belgrade	Pending appeal by plaintiff S.Stojić, end of 2013	Favourable
134.	M. Đorđević	EP-Hidroinženjering	Annulment of employment contract annex stipulating minimum salary	Claim does not specify cash amount	First Primary Court of Belgrade	First instance ruling in our favour. Appeal filed. End of 2013	Favourable
135.	P. Stanišić and J. Blagojević	EP Hidroinženjering	Annulment of Housing Committee resolution	Not a pecuniary claim	First Primary Court of Belgrade	First instance ruling by end 2013	Outcome uncertain

136.	M. Bojić	EP Hidroinženjering	Unpaid salaries and food allowance claim for services abroad	8.340,00 USD (622.811,00 RSD)	First Primary Court of Belgrade	First instance ruling in our favour, appeal filed. End of 2013	Outcome uncertain
137.	Lj. Selenić	EP Hidroinženjering as second respondent	Damage claim for objects damaged during removal from premises	Principal debt 950.000,00 RSD	First Primary Court of Belgrade	First instance ruling by end 2013	Favourable
138.	S.Ilić	EP Hidroinženjering	Unpaid salaries claim for overtime work	Principal debt 950.000,00 RSD	First Primary Court of Belgrade	First instance ruling by end 2013	Favourable

### 3. ANNUAL BUSINESS REPORT

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- General information;
  - Company's management;
  - Reliable presentation of the development and business results of the company, its financial status and property assessment;
  - Description of the anticipated company growth in the next time period, changes in company's business policies and main risks and threats to which the company is exposed;
  - Major business events after the expiration of the business year included in the report;
  - Major business deals with related parties;
  - Activities of the company in the field of research and development;
  - Data on treasury shares;
  - Statement on the implementation of the corporate governance code.
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## General information

Business name: Energoprojekt Holding plc

Seat and address: Beograd, Mihaila Pupina Boulevard 12

ID Number: 07023014

Tax Identification Number: 100001513

Website and e-mail address: [www.energoprojekt.rs](http://www.energoprojekt.rs) ; [ep@energoprojekt.rs](mailto:ep@energoprojekt.rs)

Number and date of the decision on the registration with the Companies Register: BD 8020/2005

Activity (code and description): 06420 - Holding operations

Number of employees (average number in 2012): 70

Number of shareholders (on 31.12.2012): 8.258

Ten biggest shareholders (on 31.12.2012):

No.	Name and surname (business name)	Number of shares	Participation in equity
1.	Republic of Serbia	3.337.459	33,58%
2.	Napred Razvoj plc Novi Beograd	1.280.632	12,89%
3.	Unicredit Bank Serbia AD- custody	362.934	3,65%
4.	Raiffeisenbank AD Beograd- custody	243.297	2,45%
5.	Gustaviadavegardh Fonder Aktie	154.350	1,55%
6.	Unicredit Bank Serbia AD- custody	123.101	1,24%
7.	Raiffeisenbank AD Beograd- custody	114.944	1,16%
8.	Raiffeisenbank AD Beograd- custody	99.397	1,00%
9.	Erste bank AD Novi Sad- custody	89.979	0,91%
10.	Raiffeisenbank AD Beograd- custody	67.369	0,68%

Equity (000 RSD): Share capital 5.068.144.380 RSD

Number of issued shares - regular: 9.937.538 regular shares, nominal value of one share is 510 RSD

ISIN number: RSHOLDE58279

CIF code: ESVUFR

Data on related parties (five most important consolidation subjects):

No.	Business name	Seat and business address
1.	Energoprojekt Visokogradnja plc	Mihaila Pupina Boulevard 12, Belgrade
2.	Energoprojekt Niskogradnja plc	Mihaila Pupina Boulevard 12, Belgrade
3.	Energoprojekt Oprema plc	Mihaila Pupina Boulevard 12, Belgrade
4.	Energoprojekt Entel plc	Mihaila Pupina Boulevard 12, Belgrade
5.	Energoprojekt Hidroinženjering plc	Mihaila Pupina Boulevard 12, Belgrade

Business name, seat and business address of the auditor: BDO ltd Belgrade,  
Knez Mihailova 10

Name of the organized market where shares are traded: Belgrade Stock Exchange, Novi Beograd,  
Omladinskih brigada 1

### **Data on the Company's management**

Members of the Supervisory Board (on 31.12.2012):

Name, surname and residence	Education/present position	No. of ENHL shares
1. Ivar Berger, Beograd, chairman	VII-1 level, lawyer, Independent Consultant	634
2. Milun Trivunac, Belgrade, member	VII-1 level, economist, Consultant in the Privatization Agency, Republic of Serbia	0
3. Dragan Aleksić, Belgrade, member	VII-2 level, economist, Head of sector, Energoprojekt Holding	1.065
4. Jovan Šerbanović, Belgrade, member	VII-1 level, engineer,	9.400

Special consultant, Energoprojekt Oprema

5. Slobodan Jovanović, Belgrade, member VII-1 level, engineer, 1.181

Consultant, Energoprojekt Holding

6. Aleksandar Glišić, Belgrade, member VII-2 level, engineer, 1.088

Leading engineer, Energoprojekt Hidroinzenjering

7. Vladimir Sekulić, Belgrade, member VII-1 level, economist, 1.109

Main broker in BDD M&V Investments

**Members of the Executive Committee (on 31.12.2012):**

Name, surname and residence	Education/present position	No. of ENHL shares
1. Vladimir Milovanović, Belgrade,	VII-1 level, engineer, General Manager, Energoprojekt Holding	13.930
2. Dimitraki Zipovski, Belgrade,	VIII level, economist, Executive director for Finance, Accounting and Planning, Energoprojekt Holding	10.344
3. Zoran Jovanović, Belgrade,	VII-2 level, lawyer, Executive Director of Legal Affairs, Energoprojekt Holding	6.384
4. Zoran Radosavljević, Belgrade,	VII-1 level, engineer, Executive Director for Corporative Projects, Development and Quality, Energoprojekt Holding	2.310
5. Dragan Tadić, Belgrade,	VII-1 level, engineer, Executive Director for "Real Estate" Projects, Energoprojekt Holding	5.571

## **Reliable presentation of the development and business results of the company, its financial status and property assessment**

Reliable presentation of the development and business results of the company, its financial status and assets evaluation data are presented in detail and explained in the "Notes to financial statements for 2012 Energoprojekt Holding plc" (Chapter 1 of the Annual consolidated statement). All subsidiaries from the Energoprojekt Group (included in the consolidation) have presented, in their own Notes to financial statements, respective specificities and relevant business parameters that are important to understand properly the matter at hand.

Net earnings per share:

Net earnings per share are computed by dividing the profit of common shareholders by the weighted-average number of common shares outstanding during that period.

	2012	2011
Net earnings that belongs to the owners of the parent company (in 000 RSD)	705.195	368.806
weighted-average number of common shares	9.705.241	9.705.241
Net earnings per share (RSD per share)	72,66	38,00

## **The description of the anticipated development of the company in the next time period, changes in business policies of the company and main risks and threats to which the company is exposed**

The anticipated development of the company in the next time period will be achieved according to adopted strategic documents of the company:

- *„The mid-term (4-year) programme of Energoprojekt Holding a.d. business policy and the Energoprojekt Group for the period from 2011 till 2015“* (adopted at the XXXVI Annual General Meeting of Energoprojekt Holding a.d. shareholders, held on 30.06.2011);

- *"The programme for the implementation of the business policy of Energoprojekt Holding a.d. and Energoprojekt Group for the period from 2011 till 2015"* adopted by a resolution passed at the XXXVI Annual General Meeting of Energoprojekt Holding a.d. shareholders (adopted at the Second Meeting of the Board of Directors of Energoprojekt Holding a.d. held on 29.07.2011, on proposal of the General Manager). The adopted mid-term work programme will be implemented through a variety of projects (in total 18 projects) for which respective work teams are formed and project activities dynamics has been defined;

- „*Basic business guidelines of the Energoprojekt Group*“ in the following mandate period (adopted at the second meeting of the Supervisory Board of Energoprojekt Holding a.d. held on 23.03.2012, on proposal of the General Manager).

The most important threats and dangers to which the company is exposed: expansion and escalation of the global economic crisis and the euro zone crisis; foreign companies from most populated countries with cheap manpower as competition; institutional changes on the local and selected foreign markets; business operations depend on the political stability of the market where Energoprojekt is implementing projects, etc.

Energoprojekt's business activities in the country and at foreign markets require the implementation of a system for early risks identification and management as an integral part of all executive functions, one of the basic functions being the internal audit of the company. The risk management strategy will be developed in-depth and systematically in the next time period.

### **Major business events after the expiration of the business year included in the report**

There were no major business events from the balance sheet date till the publication date of the respective statement that would influence the credibility of the presented financial statements.

Relevant business news on major events are published, on a regular basis, on the website of Energoprojekt (<http://www.energoprojekt.rs>) and the Belgrade Stock Exchange (in Serbian and English language), in keeping with the obligations of A-listed companies on the Belgrade Stock Exchange.

### **Transactions with related parties**

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

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

Structure of revenues and expenses from related parties	<i>in 000 dinars</i>	
	<i>2012</i>	<i>2011</i>
<i>Income</i>		
EP Garant plc	35.811	179.245
EP Visokogradnja plc	214.296	147.130
EP Niskogradnja plc	201.584	121.641
EP Hidroinženjering plc	37.918	27.906
EP Entel plc	227.934	188.499
EP Energodata plc	17.746	9.554
EP Industrija plc	26.001	20.645
EP Promet ltd	-	20.152
EP Urbanizam i arhitektura plc	12.523	13.257
EP Oprema plc	166.934	112.879
Inec Ltd, London	-	1
Encom GmbH, Frankfurt	150	-
EP Montenegro ltd	277	1
Subsidiary Moscow	-	5.628
<b>Total</b>	<b>941.174</b>	<b>846.538</b>
<i>Expenses</i>		
EP Garant plc	394	3.816
EP Visokogradnja plc	16.135	57.480
EP Niskogradnja plc	5.047	9.388
EP Hidroinženjering plc	279	387
EP Entel plc	1.478	1.212
EP Energodata plc	13.506	16.638
EP Industrija plc	268	837
EP Promet ltd	555	318
EP Urbanizam i arhitektura plc	3.146	131.024
EP Oprema plc	65.495	18.240
Inec Ltd, London	3.500	98
EP Montenegro ltd	3.466	2.111
Encom GMBH, Frankfurt	10.966	-
United Consulting Proprietary Limited Botswana	-	3.205
EP Ghana	-	4.911
<b>Total</b>	<b>124.235</b>	<b>249.842</b>

The structure of receivables and liabilities to related parties	<i>in 000 dinars</i>	
	2012	2011
<i>Receivables</i>		
EP Garant plc	172	159
EP Visokogradnja plc	361.432	1.013.045
EP Niskogradnja plc	744.624	952.446
EP Hidroinženjering plc	54.779	89.164
EP Entel plc	9.890	7.676
EP Energodata plc	62.256	87.282
EP Industrija plc	39.265	32.025
EP Urbanizam i arhitektura plc	36.061	75.865
EP Oprema plc	9.251	6.642
EP Montenegro ltd	-	3.189
<b>Total</b>	<b>1.317.730</b>	<b>2.267.493</b>
<i>Liabilities</i>		
EP Visokogradnja plc	61	2.330
EP Niskogradnja plc	-	806
EP Entel	100	-
EP Energodata plc	543	-
EP Oprema plc	35.779	-
Encom GmbH, Frankfurt	10.803	-
Subsidiary Moscow	337	-
<b>Total</b>	<b>47.623</b>	<b>3.136</b>

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

All companies from Energoprojekt Group have separately presented respective information within their own notes to financial statements 2012.

### **Research and development activities of the Company**

During the mid-term period, an appropriate business information system will be selected and implemented, a system that corresponds to the actual scope of business activities and planned business growth and that will enable, beside financial management, also personnel management, asset management and fixed assets management.

Own investments of Energoprojekt and related parties in previous years were limited to investments in construction works (residential areas and business premises), for sales on the market. The law on public-private partnership and increased interest in investments related to some sectors such as energy sector, acquisition of other companies, etc. imposes the need to develop methods for the identification of potential investments as well as identification of possible effects on business activities of Energoprojekt Holding a.d. and the Energoprojekt Group.

### **Data on treasury shares**

The company has no treasury shares. The company has not acquired treasury shares since the last annual statement.

### **Statement on the implementation of the corporate governance code**

Energoprojekt Holding plc applies its own corporate governance code (adopted at the 11th Meeting of the Board of Directors of Energoprojekt Holding a.d. held on 26.01.2012). The code is available on the internet website of the company ([www.energoprojekt.rs](http://www.energoprojekt.rs)).

The corporate governance code of Energoprojekt Holding a.d. defines the principles of corporate practice and organizational culture which the corporate executives of Energoprojekt Holding a.d. are required to observe, especially with regard to shareholders' rights, the operational framework and corporate management policies, and the public nature and transparency of the company's operations. The main goal of the code is to introduce good business practice in corporate governance that should provide a balance in the influences of corporate executives, consistency of the control system and enable strengthening of shareholders' and investors' trust in the Company toward a long-term business development of the Company.

The bodies of the Company make efforts to incorporate principles, identified in the Code, in other internal legislation of the company, if necessary. In the implementation, there are no major deviations from the corporative governance code rules.

Energoprojekt Holding plc

Executive Director for Finance, Accounting and Planning



*Dr Dimitraki Zipovski*  
Dr Dimitraki Zipovski, BSc (Econ)

Energoprojekt Holding plc

General Manager



*Vladimir Milovanović*  
Vladimir Milovanović, BSc (Eng)

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

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To the best of our knowledge, the Annual Consolidated Financial Statement was prepared by implementing respective international standards for financial reporting and provides true and objective data on the assets, liabilities, financial status and business activities, profit and losses, cash flows and changes in equity capital of the company, including companies included in consolidated reports.

Person responsible for the preparation of the Annual Statement:

Energoprojekt Holding plc

Executive Director for Finance, Accounting and Planning



*Dr. Dimitraki Zipovski*  
Dr. Dimitraki Zipovski, BSc (Econ)

Legal representative:

Energoprojekt Holding plc

General Manager



*Vladimir Milovanović*  
Vladimir Milovanović, BSc (Eng)

## 5. DECISION BY THE RELEVANT DEPARTMENT OF THE COMPANY TO ADOPT ANNUAL CONSOLIDATED FINANCIAL STATEMENTS \*

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### Note \*:

- The financial consolidated statement of Energoprojekt Group for 2012 was approved on 22.04.2013 at the 14th Meeting of the Supervisory Board of the issuing party. The Annual Consolidated Statement of the Company was still not adopted on the publishing date by the competent body of the Company (General Meeting). The entire decision of the relevant body on the adoption of the Annual Consolidated Statement will be subsequently published.

## 6. DECISION ON THE DISTRIBUTION OF PROFIT OR LOSS COVERAGE\*

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### Note \*:

- The decision on the distribution of profit for 2012 will be reached at the Regular General Meeting of the Company. The entire decision of the relevant body on profit distribution will be subsequently published.

A public company is required to prepare an annual consolidated statement, publish it openly and submit it to the Committee, and to submit these statements to the regulated market or multilateral trade platform, if company's securities are traded at least four months after the completion of each business year and it is also required to ensure that the Annual Financial Statement is available to the public for at least five years after publication.

The company is responsible for the accuracy and truthfulness of data included in the Annual Consolidated Statement.

In Belgrade, April 2013

Person responsible for the preparation of the Annual Statement:

Energoprojekt Holding plc

Executive Director for Finance, Accounting and Planning

Legal representative:

Energoprojekt Holding plc

General Manager



Dr Dimitraki Zipovski, BSc (Econ)



Vladimir Milovanović, BSc (Eng)