



Naftna industrija Srbije A.D.

**Interim Condensed Consolidated Financial
Statements (Unaudited)**

30 June 2016

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

Naftna industrija Srbije A.D.
Interim Condensed Consolidated Financial
Statements (Unaudited)

30 June 2016

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NIS Group
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts are in 000 RSD, unless otherwise stated)

Assets	Note	30 June 2016	31 December 2015
		<i>(unaudited)</i>	
Current assets			
Cash and cash equivalents	6	15,794,618	19,271,435
Short-term financial assets		295,504	201,087
Trade and other receivables	7	34,849,957	34,948,713
Inventories	8	31,702,770	24,178,244
Current income tax prepayments		1,456,043	1,629,761
Other current assets	9	8,109,595	6,225,886
Assets classified as held for sale		11,621	21,703
Total current assets		92,220,108	86,476,829
Non-current assets			
Property, plant and equipment	10	249,021,575	247,213,423
Investment property		1,518,313	1,336,060
Goodwill and other intangible assets		6,903,732	7,155,279
Investments in joint venture		1,188,659	1,188,659
Trade and other non-current receivables	11	11,248,650	14,656,649
Long-term financial assets		202,219	321,006
Deferred tax assets		4,065,183	4,268,741
Other non-current assets	12	2,998,903	3,399,135
Total non-current assets		277,147,234	279,538,952
Total assets		369,367,342	366,015,781
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	13	27,953,057	17,135,875
Trade and other payables	14	36,309,858	29,364,018
Other current liabilities	15	3,634,548	6,537,802
Other taxes payable	16	11,479,373	10,445,185
Provisions for liabilities and charges		2,242,468	2,256,470
Total current liabilities		81,619,304	65,739,350
Non-current liabilities			
Long-term debt	17	88,477,350	100,313,640
Provisions for liabilities and charges		9,781,637	9,451,111
Total non-current liabilities		98,258,987	109,764,751
Equity			
Share capital	18	81,530,200	81,530,200
Reserves		(671,151)	(530,528)
Retained earnings		108,832,335	109,698,142
Equity attributable to the Company's owners		189,691,384	190,697,814
Non-controlling interest		(202,333)	(186,134)
Total equity		189,489,051	190,511,680
Total liabilities and shareholder's equity		369,367,342	366,015,781

Kirill Kravchenko
 Chief Executive Officer
 29 July 2016



Anton Fyodorov
 Chief Financial Officer

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

NIS Group
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE
INCOME

(All amounts are in 000 RSD, unless otherwise stated)

	Note	Six month period ended	
		30 June	
		2016	2015
		(unaudited)	(unaudited)
Sales of petroleum products and oil and gas sales		73,879,723	99,132,126
Other revenues		7,490,753	4,266,577
Total revenue from sales	5	81,370,476	103,398,703
Purchases of oil, gas and petroleum products	19	(41,792,362)	(58,957,117)
Production and manufacturing expenses	20	(12,413,860)	(9,422,209)
Selling, general and administrative expenses	21	(11,093,552)	(10,776,522)
Transportation expenses		(516,243)	(368,842)
Depreciation, depletion and amortization		(7,826,328)	(6,789,017)
Taxes other than income tax		(2,241,084)	(2,629,035)
Exploration expenses		-	(6,972)
Total operating expenses		(75,883,429)	(88,949,714)
Other income/(expenses), net		141,767	(853,256)
Operating profit		5,628,814	13,595,733
Net foreign exchange loss		(232,269)	(5,562,495)
Finance income		124,499	133,976
Finance expenses		(1,530,492)	(1,731,606)
Total other expense		(1,638,262)	(7,160,125)
Profit before income tax		3,990,552	6,435,608
Current income tax expense		(641,049)	(1,113,367)
Deferred tax expense		(202,753)	(372,131)
Total income tax expense		(843,802)	(1,485,498)
Profit for the period		3,146,750	4,950,110
Other comprehensive profit (loss):			
Items that may be subsequently reclassified to profit or loss			
Change in value of available-for-sale financial assets		(2,369)	18,497
Currency translation differences		(141,049)	(119)
		(143,418)	18,378
Other comprehensive (loss)/profit for the period		(143,418)	18,378
Total comprehensive income for the period		3,003,332	4,968,488
Profit attributable to:			
- Shareholders of Naftna Industrija Srbije		3,160,154	4,964,880
- Non-controlling interest		(13,404)	(14,770)
Profit (loss) for the period		3,146,750	4,950,110
Total comprehensive income (loss) attributable to:			
- Shareholders of Naftna Industrija Srbije		3,019,531	4,982,723
- Non-controlling interest		(16,199)	(14,235)
Total comprehensive income for the period		3,003,332	4,968,488
Earnings per share attributable to shareholders of Naftna Industrija Srbije			
- Basic earnings (RSD per share)		19.38	30.45
Weighted average number of ordinary shares in issue (in millions)		163	163

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

NIS Group

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Six month period ended 30 June 2016 and 2015

(All amounts are in 000 RSD, unless otherwise stated)

	<u>Equity attributable to the Company's owners</u>				Non-controlling interest	Total equity
	Share capital	Reserves	Retained earnings	Total		
<i>(unaudited)</i>						
Balance as at 1 January 2015	81,530,200	(452,813)	102,696,156	183,773,543	(153,042)	183,620,501
Profit / (loss) for the period	-	-	4,964,880	4,964,880	(14,770)	4,950,110
Other comprehensive income/(loss)						
Change in value of available-for-sale financial assets	-	18,497	-	18,497	-	18,497
Currency translation differences	-	(654)	-	(654)	535	(119)
Total comprehensive income (loss) for the period	-	17,843	4,964,880	4,982,723	(14,235)	4,968,488
Dividend distribution	-	-	(7,639,380)	(7,639,380)	-	(7,639,380)
Total transaction with owners, recorded in equity	-	-	(7,639,380)	(7,639,380)	-	(7,639,380)
Other	-	-	(2,065)	(2,065)	-	(2,065)
Balance as at 30 June 2015	81,530,200	(434,970)	100,019,591	181,114,821	(167,277)	180,947,544
Balance as at 1 January 2016	81,530,200	(530,528)	109,698,142	190,697,814	(186,134)	190,511,680
Profit (loss) for the period	-	-	3,160,154	3,160,154	(13,404)	3,146,750
Other comprehensive income / (loss)						
Change in value of available-for-sale financial assets	-	(2,369)	-	(2,369)	-	(2,369)
Currency translation differences	-	(138,254)	-	(138,254)	(2,795)	(141,049)
Total comprehensive income (loss) for the period	-	(140,623)	3,160,154	3,019,531	(16,199)	3,003,332
Dividend distribution	-	-	(4,025,961)	(4,025,961)	-	(4,025,961)
Balance as at 30 June 2016	81,530,200	(671,151)	108,832,335	189,691,384	(202,333)	189,489,051

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

NIS Group
CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in 000 RSD, unless otherwise stated)

	Six month period ended 30 June	
	2016	2015
	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash flows from operating activities		
Profit before income tax	3,990,552	6,435,608
Adjustments for:		
Finance costs	1,530,492	1,731,606
Finance income	(124,499)	(133,976)
Depreciation, depletion and amortization	7,826,328	6,789,017
Adjustments for other provisions	242,843	199,536
Allowance for doubtful accounts	249,825	72,285
Payables write off	(36,310)	(275,187)
Net unrealised foreign exchange losses	1,096,932	4,214,557
Other non-cash items	(240,325)	279,719
	10,545,286	12,877,557
<i>Changes in working capital:</i>		
Trade and other receivables	3,506,752	97,288
Inventories	(7,570,181)	11,300,958
Other current assets	(2,489,259)	2,225,748
Trade payables and other current liabilities	1,233,685	(5,316,547)
Other taxes payable	1,047,623	580,236
	(4,271,380)	8,887,683
Income taxes paid	(466,559)	(2,661,258)
Interest paid	(1,484,073)	(1,498,274)
Interest received	239,203	259,547
	(1,711,429)	(3,899,985)
Net cash generated by operating activities	8,553,029	24,300,863
Cash flows from investing activities		
Loans issued	(67,549)	(386,333)
Capital expenditures	(10,344,606)	(14,685,113)
Proceeds from sale of property, plant and equipment	292,094	81,652
Other inflow	89,783	37
	(10,030,278)	(14,989,757)
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from borrowings	8,382,322	15,918,666
Repayment of borrowings	(10,447,013)	(22,523,400)
	(2,064,691)	(6,604,734)
Net cash used in financing activities		
Net (decrease) increase in cash and cash equivalents	(3,541,940)	2,706,372
Effect of foreign exchange on cash and cash equivalents	65,123	(47,172)
Cash and cash equivalents as of the beginning of the period	19,271,435	8,326,704
Cash and cash equivalents as of the end of the period	15,794,618	10,985,904

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016

(All amounts are in 000 RSD, unless otherwise stated)

1. GENERAL INFORMATION

Open Joint Stock Company Naftna Industrija Srbije (the "Company") and its subsidiaries (together refer to as the "Group") is a vertically integrated oil company operating predominantly in Serbia. The Group's principal activities include:

- Exploration, production and development of crude oil and gas,
- Production of refined petroleum products,
- Petroleum products and gas trading.

The Company was established in accordance with the Decision of Government of Republic of Serbia on 7 July 2005. On 2 February 2009 PJSC Gazprom Neft ("Gazprom Neft") acquired a 51% of the share capital of Naftna Industrija Srbije which became a subsidiary of Gazprom Neft. In March 2011, under the Company's Share Sale and Purchase Agreement, Gazprom Neft acquired an additional 5.15% of shares, thereby increasing its percentage of ownership to 56.15%.

The Company is an open joint stock company, listed on the prime market on the Belgrade Stock Exchange.

These Interim Condensed Consolidated Financial Statements have been approved and authorized for issue by Chief Executive Officer and will be presented to Board of Directors for approval.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The Group maintains its books and records in accordance with accounting and taxation principles and practices mandated by legislation in the countries in which it operates (primarily Serbian). The accompanying Interim Condensed Consolidated Financial Statements were primarily derived from the Group's statutory books and records with adjustments and reclassifications made to present them in accordance with International Financial Reporting Standards (IFRS).

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting. IAS 34 for interim financial reporting does not require all disclosures that would be necessarily required by IFRS.

The Group does not disclose information which would substantially duplicate the disclosures contained in its audited Consolidated Financial Statements for 2015, such as significant accounting policies, significant estimates and judgements, financial risk disclosures or disclosures of financial line items, which have not changed significantly in amount or composition. Management of the Group believes that the disclosures in these Interim Condensed Consolidated Financial Statements are adequate to make the information presented not misleading if these Interim Condensed Consolidated Financial Statements are read in conjunction with the Group's Consolidated Financial Statements for 2015.

The results for the six month period ended 30 June 2016 are not necessarily indicative of the results expected for the full year.

2.2. Changes in significant accounting policies

Significant accounting policies, judgements and estimates applied while preparing these Interim Condensed Consolidated Financial Statements are consistent with those applied during the preparation of Consolidated Financial Statements as of and for the year ended 31 December 2015, except for those described in Application of new IFRS paragraph.

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016

(All amounts are in 000 RSD, unless otherwise stated)

2.3. Application of New IFRS

IFRS 14 - Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard.

Unless otherwise stated the new standard and interpretations are not expected to have significant impact on the Group's Consolidated Financial Statements.

The following amended standards became effective for the Group from 1 January 2016, but did not have any material impact on the Group:

- Amendments to IFRS 11 – Joint Arrangements (issued in May 2014 and effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 Intangible Assets (issued in May 2014 and effective for annual periods beginning on or after 1 January 2016).
- Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016).
- Amendments to IFRS 7 Financial instruments: Disclosure (issued in September 2014 and effective for annual periods on or after 1 January 2016).
- Amendments to IAS 19 Employee Benefits (issued in September 2014 and effective for annual periods on or after 1 January 2016).
- Amendments to IAS 34 Interim Financial Reporting (issued in September 2014 effective for annual periods beginning on or after 1 January 2016).

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

3.1. Impact of recent crude oil volatility

In the line with recent changes in the crude oil price on the world market, management of the Company continues to monitor the crude oil price fluctuation and its influence on business performance in order to adequately take measure to mitigate impact if the negative trends on the market continue.

Based on the currently available information and crude oil price forecast, management believe that at reporting date there are no indicators of asset impairment.

4. NEW ACCOUNTING STANDARDS

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2017 or later, and that the Group has not early adopted. The full list of such Standards and interpretations was disclosed in the Consolidated Financial Statements as of and for the year ended 31 December 2015.

The following new amendments were issued during the six months period ended 30 June 2016.

The amendments to IAS 12 - Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016 effective for annual periods beginning on or after 1 January 2017) on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The amendments to IAS 7 – Statement of Cash Flow (issued in January 2016 effective for annual periods beginning on or after 1 January 2017) require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016

(All amounts are in 000 RSD, unless otherwise stated)

The amendments to IFRS 2 – Share-based Payment (issued in June 2016 effective for annual periods beginning on or after 1 January 2018) clarifies guidance on the following:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled; and
- share-based payment transactions with a net settlement feature for withholding tax obligations.

The new standards and interpretations are not expected to have significant impact on the Group's Consolidated Financial Statements.

5. SEGMENT INFORMATION

Presented below is information about the Group's operating segments for the six month periods ended 30 June 2016 and 2015. Operating segments are components that engaged in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available.

The Group manages its operations in 2 operating segments: Upstream and Downstream.

Upstream segment (exploration and production) includes the following Group operations: exploration, development and production of crude oil and natural gas and oil field services. Downstream segment (refining and marketing) processes crude oil into refined products and purchases, sells and transports crude and refined petroleum products (refining and marketing). Corporate centre expenses are presented within the Downstream segment.

Eliminations and other adjustments section encompasses elimination of inter-segment sales and related unrealised profits, mainly from the sale of crude oil and products, and other adjustments. Intersegment revenues are based upon estimated market prices.

EBITDA represents the Group's EBITDA. Management believes that EBITDA represents useful means of assessing the performance of the Group's on-going operating activities, as it reflects the Group's earnings trends without showing the impact of certain charges. EBITDA is defined as earnings before interest, income tax expense, depreciation, depletion and amortization, finance income (expenses) net and other non-operating income (expenses). EBITDA is a supplemental non-IFRS financial measure used by management to evaluate operations.

Reportable segment results for the six month period ended 30 June 2016 are shown in the table below:

	<u>Upstream</u>	<u>Downstream</u>	<u>Eliminations</u>	<u>Total</u>
Segment revenue	16,854,439	82,196,998	(17,680,961)	81,370,476
Intersegment	16,109,935	1,571,026	(17,680,961)	-
External	744,504	80,625,972	-	81,370,476
EBITDA (Segment results)	10,018,335	3,162,988	-	13,181,323
Depreciation, depletion and amortization	(3,079,371)	(4,746,957)	-	(7,826,328)
Reversal surpluses	-	163,058	-	163,058
Net foreign exchange loss	(2,378)	(229,891)	-	(232,269)
Finance expenses, net	(61,776)	(1,344,217)	-	(1,405,993)
Income tax	(833,595)	(10,207)	-	(843,802)
Segment profit (loss)	6,769,442	(3,622,692)	-	3,146,750

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016***(All amounts are in 000 RSD, unless otherwise stated)*

Reportable segment results for the six month period ended 30 June 2015 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	28,924,193	102,192,824	(27,718,314)	103,398,703
Intersegment	26,945,653	772,661	(27,718,314)	-
External	1,978,540	101,420,163	-	103,398,703
EBITDA (Segment results)	21,410,985	(402,191)	-	21,008,794
Depreciation, depletion and amortization	(2,134,025)	(4,654,992)	-	(6,789,017)
Impairment losses	-	(200,994)	-	(200,994)
Net foreign exchange gain (loss)	4,637	(5,567,132)	-	(5,562,495)
Finance expenses, net	(60,641)	(1,536,989)	-	(1,597,630)
Income tax	(49,612)	(1,435,886)	-	(1,485,498)
Segment profit (loss)	18,455,140	(13,505,030)	-	4,950,110

EBITDA for the six month period ended 30 June 2016 and 2015 is reconciled below:

	Six month period ended 30 June	
	2016	2015
Profit for the period	3,146,750	4,950,110
Income tax expenses	843,802	1,485,498
Finance expenses	1,530,492	1,731,606
Finance income	(124,499)	(133,976)
Depreciation, depletion and amortization	7,826,328	6,789,017
Net foreign exchange loss	232,269	5,562,495
Other (income)/expense, net	(141,767)	853,256
Other non-operating income, net*	(132,052)	(229,212)
EBITDA	13,181,323	21,008,794

*Other non-operating income, net mainly relate to fines, penalties and other.

Oil, gas and petroleum products sales comprise the following (based on the country of customer incorporation):

	Six month period ended 30 June 2016		
	Domestic market	Export and international sales	Total
Sale of crude oil	-	597,730	597,730
Sale of gas	1,487,364	-	1,487,364
<i>Through a retail network</i>	-	-	-
<i>Wholesale activities</i>	1,487,364	-	1,487,364
Sale of petroleum products	56,132,312	15,662,317	71,794,629
<i>Through a retail network</i>	19,404,476	-	19,404,476
<i>Wholesale activities</i>	36,727,836	15,662,317	52,390,153
Sale of electricity	364,195	2,747,601	3,111,796
Other sales	2,852,739	1,526,218	4,378,957
Total sales	60,836,610	20,533,866	81,370,476

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016***(All amounts are in 000 RSD, unless otherwise stated)*

	Six month period ended 30 June 2015		
	Domestic market	Export and international sales	Total
Sale of crude oil	-	1,740,490	1,740,490
Sale of gas	4,770,769	-	4,770,769
<i>Through a retail network</i>	-	-	-
<i>Wholesale activities</i>	4,770,769	-	4,770,769
Sale of petroleum products	73,373,633	19,247,234	92,620,867
<i>Through a retail network</i>	23,162,461	-	23,162,461
<i>Wholesale activities</i>	50,211,172	19,247,234	69,458,406
Sale of electricity	184,683	157,481	342,164
Other sales	2,232,653	1,691,760	3,924,413
Total sales	80,561,738	22,836,965	103,398,703

Out of the amount of 52,390,153 RSD (2015: 69,458,406 RSD) revenue from sale of petroleum products (wholesale), the amount of 6,690,792 RSD (2015: 8,888,980 RSD) are derived from a single domestic customer HIP Petrohemija. These revenues are attributable to wholesale activities within Downstream segment.

Other sales mainly relate to sales of non-fuel products at petrol stations in the amount of 3,241,212 RSD (2015: 2,828,881 RSD).

The Group is domiciled in the Republic of Serbia. The result of its revenue from external customers in the Republic of Serbia is 60,836,610 RSD (2015: 80,561,738 RSD), and the total of revenue from external customer from other countries is 20,533,866 RSD (2015: 22,836,965 RSD).

The breakdown of the major component of the total revenue from external customers from other countries is disclosed below:

	Six month period ended	
	30 June 2016	2015
Sale of crude oil	597,730	1,740,490
Sale of petroleum products (retail and wholesale)		
Bulgaria	4,362,556	5,098,773
Bosnia and Herzegovina	3,049,289	4,310,182
Romania	3,432,176	2,748,444
All other markets	4,818,296	7,089,835
	15,662,317	19,247,234
Sale of electricity	3,111,796	342,164
Other sales	1,162,023	1,507,077
	20,533,866	22,836,965

Revenues from the individual countries included in all other markets are not material.

Non-current assets, other than financial instruments and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts), by country:

	30 June 2016	31 December 2015
Serbia	234,290,981	232,868,821
Bulgaria	8,188,489	8,246,434
Bosnia and Herzegovina	8,104,807	8,152,524
Romania	6,859,343	6,436,983
	257,443,620	255,704,762

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016

(All amounts are in 000 RSD, unless otherwise stated)

6. CASH AND CASH EQUIVALENTS

	30 June 2016	31 December 2015
Cash in bank and in hand	13,573,316	11,302,285
Deposits with original maturity of less than three months	572,670	6,385,304
Cash held on escrow account	1,647,656	1,562,453
Cash equivalents	976	21,393
	15,794,618	19,271,435

Cash held on escrow accounts as of 30 June 2016 amounting to 1,647,656 RSD (31 December 2015: 1,562,453 RSD) mainly relate to deposited funds in accordance with share purchase agreement with Energowind doo (through which the operation of future wind farm 'Plandiste' will be managed).

7. TRADE AND OTHER RECEIVABLES

	30 June 2016	31 December 2015
Trade receivables:		
- related parties	639,369	253,057
- third parties	30,052,842	29,781,907
- state and state owned companies	19,164,105	19,369,662
	49,856,316	49,404,626
Other receivables:		
- third parties	17,958	209,227
- state and state owned companies	10,648,823	10,314,622
	10,666,781	10,523,849
Accrued assets	93,094	660,401
	60,616,191	60,588,876
Less impairment provision for trade and other receivables:		
- third parties	(9,865,752)	(9,862,727)
- state and state owned companies	(15,900,482)	(15,777,436)
	(25,766,234)	(25,640,163)
Total trade and other receivables	34,849,957	34,948,713

The ageing of trade and other receivables is as follows:

	30 June 2016	31 December 2015
Neither impaired nor past due	20,383,381	27,139,823
Past due but not impaired:		
within 30 days:	2,308,351	1,831,215
1 to 3 months	2,407,555	1,200,167
3 months to 1 year	7,278,832	2,198,059
over 1 year	2,471,838	2,579,449
Total	34,849,957	34,948,713

Due to unfavourable macroeconomic conditions in the recent years, the Group was faced with slowdown in collection from state owned companies. However, the Group management is working closely with major debtors on recovery of these debts and believes that net receivables included in the aging table above are fully recoverable.

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016

(All amounts are in 000 RSD, unless otherwise stated)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	30 June 2016	31 December 2015
RSD	44,000,044	41,704,312
EUR	14,418,005	16,348,409
USD	1,034,861	1,507,433
Other	1,163,281	1,028,722
	60,616,191	60,588,876

Movements on the Group's provision for impairment of trade and other receivables are as follows:

	Trade & other receivables		
	Third parties	State and state owned companies	Total
As at 1 January 2015	10,062,347	19,522,269	29,584,616
Provision for receivables impairment	45,809	72,669	118,478
Unused amounts reversed	(101,871)	(27,992)	(129,863)
Receivables written off during the year as uncollectible	(8,456)	(1,331,961)	(1,340,417)
Exchange differences	-	(23,866)	(23,866)
Other	(25,052)	20,478	(4,574)
As at 30 June 2015	9,972,777	18,231,597	28,204,374
As at 1 January 2016	9,862,727	15,777,436	25,640,163
Provision for receivables impairment	52,225	47,615	99,840
Unused amounts reversed	(50,103)	(34,254)	(84,357)
Receivables written off during the year as uncollectible	(326)	(3,854)	(4,180)
Exchange differences	54	113,539	113,593
Other	1,175	-	1,175
As at 30 June 2016	9,865,752	15,900,482	25,766,234

Expenses that have been provided for or written off are included in selling, general and administrative expenses within the Profit and Loss. Amounts charged to the allowance account are generally written off where there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The other classes within trade and other receivables do not contain impaired assets.

8. INVENTORIES

	30 June 2016	31 December 2015
Crude oil	14,243,467	11,069,970
Petroleum products	16,278,943	13,738,263
Materials and supplies	5,788,270	4,120,087
Other	852,554	838,428
Less impairment provision	(5,460,464)	(5,588,504)
	31,702,770	24,178,244

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016***(All amounts are in 000 RSD, unless otherwise stated)***9. OTHER CURRENT ASSETS**

	30 June 2016	31 December 2015
Advances paid	505,216	536,372
VAT receivables	274,323	227,121
Deferred VAT	2,122,429	2,014,262
Prepaid expenses	293,339	120,106
Prepaid custom duties	32,261	33,190
Prepaid excise	4,455,921	3,028,713
Other current assets	14,694,201	14,308,833
Less impairment provision	(14,268,095)	(14,042,711)
	8,109,595	6,225,886

Deferred VAT as at 30 June 2016 amounting to 2,122,429 RSD (31 December 2015: 2,014,262 RSD) represents VAT inputs claimed on invoices received and accounted for in the current period, while the inputs will be allowed in the following accounting period.

Prepaid excise as at 30 June 2016 amounting to 4,455,921 RSD (31 December 2015: 3,028,713 RSD) relates to the excise paid for finished products stored in non-excise warehouse and excise paid for imported products used in further production process which will be refunded in the near future.

Other current assets mainly relate to accrued interests and claims in dispute which are impaired.

Movements on the Group's provision for impairment of other current assets are as follows:

	Advances paid	Other current assets	Total
As at 1 January 2015	244,828	20,758,935	21,003,763
Provision for receivables impairment	789	100,177	100,966
Unused amounts reversed	(4,207)	(10,977)	(15,184)
Other	(845)	(76,595)	(77,440)
As at 30 June 2015	240,565	20,771,540	21,012,105
As at 1 January 2016	270,297	13,772,414	14,042,711
Provision for receivables impairment	1,826	246,289	248,115
Unused amounts reversed	(2,995)	(10,770)	(13,765)
Other	-	(8,965)	(8,965)
As at 30 June 2016	269,128	13,998,968	14,268,096

The ageing of other current assets is as follows:

	30 June 2016	31 December 2015
Neither impaired nor past due	8,019,441	6,071,893
Not impaired and past due in the following periods:		
Less than 1 month	19,793	30,136
01 - 03 months	16,961	31,372
03 month - one year	7,336	43,018
Over 1 year	46,064	49,467
Total	8,109,595	6,225,886

NIS Group
Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016
(All amounts are in 000 RSD, unless otherwise stated)
10. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2015						
Cost	82,284,653	114,595,854	49,338,344	20,285,937	46,177,226	312,682,014
Depreciation and impairment	(21,058,518)	(32,895,538)	(14,910,568)	(8,614,025)	(2,813,514)	(80,292,163)
Net book value	61,226,135	81,700,316	34,427,776	11,671,912	43,363,712	232,389,851
Period ended 30 June 2015						
Additions	-	-	-	-	11,835,701	11,835,701
Transfer from assets under construction	7,976,839	2,220,364	1,095,610	157,601	(11,450,414)	-
Impairment	-	(13,670)	(147,634)	-	(65,609)	(226,913)
Depreciation	(1,960,882)	(2,851,376)	(1,066,233)	(394,893)	(2,494)	(6,275,878)
Disposals and write-off	(39,029)	(9,838)	(23,083)	(73,160)	(37,825)	(182,935)
Other transfers	(127,091)	(2,966)	31,271	(143,503)	(82,624)	(324,913)
Translation differences	(2)	-	(39,229)	-	(12,782)	(52,013)
	67,075,970	81,042,830	34,278,478	11,217,957	43,547,665	237,162,900
As at 30 June 2015						
Cost	90,056,793	116,754,474	50,265,517	20,135,541	46,358,904	323,571,229
Depreciation and impairment	(22,980,823)	(35,711,644)	(15,987,039)	(8,917,584)	(2,811,239)	(86,408,329)
Net book value	67,075,970	81,042,830	34,278,478	11,217,957	43,547,665	237,162,900
As at 1 January 2016						
Cost	108,928,420	120,288,250	51,644,542	20,010,602	38,640,748	339,512,562
Depreciation and impairment	(25,345,752)	(38,800,866)	(16,727,934)	(9,024,312)	(2,400,275)	(92,299,139)
Net book value	83,582,668	81,487,384	34,916,608	10,986,290	36,240,473	247,213,423
Period ended 30 June 2016						
Additions	182,825	-	-	-	9,003,156	9,185,981
Transfer from assets under construction	8,649,614	576,307	1,249,221	134,030	(10,609,172)	-
Impairment	-	-	-	-	(16,150)	(16,150)
Depreciation	(2,871,227)	(2,801,341)	(1,152,792)	(396,101)	(2,531)	(7,223,992)
Disposals and write-off	(72,588)	(10,717)	(71,220)	(36,946)	(103,686)	(295,157)
Other transfers	(4,330)	(2,974,900)	2,972,646	(3,986)	(137,405)	(147,975)
Translation differences	11	1	225,364	-	65,534	290,910
	89,466,973	76,276,734	38,139,827	10,683,287	34,454,754	249,021,575
As at 30 June 2016						
Cost	117,609,602	108,678,052	64,994,417	20,021,638	36,835,841	348,139,550
Depreciation and impairment	(28,142,629)	(32,401,318)	(26,854,590)	(9,338,351)	(2,381,087)	(99,117,975)
Net book value	89,466,973	76,276,734	38,139,827	10,683,287	34,454,754	249,021,575

NIS Group
Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016
(All amounts are in 000 RSD, unless otherwise stated)
Oil and gas production assets

	Capitalised exploration and evaluation expenditure	Capitalised development expenditure	Total - asset under construction (exploration and development expenditure)	Production assets	Other business and corporate assets	Total
As at 1 January 2015						
Cost	18,087,173	13,477,995	31,565,168	82,284,653	33,457	113,883,278
Depreciation and impairment	(17,291)	(253,585)	(270,876)	(21,058,518)	(20,359)	(21,349,753)
Net book amount	18,069,882	13,224,410	31,294,292	61,226,135	13,098	92,533,525
Period ended 30 June 2015						
Additions	1,785,780	8,308,729	10,094,509	-	-	10,094,509
Transfer from asset under construction	(208,626)	(7,663,770)	(7,872,396)	7,872,396	-	-
Other transfers	(687,195)	595,911	(91,284)	(22,648)	(30)	(113,962)
Depreciation and depletion	(2,494)	-	(2,494)	(1,960,882)	-	(1,963,376)
Disposals and write-off	(34,993)	-	(34,993)	(39,029)	(49)	(74,071)
Translation differences	(4,372)	(7,757)	(12,129)	(2)	-	(12,131)
	18,917,982	14,457,523	33,375,505	67,075,970	13,019	100,464,494
As at 30 June 2015						
Cost	18,936,408	14,695,962	33,632,370	90,056,793	33,378	123,722,541
Depreciation and impairment	(18,426)	(238,439)	(256,865)	(22,980,823)	(20,359)	(23,258,047)
Net book amount	18,917,982	14,457,523	33,375,505	67,075,970	13,019	100,464,494
As at 1 January 2016						
Cost	19,971,794	7,942,643	27,914,437	108,928,420	33,408	136,876,265
Depreciation and impairment	(21,185)	(248,771)	(269,956)	(25,345,752)	(22,292)	(25,638,000)
Net book amount	19,950,609	7,693,872	27,644,481	83,582,668	11,116	111,238,265
Period ended 30 June 2016						
Additions	1,463,361	6,165,361	7,628,722	182,825	-	7,811,547
Transfer from asset under construction	(30,671)	(8,619,517)	(8,650,188)	8,650,188	-	-
Other transfers	-	(72,919)	(72,919)	(4,904)	-	(77,823)
Depreciation and depletion	(2,531)	-	(2,531)	(2,871,227)	-	(2,873,758)
Disposals and write-off	(30,722)	(425)	(31,147)	(72,588)	-	(103,735)
Translation differences	60,564	-	60,564	11	-	60,575
	21,410,610	5,166,372	26,576,982	89,466,973	11,116	116,055,071
As at 30 June 2016						
Cost	21,431,001	5,414,765	26,845,766	117,609,602	33,408	144,488,776
Depreciation and impairment	(20,391)	(248,393)	(268,784)	(28,142,629)	(22,292)	(28,433,705)
Net book amount	21,410,610	5,166,372	26,576,982	89,466,973	11,116	116,055,071

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016***(All amounts are in 000 RSD, unless otherwise stated)***11. TRADE AND OTHER NON-CURRENT RECEIVABLES**

	30 June 2016	31 December 2015
Non-current trade receivables:		
- state and state owned companies	9,795,291	12,388,550
	9,795,291	12,388,550
Non-current other receivables:		
- third parties	77,110	152,849
- state and state owned companies	2,113,072	4,050,963
	2,190,182	4,203,812
<i>Less impairment provision for trade and other non-current receivables:</i>		
- <i>third parties</i>	(58)	(76,849)
- <i>state and state owned companies</i>	(736,765)	(1,858,864)
	(736,823)	(1,935,713)
	11,248,650	14,656,649

Trade and other non-current receivables amounting to 11,248,650 RSD mainly relate to the long-term receivables from the Republic of Serbia in the amount of 7,637,035 RSD according to the debt of Srbijagas owed to Naftna industrija Srbije takeover and its conversion into public debt. (Short-term part of the receivables: note 7).

These receivables were denominated in EUR on the date of the debt takeover.

As at 31 May 2016, the second instalment was paid in accordance with the repayment schedule defined by the Law.

12. OTHER NON-CURRENT ASSETS

	30 June 2016	31 December 2015
Advances paid for PPE	961,853	1,360,565
Prepaid expenses	888,357	908,248
Other assets	1,179,502	1,161,131
Less impairment provision	(30,809)	(30,809)
	2,998,903	3,399,135

13. SHORT-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT

	30 June 2016	31 December 2015
Short-term loans	9,601,559	3,553,120
Interest liabilities	172,103	164,324
Current portion of long-term loans (note 17)	18,171,217	13,417,421
Current portion of finance lease liabilities (note 17)	8,178	1,010
	27,953,057	17,135,875

14. TRADE AND OTHER PAYABLES

	30 June 2016	31 December 2015
Trade payables		
- related parties	9,972,000	10,170,810
- third parties	18,517,507	15,334,596
Dividends payable	7,798,270	3,772,308
Other accounts payable	22,081	86,304
	36,309,858	29,364,018

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016**

(All amounts are in 000 RSD, unless otherwise stated)

As at 30 June 2016 payables to related parties amounting to 9,972,000 RSD (31 December 2015: 10,170,810 RSD) mainly relate to payables to the supplier Gazprom Neft, St Petersburg in the amount of 9,218,134 RSD (31 December 2015: 10,104,805 RSD), mostly for the purchase of crude oil.

15. OTHER CURRENT LIABILITIES

	30 June 2016	31 December 2015
Advances received	1,110,584	3,207,205
Payables to employees	2,478,704	3,296,282
Accruals and deferred income	30,402	19,878
Other current non-financial liabilities	14,858	14,437
	3,634,548	6,537,802

16. OTHER TAXES PAYABLE

	30 June 2016	31 December 2015
Mineral extraction tax	256,996	241,017
VAT	1,973,318	1,651,548
Excise tax	5,976,844	6,066,530
Contribution for buffer stocks	297,830	350,301
Custom duties	970,464	85,332
Other taxes	2,003,921	2,050,457
	11,479,373	10,445,185

17. LONG-TERM DEBT

	30 June 2016	31 December 2015
Long-term loan - Gazprom Neft	40,147,931	42,427,710
Bank loans	66,168,206	71,016,461
Finance lease liabilities	237,891	199,289
Other long-term borrowings	102,717	88,611
Less Current portion	(18,179,395)	(13,418,431)
	88,477,350	100,313,640

(a) Long-term loan - Gazprom Neft

As at 30 June 2016 long-term loan - Gazprom Neft amounting to 40,147,931 RSD (31 December 2015: 42,427,710 RSD), with current portion of 5,735,419 RSD (2015: 5,657,028 RSD), relate to loan from Gazprom Neft granted based on the Agreement for Sale and Purchase of shares signed on 24 December 2008. The stated liabilities shall be settled in quarterly instalments starting from December 2012 until 15 May 2023.

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Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016

(All amounts are in 000 RSD, unless otherwise stated)

(b) Bank loans

	30 June 2016	31 December 2015
Domestic	21,109,975	18,693,334
Foreign	45,058,231	52,323,127
	66,168,206	71,016,461
Current portion of long-term loans	(12,435,798)	(7,760,393)
	53,732,408	63,256,068

The maturity of bank loans was as follows:

	30 June 2016	31 December 2015
Between 1 and 2 years	2,178,811	11,829,773
Between 2 and 5 years	46,316,907	46,347,221
Over 5 years	5,236,690	5,079,074
	53,732,408	63,256,068

The carrying amounts of bank loans are denominated in the following currencies:

	30 June 2016	31 December 2015
USD	45,989,341	53,388,078
EUR	19,747,136	17,247,010
RSD	1,063	1,174
JPY	430,666	380,199
	66,168,206	71,016,461

The Group repays loans in accordance with agreed dynamics, i.e. determined annuity plans. The Group has both fixed and floating interest rates with the creditors. Floating interest rates are connected with Euribor and Libor. Management expects that the Group will be able to fulfil its obligations within agreed timeframe.

The loan agreements contain financial covenants that require the Group's ratio of Consolidated Indebtedness to Consolidated EBITDA. Management believes the Group is in compliance with these covenants as of 30 June 2016 and 31 December 2015, respectively.

18. SHARE CAPITAL

Share capital represents share capital of the Company, which is listed on Belgrade Stock Exchange. Par value per share is 500 RSD.

Share capital as of 30 June 2016 and 31 December 2015 comprise of 163,060,400 shares.

19. PURCHASES OF OIL, GAS AND PETROLEUM PRODUCTS

	Six month period ended 30 June	
	2016	2015
Crude oil	34,696,298	42,798,278
Petroleum products	6,950,318	15,942,885
Other	145,746	215,954
	41,792,362	58,957,117

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016

(All amounts are in 000 RSD, unless otherwise stated)

20. PRODUCTION AND MANUFACTURING EXPENSES

	Six month period ended 30 June	
	2016	2015
Employee costs	2,762,975	3,433,378
Materials and supplies (other than purchased oil, petroleum products and gas)	1,029,283	1,379,673
Repair and maintenance services	1,419,116	1,454,296
Electricity and utilities	4,188,610	1,891,122
Safety and security expense	165,189	58,902
Transportation services for production	1,032,469	842,014
Other	1,816,218	362,824
	12,413,860	9,422,209

21. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Six month period ended 30 June	
	2016	2015
Employee costs	5,195,676	4,921,823
Legal, audit, and consulting services	489,114	713,154
Rent expense	334,084	173,300
Business trips expense	147,868	147,396
Safety and security expense	255,450	266,464
Transportation and storage	231,880	306,380
Allowance for doubtful accounts	249,825	72,285
Other	4,189,655	4,175,720
	11,093,552	10,776,522

22. FAIR VALUE MEASUREMENT

The following assets are measured at fair value in the Interim Condensed Consolidated Financial Statements: investment properties and financial investments classified as available for sale. The valuation techniques and inputs used in fair value measurements are on the same basis as disclosed in the Consolidated Financial Statements as of 31 December 2015. There were no transfers between the levels of the fair value hierarchy during the interim period.

As of 30 June, 2016 carrying value of financial assets approximate their fair value.

23. CONTINGENCIES AND COMMITMENTS

Transfer of property ownership

As at 30 June 2016, the Company had ownership and the right to use and possess of 7,942 properties, which represent 97% of the total Company properties (buildings and land). The remaining 3% of properties titles should be transferred by Republic of Serbia in accordance with the Agreement for the Sale and Purchase of Shares of Naftna Industrija Srbije a.d., signed in 2007.

Environmental protection

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Group's management recognised an environmental provision in the amount of 770,749 RSD (31 December 2015: 687,705 RSD).

The Group's Management believes that cash outflows related to provision will not be significantly higher than the ones already provided for. However, it is possible that these costs will increase significantly in the future, should the legislation become more restrictive.

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016

(All amounts are in 000 RSD, unless otherwise stated)

Other contingent liabilities

As at 30 June 2016, the Group did not make a provision for a potential loss that may arise based on the Angolan Ministry of Finance tax assessment according to which the Group has to pay the difference in tax calculation of 81 million USD related to the additional profit oil for the period from 2002 to 2009. The Group's Management believes that, based on the concession agreements signed with Angola and the opinion of Angolan legal consultants, such claim is not in accordance with the current applicable legal framework in Angola due to the fact that the calculation of profit oil is not performed correctly by the authorities and that profit oil is an obligation of a contractual nature that should be fulfilled towards the National Concessionaire, as opposed to the opinion of the Ministry of Finance. The Group's Management will lodge a complaint against any tax enforcement action from the Angolan Ministry of Finance and will take all necessary steps which will enable it to suspend tax enforcement until Angolan courts make a final decision on this issue. Based on the experience of other concessionaries, the Angolan Court has not made any ruling yet regarding their complaints against the same decision of the Ministry of Finance that was served upon them, although complaints were filed. Taking all of the above into consideration, the Group's Management is of the view that as at 30 June 2016 outflow of resources embodying economic benefits is not probable due to high level of uncertainty relating to the timing of the resolution of the request from the Angolan Ministry of Finance and the amount payable for additional tax on profit oil.

Tax risks

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 30 June 2016.

Farm-out agreement with East West Petroleum Corporation, Canada

In October 2011, the Group entered into a Farm-out agreement with East West Petroleum Corporation, Canada for exploration and production of hydrocarbons in the Timisoara region in Romania. Under the Contract, the Group shall finance 85% of total exploration costs on four blocks in the region. Depending on the success of exploration, the Group will be entitled to 85% of the total production volume of hydrocarbons. Moreover, under the Joint Operation Agreement signed with East West Petroleum Corporation, Canada, Group will act as the Operator and will be in charge of and shall conduct all Joint Operations. Exploration activities are underway. On 30 June 2016 drilling and exploration works for Block 2, 3, 7 and 8 were estimated to 41.96 USD million.

There were no other material commitments of the Group.

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Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016

(All amounts are in 000 RSD, unless otherwise stated)

24. SIGNIFICANT GROUP ENTITIES

The financial statements of below listed subsidiaries are consolidated as at 30 June 2016 and 31 December 2015:

Subsidiary	Country of incorporation	Nature of business	Share %	
			30 June 2016	31 December 2015
NIS Petrol d.o.o., Banja Luka	Bosnia and Herzegovina	Trade	100	100
NIS Petrol e.o.o.d., Sofija	Bulgaria	Trade	100	100
NIS Petrol SRL, Bucharest	Romania	Trade	100	100
Pannon naftagas Kft, Budapest	Hungary	O&G activity	100	100
NIS Oversiz, St Petersburg	Russia	Other	100	100
Naftagas-naftni servisi d.o.o., Novi Sad	Serbia	O&G activity	100	100
NTC NIS-Naftagas d.o.o., Novi Sad	Serbia	O&G activity	100	100
Naftagas-tehnicki servisi d.o.o., Zrenjanin	Serbia	O&G activity	100	100
Naftagas-Transport d.o.o., Novi Sad	Serbia	Transport	100	100
O Zone a.d., Belgrade	Serbia	Other	100	100
G Petrol d.o.o. Sarajevo	Bosnia and Herzegovina	Trade	100	100
Jadran - Naftagas d.o.o., Banja Luka	Bosnia and Herzegovina	O&G activity	66	66
Svetlost d.o.o., Bujanovac, Serbia	Serbia	Trade	51	51
Jubos d.o.o., Bor	Serbia	Other	-	51

The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

25. RELATED PARTY TRANSACTIONS

For the purpose of these Interim Condensed Consolidated Financial Statements parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operational decision as defined by IAS 24 Related Party disclosure.

The majority owner of the Group is Gazprom Neft, St Petersburg, Russian Federation, with 56.15% shares of the Company. The second largest shareholder with 29.87% interest is Republic of Serbia, while remaining 13.98% of interest owned by various minority shareholders are traded on the Belgrade Stock Exchange and are owned by various shareholders. Gazprom, Russian Federation is the ultimate owner of the Group.

In the six month period ended 30 June 2016 and in the same period in 2015, the Group entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to supply/delivery of crude oil, petroleum products and energy.

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016***(All amounts are in 000 RSD, unless otherwise stated)*

As at 30 June 2016 and 31 December 2015 the outstanding balances with related parties were as follows:

	Parent company	Entities under common control	Joint venture	Total
As at 30 June 2016				
Trade and other receivables	-	639,369	195,656	835,025
Investments in joint venture	-	-	1,188,659	1,188,659
Trade and other payables	(9,218,132)	(753,868)	-	(9,972,000)
Short-term debt and current portion of long-term debt	(5,735,419)	-	-	(5,735,419)
Long-term debt	(34,412,512)	-	-	(34,412,512)
	(49,366,063)	(114,499)	1,384,315	(48,096,247)
As at 31 December 2015				
Trade and other receivables	-	148,105	195,656	343,761
Other current assets	-	9,394	-	9,394
Investments in joint venture	-	-	1,188,659	1,188,659
Trade and other payables	(10,004,805)	(166,005)	-	(10,170,810)
Short-term debt and current portion of long-term debt	(5,657,028)	-	-	(5,657,028)
Long-term debt	(36,770,682)	-	-	(36,770,682)
	(52,432,515)	(8,506)	1,384,315	(51,056,706)

For the six month period ended 30 June 2016 and 2015 the following transaction occurred with related parties:

	Parent	Entities under common control	Joint venture	Total
Six month period ended 30 June 2016				
Petroleum products and oil and gas sales	-	(269,062)	-	(269,062)
Other Revenues	-	(2,814,476)	-	(2,814,476)
Purchases of oil, gas and petroleum products	21,699,732	269,564	-	21,969,296
Production and manufacturing expenses	-	2,675,951	-	2,675,951
Selling, general and administrative expenses	-	143,594	-	143,594
Other (income) expenses, net	(1,373)	16	-	(1,357)
Finance expense	400,427	-	-	400,427
	22,098,786	5,587	-	22,104,373
Six month period ended 30 June 2015				
Petroleum products and oil and gas sales	-	80,878	-	80,878
Other Revenues	-	157,482	-	157,482
Purchases of oil, gas and petroleum products	(35,246,131)	(2,033,070)	-	(37,279,201)
Production and manufacturing expenses	(3,733)	(109,057)	-	(112,790)
Selling, general and administrative expenses	(15,465)	(8,022)	-	(23,487)
Other expenses, net	(16,210)	(18,557)	-	(34,767)
Finance expense	(494,182)	-	-	(494,182)
	(35,775,721)	(1,930,346)	-	(37,706,067)

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016**

(All amounts are in 000 RSD, unless otherwise stated)

Key management compensation

Management compensation paid or payable in six month period ended 30 June 2016 and 2015 is shown in the table below:

	Six month period ended	
	30 June	
	2016	2015
Salaries and other short-term employee benefits	394,678	230,464
	394,678	230,464

26. EVENTS AFTER THE REPORTING DATE

No significant events, which required disclosure in these Interim Condensed Consolidated Financial Statements, occurred after the reporting date.

Subsequent events occurring after 30 June 2016 were evaluated through 29 July 2016, the date these Interim Condensed Consolidated Financial Statements were authorised for issue.

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2016**

(All amounts are in 000 RSD, unless otherwise stated)

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