

Consolidated Annual Report of  
Energoprojekt Holding Plc.  
for the year 2017

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U Pursuant to Articles 50 and 51 of the Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015 and 108/2016) and pursuant to Article 3 of the Rulebook on the Content, Form and Method of Publication of Annual, Half-Yearly and Quarterly Reports of Public Companies (RS Official Gazette, No. 14/2012, 5/2015 and 24/2017), **Energoprojekt Holding Plc. from Belgrade, registration No.: 07023014** hereby publishes the following:

**CONSOLIDATED ANNUAL REPORT**  
**OF ENERGOPROJEKT HOLDING PLC. FOR THE YEAR OF 2017**

S A D R Ź A J

1. CONSOLIDATED FINANCIAL STATEMENTS OF THE ENERGOPROJEKT HOLDING PLC. FOR THE YEAR 2017

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

2. INDEPENDENT AUDITOR'S REPORT (complete report)

3. ANNUAL BUSINESS REPORT

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

4. STATEMENT BY THE PERSONS RESPONSIBLE FOR PREPARATION OF REPORTS

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

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

1. CONSOLIDATED FINANCIAL STATEMENTS OF THE ENERGOPROJEKT HOLDING PLC. FOR THE YEAR 2017 (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement on Changes in Equity, Notes to Financial Statements)

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Naziv **ENERGOPROJEKT HOLDING A.D.**  
Sedište **BEOGRAD, BULEVAR MIHAILA PUPINA 12**  
Matični broj **07023014**  
Šif. delatnosti **6420**  
PIB **100001513**

**KONSOLIDOVANI BILANS STANJA**  
na dan 31.12.2017. godine

| Grupa računa, račun        | POZICIJA  | AOP  | Napome-<br>na broj | Iznos u 000 RSD              |                               |                               |
|----------------------------|---|------|--------------------|------------------------------|-------------------------------|-------------------------------|
|                            |   |      |                    | Tekuća godina<br>31.12.2017. | Prethodna godina              |                               |
|                            |   |      |                    |                              | Krajnje stanje<br>31.12.2016. | Početno stanje<br>01.01.2016. |
| 1                          | 2   | 3    | 4                  | 5                            | 6                             | 7                             |
|                            | <b>AKTIVA</b>   |      |                    |                              |                               |                               |
| 00                         | <b>A. UPISANI NEUPLAĆEN KAPITAL</b>   | 0001 |                    |                              |                               |                               |
|                            | <b>B. STALNA IMOVINA (0003+0010+0019+0024+0034)</b>   | 0002 |                    | <b>16.674.525</b>            | <b>17.288.030</b>             | <b>-</b>                      |
| 01                         | <b>I. NEMATERIJALNA IMOVINA</b><br>(0004+0005+0006+0007+0008+0009)                            | 0003 |                    | 47.297                       | 58.922                        | -                             |
| 010 i deo 019              | 1. Uaganja u razvoj   | 0004 | 25.                | 3.049                        | 3.544                         |                               |
| 011, 012 i deo 019         | 2. Koncesije, patenti, licence, robne i uslužne marke, softver i ostala prava                 | 0005 | 25.                | 44.248                       | 55.371                        |                               |
| 013 i deo 019              | 3. Gudvil   | 0006 |                    |                              |                               |                               |
| 014 i deo 019              | 4. Ostala nematerijalna imovina   | 0007 |                    |                              |                               |                               |
| 015 i deo 019              | 5. Nematerijalna imovina u pripremi   | 0008 | 25.                |                              | 7                             |                               |
| 016 i deo 019              | 6. Avansi za nematerijalnu imovinu  | 0009 |                    |                              |                               |                               |
| 02                         | <b>II. NEKRETNINE, POSTROJENJA I OPREMA</b><br>(0011+0012+0013+0014+0015+0016+0017+0018)      | 0010 |                    | <b>14.500.478</b>            | <b>15.428.649</b>             | <b>-</b>                      |
| 020, 021 i deo 029         | 1. Zemljište  | 0011 | 26.                | 707.917                      | 710.095                       |                               |
| 022 i deo 029              | 2. Gradjevinski objekti   | 0012 | 26.                | 6.831.246                    | 7.210.943                     |                               |
| 023 i deo 029              | 3. Postrojenja i oprema   | 0013 | 26.                | 3.091.222                    | 3.581.944                     |                               |
| 024 i deo 029              | 4. Investicione nekretnine  | 0014 | 26.                | 3.330.495                    | 3.568.839                     |                               |
| 025 i deo 029              | 5. Ostale nekretnine, postrojenja i oprema  | 0015 | 26.                | 118.020                      | 131.006                       |                               |
| 026 i deo 029              | 6. Nekretnine, postrojenja i oprema u pripremi  | 0016 | 26.                | 332.034                      | 69.091                        |                               |
| 027 i deo 029              | 7. Ulaganja na tuđim nekretninama, postrojenjima i opremi                                     | 0017 | 26.                | 44.880                       | 107.176                       |                               |
| 028 i deo 029              | 8. Avansi za nekretnine, postrojenja i opremu   | 0018 | 26.                | 44.664                       | 49.555                        |                               |
| 03                         | <b>III. BIOLOŠKA SREDSTVA (0020+0021+0022+0023)</b>   | 0019 |                    | -                            | -                             | -                             |
| 030, 031 i deo 039         | 1. Šume i višegodišnji zasadi   | 0020 |                    |                              |                               |                               |
| 032 i deo 039              | 2. Osnovno stado  | 0021 |                    |                              |                               |                               |
| 037 i deo 039              | 3. Biološka sredstva u pripremi   | 0022 |                    |                              |                               |                               |
| 038 i deo 039              | 4. Avansi za biološka sredstva  | 0023 |                    |                              |                               |                               |
| 04, osim 047               | <b>IV. DUGOROČNI FINANSIJSKI PLASMANI</b><br>(0025+0026+0027+0028+0029+0030+0031+0032+0033)   | 0024 |                    | 1.096.989                    | 975.399                       | -                             |
| 040 i deo 049              | 1. Učešća u kapitalu zavisnih pravnih lica  | 0025 |                    |                              |                               |                               |
| 041 i deo 049              | 2. Učešća u kapitalu pridruženih pravnih lica i zajedničkim poduhvatima                       | 0026 | 27.                | 785.393                      | 760.624                       |                               |
| 042 i deo 049              | 3. Učešća u kapitalu ostalih pravnih lica i druge hartije od vrednosti raspoložive za prodaju | 0027 | 27.                | 118.527                      | 19.460                        |                               |
| deo 043, deo 044 i deo 049 | 4. Dugoročni plasmani matičnim i zavisnim pravnim licima                                      | 0028 |                    |                              |                               |                               |
| deo 043, deo 044 i deo 049 | 5. Dugoročni plasmani ostalim povezanim pravnim licima  | 0029 |                    |                              |                               |                               |
| deo 045 i deo 049          | 6. Dugoročni plasmani u zemlji  | 0030 |                    |                              |                               |                               |
| deo 045 i deo 049          | 7. Dugoročni plasmani u inostranstvu  | 0031 |                    |                              |                               |                               |
| 046 i deo 049              | 8. Hartije od vrednosti koje se drže do dospeća   | 0032 |                    |                              |                               |                               |
| 048 i deo 049              | 9. Ostali dugoročni finansijski plasmani  | 0033 | 27.                | 193.069                      | 195.315                       |                               |
| 05                         | <b>V. DUGOROČNA POTRAŽIVANJA</b><br>(0035+0036+0037+0038+0039+0040+0041)                      | 0034 |                    | 1.029.761                    | 825.060                       | -                             |
| 050 i deo 059              | 1. Potraživanja od matičnog i zavisnih pravnih lica   | 0035 |                    |                              |                               |                               |
| 051 i deo 059              | 2. Potraživanja od ostalih povezanih lica   | 0036 | 28.                | 112.493                      | 49.052                        |                               |
| 052 i deo 059              | 3. Potraživanja po osnovu prodaje na robni kredit   | 0037 |                    |                              |                               |                               |
| 053 i deo 059              | 4. Potraživanja za prodaju po ugovorima o finansijskom lizingu                                | 0038 |                    |                              |                               |                               |
| 054 i deo 059              | 5. Potraživanja na osnovu jemstva   | 0039 |                    |                              |                               |                               |
| 055 i deo 059              | 6. Sporna i sumnjiva potraživanja   | 0040 |                    |                              |                               |                               |
| 056 i deo 059              | 7. Ostala dugoročna potraživanja  | 0041 | 28.                | 917.268                      | 776.008                       |                               |
| 288                        | <b>V. ODLOŽENA PORESKA SREDSTVA</b>   | 0042 |                    |                              |                               |                               |

| Grupa računa, račun     | POZICIJA   | AOP  | Napomena broj | Iznos u 000 RSD              |                               |                               |
|-------------------------|--|------|---------------|------------------------------|-------------------------------|-------------------------------|
|                         |  |      |               | Tekuća godina<br>31.12.2017. | Prethodna godina              |                               |
|                         |  |      |               |                              | Krajnje stanje<br>31.12.2016. | Početno stanje<br>01.01.2016. |
| 1                       | 2  | 3    | 4             | 5                            | 6                             | 7                             |
|                         | <b>G.OBRTNA IMOVINA<br/>(0044+0051+0059+0060+0061+0062+0068+0069+0070)</b>   | 0043 |               | 25.352.154                   | 29.717.196                    | -                             |
| Klasa 1                 | I. ZALIHE (0045+0046+0047+0048+0049+0050)  | 0044 |               | 4.574.665                    | 6.034.278                     | -                             |
| 10                      | 1. Materijal, rezervni delovi, alat i sitan inventar   | 0045 | 29.           | 1.176.893                    | 1.383.780                     |                               |
| 11                      | 2. Nedovršena proizvodnja i nedovršene usluge  | 0046 | 29.           | 2.539.578                    | 1.771.463                     |                               |
| 12                      | 3. Gotovi proizvodi  | 0047 | 29.           | 193.644                      | 363.525                       |                               |
| 13                      | 4. Roba  | 0048 | 29.           | 17.515                       | 179.630                       |                               |
| 14                      | 5. Stalna sredstva namenjena prodaji   | 0049 | 29.           | 50.688                       | 51.058                        |                               |
| 15                      | 6. Plaćeni avansi za zalihe i usluge   | 0050 | 29.           | 596.347                      | 2.284.822                     |                               |
| 20                      | II. POTRAŽIVANJA PO OSNOVU PRODAJE<br>(0052+0053+0054+0055+0056+0057+0058)   | 0051 |               | 9.679.055                    | 12.524.660                    | -                             |
| 200 i deo 209           | 1. Kupci u zemlji - matična i zavisna pravna lica  | 0052 |               |                              |                               |                               |
| 201 i deo 209           | 2. Kupci u inostranstvu - matična i zavisna pravna lica  | 0053 |               |                              |                               |                               |
| 202 i deo 209           | 3. Kupci u zemlji - ostala povezana lica   | 0054 | 30.           | 3.542                        | 3.602                         |                               |
| 203 i deo 209           | 4. Kupci u inostranstvu - ostala povezana lica   | 0055 | 30.           | 703.171                      | 551.284                       |                               |
| 204 i deo 209           | 5. Kupci u zemlji  | 0056 | 30.           | 3.781.621                    | 3.444.487                     |                               |
| 205 i deo 209           | 6. Kupci u inostranstvu  | 0057 | 30.           | 5.187.704                    | 8.525.287                     |                               |
| 206 i deo 209           | 7. Ostala potraživanja po osnovu prodaje   | 0058 | 30.           | 3.017                        |                               |                               |
| 21                      | III. POTRAŽIVANJA IZ SPECIFIČNIH POSLOVA   | 0059 | 31.           | 34.337                       | 49.811                        |                               |
| 22                      | IV. DRUGA POTRAŽIVANJA   | 0060 | 32.           | 566.009                      | 563.537                       |                               |
| 236                     | V. FINANSIJSKA SREDSTVA KOJA SE VREDNUJU PO FER<br>VREDNOST KROZ BILANS USPEHA   | 0061 | 33.           | 328.299                      | 334.232                       |                               |
| 23 osim 236 i 237       | VI. KRATKOROČNI FINANSIJSKI PLASMANI<br>(0063+0064+0065+0066+0067)   | 0062 |               | 1.650.214                    | 1.492.942                     | -                             |
| 230 i deo 239           | 1. Kratkoročni krediti i plasmani - matična i zavisna pravna lica  | 0063 |               |                              |                               |                               |
| 231 i deo 239           | 2. Kratkoročni krediti i plasmani - ostala povezana pravna lica  | 0064 | 34.           | 158.208                      | 164.884                       |                               |
| 232 i deo 239           | 3. Kratkoročni krediti i zajmovi u zemlji  | 0065 | 34.           | 48                           |                               |                               |
| 233 i deo 239           | 4. Kratkoročni krediti i zajmovi u inostranstvu  | 0066 | 34.           | 8.662                        | 9.727                         |                               |
| 234, 235, 238 i deo 239 | 5. Ostali kratkoročni finansijski plasmani   | 0067 | 34.           | 1.483.296                    | 1.318.331                     |                               |
| 24                      | VII. GOTOVINSKI EKVIVALENTI I GOTOVINA   | 0068 | 35.           | 2.953.758                    | 4.671.949                     |                               |
| 27                      | VIII. POREZ NA DODATU VREDNOST   | 0069 | 36.1.         | 408.336                      | 249.257                       |                               |
| 28 osim 288             | IX. AKTIVNA VREMENSKA RAZGRANIČENJA  | 0070 | 36.2.         | 5.157.481                    | 3.796.530                     |                               |
|                         | <b>D. UKUPNA AKTIVA = POSLOVNA IMOVINA<br/>(0001+0002+0042+0043)</b>   | 0071 |               | 42.026.679                   | 47.005.226                    | -                             |
| 88                      | <b>Đ. VANBILANSNA AKTIVA</b>   | 0072 | 45.           | 18.562.819                   | 29.131.806                    |                               |
|                         | <b>PASIVA</b>  |      |               |                              |                               |                               |
|                         | <b>A. KAPITAL (0402+0411-0412+0413+0414+0415-<br/>0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)</b>   | 0401 |               | 19.474.607                   | 20.669.841                    | -                             |
| 30                      | I. OSNOVNI KAPITAL<br>(0403+0404+0405+0406+0407+0408+0409+0410)  | 0402 |               | 5.818.157                    | 5.892.478                     | -                             |
| 300                     | 1. Akcijski kapital  | 0403 | 37.1.         | 5.574.959                    | 5.574.959                     |                               |
| 301                     | 2. Udeli društava sa ograničenom odgovornošću  | 0404 |               |                              |                               |                               |
| 302                     | 3. Ulozi   | 0405 |               |                              |                               |                               |
| 303                     | 4. Državni kapital   | 0406 |               |                              |                               |                               |
| 304                     | 5. Društveni kapital   | 0407 |               |                              |                               |                               |
| 305                     | 6. Zadužni udeli   | 0408 |               |                              |                               |                               |
| 306                     | 7. Emisiona premija  | 0409 | 37.1.         | 162.693                      | 237.014                       |                               |
| 309                     | 8. Ostali osnovni kapital  | 0410 | 37.1.         | 80.505                       | 80.505                        |                               |
| 31                      | II. UPISANI A NEUPLAĆENI KAPITAL   | 0411 |               |                              |                               |                               |
| 047 i 237               | III. OTKUPLJENE SOPSTVENE AKCIJE   | 0412 | 37.2.         | 49.827                       |                               |                               |
| 32                      | IV. REZERVE  | 0413 | 37.3.         | 454.450                      | 374.657                       |                               |
| 330                     | V. REVALORIZACIONE REZERVE PO OSNOVU<br>REVALORIZACIJE NEMATERIJALNE IMOVINE,<br>NEKRETNINA, POSTROJENJA I OPREME  | 0414 | 37.4.         | 6.110.601                    | 6.365.390                     |                               |
| 33 osim 330             | VI. NEREALIZOVANI DOBICI PO OSNOVU HARTIJA OD<br>VREDNOSTI I DRUGIH KOMONENTI OSTALOG<br>SVEOBUHVAATNOG REZULTATA<br>(potražna salda računa grupe 33 osim 330) | 0415 | 37.5.         | 114.424                      | 432.474                       |                               |
| 33 osim 330             | VII. NEREALIZOVANI GUBICI PO OSNOVU HARTIJA OD<br>VREDNOSTI I DRUGIH KOMONENTI OSTALOG<br>SVEOBUHVAATNOG REZULTATA<br>(dugovna salda računa grupe 33 osim 330) | 0416 | 37.6.         | 18.631                       | 30.226                        |                               |

| Grupa računa, račun | POZICIJA   | AOP  | Napomena broj | Iznos u 000 RSD              |                               |                               |
|---------------------|--|------|---------------|------------------------------|-------------------------------|-------------------------------|
|                     |  |      |               | Tekuća godina<br>31.12.2017. | Prethodna godina              |                               |
|                     |  |      |               |                              | Krajnje stanje<br>31.12.2016. | Početno stanje<br>01.01.2016. |
| 1                   | 2  | 3    | 4             | 5                            | 6                             | 7                             |
| 34                  | VIII. NERASPOREĐENI DOBITAK (0418+0419)  | 0417 |               | 6.881.068                    | 7.470.703                     | -                             |
| 340                 | 1. Neraspoređeni dobitak ranijih godina  | 0418 | 37.7.         | 6.357.067                    | 6.320.236                     |                               |
| 341                 | 2. Neraspoređeni dobitak tekuće godine   | 0419 | 37.7.         | 524.001                      | 1.150.467                     |                               |
|                     | IX. UČEŠĆE BEZ PRAVA KONTROLE  | 0420 | 37.8.         | 164.365                      | 164.365                       |                               |
| 35                  | X. GUBITAK (0422+0423)   | 0421 |               | -                            | -                             | -                             |
| 350                 | 1. Gubitak ranijih godina  | 0422 |               |                              |                               |                               |
| 351                 | 2. Gubitak tekuće godine   | 0423 |               |                              |                               |                               |
|                     | <b>B. DUGOROČNA REZERVISANJA I OBAVEZE (0425+0432)</b>   | 0424 |               | 1.916.227                    | 1.817.389                     | -                             |
| 40                  | I. DUGOROČNA REZERVISANJA (0426+0427+0428+0429+0430+0431)  | 0425 |               | 1.390.506                    | 705.355                       | -                             |
| 400                 | 1. Rezervisanja za troškove u garantnom roku   | 0426 | 38.           | 593.828                      | 400.624                       |                               |
| 401                 | 2. Rezervisanja za troškove obnavljanja prirodnih bogatstava   | 0427 |               |                              |                               |                               |
| 403                 | 3. Rezervisanja za troškove restrukturiranja   | 0428 |               |                              |                               |                               |
| 404                 | 4. Rezervisanja za naknade i druge beneficije zaposlenih   | 0429 | 38.           | 261.347                      | 271.419                       |                               |
| 405                 | 5. Rezervisanja za troškove sudskih sporova  | 0430 |               |                              |                               |                               |
| 402 i 409           | 6. Ostala dugoročna rezervisanja   | 0431 | 38.           | 535.331                      | 33.312                        |                               |
| 41                  | II. DUGOROČNE OBAVEZE (0433+0434+0435+0436+0437+0438+0439+0440)  | 0432 |               | 525.721                      | 1.112.034                     | -                             |
| 410                 | 1. Obaveze koje se mogu konvertovati u kapital   | 0433 |               |                              |                               |                               |
| 411                 | 2. Obaveze prema matičnim i zavisnim pravnim licima  | 0434 |               |                              |                               |                               |
| 412                 | 3. Obaveze prema ostalim povezanim pravnim licima  | 0435 |               |                              |                               |                               |
| 413                 | 4. Obaveze po emitovanim hartijama od vrednosti u periodu dužem od godinu dana                                       | 0436 |               |                              |                               |                               |
| 414                 | 5. Dugoročni krediti i zajmovi u zemlji  | 0437 | 39.1.         | 293.895                      | 614.027                       |                               |
| 415                 | 6. Dugoročni krediti i zajmovi u inostranstvu  | 0438 | 39.1.         | 191.792                      | 226.661                       |                               |
| 416                 | 7. Obaveze po osnovu finansijskog lizinga  | 0439 | 39.2.         | 28.310                       | 68.901                        |                               |
| 419                 | 8. Ostale dugoročne obaveze  | 0440 | 39.3.         | 11.724                       | 202.445                       |                               |
| 498                 | <b>V. ODLOŽENE PORESKE OBAVEZE</b>   | 0441 |               | 784.075                      | 814.622                       |                               |
| 42 do 49 (osim 498) | <b>G. KRATKOROČNE OBAVEZE (0443+0450+0451+0459+0460+0461+0462)</b>   | 0442 |               | 19.851.770                   | 23.703.374                    | -                             |
| 42                  | I. KRATKOROČNE FINANSIJSKE OBAVEZE (0444+0445+0446+0447+0448+0449)   | 0443 |               | 9.359.185                    | 5.009.605                     | -                             |
| 420                 | 1. Kratkoročni krediti od matičnih i zavisnih pravnih lica   | 0444 |               |                              |                               |                               |
| 421                 | 2. Kratkoročni krediti od ostalih povezanih lica   | 0445 |               |                              |                               |                               |
| 422                 | 3. Kratkoročni krediti i zajmovi u zemlji  | 0446 | 40.1.         | 6.877.337                    | 3.728.809                     |                               |
| 423                 | 4. Kratkoročni krediti i zajmovi u inostranstvu  | 0447 | 40.2.         | 1.134.797                    | 986.438                       |                               |
| 427                 | 5. Obaveze po osnovu stalnih sredstava i sredstava obustavljenog poslovanja namenjenih prodaji                       | 0448 |               |                              |                               |                               |
| 424,425,426 i 429   | 6. Ostale kratkoročne finansijske obaveze  | 0449 | 40.3.         | 1.347.051                    | 294.358                       |                               |
| 430                 | II. PRIMLJENI AVANSI, DEPOZITI I KAUCIJE   | 0450 | 41.           | 2.398.030                    | 8.006.909                     |                               |
| 43 osim 430         | III. OBAVEZE IZ POSLOVANJA (0452+0453+0454+0455+0456+0457+0458)  | 0451 |               | 4.257.537                    | 4.968.280                     | -                             |
| 431                 | 1. Dobavljači - matična i zavisna pravna lica u zemlji   | 0452 |               |                              |                               |                               |
| 432                 | 2. Dobavljači - matična i zavisna pravna lica u inostranstvu   | 0453 |               |                              |                               |                               |
| 433                 | 3. Dobavljači - ostala povezana pravna lica u zemlji   | 0454 |               |                              |                               |                               |
| 434                 | 4. Dobavljači - ostala povezana pravna lica u inostranstvu   | 0455 | 42.           | 5.820                        | 6.066                         |                               |
| 435                 | 5. Dobavljači u zemlji   | 0456 | 42.           | 2.721.775                    | 2.784.572                     |                               |
| 436                 | 6. Dobavljači u inostranstvu   | 0457 | 42.           | 1.516.640                    | 1.958.315                     |                               |
| 439                 | 7. Ostale obaveze iz poslovanja  | 0458 | 42.           | 13.302                       | 219.327                       |                               |
| 44, 45 i 46         | IV. OSTALE KRATKOROČNE OBAVEZE   | 0459 | 43.           | 1.070.834                    | 1.764.645                     |                               |
| 47                  | V. OBAVEZE PO OSNOVU POREZA NA DODATU VREDNOST   | 0460 | 44.1.         | 471.582                      | 521.871                       |                               |
| 48                  | VI. OBAVEZE ZA OSTALE POREZE, DOPRINOSE I DRUGE DAŽBINE  | 0461 | 44.2.         | 669.275                      | 776.150                       |                               |
| 49 osim 498         | VII. PASIVNA VREMENSKA RAZGRANIČENJA   | 0462 | 44.3.         | 1.625.327                    | 2.655.914                     |                               |
|                     | D. GUBITAK IZNAD VISINE KAPITALA (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402) ≥ 0 = (0441+0424+0442-0071) ≥ 0 | 0463 |               | -                            | -                             | -                             |
|                     | Đ. UKUPNA PASIVA (0424+0442+0441+0401-0463) ≥ 0  | 0464 |               | 42.026.679                   | 47.005.226                    | -                             |
| 89                  | <b>E. VANBILANSNA PASIVA</b>   | 0465 | 45.           | 18.562.819                   | 29.131.806                    |                               |

U Beogradu,

dana 23.04.2018. godine



Zakonski zastupnik

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Naziv **ENERGOPROJEKT HOLDING A.D.**  
Sedište **BEOGRAD, BULEVAR MIHAILA PUPINA 12**  
Matični broj **07023014**  
Šif. delatnosti **6420**  
PIB **100001513**

**KONSOLIDOVANI BILANS USPEHA**  
**za period od 01.01. do 31.12.2017. godine**

U hiljadama dinara

| Grupa računa,<br>račun     | POZICIJA   | AOP  | Napomena<br>broj | Iznos                 |                          |
|----------------------------|--|------|------------------|-----------------------|--------------------------|
|                            |  |      |                  | Tekuća godina<br>2017 | Prethodna godina<br>2016 |
| 1                          | 2  | 3    | 4                | 5                     | 6                        |
|                            | <b>A. PRIHODI IZ REDOVNOG POSLOVANJA</b>   |      |                  |                       |                          |
| 60 do 65,<br>osim 62 i 63  | <b>A. POSLOVNI PRIHODI (1002+1009+1016+1017)</b>   | 1001 |                  | <b>32.989.557</b>     | <b>32.256.527</b>        |
| 60                         | I. PRIHODI OD PRODAJE ROBE (1003+1004+1005+1006+1007+1008)   | 1002 |                  | <b>584.477</b>        | <b>196.622</b>           |
| 600                        | 1. Prihodi od prodaje robe matičnim i zavisnim pravnim licima na domaćem tržištu                   | 1003 |                  |                       |                          |
| 601                        | 2. Prihodi od prodaje robe matičnim i zavisnim pravnim licima na inostranom tržištu                | 1004 |                  |                       |                          |
| 602                        | 3. Prihodi od prodaje robe ostalim povezanim pravnim licima na domaćem tržištu                     | 1005 |                  |                       |                          |
| 603                        | 4. Prihodi od prodaje robe ostalim povezanim pravnim licima na inostranom tržištu                  | 1006 | 11.1.            | 273                   | 1.539                    |
| 604                        | 5. Prihodi od prodaje robe na domaćem tržištu  | 1007 | 11.1.            | 68.267                | 103.211                  |
| 605                        | 6. Prihodi od prodaje robe na inostranom tržištu   | 1008 | 11.1.            | 515.937               | 91.872                   |
| 61                         | II. PRIHODI OD PRODAJE PROIZVODA I USLUGA<br>(1010+1011+1012+1013+1014+1015)                       | 1009 |                  | 32.124.001            | 31.857.086               |
| 610                        | 1. Prihodi od prodaje proizvoda i usluga matičnim i zavisnim pravnim licima na domaćem tržištu     | 1010 |                  |                       |                          |
| 611                        | 2. Prihodi od prodaje proizvoda i usluga matičnim i zavisnim pravnim licima na inostranom tržištu  | 1011 |                  |                       |                          |
| 612                        | 3. Prihodi od prodaje proizvoda i usluga ostalim povezanim pravnim licima na domaćem tržištu       | 1012 | 11.2.            | 2.107                 |                          |
| 613                        | 4. Prihodi od prodaje proizvoda i usluga ostalim povezanim pravnim licima na inostranom tržištu    | 1013 | 11.2.            | 1.082.106             | 254.939                  |
| 614                        | 5. Prihodi od prodaje proizvoda i usluga na domaćem tržištu  | 1014 | 11.2.            | 13.706.590            | 12.904.196               |
| 615                        | 6. Prihodi od prodaje gotovih proizvoda i usluga na inostranom tržištu                             | 1015 | 11.2.            | 17.333.198            | 18.697.951               |
| 64                         | III. PRIHODI OD PREMIJA, SUBVENCIJA, DOTACIJA, DONACIJA I SL.                                      | 1016 |                  | 1                     |                          |
| 65                         | IV. DRUGI POSLOVNI PRIHODI   | 1017 | 11.3.            | 281.078               | 202.819                  |
|                            | <b>RASHODI IZ REDOVNOG POSLOVANJA</b>  |      |                  |                       |                          |
| 55 do 55, 62 i<br>63       | <b>B. POSLOVNI RASHODI (1019-1020-1021+1022+1023+<br/>1024+1025+1026+1027+1028+1029) ≥ 0</b>       | 1018 |                  | <b>31.986.221</b>     | <b>31.556.698</b>        |
| 50                         | I. NABA VNA VREDNOST PRODATE ROBE  | 1019 | 12.              | 552.389               | 190.517                  |
| 62                         | II. PRIHODI OD AKTIVIRANJA UČINAKA I ROBE  | 1020 | 13.              | 189.307               | 129.198                  |
| 630                        | III. POVEĆANJE VREDNOSTI ZALIHA NEDOVRŠENIH I GOTOVIH PROIZVODA I NEDOVRŠENIH USLUGA               | 1021 | 13.              | 776.261               | 1.110.639                |
| 631                        | IV. SMANJENJE VREDNOSTI ZALIHA NEDOVRŠENIH I GOTOVIH PROIZVODA I NEDOVRŠENIH USLUGA                | 1022 | 13.              | 180.401               | 564.934                  |
| 51 osim 513                | V. TROŠKOVI MATERIJALA   | 1023 | 14.              | 7.215.935             | 6.628.181                |
| 513                        | VI. TROŠKOVI GORIVA I ENERGIJE   | 1024 | 14.              | 1.123.240             | 1.058.123                |
| 52                         | VII. TROŠKOVI ZARADA, NAKNADA ZARADA I OSTALI LIČNI RASHODI  | 1025 | 15.              | 9.068.037             | 9.573.740                |
| 53                         | VIII. TROŠKOVI PROIZVODNIH USLUGA  | 1026 | 16.              | 11.287.670            | 11.222.415               |
| 540                        | IX. TROŠKOVI AMORTIZACIJE  | 1027 | 17.              | 829.786               | 769.573                  |
| 541 do 549                 | X. TROŠKOVI DUGOROČNIH REZERVISANJA  | 1028 | 17.              | 839.228               | 297.253                  |
| 55                         | XI. NEMATERIJALNI TROŠKOVI   | 1029 | 18.              | 1.855.103             | 2.491.799                |
|                            | V. POSLOVNI DOBITAK (1001-1018) ≥ 0  | 1030 |                  | <b>1.003.336</b>      | <b>699.829</b>           |
|                            | G. POSLOVNI GUBITAK (1018-1001) ≥ 0  | 1031 |                  | -                     | -                        |
| 66                         | <b>D. FINANSIJSKI PRIHODI (1033+1038+1039)</b>   | 1032 |                  | <b>2.242.994</b>      | <b>1.688.958</b>         |
| 66, osim 662,<br>663 i 664 | I. FINANSIJSKI PRIHODI OD POVEZANIH LICA I OSTALI FINANSIJSKI PRIHODI<br>(1034+1035+1036+1037)     | 1033 |                  | 163.167               | 207.433                  |
| 660                        | 1. Finansijski prihodi od matičnih i zavisnih pravnih lica   | 1034 |                  |                       |                          |
| 661                        | 2. Finansijski prihodi od ostalih povezanih lica   | 1035 | 19.1.            | 12.176                | 30.073                   |
| 665                        | 3. Prihodi od učešća u dobitku pridruženih pravnih lica i zajedničkih poduhvata                    | 1036 | 19.1.            | 69.557                | 83.644                   |
| 669                        | 4. Ostali finansijski prihodi  | 1037 | 19.1.            | 81.434                | 93.716                   |
| 662                        | II. PRIHODI OD KAMATA (OD TREĆIH LICA)   | 1038 | 19.1.            | 121.660               | 178.810                  |
| 663 i 664                  | III. POZITIVNE KURSNE RAZLIKE I PRIHODI PO OSNOVU EFEKTA VALUTNE<br>KLAUZULE (PREMA TREĆIM LICIMA) | 1039 | 19.1.            | 1.958.167             | 1.302.715                |

| Grupa računa,<br>račun     | POZICIJA   | AOP  | Napomena<br>broj | Iznos                 |                          |
|----------------------------|--|------|------------------|-----------------------|--------------------------|
|                            |  |      |                  | Tekuća godina<br>2017 | Prethodna godina<br>2016 |
| 1                          | 2  | 3    | 4                | 5                     | 6                        |
| 56                         | <b>D. FINANSIJSKI RASHODI (1041+1046+1047)</b>   | 1040 |                  | <b>2.446.958</b>      | <b>1.647.261</b>         |
| 56, osim 562,<br>563 i 564 | I. FINANSIJSKI RASHODI IZ ODNOSA SA POVEZANIM PRAVNIM LICIMA I OSTALI FINANSIJSKI RASHODI (1042+1043+1044+1045)              | 1041 |                  | 60.192                | 7.854                    |
| 560                        | 1. Finansijski rashodi iz odnosa sa matičnim i zavisnim pravnim licima   | 1042 |                  |                       |                          |
| 561                        | 2. Finansijski rashodi iz odnosa sa ostalim povezanim pravnim licima   | 1043 | 19.2.            | 54.344                | 6.647                    |
| 565                        | 3. Rashodi od učešća u gubitku pridruženih pravnih lica i zajedničkih poduhvata  | 1044 | 19.2.            | 5.846                 |                          |
| 566 i 569                  | 4. Ostali finansijski rashodi  | 1045 | 19.2.            | 2                     | 1.207                    |
| 562                        | II. RASHODI KAMATA (PREMA TREĆIM LICIMA)   | 1046 | 19.2.            | 376.682               | 411.983                  |
| 563 i 564                  | III. NEGATIVNE KURSNE RAZLIKE I NEGATIVNI EFEKTI VALUTNE KLAUZULE (PREMA TREĆIM LICIMA)                                      | 1047 | 19.2.            | 2.010.084             | 1.227.424                |
|                            | <b>E. DOBITAK IZ FINANSIRANJA (1032-1040)</b>  | 1048 |                  | -                     | <b>41.697</b>            |
|                            | <b>Ž. GUBITAK IZ FINANSIRANJA (1040-1032)</b>  | 1049 |                  | <b>203.964</b>        | -                        |
| 683 i 685                  | Z. PRIHODI OD USKLAĐIVANJA VREDNOSTI OSTALE IMOVINE KOJA SE ISKAZUJE PO FER VREDNOSTI KROZ BILANS USPEHA                     | 1050 | 20.1.            | 15.480                | 40.734                   |
| 583 i 585                  | I. RASHODI OD USKLAĐIVANJA VREDNOSTI OSTALE IMOVINE KOJA SE ISKAZUJE PO FER VREDNOSTI KROZ BILANS USPEHA                     | 1051 | 20.2.            | 149.256               | 77.964                   |
| 67 i 68, osim<br>683 i 685 | J. OSTALI PRIHODI  | 1052 | 21.1.            | 385.641               | 1.168.041                |
| 57 i 58, osim<br>583 i 585 | K. OSTALI RASHODI  | 1053 | 21.2.            | 314.226               | 497.660                  |
|                            | L. DOBITAK IZ REDOVNOG POSLOVANJA PRE OPOREZIVANJA (1030-1031+1048-1049+1050-1051+1052-1053)                                 | 1054 |                  | <b>737.011</b>        | <b>1.374.677</b>         |
|                            | LJ. GUBITAK IZ REDOVNOG POSLOVANJA PRE OPOREZIVANJA (1031-1030+1049-1048+1051-1050+1053-1052)                                | 1055 |                  | -                     | -                        |
| 69-59                      | M. NETO DOBITAK POSLOVANJA KOJE SE OBUSTAVLJA, EFEKTI PROMENE RAČUNOVODSTVENE POLITIKE I ISPRAVKA GREŠAKA IZ RANIJIH PERIODA | 1056 |                  |                       |                          |
| 59-69                      | N. NETO GUBITAK POSLOVANJA KOJE SE OBUSTAVLJA, EFEKTI PROMENE RAČUNOVODSTVENE POLITIKE I ISPRAVKA GREŠAKA IZ RANIJIH PERIODA | 1057 | 22.              | 6.808                 | 85.922                   |
|                            | NJ. DOBITAK PRE OPOREZIVANJA (1054-1055+1056-1057)   | 1058 | 23.              | <b>730.203</b>        | <b>1.288.755</b>         |
|                            | O. GUBITAK PRE OPOREZIVANJA (1055-1054+1057-1056)  | 1059 |                  | -                     | -                        |
|                            | P. POREZ NA DOBITAK  |      |                  |                       |                          |
| 721                        | I. PORESKI RASHOD PERIODA  | 1060 |                  | 238.071               | 135.172                  |
| deo 722                    | II. ODLOŽENI PORESKI RASHODI PERIODA   | 1061 |                  |                       | 14.336                   |
| deo 722                    | III. ODLOŽENI PORESKI PRIHODI PERIODA  | 1062 |                  | 31.869                |                          |
| 723                        | D. ISPLAĆENA LIČNA PRIMANJA POSLODAVCA   | 1063 |                  |                       |                          |
|                            | S. NETO DOBITAK (1058-1059-1060-1061+1062-1063)  | 1064 |                  | <b>524.001</b>        | <b>1.139.247</b>         |
|                            | T. NETO GUBITAK (1059-1058+1060+1061-1062+1063)  | 1065 |                  | -                     | -                        |
|                            | I. NETO DOBITAK KOJI PRIPADA MANJINSKIM ULAGAČIMA  | 1066 | 37.8.            |                       | 178.531                  |
|                            | II. NETO DOBITAK KOJI PRIPADA VEĆINSKOM VLASNIKU   | 1067 |                  | 569.472               | 960.716                  |
|                            | III. NETO GUBITAK KOJI PRIPADA MANJINSKIM ULAGAČIMA  | 1068 | 37.8.            | 45.471                | -                        |
|                            | IV. NETO GUBITAK KOJI PRIPADA VEĆINSKOM VLASNIKU   | 1069 |                  |                       |                          |
|                            | V. ZARADA PO AKCIJI  |      |                  |                       |                          |
|                            | 1. Osnovna zarada po akciji  | 1070 | 24.              |                       |                          |
|                            | 2. Umanjena (razvodnjena) zarada po akciji   | 1071 |                  |                       |                          |

U Beogradu,

dana 23.04.2018. godine



Zakonski zastupnik

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Naziv **ENERGOPROJEKT HOLDING A.D.**  
 Sedište **BEOGRAD, BULEVAR MIHAILA PUPINA 12**  
 Matični broj **07023014**  
 Šif. delatnosti **6420**  
 PIB **100001513**

**KONSOLIDOVANI IZVEŠTAJ O TOKOVIMA GOTOVINE**  
 u periodu od 01.01. do 31.12.2017. godine

U hiljadama dinara

| Pozicija   | AOP  | Iznos                     |                              |
|--|------|---------------------------|------------------------------|
|  |      | Tekuća godina 31.12.2017. | Prethodna godina 31.12.2016. |
| 1  | 2    | 3                         | 4                            |
| <b>A. TOKOVI GOTOVINE IZ POSLOVNIH AKTIVNOSTI</b>  |      |                           |                              |
| <b>I. Prilivi gotovine iz poslovnih aktivnosti ( 1do 3)</b>                              | 3001 | 32.559.235                | 32.269.533                   |
| 1. Prodaja i primljeni avansi  | 3002 | 31.412.076                | 31.592.834                   |
| 2. Primljene kamate iz poslovnih aktivnosti  | 3003 | 139.409                   | 109.261                      |
| 3. Ostali prilivi iz redovnog poslovanja   | 3004 | 1.007.750                 | 567.438                      |
| <b>II. Odlivi gotovine iz poslovnih aktivnosti ( 1 do 5)</b>                             | 3005 | 36.585.338                | 32.899.104                   |
| 1. Isplate dobavljačima i dati avansi  | 3006 | 25.768.051                | 21.011.169                   |
| 2. Zarade , naknade zarada i ostali lični rashodi  | 3007 | 8.885.389                 | 9.795.218                    |
| 3. Plaćene kamate  | 3008 | 340.347                   | 311.546                      |
| 4. Porez na dobitak  | 3009 | 561.856                   | 481.090                      |
| 5. Plaćanja po osnovu ostalih javnih prihoda   | 3010 | 1.029.695                 | 1.300.081                    |
| <b>III. Neto priliv gotovine iz poslovnih aktivnosti (I-II)</b>                          | 3011 | -                         | -                            |
| <b>IV. Neto odliv gotovine iz poslovnih aktivnosti (II-I)</b>                            | 3012 | 4.026.103                 | 629.571                      |
| <b>B. TOKOVI GOTOVINE IZ AKTIVNOSTI INVESTIRANJA</b>                                     |      |                           |                              |
| <b>I. Prilivi gotovine iz aktivnosti investiranja ( 1 do 5)</b>                          | 3013 | 306.916                   | 285.657                      |
| 1. Prodaja akcija i udela (neto prilivi)   | 3014 |                           | 5.114                        |
| 2. Prodaja nematerijalne imovine, nekretnina, postrojenja, opreme i bio.sr.              | 3015 | 103.643                   | 41.456                       |
| 3. Ostali finansijski plasmani (neto prilivi)  | 3016 | 133.244                   | 149.863                      |
| 4. Primljene kamate iz aktivnosti investiranja   | 3017 | 41.317                    | 30.410                       |
| 5. Primljene dividende   | 3018 | 28.712                    | 58.814                       |
| <b>II. Odlivi gotovine iz aktivnosti investiranja (1do 3)</b>                            | 3019 | 499.185                   | 535.554                      |
| 1. Kupovina akcija i udela (neto odlivi)   | 3020 | 8.321                     | -                            |
| 2. Kupovina nematerijalne imovine, nekretnina, postrojenja, opreme i bioloških sredstava | 3021 | 490.864                   | 535.554                      |
| 3. Ostali finansijski plasmani (neto odlivi)   | 3022 |                           | -                            |
| <b>III. Neto priliv gotovine iz aktivnosti investiranja (I-II)</b>                       | 3023 | -                         | -                            |
| <b>IV. Neto odliv gotovine iz aktivnosti investiranja (II-I)</b>                         | 3024 | 192.269                   | 249.897                      |
| <b>V. TOKOVI GOTOVINE IZ AKTIVNOSTI FINANSIRANJA</b>                                     |      |                           |                              |
| <b>I. Prilivi gotovine iz aktivnosti finansiranja ( 1 do 5)</b>                          | 3025 | 4.176.877                 | 1.275.097                    |
| 1. Uvećanje osnovnog kapitala  | 3026 |                           | -                            |
| 2. Dugoročni krediti (neto prilivi)  | 3027 | 77.087                    | 413.407                      |
| 3. Kratkoročni krediti (neto prilivi)  | 3028 | 4.099.062                 | 808.578                      |
| 4. Ostale dugoročne obaveze  | 3029 | 202                       | 50.451                       |
| 5. Ostale kratkoročne obaveze  | 3030 | 526                       | 2.661                        |
| <b>II. Odlivi gotovine iz aktivnosti finansiranja ( 1 do 6)</b>                          | 3031 | 1.350.652                 | 528.400                      |
| 1. Otkup sopstvenih akcija i udela   | 3032 | 124.148                   | -                            |
| 2. Dugoročni krediti (odlivi)  | 3033 |                           | -                            |
| 3. Kratkoročni krediti (odlivi)  | 3034 |                           | -                            |
| 4. Ostale obaveze (odlivi)   | 3035 | 762.987                   | 1.086                        |
| 5. Finansijski lizing  | 3036 | 138.160                   | 206.148                      |
| 6. Isplaćene dividende   | 3037 | 325.357                   | 321.166                      |
| <b>III. Neto priliv gotovine iz aktivnosti finansiranja ( I-II)</b>                      | 3038 | 2.826.225                 | 746.697                      |
| <b>IV. Neto odliv gotovine iz aktivnosti finansiranja (II-I)</b>                         | 3039 | -                         | -                            |
| <b>G. SVEGA PRILIVI GOTOVINE (3001+3013+3025)</b>  | 3040 | 37.043.028                | 33.830.287                   |
| <b>D. SVEGA ODLIVI GOTOVINE (3005+3019+3031)</b>   | 3041 | 38.435.175                | 33.963.058                   |
| <b>Đ. NETO PRILIVI GOTOVINE ( 3040-3041 )</b>  | 3042 | -                         | -                            |
| <b>E. NETO ODLIV GOTOVINE (3041-3040)</b>  | 3043 | 1.392.147                 | 132.771                      |
| <b>Ž. GOTOVINA NA POČETKU OBRAČUNSKOG PERIODA</b>  | 3044 | 4.671.949                 | 4.800.373                    |
| <b>Z. POZITIVNE KURSNE RAZLIKE PO OSNOVU PRERAČUNA GOTOVINE</b>                          | 3045 | 41.274                    | 177.237                      |
| <b>I. NEGATIVNE KURSNE RAZLIKE PO OSNOVU PRERAČUNA GOTOVINE</b>                          | 3046 | 367.318                   | 172.890                      |
| <b>J. GOTOVINA NA KRAJU OBRAČUNSKOG PERIODA ( 3042-3043+3044+3045-3046)</b>              | 3047 | 2.953.758                 | 4.671.949                    |

U Beogradu,

dana 23.04.2018. godine



Zakonski zastupnik

Naziv ENERGOPROJEKT HOLDING A.D.  
 Sedište BEOGRAD, BULEVAR MIHAILA PUPINA 12  
 Matični broj 07023014  
 Šif. delatnosti 6420  
 PIB 100001513

**KONSOLIDOVANI IZVEŠTAJ O OSTALOM REZULTATU**  
 za period od 01.01. do 31.12.2017. godine

u hiljadama dinara

| Grupa računa,<br>račun | POZICIJA   | AOP  | Iznos                        |                                 |
|------------------------|--|------|------------------------------|---------------------------------|
|                        |  |      | Tekuća godina<br>31.12.2017. | Prethodna godina<br>31.12.2016. |
| 1                      | 2  | 3    | 4                            | 5                               |
|                        | <b>A. NETO REZULTAT IZ POSLOVANJA</b>  |      |                              |                                 |
|                        | I. NETO DOBITAK (AOP 1064)   | 2001 | 524.001                      | 1.139.247                       |
|                        | II. NETO GUBITAK (AOP 1065)  | 2002 |                              |                                 |
|                        | <b>B. OSTALI SVEOBUH VATNI DOBITAK ILI GUBITAK</b>   |      |                              |                                 |
|                        | a) Stavke koje neće biti reklasifikovane u Bilansu uspeha u budućim periodima  |      |                              |                                 |
| 330                    | 1. Promena revalorizacije nematerijalne imovine, nekretnina, postrojenja i opreme  |      |                              |                                 |
|                        | a) povećanje revalorizacionih rezervi  | 2003 |                              | 210.161                         |
|                        | b) smanjenje revalorizacionih rezervi  | 2004 | 20.920                       | 148.708                         |
| 331                    | 2. Aktuarski dobici ili gubici po osnovu planova definisanih primanja  |      |                              |                                 |
|                        | a) dobici  | 2005 |                              |                                 |
|                        | b) gubici  | 2006 |                              |                                 |
| 332                    | 3. Dobici ili gubici po osnovu ulaganja u vlasničke instrumente kapitala   |      |                              |                                 |
|                        | a) dobici  | 2007 |                              |                                 |
|                        | b) gubici  | 2008 |                              |                                 |
| 333                    | 4. Dobici ili gubici po osnovu udela u ostalom sveobuhvatnom dobitku ili gubitku pridruženih društava                            |      |                              |                                 |
|                        | a) dobici  | 2009 |                              |                                 |
|                        | b) gubici  | 2010 |                              |                                 |
|                        | b) Stavke koje naknadno mogu biti reklasifikovane u Bilansu uspeha u budućim periodima   |      |                              |                                 |
| 334                    | 1. Dobici ili gubici po osnovu preračuna finansijskih izveštaja inostranog poslovanja  |      |                              |                                 |
|                        | a) dobici  | 2011 | 19.146                       | 48.184                          |
|                        | b) gubici  | 2012 | 337.196                      | 67.409                          |
| 335                    | 2. Dobici ili gubici od istrumenata zaštite neto ulaganja u inostrano poslovanje   |      |                              |                                 |
|                        | a) dobici  | 2013 |                              |                                 |
|                        | b) gubici  | 2014 |                              |                                 |
| 336                    | 3. Dobici ili gubici po osnovu instrumenata zaštite rizika (hedžinga) novčanog toka  |      |                              |                                 |
|                        | a) dobici  | 2015 |                              |                                 |
|                        | b) gubici  | 2016 |                              |                                 |
| 337                    | 4. Dobici ili gubici po osnovu hartija od vrednosti raspoloživih za prodaju  |      |                              |                                 |
|                        | a) dobici  | 2017 | 10.193                       | 311                             |
|                        | b) gubici  | 2018 | 115                          | 756                             |
|                        | I. OSTALI BRUTO SVEOBUH VATNI DOBITAK (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0  | 2019 |                              | 41.783                          |
|                        | II. OSTALI BRUTO SVEOBUH VATNI GUBITAK (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0 | 2020 | 328.892                      |                                 |
|                        | III. POREZ NA OSTALI SVEOBUH VATNI DOBITAK ILI GUBITAK PERIODA   | 2021 |                              | 27.467                          |
|                        | IV. NETO OSTALI SVEOBUH VATNI DOBITAK (2019-2020-2021) ≥ 0   | 2022 |                              | 14.316                          |
|                        | V. NETO OSTALI SVEOBUH VATNI GUBITAK (2020-2019+2021) ≥ 0  | 2023 | 328.892                      |                                 |
|                        | <b>V. UKUPAN NETO SVEOBUH VATNI REZULTAT PERIODA</b>   |      |                              |                                 |
|                        | I. UKUPAN NETO SVEOBUH VATNI DOBITAK (2001-2002+2022-2023) ≥ 0   | 2024 | 195.109                      | 1.153.563                       |
|                        | II. UKUPAN NETO SVEOBUH VATNI GUBITAK (2002-2001+2023-2022) ≥ 0  | 2025 |                              |                                 |
|                        | <b>G. UKUPAN NETO SVEOBUH VATNI DOBITAK ILI GUBITAK (2027+2028) = AOP 2024 &gt; 0 ili AOP 2025 &gt; 0</b>                        | 2026 | 195.109                      | 1.153.563                       |
|                        | 1. Pripisan većinskim vlasnicima kapitala  | 2027 | 88.768                       | 985.519                         |
|                        | 2. Pripisan vlasnicima koji nemaju kontrolu  | 2028 | 106.341                      | 168.044                         |

U Beogradu,

dana 23.04.2018. godine

Zakonski zastupnik

Naziv  
ENERGOPROJEKT HOLDING A.D.

Sedište  
BEOGRAD, BULEVAR MIHAILA PUPINA 12  
Matični broj  
07023014  
Šif. delatnosti  
6420  
PIB  
100001513

KONSOLIDOVANI IZVEŠTAJ O PROMENAMA NA KAPITALU  
u periodu od 01.01. do 31.12.2017. godine

| Redni broj | OPIS   | Komponenta kapitala |                                 |      |            |      |            |      |                                       |           |                           | 331 Aktuarski dobitci ili gubici |     |
|------------|--|---------------------|---------------------------------|------|------------|------|------------|------|---------------------------------------|-----------|---------------------------|----------------------------------|-----|
|            |  | 30 Osnovni kapital  | 31 Upisani a neuplaćeni kapital | AOP  | 32 Rezerve | AOP  | 35 Gubitak | AOP  | 047 i 237 Otkupljene sopstvene akcije | AOP       | 34 Neraspoređen i dobitak |                                  | AOP |
| 1          | 2  | 3                   | 4                               | 5    | 6          | 7    | 8          | 9    | 10                                    |           |                           |                                  |     |
| 1          | Početno stanje na dan 01.01.2016. godine                                   |                     |                                 |      |            |      |            |      |                                       |           |                           |                                  |     |
|            | a) dugovni saldo računa  | 4001                | 4019                            | 4037 | 4055       | 4073 | 4091       | 4109 | 4127                                  | 4128      |                           |                                  |     |
|            | b) potražni saldo računa   | 4002                | 4020                            | 4038 | 374.590    | 4074 | 4092       | 4110 | 4128                                  | 6.211.764 |                           |                                  |     |
| 2          | Ispravka materijalno značajnih grešaka i promena računovodstvenih politika |                     |                                 |      |            |      |            |      |                                       |           |                           |                                  |     |
|            | a) ispravke na dugovnoj strani računa                                      | 4003                | 4021                            | 4039 | 4057       | 4075 | 4093       | 4111 | 4129                                  |           |                           |                                  |     |
|            | b) ispravke na potražnoj strani računa                                     | 4004                | 4022                            | 4040 | 4058       | 4076 | 4094       | 4112 | 4130                                  |           |                           |                                  |     |
| 3          | Korigovano početno stanje na dan 01.01.2016. godine                        |                     |                                 |      |            |      |            |      |                                       |           |                           |                                  |     |
|            | a) korigovani dugovni saldo računa (1a+2a-2b) ≥ 0                          | 4005                | 4023                            | 4041 | 4059       | 4077 | 4095       | 4113 | 4131                                  |           |                           |                                  |     |
|            | b) korigovani potražni saldo računa (1b-2a+2b) ≥ 0                         | 4006                | 4024                            | 4042 | 374.590    | 4078 | 4096       | 4114 | 4132                                  | 6.211.764 |                           |                                  |     |
| 4          | Promene u prethodnoj 2016. godini  |                     |                                 |      |            |      |            |      |                                       |           |                           |                                  |     |
|            | a) promeni na dugovnoj strani računa                                       | 4007                | 4025                            | 4043 | 4061       | 4079 | 4097       | 4115 | 4133                                  | 210.210   |                           |                                  |     |
|            | b) promeni na potražnoj strani računa                                      | 4008                | 4026                            | 4044 | 67         | 4080 | 4098       | 4116 | 4134                                  | 363.836   |                           |                                  |     |
| 5          | Stanje na kraju prethodne godine 31.12.2016.                               |                     |                                 |      |            |      |            |      |                                       |           |                           |                                  |     |
|            | a) dugovni saldo računa (3a+4a-4b) ≥ 0                                     | 4009                | 4027                            | 4045 | 4063       | 4081 | 4099       | 4117 | 4135                                  |           |                           |                                  |     |
|            | b) potražni saldo računa (3b-4a+4b) ≥ 0                                    | 4010                | 4028                            | 4046 | 374.657    | 4082 | 4100       | 4118 | 4136                                  | 6.365.390 |                           |                                  |     |
| 6          | Ispravka materijalno značajnih grešaka i promena računovodstvenih politika |                     |                                 |      |            |      |            |      |                                       |           |                           |                                  |     |
|            | a) ispravke na dugovnoj strani računa                                      | 4011                | 4029                            | 4047 | 4065       | 4083 | 4101       | 4119 | 4137                                  |           |                           |                                  |     |
|            | b) ispravke na potražnoj strani računa                                     | 4012                | 4030                            | 4048 | 4066       | 4084 | 4102       | 4120 | 4138                                  |           |                           |                                  |     |
| 7          | Korigovano početno stanje tekuće godine na dan 01.01.2017.                 |                     |                                 |      |            |      |            |      |                                       |           |                           |                                  |     |
|            | a) korigovani dugovni saldo računa (5a+6a-6b) ≥ 0                          | 4013                | 4031                            | 4049 | 4067       | 4085 | 4103       | 4121 | 4139                                  |           |                           |                                  |     |
|            | b) korigovani potražni saldo računa (5b-6a+6b) ≥ 0                         | 4014                | 4032                            | 4050 | 374.657    | 4086 | 4104       | 4122 | 4140                                  | 6.365.390 |                           |                                  |     |
| 8          | Promene u tekućoj 2017. godini   |                     |                                 |      |            |      |            |      |                                       |           |                           |                                  |     |
|            | a) promet na dugovnoj strani računa  | 4015                | 4033                            | 4051 | 207        | 4087 | 4105       | 4123 | 4141                                  | 254.789   |                           |                                  |     |
|            | b) promet na potražnoj strani računa                                       | 4016                | 4034                            | 4052 | 80.000     | 4088 | 4106       | 4124 | 4142                                  |           |                           |                                  |     |
| 9          | Stanje na dan 31.12.2017.  |                     |                                 |      |            |      |            |      |                                       |           |                           |                                  |     |
|            | a) dugovni saldo računa (7a+8a-8b) ≥ 0                                     | 4017                | 4035                            | 4053 | 4071       | 4089 | 4107       | 4125 | 4143                                  |           |                           |                                  |     |
|            | b) potražni saldo računa (7b-8a-8b) ≥ 0                                    | 4018                | 4036                            | 4054 | 454.450    | 4090 | 4108       | 4126 | 4144                                  | 6.110.601 |                           |                                  |     |





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
ENERGOPROJEKT HOLDING PLC  
FOR 2017**

Belgrade, 2018

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## 1. COMPANY BACKGROUND

Consolidated financial statements of the Energoprojekt Holding Plc., Belgrade consists of a parent joint stock company Energoprojekt Holding Plc., Belgrade (hereinafter: Energoprojekt Holding or Company) and:

- 13 subsidiary companies in the country, 12 of which are direct subsidiaries (9 share-based and 3 limited liability companies) and 1 subsidiary company indirectly controlled by other subsidiaries (1 limited liability company),
- 1 joint venture company, hereinafter: joint venture (1 limited liability company) with 50% equity share,
- 1 affiliated company (1 share company), and
- 7 direct subsidiaries abroad.

Subsidiary companies comprise of operating units for investments work and branch offices in foreign countries (the total of 83) and own companies in the country and abroad (14 subsidiaries abroad, 1 affiliate abroad and 1 affiliated company in the country), which jointly engage in building construction, design, fitting, study preparation, research, investment facilities' and systems' programming, sales of goods and services and other business activities.

In 2017, Consolidation Group Energoprojekt Holding Plc., was organized as follows:

| Activity                 | No. of local subsidiaries, affiliates and joint ventures | No. of business units for investment works and branch offices abroad | No. of subsidiaries and affiliates abroad |
|--------------------------|--|--|---|
| Planning and research    | 4  | 36   | 5   |
| Construction and fitting | 6  | 47   | 13  |
| Holding                  | 1  |  |   |
| Other                    | 6  |  | 4   |
| <b>Total</b>             | <b>17</b>  | <b>83</b>  | <b>22</b>                                 |

Parent and subsidiary companies' headquarters is in 12 Bulevar Mihajla Pupina Street, New Belgrade.

In 2017, the average number of employees in system Energoprojekt, based on the actual number of employees at the end of each month, was 2,243 (compared to 2,345 in 2016), not including the local workforce in foreign entities.

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

Financial statements for 2017 that are subject to these Notes are **consolidated financial statements of the Energoprojekt Holding Plc.** approved by the Supervisory Board of the Company, on April 26, 2018 in the 25th meeting of Supervisory Board of the Company and are subject of audit conducted by an independent auditor.

Comparable data and opening balance consist of data incorporated in consolidated financial statements for 2016, which were audited by independent external auditor.

The Company's management assesses that companies within consolidation group of Energoprojekt Holding Plc. continue to operate for an indefinite period of time and does not expect significant changes in the business, and thus the consolidated financial statements for 2017 are prepared in accordance with the going concern.

## 2. CONSOLIDATION GROUP

The consolidation group of the Energoprojekt Holding Plc. (hereinafter: system Energoprojekt) consists of parent company and its local subsidiaries, joint venture and affiliated companies and foreign subsidiary companies listed below:

### Local subsidiaries, joint ventures and affiliated companies

| No.  | Company Name                               | % ownership |
|--|--|-------------|
| <i>Subsidiary Companies</i>  |  |             |
| <i>Building Construction and Fitting</i>                                   |  |             |
| 1.   | Energoprojekt Visokogradnja Plc.           | 100.00      |
| 2.   | Energoprojekt Niskogradnja Plc.            | 100.00      |
| 3.   | Energoprojekt Oprema Plc.                  | 67.87       |
| 4.   | Energoprojekt Sunnyville Ltd.              | 100.00      |
| 5.   | Energoprojekt Park 11 Ltd.                 | 100.00      |
| <i>Planning and Research</i>   |  |             |
| 6.   | Energoprojekt Urbanizam i arhitektura Plc. | 100.00      |
| 7.   | Energoprojekt Industrija Plc.              | 62.77       |
| 8.   | Energoprojekt Entel Plc.                   | 86.26       |
| 9.   | Energoprojekt Hidroinženjering Plc.        | 100.00      |
| <i>Other</i>   |  |             |
| 10.  | Energoprojekt Energodata Plc.              | 100.00      |
| 11.  | Energoprojekt Promet Ltd.                  | 100.00      |
| 12.  | Energoprojekt Garant Ltd.                  | 92.94       |
| 13.  | Energoplast Plc.                           | 60.00       |
| (Energoprojekt Industrija Plc. 40.00% and Energoprojekt Entel Plc. 20.00%) |  |             |

**Joint ventures**

***Building Construction and Fitting***

|     |            |       |
|-----|------------|-------|
| 14. | Enjub Ltd. | 50.00 |
|-----|------------|-------|

**Affiliated Companies**

**Other**

|     |                        |       |
|-----|------------------------|-------|
| 15. | Fima See Activist Plc. | 30.16 |
|-----|------------------------|-------|

Applying the total consolidation method, the consolidated financial statements of the Energoprojekt Holding Plc. are including the subsidiary company Energoplast Ltd., with prior elimination, by equity method, of its presence in financial statements of Energoprojekt Industrija Plc. (40.00%) and Energoprojekt Entel Plc. (20.00%), made through primary consolidation.

On the occasion of inclusion of the Energoprojekt Holding Plc. joint venture company Enjub Ltd. in consolidated financial statements of the, in compliance with IFRS 11 - Joint Arrangements, equity method was applied.

**Subsidiaries abroad - overseas companies**

| No. | Company Name | % ownership |
|-----|--------------|-------------|
|-----|--------------|-------------|

***Subsidiary Companies***

***Building Construction and Fitting***

|    |  |        |
|----|--|--------|
| 1. | Zambia Engineering and Contracting Company Limited, Zambia | 100.00 |
| 2. | Energoprojekt Holding Guinee S.A, Guinea                   | 100.00 |
| 3. | Energo (Private) Limited, Zimbabwe                         | 100.00 |
| 4. | Energo Kaz Ltd, Kazakhstan                                 | 100.00 |

***Other***

|    |   |        |
|----|---|--------|
| 5. | I.N.E.C. Engineering Company Limited, Great Britain   | 100.00 |
| 6. | Encom GmbH Consulting, Engineering & Trading, Germany | 100.00 |
| 7. | Dom 12 S.A.L, Libanon                                 | 100.00 |

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

Among the above listed local subsidiaries, Energoprojekt Visokogradnja, Energoprojekt Niskogradnja,

Energoprojekt Oprema, Energoprojekt Industrija, Energoprojekt Entel, Energoprojekt Hidroinženjering, Energoprojekt Energodata and Zambia Engineering and Contracting Company Limited, Zambia are at the same time parent companies that prepare consolidated financial statements, so that the subsidiary and affiliated companies listed in following table are thus included herein through primary consolidation.

| No.  | Company Name   | Included through primary consolidation                     |
|--|--|--|
| <b>Overseas</b>  |  |  |
| <b><i>Subsidiary Companies Abroad - Overseas Companies</i></b> |  |  |
| <b><i>Building Construction and Fitting</i></b>                |  |  |
| 1.   | Energoprojekt Ghana Ltd., Accra, Ghana                     | EP Visokogradnja Plc.                                      |
| 2.   | Energoprojekt Montenegro Ltd., Montenegro                  | EP Visokogradnja Plc.                                      |
| 3.   | Energoprojekt Rus Ltd., Moscow, Russia                     | EP Visokogradnja Plc.                                      |
| 4.   | Energoprojekt Uganda Company Ltd, Kampala, Uganda          | EP Niskogradnja Plc.                                       |
| 5.   | Enlisa S.A., Lima, Peru                                    | EP Niskogradnja Plc.                                       |
| 6.   | Energoprojekt Oprema Crna Gora Ltd., Podgorica, Montenegro | EP Oprema Plc.   |
| 7.   | OOO Belgrade, Belarus                                      | EP Oprema Plc.   |
| 8.   | Energoprojekt Zambia Limited, Zambia                       | Zambia Engineering and Contracting Company Limited, Zambia |
| <b><i>Planning and Research</i></b>                            |  |  |
| 9.   | Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman      | EP Entel Plc.  |
| 10.  | Energoprojekt Entel LTD, Doha, Qatar                       | EP Entel Plc.  |
| 11.  | Energoprojekt Entel L.L.C., Abu Dhabi, UAE                 | EP Entel Plc.  |
| 12.  | Energoprojekt Entel Company, Bahrain                       | EP Entel Plc.  |
| 13.  | Enhisa S.A., Lima, Peru                                    | EP Hidroinženjering Plc.                                   |
| <b><i>Other</i></b>  |  |  |
| 14.  | Energoprojekt Energodata Montenegro Ltd., Montenegro       | EP Energodata Plc.   |
| <b><i>Affiliated Companies Abroad</i></b>                      |  |  |
| <b><i>Building Construction and Fitting</i></b>                |  |  |
| 15.  | Energoprojekt Nigeria Ltd., Lagos, Nigeria (40.00%)        | EP Oprema Plc.   |

**Domestic**

***Affiliated Local Companies***

***Other***

16. Energopet Ltd. (33.33 %)

EP Industrija Plc.

Energoprojekt Nigeria Ltd., Lagos, Nigeria is included by the equity method into primary consolidation into consolidated financial statements of the subsidiary Energoprojekt Oprema with a participation rate of 24.92%. The consolidated financial statements of Energoprojekt Holding retained percentage of participation of 40,00% due the auditor made a qualification in Energoprojekt Oprema 's consolidated financial statements regarding impossibility of verification the percentage of participation in equity of Energoprojekt Nigeria Ltd., Lagos, Nigeria due the lack of adequate documentation, which could confirm the new percentage of participation (24.92%).

### **3. BASIS FOR THE PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated financial statements of Energoprojekt Holding Plc. were prepared pursuant to the Law on Accounting ("RS Official Gazette", No. 62/2013 – hereinafter: The Law).

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

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

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

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

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

- Law on Corporate Income Tax ("RS Official Gazette" No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 - and other law, 142/2014, 91/2015 - authentic interpretation and 112/2015),
- Law on Value Added Tax ("RS Official Gazette" No. 84/2004, 86/2004 - corrigendum, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 - and other law, 142/2014, 83/2015 and 108/2016),
- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax ("RS Official Gazette" No. 99/2010, 8/2011, 13/2012, 8/2013 i 20/2014 - and other rules),
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax ("RS Official Gazette" 24/2014, 30/2015 and 101/2016),
- Rules on Method of Classification of Non-Current Assets and on Method of Calculation of Depreciation for Taxing Purposes ("RS Official Gazette" No. 116/2004 and 99/2010),
- Rules on Transfer Prices and Methods applied in compliance with the „at arms's length“ principle in determining the price of transactions among parties ("RS Official Gazette" No. 61/2013 and 8/2014) and other regulations.

Among the legal acts comprising the internal regulations of the Company, in preparation of consolidated financial statements, the Rules on Accounting and Accounting Policies of the Company, as adopted on 27/11/2015 by the Executive Board of the Company, was used. In addition to the above listed, other internal acts of the Company were used, such as, for example, the Collective Agreement of Company regulating employment in the country.

Basic accounting policies applied in preparation of these financial statements were listed in the Note no. 7.

The Law on Capital Market ("RS Official Gazette", No. 31/2011, 112/2015 and 108/2016) set down mandatory data to be included in the annual, six monthly and quarterly statements of public companies with securities listed in the regulated markets.

*It should be noted here that in certain cases, not all the relevant provisions of the IFRS or of the Interpretations thereof were taken into account in preparation of the Energoprojekt Holding Plc. consolidated financial statements. Detail explanation is provided below:*

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

- Pursuant to the Law on Accounting ("RS Official Gazette", No. 62/2013), the financial statements in the Republic of Serbia for reported period, are to be presented in the format stipulated by the Rules on the Contents and Form of the Financial Statements Forms for Companies, Cooperatives and Entrepreneurs ("RS Official Gazette", No. 95/2014 and 144/2014), which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by the Revised IAS 1 – Presentation of Financial Statements; and
- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

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

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

By the date of adoption of the consolidated financial statements, the following version of standards and amendments to standards were issued by the International Accounting Standards Board, and the following interpretation were issued by International Financial Reporting Standards' Interpretations Committee, , but have not yet been officially applied in the Republic of Serbia

- Amendments to IAS 32 - Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 27 "Separate Financial Statements" - Exemption from Consolidation of Subsidiaries under IFRS 10 (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 36 - Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (effective for the annual periods beginning on or after January 1, 2014);
- IFRIC 21 - Levies (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 19 - Employee Benefits – Defined benefit plans (effective for annual periods beginning on or after July 1, 2014).
- Amendments to various standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38), which are the result of the annual standards' improvement project, "Cycle 2010-2012", primarily through the removal of inconsistencies and clarification of text (in force for the annual periods beginning on or after July 1, 2014);
- Amendments to various standards (IFRS 1, IFRS 3, IFRS 13 and IAS 40), which are the result of the annual standard's improvement project, "Cycle 2011-2013", published by the IASB in December 2013, primarily through the removal of inconsistencies and clarification of text (effective for annual periods beginning on or after July 1, 2014),
- Amendments to IFRS 11 "Joint Arrangements" - Accounting for acquisition of participation in joint businesses (effective for annual periods beginning on or after January 1, 2016);
- IFRS 14 "Accounts regulatory prepayments" - effective for annual periods beginning on or after January 1, 2016;

- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Interpretation of the accepted methods of depreciation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Industrial plants (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 27 "Separate Financial Statements" - Equity method in separate financial statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - The sale or transfer of assets between the investor and its associates or joint ventures (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 28 "Investments in Associates and Joint Ventures" - investing companies: exception of application for consolidation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 1 "Presentation of Financial Statements" - Initiative for disclosure (effective for annual periods beginning on or after January 1, 2016);
- Amendments to various standards "Improvements IFRS" (for period from 2012 to 2014), which are the result of Project annual improvement IFRS (IFRS 5, IFRS 7, IAS 19, IAS 34) primarily through the elimination of inconsistencies and explanations of the text (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 7 "Cash Flow Statement" - request for disclosures that allow users to assess changes in liabilities arising from financing activities (effective from January 1, 2017);
- Clarifications related to IAS 12 "Income Tax" aimed in reduction of diversity in practice when it is about deferred tax assets arise from unrealized losses (effective from January 1, 2017) and
- Amendments to IFRS 12 "Disclosures of Interests in Other Entities" (effective from January 1, 2017).

*The new Standards, Interpretations and Amendments to the existing Standards that have not yet come into force*

By the date of adoption of the consolidated financial statements, the following standards, their amendments and interpretations were issued, but have not yet come into force:

- Amendments to various standards (IAS 28, IAS 40 and IFRS 2) shall take effect from January 1, 2018;
- IFRS 9 "Financial Instruments" and subsequent amendments, which replaces requirements of IAS 39 "Financial Instruments: Recognition and Measurement" relating to the classification and measurement of financial assets. Standard eliminates the existing categories of IAS 39 - Assets held to maturity, available for sale and loans and receivables. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, earlier application is permitted;

According to IFRS 9, financial assets will be classified into one of two categories at the initial recognition: at amortized cost or fair value. Financial asset will be recognized at amortized cost if the following two criteria are met: assets relate to business model based on the business model for managing the financial assets and their contractual cash flow characteristics. All other assets will be measured at fair value. Gains and losses arising from measurement of financial assets at fair

value will be recognized in the income statement, except investments in equity instruments not held for trading, where IFRS 9 permits, at initial recognition, subsequent unchangeable choice that all changes in fair value are recognized within other gains and losses in the statement of other comprehensive income. The amount that will be recognized in the statement of comprehensive income will not be able to be recognized in the income statement subsequently;

- IFRS 15 "Revenue from contracts with customers", which defines the framework for the recognition of revenue. IFRS 15 supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts", IFRIC13 "Customer Loyalty Programs", IFRIC15 "Agreements for the Construction of Real Estate" and IFRIC18 "Transfers of assets from customers" and SIC - 31 "Revenue - exchange transactions involving advertising services ". IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted;
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" - interpretation applies to foreign exchange transactions where the entity recognizes non-monetary asset or non-financial liability for the payment or receipt of advance payment, before the entity recognizes asset, expense or income, after which the non-monetary asset or liability is recognized again. The interpretation is effective on or after January 1, 2018, but early application is permitted;
- IFRS 16 "Lease" - published in January 2016, the application is for business periods beginning on or after January 1, 2019. The standards will replace current IAS 17;
- IFRS 3 "Business Combinations" - a supplement relating to clarifications when one party acquires control in a previous joint venture. The change shall enter into force for business combinations whose date of purchase is on or after the first annual reporting period beginning on or after January 1, 2019. It may be contrary to amendments to IFRS 11;
- Amendments to IFRS 4 relate to IFRS 9, applied before applying IFRS 17 that will replace IFRS 4;
- Amendments to IFRS 7 relate to IFRS 9;
- Clarification of IFRS 11 relating to transactions in which an entity obtains joint control at or after the commencement of the first annual reporting period beginning on or after January 1, 2019. This may be in conflict with IFRS 3;
- IFRS 17 replaces IFRS 4 - application to Financial Statements beginning January 1, 2021. Early application is conditioned by adoption of IFRS 9 and IFRS 15; and
- IFRIC 23 - interpretation relating to IAS 12. Interpretation shall enter into force on or after January 1, 2019, but an earlier application is permitted.

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

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

Preparation of consolidated financial statements in compliance with IAS and IFRS requires that the management perform assessments, provide judgements and assumptions that are reflected on the reported amounts of assets, liabilities, income and expenses. The goal of this approach by management is to reach that achieved results do not differ significantly from the estimated ones (Note 7.1).

## **5. CONSOLIDATION**

Consolidated financial statements are financial statements of the group, presented as financial statements of unique economic entity.

Consolidated financial statements are composed by applying unified accounting policies for similar transactions and events, in similar circumstances. In case that a group member, consisting of a parent company together with its subsidiaries, for similar transactions and events in similar circumstances, applies accounting policies different from those adopted in consolidated financial statements, the appropriate corrections of those financial statements (according to provisions of rules on Accounting and Accounting Policies of the Company) are made at consolidated financial statements composing.

### **5.1. Subsidiary Companies**

*The Subsidiary Company* means a company controlled by the Company (parent company).

Parent company controls the company where it has made investments if it fulfils all following requirements only:

- the power over the company with his investments (meaning present capability to direct relevant activities, ie. activities reflecting significantly at yield of the company with its investments);
- exposure, meaning the right to yield variability based on its share in the company with its investments, and
- capability of using its own power over the company with its investment to influence the yield level for investor.

The consolidated method used for subsidiaries, according to IFRS 10 - Consolidated Financial Statements, is full consolidation. Intra group balances and intra group transactions are eliminated in full in the consolidation process. Equity investments without controlling rights are presented separately.

### **5.2. Affiliated Companies**

*Affiliated Company* is a company over which the Group exerts significant influence, but not control, or holds between 20% to 50% ownership or voting power.

The applied method of consolidation for affiliated companies, according to IAS 28 - Investment in Associates and Joint Ventures, is 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**

The Joint Venture arrangement is an arrangement where two or more parties have the joint control. The joint control exists only if the relevant activities decisions require unanimous decision of sides sharing the joint control.

Depending on rights and liabilities defined in arrangement, the joint arrangement could be:

- the joint business, or
- the joint venture.

*The Joint Business* means the joint arrangement where parties sharing the joint control over the arrangement (participating together in business activities), have the right to property and responsibility for obligations related to the arrangement. Participants in joint business recognize:

- their own property, including their share in jointly owned property;
- their own obligations, including their share in obligations accepted;
- their own income from selling of own share in results deriving from joint business activities;
- their own part of income from selling joint business activity results, and
- their own costs, including their share in joint business activity costs.

The joint business accounting in separated and consolidated financial statements is made according to IFRS applicable for related property, liability, profit or loss.

*Joint Venture* is a joint arrangement where parties sharing the joint control over the arrangement (participating together in joint venture), have the right to net-assets of the arrangement, meaning that the financial structure, and not the parties in joint venture, has the right to property and responsibility for obligations accepted through the arrangement.

The joint venture sharing in consolidated financial statements is treated by the equity method, according to IAS 28, meanwhile in separated financial statements is treated by cost value, according to IAS 27.

The joint venture parties sharing the arrangement, but not having any control over it, in their respected separated and consolidated financial statements treat their joint business activities and joint ventures according to relevant provisions of IFRS 11.

An overview of subsidiary, affiliated and joint venture companies, which, together with the parent Company, comprise the Group for consolidation of the System Energoprojekt, is presented in Note 2.

## **6. ACCOUNTING PRINCIPLES**

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

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

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

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

**The Prudence Principle** means, applying a certain level of caution when preparing financial statements of the Company, so that the property and revenues are not overstated and obligations and expenses are not understated. The Prudence Principle, however, should not imply conscious, unrealistic decrease in revenues and capital of the Company or conscious, unrealistic increase of expenses and liabilities of the Company. Namely, The Framework for Preparation and Presentation of Financial Statements clearly states that the Prudence Principle should not result in the forming of substantial hidden reserves, deliberate reduction of property of revenues, or deliberate exaggeration of liabilities or expenses causing the financial statements to become impartial and therefore unreliable.

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

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

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

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

## **7. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES**

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

Significant accounting policies applied to consolidated financial statements of the Energoprojekt Holding Plc. that are subject of these Notes and presented in the following text, are primarily based on the Rules on Accounting and Accounting Policies of the Company. If certain accounting aspects are not clearly defined in the Rules, the applied accounting policies are based on the current legislation.

As for the general data, we are hereby noting that in compliance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, the RSD is the **functional and presentation reporting currency** in consolidated financial statements of the Energoprojekt Holding Plc.

In preparation of consolidated financial statements of Energoprojekt Holding Plc., relevant provisions IAS 10 – Events after the Reporting period were considered. They refer to events that occur between the balance sheet date and the date when the financial statements were authorized for issue. More precisely, **for effects of the event that provide evidence on circumstances at the balance sheet date**, already recognized amounts in financial statements of the Company were corrected in order to mirror corrected events after the balance sheet date; and **for effects of the event that provide evidence on circumstances after the balance sheet date**, no adjustments of recognized amounts were applied, and if there were any, these Notes will disclose the nature of events and the valuation of their financial effects, or, if impossible to evaluate the financial effects thereof, it is disclosed that such estimate cannot be made.

### **7.1. Valuation**

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

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

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

### **7.2. Effects of Foreign Exchange Rates**

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

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

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

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

**Official Middle Exchange Rates of the National Bank of Serbia**

| <i>Currency</i> | 31/12/2017           | 31/12/2016 |
|-----------------|----------------------|------------|
|                 | <i>Amount in RSD</i> |            |
| EUR 1           | 118.4727             | 123.4723   |
| USD 1           | 99.1155              | 117.1353   |
| GBP 1           | 133.4302             | 143.8065   |

Applied average FX rates for the Income Statement items in 2017 and 2016 were as follows:

| <i>Currency</i> | 31/12/2017           | 31/12/2016 |
|-----------------|----------------------|------------|
|                 | <i>Amount in RSD</i> |            |
| EUR 1           | 121.3367             | 123.1179   |
| USD 1           | 107.4987             | 111.2903   |
| GBP 1           | 138.3782             | 150.5377   |

### **7.3. Income**

**Incomes** in accordance with IAS 18 - Revenues, comprise income from economic benefits in the respective period that lead to the increase in capital, other than the increase that relate to investments from existing equity holders, and are measured according to the fair value of received or claimed benefits.

Incomes include: operating revenues, financial revenues, other revenues (including also revenues from the property value adjustment), and net profit from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous years.

Among the **operating incomes**, the most important are the sales revenues from the sales of goods, products and services, and as other revenues the following may appear: income from the own use of products, services and merchandize, increase of finished goods, work in progress and services in progress (if there were any reductions in the finished goods, work in progress and services in progress, during the year, the total operating revenues shall be reduced by the amount of such reduction), income from premiums, subventions, donations, etc.; and other operating income.

For the purpose of financial reporting, within the operating revenues in Income Statement no income from the own use of products, services and merchandize and income from the change in value of products, services and merchandize (increases, ie. decreases in the value of inventories of unfinished and finished products and unfinished services), and instead operating expenses are corrected by such amounts in the Income Statement.

Income from the sales of merchandize is recognized when the following conditions are met cumulatively:

- The company has transferred to the buyer significant risks and benefits from the ownership of the product and goods;
- The company does not keep the share in management of the product sold and merchandize that is usually related to ownership, nor does it keep the control over products and goods sold;
- The amount of income cannot be measured in a reliable manner;
- Economic benefit for the Company related to such transaction is probable, and
- Costs incurred or cost that will be incurred in such transactions can be measured in a reliable manner.

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

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

Incomes from dividends are recognized when the right to receive the dividend is established.

Within **other income** (that additionally include income from value adjustments of other assets disclosed at fair value through Income Statement), in addition to other income, gains are presented that may, but do not have to result from the usual activities of the Company. Gains are increases in economic benefits of the Company and as such, by their nature, are not different from other revenues. For example, gains include gains from the sales of property, plant and equipment; at greater value from accounting one at the moment of sale.

Within **income from the disposal of discontinuing operations, effects from change in accounting policy and correction of prior periods errors and transfer of income**, income according to the names of account of this groups are presented and the transfer of total income at the end of the period, which are, for the purposes of financial reporting, presented as net effect, after the decrease for the relevant expenses.

#### **7.4. Expenses**

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

Expenses include operating expenses, financial expenses, other expenses (including expenses from value adjustments of other property assets disclosed at fair value through Income Statement) and net losses from from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year.

**Operating expenses** include: cost price of goods sold, material cost, employee expenses and benefits, production service cost, intangible expenses, depreciation expenses and provisions expenses, etc.

For the purposes of financial reporting, operating expenses are corrected in the Income Statement for the amount of income from the own use of products and merchandize and income from the depreciation of inventories of products (increase, ie. decrease of inventories of intermediate and finished products and services in progress).

**Financial expenses** include financial expenses arising from the related legal entities, gains arising on the translation of foreign currency, interest-related expenses and other financial expenses.

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

Within **losses from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year and transfer of expenses**, expenses according to the names of accounts comprising this group are presented and the transfer of total expenses at the end of accounting period, which are for the purposes of financial reporting presented in net effect, after offsetting against relevant income.

## **7.5. Interest and Other Borrowing Costs**

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

## **7.6. Income Tax**

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

- The current tax, and
- The deferred tax.

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

*The deferred tax* includes:

- Deferred tax assets or
- Deferred tax liabilities.

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

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

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

**Deductible temporary difference** arises in cases where an expense has already been recorded in Company books, on certain bases, which, from the taxation aspect, is to be recognized in the following periods. Some typical examples of cases where the deductible temporary differences arise include the following: tax value of assets that are subject to depreciation exceeds the accounting value thereof; from the taxation aspect, certain provisions are not recognized (IAS 19, issued guarantees and other sureties), impairment of assets (merchandise, materials, etc.) and impairment of investment immovable property; from the taxation aspect expenses for unpaid public revenues that do not depend on business performance and losses occurring when securities are measured at fair value and effect is presented through the Income Statement.

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

The amount of deferred tax assets is determined by applying the prescribed (or notified) income tax rate on Company income on the amount of deductible temporary difference that is determined as at the Balance Sheet date.

If at the end of previous year, the temporary difference was deductible, on the basis of which the deferred tax assets were recognized, and at the end of current year, on the basis of the same assets, the temporary difference is taxable, the previously established deferred tax assets are released in their entirety, and at the same time the deferred tax liabilities are recognized in the amount determined as at the Balance Sheet date.

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

A deferred tax asset based on **unused tax credit** for investments in fixed assets is recognized only up to the amount for which a taxable income in the tax balance will be realized in future periods or calculated income tax for the reduction of which the unused tax credit may be used, only until this type of tax credit may be used in the legally prescribed manner.

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

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

**Taxable temporary difference** arises in cases where a certain expense is recognized from the taxation aspect, while from the accounting aspect it will be recognized in the Company books in the following periods.

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

Deductible temporary difference occurs if the accounting value is greater than its tax base.

The amount of deferred tax liability is determined by applying the prescribed (or expected) tax rate on the Company profit on the amount of taxable temporary difference that is determined as at the Balance Sheet date.

On each Balance Sheet date, the deferred tax liabilities are reduced to the amount determined based on temporary difference as at that date. If at the end of the previous year the temporary difference was taxable, on the basis of which the deferred tax liabilities were recognized, and at the end of the current year, based on the same assets, the temporary difference is deductible, the previously established deferred tax liabilities are released in their entirety, and at the same time the deferred tax assets of the Company are recognized in the amount determined as at the Balance Sheet date.

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

## **7.7. Intangible Assets**

**Intangible assets** are assets without identifiable physical substance, such as: software, licenses, concession, copyrights, investment in other properties, trademarks, etc.

The property fulfils criteria to be identified if: it is detachable or it can be detached from the Company and sold, transferred, licensed, rented or traded, separately or with a related contract, property or liability; or that derives from contractual and other legal rights, regardless if these rights are transferable or separable from the Company or other rights or obligations.

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

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

If one of the requirements is not fulfilled, expenses on the basis of intangible investments are recognized as debit to expenses in the period in which the expenses incurred.

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

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

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

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

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

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

## **7.8. Property, Plant and Equipment**

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

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

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

**Initial measuring of property, plant and equipment is performed at purchase cost (purchase price)**, which includes: the purchase price and all the related costs of acquisition, that is, all the directly attributable costs of bringing the assets to the condition of functional readiness.

With the aim to perform subsequent measuring of property, plant and equipment, these are grouped in the following categories:

- a) Land;
- b) Facilities;
- c) Plants and equipment, and
- d) Other.

**Subsequent measuring of the category “Buildings”** is performed according to the fair value, which imply the market value, or the most probable value that can realistically be achieved in the market, at the

Balance Sheet date. The fair value is to be determined by appraisal, which is to be performed by appraiser expert, based on the evidence collected on the market. Where there is no evidence of the fair value on the market, due to the specific nature of facilities and due to the fact that such items are only rarely sold, except as a part of continuous business operation, it may be necessary that the Company performs an assessment of the fair value by using the income approach or the approach of depreciated costs of replacement. Any change in the fair value of facilities is to be recognized in principle in the total equity, within the revaluation reserve position.

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

**Measuring of subsequent expenses for property, plant and equipment** is performed when:

- It is a case of the investments that extend the useful life of the use of such asset;
- It increases the capacity;
- It improves the asset, whereby the quality of product is improved, or
- It reduces the production costs compared with the costs prior to such investment.

The costs of servicing, technical maintenance, minor repairs and other, do not increase the value of an asset, but comprise the expense for the period.

**Investments in other person's property, plant and equipment** are presented and recognized in a special account, if it is probable that the Company will make the future economic benefits related to such asset. Amortization of investment in other person's property, plant and equipment is performed on the basis of the estimated useful life of such assets, which may be equal or shorter than the validity period of the lease agreement.

## **7.9. Lease**

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

In case of a **financial lease** (lease whereby all the risks and benefits related to ownership of the assets are essentially transferred, and upon expiry of the lease period, the property right may, but does not necessarily need to, be transferred), in compliance with the provisions of the IAS 17 - Leases, the lessee performs the **initial measurement** by recognizing the lease as an asset and liability in their Balance Sheet, according to the amounts of its fair value at the beginning of the lease, or according to the present value of the minimum payments for the lease, whichever is lower. The *fair value* is the amount for which the lease can be exchanged between knowledgeable, willing parties in an at arm's length transaction.

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

All initial direct expenses borne by the lessee are added to the amount that was recognized as the asset.

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

In case of **business (operational) lease** (the lease whereby all the risks and benefits related to the ownership of the assets are not essentially transferred), the lease payments are recognized as expense, and in general at the linear basis during the lease period.

#### **7.10. Amortisation of Intangibles assets, Property, Plant and Equipment**

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

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

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

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

The residual value of intangible assets is always presumed to be zero, except in the following cases:

- When there is an obligation of a third party to purchase intangible asset at the end of its useful life, or
- When there is an active market for the intangible asset, with the presumption that such market will exist at the end of the useful lifetime of the asset as well, when the residual value may be determined by referring to such market.

The residual value and the remaining useful lifetime of the asset are examined at the end of each financial year by the competent valuers. In case that the new valuations are different from the previous valuations, the change is treated by changing the accounting assessment and it is recognized in the books on the basis of IAS 8 – Accounting Policies, Changes in Accounting Policies and Errors.

The residual value may be increased as the result of a valuation for an individual asset to the amount that is equal to the book value of such asset or larger than such value. In that case, the depreciation cost will, during the remaining useful lifetime of such asset, be zero, unless, as the result of subsequent valuations, the residual value is reduced to the amount that is lower than the book value.

Amortization of assets is performed by the **linear write-off** (proportional method), and the **calculation of amortisation starts** from the beginning of the following month from the moment when the asset becomes available for use, i.e. employment, or when it is at the location and ready-for-use as intended by the Company.

Amortization of intangible assets is conditional on the assessment of whether the useful lifetime is unlimited or limited. Intangible assets are not subject to amortization if it is estimated that the useful lifetime is unlimited, that is, if, based on the analysis of all the relevant factors, the end of the period when it is expected that the intangible asset will cease to generate incoming net cash flows for the Company cannot be foreseen.

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

For an assets acquired by means of financial lease, amortization is calculated in the same manner as for other assets, except when it is not known whether the Company will acquire the ownership right on such asset, when the assets is amortized in its entirety in a shorter period than the lease period or the useful lifetime.

Calculation of amortization ceases when the asset is derecognized (ceases to be recognized as an asset) and when it is reclassified as a non-current asset held for sale or within discontinuing operations. Thus, amortization is calculated even when the asset is not used, that is, even when the asset is not being used actively, if such asset is not reclassified as a non-current asset held for sale or within the discontinuing operations.

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

Assets that are, in accordance with the IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations, classified as assets held for sale, as at the balance sheet date are presented as working capital and are assessed at the lower value of the accounting value and fair value reduced by the costs of sale.

### **7.11. Impairment of Intangibles Assets, Property, Plant and Equipment**

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

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

**Recoverable amount** is the higher amount of:

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

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

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

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

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

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

#### **7.12. Investment Property**

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

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

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

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

Subsequent expenditure related to an already recognized investment property is attributed to the expressed amount of the investment property if it can be recognized as an asset, if it is likely that future economic benefits related to that expenditure will flow to the Company and if the purchase price (cost) of that expenditure can be measured reliably. In the opposite case, the subsequent expenditure is presented as an operating expense in the period in which it was incurred.

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

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

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

Investment property is not recognized as such any more upon the disposal thereof or if it is not in use any more and no future benefits are expected from the disposal thereof. Profits or losses from decommissioning or disposal of investment property are recognized in Income Statement in the year in which the asset was disposed of or decommissioned.

### **7.13. Inventories**

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

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

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

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

**The purchase price** (cost) includes all:

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

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

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

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

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

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

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

#### **7.14. Non-Current Assets Held for Sale**

The Company recognizes and presents a non-current asset (or available group of assets) as an **asset held for sale** in compliance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations if its accounting value can primarily be recovered by means of a sales transaction and not by means of its further use. To fulfil this requirement:

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

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

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

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

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

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

Non-current assets held for sale are not depreciated.

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

#### **7.15. Financial Instruments**

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

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

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

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

- Financial assets at fair value through the profit and loss account;
- Held-to-maturity financial assets (investments);
- Loans (credits) and receivables, and
- Financial assets available for sale.

**Financial assets or liabilities at fair value through profit and loss** include financial assets and liabilities the changes in fair value of which are recorded as revenues or expenses in the balance sheet.

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

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

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

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

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

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

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

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

On the occasion of the **initial measurement** of a financial instrument, the Company performs the measurement at fair value through the balance sheet increased, in case that the financial instrument has not been marked for measurement at fair value with changes of fair value through the Income Statement, by the transaction costs that are directly attributable to the acquisition thereof.

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

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

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

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

## **7.16. Cash and Cash Equivalents**

The most liquid forms of financial assets of the Company are **cash and cash equivalents**, valued at nominal or fair value. Cash and cash equivalents consist of: securities, petty cash in RSD and in foreign currencies, deposits in accounts in RSD and foreign currencies with banks, allocated monetary assets for letters of credit opened in the country, letters of credit in foreign currencies, short-term high liquidity investments with short maturity period which may be transferred into cash that are not under the influence of significant risk of value changes, monetary assets the use of which is limited or value decreased, etc.

Criteria according to which the Company assets are classified within cash and cash equivalents are specified in the relevant provisions of IAS 7 – Statement of Cash Flows, according to which:

- Cash includes cash and demand deposits, and

- Cash equivalents and short-term, highly liquid investments, that can be quickly turned into known cash amount and that are not under the influence of significant risk of value changes, which implies investments with short maturity term (of three months or shorter).

### **7.17. Short-Term Receivables**

**Short term receivables** comprise receivables from the sale of products, goods and services to related parties and other legal and physical entities in the country and abroad, as well as the receivables on other bases (receivables for interest and dividend, receivables from employees, receivables from state authorities and organizations, receivables from overpaid taxes and contributions, etc.), expected to be realized within 12 months from the balance sheet date.

*Short term trade receivables* from the sale are measured by the cost stated in the issued invoice, and subsequently at invoice value reduced by the correction of value based on uncollectible receivables. If the cost on the invoice is stated in the foreign currency, translation to the functional currency is done by applying the average exchange rate ruling on the date of transaction. Changes in exchange rate from the date of transaction to the collection date are presented as gains and losses from exchange posted in favour of revenues or against expenses. Receivables stated in the foreign currency as at the balance sheet date are translated by the ruling average exchange rate and gains and losses arose are booked as revenue or expense for that period.

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

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

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

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

*Indirect write-off* of receivables for which the Company is debited is performed on the value adjustment account. The decision on indirect write-off (value adjustment) of receivables on the value adjustment account, upon proposal by the Committee for Inventory of Liabilities and Receivables within the regular inventory, or upon proposal of the expert services in the course of the year, is made by the authorized Company body.

*Direct write-off* of receivables is performed based on the assessment of Company management if there is almost no probability of recovery (in cases where the receivables are outdated, debtors are bankrupt, etc.). The decision on direct write-off of receivables, after consideration and upon proposal by the Committee for Inventory of liabilities and receivables within the regular inventory, or upon proposal by the expert services in the course of the year, is adopted by the authorized Company body.

The indirect and direct write-off of receivables is applied only based on relevant circumstances and the balances as at the balance sheet date, i.e. during the year.

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

### **7.18. Financial Investments**

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

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

As for other assets that are presented as short-term assets, Company securities the realization (collection) of which is expected within the period of one year from the balance sheet date are also presented within the short-term financial investments. Thus, for example, securities that are classified as securities held to maturity are presented as short-term financial investments – the portion thereof that will mature within the period of one year.

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

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

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

### **7.19. Liabilities**

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

In the **valuation of liabilities** pursuant to the Framework for the preparation and presentation of financial statements, the liability is stated in the balance sheet:

- If there is a probability that an outflow of resources with economic benefits will result in the settlement of present liabilities, and
- If settlement amount may be reliably measured.

In addition to that, the *prudence principle* may be applied. This means applying caution in the valuation to prevent overstatement of the property and revenues and understatement of liabilities and expenses. The prudence principle should not result in forming of substantial hidden reserves (for example, as a result of deliberate overstatement of liabilities or expenses), the financial statements to become impartial and therefore unreliable.

Liabilities include: long-term liabilities (liabilities to related parties; long-term loans and credits in the country and abroad, liabilities for long-term securities, liabilities for long-term financial lease and other long-term liabilities); short-term liabilities (short-term credits and loans related parties, short-term credits and loans in the country and abroad, part of the long-term credits and loans as well as other short-term financial liabilities), short-term liabilities from operations (suppliers and other liabilities from operations) and other short-term liabilities.

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

For liabilities presented in a foreign currency, as well as for the liabilities with foreign currency clause, translation in functional currency is performed at the middle exchange rate on the transaction date. The change in exchange rate until the settlement date is presented as positive (negative) differences in exchange rate. Liabilities in a foreign currency are calculated on the balance sheet date by using the exchange rate valid as at the balance sheet date, and any differences in exchange rates are recognized as income or expenses of that period.

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

## **7.20. Provisions, Contingent Liabilities and Contingent Assets**

A provision, according to IAS 37 - Provisions, Contingent Liability and Contingent Assets, means a liability of uncertain due date or amount.

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

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

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

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

Provisions may be made on various bases, and specifically, these may include: 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, provisions for lawsuits and for other purposes.

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

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

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

**Contingent liability** is:

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

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

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

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

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

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

## **7.21. Employee Benefits**

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

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

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

In the valuation of liabilities upon employment termination and pursuant to respective IAS 19 provisions, the discount rate is determined according to the market yield at the balance sheet date for high yield corporate bonds. Alternatively, also specified in IAS 19, until a developed market for corporate bonds in the Republic of Serbia is established, market yields for government bonds will be used for the (for discount rate of) valuation of liabilities of the Company upon employment termination (at the balance sheet date). The value date and deadline for corporate or government bonds should be in accordance with the value date and deadline for obligations related to the income after employment termination. If the Company, for the valuation of obligations upon employment termination and due to undeveloped market for government bonds, uses the government bond yield as reference with maturity date shorter than the estimated maturity of payments based on respective income, the discount rate is defined by valuating the reference securities yield for longer periods.

**Retirement bonus** is paid by the Company to employees in compliance with the newly amended provisions of the Collective Agreement, adjusted with legislation (at the level of two average gross earnings in Republic of Serbia, pursuant to the ultimate data published by national institution in charge for statistics).

## **7.22. Information on Business Segments**

A business segment is a part of assets and business operations that provide products or services that are subject to risks and benefits different from those present in some other business segments.

The geographical segment provides products or services within a specific economic environment that are subject to risks and benefits different from the segments operating in some other economic environments.

## 8. ERRORS FROM PREVIOUS PERIOD, MATERIAL ERRORS AND CORRECTION OF OPENING BALANCE

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

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

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

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

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

**The materiality of an error** is valued pursuant to provisions of the Framework for the preparation and presentation of financial reports that state that materiality may imply that omission or false accounting entries may affect economic decisions of users adopted based on financial statements. Materially significant errors are valued pursuant to relevant provisions from the Framework for the preparation and presentation of financial statements.

Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1.5% of the total income in the previous year**.

## 9. FINANCIAL RISKS

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

From the Company's point of view, there are a large number of potential risks that may more or less have adverse effects on the Company's business. Certain (specific) risks are determined by internal factors, such as: *concentration risk*, which, in the Company's case, may be manifested as exposure to any one or

a small group of buyers or suppliers; *operational risk*, that means the possibility of adverse effect due to unintentional or deliberate omissions by employees, inappropriate internal procedures and processes, inadequate information system management in the Company, etc.; *reputational risk*, that means a possibility that the Company's market position deteriorates due to the loss of trust or bad reputation (public institutions, suppliers, buyers, etc.) of the Company; *legal risk*, that means a possibility of adverse effects due to penalties and sanctions that derive from lawsuits due to the failure to fulfil contractual or legal obligations; etc.

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

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

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

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

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

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

### **9.1. Credit Risk**

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

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

The Company has substantial concentrations of credit risk in collection from certain buyers with long lending periods due to poor liquidity. However, since that, as a rule, the company has been operating with these customers for many years, the fear of bad debt is small.

## **9.2. Market Risk**

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

The market risk includes three risk types:

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

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

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

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

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

## **9.3. Liquidity Risk**

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

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

## **10. INFORMATION OF BUSINESS SEGMENTS**

System Energoprojekt, locally as well as abroad, was on December 31, 2016, organized in main business segments as follows:

- Planning and Research;
- Construction and Fitting, and
- Other.

Business and geographical segments of system Energoprojekt are presented in tables below, at the balance sheet date.

## Business segments

|   | Design and research |           | Construction and fitting |            | Other      |            | Total      |            | Eliminations |             | Consolidated |            |
|---|---------------------|-----------|--------------------------|------------|------------|------------|------------|------------|--------------|-------------|--------------|------------|
|   | 2017                | 2016      | 2017                     | 2016       | 2017       | 2016       | 2017       | 2016       | 2017         | 2016        | 2017         | 2016       |
| Income from sales   | 7.313.787           | 7.287.605 | 26.204.678               | 25.555.289 | 1.305.954  | 1.372.108  | 34.824.419 | 34.215.002 | (2.115.941)  | (2.161.294) | 32.708.478   | 32.053.708 |
| <b>SEGMENT RESULT</b>   |                     |           |                          |            |            |            |            |            |              |             |              |            |
| <b>Operating profit/loss</b>  | 609.406             | 433.481   | 835.087                  | 181.938    | 64.339     | 86.165     | 1.508.832  | 701.584    | (5.080)      | (1.755)     | 1.503.752    | 699.829    |
| Interest income (third party)   | 22.759              | 13.829    | 70.498                   | 142.491    | 28.403     | 22.490     | 121.660    | 178.810    |              |             | 121.660      | 178.810    |
| Interest expenses (third party)   | 6.206               | 10.010    | 331.818                  | 371.234    | 38.658     | 30.739     | 376.682    | 411.983    |              |             | 376.682      | 411.983    |
| Profit/loss from regular operations before tax  | 687.577             | 737.608   | 591.373                  | 706.685    | 469.184    | 365.549    | 1.748.134  | 1.809.842  | (523.301)    | (435.165)   | 1.224.833    | 1.374.677  |
| Net profit/loss from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year | 3.164               | 3.749     | (18.568)                 | (93.467)   | (168)      | 991        | (15.572)   | (88.727)   | 8.764        | 2.805       | (6.808)      | (85.922)   |
| Income tax  | 37.920              | 32.418    | 159.108                  | 86.287     | 9.174      | 30.803     | 206.202    | 149.508    |              |             | 206.202      | 149.508    |
| <b>Net profit/loss</b>  | 652.821             | 708.939   | 413.697                  | 526.931    | 459.842    | 335.737    | 1.526.360  | 1.571.607  | (514.537)    | (432.360)   | 1.011.823    | 1.139.247  |
| <b>Total assets</b>   | 8.868.283           | 9.324.888 | 27.401.854               | 32.554.432 | 13.541.690 | 13.297.349 | 49.811.827 | 55.176.669 | (7.798.506)  | (8.171.443) | 42.013.321   | 47.005.226 |
| <b>Total liabilities</b>  | 8.868.283           | 9.324.888 | 27.401.854               | 32.554.432 | 13.541.690 | 13.297.349 | 49.811.827 | 55.176.669 | (7.798.506)  | (8.171.443) | 42.013.321   | 47.005.226 |
| Depreciation  | 93.403              | 94.617    | 670.306                  | 616.077    | 61.786     | 56.168     | 825.495    | 766.862    |              | 2.711       | 825.495      | 769.573    |

## Geographical segments

|   | Serbia     |            | Commonwealth of Independent States (CIS) |           | Europe  |         | Africa    |           | Asia      |           | America   |           | TOTAL      |            |
|---|------------|------------|--|-----------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|
|   | 2017       | 2016       | 2017                                     | 2016      | 2017    | 2016    | 2017      | 2016      | 2017      | 2016      | 2017      | 2016      | 2017       | 2016       |
| <b>Income from sales</b>  | 13.776.964 | 13.007.407 | 5.366.069                                | 4.955.404 | 162.429 | 212.609 | 5.834.207 | 6.186.706 | 5.604.005 | 5.928.776 | 1.964.804 | 1.762.806 | 32.708.478 | 32.053.708 |
| Income from the sales of goods to other affiliated companies in the international market (Energo Nigeria Ltd., Lagos, Nigeria)                      |            |            |  |           |         |         | 273       | 1.539     |           |           |           |           | 273        | 1.539      |
| Income from the sales of goods - external   | 68.267     | 103.211    | 376.446                                  | 1.291     | 951     | 2.646   | 36.090    | 5.390     |           | 60        | 102.450   | 82.485    | 584.204    | 195.083    |
| <b>Income from the sales of goods</b>   | 68.267     | 103.211    | 376.446                                  | 1.291     | 951     | 2.646   | 36.363    | 6.929     |           | 60        | 102.450   | 82.485    | 584.477    | 196.622    |
| Income from the sales of products and services to other affiliated companies (Energopet d.o.o., Enjub d.o.o. i Energo Nigeria Ltd., Lagos, Nigeria) | 2.107      |            |  |           |         |         | 1.082.106 | 254.939   |           |           |           |           | 1.084.213  | 254.939    |
| Income from the sales of products and services - external   | 13.706.590 | 12.904.196 | 4.989.623                                | 4.954.113 | 161.478 | 209.963 | 4.715.738 | 5.924.838 | 5.604.005 | 5.928.716 | 1.862.354 | 1.680.321 | 31.039.788 | 31.602.147 |
| <b>Income from the sales of products and services</b>   | 13.708.697 | 12.904.196 | 4.989.623                                | 4.954.113 | 161.478 | 209.963 | 5.797.844 | 6.179.777 | 5.604.005 | 5.928.716 | 1.862.354 | 1.680.321 | 32.124.001 | 31.857.086 |

## INCOME STATEMENT

### 11. OPERATING INCOME

#### 11.1. Income from Sale of Merchandise

| Structure of income from the sales of goods                           | In RSD thousand        |                        |
|---|------------------------|------------------------|
|   | 01.01.- 31.12.<br>2017 | 01.01.- 31.12.<br>2016 |
| Income from sale of goods to other related companies - foreign market | 273                    | 1,539                  |
| Income from sale of goods on local market                             | 68,267                 | 103,211                |
| Income from sale of goods on foreign market                           | 515,937                | 91,872                 |
| <b>TOTAL</b>  | <b>584,477</b>         | <b>196,622</b>         |

- **Income from sale of goods to other related companies on foreign market** in the amount of RSD 273 thousand relates to the Encom GmbH Consulting, Engineering & Trading, Germany, were generated from sale of goods to affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

- **Income from sale of goods on local market in the amount** of RSD 68,267 thousand, relate mostly to the following companies of the system Energoprojekt:

- Energoprojekt Energodata in the amount of RSD 29,432 thousand, based on the sale of licenses, ATMs, hardware equipment, etc.;

- Energoprojekt Niskogradnja in the amount of RSD 22,031 thousand based on the sales to subcontractors on projects "Lajkovac-Ljig": RSD 21,876 thousand and "Tunel Sarani": RSD 155 thousand. Stocks, consisting primarily of fuel and spare parts required for unobstructed performance of works, were supplied (sold) to subcontractors with the aim to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor (Note 12);

- Energoplast in the amount of RSD 13,491 thousand from the sale of plastic closures (imported from abroad) and held for resale; and

- Energoprojekt Visokogradnja in the amount of RSD 3,313 thousand mainly based on the sale of waste material (iron).

Referring to the last year comparative period, in 2017, the decrease by RSD 34,944 thousand of sale of goods on local market is related, mostly to Energoprojekt Niskogradnja, in the amount of RSD 34,274 thousand due to the project "Lajkovac-Ljig": RSD 17,188 thousand (which is in the works phase led to decrease in subcontracting works participation in total works), as well as due to the completion of works, primarily on the projects "Tunel Sarani": RSD 12,155 thousand, "Highway Beograd - Novi Sad": RSD 3,426 thousand.

- **Income from sale of goods on foreign market in** the amount of RSD 515,937 thousand are related, predominantly, to Energo Kaz Ltd., Kazakhstan in the amount of RSD 376,318 thousand based on goods sold to subcontractor on the project Z-103 Talan Towers, Astana, Kazakhstan and to Energoprojekt

Niskogradnja, in the amount of RSD 138,540 thousand, based on material selling (mainly, fuel) and spare parts required for unobstructed performance of works, supplied to subcontractors for projects in Peru and Uganda, with the aim to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor.

Referring to the last year comparative period, in 2017, the increase by RSD 424,065 thousand of sales of goods on foreign market is predominantly related, to Energo Kaz Ltd, Kazakhstan in the amount of RSD 375,027 thousand from goods sold to subcontractor on the project Z- 103 Talan Towers, Astana, Kazakhstan.

## 11.2. Income from Sale of Products and Services

| Structure of income from the sales of products and services                     | In RSD thousand        |                        |
|---|------------------------|------------------------|
|   | 01.01.- 31.12.<br>2017 | 01.01.- 31.12.<br>2016 |
| Income from sale of products and services to other related companies - domestic | 2,107                  |                        |
| Income from sale of products and services to other related companies - foreign  | 1,082,106              | 254,939                |
| Income from sale of products and services on local market                       | 13,706,590             | 12,904,196             |
| Income from sale of products and services on foreign market                     | 17,333,198             | 18,697,951             |
| <b>TOTAL</b>  | <b>32,124,001</b>      | <b>31,857,086</b>      |

- **Income from sale of products and services to other related companies - domestic** in the amount of RSD 2,107 thousand entirely related to Energoprojekt Industrija based on the sale of services (preparation of project documentation - consulting services and professional supervision services) to the affiliated company Energo Pet Ltd.
- **Income from sale of products and services to other related companies on foreign market** in the amount of RSD 1,082,106 thousand derived from products and services to the affiliated company of Energo Nigeria Ltd., Lagos, Nigeria, dominantly within Energoprojekt Oprema, in the amount of RSD 1,080,142 thousand. Increase of related income comparing to the last year, in the amount of RSD 827,167 thousand, came as result of, mainly, increase within Energoprojekt Oprema, in the amount of 825,874 thousand;
- **Income from sale of products and services on local market** in the amount of RSD 13,706,590 thousand, are related, mostly, to the following companies within system Energoprojekt:
  - Energoprojekt Niskogradnja, in the amount of RSD 6,609,359 thousand, mainly for project Lajkovac-Ljig: RSD 6,080,388 thousand and the project Kolubara Phase II: RSD 371,272 thousand;
  - Energoprojekt Visokogradnja in the amount of RSD 3,191,913 thousand, primarily for projects Belgrade Waterfront: RSD 2,855,934 thousand and Banca Intesa - reconstruction and renovation of commercial buildings: RSD 44,196 thousand and for sale of finished products (real estate) in Car Nikolaja street in Belgrade: RSD 149,069 thousand; and

- Energoprojekt Oprema, in the amount of RSD 2,308,305 thousand, dominantly for the projects Power line Pancevo - Rumunska border: RSD 1,584,521 thousand and Kolubara Landfill: RSD 683,655 thousand.

Referring to last year comparative period, the increase of income from sales of products and services on local market in 2017, in the amount of RSD 802,394 thousand, resulted primarily, on the one hand, from increase in Energoprojekt Visokogradnja by RSD 1,390,523 thousand (dominantly from increase of income on the project Belgrade Waterfront) and in Energoprojekt Opremi by RSD 786,382 thousand (predominantly from the increase of revenues in the project Kolubara Landfill and Power line Pančevo Rumunska border and, on the other hand, reduction due to the completion of works on the project Prokop), and, on the other hand, primarily decrease in Energoprojekt Niskogradnja by RSD 1,635,387 thousand (dominantly due to the completion of projects Tunel Šarani, Vranjska Banja - Ristovac, Koridor X and Pančevo Railroad).

• **Income from sale of products and services on foreign market** in the amount of RSD 17,333,198 thousand, related, mostly, to the following companies of system Energoprojekt:

- Energoprojekt Visokogradnja, in the amount of RSD 6,261,357 thousand, based on works realized for investors, mainly in company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 1,864,867 thousand (on the project Ecobanka, Akra, etc.), as well as in Russia and Kazakhstan, on projects: Z-103 Talan Towers, Astana, Kazakhstan: RSD 2,941,670 thousand, Z-085 Business Building Ukhta, Russia: RSD 1,316,758 thousand, Z-104 Underground garage Petergof, Sivtivkar: RSD 77,821 thousand, Z-105 Residential facility Tokio Sivtivkar: RSD 59,947 thousand and other;

- Energoprojekt Entel in the amount of RSD 5,613,920 thousand derived from companies of the System abroad: Energoprojekt Entel LTD, Doha, Qatar: RSD 2,986,428 thousand, (dominantly on projects performed for Qatar General Electricity & Water Corporation "Kahramaa": RSD 2,274,333 thousand), Energoconsult LLC, Abu UAE Dhabi: RSD 1,846,358 thousand (primarily on the project preformed for Federal Electricity & Wather Authority Fewa: RSD 857,070 thousand) and EP Entel LLC Muscat, Sultanate of Oman: RSD 723.396 thousand (primarily on projects performed for Oman Electricity Transmission Company "OETC": RSD 446,200 thousand);

- Energoprojekt Niskogradnja, in the amount of RSD 4,247,274 thousand, on projects in Uganda: RSD 2,404,009 thousand (primarily Z-027 Mpigi Kanoni, Uganda: RSD 1,673,800 thousand) and in Peru: RSD 1,843,265 thousand (primarily Z-034 Road Puerto Bermudez, Peru: RSD 1,518,586 thousand);

- Energoprojekt Hidroinženjering, in the amount of RSD 486,308 thousand, primarily on projects in Algeria: RSD 340,264 thousand and in Montenegro: RSD 61,722 thousand; and

- Energoprojekt Oprema in the amount of RSD 485,293 thousand predominantly on the Project Energocentar Minsk, Belarus in the amount of direct costs of purchasing equipment in 2017.

Referring to the last year comparative period, decrease of income from sale of products and services on foreign market in 2017, in the amount of RSD 1,364,753 thousand came as result of, mainly, decrease recorded within Energoprojekt Oprema of RSD 826,818 thousand (dominantly on the project Energocentar Minsk, Belarus: RSD 823,879 thousand) and within Energoprojekt Visokogradnja in the amount of RSD 424,184 thousand dinars (due to, on the one hand, completion of the Z-096 Forte Bank, Astana, Kazakhstan: RSD 2,781,749 thousand - completion date June 30, 2016 and decrease in income incurred in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 1,167,021 thousand on projects Ecobank, Accra and Cargo Center, Accra and, on the other hand, the increase in projects Z-103 Talan

Towers, Astana, Kazakhstan: RSD 2,548,546 thousand and Z-085 Business facility Uhta, Russia: RSD 993,356 thousand), while the increase in the mentioned income was registered, dominantly in Energoprojekt Niskogradnja in the amount of RSD 302,789 thousand based on increased realization in Peru: RSD 186,955 thousand, dominantly on the project Z-034 Road Puerto Bermudez, Peru and on the basis of the new project Z-038 Leveling of the river bed Chira, Peru, and in Uganda: RSD 115,834 thousand dominantly on the project Z-027 Mpigi Kanoni, Uganda and Z-037 Entebbe Airport, Uganda, Phase II).

### 11.3. Other Operating Income

| Structure of other operating income   | In RSD thousand        |                        |
|---|------------------------|------------------------|
|   | 01.01.- 31.12.<br>2017 | 01.01.- 31.12.<br>2016 |
| Income from premiums, subventions, subsidies, donations, etc.                           |                        |                        |
| Other operating income:   |                        |                        |
| a) Rent from other legal entities in the country  | 30,191                 | 20,599                 |
| b) Rent from other legal entities abroad  | 90,429                 | 89,658                 |
| c) Other operating income from parent companies, subsidiaries and other related parties |                        |                        |
| d) Other operating income   | 160,458                | 92,562                 |
| <i>Total</i>  | <i>281,078</i>         | <i>202,819</i>         |
| <b>GRAND TOTAL</b>  | <b>281,078</b>         | <b>202,819</b>         |

- **Rental income from other legal entities in the country** in the amount of RSD 30,191 thousand was primarily generated in the following companies of the system Energoprojekt:

- Energoprojekt Garant in the amount of RSD 10,820 thousand based on the rental of office space in the Bulevar Zoran Djindjic and YU business center in New Belgrade;

- Energoprojekt Visokogradnja in the amount of RSD 7,449 thousand, primarily based on the rental of facility in Ub and facility in Preradoviceva Street in Belgrade;

- Energoprojekt Energodata in the amount of RSD 5,302 thousand primarily based on the rental of business facility in Palmir Toljatij Street in New Belgrade;

- **Income from the rent from other legal entities abroad** in the amount of RSD 90,429 thousand was predominantly generated by the following companies of the system Energoprojekt:

- Dom 12 S.A.L., Lebanon in the amount of RSD 30,565 thousand, based on the rent of the office building in Moscow;

- Zambia Engineering and Contracting Company Limited, Zambia in the amount of RSD 23,412 thousand, based on the rent of a number of properties in Zambia;

- Energoprojekt Niskogradnja in the amount of RSD 14,656 thousand, based on the rent of a part of the office building Cruz del Sur in Lima, Peru and of the machinery in Peru: RSD 8,596 thousand and machinery in Peru: RSD 6.060 thousand; and

- I.N.E.C. Engineering Company Limited, United Kingdom in the amount of RSD 6,935 thousand, based on the rent of office building in London.

• **Other operating income** in the amount of RSD 160,458 thousand was primarily generated in the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 121,255 thousand, primarily in Energoprojekt Ghana Ltd., Akra, Ghana: RSD 114,829 thousand, while the remaining amount relates to re-invoiced costs by various reasons;

- Energoprojekt Garant in the amount of RSD 23,019 thousand primarily relate to the income from the share in reinsurance and reinsurance in damage compensation: RSD 15,082 thousand, income from commission arising from premiums transferred to co-insurance and reinsurance in the amount of RSD 7,628 thousand;

- Energoprojekt Hidroinženjering in the amount of RSD 13,063 thousand on the basis of re-invoiced costs on the project Poechos in Peru; and

- Energoprojekt Niskogradnja in the amount of RSD 1,699 thousand, primarily, on the basis of re-invoiced costs of insurance of works: RSD 1,573 thousand.

Referring to the last year comparative period, increase of other operating income in 2017, in the amount of RSD 67,896 thousand came as result of, mainly, net effect of increase recorded in Energoprojekt Visokogradnja in the amount of RSD 94,966 thousand (predominantly in Energoprojekt Ghana Ltd., Akra, Ghana: RSD 92,569 thousand) and a decrease recorded in Energoprojekt Garant in the amount of RSD 27,019 thousand (primarily income from the share in coinsurance and reinsurance in damage compensation).

## 12. COST PRICE OF GOODS SOLD

| Structure of cost price of goods sold   | In RSD thousand        |                        |
|---|------------------------|------------------------|
|   | 01.01.- 31.12.<br>2017 | 01.01.- 31.12.<br>2016 |
| Cost price value of goods sold:   |                        |                        |
| a) Cost price of goods sold to parent company, subsidiaries and other related parties | 263                    | 1,438                  |
| b) Cost price of goods sold on local market   | 78,223                 | 106,441                |
| c) Cost price of goods sold on foreign market   | 473,903                | 82,638                 |
| <b>TOTAL</b>  | <b>552,389</b>         | <b>190,517</b>         |

• **Cost price of goods sold to the related companies** in the amount of RSD 263 thousand, was recorded within Encom GmbH Consulting, Engineering & Trading, Germany, based on goods purchased for affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

• **Cost price of goods sold on local market** in the amount of RSD 78,223 thousand primarily is related to the following companies of the system Energoprojekt:

- Energoprojekt Energodata in the amount of RSD 31,359 thousand, for purchasing of ATM, software, hardware and graphic design type of goods;

- Energoprojekt Niskogradnja in the amount of RSD 21,987 thousand, for purchase of inventory and spare parts, with the aim to provide the subcontractor with the inventories necessary to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor mainly on project Lajkovac-Ljig;

- Energoplast in the amount of RSD 21,169 thousand, for purchasing of finished lock-patent delivered for further sales.

Referring to the last year comparative period, decrease of cost price of goods sold on local market in 2017, in the amount of RSD 28,218 thousand, came as net result of, primarily, decrease recorded in Energoprojekt Niskogradnja in the amount of RSD 34,004 thousand and increase recorded in Energoprojekt Energodata in the amount of RSD 9,153 thousand.

• **Cost price of goods sold on foreign market** in the amount of RSD 473,903 thousand dominantly related to Energo Kaz Ltd., Kazakhstan, in the amount of RSD 358,256 thousand for procurement of goods for subcontractor on the project Z-103 Talan Towers, Astana, Kazakhstan and to Energoprojekt Niskogradnja, in the amount of RSD 115,412 thousand (for inventory costs (mostly fuel) and spare parts sold as per agreements to subcontractors for projects in Peru: RSD 91,533 thousand and Uganda: RSD 23,879 thousand, in performance of works).

Referring to the last year comparative period, increase of cost price of goods sold on foreign market in 2017, in the amount of RSD 391,265 thousand, dominantly came as result of, increase recorded in Energo Kaz Ltd., Kazakhstan in the amount of RSD 357,272 thousand based on procurement of goods for the subcontractor on the project Z-103 Talan Towers, Astana, Kazakhstan.

### 13. INCREASE/DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS

| Increase/decrease in inventories of intermediate and finished goods and services in progress | <i>In RSD thousand</i>     |                            |
|--|----------------------------|----------------------------|
|  | <i>01.01.- 31.12. 2017</i> | <i>01.01.- 31.12. 2016</i> |
| Income from use of own products and merchandise  | 189,307                    | 129,198                    |
| Increase in inventories of intermediate and finished goods and services in progress          | 776,261                    | 1,110,639                  |
| Decrease in inventories of intermediate and finished goods and services in progress          | 180,401                    | 564,934                    |
| <b>TOTAL</b>   | <b>785,167</b>             | <b>674,903</b>             |

• **Income from use of own products and merchandise** in the amount of RSD 189,307 thousand relate to Energoprojekt Visokogradnja in the amount of RSD 104,585 thousand, predominantly in Energoprojekt Ghana Ltd., Akra, Ghana: RSD 104,528 thousand based on use of the facility for the accommodation of workers in Ghana and to Energoprojekt Niskogradnju in the amount of RSD 84,722 thousand on the basis of mechanization overhaul: (in the country: RSD 5,333 thousand and abroad: RSD 79,389 thousand on projects Z-034 Road Puerto Bermudez, Peru and Z-027 Mpigi Kanoni, Uganda.

- In the reporting period, the **increase in inventories of intermediate and finished goods and services in progress** amounting to RSD 776,261 thousand predominantly relate to Energoprojekt Sunnyville in the amount of RSD 748,028 thousand, based on the increase of value in inventories of intermediate production of commercial and residence complex construction Sunnyville Belgrade.

Referring to the last year comparative period, decrease of the balance item in 2017, by RSD 334,378 thousand mainly relate to Energoprojekt Niskogradnja in the amount of RSD 146,296 thousand (based on production of crashed stone and sand for concrete production for projects in Peru) and to Energoprojekt Visokogradnja in the amount of RSD 123,031 thousand (mainly from completion of work on the construction of real estates in Cara Nikolaja Street in Belgrade in 2016, in the amount of RSD 122,063 thousand).

- **Decrease in inventories of the intermediate and finished goods and services in progress** in the amount of RSD 180,401 thousand relates, mainly, to Energoprojekt Visokogradnja in the amount of RSD 168,319 thousand, based on sold finished products (property) in Cara Nikolaja Street in Belgrade: RSD 153,212 thousand, in Bežanijska Kosa: RSD 7,872 thousand and sold parking place in Block 12 in New Belgrade in the amount of RSD 177 thousand. Within finished goods in Cara Nikolaja Street in Belgrade, the impairment of inventories of finished goods in the amount of RSD 3,309 thousand was disclosed, adjusting the cost of net sales value which is lower than the cost of facility.

Referring to the last year comparative period, drop in decrease in inventories of the intermediate and finished goods and services in progress in 2017, by RSD 384,533 thousand mainly relate to Energoprojekt Visokogradnja, primarily, based on decrease of selling of finished goods (property) in Cara Nikolaja Street in Belgrade by RSD 339,558 thousand.

#### 14. MATERIAL COSTS AND FUEL AND ENERGY COSTS

| Structure of material cost and fuel and energy costs | <i>In RSD thousand</i>         |                                |
|--|--------------------------------|--------------------------------|
|  | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Material costs:                                      |                                |                                |
| a) Costs of materials used in production             | 6,581,398                      | 5,914,471                      |
| b) Costs of other materials (overheads)              | 278,257                        | 298,180                        |
| c) Costs of spare parts                              | 238,205                        | 282,315                        |
| d) Costs of one-off write-off of tools and inventory | 118,075                        | 133,215                        |
| <i>Total</i>   | <i>7,215,935</i>               | <i>6,628,181</i>               |
| Fuels and energy costs:                              |                                |                                |
| a) Fuel costs  | 913,481                        | 848,286                        |
| b) Costs of electrical energy and heating            | 209,759                        | 209,837                        |
| <i>Total</i>   | <i>1,123,240</i>               | <i>1,058,123</i>               |
| <b>TOTAL</b>   | <b>8,339,175</b>               | <b>7,686,304</b>               |

- **Cost of materials used in production** in the amount of RSD 6,581,398 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja, in the amount of RSD 2,322,426 thousand, out of which costs incurred in Projects realized abroad: Z-103 Talan Towers, Astana, Kazakhstan (RSD 791,842 thousand) and Z-085 Uhta Russia (RSD 443,438 thousand) and others, as well as within Energoprojekt Ghana Ltd., Accra, Ghana (RSD 357,875 thousand), meanwhile the most significant part of costs locally are related to project Belgrade Waterfront: (RSD 422,988 thousand);

- Energoprojekt Oprema, in the amount of RSD 2,484,337 thousand, out of which costs incurred in projects in the country amount RSD 1,443,214 thousand (mostly on project Power line Pančevo Rumunska border: RSD 916,816 thousand, Belgrade Waterfront: RSD 290,532 thousand and Kolubara Landfill: RSD 213,730 thousand), meanwhile RSD 1,041,123 thousand related on abroad (on the project Energocentar Minsk, Belarus: RSD 440,896 thousand and other projects in Nigeria and Ruanda: RSD 600,227 thousand), and

- Energoprojekt Niskogradnja, in the amount of RSD 1,492,249 thousand, out of which costs incurred in Projects realized abroad (in Peru and Uganda) amount to RSD 313,120 thousand, meanwhile the projects in the country amount to RSD 1,179,129 thousand.

Referring to the last year comparative period, increase in cost of materials used in production in 2017, by RSD 666,927 thousand mainly relate to Energoprojekt Oprema, primarily, on projects Power line Pančevo Rumunska border and Belgrade Waterfront.

- The largest shares in **costs of other materials (overhead)** amounting to RSD 278,257 thousand are those of Energoprojekt Niskogradnja, in the amount of RSD 191,672 thousand (abroad: RSD 184,057 thousand, in the country: RSD 7,615 thousand), Energoprojekt Entel, in the amount of RSD 39,436 thousand and Energoprojekt Visokogradnja in the amount of RSD 16,090 thousand.

- **Costs of spare parts** in the amount of RSD 238,205 thousand relate, dominantly, to Energoprojekt Niskogradnja in the amount of RSD 214,997 thousand (abroad: RSD 184,357 thousand, in the country: RSD 30,640 thousand).

- **Costs of one-off write-off of tools and inventory** in the amount of RSD 118,075 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 88,019 thousand and Energoprojekt Visokogradnja in the amount of RSD 23,036 thousand.

- The largest share in **fuel and energy costs** amounting to RSD 1,123,240 thousand are those of Energoprojekt Niskogradnja in the amount of RSD 807,816 thousand, which were predominantly incurred abroad, of Energoprojekt Visokogradnja in the amount of RSD 122,926 thousand and Energoprojekt Entel in the amount of RSD 97,535 thousand.

## 15. EMPLOYEE EXPENSES AND BENEFITS

| Structure of employee expenses and benefits                                       | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Expenses of wages and fringe benefits (gross)                                     | 7,358,756                      | 7,871,664                      |
| Taxes and contributions on wages and contributions on wages payable by employer   | 709,537                        | 740,939                        |
| Service agreements contributions  | 13,699                         | 12,814                         |
| Copyright agreements contributions  | 25,843                         | 22,387                         |
| Costs of contributions for contract fees for temporary and periodical engagement  | 162,216                        | 112,510                        |
| Considerations to physical persons based on other agreements                      | 44,899                         | 49,153                         |
| Considerations to General Manager and/or Management and Supervisory Board members | 32,397                         | 33,130                         |
| Other personnel expenses and fringe benefits                                      | 720,690                        | 731,143                        |
| <b>TOTAL</b>  | <b>9,068,037</b>               | <b>9,573,740</b>               |

- **Expenses of wages and fringe benefits (gross) as well as taxes and contributions on wages and contributions on wages payable by employer** amounting to RSD 8,068,293 thousand relate primarily to Energoprojekt Entel in the amount of RSD 3,397,760 thousand, Energoprojekt Visokogradnja in the amount of RSD 1,603,513 thousand, Energoprojekt Niskogradnja in the amount of RSD 1,506,338 thousand and Energoprojekt Oprema in the amount of RSD 449,096 thousand.

- **Costs of contributions for contract fees for temporary and periodical engagement** amounting to RSD 162,216 thousand were predominantly incurred in Energoprojekt Niskogradnja in the amount of RSD 92,823 thousand (in the country: RSD 4,134 thousand, abroad: RSD 88,689 thousand) and are the result of Company's periodical needs for workforce with adequate qualifications for realization of projects (in construction sites) in compliance with the agreed schedules and types of works and in Energoprojekt Oprema of RSD 43,187 thousand (primarily on the project Belgrade Waterfront).

- **Other personnel expenses and fringe benefits** amounting to RSD 720,690 thousand predominantly relate to Energoprojekt Visokogradnja in the amount of RSD 294,124 thousand abroad: RSD 246,367 thousand based on catering on the site of works, transportation and other personnel related costs in the projects realized abroad (RSD 212,494 thousand) and in Energoprojekt Ghana Ltd., Accra, Ghana of RSD 33,873 while in the country: RSD 47,757 thousand - redundancy costs: RSD 15,382 thousand).

Other personnel expenses include the costs of business trips, costs for transportation to and from site of works, solidarity fund allowances, scholarship allowances and other compensations. In addition to Energoprojekt Visokogradnja, a significant share in other personnel expenses was incurred in Energoprojekt Niskogradnja amounting to RSD 198,412 thousand (in the country: RSD 116,738 thousand and abroad: RSD 81,674 thousand), Energoprojekt Entel in the amount of RSD 63,860 thousand, Energoprojekt Oprema in the amount of RSD 51,554 thousand and Energoprojekt Hidroinženjering in the amount of RSD 44,374 thousand.

## 16. PRODUCTION SERVICE COSTS

| Structure of costs of production services | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Production service cost                   | 9,203,729                      | 9,301,883                      |
| Transportation services' costs            | 507,086                        | 473,684                        |
| Repairs and maintenance services' costs   | 138,961                        | 202,782                        |
| Rental costs                              | 1,186,381                      | 1,009,226                      |
| Trade fairs' costs                        | 14,223                         | 8,090                          |
| Advertising costs                         | 20,763                         | 27,512                         |
| Research costs                            | 4,336                          | 4,831                          |
| Costs of other services                   | 212,191                        | 194,407                        |
| <b>TOTAL</b>                              | <b>11,287,670</b>              | <b>11,222,415</b>              |

• **Production service costs** in the amount of RSD 9,203,729 thousand are predominantly related to the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 3,857,651 thousand comprise of the costs of associates and subcontractors incurred within projects in the country in the amount of RSD 1,749,221 thousand and abroad, in the amount of RSD 2,108,430 thousand (mainly, in Energoprojekt Ghana Ltd., Accra, GHana: RSD 923,958 thousand and on projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 910,658 thousand and Z-085 Business facility Uhta, Russia: RSD 186,748 thousand), which increased compared to last year period, for RSD 1,314,350 thousand (predominantly as increase recorded on projects Z-103 Talan Towers, Astana and Z-085 Business facility Uhta, Russia);

- Energoprojekt Niskogradnja in the amount of RSD 3,703,402 thousand for the costs based on subcontracting agreements in the country amounting to RSD 3,329,400 thousand (mainly on projects: Lajkovac - Ljig and Kolubara Phase II) and abroad (in Uganda and Peru) amounting to RSD 374,002 thousand. Significant hiring of subcontractors for projects' realization was due to the specific nature of works required and/or mechanization for the realization of the said projects. Decreased production service costs in 2017, referring to last year comparative period, in the amount of RSD 1,425,949 thousand, mostly came as a result of decreased realization of projects in the country where subcontractors were hired for certain agreement positions (completed works in 2016 on Tunel Šarani and Koridor X projects);

- Energoprojekt Oprema in the amount of RSD 1,172,367 thousand comprise of the subcontractors' costs and consortium partners' costs in a number of projects primarily in the country in the amount of RSD 1,143,048 thousand (primarily, Power line Pancevo – Rumunska border: RSD 563,783 thousand, Kolubara Landfill: RSD 429,327 thousand and Belgrade Waterfront: RSD 132,588 thousand) and abroad in the amount of RSD 29,319 thousand (primarily on the project GE Emerald Calabar, Nigeria: RSD 28,210 thousand), which increased for RSD 12,886 thousand comparing to the last year period.

- **Transportation services' costs** comprise of the transportation services' costs in the country and abroad, landline telephone bills, mobile phone bills, etc. These costs amount to RSD 507,086 thousand and relate predominantly to Energoprojekt Entel in the amount of RSD 250,815 thousand, Energoprojekt Visokogradnja in the amount of RSD 116,117 thousand, Energoprojekt Niskogradnja in the amount of RSD 63,390 thousand and Energoprojekt Oprema in the amount of RSD 51,567 thousand.
- **Repair and maintenance services' costs** amounting to RSD 138,961 thousand were incurred primarily in Energoprojekt Niskogradnja in the amount of RSD 59,085 thousand, in Energoprojekt Entel in the amount of RSD 23,607 thousand and in Energoprojekt Visokogradnja in the amount of RSD 17,007 thousand. These costs were predominantly incurred for regular equipment maintenance.
- **Rental costs** amount to RSD 1,186,381 thousand and are predominantly related to the following Companies of the system Energoprojekt:
  - Energoprojekt Niskogradnja in the amount of RSD 725,364 thousand, comprising of the rental costs of equipment, sites, business, residential and warehousing facilities abroad amounting to RSD 704,483 thousand (in Peru and Uganda) and in the country in the amount of RSD 20,881 thousand where the rent of large machinery for the Projects realized in Serbia and Peru are dominantly, representing the result of inability to meet needs of available equipment (defined by dynamics of works) at the several projects simultaneously. Increase in costs in comparison to the same period of previous year in the amount of RSD 224,267 thousand, mainly refers to increase in cost of renting large machinery on the new project in Peru Z-038 Levelling of the river Chira, Peru, which was not realized in the previous year;
  - Energoprojekt Entel in the amount of RSD 340,899 thousand, recorded primarily for the rent of apartments and office premises in the Companies of this Group abroad (Qatar dominantly);
  - Energoprojekt Visokogradnja in the amount of RSD 97,772 thousand are predominantly related to the rental costs of apartments and machinery abroad, amounting to RSD 71,425 thousand (predominantly in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 35,359 thousand and on Projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 14,698 thousand and Z-085 Business facility Uhta, Russia: RSD 12,268 thousand), while in the country amount to RSD 24,789 thousand (predominantly rent of equipment on the project Belgrade Waterfront); and
  - Energoprojekt Oprema in the amount of RSD 14,596 thousand are predominantly related to the rental costs of apartments, office spaces and equipment (heavy booms and cranes).
- **Trade fairs' costs** in the amount of RSD 14,223 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 13,617 thousand (participation at the World Energy Fair VETEX held in Dubai).
- **Advertising costs** amounting to RSD 20,763 thousand relate predominantly to Energoprojekt Holding in the amount of RSD 10,575 thousand (based on the sponsorship expenses, advertising costs on billboards, media presentations, etc.), to Energoprojekt Entel in the amount of RSD 4,658 thousand (based on promotional costs, advertising, brochure and catalogue production, market researching, etc.) and Energoprojekt Sunnyville in the amount of RSD 3,432 thousand (cost of advertising apartments sales through billboards, magazines and websites).

- **Costs of other services** in the amount of RSD 212,191 thousand were primarily incurred in the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 69,788 thousand primarily based on cost of utility services on the project Z-103 Talan Towers, Astana, Kazakhstan in the amount of RSD 43,295 thousand, costs of personal protection at work, registration of vehicles, photocopying costs, etc.;

- Energoprojekt Niskogradnja in the amount of RSD 42,179 thousand, primarily performed in the country, based on the construction sites' security costs, geotechnical elaboration costs, utility services' costs, costs of licenses, legalization costs, cost of exploration works additionally carried out, personal protection at work, registration of vehicles, etc.; and

- Energoprojekt Energodata in the amount of RSD 35,114 thousand, primarily based on the costs incurred for ATM maintenance, graphic design and hardware services.

## 17. DEPRECIATION EXPENSES AND PROVISION EXPENSES

| Structure of depreciation expenses and provision expenses    | <i>In RSD thousand</i>         |                                |
|--|--------------------------------|--------------------------------|
|  | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Depreciation expenses:                                       |                                |                                |
| a) Depreciation of intangible assets (Note 25)               | 18,226                         | 19,434                         |
| b) Depreciation of property, plant and equipment (Note 26)   | 811,560                        | 750,139                        |
| <i>Total</i>   | <i>829,786</i>                 | <i>769,573</i>                 |
| Provisions expenses  |                                |                                |
| a) Warranty period provisions' expenses                      | 283,538                        | 216,453                        |
| b) Provisions for contributions and other personnel benefits | 54,949                         | 62,396                         |
| c) Other long-term provisions                                | 500,741                        | 18,404                         |
| <i>Total</i>   | <i>839,228</i>                 | <i>297,253</i>                 |
| <b>TOTAL</b>   | <b><i>1,669,014</i></b>        | <b><i>1,066,826</i></b>        |

- Depreciation expenses for the reporting period were calculated based on the assessments of residual value and remaining useful life of property and equipment with significant booking value as at December 31, 2017.

Effects of the change in the accounting valuation impact the change in **amortisation expenses** for 2017, and thus, consequently, the change in the booking value of assets as at December 31, 2017.

- **Warranty period provisions' expenses** amount to RSD 283,538 thousand (Note 38).

The management of companies within Energoprojekt appraises provision expenses for future guarantees based on information of applications from previous periods, as well as based on recent trends which could announce that information on previous expenses could differ from those from future demands. Final amount of liability to be paid could differ from the one defined before, depending on future circumstances.

Pursuant to the above mentioned, the fund reservation for warranty period provisions' expenses in the related period was performed in following companies of the Energoprojekt:

- Energoprojekt Entel in the amount of RSD 225,069 thousand within the company abroad Energoprojekt Entel LTD, Doha, Qata in the amount of RSD 171,756 thousand on the projects Phasa 11: RSD 88,840 thousand, Phasa 12: RSD 59,226 thousand and Mega Reservoirs: RSD 23,690 thousand (executing for Qatar General Electricity and Water Corporation KAHRAMAA) and in the country, in the amount of RSD 53,313 thousand on the Activities of Construction Manager (FIDIC Engineer) for the construction of a new block of Kostolac B3 thermal power plant: RSD 35,442 thousand and Vinca - Preparation of project documentation: RSD 17,771 thousand. Reservation for provision expenses calculation was performed as precaution, presuming that the agreed payment, with all modifications and date of payment prolongation, will not be respected;

- Energoprojekt Visokogradnja in the amount of RSD 45,509 thousand, relate to calculated expenses on projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 33,318 thousand and Sunnyville: RSD 12,191 thousand; and

- Energoprojekt Oprema in the amount of RSD 12,960 thousand for the project Power line Pancevo – Rumunska border to the amount of warranty costs to be paid during the warranty period. The usual practice is that the Company provides guarantee on its products for a period of 1-5 years depending on the project.

• **Provisions for contributions and other personnel benefits** in the amount of RSD 54,949 thousand relate, mostly, to Energoprojekt Entel, in the amount of RSD 49,270 thousand which are carried out with the company Energoprojekt Entel LTD, Qatar: RSD 32,795 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 14,922 thousand in accordance with local regulations, while the respective provisions in the country amount to RSD 1,553 thousand.

In 2017, the companies within Energoprojekt recorded provisions for contribution and other personnel benefits according to actuarial calculation of the expert team from Energoprojekt (Note 38).

• **Other provisions** in the amount of RSD 500,741 thousand relate to:

- provision cost arose from estimation of possible amount of overstated accrual item in the financial statements of the Energoprojekt Oprema for the project Energocenter Minsk, Belarus, made in accordance with the decision of the Supervisory Board of Energoprojekt Holding in the amount of RSD 496,125 thousand (USD 5,006 thousand). In this regards, the increase in aforementioned balance sheet item was done in relation to the respective period of the previous year; and

- Energoprojekt Garant in the amount of RSD 4,616 thousand due to increase of other technical reserves in the amount of RSD 4,592 thousand and provisions for financing activities for prevention of various risks in the amount of RSD 24 thousand.

## 18. INTANGIBLE EXPENSES

| Structure of intangible expenses | <i>In RSD thousand</i>         |                                |
|----------------------------------|--------------------------------|--------------------------------|
|                                  | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Intangible expenses              | 809,378                        | 1,070,395                      |
| Expense account                  | 56,567                         | 84,634                         |
| Insurance premiums expenses      | 166,215                        | 176,868                        |
| Payment operations' expenses     | 339,628                        | 376,256                        |
| Membership fee expenses          | 18,472                         | 11,119                         |
| Tax duties                       | 281,147                        | 599,749                        |
| Contribution expenses            | 2,786                          | 3,095                          |
| Other non-operating expenses     | 180,910                        | 169,683                        |
| <b>TOTAL</b>                     | <b>1,855,103</b>               | <b>2,491,799</b>               |

- **Intangible expenses** in the amount of RSD 809,378 thousand (which include the attorney fees, consulting and intellectual services, audit costs, professional training and education of employees, broker services, Belgrade Stock Exchange services, cleaning services, health services, security services of construction site and other costs) consist primarily of the costs of Energoprojekt Entel amounting to RSD 434,241 thousand (in the country: RSD 10,401 thousand and abroad: RSD 423,840 thousand primarily within the company Energoprojekt Entel LTD, Doha, Qatar: RSD 378,470 thousand), of Energoprojekt Visokogradnju in the amount of RSD 169,369 thousand (in the country: RSD 14,427 thousand and abroad: RSD 154,942 thousand, primarily on projects Z-085 Business Facility Uhta, Russia: RSD 104,687 thousand and in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 21,100 thousand) and of Energoprojekt Niskogradnju in the amount of RSD 106,507 thousand (in the country: RSD 14,352 thousand and abroad: RSD 92,155 thousand).

Referring to the last year comparative period, decrease in intangible expenses in 2017 in the amount of RSD 261,017 thousand, mostly relates to Energoprojekt Sunnyvile - acquiring construction land costs and contributions for the construction of building land included in the cost of the building under construction: residential and business complex Sunnyville, in 2016.

- **Insurance premium expenses** amounting to RSD 166,215 thousand were incurred based on the insurance of works, property and persons, primarily in the Energoprojekt Niskogradnja in the amount of RSD 72,707 thousand, in Energoprojekt Entel in the amount of RSD 66,664 thousand, in Energoprojekt Visokogradnja in the amount of RSD 12,192 thousand and in Energoprojekt Hidroinženjering in the amount of RSD 9,905 thousand.

- **Payment operation expenses** in the amount of RSD 339,628 thousand predominantly relate to the following companies of Energoprojekt:

- Energoprojekt Niskogradnja amounting to RSD 103,766 thousand (most of which pertain to the bank fee costs for guarantees provided in the country: RSD 45,825 thousand and abroad: RSD 57,941 thousand);

- Energoprojekt Visokogradnja amounting to RSD 75,850 thousand, in the country: RSD 20,217 thousand and abroad: RSD 55,633 thousand, mainly on projects Z-103 Talan Towers Astan Kazakhstan: RSD 37,370 thousand, as well as to Energoprojekt Ghana Ltd., Accra, Ghana: RSD 11,579 thousand;
- Energoprojekt Entel amounting RSD 71,560 thousand, predominantly, based on bank fees for guarantees providing expenses, in the amount of RSD 65,585 thousand and cost of payment transactions: RSD 5,975 thousand (dominantly within Energoprojekt Entel LTD, Qatar: RSD 52,473 thousand) and;
- Energoprojekt Oprema amounting RSD 54,756 thousand, in the country: RSD 16,418 thousand and abroad: RSD 38,338 thousand, mainly for project Energocentar Minsk, Belarus: RSD 36,074 thousand, of which the costs of bank fees for issued guarantees relating RSD 26,721 thousand,
- **Tax duties** in the amount of RSD 281,147 thousand consist of the property tax, utility duties, income tax in foreign countries according to the local regulations, etc. Tax duties are mainly related to the following companies of Energoprojekt:
  - Energoprojekt Visokogradnja in the amount of RSD 101,932 thousand, abroad: RSD 88,935 thousand (on projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 43,718 thousand, Z-085 Uhta, Russia: RSD 31,750 thousand and Z-096 Forte Bank Astana, Kazakhstan: RSD 7,862 thousand (based on calculated income tax for the year 2017) and in the country: RSD 12,997 thousand (mostly, based on property tax: RSD 11,579 thousand);
  - Energoprojekt Entel in the amount of RSD 52,958 thousand, abroad: RSD 50,165 thousand (based on calculated income tax), in the country: RSD 2,793 thousand (mostly, based on property tax: RSD 2,337 thousand);
  - Energoprojekt Niskogradnja in the amount of RSD 68,005 thousand, abroad: RSD 60,774 thousand, in the country: RSD 7,231 thousand and
  - Energoprojekt Holding in the amount of RSD 26,539 thousand, in the country, dominantly based on property tax: RSD 25,846 thousand.

Referring to the last year comparative period, decrease in tax duties in 2017 in the amount of RSD 318,602 thousand, mostly relates to Energoprojekt Visokogradnja, based on decrease in calculated income tax abroad.

- Within the **other non-operating expenses** item (administrative, court and other fees, expert professional magazines, publication of announcements and tenders, visa costs for employees working abroad, hiring of local workforce in foreign countries for international projects' realization, etc.) amounting to the total of RSD 180,910 thousand consist primarily to the costs incurred by Energoprojekt Visokogradnja in the amount of RSD 49,344 thousand, Energoprojekt Entel in the amount of RSD 49,109 thousand, Energoprojekt Oprema in the amount of RSD 20,801 thousand, Energoprojekt Holding in the amount of RSD 10,739 thousand and Energoprojekt Niskogradnja in the amount of RSD 10,710 thousand.

## 19. FINANCIAL INCOME AND FINANCIAL EXPENSE

### 19.1. Financial Income

| Structure of financial income   | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Financial income from other related companies                                   | 12,176                         | 30,073                         |
| Financial income from the profit of affiliated companies and joint ventures     | 69,557                         | 83,644                         |
| Other financial income:   |                                |                                |
| a) Income from dividends  | 66                             | 2,528                          |
| b) Other financial income   | 81,368                         | 91,188                         |
| <i>Total</i>  | <i>81,434</i>                  | <i>93,716</i>                  |
| <i>Total financial income from related companies and other financial income</i> | <i>163,167</i>                 | <i>207,433</i>                 |
| Interest income (third party)   | 121,660                        | 178,810                        |
| Exchange rate gains and positive currency clause effects (third party)          | 1,958,167                      | 1,302,715                      |
| <b>TOTAL</b>  | <b>2,242,994</b>               | <b>1,688,958</b>               |

• **Financial income from other related companies** in the amount of RSD 12,176 thousand consist of the financial income from:

- Joint Venture Company Enjub Ltd. in the amount of RSD 9,945 thousand, which were recorded, in Energoprojekt Holding based on income from interest on loan granted; and
- Affiliated Company Energo Nigeria Ltd., Lagos, Nigeria, in the amount of RSD 2,220 thousand, which were recorded in Energoprojekt Oprema as foreign exchange gains.

• **Financial income from the profit of affiliated companies and joint ventures** in the amount of RSD 69,557 thousand relate to generated net result of the reporting period of the affiliated companies Energo Nigeria Ltd., Lagos, Nigeria in the amount of RSD 12,834 thousand and Energopet Ltd. in the amount of RSD 56,723 thousand.

Affiliated companies Energo Nigeria Ltd., Lagos, Nigeria and Energopet Ltd., are included by the equity method into primary consolidation into consolidated financial statements of the subsidiary companies Energoprojekt Oprema and Energoprojekt Industrija, and consequently into consolidated financial statements of Energoprojekt Holding.

• **Interest income (third party)** in the amount of RSD 121,660 thousand are mainly related to the following companies of Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 45,431 thousand predominantly from the agreed default interest invoiced to the Investor in Uganda for unpaid receivables till defined date of payment: RSD 40,859 thousand (Project Z-027 Mpigi-Kanoni: RSD 25,626 thousand and Z-036 Kampala Streets Lot 1.2: RSD 15,233 thousand);

- Energoprojekt Entel in the amount of RSD 22,518 thousand, predominantly income from the short term deposits with commercial banks;
  - Energoprojekt Visokogradnja, in the amount of RSD 19,840 thousand, mainly incurred abroad: RSD 19,335 thousand (primarily within the company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 14,290 thousand and Z-085 Ukhta, Russia: RSD 4,897 thousand);
  - Energoprojekt Garant, in the amount of RSD 17,047 thousand, mainly from interest on coupon bonds: RSD 11,513 thousand and income from the short term deposits: RSD 4,641 thousand,
  - Energoplast in the amount of RSD 8.521 thousand, predominantly based on calculated default interest to customers; and
  - Energoprojekt Oprema, in the amount of RSD 5,222 thousand, predominantly income from the short term deposits with commercial banks.
- **Exchange rate gains and positive currency clauses effects (third party)** amounted to RSD 1,958,167 thousand dinars, while exchange rate losses and negative currency clause effects amounted to RSD 2,010,084 thousand, so that in the reporting period recorded net exchange loss and negative currency clauses effects in the amount of RSD 51,917 thousand.

From the beginning of the year until December 31, 2017, RSD was appreciated to EUR by 4.05% (in 2016: was depreciated by 1.52%) and to USD was appreciated by 15.38% (in 2016: was depreciated by 5.29%), and RSD was appreciated to RUB by 10.95% (in 2016 was depreciated by 27.69%).

## 19.2. Financial Expense

| Structure of financial expense  | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Financial expenses from transactions with other related company                   | 54,344                         | 6,647                          |
| Financial expense from the losses of affiliated companies and joint ventures      | 5,846                          |                                |
| Other financial expenditure   | 2                              | 1,207                          |
| <i>Total financial expenses from related parties and other financial expenses</i> | <i>60,192</i>                  | <i>7,854</i>                   |
| Interest expenses (third party)   | 376,682                        | 411,983                        |
| Exchange rate losses and negative currency clause effects (third party)           | 2,010,084                      | 1,227,424                      |
| <b>TOTAL</b>  | <b>2,446,958</b>               | <b>1,647,261</b>               |

- **Financial expense from transactions with other related companies** in the amount of RSD 54,344 thousand predominantly relate to affiliated company Energo Nigeria Ltd., Lagos, Nigeria, based on the negative FX differences and expenses incurred from the effects of FX clauses recorded in Energoprojekt Oprema of RSD 44,101 thousand and to Energoprojekt Hidroinzenjering: RSD 1,000 thousand, as well as to Enjub Ltd. based on expenses incurred from the effects of FX clauses recorded in Energoprojekt Holding: RSD 9,179 thousand.

- **Financial expense from the losses of affiliated companies and joint ventures** in the amount of RSD 5,846 thousand, relate to the realized net result of the reporting period of affiliated companies Enjub Ltd. in the amount of RSD 5.084 thousand (50.00%) and closed investment fund Fima See Activist Plc. in the amount of RSD 762 thousand (30.16%), which are included in the consolidated financial statements of Energoprojekt Holding by the equity method.

- **Interest expense (third party)** comprise of expenses from interest on loans and default interest incurred in debtor – creditor transactions. Interest expenses in the amount of RSD 376,682 thousand relate predominantly to the companies within system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 143,052 thousand predominantly from interest on loans taken, in the country: RSD 70,049 thousand and Energoprojekt Ghana Ltd., Accra, Ghana: RSD 65,096 thousand, while the remaind amount relates to accrued default interest; and

- Energoprojekt Niskogradnja in the amount of RSD 140,306 thousand (in the country: RSD 62,601 thousand and abroad: RSD 77,705 thousand), primarily incurred from interest on loans granted by commercial banks and interest on leasing contracts.

Decrease in interest expense (by third parties) in relation to comparative period of previous year by RSD 35,301 thousand, predominantly is the result, on the one hand, the decrease recorded in Energoprojekt Visokogradnja in the amount of RSD 121,896 thousand (predominantly as the result of expenses from default interest on the basis of lost court dispute with Belim Plc. registered in 2016) and increase due to the credit indebtedness increase of Energoprojekt Niskogradnja in the amount of RSD 41,766 thousand (primarily abroad), of Energoprojekt Oprema in the amount of RSD 25,734 thousand and of Energoprojekt Sunnyville in the amount of RSD 16,866 thousand.

## **20. INCOME AND EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT**

### **20.1. Income from Value Adjustment of other Assets Disclosed at Fair Value through Income Statement**

| <b>Structure of income from value adjustment of other assets disclosed at fair value through income statement</b> | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Income from value adjustment of long-term financial investments and securities available for sale                 | 6,986                          | 20,779                         |
| Income from value adjustment of receivables and short-term financial investments                                  | 8,494                          | 19,955                         |
| <b>TOTAL</b>  | <b>15,480</b>                  | <b>40,734</b>                  |

- **Income from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 6,986 thousand relate, mostly, to Energoprojekt Garant in the amount of RSD 6,982 thousand based on adjustment of fair value of old foreign currency savings bonds of the Republic of Serbia (certain series).

- **Income from value adjustment of receivables and short-term financial investments** in the amount of RSD 8,494 mostly relate to Energoprojekt Niskogradnja in the amount of RSD 7,106 thousand, primarily, on the basis of closing corrected receivables from partners Conalvias on the project Z-019 Cochabamba Chota, Peru in the amount of RSD 5,112 thousand and partial collection (by court) previously corrected receivable arising under a lease contract of the apartment in the building Cruz del Sur Peru in the amount of RSD 1,154 thousand.

## 20.2. Expenses from Value Adjustment of other Assets Disclosed at Fair Value through Income Statement

| Structure of expenses from value adjustment of other assets disclosed at fair value through Income Statement | <i>In RSD thousand</i>     |                            |
|--|----------------------------|----------------------------|
|  | <i>01.01.- 31.12. 2017</i> | <i>01.01.- 31.12. 2016</i> |
| Expenses from value adjustment of long-term financial investments and securities available for sale          | 16,664                     | 8,870                      |
| Expenses from value adjustment of receivables and short-term financial investments                           | 132,592                    | 69,094                     |
| <b>TOTAL</b>   | <b>149,256</b>             | <b>77,964</b>              |

- **Expenses from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 16,664 thousand relate to Energoprojekt Garant based on fair value adjustments of state coupon bonds of Republic of Serbia (certain series).

- **Expenses from value adjustment of receivables and short-term financial investments** in the amount of RSD 132,592 thousand relate mostly to the following companies of system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 78,250 thousand, mainly to adjusted receivable based on work on the project Prokop in the amount of RSD 74,922 thousand; and

- Energoprojekt Hidroinženjering in the amount of RSD 36,341 thousand based on adjustment of receivables on projects abroad, Nigeria: RSD 23,694 thousand (Zauro project) and in Algeria: RSD 12,647 thousand (projects: Groundwater: RSD 2,265 thousand and Ourkiss: RSD 10,382 thousand).

Increase of expenses from value adjustment of receivables and short-term financial investments, comparing to the last year period, in the amount of RSD 63,498 thousand, dominantly came as result of increase recorded in Energoprojekt Visokogradnja of RSD 50,185 thousand and in Energoprojekt Hidroinženjering in the amount of RSD 13,110 thousand from indirect write-off of receivables.

## 21. OTHER INCOME AND OTHER EXPENSE

### 21.1. Other Income

| Structure of other income   | In RSD thousand        |                        |
|---|------------------------|------------------------|
|   | 01.01.- 31.12.<br>2017 | 01.01.- 31.12.<br>2016 |
| Income from disposal of intangible assets, property, plant and equipment                              | 5,991                  | 15,947                 |
| Income from disposal of shares and securities   |                        |                        |
| Income from disposal of materials   | 6,042                  | 17,055                 |
| Surpluses   | 5,065                  | 5,046                  |
| Collected written-off receivables   | 166,760                | 3,050                  |
| Income from the effects of agreed risk protection that cannot be posted in other comprehensive result | 580                    | 225                    |
| Income from reduction of liabilities  | 13,212                 | 380,170                |
| Income from release of long-term and short-term provisions  | 8,376                  | 617,194                |
| Other income not posted elsewhere   | 164,316                | 84,963                 |
| Income from value adjustment of property, plant and equipment   | 15,299                 | 44,391                 |
| <b>TOTAL</b>  | <b>385,641</b>         | <b>1,168,041</b>       |

• **Income from disposal of intangibles assets, property, plant and equipment** in the amount of RSD 5,991 thousand relate mostly to the following companies of Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 2,660 thousand, mainly based on the sales of disposed PPE;
- Energoplast in the amount of RSD 1,132 thousand from the sale of cars; and
- Energoprojekt Energodata in the amount of RSD 1,032 thousand on the sales of fixed assets held for sale (ATMs).

• **Income from disposal of materials** in the amount of RSD 6,042 thousand entirely relate to the Energoprojekt Visokogradnja.

• **Surpluses** in the amount of RSD 5,065 thousand mostly relate to Energoprojekt Niskogradnja in the amount of RSD 3,977 thousand, based on the surplus stock of materials and equipment determined by the regular annual inventory count (in the country: RSD 261 thousand, abroad - Peru: RSD 3,716 thousand).

• **Collected written-off receivables** in the amount of RSD 166,760 thousand predominantly relate to the collection of written-off cash on bank accounts in bankruptcy in New York (blocked at the time of sanctions) in the amount of RSD 157,560 thousand, such as in Energoprojekt Visokogradnja: RSD 136,504 thousand, Energoprojekt Hidroinženjering: RSD 20,792 thousand and Energoprojekt Industrija: RSD 264 thousand (the growth of the balance sheet item was dominantly recorded, compared to the previous year).

- **Income from reduction of liabilities** in the amount of RSD 13,212 thousand mostly records in Energoprojekt Energodata in the amount of RSD 5,787 thousand, from write-off of liabilities due to obsolescence and in Energoprojekt Niskogradnja in the amount of RSD 3,821 thousand, from subsequently approved rebates and discounts for invoiced goods or services and from write-off of liabilities due to obsolescence.

Decrease of income from reduction of liabilities comparing to last years' comparable period, in the amount of RSD 366,958 thousand relates mostly to Energoprojekt Visokogradnja in the amount of RSD 271,274 thousand (mainly, based on write-off of VAT duty in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 145,297 thousand and the abolition of calculated liability for wage tax abroad (according to regulations that were valid until 2015): RSD 82,662 thousand, recorded in 2016) and to Energoprojekt Oprema in the amount of RSD 92,403 thousand (primarily from decrease in liabilities due to the inventory count - obsolete and lack of attempts to collect receivables in the previous periods: RSD 64,330 thousand and reduction of liabilities under the Protocol with the creditor Instalaciones Inabens: RSD 27,887 thousand).

- **Income from release of long-term and short-term provisions** in the amount of RSD 8,376 thousand relate mostly to the Energoprojekt Oprema in the amount of RSD 8,372 thousand in respect of release of provision for the project Prokop.

Decrease in income from release of long-term and short-term provisions comparing to last years' comparable period in the amount of RSD 608,818 thousand dominates Energoprojekt Holding in the amount of RSD 260,000 thousand (reversal of other long-term provisions formed on behalf of potential expenditures related to realization of the Joint Construction Contract in Block 26, Novi Beograd), Energoprojekt Entel in the amount of RSD 235,011 thousand (release of long-term provisions for expenses in warranty period in companies in Qatar and UAE) and Energoprojekt Niskogradnja in the amount of RSD 97,097 thousand (release of long-term provisions for potential obligation towards MCC, China on project Z-0163 Navigation Lock, Iraq).

- **Other income not posted elsewhere** in the amount of RSD 164,316 thousand relate mostly to the following companies of system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 95,805 thousand, mostly based on reversal of liabilities for the protested and collected guarantees from contractor Fabryka Elektrofiltrow ELWO S.A. in bankruptcy due to obsolescence, according to the decision of the Board Directors, in the amount of RSD 94,873 thousand (dominantly recorded the increase in other not posted income compared to the same period last year),

- Energoprojekt Visokogradnja in the amount of RSD 50,679 thousand, predominatly, in the country: RSD 44,232 thousand primarily based on collection by litigation from Belim Plc. in the amount of RSD 33,357 thousand; and

- Energoprojekt Niskogradnja in the amount of RSD 15,502 thousand, mostly based on compensation for damages arising from destruction of the equipment in the amount of RSD 12,376 thousand (in the country: RSD 3,260 thousand and abroad: RSD 9,116 thousand), from sale of secondary raw materials (scrap) in the country in the amount of RSD 1,793 thousand and subsequent reduction of liabilities in Uganda, to suppliers and auditor (due to a subsequently granted discount) in the amount of RSD 1,136 thousand.

- **Income from value adjustment of, property, plant and equipment** in the amount of RSD 15,299 thousand relate to Dom 12 S.A.L, Lebanon, mostly based on settlement of investment property value -

office building in Moscow – on its fair value at the balance sheet date in accordance with IAS 40, Investment Property.

## 21.2. Other Expense

| Structure of other expense   | In RSD thousand        |                        |
|--|------------------------|------------------------|
|  | 01.01.- 31.12.<br>2017 | 01.01.- 31.12.<br>2016 |
| Losses incurred from decommissioning and disposal of intangibles assets, property, plant and equipment | 20,215                 | 67,578                 |
| Losses incurred from disposal of equity investments and securities                                     |                        |                        |
| Losses incurred from the sales of materials  | 3,493                  | 1,281                  |
| Shortages  | 3,196                  | 5,135                  |
| Expenses from direct write-off of receivables  | 11,029                 | 99,075                 |
| Expenses from decommissioning of inventories   | 8,595                  | 18,468                 |
| Other expenses not otherwise mentioned   | 127,751                | 244,650                |
| Impairment of other assets   |                        |                        |
| Impairment of property, plant and equipment  | 127,519                | 42,003                 |
| Impairment of inventory of material and goods  | 12,428                 | 19,470                 |
| <b>TOTAL</b>   | <b>314,226</b>         | <b>497,660</b>         |

• **Losses from decommissioning and disposal of intangibles assets, property, plant and equipment** in the amount of RSD 20,215 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 9,217 thousand (based on disposal and sale of fixed assets, primarily in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 3,731 thousand dinars, on projects Z-085 Business facility Uhta, Russia: RSD 1,231 thousand and Z-088 Hotel Hyatt, Rostov, Russia: RSD 1,119 thousand, as well as in the country: RSD 1,558 thousand), to Energoprojekt Entel in the amount of RSD 6,207 thousand (based on the sale of cars and disposals of fixed assets, primarily in the company Energoprojekt Entel LTD, Doha, Qatar: RSD 5,008 thousand), to Energoprojekt Niskogradnja in the amount of RSD 1,232 thousand (based on disposal of fixed assets: RSD 476 thousand and expropriation and lease of land in the country for the benefit of the Republic of Serbia: RSD 756 thousand) and to Energoprojekt Energodata in the amount of RSD 1,195 thousand (based on the sale of four garage places in the business premises Stari Merkator at a price lower than the book value).

• **Expenses from direct write-off of receivables** in the amount of RSD 11,029 thousand relate, mostly, to the following companies of system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 7,341 thousand, mostly from written off receivables based on loans from Consorcio Pericos San Ignacio in the amount of RSD 3,497 thousand (it was established that due to the priority of tax deductions settlement, the consortium does not have any funds for the settlement of the debt to the partners) and write-off of bad receivable under the lease agreement in the Cruz del Sur building in Peru in the amount of RSD 2,096 thousand (based on the assessment of the lawyer on the non-repayment of receivables, since all debtors' assets have already been blocked and used in the forced collection procedure); and

- Energoprojekt Visokogradnja in the amount of RSD 2,668 thousand, based on write-off receivables from clients and receivables based on advance payment which cannot be recollect, mostly in the country: RSD 2,337 thousand.

• **Other expenses not otherwise mentioned** in the amount of RSD 127,751 thousand predominantly relate to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 49,651 thousand, primarily based on the costs of penalties and court judgments (mostly on project Z-023 Pericos, Peru: RSD 39,933 thousand);

- Energoprojekt Oprema in the amount of RSD 31,353 thousand, mostly for collecting the damage compensation, in the amount of RSD 30,966 thousand;

- Energoprojekt Entel in the amount of RSD 25,041 thousand, predominantly for humanitarian, cultural, medical purposes and donations granted; and

- Energoprojekt Hidroinzenjering in the amount of RSD 11,507 thousand, predominantly based on the penalties for delays in project preparation on the project Z-016 Tabeggart, Algeria in the amount of RSD 10,289 thousand.

Decrease of **other expenses not otherwise mentioned** comparing to the last year comparable period, in the amount of RSD 116,899 thousand is primarily, net effect of decrease in the Energoprojekt Visokogradnja in the amount of RSD 143,063 thousand (mainly from lost court dispute with the company Belim Plc. recorded in 2016) and of increase in the Energoprojekt Niskogradnja in the amount of RSD 36,538 thousand (primarily from cost of fines and court rulings) and in the Energoprojekt Oprema in the amount of RSD 11,089 thousand. (primarily from expenses for damages compensation).

• **Impairment of property, plant and equipment** in the amount of RSD 127,519 thousand relate to adjustment of the fair value of investment property, primarily in Energoprojekt Niskogradnja in the amount of RSD 82,184 thousand (office building "Cruz del Sur" in Peru: RSD 81,220 thousand, which mostly contributed to the increase in the balance sheet item compared to the previous year), in Energoprojekt Visokogradnja in the amount of RSD 10,748 thousand (above all, real estate on Ub, Preradoviceva street and Visnjicka Banja), in Energoprojekt Holding in the amount of RSD 10,242 thousand (part of the complex "Samački hotel" in Zemun) and in Energoprojekt Energodat in the amount of RSD 10,168 thousand (business premise in Stari Merkator in New Belgrade).

• **Impairment of inventory of material and goods** in the amount of RSD 12,428 thousand predominantly relates to Energoprojekt Visokogradnja in the amount of RSD 12,217 thousand from impairment of goods purchased for the project Z-103 Talan Towers, Astana, Kazakhstan.

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

| Structure of net profit/loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year | <i>In RSD thousand</i>     |                            |
|---|----------------------------|----------------------------|
|   | <i>01.01.- 31.12. 2017</i> | <i>01.01.- 31.12. 2016</i> |
| Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year                   |                            | -                          |
| Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year                     | 6,808                      | 85,922                     |
| <b>TOTAL</b>  | <b>(6,808)</b>             | <b>(85,922)</b>            |

- **Net loss from discontinued operations effects of change in accounting policy and adjustment of errors from previous year** in the amount of RSD 6,808 thousand came as a result of, mainly, subsequently determined profit and /or loss from previous period in the amounts that are of no material significance and which were credited/debited to the current period mainly within Energoprojekt Niskogradnja (primarily based, on the one hand, on adjusted undercalculated income from works carried out in 2016 on the project Tunel Šarani: RSD 31,981 thousand, and on the other hand, adjusted income from performed and certified works in 2016 on projects in Uganda: RSD 26,176 thousand (Z-027 Mpigi - Kanoni, Z-036 Streets in Kampala Kawempe - Lubaga and Z-035 Sungira Hill).

**23. PROFIT BEFORE TAX**

| Structure of gross result   | <i>In RSD thousand</i>     |                            |
|---|----------------------------|----------------------------|
|   | <i>01.01.- 31.12. 2017</i> | <i>01.01.- 31.12. 2016</i> |
| Operating income  | 32,989,557                 | 32,256,527                 |
| Operating expenses  | 31,986,221                 | 31,556,698                 |
| <i>Operating result</i>   | <i>1,003,336</i>           | <i>699,829</i>             |
| Financial income  | 2,242,994                  | 1,688,958                  |
| Financial expenses  | 2,446,958                  | 1,647,261                  |
| <i>Financial result</i>   | <i>(203,964)</i>           | <i>41,697</i>              |
| Income from value adjustment of other assets disclosed at fair value through income statement                               | 15,480                     | 40,734                     |
| Other revenues  | 385,641                    | 1,168,041                  |
| Expenses from value adjustment of other assets disclosed at fair value through income statement                             | 149,256                    | 77,964                     |
| Other expenses  | 314,226                    | 497,660                    |
| <i>Result of other revenues and expenses</i>  | <i>(62,361)</i>            | <i>633,151</i>             |
| <i>Result from regular operations before tax</i>  | <i>737,011</i>             | <i>1,374,677</i>           |
| Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year |                            |                            |
| Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year   | 6,808                      | 85,922                     |
| <b>TOTAL INCOME</b>   | <b>35,633,672</b>          | <b>35,154,260</b>          |
| <b>TOTAL EXPENSES</b>   | <b>34,903,469</b>          | <b>33,865,505</b>          |
| <b>PROFIT/LOSS BEFORE TAX</b>   | <b>730,203</b>             | <b>1,288,755</b>           |

**Profit before tax (Gross Profit)** of the system Energoprojekt in the reporting year in the amount of RSD 730,203 thousand is a result of realized:

- business profit in the amount of RSD 1,003,336 thousand, mainly within Energoprojekt Niskogradnja Energoprojekt Entel and Energoprojekt Visokogradnja;
- financial loss in the amount of RSD 203,964 thousand, predominantly on the basis of interest expense, primarily in Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Holding and Energoprojekt Oprema; and
- loss from other business activities in the amount of RSD 69,169 thousand, mostly, on the one hand, from expenses on impairment of property, primarily in Energoprojekt Niskogradnja (office building Cruz del Sur in Peru) and other non-mentioned expenses, predominantly, in Energoprojekt Niskogradnja and Energoprojekt Oprema (primarily from costs of penalties, court costs and payment of damages) and, on the other hand, income from collected written-off receivables in Energoprojekt Visokogradnja and Energoprojekt Hidroinženjering (collected cash on bank accounts in bankruptcy in New York, which were blocked at the time of sanctions), income from reduction of liabilities in Energoprojekt Oprema (for protested and collected guarantees from subcontractor Elwo in bankruptcy, due to obsolescence) and collection of court dispute in Energoprojekt Visokogradnja (Belim Plc.) (Note 21.1.).

Decrease in **business results** of system Energoprojekt in 2017, in the amount of RSD 558,552 thousand, in relation to comparative period of previous year was recorded despite the increase in business profit in the amount of RSD 305,507 thousand (mostly in Energoprojekt Visokogradnja), primarily due to considerably less realized other revenues compared to the previous year, including income from the reversail of provision (in Energoprojekt Holding for RSD 260,000 thousand and in Energoprojekt Entel for RSD 235,011 thousand) and income from reduction of liabilities (in Energoprojekt Visokogradnja for RSD 271,274 thousand - based on write-off of value added tax duty in Ghana and abolishment of the calculated tax duty for wages recorded in 2016) (Note 21.1).

## 24. EARNINGS PER SHARE

| Indicator   | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Net-profit pertaining to parent company shareholders    | 569,472                        | 960,716                        |
| Weighted average number of regular shares in the period | 10,845,637                     | 10,845,637                     |
| <b>Profit per share (RSD)</b>                           | <b>52.51</b>                   | <b>88.58</b>                   |

**Earnings per share** is calculated by dividing the profit for ordinary shareholders by the average weighted number of ordinary shares in circulation for the period and does not include ordinary shares that the Company (companies within System) purchased and held as treasury shares.

In 2017, according to the prudence principle, a provision for estimated amount of overstated item of accruals shown in the financial statements of Energoprojekt Oprema for the project Energocenter Minsk, Belarus in the amount of RSD 496,125 thousand (USD 5.006 thousand), was made. The amount corresponds to the amount of protested and paid guarantee for the same project. The provision was made in accordance with the decision of the Supervisory Board of Energoprojekt Holding (Note 17 and 36.2),

but it primarily affected the fall in the net profit, and consequently the decrease in net profit attributable to the majority shareholders and a drop in earnings per share.

Earnings per share that would have realized if the above provision had not made (Energocenter Minsk, Belarus project) is shown in the following table.

| <b>Indicator</b>  | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Net-profit pertaining to parent company shareholders    | 906,208                        | 960,716                        |
| Weighted average number of regular shares in the period | 10,845,637                     | 10,845,637                     |
| <b>Profit per share (RSD)</b>                           | <b>83.56</b>                   | <b>88.58</b>                   |

Realized price from trading of the parent company Energoprojekt Holding Plc. shares (on the last day of the reporting period - December 31, 2017) amounted to RSD 1,000 per share (in 2017 the share price ranged from RSD 1,000 to 1,520.00), which was equivalent to the market capitalization of the Company of RSD 10,931,292,000.00. The price-to-book ratio, or P/B ratio was 1.28. In 2017, Energoprojekt Holding Plc. share turnover amounted to RSD 1,987,338,796 (shares of the Company were the most actively traded on the Belgrade Stock Exchange in 2017 and they were on the first place of the share listing).

**BALANCE SHEET**

**25. INTANGIBLES ASSETS**

in RSD thousand

| Structure of intangible assets                    | Development investments | Software and other rights | Intangible assets in progress | Total          |
|---|-------------------------|---------------------------|-------------------------------|----------------|
| <b><u>Purchase value</u></b>                      |                         |                           |                               |                |
| <b>Balance as at January 1, 2017</b>              | <b>4,945</b>            | <b>197,049</b>            | <b>(7)</b>                    | <b>202,001</b> |
| New purchases                                     |                         | 7,462                     |                               | 7,462          |
| Disposal and decommissioning                      |                         | (32)                      |                               | (32)           |
| Increase by transfer from investments in progress |                         | 7                         | (7)                           |                |
| Other transfers (from)/to                         |                         |                           |                               |                |
| FX gains and losses                               |                         | (6,100)                   |                               | (6,100)        |
| Other increase/(decrease)                         |                         | 90                        |                               | 90             |
| <b>Balance as at December 31, 2017</b>            | <b>4,945</b>            | <b>198,476</b>            |                               | <b>203,421</b> |
| <b><u>Valuation adjustment</u></b>                |                         |                           |                               |                |
| <b>Balance as at January 1, 2017</b>              | <b>1,401</b>            | <b>141,678</b>            |                               | <b>143,079</b> |
| Depreciation                                      | 495                     | 17,731                    |                               | 18,226         |
| Disposal and decommissioning                      |                         | (32)                      |                               | (32)           |
| FX gains and losses                               |                         | (5,239)                   |                               | (5,239)        |
| Other increase/(decrease)                         |                         | 90                        |                               | 90             |
| <b>Balance as at December 31, 2017</b>            | <b>1,896</b>            | <b>154,228</b>            |                               | <b>156,124</b> |
| <b><i>Net book value</i></b>                      |                         |                           |                               |                |
| <b>Balance as at December 31, 2016</b>            | <b>3,544</b>            | <b>55,371</b>             | <b>7</b>                      | <b>58,922</b>  |
| <b>Balance as December 31, 2017</b>               | <b>3,049</b>            | <b>44,248</b>             |                               | <b>47,297</b>  |

Software and other rights as at December 31, 2017 relate to various software used by the system Energoprojekt for own purposes, which are depreciated in compliance with the relevant accounting policy.

## 26. PROPERTY, PLANT AND EQUIPMENT

in RSD thousand

| Structure of property, plant and equipment                   | Land           | Buildings        | Plant and equipment | Investment property and investment property in progress | Other property, plant and equipment | Property, plant and equipment in progress | Investments in other property, plant and equipment | Advances for property, plant and equipment | Total             |
|--|----------------|------------------|---------------------|---|-------------------------------------|---|--|--|-------------------|
| <i>Purchase value</i>  |                |                  |                     |   |                                     |   |  |  |                   |
| <b>Balance as at January 1, 2017</b>                         | <b>710,095</b> | <b>7,258,221</b> | <b>10,474,353</b>   | <b>3,568,839</b>  | <b>226,848</b>                      | <b>69,091</b>                             | <b>111,545</b>                                     | <b>49,555</b>                              | <b>22,468,547</b> |
| Purchase during the year                                     |                | 115,498          | 258,146             | 98,674  | 1,779                               | 278,347                                   |  |  | 752,444           |
| Increase by transfer from investments in progress            |                |                  | 15,604              | 2,806   |                                     | (15,404)                                  |  | (3,006)                                    |                   |
| Transfer to fixed assets held for sale                       |                |                  | (988)               |   |                                     |   |  |  | (988)             |
| Other transfers from / (to)                                  |                | (244,914)        | (6,258)             | 244,914   | 6,258                               |   |  |  |                   |
| Disposal and decommissioning                                 | (756)          |                  | (144,148)           | (86,924)  | (3,724)                             |   | (4,370)  |  | (239,922)         |
| Profit/(loss) included in Report on Other Result (group 330) |                | (5,511)          |                     | (15,414)  |                                     |   |  |  | (20,925)          |
| Profit/(loss) included in Income Statement                   |                | (10,245)         |                     | (101,012)   |                                     |   |  |  | (111,257)         |
| Impairment   |                |                  | (1,555)             |   |                                     |   |  |  | (1,555)           |
| FX gains and losses  | (1,422)        | (136,084)        | (283,346)           | (381,388)   | (11)                                |   |  | (1,885)                                    | (804,136)         |
| Other increases / (decreases)                                |                | (5,012)          | 40                  |   |                                     |   |  |  | (4,972)           |
| <b>Balance as at December 31, 2017</b>                       | <b>707,917</b> | <b>6,971,953</b> | <b>10,311,848</b>   | <b>3,330,495</b>  | <b>231,150</b>                      | <b>332,034</b>                            | <b>107,175</b>                                     | <b>44,664</b>                              | <b>22,037,236</b> |
| <i>Valuation adjustment</i>                                  |                |                  |                     |   |                                     |   |  |  |                   |
| <b>Balance as at January 1, 2017</b>                         |                | <b>47,278</b>    | <b>6,892,409</b>    |   | <b>95,842</b>                       |   | <b>4,369</b>                                       |  | <b>7,039,898</b>  |
| Depreciation   |                | 105,303          | 626,713             |   | 17,249                              |   | 62,295   |  | 811,560           |
| Disposal and decommissioning                                 |                |                  | (113,059)           |   | (1,681)                             |   | (4,369)  |  | (119,109)         |
| Transfer to fixed assets held for sale                       |                |                  | (391)               |   |                                     |   |  |  | (391)             |
| Other transfers from / (to)                                  |                |                  | (1,720)             |   | 1,720                               |   |  |  |                   |
| Impairment   |                |                  | (591)               |   |                                     |   |  |  | (591)             |
| FX gains and losses  |                | (8,845)          | (182,735)           |   |                                     |   |  |  | (191,580)         |
| Other increases /decreases                                   |                | (3,029)          |                     |   |                                     |   |  |  | (3,029)           |
| <b>Balance as at December 31, 2017</b>                       |                | <b>140,707</b>   | <b>7,220,626</b>    |   | <b>113,130</b>                      |   | <b>62,295</b>                                      |  | <b>7,536,758</b>  |
| <i>Net book value</i>  |                |                  |                     |   |                                     |   |  |  |                   |
| <b>Balance as at December 31, 2016</b>                       | <b>710,095</b> | <b>7,210,943</b> | <b>3,581,944</b>    | <b>3,568,839</b>  | <b>131,006</b>                      | <b>69,091</b>                             | <b>107,176</b>                                     | <b>49,555</b>                              | <b>15,428,649</b> |
| <b>Balance as December 31, 2017</b>                          | <b>707,917</b> | <b>6,831,246</b> | <b>3,091,222</b>    | <b>3,330,495</b>  | <b>118,020</b>                      | <b>332,034</b>                            | <b>44,880</b>                                      | <b>44,664</b>                              | <b>14,500,478</b> |

• **Land**

Value of land of the system Energoprojekt amounting to RSD 707,917 thousand primarily relate to the Energoprojekt Visokogradnja in the amount of RSD 517,362 (land owned by Energoprojekt Montenegro Ltd. in Montenegro, land owned by Energoprojekt Ghana Ltd. in Ghana and in the country – land in Ub and in Stara Pazova), Energoprojekt Niskogradnja in the amount of RSD 97,292 (land in Peru and in the country – in Stara Pazova) and to the Energoprojekt Oprema Company in the amount of RSD 75,058 thousand (Sevino polje plot – in New Belgrade).

• **Buildings**

Measuring of buildings after their initial recognition, transition was made from Cost model to the Revalorization model (Note 7.8).

The fair value of buildings usually is their market value defined by valuation made by independent qualified appraisers, based on market evidence.

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

In compliance with the relevant provisions of IAS 16, bearing in mind that the fluctuations of the fair value of the system Energoprojekt building in question are insignificant, it was not necessary to perform any appraisal of its fair value but once in three or five years.

As of December 31, 2017, the residual value and remaining useful life of buildings was appraised, which resulted in change of depreciation costs for the year 2017.

According to the relevant provisions of IAS 16, since the fair value of the buildings of the system Energoprojekt has not moved significantly, it was not necessary to carry out a new fair value assessment as of December 31, 2017 (but on every three or five years). In this regards, revalorised value of the buildings as of December 31, 2017 amounted to RSD 6,831,246 thousand and represent their fair value as of Dcember 31, 2017.

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

- Office building in Bulevar Mihaila Pupina, in New Belgrade;
- A part of Samacki Hotel Complex of the Energoprojekt Holding in Zemun;
- A part of the office building Cruz del Sur of the Energoprojekt Niskogradnja in Peru; and
- Office building of the Energoprojekt Entel in Oman.

Investments in buildings in the amount of RSD 115,498 thousand relate to investments in the facility at Energoprojekt Ghana Ltd., Akra, Ghana in the amount of RSD 96,377 thousand and part of the complex "Samački hotel" of Energoprojekt Holding in Zemun in the amount of RSD 19,032 thousand.

In 2017, the transfer of property from item of buildings to the item of investment property at the present (revalued) value as of December 31, 2017 in the amount of RSD 244,914 thousand, was carried out, as follows:

- office building of the company I.N.E.C. Engineering Company Limited, London in the amount of RSD 209,432 thousand; and
- part of "Samački hotel" complex in Zemun of the Energoprojekt Holding in the amount of RSD 35,482 thousand.

#### • **Plant and Equipment**

As at December 31, 2017, appraisal of the residual value and the remaining useful lifetime of the equipment with significant accounting value were performed. Changes in accounting estimates impacted depreciation costs for 2017, and, consequently, the the carrying value of assets as of December 31, 2017.

In acquisitions of plant and equipment in the reporting period that amounted to RSD 258,146 thousand, the largest share belongs to Energoprojekt Niskogradnja, in the amount of RSD 112,443 thousand (in the country: RSD 29,480 thousand and abroad: RSD 82,963 thousand - Uganda and Peru), to Energoprojekt Entel in the amount of RSD 66,122 thousand (in the companies abroad: Energoprojekt Entel Qatar: RSD 31,875 thousand, Energoconsult LLC, Abu Dhabi, UAE: RSD 9,214 thousand and Energoprojekt Entel LLC, Muscat, Sultanate of Oman: RSD 5,615 thousand and in the country: RSD 19,418 thousand), to Energoplast in the amount of RSD 32,041 thousand and to Energoprojekt Visokogradnja in the amount of RSD 21,915 thousand (in the country: RSD 8,966 thousand, Energoprojekt Ghana Ltd., Akra, Ghana: RSD 3,923 thousand and on projects abroad: RSD 9.026 thousand, primarily , on projects Z-085 Business facility Uhta, Russia: RSD 7,579 thousand and Z-103 Talan Towers, Astana, Kazakhstan: RSD 964 thousand)..

Of the total items in the reporting period, the amount of RSD 40,519 thousand relates to equipment regulated by the Financial Lease Agreement, which is related to Energoprojekt Niskogradnja: RSD 32,546 thousand and Energoprojekt Oprema: RSD 7,973 thousand.

Liabilities of the system Energoprojekt based on the financial lease are explained in the Note 39.2.

• **Investment property** as at December 31, 2017, amount to RSD 3,330,495 thousand.

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

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

Valuation of the fair value of investment property as at December 31, 2017 was performed by independent valuers with recognized and relevant professional qualifications and recent relevant work experience with relevant locations and categories of investment property appraised.

The disposal of investment property in the amount of RSD 86,924 thousand, mostly relates to the elimination of an item from the books of account - present value of Energoprojekt Holding's business premise in Palmira Toljatija street (BTC Stari Merkator) in New Belgrade in the amount of RSD 83,961 thousand, based on the sale to the company NBA Investment Ltd. in the amount of RSD 82,805 thousand, whereby incurred loss on sales amounted to RSD 1,156 thousand.

In 2017, the transfer of real estate (office building of I.N.E.C. Engineering Company Limited, London and part of "Samski hotel" complex in Zemun of Energoprojekt Holding) was carried out from the item of building to the item of investment property measured at fair value, whereby the difference between book and fair value as at December 31, 2017 was recorded through the equity - decrease in revaluation reserves of real estate (which is shown in the table above through the losses included in the Other result of RSD 15.414 thousand).

Investments in investment property in 2017 in the amount of RSD 98,674 thousand refer to investments in the part of the Samački hotel, Zemun complex in the amount of RSD 54,392 thousand and in business premise in Goce Delcev Street, Novi Beograd in the amount of RSD 44,282 thousand.

Decrease in investment property in relation to the previous year by RSD 238,344 thousand is mostly the result of, on the one hand, reduction from exchange differences: RSD 381,388 thousand, adjustment at the fair value on the balance sheet date: RSD 116,426 thousand and elimination of an item from the books of account - present value based on the sales (business premise in Palmira Toljatija Street, Novi Beograd and 4 (four) parking spaces in BTC Stari Merkator): RSD 86,924 thousand, and, on the other hand, the increase from transfer from the item of building (office building of I.N.E.C. Engineering Company Limited, London and part of the Samački hotel, Zemun complex): RSD 244,914 thousand and additional investments (in the part of the Samački hotel, Zemun complex and business premise in Goce Delcev street, Novi Beograd): RSD 98,674 thousand.

In the reporting period, the system Energoprojekt generated income from the rent of investment property in the amount of RSD 100,857 thousand, and the main share of such amount relate to the income generated from the rent of the office building in Moscow (within Dom 12 S.A.L, Lebanon), in the amount of RSD 30,565 thousand, from the rent of a number of properties in Lusaka, Zambia, in the amount of RSD 23,412 thousand (in company Zambia Engineering and Contracting Company Limited, Zambia), several real estate in New Belgrade in the amount of RSD 10,820 thousand (within Energoprojekt Garant) and a part of office building Cruz del Sur in Peru, in the amount of RSD 8,596 thousand (within Energoprojekt Niskogradnja).

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

- **Property, plant and equipment in progress** amounted to RSD 332,034 thousand and mostly relate to construction land acquired by Energoprojekt Holding from the Republic of Serbia, the Republic Property Directorate in 2017 in the amount of RSD 276,240 thousand.

- **Advances paid for property, plant and equipment** in the amount of RSD 44,664 thousand relate to advance payment to the Republic of Serbia for the property purchase in Uganda, Peru and Nigeria.

## 27. LONG-TERM FINANCIAL INVESTMENTS

| Structure of long-term financial investments                      | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Shares in affiliated companies and joint ventures                 | 785,393                | 760,624           |
| Shares in other companies and other available for sale securities | 118,527                | 19,460            |
| Other long-term financial investments                             | 193,069                | 195,315           |
| <b>TOTAL</b>  | <b>1,096,989</b>       | <b>975,399</b>    |

- **Shares in affiliated companies and joint ventures** in the amount of RSD 785,393 thousand are presented in the following table.

| Equity investments in affiliated legal entities and joint ventures | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Energoprojekt Nigeria Ltd., Lagos, Nigeria                         | 249,411                | 257,216           |
| Energoprojekt Ltd., Belgrade                                       | 474,965                | 436,545           |
| Fima See Activist Plc., Belgrade                                   | 34,228                 | 34,990            |
| Enjub Ltd., Belgrade   | 26,789                 | 31,873            |
| <b>TOTAL</b>   | <b>785,393</b>         | <b>760,624</b>    |

Financial data pertaining to affiliate Energoprojekt Nigeria Ltd., Lagos, Nigeria on the 40.00% equity share of the Energoprojekt Oprema in the affiliate is presented in the following table.

| Energoprojekt Nigeria Ltd., Lagos, Nigeria | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| <b>Capital</b>                             | <b>249,411</b>         | <b>257,216</b>    |
| Income                                     | 936,578                | 614,762           |
| <b>Net profit of the current period</b>    | <b>12,834</b>          | <b>9,939</b>      |

*Energoprojekt Holding Plc. Belgrade*

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

| <b>Energopet Ltd., Belgrade</b>         | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Non-current assets                      | 404,341                | 408,492           |
| Operating assets                        | 459,820                | 557,570           |
| <b>Assets</b>                           | <b>864,161</b>         | <b>966,062</b>    |
| Liabilities                             | 389,196                | 529,517           |
| <b>Capital</b>                          | <b>474,965</b>         | <b>436,545</b>    |
| Income                                  | 1,182,041              | 1,019,856         |
| <b>Net profit of the current period</b> | <b>56,723</b>          | <b>62,600</b>     |

Financial data pertaining to affiliate Fima See Activist, Plc. Belgrade on the 30.16% equity share of Energoprojekt Holding in the affiliate is presented in the following table.

| <b>Fima See Activist Plc., Belgrade</b> | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Non-current assets                      |                        |                   |
| Operating assets                        | 34,377                 | 35,122            |
| <b>Assets</b>                           | <b>34,377</b>          | <b>35,122</b>     |
| Liabilities                             | 149                    | 132               |
| <b>Capital</b>                          | <b>34,228</b>          | <b>34,990</b>     |
| Income                                  | 10,192                 | 13,284            |
| <b>Net profit of the current period</b> | <b>(762)</b>           | <b>2,329</b>      |

Financial data pertaining to Enjub Ltd. Belgrade on the 50.00% equity share of Energoprojekt Holding in the joint venture is presented in the following table.

| <b>Enjub Ltd., Belgrade</b>                      | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Non-current assets                               | 128,927                | 128,957           |
| Operating assets                                 | 139,102                | 139,091           |
| <b>Assets</b>                                    | <b>268,029</b>         | <b>268,048</b>    |
| Liabilities                                      | 241,240                | 236,175           |
| <b>Capital</b>                                   | <b>26,789</b>          | <b>31,873</b>     |
| Income   | 10,226                 | 24,360            |
| <b>Net profit / (loss) of the current period</b> | <b>(5,084)</b>         | <b>8,776</b>      |

- **Shares in other companies and available for sale securities** in the amount of RSD 118,527 thousand are presented in the following table.

| <b>Shares in other companies and available for sale securities</b> | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| a) Banks, financial organisations and other legal entities         | 118,514                | 19,448            |
| b) Other securities available for sale                             | 13                     | 12                |
| <b>TOTAL</b>   | <b>118,527</b>         | <b>19,460</b>     |

**Share in banks, financial organizations and other legal entities** in the amount of RSD 118,514 thousand relate, mostly, to Energoprojekt Holding, in the amount of RSD 117,662 thousand (Beogradsko Mešovito Preduzeće Plc. Of RSD 88,988 thousand, Jubmes Banka Plc., Dunav Osiguranje Plc., Belgrade, Beogradska Berza Plc., and other).

- **Other long-term financial investments** in the amount of RSD 193,069 thousand are presented in the following table.

| <b>Other long-term financial investments</b> | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Housing loans granted to employees           | 36,432                 | 44,171            |
| Deposits for bank guarantees                 | 43,961                 | 31,922            |
| Other  | 112,676                | 119,222           |
| <b>TOTAL</b>                                 | <b>193,069</b>         | <b>195,315</b>    |

- **Long-term housing loans granted to employees** are interest-free and in compliance with the Housing Loan Agreement provisions and pursuant to the Law on Amendments and Addenda to the Law on Housing, the Company performs legally prescribed revalorization of loan instalments based on the trends in consumer prices in the Republic of Serbia for the accounting period in question. Of the total of RSD 36,432 thousand, the largest portion relates to Energoprojekt Visokogradnja in the amount of RSD 22,320 thousand, Energoprojekt Oprema in the amount of RSD 9,072 thousand, Energoprojekt Niskogradnja in the amount of RSD 2,821 thousand and Energoprojekt Holding in the amount of RSD 1,297 thousand.

- **Deposits for bank guarantees** in the amount of RSD 43,961 thousand entirely relate to Energoprojekt Entel (within Energoprojekt Entel LTD, Doha, Qatar: RSD 21,919 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 22,042 thousand).

- **Other long-term financial investments** in the amount of RSD 112,676 thousand relate to the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 90,790 thousand, the largest share of which or RSD 82,407 thousand relate to a building within the tourist complex of Crni Vrh (which has not yet been completed), in which the Company holds ownership rights up to 5%, based on its co-financing; and

- Energoprojekt Entel in the amount of RSD 21,886 thousand, relate to deposits for working visas in the amount of RSD 13,118 thousand (within Energoconsult L.L.C., Abu Dhabi, UAE) and the deposits for apartments abroad in the amount of RSD 8,768 thousand (mainly within Energoconsult L.L.C., Abu Dhabi, UAE: RSD 4,024 thousand and Energoprojekt Entel LTD, Doha, Qatar: RSD 3,830 thousand).

## 28. LONG-TERM RECEIVABLES

| Structure of long-term receivables       | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Receivables from other related companies | 112,493                | 49,052            |
| Other long-term receivables              | 917,268                | 776,008           |
| <b>TOTAL</b>                             | <b>1,029,761</b>       | <b>825,060</b>    |

- **Receivables from other related companies** in the amount of RSD 112,493 thousand relate to the receivables of Energoprojekt Oprema from its affiliated company Energo Nigeria Ltd., Lagos, Nigeria, based on the long-term guarantee deposit in its projects abroad.

- **Other long-term receivables** in the amount of RSD 917,268 thousand comprise only of the receivables of the Energoprojekt Entel Company based on its long-term receivables for guarantee deposit, which is in most of the cases a deposit amounting to 10% of the invoice amount and which can be collected only upon expiry of the guarantee term (within Energoprojekt Entel Ltd. Doha, Qatar: RSD 772,686 thousand, Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman: RSD 79,801 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 64,781 thousand).

## 29. INVENTORIES

| Structure of inventories   | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Material, parts, tools and small inventories                             | 1,176,893              | 1,383,780         |
| Work and services in progress  | 2,539,578              | 1,771,463         |
| Finished products  | 193,644                | 363,525           |
| Goods  | 17,515                 | 179,630           |
| Non-current assets held for sale   | 50,688                 | 51,058            |
| Advances paid for inventories and services:                              |                        |                   |
| a) Advances paid for inventories and services to other related companies | 121,904                | 127,049           |
| b) Advances paid for material, parts and inventory                       | 154,448                | 823,524           |
| c) Advances paid for goods   | 1,068                  | 56                |
| d) Advances paid for services  | 318,927                | 1,334,193         |
| <i>Total</i>   | <i>596,347</i>         | <i>2,284,822</i>  |
| <b>TOTAL</b>   | <b>4,574,665</b>       | <b>6,034,278</b>  |

- **Material, parts, tools and small inventories** in the amount of RSD 1,176,893 thousand relate predominantly to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 623,499 thousand, out of which inventories abroad amount to RSD 408,700 thousand (Uganda: RSD 264,339 thousand, Peru: RSD 144,361 thousand), and inventories in the country amount to RSD 214,799 thousand. Stock levels, primarily those of the materials and parts, are determined by the work schedule and timely supply in the relevant regions;
- Energoprojekt Visokogradnja in the amount of RSD 267,690 thousand, out of which inventories in the country amount to RSD 173,679 thousand (primarily on the project Belgrade Waterfront: RSD 112,402 thousand), meanwhile the inventories abroad amount to RSD 94,011 thousand (mainly, in Z-103 Talan Tower, Astana: RSD 30,781 thousand and Z-085 Business facility Uhta Russia: RSD 10,833 thousand);
- Energoprojekt Oprema in the amount of RSD 185,550 thousand, out of which mainly relate to the project Belgrade Waterfront: RSD 132,416 thousand and other projects: RSD 27,359 thousand; and
- Energoplast in the amount of RSD 89,502 thousand, out of which material inventories amount to RSD 69,188 thousand, parts inventories amount to RSD 19,571 thousand and tools inventories amount to RSD 743 thousand.

- **Work and services in progress** in the amount of RSD 2,539,578 thousand primarily relate to following companies of the system Energoprojekt:

- Energoprojekt Sunnyville in the amount of RSD 1,612,778 thousand, relate to production in progress based on construction of business and residential complex „Sunnyville“ in Belgrade,
- Energoprojekt Visokogradnja in the amount of RSD 757,304 thousand, out of which work in progress in the country amounts to RSD 240,355 thousand (based on own investments in Belgrade, in Knez Danilova Street: RSD 81,337 thousand, in Bezanijska Kosa: RSD 48,374 thousand, in Vozdovac: RSD 25,938 thousand and in Bor, in Bor Shopping Mall: RSD 84,706 thousand), and abroad RSD 516,949 thousand (based on the works on the residential complex Sistet Bare in Herceg Novi, Montenegro) and
- Energoprojekt Niskogradnja in the amount of RSD 142,261 thousand relate to production of crushed stone and concrete aggregate in projects abroad (Peru).

- **Finished products** in the amount of RSD 193,644 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 148,825 thousand mostly relate to the constructed property in Car Nikolaj street: RSD 128,999 thousand and in Bezanijska Kosa in the amount of RSD 19,826 thousand and
- Energoplast in the amount of RSD 44,819 thousand that relate to the finished plastic stoppers.

- The total value of **goods** in the amount of RSD 17,515 thousand primarily relate to Energoprojekt Visokogradnja in the amount of RSD 5,445 thousand (mainly refers to goods purchased for further processing, intended for the project Z-103 Talan Towers, Astana, Kazakhstan: RSD 2,428 thousand), Energoplast in the amount of RSD 5,024 thousand (acquired finished stoppers for resale) and Energoprojekt Oprema in the amount of RSD 4,229 thousand (purchased goods for the project Kolubara II phase).

- **Non-current assets held for sale** amount to RSD 50,688 thousand and relate to Energoprojekt Niskogradnja.

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

| Description                                 | Location                | Surface Area<br>in sq.m | Present Value<br>In RSD<br>thousand |
|---|-------------------------|-------------------------|-------------------------------------|
| Land - Mombasa Road, Kenya                  | Nairobi, Kenya          | 12,140.55               | 4,066                               |
| Land "Santa Clara", Peru                    | Santa Clara, Lima, Peru | 23,009.70               | 18,601                              |
| Warehouse facility "Santa Clara", Lima      | Santa Clara, Lima, Peru | 792.35                  | 22,273                              |
| Business premises - Buenos Aires, Argentina | Buenos Aires, Argentina | 86.30                   | 5,748                               |
| <b>TOTAL</b>                                |                         |                         | <b>50,688</b>                       |

Reclassification of land for sale was performed based on the Decision passed by the Board of Directors of the Energoprojekt Niskogradnja from 2012, on the sale of land in Kenya and land "Santa Clara" in Lima, Peru, with accompanying facilities (warehouse facility); the total value thereof is RSD 22,667 thousand and the value of buildings held for sale amount to RSD 22,273 thousand in compliance with IFRS 5.

Based on the Decision of competent body of the Company from 2011, on the sale of office and residential facilities in Argentina, reclassification of these facilities was performed into the facilities held for sale amounting to RSD 5,748 thousand, in compliance with IFRS 5.

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

- **Advances paid for inventories and services to other related companies** in the amount of RSD 121,904 thousand and entirely relate to Energoprojekt Oprema, based on advances paid for services to affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

- **Advances paid for material, spare parts and inventory** in the amount of RSD 154,448 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 127,999 thousand, out of which advances paid abroad amount to RSD 58,666 thousand, and in the country RSD 69,333 thousand; and

- Energoprojekt Oprema in the amount of RSD 15,771 thousand out of which for advances paid for projects in the country amount to RSD 9,471 thousand, and those paid to suppliers abroad amount to RSD 6,300 thousand.

- **Advances paid for services** in the amount of RSD 318,927 thousand, relate, mostly, to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 149,269 thousand relate, mainly, to advances paid to suppliers for projects abroad: RSD 120,467 thousand (Uganda and Peru) and in the country RSD 28,801 thousand (mainly project Lajkovac – Ljig);

- Energoprojekt Visokogradnja in the amount of RSD 87,617 thousand entirely relate to advances paid abroad;
- Energoprojekt Entel in the amount of RSD 28,101 thousand out of which advances paid abroad are RSD 23,073 thousand and in the country: RSD 5,028 thousand; and
- Energoprojekt Oprema in the amount of RSD 23,260 thousand, relate to advances paid to suppliers on projects in the country: RSD 22,665 thousand and abroad: RSD 595 thousand.

Ddecrease in advances paid for services compared to the previous year in the amount of RSD 1,015,267 thousand, mostly refers to Energoprojekt Visokogradnja: RSD 820,669 thousand (dominantly abroad) and Energoprojekt Niskogradnja: RSD 214,033 thousand (primarily on the project Lajkovac - Ljig).

### 30. RECEIVABLES FROM SALES

| Structure of receivables from sales      | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Local buyers - other related companies   | 3,542                  | 3,602             |
| Foreign buyers - other related companies | 703,171                | 551,284           |
| Local buyers                             | 3,781,621              | 3,444,487         |
| Foreign buyers                           | 5,187,704              | 8,525,287         |
| Other receivables from sale              | 3,017                  |                   |
| <b>TOTAL</b>                             | <b>9,679,055</b>       | <b>12,524,660</b> |

- **Local buyers - other related companies** in the amount of RSD 3,542 thousand relate to the receivables from joint venture Enjub Ltd., mostly to Energoprojekt Visokogradnja in the amount of RSD 2,123 thousand.
- **Foreign buyers– other related companies** in the amount of RSD 703,171 thousand relate to receivables from the affiliate company Energo Nigeria Ltd., Lagos, Nigeria, in Energoprojekt Oprema.
- **Local buyers** amounting to RSD 3,781,621 thousand and relate primarily to the receivables of Energoprojekt Niskogradnja: RSD 2,187,016 thousand, Energoprojekt Visokogradnja: RSD 938,358 thousand, Energoprojekt Oprema: RSD 223,587 thousand, Energoprojekt Entel: RSD 200,869 thousand and to those to Energoplast in the amount of RSD 87,161 thousand.

Structure of local buyers is presented in the following table as at the financial statements date in system Energoprojekt companies, with the highest amount of such receivables.

| Structure of local buyers  | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017       | 31.12.2016       |
| <b><i>Energoprojekt Niskogradnja:</i></b>                        |                  |                  |
| China Shandong Intern.E&T org. Beograd (Project Lajkovac - Ljig) | 1,898,091        | 1,526,539        |
| AzVirt, Beograd (Project Tunel Šarani)                           | 241,768          | 533,744          |
| West - Gradnja Ltd. (Project Ljig - Lajkovac)                    | 5,145            | 36,467           |
| PC EPS/Kolubara Peštan (Project Kolubara II phase)               | 4,597            | 121,466          |
| Other  | 37,415           | 69,299           |
| <b>Total</b>   | <b>2,187,016</b> | <b>2,287,515</b> |
| <b><i>Energoprojekt Visokogradnja:</i></b>                       |                  |                  |
| Beograd na vodi Ltd. (Project Belgrade Waterfront)               | 910,246          | 412,404          |
| Other  | 28,112           | 46,501           |
| <b>Total</b>   | <b>938,358</b>   | <b>458,905</b>   |
| <b><i>Energoprojekt Oprema:</i></b>                              |                  |                  |
| PC Elektroprivreda Srbije  | 123,067          | 66,005           |
| PC Elektromreža Srbije   | 86,522           | 238,096          |
| Other  | 13,998           | 63,518           |
| <b>Total</b>   | <b>223,587</b>   | <b>367,619</b>   |
| <b><i>Energoprojekt Entel:</i></b>                               |                  |                  |
| PC Elektroprivreda Srbije  | 171,797          | 57,043           |
| Beo Čista Energija Ltd.  | 17,682           | 4,307            |
| Other  | 11,390           | 7,751            |
| <b>Total</b>   | <b>200,869</b>   | <b>69,101</b>    |

Increase of receivables of local buyers, respecting the last year comparative period, in the amount of RSD 337,134 thousand, mainly came as result, on the one hand, of increase within Energoprojekt Visokogradnja: RSD 479.453 thousand (primarily from the company Beograd na vodi Ltd. on the project Belgrade Waterfront) and within Energoprojekt Entel: RSD 131,768 thousand (primarily due to the extension of the payment deadline by PC Elektroprivreda Srbije) and, on the other hand, decrease with Energoprojekt Oprema: RSD 144,032 thousand (primarily from PC Elektromreža Srbije) and Energoprojekt Niskogradnji: RSD 100,499 thousand (on all projects in the country, except for the project Lajkovac - Ljig from China Shandong Intern. E & T, Belgrade).

- **Foreign buyers** in the amount of RSD 5,187,704 thousand relate predominantly to Energoprojekt Niskogradnja, in the amount of RSD 2,694,545 thousand, Energoprojekt Entel in the amount of RSD 1,376,662 thousand and Energoprojekt Visokogradnja in the amount of RSD 611,647 thousand.

**Foreign buyers** as at the financial statements date in system Energoprojekt, which generated the highest amounts of trade receivables, are broken down in the following table.

| Structure of foreign buyers   | u 000 dinara     |                  |
|---|------------------|------------------|
|   | 31.12.2017       | 31.12.2016       |
| <b><i>Energoprojekt Niskogradnja:</i></b>   |                  |                  |
| <b><i>Uganda:</i></b>   |                  |                  |
| Uganda National Roads Authority, Uganda<br>(Z-017, Z-027, Z-031 and Z-035 in 2017;<br>Z-017, Z-027 and Z-035 in 2016) | 1,801,203        | 2,657,239        |
| Ministry of Works and Transport (Z-010)   | 431,268          | 510,914          |
| Kampala Capital City Authority<br>(Z-028 and Z-036 in 2017;<br>Z-028, Z-029 and Z-036 in 2016)                        | 134,797          | 288,238          |
| The Civil Aviation Authority<br>(Z-037 u 2017. god.; Z-032 in 2016)   | 30,020           | 23,073           |
| <b>Total Uganda</b>   | <b>2,397,288</b> | <b>3,479,464</b> |
| <b><i>Peru:</i></b>   |                  |                  |
| Conorcio Chira (Z-038)  | 127,840          |                  |
| Conorcio Vial San Alejandro (Z-034)   | 48,958           | 51,633           |
| Sindicato Energetico SA (Z-030)   | 28,955           | 35,111           |
| Conorcio Pericos San Ignacio, Peru (Z-023)  | 23,667           | 72,456           |
| Empresa de Generacion Electrica Rio Banos SAC (Z-030)   | 18,006           | 21,280           |
| Conalvias (Z-019 in 2017 and Z-023 in 2016)   | 6,538            | 13,979           |
| Other   | 43,293           | 68,762           |
| <b>Total Peru</b>   | <b>297,257</b>   | <b>263,221</b>   |
| <b>TOTAL</b>  | <b>2,694,545</b> | <b>3,742,685</b> |
| <b><i>Energoprojekt Entel:</i></b>  |                  |                  |
| In company Energoprojekt Entel L.L.C., Doha, Qatar  | 907,904          | 1,381,906        |
| In company Energoconsult L.L.C., Abu Dhabi, UAE   | 210,681          | 598,866          |
| In company Energoprojekt Entel L.L.C., Muskat, Sultanat Oman  | 204,707          | 248,618          |
| Other   | 53,370           | 1,777            |
| <b>TOTAL</b>  | <b>1,376,662</b> | <b>2,231,167</b> |
| <b><i>Energoprojekt Visokogradnja:</i></b>  |                  |                  |
| Cargo centar Ghana  | 194,827          | 702,695          |
| GazEnergoServis (Z-085 Uhta, Russia)  | 87,231           | 473,812          |
| Astana Property Menagement<br>(Z-103 Talan Towers, Astana, Kazakhstan)  | 60,685           | 140,334          |
| Ernest Chemist Ghana  | 50,928           | 88,887           |
| Ziloi Property Managment (Z-105 Siktivkar, Russia)  | 35,873           |                  |
| Interiun s.r.l. (Z-103 Talan Towers, Kazakhstan)  | 33,937           |                  |
| Accent Development Solutions, Astana, Kazakhstan<br>(Z-096 Forte Banka, Astana, Kazakhstan)                           | 19,823           | 117,135          |
| Ecobank Ghana   | 14,867           | 329,483          |
| Other   | 113,476          | 159,709          |
| <b>TOTAL</b>  | <b>611,647</b>   | <b>2,012,055</b> |

Decrease in receivables from foreign buyers respecting the last year comparative period, in the amount of RSD 3,337,583 thousand mainly came as result of decrease within Energoprojekt Visokogradnja: RSD 1,400,408 thousand (mainly on project Z-085 Business facility Ukhta, Russia and Energoprojekt Ghana Ltd., Accra, Ghana), within Energoprojekt Niskogradnja: RSD 1,048,140 thousand (on projects in Uganda) and Energoprojekt Entel: RSD 854,505 thousand (in companies abroad).

- **Other receivables from sale** in the amount of RSD 3,017 thousand in total relate to Energoprojekt Garant, based on the share of reinsurance in the compensation of damages.

### 31. RECEIVABLES FROM SPECIFIC TRANSACTIONS

| Structure of receivables from special transactions                 | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Receivables from special transactions from other related companies | 30,256                 | 46,899            |
| Receivables from special transactions from other companies         | 4,081                  | 2,912             |
| <b>TOTAL</b>   | <b>34,337</b>          | <b>49,811</b>     |

- **Receivables from special transactions from other related companies** in the amount of RSD 30,256 thousand relate to Energoprojekt Oprema in the amount of RSD 28,209 thousand, based on the expenses passed through to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria and to Energoprojekt Holding in the amount of RSD 2,047 thousand, based on the transfer of expenses to the Enjub Ltd. joint venture.

- **Receivables from special transactions from other companies** in the amount of RSD 4,081 thousand mostly relate to Energoprojekt Holding in the amount of RSD 2,215 thousand, primarily from re-charged utility and electricity costs to the tenant Jerry Catering Service Ltd. in the amount of RSD 2,169 thousand and to Energoprojekt Garant, in the amount of RSD 1,292 thousand, based on receivalbes from commission of reinsurance and co-insurance.

### 32. OTHER RECEIVABLES

| Structure of other receivables  | In RSD thousand |                |
|---|-----------------|----------------|
|   | 31.12.2017      | 31.12.2016     |
| Interest and dividend receivables:                                      |                 |                |
| a) Interest and dividend receivable from affiliated companies           | 64,819          | 57,377         |
| b) Interest agreed and default interest receivable from other companies | 109             | 246            |
| <i>Total</i>  | <i>64,928</i>   | <i>57,623</i>  |
| Receivables from employees  | 95,885          | 28,574         |
| Receivables from state institutions                                     |                 | 375            |
| Receivables for overpaid income tax                                     | 59,669          | 84,041         |
| Receivables in respect of prepaid other taxes and contributions         | 14,990          | 19,736         |
| Receivables for fringe benefits' returns                                | 12,998          | 12,661         |
| Receivables for damage compensation                                     | 1,954           | 1,654          |
| Other short-term receivables  | 315,585         | 358,873        |
| <b>TOTAL</b>  | <b>566,009</b>  | <b>563,537</b> |

- **Interest and dividend receivables from other affiliated companies** in the amount of RSD 64,819 thousand comprise exclusively of the receivables of Energoprojekt Holding, based on the interest receivables for loans granted to the joint venture Enjub Ltd.
- **Receivables from employees** in the amount of RSD 95,885 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 70,989 thousand (mainly from pre-paid severance payments in Energoprojekt Entel LTD, Doha, Qatar in accordance with local legal regulations), as well as to unjustifiably paid advance payments to employees leaving to work in foreign countries and to loans granted to employees, and specifically in Energoprojekt Vosokogradnja, in the amount of RSD 7,509 thousand, Zambia Engineering and Contracting Company Limited in the amount of RSD 6,157 thousand, Energoprojekt Niskogradnja, in the amount of RSD 4,803 thousand, Energoprojekt Energodata in the amount of RSD 3,326 thousand and Energoprojekt Hidroinženjering, in the amount of RSD 2,086 thousand.
- **Receivables for overpaid income tax** in the amount of RSD 59,669 thousand predominantly refer to Energoprojekt Oprema in the amount of RSD 35,592 thousand (in the country), Energoprojekt Holding in the amount of RSD 10,465 thousand and Energoprojekt Garant, in the amount of RSD 5,760 thousand.
- **Receivables in respect of prepaid other taxes and contributions** amount to RSD 14,990 thousand and predominantly refer to Zambia Engineering and Contracting Company Limited, in the amount of RSD 6,923 thousand and Energoprojekt Visokogradnja in the amount of RSD 6,299 thousand.

- **Receivables for fringe benefits' returns** (sick leaves longer exceeding 30 days, maternity leave, etc.) in the amount of RSD 12,998 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 5,103 thousand, Energoprojekt Entel in the amount of RSD 1,667 thousand, Energoprojekt Niskogradnja in the amount of RSD 1,625 thousand and Energoprojekt Holding in the amount of RSD 1,418 thousand.

- **Other short-term receivables** amounting to RSD 315,585 thousand and predominantly relate to Energoprojekt Niskogradnja in the amount of RSD 232,000 thousand (mainly based on the receivables from Tax Administration for overpaid income tax in Peru: RSD 162,355 thousand and receivables from Tax Administration for overpaid VAT in Uganda: RSD 52,847 thousand) and Energoprojekt Hidroinzenjering, in the amount of RSD 59,362 thousand, mostly based on receivables from client Special Project for Strengthening and Expansion of TACNA Water Resources - PET, for the amount of unwarranted protested guarantees, on the Yaraskay project, Peru.

Decrease of other short-term receivables in reported period in comparison to the previous period, in the amount of RSD 43,288 thousand mainly came as result within Energoprojekt Niskogradnja, in the amount of RSD 47,297 thousand, based on decreased receivables for overpaid income tax in Peru and receivables for overpaid VAT in Uganda.

### 33. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH INCOME STATEMENT

| Structure of financial assets assessed at fair value through<br>Income Statement | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Shares   | 1,359                  | 1,359             |
| Bonds  | 326,940                | 332,873           |
| <b>TOTAL</b>   | <b>328,299</b>         | <b>334,232</b>    |

Financial assets assessed at fair value through Income statement relate entirely to the shares and bonds (say: 45 shares of Belgrade Stock Exchange, total value of RSD 1,359 thousand and 2,683 foreign currency coupon bonds, in the amount of RSD 326,940 thousand).

Valuation adjustment of financial assets assessed at fair value through Income statement is performed for foreign currency coupon bonds based on data obtained from the secondary market for such assets and by applying the foreign exchange rate as of the balance sheet date.

### 34. SHORT-TERM FINANCIAL INVESTMENTS

| Struktura kratkoročnih finansijskih plasmana                                  | In RSD thousand  |                  |
|---|------------------|------------------|
|   | 31.12.2017       | 31.12.2016       |
| Short-term loans and investments - other related companies                    | 158,208          | 164,884          |
| Short-term domestic credits and loans   | 48               |                  |
| Short-term international credits and loans                                    | 8,662            | 9,727            |
| Portion of long-term financial investments with maturity date up to one year: | 1,034            | 1,179            |
| Other short-term financial investments:                                       |                  |                  |
| a) Short term deposits  | 1,479,390        | 1,309,984        |
| b) Other short-term financial investments                                     | 2,872            | 7,168            |
| <i>Total</i>  | <i>1,482,262</i> | <i>1,317,152</i> |
| <b>TOTAL</b>  | <b>1,650,214</b> | <b>1,492,942</b> |

- **Short-term loans and investments - other related companies** in the amount of RSD 158,208 thousand relate entirely to Energoprojekt Holding based on the loans granted to the Enjub Ltd. joint venture.

Energoprojekt Holding has, as collateral for the collection of payments pursuant to loan agreements concluded with the Enjub Ltd. joint venture, an extrajudicial mortgage and a pledge statement on property (for apartments and business premises) in Jurija Gagarina Street in New Belgrade.

- **Short-term international credits and loans** in the amount of RSD 8,662 thousand relate entirely to Energoprojekt Visokogradnja, to complete the work on Project Z-088 Hotel Hyatt Rostov, Russia.

- **Short term deposits** in the amount of RSD 1,479,390 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 1,174,832 thousand relate to the deposits with international commercial banks within Energoprojekt Entel Qatar: RSD 993,227 thousand, with interest rate of 1.18% to 2.00% annually (QAR) and Energo Consult LLC Abu Dhabi, UAE: RSD 181,605 thousand, with interest rate of 1.18% to 1.42% annually (AED – dirham);

- Energoprojekt Garant in the amount of RSD 295,094 thousand relate to the foreign currencies deposits in EUR and USD with the domestic commercial banks with interest rate ranging from 0.80 % to 1.90 % annually; and

- Dom 12 S.A.L, Lebanon in the amount of RSD 9,464 thousand relate to the foreign currencies deposits in RUB with foreign commercial banks, with interest rate ranging from 6.32% to 6.97%.

- **Other short term financial investments** in the amount of RSD 2,872 thousand, relate, mainly, to Energoprojekt Niskogradnja in the amount of RSD 2,668 thousand, out of which the biggest share, in the amount of RSD 2,631 thousand relate to working licences for personnel non-citizens of Republic of Uganda.

### 35. CASH AND CASH EQUIVALENTS

| Structure of cash and cash equivalents  | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Securities-cash equivalents             | 41,970                 |                   |
| Current (business) account              | 137,360                | 151,472           |
| Earmarked cash and letters of credit    | 98                     | 6,736             |
| Petty cash                              | 212                    | 291               |
| Foreign currency account                | 1,584,560              | 2,749,778         |
| Letters of credit in foreign currencies |                        | 766               |
| Foreign currency petty cash             | 28,358                 | 82,067            |
| Other cash:                             |                        |                   |
| a) Short term deposits                  | 590,912                | 1,080,107         |
| b) Other cash                           | 34,297                 | 5,771             |
| <i>Total</i>                            | <i>625,209</i>         | <i>1,085,878</i>  |
| Value-impaired or restricted cash       | 535,991                | 594,961           |
| <b>TOTAL</b>                            | <b>2,953,758</b>       | <b>4,671,949</b>  |

- **Securities - Cash equivalents** in the amount of RSD 41,970 thousand refer to unrealized checks for collection of blocked funds with banks in New York, placed at Jubmes Bank with Energoprojekt Visokogradnja in the amount of RSD 32,693 thousand, at Jugobanka with Energoprojekt Hidroinženjering in the amount of 9,018 thousand dinars and with Energoprojekt Industrija in the amount of RSD 259 thousand. Checks were realized or collected in January 2018.

- **Current (business) account** of the system Energoprojekt in the amount of RSD 137,360 thousand predominantly refer to the current accounts of the following companies of the Energoprojekt: Energoprojekt Hidroinženjering in the amount of RSD 27,723 thousand, Energoprojekt Entel in the amount of RSD 26,498 thousand, Energoprojekt Urbanizam i arhitektura in the amount of RSD 24,562 thousand, Energoprojekt Sunnyville in the amount of RSD 13,886 thousand and Energoprojekt Industrija in the amount of RSD 12,219 thousand.

- **Foreign currency account** in the amount of RSD 1,584,560 thousand predominantly refer to the foreign currency accounts of the following companies in the system Energoprojekt: Energoprojekt Entel in the amount of RSD 866,032 thousand, Energoprojekt Niskogradnja in the amount of RSD 255,100 thousand, Energoprojekt Visokogradnja in the amount of RSD 165,364 thousand, Energoprojekt Hidroinženjering in the amount of RSD 142,339 thousand and Energoprojekt Garant in the amount of RSD 83,243 thousand.

- **Foreign currency petty cash** in the amount of RSD 28,358 thousand primarily refer to Energoprojekt Visokogradnja in the amount of RSD 19,348 thousand, Energoprojekt Niskogradnja in the amount of RSD 4,180 thousand and Energoprojekt Hidroinženjering in the amount of RSD 3,167 thousand.

- **Short term deposits** in the amount of RSD 590,912 thousand predominantly recorded Energoprojekt Visokogradnja in the amount of RSD 310,732 thousand (in the country: RSD 253,089 thousand at Unicredit Bank and abroad: RSD 57,643 thousand, on project Z-085 Business object Uhta, Russia), Energoprojekt Holding in the amount of RSD 241,304 thousand (in the country at, Societe Generale Bank, Addiko Bank, Unicredit Bank, Eurobank and Sberbank) and Energoprojekt Industrija in the amount of RSD 38,876 thousand (in the country at Unicredit Bank).
- **Other cash** in the amount of RSD 34,297 thousand refer predominantly Energoprojekt Sunnyville in the amount of RSD 28,575 thousand (for allocated approved bank loan in special account, which will be able to be used in 2018 after the presentation of certain invoices).
- **Value-impaired or restricted cash** in the amount of RSD 535,991 thousand relate to Energoprojekt Visokogradnja in the amount of RSD 532,200 thousand (based on bank deposits serving as collaterals for obtaining overdraft loans for foreign company Energoprojekt Ghana Ltd., Akra, Ghana at Zenith Bank Ghana, EKO Bank of Ghana and UBA Bank of Ghana) and to Energoprojekt Hidroinženjering in the amount from RSD 3,791 thousand (based on bank deposits serving as collaterals for guarantees' issuing for the project Ourkiss, Algeria. Cash will be available after the expiration of the overdraft agreement and upon the the release of the guarantees in question).

Decrease in cash equivalents and cash in relation to the previous year in the amount of RSD 1,718,191 thousand is primarily the result of decrease in funds in foreign currency accounts in the amount of RSD 1,165,218 thousand (mostly in Energoprojekt Oprema: RSD 819,819 thousand and Energoprojekt Visokogradnji: RSD 283,286 thousand) and short-term time deposits in the amount of RSD 489,195 thousand (primarily due to the net reduction effect in Energoprojekt Oprema: RSD 591,988 thousand and increase in Energoprojekt Holding: RSD 139,914 thousand).

## 36. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME

### 36.1. Value Added Tax

| Structure of VAT | <i>In RSD thousand</i> |                   |
|------------------|------------------------|-------------------|
|                  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Value added tax  | 408,336                | 249,257           |
| <b>TOTAL</b>     | <b>408,336</b>         | <b>249,257</b>    |

- **Value added tax** in the amount of RSD 408,336 thousand refer to the difference between calculated tax and input tax, and primarily in Energoprojekt Oprema in the amount of RSD 310,056 thousand (in the country: RSD 44,312 thousand from difference between calculated and input VAT, in Belarus: RSD 265,672 thousand - for paid VAT on imports of equipment in Belarus and Montenegro: RSD 72 thousand dinars), in Energoprojekt Visokogradnja in the amount of RSD 67,677 thousand, and Energoplast in the amount of RSD 15,676 thousand.

### 36.2. Prepayments and Accrued Income and Deferred Expenses

| Structure of prepayments and accrued income                             | <i>In RSD thousand</i>  |                         |
|---|-------------------------|-------------------------|
|   | <i>31.12.2017</i>       | <i>31.12.2016</i>       |
| Prepayments:  |                         |                         |
| a) Prepaid subscriptions for professional publications                  | 3,570                   | 2,001                   |
| b) Prepaid rent   | 102,579                 | 239,323                 |
| c) Prepaid insurance premiums   | 39,369                  | 38,466                  |
| d) Prepaid advertizing and marketing expenses                           | 15                      | 55                      |
| e) Other prepaid expenses   | 36,419                  | 80,716                  |
| <i>Total</i>  | <i>181,952</i>          | <i>360,561</i>          |
| Receivables for accrued non-invoiced income:                            |                         |                         |
| a) Receivables for accrued non-invoiced income - other related entities |                         | 76,617                  |
| b) Receivables for accrued non-invoiced income - other legal entities   | 4,321,797               | 3,227,797               |
| <i>Total</i>  | <i>4,321,797</i>        | <i>3,304,414</i>        |
| Deferred costs from liabilities   |                         | 137                     |
| Other accruals  |                         |                         |
| a) Accrued value added tax  | 98,602                  | 46,740                  |
| b) Other deferred expenses  | 555,130                 | 84,678                  |
| <i>Total</i>  | <i>653,732</i>          | <i>131,418</i>          |
| <b>TOTAL</b>  | <b><i>5,157,481</i></b> | <b><i>3,796,530</i></b> |

• **Prepaid rent** in the amount of RSD 102,579 thousand primarily refer to to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 89,244 thousand based on leasing of business premises and apartments for workers in companies abroad primarily in Qatar: RSD 59,245 thousand and in UAE: RSD 22,484 thousand (multi-year lease agreements with payment of a full year rent in advance);

- Energoprojekt Visokogradnja in the amount of RSD 6,213 thousand, based on leasing apartments for accommodation of workers, primarily in the company in Ghana and on projects Z-085 Office building Uhta, Russia and Z-103 Talan Towers, Astana, Kazakhstan (one-year lease agreements with advance payment); and

- Energoprojekt Niskogradnja in the amount of RSD 6,813 thousand, based on leasing quarries, access roads and houses in Uganda (multi-year lease agreements, for example, lease of quarry is on 5 years with payment of a full year rent in advance).

• **Receivables for accrued non-invoiced income – other legal entities** in the amount of RSD 4,321,797 thousand refer primarily to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 2,180,049 thousand, primarily refer to the receivables from interim payment certificates for work completed in 2017 for the following projects:

- Lajkovac-Ljig: RSD 936,779 thousand;
- Z-027 Mpigi Kanoni Uganda: RSD 407,493 thousand;
- Z-034 Road Puerto Bermudez, Peru: RSD 242.383 thousand;
- Z-036 Streets in Kampala Kawempe-Lubaga, Uganda: RSD 180.699 thousand;
- Z-038 Leveling of the river bed Chira, Peru: RSD 152.278 thousand;
- Z-016 Chavimochic, Peru: RSD 120.267 thousand; and
- Kolubara II phase (Replacing and regulation of Kolubara River): RSD 60.324 thousand.

- Energoprojekt Oprema in the amount of RSD 1,368,126 thousand, primarily refer to:

- accrued non-invoiced income - project Energocentar Minsk, Belarus: RSD 1,336,128 thousand (arbitration proceeding with Gazprom Transgaz Belarus is on-going, Note 47) and;
- invoices issued in 2016 that are not certified, based on the works carried out in 2015 on the project RTB Bor: RSD 31,294 thousand (arbitration proceeding is on-going with SNC Lavalin and International Project Services Ltd. - branch, Note 47).

- Energoprojekt Holding in the amount of RSD 375,825 thousand relate entirely to the realization of the Agreement on Construction of Republic of Serbia Embassy in Abuja, Federal Republic of Nigeria, a turn-key project, in the Cadastral parcel No. 313, registered in the Real Estate Registry, Cadastral Zone A00.

- Energoprojekt Visokogradnja in the amount of RSD 284,256 thousand relate to the receivables for payment certificates submitted to the Investor for verification, but not verified before the balance sheet submission date. The largest receivables for the accrued non-invoiced income are recorded for the following projects in the country and abroad:

- Z-103 Talan Towers, Astana, Kazakhstan: RSD 78,384 thousand;
- Prokop Railway Station: RSD 73,055 thousand; and
- in the company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 130,710 thousand

- Mentioning other companies of system Energoprojekt, receivables for accrued non-invoiced income were recorded at Energoprojekt Hidroinženjering, in the amount of RSD 75,608 thousand, Energoprojekt Urbanizam i arhitektura in the amount of RSD 30,437 thousand, Energoprojekt Industrija in the amount of RSD 3,820 thousand and Energoprojekt Energodata in the amount of RSD 3,676 thousand.

Increase in receivables for accrued non-invoiced income – other legal entities in relation to the previous year in the amount of RSD 1,094,000 thousand is primarily the result of increase in Energoprojekt Niskogradnja in the amount of RSD 793,755 thousand (mostly on the projects Lajkovac - Ljig and Z-027 Mpigi - Kanoni, Uganda, since the works for November and December were calculated in 2017, while in 2016 were only calculated works for December 2016) and Energoprojekt Oprema in the amount of RSD 259,409 thousand (primarily, on the project Energocentar Minsk, Belarus from procurement of equipment).

- **Accrued Value Added Tax (VAT)** in the amount of RSD 98,602 thousand include VAT presented in received invoices for reported year, and the right to tax return from previous period occurs in the next one, due to the fact that invoices came after the financial statement for December of the reported year. The most important amount of accrued VAT was recorded within Energoprojekt Visokogradnja in the amount of RSD 94,831 and within Energoprojekt Niskogradnja in the amount of RSD 3,463 thousand.

- **Other deferred expenses** in the amount of RSD 555,130 thousand predominantly refer to the following companies within system Energoprojekt:

- Energoprojekt Oprema in the amount of 496,125 thousand dinars on the basis of protest guarantee for the good performance issued by the investor Gazprom Transgas, Belarus on the project Energoentar Minsk, Belarus (Note 17); and

- Energoprojekt Garant in the amount of RSD 25,503 thousand (interest on bank deposits, transferrable premiums and claims charged to coinsurer and reinsurer calculated in advance).

Increase of other accruals compared to the previous year in the amount of RSD 470,452 thousand, dominantly relate to Energoprojekt Oprema in the amount of RSD 496,125 thousand (based on the protest guarantee for performance of work on the project Energoentar Minsk, Belarus).

### 37. CAPITAL

| Structure of capital   | In RSD thousand   |                   |
|--|-------------------|-------------------|
|  | 31.12.2017        | 31.12.2016        |
| Equity capital – reduced for non-controlling interest in equity capital  | 5,818,157         | 5,892,478         |
| Purchased own shares – <i>negative item of equity</i>  | 49,827            |                   |
| Reserves   | 454,450           | 374,657           |
| Revaluation reserves from revaluation of intangibles, property, plant and equipment  | 6,110,601         | 6,365,390         |
| Unrealized gains from securities and other components of other comprehensible result (credit balances under accounts class 33 except 330) – <i>positive item of equity</i> | 114,424           | 432,474           |
| Unrealized losses from securities and other components of other comprehensible result (debit balances under accounts class 33 except 330) – <i>negative item of equity</i> | 18,631            | 30,226            |
| Retained earnings  | 6,881,068         | 7,470,703         |
| Non-controlling interest - in equity capital   | 164,365           | 164,365           |
| <b>TOTAL</b>   | <b>19,474,607</b> | <b>20,669,841</b> |

### 37.1. Equity Capital

| Structure of equity capital where non-controlling interest is defined for equity capital items | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017.      | 31.12.2016.      |
| Share capital - total  | 5,724,580        | 5,724,580        |
| Non-controlling interest - in share capital  | (149,621)        | (149,621)        |
| <i>Total share capital (Energoprojekt Holding)</i>   | <i>5,574,959</i> | <i>5,574,959</i> |
| Stakes in limited liability companies - total  | 9,289            | 9,289            |
| Non-controlling interest - in limited liability companies                                      | (9,289)          | (9,289)          |
| <i>Total stakes in limited liability companies</i>   |                  |                  |
| Issuing premium  | 162,693          | 237,014          |
| Other share capital - total  | 85,960           | 85,960           |
| Other non-controlling interest   | (5,455)          | (5,455)          |
| <i>Total other share capital</i>   | <i>80,505</i>    | <i>80,505</i>    |
| <b>TOTAL</b>   | <b>5,818,157</b> | <b>5,892,478</b> |

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

Share capital of the parent company Energoprojekt Holding as at the balance sheet date consists of 10.931.292 ordinary shares with nominal value of RSD 510.00 or RSD 5,574,959 thousand worth share capital of the majority shareholder.

- **Issuing premium** in the amount of RSD 162,693 thousand is recorded based on purchase and sale of own shares in the period from 2006 to 2011 in the amount of RSD 237,014 thousand and based on purchase of own shares at the value which is above their nominal value achieved in 2017, in the amount of RSD 74,321 thousand, for which the prior balance of issuing premium from 2011 reduced (Note 37.2).

### 37.2 Purchased own shares

| Structure of purchased own shares | in RSD thousand |            |
|-----------------------------------|-----------------|------------|
|                                   | 31.12.2017      | 31.12.2016 |
| Purchased own shares              | 49,827          |            |
| <b>TOTAL</b>                      | <b>49,827</b>   | <b>0</b>   |

Pursuant to the Decision by the Supervisory Board of Energoprojekt Holding to acquire own shares on a regulated market, made on February 13, 2017, the Company acquired 97,700 of **own shares** on the Belgrade Stock Exchange (which amounts to 0.89376% of the total number of shares with voting rights) with nominal value of RSD 49,827 thousand.

### 37.3. Reserves

| Structure of reserves        | In RSD thousand |                |
|------------------------------|-----------------|----------------|
|                              | 31.12.2017      | 31.12.2016     |
| Legal reserves               | 218,856         | 218,856        |
| Statutory and other reserves | 235,594         | 155,801        |
| <b>TOTAL</b>                 | <b>454,450</b>  | <b>374,657</b> |

- **Legal reserves** were formed in compliance with the Law on Enterprises that was in force until November 30, 2004, when the Law on Companies came into force. Each year a minimum of 5% was appropriated from the profits until the reserves' level prescribed in the Articles of Association or at least 10% of the equity capital was reached.
- **Statutory and other reserves** are reserves formed from profit in compliance with the Articles of Association and other internal acts of the Company.
- Pursuant to the Decision of the Shareholders Assembly of Energoprojekt Holding from 2017, a **dedicated reserve** in the amount of RSD 80,000 thousand for acquiring own shares for distribution to employees with the Energoprojekt Holding, or to related company, or for rewarding members of the Executive and Supervisory Board of Energoprojekt Holding, were created, according to Article 282, paragraph 4, item 2 of the Law on Business Companies.

### 37.4. Revaluation Reserves from Revaluation of Intangibles, Property, Plant and Equipment

| Structure of revaluation reserves from intangibles, property, plant and equipment    | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017       | 31.12.2016       |
| Revaluation reserves from revaluation of property:                                   |                  |                  |
| a) Revaluation reserves from revaluation of property - Energoprojekt office building | 3,043,172        | 3,043,172        |
| b) Revaluation reserves from revaluation of other property                           | 986,333          | 1,213,752        |
| <i>Total</i>   | <i>4,029,505</i> | <i>4,256,924</i> |
| Revaluation reserves from revaluation of investment property                         | 1,927,920        | 1,955,266        |
| Revaluation reserves from revaluation of plant and equipment                         | 153,176          | 153,200          |
| <b>TOTAL</b>   | <b>6,110,601</b> | <b>6,365,390</b> |

- **Revaluation reserves from revaluation of property** in the amount of RSD 4,029,505 thousand relate to valuation of fair value of buildings (positive revaluation reserves) and application of IAS 12 – Income Taxes, 15% of revaluation reserves (negative aspect of revaluation reserves) (Note 26).

The revaluation reserves based on revaluation of property - Energoprojekt office building in the amount of RSD 3,043,172 thousand, relate to:

- the fair value booking effects of Energoprojekt office building as at December 31, 2014, in the amount of RSD 2,907,974 thousand;
- present value adjustment according to sq.m. of Energoprojekt office building, in the amount of RSD 672,228 thousand and
- 15% of income tax booking (the negative aspect of revaluation reserves) for the amount of deferred tax liabilities based on revaluation reserves, pursuant to IAS 12 – Income Taxes, in the amount of RSD 537,030 thousand.

The most significant amounts of revaluation reserves based on revaluation of other property in the amount of RSD 986,333 thousand relate to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja: RSD 399,393 thousand (a part of the “Cruz del Sur“ office building in Lima, Peru, business facilities, Lima, Peru, residential building in Kampala, Uganda and other facilities in Serbia and Peru);
- Energoprojekt Visokogradnja: RSD 253,251 thousand (buildings in Belgrade, in Vozdovac and in Stara Pazova);
- Energoprojekt Industrija: RSD 92,087 thousand (real estate of the affiliated company Energopet Ltd. (33.33%): RSD 80,231 thousand and solidarity apartments in Belgrade: RSD 11,856 thousand),
- Energo (Private) Limited, Zimbabwe: RSD 72,157 thousand (business and residential buildings in Harare, Zimbabwe); and
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 66,204 thousand (business and residential buildings in Lusaka, Zambia).

• **Revaluation reserves from revaluation of investment property** in the amount of RSD 1,927,920 thousand relate to the adjustment of fair value of such investment properties, and specifically, primarily to the following companies of the system Energoprojekt:

- Zambia Engineering and Contracting Company Limited, Zambia: RSD 894,447 thousand (business and residential facility in Zambia);
- Dom 12 S.A.L, Liban: RSD 540,422 thousand (office building in Moscow);
- Energoprojekt Niskogradnja: RSD 144,624 (a part of the “Cruz del Sur“ office building in Peru);
- I.N.E.C. Engineering Company Limited, Great Britain: RSD 162,594 thousand (office building in London); and
- Energoprojekt Visokogradnja: RSD 108,333 thousand.

**37.5. Unrealized Gains from Securities and Other Components of Other Comprehensive Result (credit balances under account class 33, except 330)**

| <b>Structure of unrealized gains from securities and other components of other comprehensive result (credit balances under account class 33 except 330)</b> | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Unrealized gains on transaction of financial statements for international operations  | 114,424                | 432,474           |
| <b>TOTAL</b>  | <b>114,424</b>         | <b>432,474</b>    |

• **Unrealized gains on transaction of financial statements for international operations** in the amount of RSD 114,424 thousand relate primarily to Energoprojekt Visokogradnja, Energoprojekt Opremu, I.N.E.C. Engineering Company Limited, United Kingdom, Zambia Engineering and Contracting Company Limited, Zambia and Encom GmbH Consulting, Engineering & Trading, Germany..

### 37.6. Unrealized Losses from Securities and Other Components of Other Comprehensive Result (debit balances under account class 33, except 330)

| Structure of unrealized losses from securities and other components of other comprehensive result (debit balances under account class 33 except 330) | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Unrealized losses on securities available for sale   | 18,631                 | 30,226            |
| <b>TOTAL</b>   | <b>18,631</b>          | <b>30,226</b>     |

- **Unrealized losses on securities available for sale** in the amount of RSD 18,631 thousand, which predominantly relate to Energoprojekt Holding in the amount of RSD 18,881 thousand, were recorded based on the adjustment of value of securities in Company portfolio with their fair value in the secondary securities market as at the financial statements date (the negative effect of which could not be covered with the positive effects of the change in the fair value of the security in question).

### 37.7. Retained Earnings

| Structure of retained earnings          | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Retained earnings from previous years:  |                        |                   |
| a) Balance as at January 1              | 7,470,703              | 6,481,980         |
| b) Changes                              | (1,113,636)            | (161,744)         |
| <i>Total</i>                            | <i>6,357,067</i>       | <i>6,320,236</i>  |
| Retained earnings from the current year | 524,001                | 1,150,467         |
| <b>TOTAL</b>                            | <b>6,881,068</b>       | <b>7,470,703</b>  |

- Total change of **retained earnings** of the current year in the amount of RSD 589,635 thousand mainly came as a result of the net profit of the system Energoprojekt in the reporting period, in the amount of RSD 524,001 thousand, decreases based on the distribution of retained earnings (dividend payments in Energoprojekt Holding, Energoprojekt Oprema, Energoprojekt Entel, Energoprojekt Garant and in Energoplast), in the amount of RSD 341,418 thousand and reserves for acquiring own shares for distribution to the employees of Energoprojekt Holding or related company, or for rewarding the members of the Executive and Supervisory Board of Energoprojekt Holding in the amount of 80,000 thousand dinars, as well as FX differences between the opening balance of the retained result of the companies abroad in the amount of RSD 634,161 thousand (primarily of Energoprojekt Entel in Qatar, Oman and UAE, and also due to the change of the value of local currencies linked to USD, in relation to RSD).

### 37.8. Non-Controlling Interest

| Non-controlling interest                     | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Non-controlling interest - in equity capital | 164,365                | 164,365           |
| <b>TOTAL</b>                                 | <b>164,365</b>         | <b>164,365</b>    |

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

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

| <b>Structure of non-controlling interest for total capital of the Companies with shares of minority shareholders</b>                       | <i>In RSD thousand</i>   |                          |
|--|--------------------------|--------------------------|
|  | <i>31.12.2017</i>        | <i>31.12.2016</i>        |
| Equity capital   | 5,982,522                | 6,056,843                |
| Non-controlling interest - in equity capital   | (164,365)                | (164,365)                |
| <i>Total equity capital</i>  | <i>5,818,157</i>         | <i>5,892,478</i>         |
| Purchased own shares   | 49,827                   |                          |
| Non-controlling interest - purchased own shares  |                          |                          |
| <i>Total purchased own shares</i>  | <i>49,827</i>            | <i>0</i>                 |
| Reserves   | 454,450                  | 374,657                  |
| Non-controlling interest - in reserves   | (21,277)                 | (21,306)                 |
| <i>Total reserves</i>  | <i>433,173</i>           | <i>353,351</i>           |
| Revaluation reserves from revaluation of intangibles, property, plant and equipment  | 6,110,601                | 6,365,390                |
| Non-controlling interest - in revaluation reserves   | (291,606)                | (292,309)                |
| <i>Total revaluation reserves from revaluation of intangibles, property, plant and equipment</i>   | <i>5,818,995</i>         | <i>6,073,081</i>         |
| Unrealized gains from securities and other components of other comprehensive result<br>(credit balances under account class 33 except 330) | 114,424                  | 432,474                  |
| Non-controlling interest - in unrealized gains   | (4,016)                  | (6,816)                  |
| <i>Total unrealized gains from securities and other components of other comprehensive result</i>   | <i>110,408</i>           | <i>425,658</i>           |
| Unrealized losses from securities and other components of other comprehensive result<br>(debit balances under account class 33 except 330) | 18,631                   | 30,226                   |
| Non-controlling interest - in unrealized losses  | (8,650)                  | (994)                    |
| <i>Total unrealized losses from securities and other components of other comprehensive result</i>  | <i>9,981</i>             | <i>29,232</i>            |
| Retained earnings from previous year   | 6,357,067                | 6,320,236                |
| Non-controlling interest - in retained earnings from previous year   | (748,959)                | (752,767)                |
| <i>Total retained earnings from previous year</i>  | <i>5,608,108</i>         | <i>5,567,469</i>         |
| Retained earnings from current year  | 524,001                  | 1,150,467                |
| Non-controlling interest - in retained earnings from current year  | 45,471                   | (178,531)                |
| <i>Total retained earnings from current year</i>   | <i>569,472</i>           | <i>971,936</i>           |
| <b>Tota capital of the companies with shares of majority shareholders</b>  | <b><i>18,298,505</i></b> | <b><i>19,254,741</i></b> |
| Non-controlling interest - in total capital  | (1,176,102)              | (1,415,100)              |
| <b>TOTAL CAPITAL</b>   | <b><i>19,474,607</i></b> | <b><i>20,669,841</i></b> |

The structure of participation without the right to control - in the retained earnings (net result) of the current year by the companies in the Energoprojekt system is given in the following table.

| <b>The structure of participation without the right to control - in the retained earnings (net result) of the current year by the companies</b> | <i>% share of minority shareholders</i> | <i>in RSD thousand</i> |                   |
|---|---|------------------------|-------------------|
|   |   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Energoprojekt Garant Plc  | 7.06%                                   | 1,517                  | 4,890             |
| Energoprojekt Entet Plc   | 13.74%                                  | 81,453                 | 89,626            |
| Energoprojekt Industrija Plc  | 37.23%                                  | 11,117                 | 11,670            |
| Energoprojekt Oprema Plc  | 32.13%                                  | (153,263)              | 58,213            |
| Energoplast Ltd   | 40.00%                                  | 13,705                 | 14,132            |
| <b>TOTAL</b>  |   | <b>(45,471)</b>        | <b>178,531</b>    |

### 38. LONG-TERM PROVISIONS

| <b>Structure of long-term provisions</b>         | <i>in RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Provisions for wages and other employee benefits | 261,347                | 271,419           |
| Provisions for warranty period costs             | 593,828                | 400,624           |
| Other long-term provisions                       | 535,331                | 33,312            |
| <b>TOTAL</b>                                     | <b>1,390,506</b>       | <b>705,355</b>    |

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

In the projection of provision calculation pursuant to IAS 19 the deductive approach was used, meaning that all the Companies from the system Energoprojekt 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.

An increase of the provision amount based on current retirement bonus values (by 0.41%) in the balance sheet as at December 31, 2017 in comparison to the retirement bonus values in the balance sheet as at December 31, 2016, was the result of several changed factors:

- On one hand, changes of some factors affect the increase of the provision amount (increase in the average expected retirement bonus by 4.04% and an increase in average number of years spent in the company by 3.97%); and
- On the other hand, changes of some factors affect the decrease of the provision amount (a decrease in total number of employees in the company by 8.59%).

In addition to the above mentioned, the change in the provision structure per individual companies came as the result of the change in the aliquot part of the number of employees in individual companies against the total number of employees in the entire Company.

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

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

The retirement bonus is, as of the beginning of 2015, pursuant to the provisions of the Collective Agreement in force, paid in the Company in compliance with the Article 57 of the Collective Agreement regulating employment in the country, according to which the Employer is to pay to the Employee retirement bonus amounting to two average gross salaries in the Republic of Serbia according to the latest data published by the relevant Republic authority in charge of statistics. In compliance with the legislation in force, the above mentioned amount is non-taxable.

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

The rate of **7%** was accepted as the **annual discount rate**.

In the paragraph 83, IAS 19 it is explicitly stated that the rate used for discount should be defined according to market yields at the balance sheet date for high yield corporate bonds. In countries where there is no developed market for such bonds, market yields (at the balance sheet date) for government bonds should be used. The currency and term of the bonds should be consistent with the currency and estimated term of the post-employment benefit obligations.

Since the financial market of Serbia is insufficiently developed, the actual annual yield from the purchase of government bonds with the Republic of Serbia as the guarantor should be used as a reference for the determination of the discount rate as at the balance sheet date. In compliance to the above stated, the discount rate was determined according to the annual yield of government bonds issued on September 6, 2017 by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia. These bonds were issued with an annual interest rate of 4.20%. Since it is an EURO security, by taking into account the estimated inflation in the Euro zone (Source: the Government of the Republic of Serbia "Fiscal Strategy for 2018 with Projections for 2019 and 2020), by extrapolating the yield curve for a longer period (since the maturity of the reference securities is shorter (15 years) than the average estimated maturity of the benefit payment that is subject to this calculation), in view of the requirements from paragraph 86, IAS 19, a realistic annual yield of 4% was adopted.

**The annual expected salary growth** in the Republic of Serbia was planned at the level of 4%.

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

The Memorandum of the National Bank of Serbia on the target inflation rates by 2018, adopted at the 14<sup>th</sup> meeting of the National Bank of Serbia Executive Board on October 10, 2016, in addition to other things, determines the target inflation rate for 2017 and 2018 of 3%, with permissible deviation (positive and negative) of 1.5 percentage points. According to the above stated, and taking into account that inflation rate in 2017 was at the level of planning, it would be most realistic to plan the inflation rate for the following year 2018 on the level of the target inflation rate as stipulated in the Memorandum.

The provision will thus be estimated according to the planned annual inflation rate of 3%. From the above stated, it can be concluded that the planned long-term annual growth in real salaries in the Republic of Serbia is 1%, which is, bearing in mind the planned growth in domestic product in the following period (Source: the Government of the Republic of Serbia "Fiscal Strategy for 2018 with Projections for 2019 and 2020), realistically achievable.

If the inflation rate would change in the future, the applied logic would result in the change of nominal wages, but also in the discount rate (that is predominantly defined by the inflation rate), so that the change would not lead to the change in results presented in this document. The methodology used, indicating the long-term planned annual growth of wages in the Republic of Serbia of 4% and long-term annual discount rate of 7%, assumes the same, unchanged inflation rate in future. This assumption is requested in the paragraph 78 of IAS 19.

• **Provisions for warranty period** in the amount of RSD 593,828 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 531,362 thousand disclosed based on the provisions within Energoprojekt Entel LTD, Qatar based on project Phase 11, Phase 12 and GTC 385 and Mega Reservoirs performed for Qatar General Electricity and Water Corporation KAHRAMAA: RSD 478,049 thousand, and in the country based on Vinča projects - Preparation of project documentation and Activities of the Construction Manager (FIDIC Engineer) on the construction of a new block Kostolac B3 thermal power plant: RSD 53.313 thousand.

Costs of provisions during warranty period was performed based on the best Management assessment and based on the previous experiences and is expected to be payable in a period of less than 5 years. Final amount of liability to be paid may differ from the provision amount, depending on the future developments. These provisions are not discounted, since the impact of such discount is of no material significance.

Comparing to the previous reporting period, the increase in the said provisions in the amount of RSD 153,044 thousand, on the one hand came as result of additional reserves in the amount of RSD 225,069 thousand in Energoprojekt Entel LTD Qatar: RSD 171,756 thousand and in the country: RSD 53,313 thousand (Note 17) and on the other by the decrease in relation to recording of FX gains, in the amount of RSD 72,025 thousand (considering the activities abroad introducing in financial records of the company, pursuant to IFRS 21 – Effects of Changes in Foreign Exchange Rates);

- Energoprojekt Oprema in the amount of RSD 17,303 thousand, performed in 2017, for the project Power line Pančevo - Romanian border: RSD 12,960 thousand and from remained part of provision from 2015 for projects Prokop: RSD 1,628 thousand, Transit over the Danube: RSD 992 thousand and Power line Beograd - Pančevo: RSD 1,723 thousand.

The Company usually provides guarantee for its products for the period of 1-5 years, depending on the project in question. Management assessed the provisions costs for the future warranty claims based on information about such claims from the previous periods, as well as based on the recent trends that may provide some indication that information on the costs from the past may differ from the future claims.

Comparing to previous year, a decrease of related reserves in the amount of RSD 1,037 thousand is the result, on the one hand, of decrease from unused reserves deleting, emerged in 2015 for project Prokop, in the amount of RSD 8,372 thousand and utilization of provisions in the amount of RSD 5,625 thousand (for projects Prokop: RSD 2,347 thousand, TENT Obrenovac: RSD 2,813 thousand, Tranzit over the Danube: RSD 192 thousand and Power line Belgrade Pančevo: RSD 273 thousand), and, on the other hand, of increase from additional provisions made in the amount of RSD 12,960 thousand (for project Power line Pančevo - Romanian border) (Note 17).

- Energoprojekt Visokogradnja in the amount of RSD 45,163 thousand, based on the provision made in 2017 for projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 30,925 thousand and Sunnyville: RSD 12,191 thousand and based on remaining amount of provision made in 2015 for the project Z-096 Forte Bank, Astana, Kazakhstan: RSD 2,047 thousand - completed in 2016. The provision will be closed quarterly in the next two years.

The Company usually provides guarantee for the completed buildings, which are expected to incur some expenses over the course of the warranty period. The Company assessed the provisions costs for the future warranty claims based on information about such claims from the previous periods, as well as based on the recent trends that may provide some indication that information on the costs from the past may differ from the future claims.

Comparing to reported period of the previous year, the increase in the provision in 2017, by RSD 41,197 thousand is, on the one hand, the result of increase in additional reserves in the amount of RSD 45,509 thousand (for projects Z-103 Talan Towers, Astana, Kazakhstan and Sunnyville - Note 17) and, on the other hand, of decrease from utilization of provisions in the amount of RSD 1,919 thousand (for the project Z-096 Forte Bank, Astana) and of FX gains in the amount of RSD 2,393 thousand.

Changes in structure of long-term provisions for warranty period costs during the reporting period are broken down in the following table.

| <b>Structure of provisions for warranty period costs</b> | <i>In RSD thousand</i> |
|--|------------------------|
| <b>As of January 1, 2016</b>                             | <b>491,826</b>         |
| Additional provision                                     | 216,453                |
| Utilised during the period                               | (68,698)               |
| Delimiting unused provision                              | (259,283)              |
| FX differences   | 20,326                 |
| <b>As of January 1, 2017</b>                             | <b>400,624</b>         |
| Additional provision                                     | 283,538                |
| Utilised during the period                               | (7,544)                |
| Delimiting unused provision                              | (8,372)                |
| FX differences   | (74,418)               |
| <b>As of December 31, 2017</b>                           | <b>593,828</b>         |

• **Other long-term provisions** in the amount of RSD 535,331 thousand relate to provision made in 2017 from estimation of possible amount of overestimated item of accruals shown in the financial statements of Energoprojekt Oprema for the project Energocentar Minsk, Belarus in accordance with the decision of the Supervisory Board of Energoprojekt Holding in the amount of RSD 496,125 thousand (USD 5,006 thousand) and to Energoprojekt Garant in the amount of RSD 39,206 thousand, mainly for allocations reserves for risk equalization in the amount of RSD 37,976 thousand.

### 39. LONG-TERM LIABILITIES

| <b>Structure of long-term liabilities</b>                                    | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Long-term credits and loans domestic   | 293,895                | 614,027           |
| Long-term credits and loans foreign countries                                | 191,792                | 226,661           |
| Long term liabilities from financial leasing                                 | 28,310                 | 68,901            |
| Other long-term liabilities  | 11,724                 | 202,445           |
| <b>TOTAL</b>   | <b>525,721</b>         | <b>1,112,034</b>  |
| Part of long-term liabilities with maturity date up to one year (Note 40.3.) | 1,346,835              | 294,157           |

### 39.1. Long-Term Credits and Loans

| Structure of long-term credits and loans                    | <i>in RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| In the country:   |                        |                   |
| a) Long-term loans granted by banks in the country:         |                        |                   |
| Societe Generale Bank                                       |                        |                   |
| Erste Bank  |                        | 303,552           |
| Komercijalna Banka  |                        | 94,300            |
| Jubmes Banka  | 72,647                 | 216,175           |
| Eurobanka   | 221,248                |                   |
| <i>Total</i>  | <i>293,895</i>         | <i>614,027</i>    |
| b) Long-term loans granted by other entities in the country |                        |                   |
| <i>Total - loans domestic</i>                               | <i>293,895</i>         | <i>614,027</i>    |
| Abroad:   |                        |                   |
| Long-term loans granted by other entities abroad            | 191,792                | 226,661           |
| <i>Total - loans abroad</i>                                 | <i>191,792</i>         | <i>226,661</i>    |
| <b>TOTAL</b>  | <b>485,687</b>         | <b>840,688</b>    |

- **Long-term loans granted by banks in the country** in the amount of RSD 293,248 thousand entirely relate to Energoprojekt Visokogradnja (Eurobank and Jubmes Banka).

Long-term loans granted by the domestic banks as at December 31, 2017 are presented in the following tables, categorized as liabilities with maturity date up to one year (posted within other short-term liabilities, Note 40.3.) and as liabilities with maturity date longer than one year (posted within long-term loans), as well as maturity dates of the long-term loans and currencies in which such loans were denominated broken down per individual companies of the system Energoprojekt to which such long-term loans relate.

*Energoprojekt Holding Plc. Belgrade*

| Creditor                     | Interest rate            | In RSD thousand     |                      |                     |                      |
|------------------------------|--------------------------|---------------------|----------------------|---------------------|----------------------|
|                              |                          | 31.12.2017          |                      | 31.12.2016          |                      |
|                              |                          | Long-term liability | Short-term liability | Long-term liability | Short-term liability |
| Energoprojekt Sunnyville:    |                          |                     |                      |                     |                      |
| Erste Bank                   | 3m Euribor + 3.5% ann.   |                     | 800,219              | 303,552             |                      |
| <i>Total</i>                 |                          | -                   | 800,219              | 303,552             | -                    |
| Energoprojekt Visokogradnja: |                          |                     |                      |                     |                      |
| Eurobank                     | 3M Euribor + 2.95% ann.. | 221,248             | 95,667               |                     |                      |
| Jubmes banka                 | 3.5% ann.                | 72,647              | 134,774              | 216,175             | 134,980              |
| <i>Total</i>                 |                          | 293,895             | 230,441              | 216,175             | 134,980              |
| Energoprojekt Niskogradnja:  |                          |                     |                      |                     |                      |
| Komercijalna banka           | 1M Bellibor + 1.20% ann. |                     | 94,300               | 94,300              | 28,700               |
| <i>Total</i>                 |                          | -                   | 94,300               | 94,300              | 28,700               |
| <b>TOTAL</b>                 |                          | <b>293,895</b>      | <b>1,124,960</b>     | <b>614,027</b>      | <b>163,680</b>       |

| Structure of long-term loans' maturity dates | in RSD thousand |                |
|--|-----------------|----------------|
|  | 31.12.2017      | 31.12.2016     |
| 1 to 2 years                                 | 293,895         | 614,027        |
| 2 to 5 years                                 |                 | -              |
| <b>TOTAL</b>                                 | <b>293,895</b>  | <b>614,027</b> |

| Structure of accounting liabilities for long-term loans granted to Company as per denomination currency | in RSD thousand |                |
|---|-----------------|----------------|
|   | 31.12.2017      | 31.12.2016     |
| RSD   |                 | 94,300         |
| EUR   | 293,895         | 519,727        |
| <b>TOTAL</b>  | <b>293,895</b>  | <b>614,027</b> |

- **Long-term loans granted by other entities abroad** in the amount of RSD 191,792 thousand relate to Energoprojekt Niskogradnja, based on liabilities towards associates engaged on the former SFRY Republics on the HPP Banieya II Project in Guinea (USD 1,935 thousand). Since the succession process of former SFRY Republics is not completed and in view of the principle of prudence, the management of the Company is of the opinion that conditions for the write-off of the said liabilities have not yet been met at the moment.

### 39.2. Long Term Liabilities from Financial Leasing

| Structure financial leasing liabilities | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Financial leasing liabilities           | 28,310                 | 68,901            |
| <b>TOTAL</b>                            | <b>28,310</b>          | <b>68,901</b>     |

- **Long term liabilities from financial leasing** were effectively insured as the lessor's right to return of the financial lease asset in case of defaulting.

Of the total long-term financial lease liabilities amounting to RSD 28,310 thousand, the largest share in the amount of RSD 16,032 thousand relate to Energoprojekt Niskogradnja.

Detailed information on total financial lease (long-term as well as short-term) liabilities of the Energoprojekt Niskogradnja is presented in the following table.

| <b>Creditor</b>                          | Currency | Outstanding debt in currency | Outstanding debt in RSD thousand | Repayment and maturity date | Annual interest rate                    |
|--|----------|------------------------------|----------------------------------|-----------------------------|---|
| <i>Lease liabilities in the country:</i> |          |                              |                                  |                             |   |
| Sogelease                                | EUR      | 478,470                      | 56,686                           | Monthly until 06.15.2020    | 6m Euribor + margin from 2.99% to 3,49% |
| Unicredit Leasing                        | EUR      | 47,019                       | 5,570                            | Monthly until 09.11.2018    | 3m Euribor + 4.20%                      |
| <b>Total</b>                             |          |                              | <b>62,256</b>                    |                             |   |
| <i>Lease liabilities abroad:</i>         |          |                              |                                  |                             |   |
| Banco Financiero leasing, Peru           | USD      | 55,642                       | 5,515                            | Monthly until 11.25.2018    | 6.25%                                   |
| <b>Total</b>                             |          |                              | <b>5,515</b>                     |                             |   |
| <b>TOTAL</b>                             |          |                              | <b>67,771</b>                    |                             |   |

Financial lease liabilities of Energoprojekt Niskogradnja denominated in RSD as at December 31, 2017 are presented in the following table, broken down into:

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

| <b>Creditor</b>                | <i>In RSD thousand</i>     |                             |
|--------------------------------|----------------------------|-----------------------------|
|                                | <i>Long-term liability</i> | <i>Short-term liability</i> |
| Sogelease, Serbia              | 16,032                     | 40,654                      |
| UniCredit Leasing, Serbia      |                            | 5,570                       |
| Banco Financiero Leasing, Peru |                            | 5,515                       |
| <b>TOTAL</b>                   | <b>16,032</b>              | <b>51,739</b>               |

| <b>Structure of financial leasing liabilities per maturity dates</b> | <i>In RSD thousand</i> |                     |
|--|------------------------|---------------------|
|  | <i>Present Value</i>   | <i>Future Value</i> |
| Up to 1 year   | 51,739                 | 53,189              |
| 1 to 5 years   | 16,032                 | 16,299              |
| More than 5 years  |                        |                     |
| <b>TOTAL</b>   | <b>67,771</b>          | <b>69,488</b>       |

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

### **39.3. Other Long-Term Liabilities**

| <b>Structure of other long-term liabilities</b> | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Other long-term liabilities                     | 11,724                 | 202,445           |
| <b>TOTAL</b>                                    | <b>11,724</b>          | <b>202,445</b>    |

• **Other long-term liabilities** in the amount of RSD 11,724 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 10,431 thousand that relate in their entirety to the the liability for retained guarantee deposited money issued by the company Gemax Ltd in respect of project Railroad Pančevo; and
- Energoprojekt Visokogradnja in the amount of RSD 1,293 thousand relate to guarantee deposited money in accordance with Agreement made with Putevi Invest Ltd. on the project Prokop.

Decrease in other long-term liabilities compared to the previous year, amounting to RSD 190,721 thousand, primarily is the result of reduction in Energoprojekt Sunnyville in the amount of RSD 173,182 thousand (EUR 1,403 thousand) on the basis of transfer of obligation for acquired construction land, to a

portion of long-term liabilities with maturity dates up to one year, given that the entire obligation is due in 2018 (Note 40.3).

#### 40. SHORT-TERM FINANCIAL LIABILITIES

| Structure of short-term financial liabilities                          | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017       | 31.12.2016       |
| Short-term credits and loans in the country                            | 6,877,337        | 3,728,809        |
| Short-term credits and loans abroad                                    | 1,134,797        | 986,438          |
| Other short-term financial liabilities:                                |                  |                  |
| a) Portion of long-term liabilities with maturity dates up to one year | 1,346,835        | 294,157          |
| b) Other short-term financial liabilities                              | 216              | 201              |
| Total  | 1,347,051        | 294,358          |
| <b>TOTAL</b>   | <b>9,359,185</b> | <b>5,009,605</b> |

##### 40.1. Short-Term Credits and Loans Domestic

| Structure of short-term credits and loans in the country         | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017       | 31.12.2016       |
| Short-term loans granted by banks in the country:                |                  |                  |
| a) Loans in RSD  | 1,947,316        | 2,010,609        |
| b) Loans with foreign currency clause                            | 4,930,021        | 1,718,200        |
| <i>Total</i>   | <b>6,877,337</b> | <b>3,728,809</b> |
| Short-term loans granted by other legal entities in the country: |                  |                  |
| a) Loans in RSD  |                  |                  |
| b) Loans with foreign currency clause                            |                  |                  |
| <i>Total</i>   | -                | -                |
| <b>TOTAL</b>   | <b>6,877,337</b> | <b>3,728,809</b> |

- **Short-term loans granted by banks in the country** in the amount of RSD 6,877,337 thousand relate to

- the following companies of the system Energoprojekt:

- *Energoprojekt Oprema in the amount of RSD 2,249,467 thousand, and specifically:*

- RSD loans granted by Jubmes Banka in the amount of RSD 62,682 thousand, at interest rate of 6.00% per annum; and

- Loans with foreign currency clause (in EUR) granted by Banca Intesa, AIK Bank, Societe Generale Bank, Unicredit Bank, Raiffeisen Bank, Komercijalna Banka and Addiko Bank in the amount of RSD 2,186,785 thousand, interest rate ranging from 1m Euribor +2.50% per annum to 2.80% per annum;

- *Energoprojekt Visokogradnja in the amount of RSD 1,529,171 thousand, and specifically:*

- RSD loans granted by Unicredit bank, Jubmes Banka and AIK Bank in the amount of RSD 693,938 thousand; interest rates ranging from 1m Belibor + 1.10% to 1m Belibor + 6.00% per annum; and
- Loans with foreign currency clause (in EUR) granted by Unicredit bank, Addiko bank, Banca Intesa and Societe Generale Bank in the amount of RSD 835,233 thousand; interest rates ranging from 2.50% to 3m Euribor + 3% per annum;

- *Energoprojekt Niskogradnja in the amount of RSD 1,496,948 thousand, namely:*

- RSD loan granted by Societe General bank, Unicredit bank, Komercijalna banka, AIK Bank and OTP Bank in the amount of RSD 1,190,696 thousand; interest rate 1m Belibor + 1,2% per annum and
- Loan with the foreign currency clause (in EUR) granted by Societe Generale Bank, Addiko Bank, and Piraeus Bank in the amount of RSD 306,252 thousand, interest rate from + 2,50% per annum to 3m Euribor + 3,10% per annum;

- *Energoprojekt Holding in the amount of RSD 1,251,072 thousand, and specifically:*

- Loan with foreign currency clause (in EUR) granted by Erste bank, Societe Generale Bank, VTB Bank and Banca Intesa; interest rate from 6m Euribor + 2.60% to 3m Euribor + 2.90% per annum;

- *Energoprojekt Hidroinženjering in the amount of RSD 189,556 thousand, namely:*

- Loans with FX clause (EUR) granted by the Societe Generale Bank, Jubmes Banka and AIK Bank, with the interest rate from 2.50% to 3.50% per annum.

- *Energoprojekt Energodata in the amount of RSD 161,123 thousand, namely:*

- Loan with the foreign currency clause (in EUR) granted by AIK Bank, interest rate 3m Euribor + 3.00% per annum;

Repayment of short-term loans granted by domestic banks are secured by bonds provided by borrowers of credit lines and guarantee provided by Energoprojekt Holding.

Net book value of short-term loans denominated in currencies is presented in the following table.

| Structure of book value of short-term credit and loans in the country denominated in foreign currencies | In RSD thousand  |                  |
|---|------------------|------------------|
|   | 31.12.2017       | 31.12.2016       |
| RSD   | 1,947,316        | 2,010,609        |
| EUR   | 4,930,021        | 1,718,200        |
| <b>TOTAL</b>  | <b>6,877,337</b> | <b>3,728,809</b> |

#### 40.2. Short-Term Credits and Loans Foreign Countries

| Structure of short-term credits and loans abroad                    | In RSD thousand  |                |
|---|------------------|----------------|
|   | 31.12.2017       | 31.12.2016     |
| Short-term loans granted by foreign banks                           | 1,133,884        | 985,412        |
| Short-term loans granted by other legal and physical persons abroad | 913              | 1,026          |
| <b>TOTAL</b>  | <b>1,134,797</b> | <b>986,438</b> |

- **Short-term loans granted by foreign banks** in the amount of RSD 1,133,884 thousand relate to Energoprojekt Niskogradnja in the amount of RSD 860,529 thousand (loans granted by the commercial banks in Peru and Uganda, as presented in the following table), to Energoprojekt Visokogradnja in the amount of RSD 269,897 thousand (within Energoprojekt Ghana Ltd., Accra, Ghana, based on overdraft with banks), and Zambia Engineering and Contracting Company Limited, Zambia in an amount of RSD 3,458 thousand (based on overdraft).

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

| Bank                            | Currency | Outstanding debt balance in foreign currency | Outstanding debt balance in RSD thousand | Repayment and maturity date | Annual interest rate |
|---------------------------------|----------|--|--|-----------------------------|----------------------|
| Standard Chartered Bank, Uganda | USD      | 1,456,707                                    | 144,382                                  | 31.03.2018.                 | 9,25%                |
| <b>Total Uganda</b>             |          | <b>1,456,707</b>                             | <b>144,382</b>                           |                             |                      |
| Banco Financiero, Peru          | SOL      | 1,000,000                                    | 30,544                                   | 21.01.2018                  | 6,70%                |
| Banco Financiero, Peru          | SOL      | 700,000                                      | 21,381                                   | 22.02.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 500,000                                      | 15,272                                   | 22.02.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 800,000                                      | 24,435                                   | 26.02.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 2,500,000                                    | 76,360                                   | 01.01.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 700,000                                      | 21,381                                   | 07.03.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 600,000                                      | 18,326                                   | 07.03.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 800,000                                      | 24,435                                   | 11.03.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 400,000                                      | 12,218                                   | 11.03.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 850,000                                      | 25,962                                   | 13.03.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 650,000                                      | 19,854                                   | 13.03.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 1,000,000                                    | 30,544                                   | 14.03.2018.                 | 6,70%                |
| Banco GNB, Peru                 | SOL      | 1,500,000                                    | 45,816                                   | 21.03.2018.                 | 6,30%                |
| Banco GNB, Peru                 | SOL      | 300,000                                      | 9,163                                    | 22.01.2018.                 | 5,85%                |
| Scotiabank, Peru                | SOL      | 800,000                                      | 24,435                                   | 02.03.2018.                 | 7,04%                |
| Scotiabank, Peru                | SOL      | 1,200,000                                    | 36,653                                   | 02.03.2018.                 | 7,04%                |
| Scotiabank, Peru                | SOL      | 750,000                                      | 22,908                                   | 15.01.2018.                 | 6,90%                |
| Scotiabank, Peru                | SOL      | 1,350,000                                    | 41,234                                   | 15.01.2018.                 | 6,90%                |
| Scotiabank, Peru                | SOL      | 1,100,000                                    | 33,598                                   | 21.03.2018.                 | 6,30%                |
| Banco GNB, Peru                 | SOL      | 1,000,000                                    | 30,544                                   | 03.03.2018.                 | 7,04%                |
| Banco GNB, Peru                 | SOL      | 445,544                                      | 13,609                                   | 10.02.2018.                 | 7,04%                |
| Banco GNB, Peru                 | USD      | 200,000                                      | 19,823                                   | 21.03.2018.                 | 5,00%                |
| Banco GNB, Peru                 | USD      | 65,000                                       | 6,443                                    | 21.03.2018.                 | 5,00%                |
| Banco GNB, Peru                 | USD      | 85,000                                       | 8,425                                    | 19.02.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 135,000                                      | 13,381                                   | 05.03.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 200,000                                      | 19,823                                   | 15.03.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 100,000                                      | 9,913                                    | 19.02.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 115,000                                      | 11,398                                   | 20.01.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 95,000                                       | 9,416                                    | 10.03.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 97,000                                       | 9,614                                    | 22.01.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 145,000                                      | 14,372                                   | 05.02.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 150,000                                      | 14,867                                   | 12.02.2018.                 | 4,80%                |
| <b>Total Peru</b>               |          | <b>20,332,544</b>                            | <b>716,147</b>                           |                             |                      |
| <b>TOTAL</b>                    |          |  | <b>860,529</b>                           |                             |                      |

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

#### 40.3. Other Short-Term Financial Liabilities

| Structure of other short-term financial liabilities                                       | In RSD thousand  |                |
|---|------------------|----------------|
|   | 31.12.2017       | 31.12.2016     |
| Portion of long-term loans with maturity date up to one year:                             |                  |                |
| a) Portion of long-term loans in the country and abroad with maturity date up to one year | 1,124,960        | 163,680        |
| b) Financial lease liabilities with maturity date up to one year                          | 55,705           | 130,477        |
| c) Other long-term liabilities with maturity date up to one year                          | 166,170          |                |
| <i>Total</i>  | <i>1,346,835</i> | <i>294,157</i> |
| Other short-term financial liabilities  | 216              | 201            |
| <b>TOTAL</b>  | <b>1,347,051</b> | <b>294,358</b> |

• **Portion of long-term loans domestic and foreign with maturity date up to one year** in the amount of RSD 1,124,960 thousand relate to the following companies of the system Energoprojekt.

- Energoprojekt Sunnyville in the amount of RSD 800,219 thousand, which refers to long-term loan granted by Erste Bank, with maturity up to one year (approved in EUR at the interest rate of 3m Euribor + 3.5% per annum);

- Energoprojekt Visokogradnja in the amount of RSD 230,411 thousand, as presented in the following table.

| Bank         | Approval Date            | Maturity Date                           | Currency | Approved Amount in foreign currency | Outstanding Balance in RSD thousand | Interest Rate           | One-off Rate | Collateral  |
|--------------|--------------------------|---|----------|-------------------------------------|-------------------------------------|-------------------------|--------------|---|
| Jubmes banka | 26.06.2016<br>29.06.2019 | at the end of each quartal              | EUR      | 2,400,000                           | 113,733                             | 3.5 % ann.              | 0.15%        | Promissory notes and securities of the companies:<br>EP Holdinga,<br>EP Niskogradnje,<br>EP Opreme<br>EP Hidroinženjeringa,<br>EP Energodate and<br>EP Industrije |
| Jubmes banka | 05.08.2016<br>05.08.2019 | 05.05.2018<br>05.08.2018<br>05.11.2018. | EUR      | 444,000                             | 21,041                              |                         |              |   |
| Eurobank     | 27.01.2017<br>27.01.2020 | Monthly                                 | EUR      | 3,000,000                           | 95,667                              | 3m Euribor + 2.95% ann. | 0.20%        | Promissory notes and securities of the companies:<br>EP Holdinga,<br>EP Niskogradnje and<br>EP Opreme   |
| <b>TOTAL</b> |                          |   |          |                                     | <b>230,441</b>                      |                         |              |   |

- Energoprojekt Niskogradnja in the amount of RSD 94,300 thousand that relate to long-term loans granted by Komercijalna Banka, with maturity up to one year (in RSD, with interest rate of 1m Belibor + 1.20%).

- **Financial lease liabilities with maturity dates up to one year** in the amount of RSD 55,705 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 51,739 thousand (Note 39.2).
- **Other long-term liabilities with maturity dates up to one year** in the amount of RSD 166,170 thousand entirely refer to Energoprojekt Sunnyvill (EUR 1,403 thousand) on the basis of long-term liabilities for acquired construction land in 2017, area of 85.6 acres. The obligation is payable and due in 6 (six) equal monthly installments and repayment period starts from May 2018 (Note 39.3).

#### 41. RECEIVED ADVANCES, DEPOSITS AND BONDS

| Structure of received advances, deposits and bonds                             | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Advances received from other related companies                                 | 33,942                 | 317,113           |
| Advances received from other legal entities and physical bodies in the country | 1,484,044              | 2,515,321         |
| Advances received from other legal entities and physical bodies, abroad        | 872,408                | 5,166,346         |
| Deposits received, abroad  | 7,636                  | 8,129             |
| <b>TOTAL</b>   | <b>2,398,030</b>       | <b>8,006,909</b>  |

- **Advances received from other related companies** in the amount of RSD 33,942 thousand mainly relate to liabilities towards affiliated company Energo Nigeria Ltd., Lagos, Nigeria, recorded predominantly within Energoprojekt Oprema in the amount of RSD 33,132 thousand.
- **Advances received from other legal entities and physical bodies in the country** in the amount of RSD 1,484,044 thousand mostly relate to the following companies of the system Energoprojekt:
  - Energoprojekt Visokogradnja in the amount of RSD 524,038 thousand for the advances received from investor for the projects Kineski kulturni Centar: RSD 325,560 thousand (Empiret Ltd.) and Belgrade Waterfront: RSD 188,368 thousand (Beograd na vodi Ltd.).
  - Energoprojekt Niskogradnja in the amount of RSD 398,305 thousand mainly for advances received on the projects Lajkovac-Ljig (China Standong International E&T Branch Belgrade): RSD 305,779 thousand and Reconstruction of Landfill Vinča (Beo Čista Energija Ltd.): RSD 92,444 thousand;
  - Energoprojekt Oprema in the amount of RSD 380,254 thousand mainly for the advances received from investors for projects Ada Mol: RSD 208,224 thousand (Gradina Ltd.) and Kolubara Landfill (PC Elektroprivreda Srbije): RSD 159,219 thousand; and
  - Energoprojekt Sunnyville in the amount of RSD 114,662 thousand for the advances received from the sale of real estate under construction in the residential and business complex Sunnyville in Belgrade.

Decrease in liabilities arising from advances received from other legal entities and physical bodies in the country, compared to the previous year in the amount of RSD 1,031,277 thousand was recorded, primarily, in the Energoprojekt Niskogradnja in the amount of RSD 994,582 thousand based on the justification of advances (mostly on project Lajkovac-Ljig) and in Energoprojekt Oprema in the amount of RSD 211,585 thousand (primarily on project Power line Pančevo – Rumunska border).

• **Advances received from other legal entities and physical bodies, abroad** in the amount of RSD 872,408 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 741,571 thousand for advances received in Peru in the amount of RSD 633,031 thousand, on projects Z-034 Road Puerto Bermudez, Peru: RSD 542,436 thousand (Consortio Vial San Alejandro) and Z-038 Leveling of the Chira River bed, Peru: RSD 90,595 thousand (Consortio Chira) and in Uganda in the amount of RSD 108,540 thousand, on project Z-036 Streets in Kampala Kawempe Lubaga, Uganda: RSD 108,540 thousand (Kampala Capital City Authority);

- Energoprojekt Hidroinženjering in the amount of RSD 66,590 thousand, mostly on projects in Algeria in the amount of 57,521 thousand; and

- Energoprojekt Visokogradnja in the amount of RSD 36,959 thousand mostly for advances received in the Energoprojekt Ghana Ltd., Accra, Ghana: RSD 35,526 thousand.

Decrease in liabilities arising from advances received from other legal entities and physical bodies, abroad, compared to the previous year, in the amount of RSD 4,293,938 thousand was recorded, primarily in Energoprojekt Visokogradnja in the amount of RSD 2,125,231 thousand (mostly on the project Z-103 Talan Towers, Astana, Kazakhstan and Energoprojekt Ghana Ltd., Akra, Ghana) based on justification of advances, Energoprojekt Oprema in the amount of RSD 1,246,897 thousand (predominantly, on the project Energocentar Minsk, Belarus) and in Energoprojekt Niskogradnja in the amount from RSD 857,440 thousand (primarily on projects Z-034 Road Puerto Bermudez, Peru, Z-036 Streets in Kampala Kawempe Lubaga, Uganda and Z-027 Mpigi - Kanoni, Uganda).

• **Deposits received, abroad** in the amount of RSD 7,636 thousand relate to Zambia Engineering and Contracting Company Limited, Zambia, for rental deposits received (for office and residential space) in the amount of RSD 2,560 thousand, Energoprojekt Niskogradnja for rental deposits received for apartments in the building Cruz del Sur in Peru in the amount of RSD 2,081 thousand, Dom 12 S.A.L., Lebanon, from rental deposits received for office premise in the business building in Moscow in the amount of RSD 1,990 thousand and to I.N.E.C. Engineering Company Limited, Great Britain from rental deposits received for office premise in the business building in London in the amount of RSD 1,005 thousand.

## 42. OPERATING LIABILITIES

| Structure of operating liabilities             | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017       | 31.12.2016       |
| Suppliers - other affiliated companies, abroad | 5,820            | 6,066            |
| Suppliers, local                               | 2,721,775        | 2,784,572        |
| Suppliers, abroad                              | 1,516,640        | 1,958,315        |
| Other operating liabilities                    | 13,302           | 219,327          |
| <b>TOTAL</b>                                   | <b>4,257,537</b> | <b>4,968,280</b> |

- **Suppliers – other affiliated companies, abroad** in the amount of RSD 5,820 thousand relate to the liabilities of the Energoprojekt Oprema towards affiliated company Energo Nigeria Ltd., Lagos, Nigeria.
- **Suppliers, local** in the amount of RSD 2,721,775 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 1,538,770 thousand, to Energoprojekt Visokogradnja in the amount of RSD 612,741 thousand and to Energoprojekt Oprema in the amount of RSD 497,358 thousand.

Suppliers, local - companies within system Energoprojekt with largest liabilities for trade payables as at the balance date are broken down in the following table.

| Structure of suppliers in the country      | <i>in RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| <b><i>Energoprojekt Niskogradnja:</i></b>  |                        |                   |
| Nukleus Ltd.                               | 820,878                | 693,163           |
| Lafarge Ltd.                               | 128,766                | 67,825            |
| Geosonda Fundiranje Plc.                   | 73,830                 | 166,939           |
| Europolis Plus Ltd.                        | 65,630                 | 33,019            |
| Evrogradnja Ltd.                           | 49,134                 | 53,980            |
| Erozija Plc., Valjevo                      | 40,942                 | 20,415            |
| Hidrotehnika Hidroenergetika Plc.          | 37,229                 | 95,662            |
| Epiroc SRB Plc.                            | 27,787                 | 72,988            |
| Other                                      | 294,574                | 300,852           |
| <b>Total</b>                               | <b>1,538,770</b>       | <b>1,504,843</b>  |
| <b><i>Energoprojekt Visokogradnja:</i></b> |                        |                   |
| Euro Bravo Ltd.                            | 120,701                |                   |
| Artinvest Ltd.                             | 42,470                 |                   |
| Opreming Ltd.                              | 35,766                 |                   |
| Nukleus Ltd.                               | 32,299                 |                   |
| Crna Trava Gradnja Ltd.                    | 30,061                 | 15,070            |
| Rinol Ltd.                                 | 24,850                 |                   |
| Schindler Ltd.                             | 23,372                 |                   |
| Normativ MR Ltd.                           | 17,398                 | 23,062            |
| Other                                      | 285,824                | 450,693           |
| <b>Total</b>                               | <b>612,741</b>         | <b>488,825</b>    |
| <b><i>Energoprojekt Oprema:</i></b>        |                        |                   |
| Energotehnika - Južna Bačka, Novi Sad Ltd. | 89,379                 | 278,321           |
| Blue line Ltd.                             | 68,456                 | 194,666           |
| Legas Group Ltd.                           | 54,313                 |                   |
| GP Planum Plc.                             | 39,670                 | 21,254            |
| Hidro-tan Ltd.                             | 38,471                 | 48,426            |
| IEE Ltd, Novi Sad                          | 36,840                 | 22,404            |
| Kodar Energomontaža Plc.                   | 36,503                 | 30,000            |
| Other                                      | 133,726                | 129,831           |
| <b>Total</b>                               | <b>497,358</b>         | <b>724,902</b>    |

• **Suppliers, abroad** in the amount of RSD 1,516,640 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 569,790 thousand (primarily within company Energoprojekt Entel LTD, Doha, Qatar: RSD 470,960 thousand, Energoprojekt Entel LLC Oman, Oman: RSD 66,988 thousand and Energo Consult LLC Abu Dhabi, UAE: RSD 31,842 thousand);

- Energoprojekt Niskogradnja in the amount of RSD 479,344 thousand (mainly in Uganda: RSD 254,245 thousand and in Peru: RSD 225,053 thousand);

- Energoprojekt Visokogradnja in the amount of RSD 371,038 thousand (mainly, in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 197,182 thousand and on projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 49,446 thousand, Z-085 Uhta, Russia: RSD 48,710 thousand and Z-088 Hyatt Hotel Rostov, Russia: RSD 19,427 thousand); and

- Energoprojekt Oprema in the amount of RSD 66,761 thousand (on projects abroad: RSD 45,282 thousand and in the country: RSD 21,479 thousand).

Decrease in liabilities to suppliers abroad, compared to the previous year, in the amount of RSD 441,675 thousand, mostly refers to Energoprojekt Oprema: RSD 149,053 thousand (on projects in the country and abroad), Energoprojekt Visokogradnja: RSD 141,020 thousand (primarily, on the project Z-085 Business building Uhta, Russia and Energoprojekt Ghana Ltd., Akra, Ghana) and to Energoprojekt Entel: RSD 134,611 thousand (in companies abroad).

• **Other operating liabilities** in the amount of RSD 13,302 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Garant in the amount of RSD 7,929 thousand from liabilities for reinsurance and coinsurance premiums and liabilities for commissions and intermediaries; and

- Energoprojekt Niskogradnja in the amount of RSD 5,189 thousand, entirely from liabilities for issued checks to suppliers in Peru in behalf of settlement of liabilities, which ended on December 31 2017 were not realized.

Decrease in other operating liabilities, compared to the previous year, in the amount of RSD 206,025 thousand mostly relates to settlement of obligation in the company Energoprojekt Ghana Ltd., Akra, Ghana, to subcontractors on the project Eco Bank, Ghana.

### 43. OTHER SHORT-TERM LIABILITIES

| Structure of other short-term liabilities   | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Liabilities from special transactions - other legal entities                      |                        | 252,906           |
| Liabilities for wages, fringe benefits and compensations                          | 823,230                | 1,303,559         |
| Other liabilities:  |                        |                   |
| a) Liabilities for interest and financing costs                                   | 17,023                 | 6,952             |
| b) Liabilities for dividends  | 147,452                | 127,861           |
| c) Liabilities to employees   | 39,407                 | 34,328            |
| d) Liabilities to General Manager, or to management and Supervisory Board members | 3,882                  | 4,050             |
| e) Liabilities to physical persons for contractual compensations                  | 4,682                  | 2,523             |
| f) Liabilities for short-term provisions  |                        |                   |
| g) Other various liabilities  | 35,158                 | 32,466            |
| <i>Total</i>  | <i>247,604</i>         | <i>208,180</i>    |
| <b>TOTAL</b>  | <b>1,070,834</b>       | <b>1,764,645</b>  |

- Decrease in **liabilities from special transactions - other legal entities**, compared to the previous year, in the amount of RSD 252,906 thousand, mainly relate to obligation settled by Energoprojekt Visokogradnja in the amount of RSD 238,432 thousand to the company Belim Plc. (according to verdict of the Commercial Court of Appeals from December 29, 2016, and Protocol no. 40/64 made between Energoprojekt Visokogradnja and Energoprojekt Holding).

- **Liabilities for wages, fringe benefits and compensations** in the amount of RSD 823,230 thousand (liabilities for net salaries and fringe benefits, taxes and contributions, etc.) relate predominantly to Energoprojekt Entel in the amount of RSD 376,059 thousand (abroad: RSD 347,051 thousand, in the country: RSD 29,008 thousand), Energoprojekt Visokogradnja in the amount of RSD 114,790 thousand (abroad: RSD 61,163 thousand, in the country: RSD 53,627 thousand), Energoprojekt Niskogradnja in the amount of RSD 143,719 thousand (abroad: RSD 93,075 thousand, in the country: RSD 50,644 thousand), Energoprojekt Hidroinženjering in the amount of RSD 89,763 thousand (abroad: RSD 69,643 thousand, in the country: RSD 20,120 thousand) and Energoprojekt Oprema in the amount of RSD 31,347 thousand (abroad: RSD 1,040 thousand, in the country: RSD 30,307 thousand).

Decrease in liabilities for wages, fringe benefits and compensations, compared to previous year, in the amount of RSD 480,329 thousand, primarily relate to Energoprojekt Entel in the amount of RSD 214,880 thousand arising from decrease in the mentioned liabilities incurred abroad (primarily due to the USD exchange rate decline compared to the exchange rate as of December 31, 2016) and to Energoprojekt Visokogradnja in the amount of RSD 208,848 thousand from settlement of abroad liabilities from the previous years.

- **Liabilities for dividends** in the amount of RSD 147,452 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoplast in the amount of RSD 106,039 thousand to a shareholder Chartered Oil Inc. by decisions of Assembly of the Shareholders from 2013 (retained earnings as of 2012 year) in the amount of RSD 88,039 thousand and from 2017 (retained earnings as of 2016 year) in the amount of RSD 18,000 thousand. Every year on the shareholders assembly meeting, the shareholder make decision on payment schedule of remaining amount of retained earning according to the decision from 2013. In this regards, the decision from 2017 foreseens payments in the amounts of RSD 9,600 until 31 March 2018 and RSD 4,800 thousand until to September 30, 2018;

- Energoprojekt Entel in the amount of RSD 14,406 thousand (since the shareholders did not open accounts for their securities),

- Energoprojekt Holding in the amount of RSD 20,065 thousand (mainly, liabilities for dividends from previous period, not paid till today – probte proceedings, etc.); and

- Energoprojekt Oprema in the amount of RSD 6,269 thousand.

- **Other various liabilities** in the amount of RSD 35,158 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 16,672 thousand (liabilities to Company’s Workers’ Union, Social Security Fund for Employees, liabilities towards third persons based on withholding from net employees’ salaries for statutory and administrative bans, etc.), and to Energoprojekt Visokogradnja in the amount of RSD 12,014 thousand (withholding from salaries for Union fees and charities, alimonies, etc.).

#### **44. LIABILITIES FOR VALUE ADDED TAX, LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE AND ACCRUED EXPENSES AND DEFERRED INCOME**

##### **44.1. Liabilities for Value Added Tax**

| <b>Liabilities for value added tax</b> | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Liabilities for value added tax        | 471,582                | 521,871           |
| <b>TOTAL</b>                           | <b>471,582</b>         | <b>521,871</b>    |

- **Liabilities for value added tax** in the amount of RSD 471,582 thousand relate to the difference between the calculated tax and input tax, primarily in Energoprojekt Visokogradnja in the amount of RSD 308,003 thousand (mainly within Energoprojekt Ghana Ltd., Accra: RSD 284,177 thousand) and in Energoprojekt Niskogradnja in the amount of RSD 73,999 thousand.

#### 44.2. Liabilities for Other Taxes, Contributions and Fees Payable

| Liabilities for other taxes, contributions and fees payable | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Liabilities for income tax                                  | 614,501                | 689,964           |
| Liabilities for other taxes, contributions and fees payable | 54,774                 | 86,186            |
| <b>TOTAL</b>  | <b>669,275</b>         | <b>776,150</b>    |

- **Liabilities for income tax** in the amount of RSD 614,501 thousand relate primarily to Energoprojekt Entel in the amount of RSD 579,186 thousand.

Liabilities for income tax within Energoprojekt Entel in the amount of RSD 579,186 thousand primarily relate entirely to Energoprojekt Entel LTD, Doha, Qatar, based on the liabilities disclosed in 2011 for the expenses of the Head Office or for the Energoprojekt Entel for the period of 3 years (for 2008, 2009 and 2010) by the local Tax Administration in the amount of RSD 569,364 thousand. Namely, the local Tax Administration does not recognize the amount disclosed as costs for services rendered by the Energoprojekt Entel Company over the said period as costs, but is of the opinion that income tax should have additionally been paid on that amount as well. A lawsuit was initiated to resolve this issue and the outcome of this lawsuit is uncertain. The short term deposit with the Doha Bank includes cash earmarked and kept in case of a negative outcome of this lawsuit.

Decrease in liabilities for income tax, compared to the previous year, in the amount of RSD 75,463 thousand, primarily relates to the FX gains recorded within Energoprojekt Entel LTD, Doha, Qatar from unrecognized by the local Tax Administration Head Office costs.

- **Liabilities for other taxes, contributions and fees payable** in the amount of RSD 54,774 thousand relate primarily to the Energoprojekt Niskogradnja in the amount of RSD 35,334 thousand, mostly for income tax based on tax return for December 2017 in Peru: RSD 31,401 thousand (liabilities were settled in due time, in January 2018).

#### 44.3. Accrued Expenses and Deferred Income

| Liabilities for accrued expenses and deferred income | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Accrued expenses:                                    |                        |                   |
| a) Accrued expenses - other related companies        | 15,749                 |                   |
| b) Accrued expenses - other legal entities           | 1,147,192              | 1,806,859         |
| <i>Total</i>   | <i>1,162,941</i>       | <i>1,806,859</i>  |
| Deferred income - other legal entities               | 145,606                | 498,638           |
| Other accruals                                       | 316,780                | 350,417           |
| <b>TOTAL</b>   | <b>1,625,327</b>       | <b>2,655,914</b>  |

- **Accrued expenses – other related companies** in the amount of RSD 15,749 thousand relate to Energoprojekt Oprema from calculated cost of affiliated company Energo Nigeria Ltd., Lagos, Nigeria..

- **Accrued expenses - other legal entities** in the amount of RSD 1,147,192 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 736,654 thousand, with no invoices received as at December 31, 2017 (cost calculation performed, mainly, based on invoices received in 2018 (for 2017), as well as valuation costs by experts for projects in the country and abroad, based on appropriate records: construction log, surveying, subcontractors demands for present situation verification etc.), mostly related to:

- Calculated costs in “Lajkovac – Ljig” project: RSD 509,647 thousand primarily subcontracting services: RSD 506,578 thousand (for November and December) and electricity: RSD 2,486 thousand (in December);
- Calculated costs in Peru: RSD 155,246 thousand, on projects Z-038 Leveling of the River Bed Chira, Peru: RSD 123,813 thousand (lease of the mechanization: RSD 121,201 thousand and subcontracting costs: RSD 2,612 thousand), Z-034 Road Puerto - Bermudez, Peru: RSD 19,746 thousand (subcontracting services: RSD 11,399 thousand, administrative costs of the consortium - part of the contractual obligation: RSD 6,109 thousand and land exploitation costs: RSD 2,238 thousand), Z-023 Pericos, Peru: RSD 11,687 thousand dinars (insurance of works and property);
- Calculated costs in Uganda: RSD 13,854 thousand, on projects Z-027 Mpigi - Kanoni, Uganda: RSD 12,479 thousand (lease of machinery: RSD 11,568 thousand and land exploitation costs: RSD 911 thousand) and Z-036 Streets in Kampala, Uganda: RSD 1,375 thousand (lease of machinery); and
- Calculated costs for long-term liabilities interests towards other legal entities for project HE Banieya II, Guinea: RSD 51,064 thousand.

- Energoprojekt Oprema in the amount of RSD 172,638 thousand, for calculated costs of the period for which the invoices were not received in the accounting period, primarily on the projects Belgrade Waterfront: RSD 115,103 thousand, Kolubara Landfill: RSD 27,267 thousand and RTB Bor: RSD 15,798 thousand.

- Energoprojekt Visokogradnja in the amount of RSD 151,704 thousand relating to calculated costs abroad: RSD 143,795 thousand, (mainly for the projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 79,695 thousand, Z-096 Forte Bank, Astana, Kazakhstan: RSD 16,932 thousand and in company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 29,028 thousand) and in the country: RSD 7,909 thousand.

- Energoprojekt Hidroinženjering in the amount of RSD 70,690 thousand relating to calculated costs of subcontracting services: RSD 60,616 thousand (primarily on projects Sidi Naser, Algeria: RSD 34,510 thousand, Yaraskay, Peru: RSD 8,291 thousand and Vinča Landfill: RSD 8,388 thousand) and to provision for penalties due to delays on the project Tabeggart, Algeria: RSD 10,074 thousand.

Decrease in accrued expenses - other legal entities, compared to the previous year, in the amount of RSD 659,667 thousand, primarily relate to Energoprojekt Oprema, predominantly on the project Energocenter Minsk, Belarus.

• **Deferred income - other legal entities** in the amount of RSD 145,606 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 73,612 thousand based on verified, but not registered, income from investors in 2017, for projects in the country: RSD 73,553 thousand (primarily Belgrade Waterfront: RSD 73,302 thousand) and in abroad: RSD 59 thousand; and

- Energoprojekt Garant in the amount of RSD 70,028 thousand for unearned premiums.

Decrease in deferred income - other legal entities, compared to the previous year, in the amount of RSD 353,032 thousand, primarily relate to Energoprojekt Visokogradnja in the amount of RSD 335,551 thousand, predominantly on the project Z-085 Business object Uhta, Russia.

• **Other accruals** in the amount of RSD 316,780 thousand relate predominantly to the following companies of the system Energoprojekt:

- Energoprojekt Garant in the amount of RSD 114,384 thousand based on outstanding claims in non-life insurance and reserves for unexpired risks;

- Energoprojekt Visokogradnja in the amount of RSD 99,883 thousand, based on accrued liabilities for VAT in the country: RSD 88,585 thousand and abroad: RSD 11,298 thousand, which is due for payment in 2018;

- Energoprojekt Entel in the amount of RSD 58,587 thousand, for liability to the subcontractor for the retention - Project Mega Reservoir at Energoprojekt Entel LTD, Doha, Qatar. The retention will be closed after collection of receivable for guaranteed deposit issued by investor Qatar General Electricity & Water Corporation "Kahramaa"; and

- Energoprojekt Niskogradnja in the amount of RSD 23,448 thousand, primarily based on accrued liabilities for VAT in Uganda: RSD 17,520 thousand and in the country: RSD 4,083 thousand;

#### **45. OFF BALANCE SHEET ASSETS AND LIABILITIES**

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

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

| <b>Structure of off balance sheet assets and liabilities</b> | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Issued and received guarantees and letters of credits        | 13,822,084             | 23,711,083        |
| Construction land use rights                                 | 4,511,541              | 4,537,892         |
| Other off balance sheet assets/liabilities                   | 229,194                | 882,831           |
| <b>TOTAL</b>   | <b>18,562,819</b>      | <b>29,131,806</b> |

#### 46. MORTGAGES REGISTERED IN FAVOUR AND/OR AGAINST THE COMPANY

- **Mortgages registered against companies of the system Energoprojekt**

- Energoprojekt Entel LTD, Doha, Qatar reserves the disposal and usufruct right with regard to the properties 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” as collateral for performance guarantees for Energoprojekt Entel L.L.C., Doha, Qatar company.

- Mortgage registered against Energoprojekt Niskogradnja:

- In order to secure a credit line granted by the Scotiabank Peru, property was mortgaged for the amount of RSD 994,350 thousand (USD 10,032,240) which is 73.61% of the total appraised value of the property mortgaged. Appraisal of the property mortgaged was performed by:
  - land appraisal - Camp Primavera, Sullana, Peru - an external independent qualified appraiser, “J.R.Z. Valuaciones S.A.C.” in Peru, hired by the Scotiabank Peru, which holds recognized and relevant professional qualifications and recent experience with property locations and categories appraised;
  - office space appraisal - 16-18th floor, San Isidro, Lima, Peru and the Cruz Del Sur building, Lima, Peru - appraiser Provalua S.A. - Provsa, authorized by the competent authority Superintendencia de Banca, Seguros y Afp of the Republic of Peru for apprais the assets in favor of firms from the financial system of Peru, hired by the company.
  - in order to secure a credit line granted by the Banco Financiero Peru, property was mortgaged for the amount of RSD 247,789 thousand (USD 2,500,000) which is 28.59% of the total appraised value of the property mortgaged. Appraisal was performed by an external independent qualified appraiser, “Layseca Asociados S.A.C.” in Peru, which holds recognized and relevant professional qualifications and recent experience with property locations and categories appraised. This Appraiser was hired by the Banco Financiero Peru.

Mortgage registered against Energoprojekt Niskogradnja is presented in the table below:

| Property                                     | sq. m     | Book value      | Appraised value   | Appraised value |
|--|-----------|-----------------|-------------------|-----------------|
|  |           | In RSD thousand | In USD            | In RSD thousand |
| <b>Mortgage 1- Sotiabank, Peru</b>           |           |                 |                   |                 |
| Land - Camp Primavera, Sullana, Peru         | 95,907.47 | 29,479          | 6,233,986         | 617,885         |
| Office facility in 16-18 floor in Lima, Peru | 427.73    | 112,514         | 815,835           | 80,862          |
| Cruz Del Sur building in Lima, Peru          | 4,295.38  | 691,884         | 6,579,853         | 652,165         |
| <i>Total (100%)</i>                          |           | 833,877         | 13,629,674        | 1,350,912       |
| <b>Total (73.61%)</b>                        |           |                 | <b>10,032,240</b> | <b>994,350</b>  |
| <b>Mortgage 2 -Banco Financiero, Peru</b>    |           |                 |                   |                 |
| Land - Santa Clara, Peru                     | 23,009.70 | 40,874          | 8,743,686         | 866,635         |
| <i>Total (100%)</i>                          |           | 40,874          | 8,743,686         | 866,635         |
| <b>Total (28.59%)</b>                        |           |                 | <b>2,500,000</b>  | <b>247,789</b>  |

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

- Energoprojekt Holding pledged 100% share capital of Energoprojekt Sunnyville for securing receivable of Erste Bank ad, Novi Sad based on long-term construction loan approved to the company Energoprojekt Sunnyville.

- **Mortgages registered in favour of the companies of the system Energoprojekt**

- In Energoprojekt Holding:

- As collateral to secure the repayment of loan pursuant to the Annex No. 10 of the Loan Agreement No. 367, in the amount of RSD 16,290 thousand (EUR 137 thousand), granted by the Company to Enjub Ltd, the extrajudicial mortgage for the entire loan amount was registered for apartments in 91A Jurijska Gagarina Street, on the second and third floors, Cadastre lot No. 5089/9, Cadastral Municipality of New Belgrade, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality New Belgrade, in favour of the Company; and
- As collateral to secure the repayment of the loan pursuant to the Annex No. 6 of the Agreement on Rescheduling of Approved Loan pursuant to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 141,918 thousand (EUR 1,198 thousand), there is a lien statement (mortgage was not registered) provided for the real property (apartments and business premises) in 93, 93A and 91A Jurijska Gagarina Street.

#### **47. COMMITMENT AND CONTINGENCIES**

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

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

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

An overview of lawsuits is presented in the following tables. The presented amounts of lawsuits, with potential level of liabilities and receivables defined as at December 31, 2017, include principal amount only for each lawsuits.

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff                        | Defendant   | Legal grounds   | Claim amount  | Court of relevant jurisdiction | Expected date of closure | Expected outcome  |
|-----|----------------------------------|---|---|---|--------------------------------|--------------------------|---|
| 1.  | Sreta Ivanišević                 | EP Holding Plc.   | Compensation for expropriated property (Bezanija)                     | Uncertain   | 1st Basic Court in Belgrade    | Uncertain                | Uncertain<br>First instance proceeding  |
| 2.  | Vladan and Tomislav Krdžić       | EP Holding Plc.   | Damage compensation (free shares were not allotted to the Plaintiffs) | RSD 444,000.00  | Commercial Court in Belgrade   | 2018                     | Unfounded, according to the Decision of the Court of first instance, the application was rejected; Court Decision on Plaintiffs' appeal is pending.<br>Second instance proceeding |
| 3.  | Rajko Ljubojević                 | EP Holding Plc.   | Land expropriation from 1957  | Uncertain   | High court in Belgrade         | 2018                     | Uncertain<br>First instance proceeding  |
| 4.  | Kovacevic Pavle, Radmila i Milan | EP Holding Plc. and others  | Compensation for expropriated land (in Block 26)                      | Uncertain   | Municipality of Novi Beograd   | Uncertain                | By the ruling of the Administrative Court, our lawsuit was accepted, and the case was returned for re-trial.<br>First instance proceeding   |
| 5.  | EP Holding Plc.                  | Republika Srbija, EPS Srbija, Epsturs Ltd. and Rep. of Montenegro | Determining the ideal ownership share of the Park Hotel in Budva      | Founded in obtaining 13% of the total area of the hotel, but the value has not been established | Basic court, Niksic            | 2018                     | Claim is grounded; first-instance court accepted the claim; in appeal Respondents<br>Second instance proceeding   |
| 6.  | EP Holding Plc.                  | Beogradsko mesovito preduzeće Plc. (BMP Plc.)                     | Establishing the value of shares in forced sale procedure             | Uncertain   | Commercial Court in Belgrade   | 2018                     | Grounded<br><br>Note: in 2018 the procedure was completed and shares of BMP Plc. were sold (Note 48)  |
| 7.  | Goran Rakic                      | EP Holding Plc. and Kompresor automobili Ltd.                     | Ownership title to be determined                                      | Ungrounded  | 2nd Basic Court in Belgrade    | 2018                     | Ungrounded<br><br>First instance proceedings  |
| 8.  | Radovanac Aleksandar and Nenad   | EP Holding Plc. and others  | Eviction from barracks in Visnjiceva Banja                            | Ungrounded  | Higher court in Belgrade       | 2018                     | Ungrounded for EP Holding<br>First instance proceedings   |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff  | Defendant   | Legal grounds  | Claim amount       | Court of relevant jurisdiction                   | Expected date of closure | Expected outcome   |
|-----|--|---|--|--------------------|--|--------------------------|--|
| 9.  | Ep Holding Plc.  | Ivan Musić  | Damage compensation (roof repair in 38 Goce Delčeva street)  | EUR 250.61         | Basic Court in Belgrad                           | 2018                     | Grounded<br>First instance proceedings   |
| 10. | Marko Martinoli, Vladimir Grabež, Activist Ltd. Activeast ltd.                   | Montinvest properties Ltd., Napred razvoj Plc., Dobroslav Bojović, EP Holding Plc.                | Forced purchase of EP Entel shares   | RSD 586,888,064.85 | Commercial Court in Belgrade                     | 2019                     | Ungrounded for EP Holding<br>First instance proceedings  |
| 11. | Radoš Jevtić, Ljubiša Krstić, Ksenija Krstić                                     | EP Hodling Plc. EP Visokogradnja Plc.   | Payment of the difference in price of shares of VG   | RSD 886,737.81     | Commercial Court in Belgrade                     | 2019                     | Uncertain<br>First instance proceedings  |
| 12. | Nikola Malbaša, Marko Martinoli I other small shareholders of EP Industrija Plc. | Montinvest properties Ltd., Napred razvoj Plc., GP Napred Plc. Dobroslav Bojović, EP Holding Plc. | Forced purchase of EP Industrija Plc. shares   | RSD 280,427,106.40 | Commercial Court in Belgrade                     | 2019                     | Ungrounded for EP Holding<br>First instance proceedings  |
| 13. | Decade Export-Import KFT Budapest  | 1) Vivand BT Budapest, 2) EP Holding Plc.   | Determination of the nullity of the contract on assignment of EP Holding's Plc. claim to Vivand BT and Optional Sale&Purchase Agreement on sale of Real Estate |                    | Court of City of Budapest, Commercial Department | 2018                     | The claim was adopted by a final decision and the nullity of the said contracts was determined. Against this decision we have made a revision to the Supreme Court. Third-instance procedure for extraordinary legal remedy. |
| 14. | EP Visokogradnja Plc.  | Promex TV Zvornik   | Debt   | RSD 667,104.25     | Commercial Court in Belgrade                     | Completed litigation     | According to the final court decision, Plaintiff's claim was granted. The forced collection must be carried out in Bosnia and Herzegovina  |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff             | Defendant                       | Legal grounds                                | Claim amount  | Court of relevant jurisdiction          | Expected date of closure                        | Expected outcome   |
|-----|-----------------------|---------------------------------|--|---|---|---|--|
| 15. | Milan Branković       | EP Visokogradnja Plc.           | Annulment of a temporary employment contract |   | 1st Basic Court in Belgrade             | Uncertain                                       | Ungrounded, proceedings suspended until completion of lawsuit physical body against Enjub Ltd.   |
| 16. | EP Visokogradnja Plc. | Trudbenik gradnja in bankruptcy | Claim recognized in liquidation procedure    | RSD 2,767,501.76  | Commercial Court in Belgrade            | Uncertain                                       | Uncertain collection of claim  |
| 17. | Đorđe Mikša           | EP Visokogradnja Plc.           | Contractual fine payment                     | RSD 512,000.00  | 3 <sup>rd</sup> Basic Court in Belgrade | 2018  | Uncertain. Adopted our appeal and the case was returned to first instance procedure  |
| 18. | EP Visokogradnja Plc. | Cvitan Dragan                   | Debt   | RSD 122,922.87  | 3rd Basic Court in Belgrade             | 2018  | Grounded. Partially collected. Enforced performance pending.   |
| 19. | Nataša Milojević      | EP Visokogradnja Plc.           | Ownership title to be determined             |   | 3rd Basic Court in Belgrade             | The final completion in 2016; declared revision | By final judgment the claim is adopted; Appeal against the decision of revision  |
| 20. | EP Visokogradnja Plc. | Beton gradnja Ltd.              | Debt   | RSD 271,813.90  | Commercial Court in Belgrade            | 2018  | Grounded<br>First-instance proceeding  |
| 21. | EP Visokogradnja Plc. | Veso Romić                      | Unfounded acquisition                        | RSD 35,301,780.00   | Commercial Court in Belgrade            | Completed                                       | Grounded<br>In the process of forced execution   |
| 22. | EP Visokogradnja Plc. | JP Železnice, Beočvor           | Debt (Prokop)                                | RSD 290,385,390.00  | Commercial Court in Belgrade            | 2018  | Grounded; proceedings suspended.   |
| 23. | EP Visokogradnja Plc. | Grad Beograd, BG Hala Ltd.      | Debt (Arena)                                 | RSD 208,000,245.40<br>Adopted in court:<br>RSD 34,115,606.10<br>in behalf of principal debt | Commercial Court in Belgrade            | 2018  | The claim of Hala BG Ltd was adopted by final judgment<br>Our revision was adopted and the case for remaining amount of debt was returned for re-trial. First instance proceedings |
| 24. | EP Visokogradnja Plc. | JP Železnice, Beočvor           | Debt (Prokop)                                | RSD 153,674,990.16  | Commercial Court in Belgrade            | 2018  | Justified; proceedings suspended.  |
| 25. | Božo Tomašević        | EP Visokogradnja Plc.           | Annulment of employment contract termination | 140,000.00 RSD  | 1st Basic Court in Belgrade             | 2018  | Our appeal was adopted and the case was returned for new trial<br>First instance procedure   |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff                        | Defendant                      | Legal grounds                                 | Claim amount     | Court of relevant jurisdiction | Expected date of closure | Expected outcome  |
|-----|----------------------------------|--------------------------------|---|------------------|--------------------------------|--------------------------|---|
| 26. | Aleksandar Petrović              | EP Visokogradnja Plc.          | Agreement termination and damage compensation | RSD 3,500,000.00 | 3rd Basic Court in Belgrade    | 2018                     | Decision on Court incompetence in Serbia adjudicated. Positive result expected. Second instance proceedings |
| 27. | Sava Krajnović                   | EP Visokogradnja Plc.          | Unfounded acquisition                         | RSD 269,000.00   | 3rd Basic Court in Belgrade    | 2018                     | The first instance verdict partially approved the claim, appealed<br><br>Second instance proceedings        |
| 28. | Ljiljana Damyano                 | EP Visokogradnja Plc.          | Performance and damage compensation           | RSD 350,000.00   | 1st Basic Court in Belgrade    | 2018                     | Ungrounded<br>First instance proceeding   |
| 29. | Nenad Dautović                   | EP Visokogradnja Plc.          | Annulment of employment contract termination  |                  | 3rd Basic Court in Belgrade    | 2018                     | Ungrounded  |
| 30. | SIEN Ltd.                        | EP Visokogradnja Plc.          | Debt, SMIP                                    | RSD 438,530.00   | Commercial Court in Belgrade   | Uncertain                | Partly grounded, lawsuit stopped due to plaintiffs' bankruptcy.   |
| 31. | Residence object, B.M.Pupina 10e | EP Visokogradnja Plc.          | Unfounded acquisition                         | RSD 2,000,000.00 | 3rd Basic Court in Belgrade    | Uncertain                | Ungrounded, procedure stopped.<br>First instance proceeding   |
| 32. | EP Visokogradnja Plc.            | Siniša and Dragan Romić        | Contesting of share transfer agreement        |                  | Higher court in Belgrade       | 2018                     | Justified<br>First instance proceeding  |
| 33. | Kojić Milan                      | EP Visokogradnja Plc.          | Debt - salaries                               | EUR 1,130.00     | 1st Basic Court in Belgrade    | 2018                     | First instance court accepted the claim; in proceeding upon our appeal<br><br>Second instance proceeding    |
| 34. | EP Visokogradnja Plc.            | Farmakom MB Ltd. in bankruptcy | Debt  | RSD 1,340,520.00 | Commercial Court in Valjevo    | Uncertain                | Receivables recognized through bankruptcy procedure.  |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff             | Defendant                                | Legal grounds                                      | Claim amount                                 | Court of relevant jurisdiction | Expected date of closure | Expected outcome  |
|-----|-----------------------|--|--|--|--------------------------------|--------------------------|---|
| 35. | EP Visokogradnja Plc. | LP Gas Ltd.                              | Debt   | RSD 1,098,898.15                             | Commercial Court in Belgrade   | 2018                     | First instance court accepted the claim. On the appeal of the respondent, the Commercial Court of Appeal quashed the decision and returned the case for re-opening in 2018<br>First instance proceeding |
| 36. | Husein Smailović      | EP Visokogradnja Plc.                    | Adjustment of monthly rent for damage compensation | RSD 59,000.00 monthly as of January 2010     | 3rd Basic Court in Belgrade    | 2018                     | A decision was adopted bringing the claim to be revoked   |
| 37. | Naim Hajdari          | EP Visokogradnja Plc.                    | Monthly rent for damage compensation               | RSD 15,000.00 monthly as of January 21, 1989 | 3rd Basic Court in Belgrade    | 2018                     | Ungrounded<br>First instance proceeding   |
| 38. | Radosavljević Velibor | EP Visokogradnja Plc.                    | Annulment of employment contract termination       |  | 3rd Basic Court in Belgrade    | 2018                     | Ungrounded<br>The prosecutor's request was rejected by the first instance verdict<br>The prosecutor appealed.<br>Second instance procedure  |
| 39. | EP Visokogradnja Plc. | PIK Zemun in bankruptcy                  | Debt   | RSD 33,705.46                                | Commercial Court in Belgrade   | Uncertain                | Presented receivables in bankruptcy.  |
| 40. | EP Visokogradnja Plc. | GZR Krstic, with Krstic Radomir as owner | Debt   | RSD 115,776.00                               | Commercial Court in Belgrade   | 2018                     | Justified. Compulsory payment on the way.   |

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| No. | Plaintiff                                 | Defendant  | Legal grounds  | Claim amount  | Court of relevant jurisdiction | Expected date of closure | Expected outcome   |
|-----|---|--|--|---|--------------------------------|--------------------------|--|
| 41. | EP Visokogradnja Plc.                     | SZR Kvirin, with Tanaskovic Milan as owner                                   | Debt   | RSD 31,642.40   | Commercial Court in Belgrade   | 2018                     | Justified. Compulsory payment on the way.  |
| 42. | Dragan Petrović                           | EP Visokogradnja Plc.  | Annulment of employment contract termination                         |   | 3rd Basic Court in Belgrade    | 2018                     | The claim was dismissed by the first instance verdict<br>Second instance procedure   |
| 43. | Milić Janković                            | Direkcija za građevinsko zemljište, EP Visokogradnja Plc. and Aleksić Ružica | Ownership title to be determined                                     |   | 1st Basic Court in Belgrade    | 2018                     | Justified<br>First-instance proceeding   |
| 44. | Residence object 10G, Bul. Mihajla Pupina | EP Visokogradnja Plc. and Stevanović Milinko                                 | Court should determine whether the Agreement is null and void or not |   | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding   |
| 45. | Residence object 10G, Bul. Mihajla Pupina | EP Visokogradnja Plc. and Omni promet Ltd.                                   | Court should determine whether the Agreement is null and void or not |   | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding   |
| 46. | Dević Ljubinko                            | EP Visokogradnja Plc.  | Salary payment   | EUR 5,774.42<br>The main debt was paid, requirements for interest remained in the lower amount than specified | 3rd Basic Court in Belgrade    | 2018                     | Ungrounded<br>First-instance proceeding  |
| 47. | Milorad Vasić                             | EP Visokogradnja Plc.  | Damage compensation (Block 12)                                       | RSD 25,732,877.55   | Higher court in Belgrade       | 2018                     | Revision of the plaintiff was rejected for the amount of adopted part of the claim, compensation for defects in the apartment is in the first instance procedure |

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| No. | Plaintiff             | Defendant                               | Legal grounds  | Claim amount                    | Court of relevant jurisdiction        | Expected date of closure | Expected outcome  |
|-----|-----------------------|---|--|---------------------------------|---------------------------------------|--------------------------|---|
| 48. | JP ViK Stara Pazova   | EP Visokogradnja                        | Debt   | RSD 167,162.40<br>RSD 33,558.94 | Commercial Court in Sremska Mitrovica | 2018                     | Uncertain;<br>First instance court accepted the claim;<br>in proceeding upon our appeals<br><br>Second instance proceedings |
| 49. | EP Visokogradnja Plc. | Utva silosi Plc. Kovin u reorganizaciji | Debt   |                                 | Commercial Court in Pančevo           | Uncertain                | Receivables grounded but payment depending on restructuring plan.   |
| 50. | EP Visokogradnja Plc. | Amiga Ltd.Kraljevo in restructuring     | Debt   | RSD 114,425.00                  | Commercial Court in Kraljevo          | Uncertain                | Receivables grounded but payment depending on restructuring plan.   |
| 51. | EP Visokogradnja Plc. | Бон-Апетит ООО, Ростов, РФ              | Debt based on loan   | RUB 5,048,082.19                | Arbitration Court in Rostov, RF       | Completed                | Collection possibility is minimal   |
| 52. | EP Visokogradnja Plc. | Тандем-Интер ООО, Ростов, РФ            | Debt based on loan   | RUB 5,236,849.31                | Arbitration Court in Rostov, RF       | Completed                | Collection possibility is minimal   |
| 53. | EP Visokogradnja Plc. | МКЦ РосЕвроДевелопмент ООО, Ростов, РФ  | Debt for works performed   | RUB 175,502,823.20              | Arbitration Court in Rostov, RF       | 2018                     | Justified   |
| 54. | Kombit                | EP Visokogradnja Plc.                   | Debt (Prokop)  | RSD 1,269,860.00                | Commercial Court in Belgrade          | Uncertain                | Partly collected, cca RSD 160.000,00, remaining amount - procedure is stopped. First-instance proceeding                    |
| 55. | Radoš Nenad           | EP Visokogradnja Plc.                   | Damage compensation due to unpaid salaries and differences from overtime and performance |                                 | 3rd Basic Court in Belgrade           | 2018                     | Uncertain; arrears of salary paid in their entirety First-instance proceeding   |
| 56. | Vidojević Vladan      | EP Visokogradnja Plc.                   | Damage compensation due to unpaid salaries and differences from overtime and performance |                                 | 3rd Basic Court in Belgrade           | 2018                     | Uncertain; arrears of salary paid in their entirety First-instance proceeding   |

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| No. | Plaintiff        | Defendant             | Legal grounds  | Claim amount     | Court of relevant jurisdiction | Expected date of closure | Expected outcome   |
|-----|------------------|-----------------------|--|------------------|--------------------------------|--------------------------|--|
| 57. | Paunović Ljubiša | EP Visokogradnja Plc. | Damage compensation due to unpaid salaries and differences from overtime and performance |                  | 3rd Basic Court in Belgrade    | 2018                     | Uncertain; arrears of salary paid in their entirety<br>Second-instance proceeding  |
| 58. | Jovičić Dejan    | EP Visokogradnja Plc. | Damage compensation due to unpaid salaries and differences from overtime and performance |                  | 3rd Basic Court in Belgrade    | 2018                     | Uncertain; arrears of salary paid in their entirety<br>First-instance proceeding   |
| 59. | Alen Vasić       | EP Visokogradnja Plc. | Damage compensation for injury at work   | RSD 600,000.00   | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding   |
| 60. | Topalović Igor   | EP Visokogradnja Plc. | Annulment of employment termination  |                  | 3rd Basic Court in Belgrade    | 2018                     | The first instance court accepted the claim. In the proceedings on our appeals.<br>Second-instance proceeding  |
| 61. | Predrag Radeka   | EP Visokogradnja Plc. | Damage compensation due to unpaid salaries and differences from overtime and performance |                  | 3rd Basic Court in Belgrade    | 2018                     | Uncertain; arrears of salary paid in their entirety<br>First-instance proceeding   |
| 62. | Danijel Šalipur  | EP Visokogradnja Plc. | Fortification existence of an employment and Damage compensation                         | RSD 1,320,000.00 | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding   |
| 63. | Miloje Živanović | EP Visokogradnja Plc. | Damage compensation due to unpaid salaries   | RSD 39,000.00    | 3rd Basic Court in Belgrade    | 2018                     | The first instance court accepted the claim. In the procedure for our appeal in respect of procedural interest and procedural costs.<br>Second-instance proceeding |

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| No. | Plaintiff         | Defendant        | Legal grounds   | Claim amount                    | Court of relevant jurisdiction | Expected date of closure | Expected outcome  |
|-----|-------------------|------------------|---|---------------------------------|--------------------------------|--------------------------|---|
| 64. | Rajko Vasiljević  | EP Visokogradnja | Damage compensation on behalf of less paid overtime   | EUR 2,500.00                    | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding                  |
| 65. | Topalović Igor    | EP Visokogradnja | Damage compensation on behalf of less paid overtime and payment of interest on delayed payment of salaries      |                                 | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding                  |
| 66. | Miloje Živanović  | EP Visokogradnja | Damage compensation on behalf of less severance paid and and payment of interest on delayed payment of salaries | EUR 2,487.94 and RSD 137,478.00 | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding                  |
| 67. | Miloje Živanović  | EP Visokogradnja | Damage compensation based on excess of overtime and individual performance                                      | RSD 420,000.00                  | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding                  |
| 68. | Kalinić Jovica    | EP Visokogradnja | Payment of annual leave for 2014  | EUR 772.00                      | 3rd Basic Court in Belgrade    | 2018                     | Principal debt is paid off<br>First-instance proceeding |
| 69. | Šerbedžija Đorđe  | EP Visokogradnja | Damage compensation based on excess of overtime and individual performance                                      | EUR 1,500.00                    | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding                  |
| 70. | Pavlović Vladimir | EP Visokogradnja | Damage compensation due to delays in construction   | RSD 2,628,897.70                | 3rd Basic Court in Belgrade    | 2018                     | Ungrounded<br>First-instance proceeding                 |

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| No. | Plaintiff                   | Defendant        | Legal grounds  | Claim amount     | Court of relevant jurisdiction | Expected date of closure | Expected outcome   |
|-----|-----------------------------|------------------|--|------------------|--------------------------------|--------------------------|--|
| 71. | Stanković Nenad             | EP Visokogradnja | Annulment of the decision on termination of employment contract  |                  | 3rd Basic Court in Belgrade    | 2018                     | Uncertain, the first instance court accepted the claim; in the proceedings on our appeals<br><br>Second instance proceedings |
| 72. | Jovičić Dejan               | EP Visokogradnja | Damage compensation based on excess of overtime  | EUR 1,300.00     | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br><br>First-instance proceeding   |
| 73. | Marčeta Momčilo             | EP Visokogradnja | Annulment of the decision on termination of employment contract  |                  | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br><br>First-instance proceeding   |
| 74. | Dević Ljubinko              | EP Visokogradnja | Protection against harassment at work and compensation for damages                                       | RSD 200,000.00   | Higher Court in Belgrade       | 2018                     | Ungrounded<br><br>First-instance proceeding  |
| 75. | Milan Kovačević             | EP Visokogradnja | Payment of the bonus at the discretion of the Board of Directors   | EUR 50,000.00    | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br><br>First-instance proceeding   |
| 76. | Vladan Kovačević            | EP Visokogradnja | Compensation for delays in the construction and delivery of real estate (facility Car Nikolaj II street) | RSD 555,899.00   | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br><br>First-instance proceeding   |
| 77. | Pavić Biljana               | EP Visokogradnja | Compensation for damages due to overtime and payment of interest on delay in payment of earnings         | RSD 1,750,643.65 | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br><br>First-instance proceeding   |
| 78. | Trade union organization VG | EP Visokogradnja | Acquiring without foundation   | RSD 6,736,701.74 | Higher Court in Belgrade       | 2018                     | Uncertain<br><br>First-instance proceeding   |
| 79. | EP Visokogradnja            | Mikom Ltd.       | Debt Settlement  | EUR 31,641.47    | Commercial Court in Belgrade   | 2018                     | Grounded   |

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| No. | Plaintiff                        | Defendant                 | Legal grounds   | Claim amount       | Court of relevant jurisdiction | Expected date of closure         | Expected outcome   |
|-----|----------------------------------|---------------------------|---|--------------------|--------------------------------|----------------------------------|--|
| 80. | Svetlana Savić Ristić            | EP Visokogradnja          | Annulment of the decision on termination of employment contract |                    | 3rd Basic Court in Belgrade    | 2018                             | Uncertain<br>First-instance proceeding   |
| 81. | Zorica Grujić Kiš                | EP Visokogradnja          | Fortifications property rights                                  |                    | Higher Court in Belgrade       | 2019                             | Ungrounded<br>First-instance proceeding  |
| 82. | Miroslav Jovičić                 | EP Visokogradnja          | Salaries payment for period from 1.1.2009. to September 2017    |                    | 3rd Basic Court in Belgrade    | 2019                             | Uncertain<br>First-instance proceeding   |
| 83. | Đorđe Šerbedžija                 | EP Visokogradnja          | Payment of holiday allowance for 2016                           |                    | 3rd Basic Court in Belgrade    | 2018                             | Uncertain<br>First-instance proceeding   |
| 84. | EP Oprema Plc. i EP Holding Plc. | Municipality Medveđa      | Return  | RSD 120,000,000.00 | Commercial Court in Leskovac   | Uncertain; proceeding terminated | Uncertain<br>First-instance proceeding   |
| 85. | EP Oprema Plc.                   | Clinical Center of Serbia | Debt for works  | EUR 255,544.13     | Commercial Court in Belgrade   | 2018                             | Proceeding is in process, expert opinion confirmed the request of EP Oprema<br>First-instance proceeding   |
| 86. | EP Oprema Plc.                   | Clinical Center of Serbia | Damage compensation   | EUR 1,559,000.00   | Commercial Court in Belgrade   | 2018                             | First instance decision adopted the claim; KCS appealed<br>In the meantime, the appeal was adopted and the case was returned for re-opening.<br>First instance proceedings |
| 87. | Đorđević Goran                   | JP EMS and EP Oprema Plc. | Disturbance of possession                                       |                    | Basic Court in Kruševac        | 2018                             | First instance verdict dismisses the claim, on the appeal of the prosecutor awaiting a second instance decision<br>Second instance proceedings                             |

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| No. | Plaintiff                           | Defendant   | Legal grounds   | Claim amount                                  | Court of relevant jurisdiction | Expected date of closure | Expected outcome   |
|-----|-------------------------------------|---|---|---|--------------------------------|--------------------------|--|
| 88. | Stanojković Milorad                 | EP Oprema Plc. and JP EMS   | Damage compensation   | RSD 10.000.00                                 | Basic Court in Vranje          | 2018                     | Partly justified; by appeal EP Oprema Second instance proceedings in process |
| 89. | Marinković Staniša                  | EP Oprema Plc.-intervener   | Damage compensation   | RSD 304.000.00                                | Basic Court in Vranje          | 2018                     | Partly justified First-instance proceeding is in progress - expertise        |
| 90. | Ristić Čedomir                      | EP Oprema Plc.-intervener   | Damage compensation   | RSD 63.000.00                                 | Basic Court in Vranje          | 2018                     | Partly justified; by appeal EP Oprema Second instance proceedings in process |
| 91. | Ćirović Novica                      | EP Oprema Plc.-second respondent JP EMS   | Damage compensation   | RSD 100.000.00                                | Basic Court in Leskovac        | 2018                     | First-instance proceeding in process   |
| 92. | Cvetković Milan                     | EP Oprema Plc. i JP EMS   | Damage compensation   | RSD 1.381.278.00                              | Basic Court in Vranje          | 2018                     | First-instance proceeding in process   |
| 93. | Stanković Vladan                    | EP Oprema Plc.  | Damage compensation in monthly rent   | RSD 8.000.00 monthly starting from 14.03.2016 | Basic Court in Bor             | Uncertain                | Adopted claim, the second instance procedure on our appeal                   |
| 94. | EP Oprema Plc. As consortium leader | Republic Commission for the Protection of Rights in Public Procurement Procedures | Annulment of the Commission's decision in public procurement procedure for works on the District Heating Plant "Novi Beograd" |   | Administrative Court           | Uncertain                | Uncertain  |
| 95. | Ep Oprema Plc.                      | DGP Zlatibor  | Payment of works performed  | RSD 42,000,000.00                             | Commercial Court in Belgrade   | Dispute is over          | Grounded, difficult collection, debtor in bankruptcy                         |
| 96. | Ep Oprema Plc.                      | Graditelj Lekovac   | Works performed in accordance with contracts  | RSD 71,129,042.82                             | Commercial Court in Leskovac   | Dispute is over          | Grounded, difficult collection, debtor in bankruptcy                         |
| 97. | Jovan Čvokić and others             | EP Niskogradnja Plc.  | Bonus   | EUR 20,145.11                                 | 3rd Basic Court in Belgrade    | 2018                     | Ungrounded First-instance proceeding   |
| 98. | Tanić Dušan                         | EP Niskogradnja Plc.  | Annulment of decision on amount of salary   |   | 3rd Basic Court in Belgrade    | Uncertain                | Ungrounded, proceeding terminated First-instance proceeding                  |

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| No.  | Plaintiff            | Defendant  | Legal grounds                                | Claim amount                         | Court of relevant jurisdiction | Expected date of closure | Expected outcome  |
|------|----------------------|--|--|--------------------------------------|--------------------------------|--------------------------|---|
| 99.  | EP Niskogradnja Plc. | Internacional CG in bunkruptcy   | Debt   | RSD 474,718.82 with added interest   | Commercial Court in Belgrade   | Uncertain                | Recognized claim in bankruptcy proceedings  |
| 100. | EP Niskogradnja Plc. | UniCredit bank Plc. Mostar   | Performance guarantee                        | KM 3,500,000.00                      | Municipality court in Sarajevo | Uncertain                | Uncertain   |
| 101. | EP Niskogradnja Plc. | UniCredit bank Plc. Mostar   | Guarantees for regular repayment of advances | KM 7,000,000.00                      | Municipality court in Sarajevo | Uncertain                | Uncertain   |
| 102. | EP Niskogradnja Plc. | UniCredit bank Plc. Mostar   | Guarantees for regular repayment of advances | KM 4,000,000.00                      | Municipality court in Sarajevo | Uncertain                | Uncertain   |
| 103. | EP Niskogradnja Plc. | JIK Banka Plc. in bunkruptcy   | Claims registration                          | USD 218,000.00                       | Commercial Court in Belgrade   | Uncertain                | Justified   |
| 104. | EP Niskogradnja Plc. | Jugobanka Plc. Branch in New York  | Claims registration                          | USD 455,877.88 and RSD 12,060,320.00 | Commercial Court in Belgrade   | Uncertain                | Justified   |
| 105. | EP Niskogradnja Plc. | Beogradska banka Plc. in bunkruptcy  | Claims registration                          | USD 4,546.10 and RSD 16,278,517.00   | Commercial Court in Belgrade   | Uncertain                | Justified   |
| 106. | Simić Ljubiša        | PC Putevi Srbije and EP Niskogradnja Plc.                                      | Damage compensation                          | EUR 4,598.80                         | 1st Basic Court in Belgrade    | 2018                     | Ungrounded<br>The first instance decision rejected the claim.<br>Second instance proceedings  |
| 107. | Strajnić Nenad       | PC Putevi Srbije and EP Niskogradnja Plc. –intervener                          | Damage compensation                          | RSD 183,928.48                       | Basic Court in Novi Sad        | 2018                     | Uncertain<br>First-instance proceeding  |
| 108. | Sekulić Dragan       | PC Putevi Srbije; Dunav osiguranje Plc.o. and EP Niskogradnja Plc.– intervener | Damage compensation                          | RSD 460,000.00                       | Basic Court in Novi Sad        | 2018                     | First instance court refused the request to EP Niskogradnji<br><br>Second instance proceeding |

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| No.  | Plaintiff  | Defendant   | Legal grounds  | Claim amount  | Court of relevant jurisdiction     | Expected date of closure | Expected outcome  |
|------|--|---|--|---|------------------------------------|--------------------------|---|
| 109. | DIN Ltd.   | EP Niskogradnja Plc.                                | Debt by accounts   | RSD 542,836.83<br>the value of the<br>recourse request<br>400.000,00 RSD<br>value of the counter<br>claim | Commercial Court in<br>Belgrade    | 2018                     | Ungrounded; First<br>instance court refused<br>the request to appeal and<br>adopted our<br>counter-claim<br>Second instance<br>proceeding   |
| 110. | Jokić Todor                                      | EP Niskogradnja Plc.                                | Annulment of<br>termination of<br>temporary<br>employment<br>contract        |   | Basic Court in Gornji<br>Milanovac | 2018                     | The first instance court<br>refused the claim.<br>Second-instance<br>procedure  |
| 111. | Stanišić Tomo                                    | EP Niskogradnja Plc.                                | Damage<br>compensation   | RSD 244,413.97  | 3rd Basic Court in<br>Belgrade     | 2018                     | Ungrounded<br>First-instance<br>proceeding  |
| 112. | Matković Ljubiša,<br>Milostiva and Gordana       | Koridori Srbije,<br>Azvirt;<br>EP Niskogradnja Plc. | Damage compensation  | RSD 290,000.00  | Basic Court in Gornji<br>Milanovac | 2018                     | Uncertain<br>First-instance proceeding  |
| 113. | Matković Milan,<br>Mirjana, Dragana and<br>Marko | Koridori Srbije,<br>Azvirt;<br>EP Niskogradnja Plc. | Damage<br>compensation   | RSD 380,000.00  | Basic Court in Gornji<br>Milanovac | 2018                     | Uncertain<br>First-instance<br>proceeding   |
| 114. | RF PIO Filijala<br>Beograd                       | EP Niskogradnja Plc.                                | Recourse lawsuit   | RSD 419,600.10  | Commercial court in<br>Belgrade    | Uncertain                | Uncertain; proceeding<br>terminated<br>First-instance<br>proceeding   |
| 115. | Aleksandar Babić and<br>others                   | EP Niskogradnja Plc.                                | Bonus payment  | EUR 40,906.00   | 3rd Basic Court in<br>Belgrade     | 2018                     | Ungrounded<br>First-instance<br>proceeding  |
| 116. | Gordana and Veselin<br>Medenica                  | EP Niskogradnja Plc.                                | Damage<br>compensation for<br>injury at work                                 | RSD 1,861,500.00  | 3rd Basic Court in<br>Belgrade     | 2018                     | The first instance court<br>accepted the claim.<br>Second instance<br>proceedings   |
| 117. | Bosna putevi Sarajevo                            | EP Niskogradnja Plc.                                | Debt arising from<br>work carried out in<br>Yemen<br>Compensation<br>protest | Legal claim: USD<br>17,604,299.00<br>Compensation<br>protest:<br>USD 17,390,380.06                        | Commercial Court in<br>Belgrade    | 2018                     | EP Niskogradnja<br>declared a compensation<br>complaint.<br>The first instance verdict<br>established the<br>prosecutor's claim to the<br>EP NG in the amount of<br>USD 4,691,598.31 and<br>the EP NG claim against<br>the prosecutor in the<br>amount of USD |

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| No.  | Plaintiff                                       | Defendant  | Legal grounds                             | Claim amount       | Court of relevant jurisdiction  | Expected date of closure | Expected outcome   |
|------|---|--|---|--------------------|---------------------------------|--------------------------|--|
|      |   |  |   |                    |                                 |                          | 4,691,598.31, and the court ruled that the mutual claims break through and that there is no obligation of the EP NG towards Bosna Putevi. On the appeal of the plaintiff, the case was returned to the first instance proceedings. The process is interrupted, because the prosecutor and the intervener stated revision against the decision.<br><br>First instance procedure |
| 118. | Vladimir Marinković                             | EP Niskogradnja Plc.                               | Overtime, Peru                            | USD 5,552.84       | 3rd Basic Court in Belgrade     | 2018                     | Ungrounded First-instance proceeding   |
| 119. | EP Niskogradnja Plc.                            | Dejan Vujić PR Dey trade Vreoci                    | Unjust enrichment                         | RSD 304,749.89     | Commercial Court in Belgrade    | Dispute is over          | In the process of enforcement  |
| 120. | Muškić Vera and Branislav                       | PC Putevi Srbije EP Niskogradnja Plc. - intervener | Damage compensation death of people close | RSD 1,760,000.00   | Basic Court in Vrbas            | 2018                     | The defendant is PC Putevi Srbije, and EP Niskogradnja a.d. is an interlocutor on the side of the defendant.<br><br>Second instance proceedings  |
| 121. | Jovanović Vojislav, Mirjana, Dragana and Jovana | Koridori Srbije, Azvirt and EP Niskogradnja Plc.   | Damage compensation                       | RSD 380,000.00     | Basic Court in Gornji Milanovac | 2018                     | Uncertain  |
| 122. | EP Niskogradnja Plc. i                          | Intermost Ltd.in bankruptcy                        | Debt (Novi Sad)                           | RSD 378,685,160.00 | Commercial Court in Belgrade    | 2018                     | The first instance verdict partially rejected the claim of EP Niskogradnja, adopted a Counter requirements Intermost ad  |
|      | Intermost Ltd.in bankruptcy                     | EP Niskogradnja Plc.                               | Debt (Novi Sad)                           | RSD 189,827,985.00 | Commercial Court in Belgrade    | 2018                     | Second instance proceedings  |

*Energoprojekt Holding Plc. Belgrade*

| No.  | Plaintiff                     | Defendant   | Legal grounds  | Claim amount          | Court of relevant jurisdiction  | Expected date of closure | Expected outcome  |
|------|-------------------------------|---|--|-----------------------|---------------------------------|--------------------------|---|
| 123. | Dunav osiguranje Plc.         | PC Putevi Srbije EP and Niskogradnja Plc.- intervener | Damage compensation                                    | RSD 170,536.00        | Commercial Court in Belgrade    | 2018                     | Uncertain First-instance proceeding   |
| 124. | PC Putevi Srbije              | EP Niskogradnja Plc.                                  | Recourse lawsuit                                       | RSD 351,403.64        | Commercial Court in Belgrade    | 2018                     | Uncertain First-instance proceeding   |
| 125. | PC Putevi Srbije              | EP Niskogradnja Plc.                                  | Recourse lawsuit                                       | RSD 134,657.49        | Commercial Court in Belgrade    | 2018                     | Uncertain First-instance proceeding   |
| 126. | Radislav Živković             | Evro gradnja 2000 and EP Niskogradnja Plc.            | Compensation for injury at work                        | RSD 560,000.00        | 3rd Basic Court in Belgrade     | 2018                     | Uncertain First-instance proceeding   |
| 127. | Savić Dragan                  | EP Niskogradnja, Koridori Srbije                      | Damage compensation                                    | RSD 300,000.00        | Basic court in Gornji Milanovac | 2018                     | Uncertain First-instance proceeding   |
| 128. | EP Niskogradnja Plc.          | GP Gemax Ltd. in bankruptcy                           | Secured claims arising from guarantee deposit retained | RSD 10,431,209.72     | Commercial Court in Belgrade    | 2018                     | Founded. Recognized secured claims  |
| 129. | S.Stojić                      | EP Hidroinženjering Plc.                              | Claims for unpaid salaries earned abroad               | USD 6,466.00          | 3rd Basic Court in Belgrade     | 2018                     | Favourable<br>The first instance verdict dismissed the claim.<br>On appeal plaintiff.<br><br>Second-instance procedure.                   |
| 130. | P. Stanišić and J. Blagojević | EP Hidroinženjering Plc.                              | Annulment of Decision of Housing Committee             | Not a pecuniary claim | 3rd Basic Court in Belgrade     | 2018                     | The first instance verdict dismissed the claim.<br>In the proceedings on the appeal of the second-degree.<br>Second instance proceedings. |

*Energoprojekt Holding Plc. Belgrade*

| No.  | Plaintiff   | Defendant   | Legal grounds   | Claim amount   | Court of relevant jurisdiction          | Expected date of closure  | Expected outcome  |
|------|---|---|---|--|---|---|---|
| 131. | M.Bojić   | EP Hidroinženjering Plc.  | Claims for unpaid salaries and food allowance earned abroad   | USD 5,816.00   | 3 <sup>rd</sup> Basic Court in Belgrade | 2018  | Favourable<br>The first instance verdict dismissed the claim. In the proceedings on the prosecutor's appeal. Second instance proceedings.   |
| 132. | EP Hidroinženjering Plc.  | RIKO Ljubljana Slovenija  | Unpaid invoices   | EUR 159,425.89   | Municipal Court in Ljubljana Slovenia   | Uncertain   | Favourable; first instance verdict in our favor<br>Second instance proceeding   |
| 133. | Z. Crnobrnja  | EP Hidroinženjering Plc.  | Fortifications of existence employment terms for the period 1985-1991   | Taxes and contributions from employment for the period from 20.01.1985-31.01.1991  | 3 <sup>rd</sup> Basic Court in Belgrade | 2018  | Favourable<br>First-instance proceeding   |
| 134. | Técnica y Proyectos S.A.;<br>Energoprojekt Hidroinženjering S.A. i Carlos Alfredo Machicao Pereyra y Asociados S.R.L. | Proyecto Especial de Afianzamiento y Ampliación de los Recursos Hidricos de TACNA - PET | Ungrounded protesting financial guarantee of performance for the project Yaraskay + 30% of the balance upon the Agreement | USD 464,376.27 and USD 218,216.99  | Arbitration Court in TACNA, Peru        | Current estimates of lawyers is that both processes could take approximately 24 months; preparation and presentation of technical-economic reports of independent expert is in process                | Favorable outcome regarding protesting guarantees and collection of final invoice; uncertain damage compensation  |
| 135. | Lahmeyer Agua y Energía S.A.;<br>Energoprojekt Hidroinženjering S.A. i Técnica y Proyectos S.A.                       | Proyecto Especial de Irrigación e Hidroenergético del Alto PIURA - PEIHAP               | Final liquidation and our request for damage compensation   | USD 46,352.03 (our request upon agreement);<br>USD 541,319.18 (our request for suffered damage) and<br>USD 2,277,471.61 (request by defendant) | Arbitration Court in PIURA, Peru        | The Absentral Dispute was ended on September 1, 2017, the Arbitral Tribunal passed unanimous decisions on September 25, 2017. PEIHAP objected to the decision and its execution. Based on the current | The most important decision concerns the rejection of the client's claim for compensation of damages, as well as its Final liquidation. The final liquidation of our Consortium was accepted. All requests for compensation for the damage suffered are rejected. Declared that there is no place for |

*Energoprojekt Holding Plc. Belgrade*

| No.  | Plaintiff                     | Defendant  | Legal grounds  | Claim amount      | Court of relevant jurisdiction            | Expected date of closure  | Expected outcome   |
|------|-------------------------------|--|--|-------------------|---|---|--|
|      |                               |  |  |                   |   | situation, it is estimated that this final phase of the Arbitration ruling will last until March 2018. PEIHAP also filed a complaint with the High Court for the destruction of an arbitral decision. | litigations costs and arbitration costs, therefore each party shall bear its own.      |
| 136. | EP Energodata Plc.            | Šipad komerc in<br>bunkruptcy                            | Unpaid services performed                                  | RSD 258,586.20    | Commercial Court in Belgrade              | Executive decision granted, defendant in bankruptcy. Reported claim in bankruptcy proceedings.  | Uncertain payment amount.  |
| 137. | EP Energodata Montenegro Ltd. | SOGE Banka Grbić Milan                                   | Determination of the nullity of the security               | EUR 43,000.00     | Commercial Court of Montenegro, Podgorica | 2018  | Uncertain<br>First instance proceeding   |
| 138. | EP Energodata Montenegro Ltd. | SOGE Banka Grbić Milan                                   | Determination of the nullity of the security               | EUR 10,000.00     | Commercial Court of Montenegro, Podgorica | 2018  | Uncertain<br>First instance proceeding   |
| 139. | EP Energodata Montenegro Ltd. | Grbić Milan  | Damage compensation  | EUR 34,035.00     | Basic Court Podgorica                     | 2018  | Grounded<br>First instance proceeding  |
| 140. | Violeta Nikolić               | EP Garant Plc.o.   | Request to be reappointed to position of Executive Manager |                   | 3rd Basic Court in Belgrade               | 2018  | Ungrounded<br>First-instance proceeding  |
| 141. | EP Garant Plc.o.              | JKP BVK Beogradski vodovod                               | Regres – Damage compensation                               | RSD 1,900,000.00  | Commercial Court in Belgrade              | 2018  | Up to 40% of demanded (700.000 RSD)  |
| 142. | EP Garant Plc.                | Sistem FPS obezbeđenje Ltd.                              | Insurance premiums collection                              | RSD 185,000.00    | Commercial Court in Belgrade              | Dispute is over   | There is no evidence that the decision was delivered to the debtor                     |
| 143. | EP Entel Plc.                 | JP EPS (RB Kolubara)                                     | Debt payment on different accounts                         | RSD 11,628,000.00 | Commercial Court in Belgrade              | 2018  | First instance court accepted claim of EP Entel Plc.<br><br>Second instance proceeding |
| 144. | Paripović Duško               | EP Entel Plc., as second Defendant, out of four in total | Damage compensation – injury at work                       | RSD 1,300,000.00  | Basic Court in Požarevac                  | Uncertain   | Uncertain; proceeding terminated<br><br>First-instance proceeding                      |

*Energoprojekt Holding Plc. Belgrade*

| No.  | Plaintiff                                       | Defendant                        | Legal grounds   | Claim amount     | Court of relevant jurisdiction | Expected date of closure | Expected outcome   |
|------|---|----------------------------------|---|------------------|--------------------------------|--------------------------|--|
| 145. | Milanka Bančić                                  | EP Industrija a.d                | Housing lawsuit   |                  | 3rd Basic Court in Belgrade    | 2018                     | Final judgment rejected the claim.<br>The prosecutor declared the audit.<br>Third instance proceeding  |
| 146. | Marko Martinoli                                 | EP Industrija Plc.               | Annulment of the decisions of the 27th Extraordinary Assembly Meeting |                  | Commercial Court in Belgrade   | 2018                     | First instance proceeding  |
| 147. | EP Industrija Plc.                              | Jugoremedija Plc.- in bankruptcy | Claims registration   | EUR 321,146.18   | Commercial Court in Zrenjanin  | Uncertain                | RSD 28.884.312,77 – approved by decision on correction   |
| 148. | EP Industrija                                   | Milanka Bančić                   | Eviction  |                  | Municipality Novi Beograd      | Uncertain                | Uncertain  |
| 149. | Marko Martinoli and other minority shareholders | EP Industrija Plc.               | Request for an emergency session of Assembly                          |                  | Commercial Court in Belgrade   | 2018                     | Uncertain; final decision partially rejected proposals of minority shareholders; remaining deciding on one other point required<br>First instance proceeding |
| 150. | EP Urbanizam i arhitektura. Plc.                | M. Cvijić                        | Damage compensation   | RSD 1,523,072.42 | 3rd Basic Court in Belgrade    | Uncertain                | Uncertain; in process of forced execution  |
| 151. | Tamara Vukadinović                              | EP Urbanizam. i arhitektura Plc. | Annulment of dismissal  |                  | 3rd Basic Court in Belgrade    | Uncertain                | Uncertain<br>First-instance proceeding   |
| 152. | Jelena Davidović                                | EP Urbanizam i arhitektura Plc.  | Annulment of dismissal  |                  | 3rd Basic Court in Belgrade    | Uncertain                | First instance court rejected claim<br>Second instance proceeding  |
| 153. | Veljković Novica                                | EP Urbanizam i arhitektura Plc.  | Annulment of Anex 3   |                  | 3rd Basic Court in Belgrade    | Uncertain                | First-instance proceeding  |
| 154. | Marković Vladimir                               | EP Urbanizam i arhitektura Plc.  | Debt  | 10,147.80 USD    | 1st Basic Court in Belgrade    | Uncertain                | First instance accepted claim of Prosecutor<br>Second instance proceeding by appeal of EP Urbanizam i arhitektura in process                                 |

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

In addition to aforementioned litigations, Energoprojekt Oprema has filed the following international arbitrations:

- with SNC Lavalin in the amount of EUR 1,270 thousand and with International Project Services Ltd. - Branch in the amount of EUR 970 thousand, related to receivables for the project RTB Bor, primarily from verified payment certificates (receivables, in this matter, arose from prior periods, are impaired) and unverified payment certificates (the figure is recorded within receivable for non-invoiced income). SNC Lavalin has not yet collected its receivables from the company RTB Bor Ltd., and the payment has been arranged according to the "back to back" principle. Since, the SNC Lavalin has terminated the contract at its sole discretion, Energoprojekt Oprema considers that the "back to back" payment is not applicable, and a special payment provision which is used in case of termination of the contract, is the one that is going to be applied. If the final outcome would be made in favor of Energoprojekt Oprema, the possibility of collection is high;
- with Gazprom Transgaz Belarus, related to receivable for the project Energoentar Minsk, Belarus in the amount of USD 32,500 thousand, mostly comprises: value of equipment: USD 22,700 thousand, unfounded collection of performance guarantee: USD 5,000 thousand, project works: USD 1,500,000 and indirect costs: USD 2,700 thousand. The investor has not received the equipment and documentation preparation has not been completed. Gazprom Transgaz Belarus has halted the works itself, although Energoprojekt Oprema has delivered the equipment according to contractual obligations, which stipulate that the investor becomes the owner of the equipment upon its arrival at the construction site. The final outcome of this legal proceeding is uncertain; however, if it would be made in favor of Energoprojekt Oprema, the possibility of collection is high.

#### **48. POST BALANCE SHEET EVENTS**

According to the Share Sale and Purchase Agreement (made on November 15, 2017, between Energoprojekt Holding Plc. and Sava Re Pozavarovalnica Sava dd), the Energoprojekt Holding Plc., through a block transaction realized at the Belgrade Stock Exchange on March 09, 2018, sold its entire equity share within the company Energoprojekt Garant Plc. Belgrade (92.94% of shares). The announcement of a notice of the non intended takeover, the takeover bid, which determined the intention to alienate 146,155 shares of the issuer Energoprojekt Garant Plc., Belgrade, owned by Energoprojekt Holding, was preceded the sale. The transaction was settled on March 13, 2018. Pursuant to the prior approval of the National Bank of Serbia, which granted the buyer acquisition of the qualified shares, the trading was performed.

On March 14, 2018, 441 shares of the Beogradsko Mešovito Preduzeće Plc., were sold. Note.27

In March 2018, the Energoprojekt Entel filed a lawsuit against the PC Elektroprivreda Srbije for an unfounded denial of invoices in the amount of RSD 48,938 thousand.

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

In Belgrade,  
On April 27, 2018

Legal Representative

  
Stojan Čolakov  
M.Sc.C.E.



2. INDEPENDENT AUDITOR'S REPORT (complete report)

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**ENERGOPROJEKT HOLDING PLC, BELGRADE**

Consolidated Financial Statements for the  
Year Ended December 31, 2017  
and  
Independent Auditor's Report

MOORE STEPHENS  
REVIZIJA I RAČUNOVODSTVO

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# ENERGOPROJEKT HOLDING PLC, BELGRADE

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# MOORE STEPHENS

## REVIZIJA I RAČUNOVODSTVO

Privredno društvo za reviziju računovodstvo i konsalting  
“MOORE STEPHENS Revizija i Računovodstvo” d.o.o.  
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Matični broj/ID: 06974848; PIB/VAT: 100300288

*This version of our report/ the accompanying documents is a translation from the original, which was prepared in Serbian. 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 language version of our report takes precedence over this translation*

### INDEPENDENT AUDITOR’S REPORT

### TO THE SHAREHOLDERS OF ENERGOPROJEKT HOLDING PLC, BELGRADE

#### Report on the Consolidated Financial Statements

*We have audited the accompanying consolidated financial statements of parent company Energoprojekt Holding Plc., Belgrade (hereinafter: Parent Company) and its consolidated subsidiaries (hereinafter: Group) which comprise the consolidated balance sheet as of December 31, 2017, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.*

#### Management’s Responsibility for the Consolidated Financial Statements

*Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the current accounting regulations in effect in the Republic of Serbia 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 about whether the consolidated financial statements are free from material misstatement.*

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

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

*This version of our report/ the accompanying documents is a translation from the original, which was prepared in Serbian. 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 language version of our report takes precedence over this translation*

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE SHAREHOLDERS OF ENERGOPROJEKT HOLDING PLC, BELGRADE**

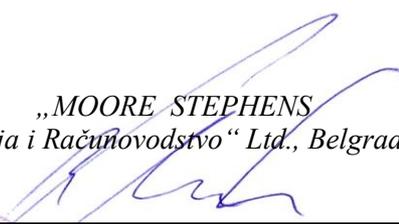
#### **Report on the Consolidated Financial Statements – continued**

#### **Opinion**

*In our opinion, the consolidated financial statements, in all material respects, give a true and fair view of the financial position of the parent company Energoprojekt Holding Plc., Belgrade and its subsidiaries as at December 31, 2017, and its financial performances and its cash flows for the year then ended in accordance with the current accounting regulations in effect in the Republic of Serbia and accounting policies disclosed in the notes to the consolidated financial statements.*

*Belgrade, April 27, 2018*

„MOORE STEPHENS  
Revizija i Računovodstvo“ Ltd., Belgrade

  
Bogoljub Aleksić  
Managing Partner



**CONSOLIDATED BALANCE SHEET**  
as at 31.12.2017.

RSD thousand

| Account class, account        | DESCRIPTION  | EDP  | Note No. | Total        |                                |                                |
|-------------------------------|--|------|----------|--------------|--------------------------------|--------------------------------|
|                               |  |      |          | Current year | Previous year                  |                                |
|                               |  |      |          |              | Closing balance on 31.12.2016. | Opening balance on 01.01.2016. |
| 1                             | 2  | 3    | 4        | 5            | 6                              | 7                              |
|                               | <b>ASSETS</b>  |      |          |              |                                |                                |
| 00                            | A. SUBSCRIBED CAPITAL UNPAID   | 0001 |          | -            | -                              | -                              |
|                               | B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)   | 0002 |          | 16.674.525   | 17.288.030                     | -                              |
| 01                            | I. INTANGIBLES (0004+0005+0006+0007+0008+0009)   | 0003 |          | 47.297       | 58.922                         | -                              |
| 010 & part 019                | 1. Investments in development  | 0004 | 25.      | 3.049        | 3.544                          | -                              |
| 011, 012 & part 019           | 2. Concessions, patents, licenses, trademarks and service marks, software and other rights | 0005 | 25.      | 44.248       | 55.371                         | -                              |
| 013 & part 019                | 3. Goodwill  | 0006 |          | -            | -                              | -                              |
| 014 & part 019                | 4. Other intangible assets   | 0007 |          | -            | -                              | -                              |
| 015 & part 019                | 5. Intangible assets in progress   | 0008 | 25.      | -            | 7                              | -                              |
| 016 & part 019                | 6. Advances paid on intangible assets  | 0009 |          | -            | -                              | -                              |
| 02                            | II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)                | 0010 |          | 14.500.478   | 15.428.649                     | -                              |
| 020, 021 & part 029           | 1. Land  | 0011 | 26.      | 707.917      | 710.095                        | -                              |
| 022 & part 029                | 2. Buildings   | 0012 | 26.      | 6.831.246    | 7.210.943                      | -                              |
| 023 & part 029                | 3. Plant and equipment   | 0013 | 26.      | 3.091.222    | 3.581.944                      | -                              |
| 024 & part 029                | 4. Investment property   | 0014 | 26.      | 3.330.495    | 3.568.839                      | -                              |
| 025 & part 029                | 5. Other property, plant and equipment   | 0015 | 26.      | 118.020      | 131.006                        | -                              |
| 026 & part 029                | 6. Property, plant and equipment in progress   | 0016 | 26.      | 332.034      | 69.091                         | -                              |
| 027 & part 029                | 7. Investments in property, plant and equipment, not owned                                 | 0017 | 26.      | 44.880       | 107.176                        | -                              |
| 028 & part 029                | 8. Advances paid on property, plant and equipment  | 0018 | 26.      | 44.664       | 49.555                         | -                              |
| 03                            | III. NATURAL ASSETS (0020+0021+0022+0023)  | 0019 |          | -            | -                              | -                              |
| 030, 031 & part 039           | 1. Forests and growing crops   | 0020 |          | -            | -                              | -                              |
| 032 & part 039                | 2. Livestock   | 0021 |          | -            | -                              | -                              |
| 037 & part 039                | 3. Natural assets in progress  | 0022 |          | -            | -                              | -                              |
| 038 & part 039                | 4. Advances paid for natural assets  | 0023 |          | -            | -                              | -                              |
| 04, excl. 047                 | IV. LONG TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)         | 0024 |          | 1.096.989    | 975.399                        | -                              |
| 040 & part 049                | 1. Shares in subsidiaries  | 0025 |          | -            | -                              | -                              |
| 041 & part 049                | 2. Shares in affiliated companies and joint ventures                                       | 0026 | 27.      | 785.393      | 760.624                        | -                              |
| 042 & part 049                | 3. Shares in other companies and other available for sale securities                       | 0027 | 27.      | 118.527      | 19.460                         | -                              |
| part 043, part 044 & part 049 | 4. Long term investments in parent companies and subsidiaries                              | 0028 |          | -            | -                              | -                              |
| part 043, part 044 & part 049 | 5. Long term investments in other affiliated companies                                     | 0029 |          | -            | -                              | -                              |
| part 045 & part 049           | 6. Long term investments, domestic   | 0030 |          | -            | -                              | -                              |
| part 045 & part 049           | 7. Long term investments, foreign countries  | 0031 |          | -            | -                              | -                              |
| 046 & part 049                | 8. Securities held to maturity   | 0032 |          | -            | -                              | -                              |
| 048 & part 049                | 9. Other long term financial investments   | 0033 | 27.      | 193.069      | 195.315                        | -                              |
| 05                            | V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)                              | 0034 |          | 1.029.761    | 825.060                        | -                              |
| 050 & part 059                | 1. Receivables from parent company and subsidiaries  | 0035 |          | -            | -                              | -                              |
| 051 & part 059                | 2. Receivables from other affiliated companies   | 0036 | 28.      | 112.493      | 49.052                         | -                              |
| 052 & part 059                | 3. Receivables from credit sales   | 0037 |          | -            | -                              | -                              |
| 053 & part 059                | 4. Receivables from financial leasing contracts  | 0038 |          | -            | -                              | -                              |
| 054 & part 059                | 5. Receivables from pledged assets   | 0039 |          | -            | -                              | -                              |
| 055 & part 059                | 6. Bad debts and uncollectible claims  | 0040 |          | -            | -                              | -                              |
| 056 & part 059                | 7. Other long term receivables   | 0041 | 28.      | 917.268      | 776.008                        | -                              |
| 288                           | C. DEFERRED TAX ASSETS   | 0042 |          | -            | -                              | -                              |
|                               | D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)                         | 0043 |          | 25.352.154   | 29.717.196                     | -                              |
| Class 1                       | I. INVENTORIES (0045+0046+0047+0048+0049+0050)   | 0044 |          | 4.574.665    | 6.034.278                      | -                              |
| 10                            | 1. Material ,parts, tools and small inventories  | 0045 | 29.      | 1.176.893    | 1.383.780                      | -                              |
| 11                            | 2. Work and services in progress   | 0046 | 29.      | 2.539.578    | 1.771.463                      | -                              |
| 12                            | 3. Finished products   | 0047 | 29.      | 193.644      | 363.525                        | -                              |
| 13                            | 4. Goods   | 0048 | 29.      | 17.515       | 179.630                        | -                              |
| 14                            | 5. Non-current assets held for sale  | 0049 | 29.      | 50.688       | 51.058                         | -                              |
| 15                            | 6. Advances paid for inventories and services  | 0050 | 29.      | 596.347      | 2.284.822                      | -                              |

| Account class, account   | DESCRIPTION  | EDP  | Note No. | Total             |                                |                                |
|--------------------------|--|------|----------|-------------------|--------------------------------|--------------------------------|
|                          |  |      |          | Current year      | Previous year                  |                                |
|                          |  |      |          |                   | Closing balance on 31.12.2016. | Opening balance on 01.01.2016. |
| 1                        | 2  | 3    | 4        | 5                 | 6                              | 7                              |
| 20                       | II. RECEIVABLES FROM SALES<br>(0052+0053+0054+0055+0056+0057+0058)   | 0051 |          | 9.679.055         | 12.524.660                     | -                              |
| 200 & part 209           | 1. Local buyers - parent company and subsidiaries  | 0052 |          | -                 | -                              | -                              |
| 201 & part 209           | 2. Foreign buyers - parent company and subsidiaries  | 0053 |          | -                 | -                              | -                              |
| 202 & part 209           | 3. Local buyers - other affiliated companies   | 0054 | 30.      | 3.542             | 3.602                          | -                              |
| 203 & part 209           | 4. Foreign buyers - other affiliated companies   | 0055 | 30.      | 703.171           | 551.284                        | -                              |
| 204 & part 209           | 5. Local buyers  | 0056 | 30.      | 3.781.621         | 3.444.487                      | -                              |
| 205 & part 209           | 6. Foreign buyers  | 0057 | 30.      | 5.187.704         | 8.525.287                      | -                              |
| 206 & part 209           | 7. Other receivables from sales  | 0058 | 30.      | 3.017             | -                              | -                              |
| 21                       | III. RECEIVABLES FROM SPECIAL TRANSACTIONS   | 0059 | 31.      | 34.337            | 49.811                         | -                              |
| 22                       | IV. OTHER RECEIVABLES  | 0060 | 32.      | 566.009           | 563.537                        | -                              |
| 236                      | V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH<br>BALANCE SHEET  | 0061 | 33.      | 328.299           | 334.232                        | -                              |
| 23 excl. 236 & 237       | VI. SHORT TERM FINANCIAL<br>INVESTMENTS(0063+0064+0065+0066+0067)  | 0062 |          | 1.650.214         | 1.492.942                      | -                              |
| 230 & part 239           | 1. Short term loans and investments - parent company and subsidiaries  | 0063 |          | -                 | -                              | -                              |
| 231 & part 239           | 2. Short term loans and investments - other affiliated companies   | 0064 | 34.      | 158.208           | 164.884                        | -                              |
| 232 & part 239           | 3. Short term credits and loans, domestic  | 0065 | 34.      | 48                | -                              | -                              |
| 233 & part 239           | 4. Short term credits and loans, foreign countries   | 0066 | 34.      | 8.662             | 9.727                          | -                              |
| 234, 235, 238 & part 239 | 5. Other short term financial investments  | 0067 | 34.      | 1.483.296         | 1.318.331                      | -                              |
| 24                       | VII. CASH AND CASH EQUIVALENTS   | 0068 | 35.      | 2.953.758         | 4.671.949                      | -                              |
| 27                       | VIII. VALUE ADDED TAX  | 0069 | 36.1.    | 408.336           | 249.257                        | -                              |
| 28 excl. 288             | IX. PREPAYMENTS AND ACCRUED INCOME   | 0070 | 36.2.    | 5.157.481         | 3.796.530                      | -                              |
|                          | <b>E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)</b>  | 0071 |          | <b>42.026.679</b> | <b>47.005.226</b>              | <b>-</b>                       |
| 88                       | F. OFF-BALANCE SHEET ASSETS  | 0072 | 45.      | 18.562.819        | 29.131.806                     | -                              |
|                          | <b>CAPITAL AND LIABILITIES</b>   |      |          |                   |                                |                                |
|                          | <b>A. CAPITAL (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)</b>  | 0401 |          | 19.474.607        | 20.669.841                     | -                              |
| 30                       | I. EQUITY CAPITAL<br>(0403+0404+0405+0406+0407+0408+0409+0410)   | 0402 |          | 5.818.157         | 5.892.478                      | -                              |
| 300                      | 1. Share capital   | 0403 | 37.1.    | 5.574.959         | 5.574.959                      | -                              |
| 301                      | 2. Shares of limited liability companies   | 0404 |          | -                 | -                              | -                              |
| 302                      | 3. Investments   | 0405 |          | -                 | -                              | -                              |
| 303                      | 4. State owned capital   | 0406 |          | -                 | -                              | -                              |
| 304                      | 5. Socially owned capital  | 0407 |          | -                 | -                              | -                              |
| 305                      | 6. Shares of cooperatives  | 0408 |          | -                 | -                              | -                              |
| 306                      | 7. Issuing premium   | 0409 | 37.1.    | 162.693           | 237.014                        | -                              |
| 309                      | 8. Other share capital   | 0410 | 37.1.    | 80.505            | 80.505                         | -                              |
| 31                       | II. SUBSCRIBED CAPITAL UNPAID  | 0411 |          | -                 | -                              | -                              |
| 047 & 237                | III. TREASURY SHARES REPURCHASED   | 0412 | 37.2.    | 49.827            | -                              | -                              |
| 32                       | IV. RESERVES   | 0413 | 37.3.    | 454.450           | 374.657                        | -                              |
| 330                      | V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES,<br>PROPERTY, PLANT AND EQUIPMENT  | 0414 | 37.4.    | 6.110.601         | 6.365.390                      | -                              |
| 33 excl. 330             | VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF<br>OTHER COMPREHENSIVE RESULT (credit balance under account class 33<br>excl. 330)  | 0415 | 37.5.    | 114.424           | 432.474                        | -                              |
| 33 excl. 330             | VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS<br>OF OTHER COMPREHENSIVE RESULT (debit balance under account class<br>33 excl. 330) | 0416 | 37.6.    | 18.631            | 30.226                         | -                              |
| 34                       | VIII. RETAINED EARNINGS (0418+0419)  | 0417 |          | 6.881.068         | 7.470.703                      | -                              |
| 340                      | 1. Retained earnings from previous years   | 0418 | 37.7.    | 6.357.067         | 6.320.236                      | -                              |
| 341                      | 2. Retained earnings from current year   | 0419 | 37.7.    | 524.001           | 1.150.467                      | -                              |
|                          | IX. NON-CONTROLLING INTEREST   | 0420 | 37.8.    | 164.365           | 164.365                        | -                              |
| 35                       | X. LOSSES (0422+0423)  | 0421 |          | -                 | -                              | -                              |
| 350                      | 1. Losses from previous years  | 0422 |          | -                 | -                              | -                              |
| 351                      | 2. Losses from current year  | 0423 |          | -                 | -                              | -                              |
|                          | <b>B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)</b>   | 0424 |          | 1.916.227         | 1.817.389                      | -                              |
| 40                       | I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)  | 0425 |          | 1.390.506         | 705.355                        | -                              |
| 400                      | 1. Provisions for warranty costs   | 0426 | 38.      | 593.828           | 400.624                        | -                              |
| 401                      | 2. Provisions for recovery of natural resources  | 0427 |          | -                 | -                              | -                              |
| 403                      | 3. Provisions for restructuring costs  | 0428 |          | -                 | -                              | -                              |
| 404                      | 4. Provisions for wages and other employee benefits  | 0429 | 38.      | 261.347           | 271.419                        | -                              |
| 405                      | 5. Provisions for legal expenses   | 0430 |          | -                 | -                              | -                              |
| 402 & 409                | 6. Other long term provisions  | 0431 | 38.      | 535.331           | 33.312                         | -                              |

| Account class, account | DESCRIPTION   | EDP  | Note No. | Total        |                                |                                |
|------------------------|---|------|----------|--------------|--------------------------------|--------------------------------|
|                        |   |      |          | Current year | Previous year                  |                                |
|                        |   |      |          |              | Closing balance on 31.12.2016. | Opening balance on 01.01.2016. |
| 1                      | 2   | 3    | 4        | 5            | 6                              | 7                              |
| 41                     | II. LONG TERM LIABILITIES<br>(0433+0434+0435+0436+0437+0438+0439+0440)  | 0432 |          | 525.721      | 1.112.034                      | -                              |
| 410                    | 1. Liabilities convertible into capital   | 0433 |          | -            | -                              | -                              |
| 411                    | 2. Liabilities to parent company and subsidiaries   | 0434 |          | -            | -                              | -                              |
| 412                    | 3. Liabilities to other affiliated companies  | 0435 |          | -            | -                              | -                              |
| 413                    | 4. Liabilities for issued securities for more than one year   | 0436 |          | -            | -                              | -                              |
| 414                    | 5. Long term credits and loans, domestic  | 0437 | 39.1.    | 293.895      | 614.027                        | -                              |
| 415                    | 6. Long term credits and loans, foreign countries   | 0438 | 39.1.    | 191.792      | 226.661                        | -                              |
| 416                    | 7. Long term liabilities from financial leasing   | 0439 | 39.2.    | 28.310       | 68.901                         | -                              |
| 419                    | 8. Other long term liabilities  | 0440 | 39.3.    | 11.724       | 202.445                        | -                              |
| 498                    | C. DEFERRED TAX LIABILITIES   | 0441 |          | 784.075      | 814.622                        | -                              |
| 42 to 49 (excl. 498)   | D. SHORT TERM LIABILITIES<br>(0443+0450+0451+0459+0460+0461+0462)   | 0442 |          | 19.851.770   | 23.703.374                     | -                              |
| 42                     | I. SHORT TERM FINANCIAL LIABILITIES<br>(0444+0445+0446+0447+0448+0449)  | 0443 |          | 9.359.185    | 5.009.605                      | -                              |
| 420                    | 1. Short term loans from parent company and subsidiaries  | 0444 |          | -            | -                              | -                              |
| 421                    | 2. Short term loans from other affiliated companies   | 0445 |          | -            | -                              | -                              |
| 422                    | 3. Short term credits and loans, domestic   | 0446 | 40.1.    | 6.877.337    | 3.728.809                      | -                              |
| 423                    | 4. Short term credits and loans, foreign countries  | 0447 | 40.2.    | 1.134.797    | 986.438                        | -                              |
| 427                    | 5. Liabilities from fixed assets and assets from discontinued operations available for sale                     | 0448 |          | -            | -                              | -                              |
| 424,425,426 & 429      | 6. Other short term financial liabilities   | 0449 | 40.3.    | 1.347.051    | 294.358                        | -                              |
| 430                    | II. RECEIVED ADVANCES, DEPOSITS AND BONDS   | 0450 | 41.      | 2.398.030    | 8.006.909                      | -                              |
| 43 excl. 430           | III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)   | 0451 |          | 4.257.537    | 4.968.280                      | -                              |
| 431                    | 1. Suppliers - parent company and subsidiaries, local   | 0452 |          | -            | -                              | -                              |
| 432                    | 2. Suppliers - parent company and subsidiaries, foreign countries   | 0453 |          | -            | -                              | -                              |
| 433                    | 3. Suppliers - other affiliated companies, local  | 0454 |          | -            | -                              | -                              |
| 434                    | 4. Suppliers - other affiliated companies, foreign countries  | 0455 | 42.      | 5.820        | 6.066                          | -                              |
| 435                    | 5. Suppliers, local   | 0456 | 42.      | 2.721.775    | 2.784.572                      | -                              |
| 436                    | 6. Suppliers, foreign countries   | 0457 | 42.      | 1.516.640    | 1.958.315                      | -                              |
| 439                    | 7. Other operating liabilities  | 0458 | 42.      | 13.302       | 219.327                        | -                              |
| 44, 45 & 46            | IV. OTHER SHORT TERM LIABILITIES  | 0459 | 43.      | 1.070.834    | 1.764.645                      | -                              |
| 47                     | V. VALUE ADDED TAX  | 0460 | 44.1.    | 471.582      | 521.871                        | -                              |
| 48                     | VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE   | 0461 | 44.2.    | 669.275      | 776.150                        | -                              |
| 49 excl. 498           | VII. ACCRUED EXPENSES AND DEFERRED INCOME   | 0462 | 44.3.    | 1.625.327    | 2.655.914                      | -                              |
|                        | D. LOSSES EXCEEDING CAPITAL (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402) ≥ 0 = (0441+0424+0442-0071) ≥ 0 | 0463 |          | -            | -                              | -                              |
|                        | E. TOTAL CAPITAL AND LIABILITIES<br>(0424+0442+0441+0401-0463) ≥ 0  | 0464 |          | 42.026.679   | 47.005.226                     | -                              |
| 89                     | F. OFF-BALANCE SHEET LIABILITIES  | 0465 | 45.      | 18.562.819   | 29.131.806                     | -                              |

Belgrade,

Date: 23.04.2018.

Legal Representative of the Company



**CONSOLIDATED INCOME STATEMENT**  
from 01.01. until 31.12.2017.

RSD thousand

| Account class, account   | DESCRIPTION   | EDP  | Note No. | Total             |                   |
|--------------------------|---|------|----------|-------------------|-------------------|
|                          |   |      |          | Current year      | Previous year     |
| 1                        | 2   | 3    | 4        | 5                 | 6                 |
|                          | <b>A. INCOME FROM NORMAL ACTIVITIES</b>   |      |          |                   |                   |
| 60 to 65, excl. 62 & 63  | <b>A. OPERATING INCOME (1002+1009+1016+1017)</b>  | 1001 |          | <b>32.989.557</b> | <b>32.256.527</b> |
| 60                       | I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)  | 1002 |          | 584.477           | 196.622           |
| 600                      | 1. Income from sale of goods to parent company and subsidiaries on local market   | 1003 |          | -                 | -                 |
| 601                      | 2. Income from sale of goods to parent company and subsidiaries on foreign markets                                      | 1004 |          | -                 | -                 |
| 602                      | 3. Income from sale of goods to other affiliated companies on local market  | 1005 |          | -                 | -                 |
| 603                      | 4. Income from sale of goods to other affiliated companies on foreign markets   | 1006 | 11.1.    | 273               | 1.539             |
| 604                      | 5. Income from sale of goods on local market  | 1007 | 11.1.    | 68.267            | 103.211           |
| 605                      | 6. Income from sale of goods on foreign markets   | 1008 | 11.1.    | 515.937           | 91.872            |
| 61                       | II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)   | 1009 |          | 32.124.001        | 31.857.086        |
| 610                      | 1. Income from sale of finished products and services to parent company and subsidiaries on local market                | 1010 |          | -                 | -                 |
| 611                      | 2. Income from sale of finished products and services to parent company and subsidiaries on foreign markets             | 1011 |          | -                 | -                 |
| 612                      | 3. Income from sale of finished products and services to other affiliated companies on local market                     | 1012 | 11.2.    | 2.107             | -                 |
| 613                      | 4. Income from sale of finished products and services to other affiliated companies on foreign markets                  | 1013 | 11.2.    | 1.082.106         | 254.939           |
| 614                      | 5. Income from sale of finished products and services on local market   | 1014 | 11.2.    | 13.706.590        | 12.904.196        |
| 615                      | 6. Income from sale of finished products and services on foreign markets  | 1015 | 11.2.    | 17.333.198        | 18.697.951        |
| 64                       | III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.   | 1016 |          | 1                 | -                 |
| 65                       | IV. OTHER OPERATING INCOME  | 1017 | 11.3.    | 281.078           | 202.819           |
|                          | <b>EXPENSES FROM NORMAL ACTIVITIES</b>  |      |          |                   |                   |
| 55 to 55, 62 & 63        | <b>B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029) ≥ 0</b>                               | 1018 |          | <b>31.986.221</b> | <b>31.556.698</b> |
| 50                       | I. COST PRICE OF GOODS SOLD   | 1019 | 12.      | 552.389           | 190.517           |
| 62                       | II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE   | 1020 | 13.      | 189.307           | 129.198           |
| 630                      | III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS                                | 1021 | 13.      | 776.261           | 1.110.639         |
| 631                      | IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS                                 | 1022 | 13.      | 180.401           | 564.934           |
| 51 excl. 513             | V. MATERIAL COSTS   | 1023 | 14.      | 7.215.935         | 6.628.181         |
| 513                      | VI. FUEL AND ENERGY COSTS   | 1024 | 14.      | 1.123.240         | 1.058.123         |
| 52                       | VII. EMPLOYEE EXPENSES AND BENEFITS   | 1025 | 15.      | 9.068.037         | 9.573.740         |
| 53                       | VIII. PRODUCTION SERVICE COSTS  | 1026 | 16.      | 11.287.670        | 11.222.415        |
| 540                      | IX. DEPRECIATION EXPENSES   | 1027 | 17.      | 829.786           | 769.573           |
| 541 to 549               | X. PROVISION EXPENSES   | 1028 | 17.      | 839.228           | 297.253           |
| 55                       | XI. INTANGIBLE EXPENSES   | 1029 | 18.      | 1.855.103         | 2.491.799         |
|                          | <b>C. OPERATING INCOME (1001-1018) ≥ 0</b>  | 1030 |          | <b>1.003.336</b>  | <b>699.829</b>    |
|                          | <b>D. OPERATING LOSSES (1018-1001) ≥ 0</b>  | 1031 |          | <b>-</b>          | <b>-</b>          |
| 66                       | <b>E. FINANCIAL REVENUES (1033+1038+1039)</b>   | 1032 |          | <b>2.242.994</b>  | <b>1.688.958</b>  |
| 66, excl. 662, 663 & 664 | I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)                        | 1033 |          | 163.167           | 207.433           |
| 660                      | 1. Financial income from parent company and subsidiaries  | 1034 |          | -                 | -                 |
| 661                      | 2. Financial income from other affiliated companies   | 1035 | 19.1.    | 12.176            | 30.073            |
| 665                      | 3. Share of profits in associated companies and joint ventures  | 1036 | 19.1.    | 69.557            | 83.644            |
| 669                      | 4. Other financial revenues   | 1037 | 19.1.    | 81.434            | 93.716            |
| 662                      | II. INTEREST INCOME (THIRD PARTY)   | 1038 | 19.1.    | 121.660           | 178.810           |
| 663 & 664                | III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)   | 1039 | 19.1.    | 1.958.167         | 1.302.715         |
| 56                       | <b>F. FINANCIAL EXPENSES (1041+1046+1047)</b>   | 1040 |          | <b>2.446.958</b>  | <b>1.647.261</b>  |
| 56, excl. 562, 563 & 564 | I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045) | 1041 |          | 60.192            | 7.854             |
| 560                      | 1. Financial expenses from transactions with parent company and subsidiaries  | 1042 |          | -                 | -                 |
| 561                      | 2. Financial expenses from transactions with other affiliated companies   | 1043 | 19.2.    | 54.344            | 6.647             |
| 565                      | 3. Share of losses in affiliated companies and joint ventures   | 1044 | 19.2.    | 5.846             | -                 |
| 566 & 569                | 4. Other financial expenditure  | 1045 | 19.2.    | 2                 | 1.207             |
| 562                      | II. INTEREST EXPENSES (THIRD PARTY)   | 1046 | 19.2.    | 376.682           | 411.983           |
| 563 & 564                | III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)  | 1047 | 19.2.    | 2.010.084         | 1.227.424         |
|                          | <b>G. FINANCIAL GAINS (1032-1040)</b>   | 1048 |          | <b>-</b>          | <b>41.697</b>     |
|                          | <b>H. FINANCIAL LOSSES (1040-1032)</b>  | 1049 |          | <b>203.964</b>    | <b>-</b>          |

| Account class, account   | DESCRIPTION  | EDP  | Note No. | Total        |               |
|--------------------------|--|------|----------|--------------|---------------|
|                          |  |      |          | Current year | Previous year |
| 1                        | 2  | 3    | 4        | 5            | 6             |
| 683 & 685                | I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT                                   | 1050 | 20.1.    | 15.480       | 40.734        |
| 583 & 585                | J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT                                 | 1051 | 20.2.    | 149.256      | 77.964        |
| 67 & 68, excl. 683 & 685 | K. OTHER INCOME  | 1052 | 21.1.    | 385.641      | 1.168.041     |
| 57 & 58, excl. 583 & 585 | L. OTHER EXPENSES  | 1053 | 21.2.    | 314.226      | 497.660       |
|                          | M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)  | 1054 |          | 737.011      | 1.374.677     |
|                          | N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)  | 1055 |          | -            | -             |
| 69-59                    | O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS | 1056 |          | -            | -             |
| 59-69                    | P. NET LOSSES FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS | 1057 | 22.      | 6.808        | 85.922        |
|                          | Q. PROFIT BEFORE TAX (1054-1055+1056-1057)   | 1058 |          | 730.203      | 1.288.755     |
|                          | R. LOSSES BEFORE TAX (1055-1054+1057-1056)   | 1059 |          | -            | -             |
|                          | S. INCOME TAX  |      |          |              |               |
| 721                      | I. TAXABLE EXPENSES FOR THE PERIOD   | 1060 |          | 238.071      | 135.172       |
| part 722                 | II. DEFERRED TAX EXPENSES FOR THE PERIOD   | 1061 |          | -            | 14.336        |
| part 722                 | III. DEFERRED TAX INCOME FOR THE PERIOD  | 1062 |          | 31.869       | -             |
| 723                      | T. MANAGEMENT EARNINGS   | 1063 |          | -            | -             |
|                          | U. NET PROFIT (1058-1059-1060-1061+1062-1063)  | 1064 |          | 524.001      | 1.139.247     |
|                          | V. NET LOSSES (1059-1058+1060+1061-1062+1063)  | 1065 |          | -            | -             |
|                          | I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS   | 1066 | 37.8.    | -            | 178.531       |
|                          | II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER   | 1067 |          | 569.472      | 960.716       |
|                          | III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS  | 1068 | 37.8.    | 45.471       | -             |
|                          | IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER  | 1069 |          | -            | -             |
|                          | V. EARNINGS PER SHARE  |      |          |              |               |
|                          | 1. Basic earnings per share  | 1070 | 24.      | -            | -             |
|                          | 2. Reduced (diluted) earnings per share  | 1071 |          | -            | -             |

Belgrade,

Date: 23.04.2018.

Legal Representative of the Company



The stamp is circular with the text "Enb Supra" at the top, "II" in the center, and "Beograd" at the bottom. It is overlaid with a handwritten signature in blue ink.

**CONSOLIDATED STATEMENT OF OTHER RESULTS**  
from 01.01. until 31.12.2017.

RSD thousand

| Account class,<br>account | DESCRIPTION  | EDP  | Note No. | Total        |               |
|---------------------------|--|------|----------|--------------|---------------|
|                           |  |      |          | Current year | Previous year |
| 1                         | 2  | 3    | 4        | 5            | 6             |
|                           | <b>A. NET OPERATING RESULTS</b>  |      |          |              |               |
|                           | I. NET PROFIT (EDP 1064)   | 2001 |          | 524.001      | 1.139.247     |
|                           | II. NET LOSSES (EDP 1065)  | 2002 |          |              |               |
|                           | <b>B. OTHER COMPREHENSIVE RESULTS OR LOSSES</b>  |      |          |              |               |
|                           | a) Items not reclassifiable in the balance sheet in future periods   |      |          |              |               |
| 330                       | 1. Change of revaluation of intangibles, property, plant and equipment   |      |          |              |               |
|                           | a) increase in revaluation reserves  | 2003 |          |              | 210.161       |
|                           | b) decrease in revaluation reserves  | 2004 |          | 20.920       | 148.708       |
| 331                       | 2. Actuarial gains or losses from defined income plans   |      |          |              |               |
|                           | a) gains   | 2005 |          |              |               |
|                           | b) losses  | 2006 |          |              |               |
| 332                       | 3. Gains and losses from equity instrument investments   |      |          |              |               |
|                           | a) gains   | 2007 |          |              |               |
|                           | b) losses  | 2008 |          |              |               |
| 333                       | 4. Gains and losses from share of other comprehensive profits and losses of affiliates   |      |          |              |               |
|                           | a) gains   | 2009 |          |              |               |
|                           | b) losses  | 2010 |          |              |               |
|                           | b) Items that may be reclassified in the balance sheet in future periods   |      |          |              |               |
| 334                       | 1. Gains and losses from translation of financial statements for foreign operations  |      |          |              |               |
|                           | a) gains   | 2011 |          | 19.146       | 48.184        |
|                           | b) losses  | 2012 |          | 337.196      | 67.409        |
| 335                       | 2. Gains and losses from hedging of net investments in foreign operations  |      |          |              |               |
|                           | a) gains   | 2013 |          |              |               |
|                           | b) losses  | 2014 |          |              |               |
| 336                       | 3. Gains and losses from cash flow hedging   |      |          |              |               |
|                           | a) gains   | 2015 |          |              |               |
|                           | b) losses  | 2016 |          |              |               |
| 337                       | 4. Gains and losses from available for sale securities   |      |          |              |               |
|                           | a) gains   | 2017 |          | 10.193       | 311           |
|                           | b) losses  | 2018 |          | 115          | 756           |
|                           | I. OTHER COMPREHENSIVE GROSS PROFIT<br>(2003+2005+2007+2009+2011+2013+2015+2017) -<br>(2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0  | 2019 |          |              | 41.783        |
|                           | II. OTHER COMPREHENSIVE GROSS LOSSES<br>(2004+2006+2008+2010+2012+2014+2016+2018) -<br>(2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0 | 2020 |          | 328.892      |               |
|                           | III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD  | 2021 |          |              | 27.467        |
|                           | IV. NET OTHER COMPREHENSIVE PROFIT<br>(2019-2020-2021) ≥ 0   | 2022 |          |              | 14.316        |
|                           | V. NET OTHER COMPREHENSIVE LOSSES<br>(2020-2019+2021) ≥ 0  | 2023 |          | 328.892      |               |
|                           | <b>C. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD</b>   |      |          |              |               |
|                           | I. TOTAL COMPREHENSIVE NET PROFIT<br>(2001-2002+2022-2023) ≥ 0   | 2024 |          | 195.109      | 1.153.563     |
|                           | II. TOTAL COMPREHENSIVE NET LOSSES<br>(2002-2001+2023-2022) ≥ 0  | 2025 |          |              |               |
|                           | <b>D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES<br/>(2027+2028) = AOP 2024 ≥ 0 or AOP 2025 &gt; 0</b>                                 | 2026 |          | 195.109      | 1.153.563     |
|                           | 1. Payable to majority shareholders  | 2027 |          | 88.768       | 985.519       |
|                           | 2. Payable to non-controlling shareholders   | 2028 |          | 106.341      | 168.044       |

Belgrade,

Date: 23.04.2018.

Legal Representative of the Company



Name

ENERGOPROJEKT HOLDING PLC, BELGRADE

**CONSOLIDATED CASH FLOW STATEMENT**  
from 01.01. until 31.12.2017.

RSD thousand

| Description  | EDP  | Total             |                   |
|--|------|-------------------|-------------------|
|  |      | Current year      | Previous year     |
| 1  | 2    | 3                 | 4                 |
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |      |                   |                   |
| <b>I. Cash inflow from operating activities ( 1 to 3)</b>                            | 3001 | <b>32.559.235</b> | <b>32.269.533</b> |
| 1. Sales and prepayments   | 3002 | 31.412.076        | 31.592.834        |
| 2. Interests from operating activities   | 3003 | 139.409           | 109.261           |
| 3. Other inflow from normal operations   | 3004 | 1.007.750         | 567.438           |
| <b>II. Cash outflow from operating activities ( 1 to 5)</b>                          | 3005 | <b>36.585.338</b> | <b>32.899.104</b> |
| 1. Payments to suppliers and prepayments   | 3006 | 25.768.051        | 21.011.169        |
| 2. Employee expenses and benefits  | 3007 | 8.885.389         | 9.795.218         |
| 3. Interests paid  | 3008 | 340.347           | 311.546           |
| 4. Income tax  | 3009 | 561.856           | 481.090           |
| 5. Payments based on other public revenues   | 3010 | 1.029.695         | 1.300.081         |
| <b>III. Net cash inflow from operating activities (I-II)</b>                         | 3011 | -                 | -                 |
| <b>IV. Net cash outflow from operating activities (II-I)</b>                         | 3012 | <b>4.026.103</b>  | <b>629.571</b>    |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |      |                   |                   |
| <b>I. Cash inflow from investing activities (1 to 5)</b>                             | 3013 | <b>306.916</b>    | <b>285.657</b>    |
| 1. Sale of shares and stocks (net inflow)  | 3014 | -                 | 5.114             |
| 2. Sale of intangible investments, property, plant, equipment and natural assets     | 3015 | 103.643           | 41.456            |
| 3. Other financial investments (net inflow)  | 3016 | 133.244           | 149.863           |
| 4. Interest received from investment activities                                      | 3017 | 41.317            | 30.410            |
| 5. Dividends received  | 3018 | 28.712            | 58.814            |
| <b>II. Cash outflow from investing activities (1 to 3)</b>                           | 3019 | <b>499.185</b>    | <b>535.554</b>    |
| 1. Purchase of shares and stocks (net outflow)                                       | 3020 | 8.321             | -                 |
| 2. Purchase of intangible investments, property, plant, equipment and natural assets | 3021 | 490.864           | 535.554           |
| 3. Other financial investments (net outflow)   | 3022 | -                 | -                 |
| <b>III. Net cash inflow from investing activities (I-II)</b>                         | 3023 | -                 | -                 |
| <b>IV. Net cash outflow from investing activities (II-I)</b>                         | 3024 | <b>192.269</b>    | <b>249.897</b>    |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |      |                   |                   |
| <b>I. Cash inflow from financing activities ( 1 to 5)</b>                            | 3025 | <b>4.176.877</b>  | <b>1.275.097</b>  |
| 1. Equity increase   | 3026 | -                 | -                 |
| 2. Long term loans (net inflow)  | 3027 | 77.087            | 413.407           |
| 3. Short term loans (net inflow)   | 3028 | 4.099.062         | 808.578           |
| 4. Other long term liabilities   | 3029 | 202               | 50.451            |
| 5. Other short term liabilities  | 3030 | 526               | 2.661             |
| <b>II. Cash outflow from financing activities (1 to 6)</b>                           | 3031 | <b>1.350.652</b>  | <b>528.400</b>    |
| 1. Repurchase of own shares and stocks   | 3032 | 124.148           | -                 |
| 2. Long term loans (net outflow)   | 3033 | -                 | -                 |
| 3. Short term loans (net outflow)  | 3034 | -                 | -                 |
| 4. Other liabilities   | 3035 | 762.987           | 1.086             |
| 5. Financial leasing   | 3036 | 138.160           | 206.148           |
| 6. Dividends paid  | 3037 | 325.357           | 321.166           |
| <b>III. Net cash inflow from financing activities ( I -II)</b>                       | 3038 | <b>2.826.225</b>  | <b>746.697</b>    |
| <b>D. Net cash outflow from financing activities (II-I)</b>                          | 3039 | -                 | -                 |
| <b>E. TOTAL CASH INFLOW (3001+3013+3025)</b>   | 3040 | <b>37.043.028</b> | <b>33.830.287</b> |
| <b>F. TOTAL CASH OUTFLOW (3005+3019+3031)</b>  | 3041 | <b>38.435.175</b> | <b>33.963.058</b> |
| <b>G. NET CASH INFLOW ( 3040-3041 )</b>  | 3042 | -                 | -                 |
| <b>H. NET CASH OUTFLOW (3041-3040)</b>   | 3043 | <b>1.392.147</b>  | <b>132.771</b>    |
| <b>I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD</b>                              | 3044 | 4.671.949         | 4.800.373         |
| <b>J. EXCHANGE RATE GAINS FROM CASH TRANSLATION</b>                                  | 3045 | 41.274            | 177.237           |
| <b>K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION</b>                                 | 3046 | 367.318           | 172.890           |
| <b>L. CASH BALANCE AT END OF REPORTING PERIOD ( 3042-3043+3044+3045-3046)</b>        | 3047 | <b>2.953.758</b>  | <b>4.671.949</b>  |

Belgrade,

Date: 23.04.2018.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
as at 31.12.2017.

| No. | DESCRIPTION   | Equity component |                         |      |                                       |      |                  |      |              |      |  |     |                            |     |                                |     |                                     |
|-----|---|------------------|-------------------------|------|---------------------------------------|------|------------------|------|--------------|------|--|-----|----------------------------|-----|--------------------------------|-----|-------------------------------------|
|     |   | EDP              | 30<br>Equity<br>capital | EDP  | 31<br>Subscribed<br>capital<br>unpaid | EDP  | 32<br>Provisions | EDP  | 35<br>Losses | EDP  | 047 & 237<br>Treasury<br>shares<br>repurchased | EDP | 34<br>Retained<br>earnings | EDP | 330<br>Revaluation<br>reserves | EDP | 331<br>Actuarial gains<br>or losses |
| 1   | 2   | 3                | 4                       | 5    | 6                                     | 7    | 8                | 9    | 10           |      |  |     |                            |     |                                |     |                                     |
| 1   | Opening balance on 01.01.2016.  |                  |                         |      |                                       |      |                  |      |              |      |  |     |                            |     |                                |     |                                     |
|     | a) debit balance  | 4001             | 4019                    | 4037 | 4055                                  | 4073 | 4091             | 4091 | 4109         | 4127 |  |     |                            |     |                                |     |                                     |
|     | b) credit balance   | 4002             | 4020                    | 4038 | 4056                                  | 4074 | 4092             | 4092 | 4110         | 4128 |  |     |                            |     |                                |     |                                     |
| 2   | Adjustment for materially significant errors and changes in accounting policies |                  |                         |      |                                       |      |                  |      |              |      |  |     |                            |     |                                |     |                                     |
|     | a) adjustment of debit balance  | 4003             | 4021                    | 4039 | 4057                                  | 4075 | 4093             | 4093 | 4111         | 4129 |  |     |                            |     |                                |     |                                     |
|     | b) adjustment of credit balance   | 4004             | 4022                    | 4040 | 4058                                  | 4076 | 4094             | 4094 | 4112         | 4130 |  |     |                            |     |                                |     |                                     |
| 3   | Adjustment of opening balance on 01.01.2016.                                    |                  |                         |      |                                       |      |                  |      |              |      |  |     |                            |     |                                |     |                                     |
|     | a) adjustment of debit balance (1a+2a-2b) ≥ 0                                   | 4005             | 4023                    | 4041 | 4059                                  | 4077 | 4095             | 4095 | 4113         | 4131 |  |     |                            |     |                                |     |                                     |
|     | b) adjustment of credit balance (1b-2a-2b) ≥ 0                                  | 4006             | 4024                    | 4042 | 4060                                  | 4078 | 4096             | 4096 | 4114         | 4132 |  |     |                            |     |                                |     |                                     |
| 4   | Changes in previous 2017 <sup>a</sup> year                                      |                  |                         |      |                                       |      |                  |      |              |      |  |     |                            |     |                                |     |                                     |
|     | a) debit balance activity   | 4007             | 4025                    | 4043 | 4061                                  | 4079 | 4097             | 4097 | 4115         | 4133 |  |     |                            |     |                                |     |                                     |
|     | b) credit balance activity  | 4008             | 4026                    | 4044 | 4062                                  | 4080 | 4098             | 4098 | 4116         | 4134 |  |     |                            |     |                                |     |                                     |
| 5   | Closing balance previous year at 31.12.2016.                                    |                  |                         |      |                                       |      |                  |      |              |      |  |     |                            |     |                                |     |                                     |
|     | a) debit balance (3a+4a-4b) ≥ 0   | 4009             | 4027                    | 4045 | 4063                                  | 4081 | 4099             | 4099 | 4117         | 4135 |  |     |                            |     |                                |     |                                     |
|     | b) credit balance (3b-4a+4b) ≥ 0  | 4010             | 4028                    | 4046 | 4064                                  | 4082 | 4100             | 4100 | 4118         | 4136 |  |     |                            |     |                                |     |                                     |
| 6   | Adjustment for materially significant errors and changes in accounting policies |                  |                         |      |                                       |      |                  |      |              |      |  |     |                            |     |                                |     |                                     |
|     | a) adjustment of debit balance  | 4011             | 4029                    | 4047 | 4065                                  | 4083 | 4101             | 4101 | 4119         | 4137 |  |     |                            |     |                                |     |                                     |
|     | b) adjustment of credit balance   | 4012             | 4030                    | 4048 | 4066                                  | 4084 | 4102             | 4102 | 4120         | 4138 |  |     |                            |     |                                |     |                                     |
| 7   | Adjustment of opening balance current year at 01.01.2017.                       |                  |                         |      |                                       |      |                  |      |              |      |  |     |                            |     |                                |     |                                     |
|     | a) adjustment of debit balance (5a+6a-6b) ≥ 0                                   | 4013             | 4031                    | 4049 | 4067                                  | 4085 | 4103             | 4103 | 4121         | 4139 |  |     |                            |     |                                |     |                                     |
|     | b) adjustment of credit balance (5b-6a+6b) ≥ 0                                  | 4014             | 4032                    | 4050 | 4068                                  | 4086 | 4104             | 4104 | 4122         | 4140 |  |     |                            |     |                                |     |                                     |
| 8   | Changes in current 2017 <sup>a</sup> year                                       |                  |                         |      |                                       |      |                  |      |              |      |  |     |                            |     |                                |     |                                     |
|     | a) debit balance activity   | 4015             | 4033                    | 4051 | 4069                                  | 4087 | 4105             | 4105 | 4123         | 4141 |  |     |                            |     |                                |     |                                     |
|     | b) credit balance activity  | 4016             | 4034                    | 4052 | 4070                                  | 4088 | 4106             | 4106 | 4124         | 4142 |  |     |                            |     |                                |     |                                     |
| 9   | Closing balance at 31.12.2017.  |                  |                         |      |                                       |      |                  |      |              |      |  |     |                            |     |                                |     |                                     |
|     | a) debit balance (7a+8a-8b) ≥ 0   | 4017             | 4035                    | 4053 | 4071                                  | 4089 | 4107             | 4107 | 4125         | 4143 |  |     |                            |     |                                |     |                                     |
|     | b) credit balance (7b-8a+8b) ≥ 0  | 4018             | 4036                    | 4054 | 4072                                  | 4090 | 4108             | 4108 | 4126         | 4144 |  |     |                            |     |                                |     |                                     |





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
ENERGOPROJEKT HOLDING PLC  
FOR 2017**

Belgrade, 2018

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## 1. COMPANY BACKGROUND

Consolidated financial statements of the Energoprojekt Holding Plc., Belgrade consists of a parent joint stock company Energoprojekt Holding Plc., Belgrade (hereinafter: Energoprojekt Holding or Company) and:

- 13 subsidiary companies in the country, 12 of which are direct subsidiaries (9 share-based and 3 limited liability companies) and 1 subsidiary company indirectly controlled by other subsidiaries (1 limited liability company),
- 1 joint venture company, hereinafter: joint venture (1 limited liability company) with 50% equity share,
- 1 affiliated company (1 share company), and
- 7 direct subsidiaries abroad.

Subsidiary companies comprise of operating units for investments work and branch offices in foreign countries (the total of 83) and own companies in the country and abroad (14 subsidiaries abroad, 1 affiliate abroad and 1 affiliated company in the country), which jointly engage in building construction, design, fitting, study preparation, research, investment facilities' and systems' programming, sales of goods and services and other business activities.

In 2017, Consolidation Group Energoprojekt Holding Plc., was organized as follows:

| Activity                 | No. of local subsidiaries, affiliates and joint ventures | No. of business units for investment works and branch offices abroad | No. of subsidiaries and affiliates abroad |
|--------------------------|--|--|---|
| Planning and research    | 4  | 36   | 5   |
| Construction and fitting | 6  | 47   | 13  |
| Holding                  | 1  |  |   |
| Other                    | 6  |  | 4   |
| <b>Total</b>             | <b>17</b>  | <b>83</b>  | <b>22</b>                                 |

Parent and subsidiary companies' headquarters is in 12 Bulevar Mihajla Pupina Street, New Belgrade.

In 2017, the average number of employees in system Energoprojekt, based on the actual number of employees at the end of each month, was 2,243 (compared to 2,345 in 2016), not including the local workforce in foreign entities.

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

Financial statements for 2017 that are subject to these Notes are **consolidated financial statements of the Energoprojekt Holding Plc.** approved by the Supervisory Board of the Company, on April 26, 2018 in the 25th meeting of Supervisory Board of the Company and are subject of audit conducted by an independent auditor.

Comparable data and opening balance consist of data incorporated in consolidated financial statements for 2016, which were audited by independent external auditor.

The Company's management assesses that companies within consolidation group of Energoprojekt Holding Plc. continue to operate for an indefinite period of time and does not expect significant changes in the business, and thus the consolidated financial statements for 2017 are prepared in accordance with the going concern.

## 2. CONSOLIDATION GROUP

The consolidation group of the Energoprojekt Holding Plc. (hereinafter: system Energoprojekt) consists of parent company and its local subsidiaries, joint venture and affiliated companies and foreign subsidiary companies listed below:

### Local subsidiaries, joint ventures and affiliated companies

| No.  | Company Name                               | % ownership |
|--|--|-------------|
| <i>Subsidiary Companies</i>  |  |             |
| <i>Building Construction and Fitting</i>                                   |  |             |
| 1.   | Energoprojekt Visokogradnja Plc.           | 100.00      |
| 2.   | Energoprojekt Niskogradnja Plc.            | 100.00      |
| 3.   | Energoprojekt Oprema Plc.                  | 67.87       |
| 4.   | Energoprojekt Sunnyville Ltd.              | 100.00      |
| 5.   | Energoprojekt Park 11 Ltd.                 | 100.00      |
| <i>Planning and Research</i>   |  |             |
| 6.   | Energoprojekt Urbanizam i arhitektura Plc. | 100.00      |
| 7.   | Energoprojekt Industrija Plc.              | 62.77       |
| 8.   | Energoprojekt Entel Plc.                   | 86.26       |
| 9.   | Energoprojekt Hidroinženjering Plc.        | 100.00      |
| <i>Other</i>   |  |             |
| 10.  | Energoprojekt Energodata Plc.              | 100.00      |
| 11.  | Energoprojekt Promet Ltd.                  | 100.00      |
| 12.  | Energoprojekt Garant Ltd.                  | 92.94       |
| 13.  | Energoplast Plc.                           | 60.00       |
| (Energoprojekt Industrija Plc. 40.00% and Energoprojekt Entel Plc. 20.00%) |  |             |

**Joint ventures**

***Building Construction and Fitting***

|     |            |       |
|-----|------------|-------|
| 14. | Enjub Ltd. | 50.00 |
|-----|------------|-------|

**Affiliated Companies**

**Other**

|     |                        |       |
|-----|------------------------|-------|
| 15. | Fima See Activist Plc. | 30.16 |
|-----|------------------------|-------|

Applying the total consolidation method, the consolidated financial statements of the Energoprojekt Holding Plc. are including the subsidiary company Energoplast Ltd., with prior elimination, by equity method, of its presence in financial statements of Energoprojekt Industrija Plc. (40.00%) and Energoprojekt Entel Plc. (20.00%), made through primary consolidation.

On the occasion of inclusion of the Energoprojekt Holding Plc. joint venture company Enjub Ltd. in consolidated financial statements of the, in compliance with IFRS 11 - Joint Arrangements, equity method was applied.

**Subsidiaries abroad - overseas companies**

| No. | Company Name | % ownership |
|-----|--------------|-------------|
|-----|--------------|-------------|

***Subsidiary Companies***

***Building Construction and Fitting***

|    |  |        |
|----|--|--------|
| 1. | Zambia Engineering and Contracting Company Limited, Zambia | 100.00 |
| 2. | Energoprojekt Holding Guinee S.A, Guinea                   | 100.00 |
| 3. | Energo (Private) Limited, Zimbabwe                         | 100.00 |
| 4. | Energo Kaz Ltd, Kazakhstan                                 | 100.00 |

***Other***

|    |   |        |
|----|---|--------|
| 5. | I.N.E.C. Engineering Company Limited, Great Britain   | 100.00 |
| 6. | Encom GmbH Consulting, Engineering & Trading, Germany | 100.00 |
| 7. | Dom 12 S.A.L, Libanon                                 | 100.00 |

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

Among the above listed local subsidiaries, Energoprojekt Visokogradnja, Energoprojekt Niskogradnja,

Energoprojekt Oprema, Energoprojekt Industrija, Energoprojekt Entel, Energoprojekt Hidroinženjering, Energoprojekt Energodata and Zambia Engineering and Contracting Company Limited, Zambia are at the same time parent companies that prepare consolidated financial statements, so that the subsidiary and affiliated companies listed in following table are thus included herein through primary consolidation.

| No.  | Company Name   | Included through primary consolidation                     |
|--|--|--|
| <b>Overseas</b>  |  |  |
| <b><i>Subsidiary Companies Abroad - Overseas Companies</i></b> |  |  |
| <b><i>Building Construction and Fitting</i></b>                |  |  |
| 1.   | Energoprojekt Ghana Ltd., Accra, Ghana                     | EP Visokogradnja Plc.                                      |
| 2.   | Energoprojekt Montenegro Ltd., Montenegro                  | EP Visokogradnja Plc.                                      |
| 3.   | Energoprojekt Rus Ltd., Moscow, Russia                     | EP Visokogradnja Plc.                                      |
| 4.   | Energoprojekt Uganda Company Ltd, Kampala, Uganda          | EP Niskogradnja Plc.                                       |
| 5.   | Enlisa S.A., Lima, Peru                                    | EP Niskogradnja Plc.                                       |
| 6.   | Energoprojekt Oprema Crna Gora Ltd., Podgorica, Montenegro | EP Oprema Plc.   |
| 7.   | OOO Belgrade, Belarus                                      | EP Oprema Plc.   |
| 8.   | Energoprojekt Zambia Limited, Zambia                       | Zambia Engineering and Contracting Company Limited, Zambia |
| <b><i>Planning and Research</i></b>                            |  |  |
| 9.   | Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman      | EP Entel Plc.  |
| 10.  | Energoprojekt Entel LTD, Doha, Qatar                       | EP Entel Plc.  |
| 11.  | Energoprojekt Entel L.L.C., Abu Dhabi, UAE                 | EP Entel Plc.  |
| 12.  | Energoprojekt Entel Company, Bahrain                       | EP Entel Plc.  |
| 13.  | Enhisa S.A., Lima, Peru                                    | EP Hidroinženjering Plc.                                   |
| <b><i>Other</i></b>  |  |  |
| 14.  | Energoprojekt Energodata Montenegro Ltd., Montenegro       | EP Energodata Plc.   |
| <b><i>Affiliated Companies Abroad</i></b>                      |  |  |
| <b><i>Building Construction and Fitting</i></b>                |  |  |
| 15.  | Energoprojekt Nigeria Ltd., Lagos, Nigeria (40.00%)        | EP Oprema Plc.   |

**Domestic**

***Affiliated Local Companies***

***Other***

16. Energopet Ltd. (33.33 %)

EP Industrija Plc.

Energoprojekt Nigeria Ltd., Lagos, Nigeria is included by the equity method into primary consolidation into consolidated financial statements of the subsidiary Energoprojekt Oprema with a participation rate of 24.92%. The consolidated financial statements of Energoprojekt Holding retained percentage of participation of 40,00% due the auditor made a qualification in Energoprojekt Oprema 's consolidated financial statements regarding impossibility of verification the percentage of participation in equity of Energoprojekt Nigeria Ltd., Lagos, Nigeria due the lack of adequate documentation, which could confirm the new percentage of participation (24.92%).

### **3. BASIS FOR THE PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated financial statements of Energoprojekt Holding Plc. were prepared pursuant to the Law on Accounting ("RS Official Gazette", No. 62/2013 – hereinafter: The Law).

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

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

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

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

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

- Law on Corporate Income Tax ("RS Official Gazette" No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 - and other law, 142/2014, 91/2015 - authentic interpretation and 112/2015),
- Law on Value Added Tax ("RS Official Gazette" No. 84/2004, 86/2004 - corrigendum, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 - and other law, 142/2014, 83/2015 and 108/2016),
- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax ("RS Official Gazette" No. 99/2010, 8/2011, 13/2012, 8/2013 i 20/2014 - and other rules),
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax ("RS Official Gazette" 24/2014, 30/2015 and 101/2016),
- Rules on Method of Classification of Non-Current Assets and on Method of Calculation of Depreciation for Taxing Purposes ("RS Official Gazette" No. 116/2004 and 99/2010),
- Rules on Transfer Prices and Methods applied in compliance with the „at arms's length“ principle in determining the price of transactions among parties ("RS Official Gazette" No. 61/2013 and 8/2014) and other regulations.

Among the legal acts comprising the internal regulations of the Company, in preparation of consolidated financial statements, the Rules on Accounting and Accounting Policies of the Company, as adopted on 27/11/2015 by the Executive Board of the Company, was used. In addition to the above listed, other internal acts of the Company were used, such as, for example, the Collective Agreement of Company regulating employment in the country.

Basic accounting policies applied in preparation of these financial statements were listed in the Note no. 7.

The Law on Capital Market ("RS Official Gazette", No. 31/2011, 112/2015 and 108/2016) set down mandatory data to be included in the annual, six monthly and quarterly statements of public companies with securities listed in the regulated markets.

*It should be noted here that in certain cases, not all the relevant provisions of the IFRS or of the Interpretations thereof were taken into account in preparation of the Energoprojekt Holding Plc. consolidated financial statements. Detail explanation is provided below:*

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

- Pursuant to the Law on Accounting ("RS Official Gazette", No. 62/2013), the financial statements in the Republic of Serbia for reported period, are to be presented in the format stipulated by the Rules on the Contents and Form of the Financial Statements Forms for Companies, Cooperatives and Entrepreneurs ("RS Official Gazette", No. 95/2014 and 144/2014), which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by the Revised IAS 1 – Presentation of Financial Statements; and
- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

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

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

By the date of adoption of the consolidated financial statements, the following version of standards and amendments to standards were issued by the International Accounting Standards Board, and the following interpretation were issued by International Financial Reporting Standards' Interpretations Committee, , but have not yet been officially applied in the Republic of Serbia

- Amendments to IAS 32 - Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 27 "Separate Financial Statements" - Exemption from Consolidation of Subsidiaries under IFRS 10 (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 36 - Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (effective for the annual periods beginning on or after January 1, 2014);
- IFRIC 21 - Levies (effective for the annual periods beginning on or after January 1, 2014);
- Amendments to IAS 19 - Employee Benefits – Defined benefit plans (effective for annual periods beginning on or after July 1, 2014).
- Amendments to various standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38), which are the result of the annual standards' improvement project, "Cycle 2010-2012", primarily through the removal of inconsistencies and clarification of text (in force for the annual periods beginning on or after July 1, 2014);
- Amendments to various standards (IFRS 1, IFRS 3, IFRS 13 and IAS 40), which are the result of the annual standard's improvement project, "Cycle 2011-2013", published by the IASB in December 2013, primarily through the removal of inconsistencies and clarification of text (effective for annual periods beginning on or after July 1, 2014),
- Amendments to IFRS 11 "Joint Arrangements" - Accounting for acquisition of participation in joint businesses (effective for annual periods beginning on or after January 1, 2016);
- IFRS 14 "Accounts regulatory prepayments" - effective for annual periods beginning on or after January 1, 2016;

- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Interpretation of the accepted methods of depreciation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Industrial plants (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 27 "Separate Financial Statements" - Equity method in separate financial statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - The sale or transfer of assets between the investor and its associates or joint ventures (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 28 "Investments in Associates and Joint Ventures" - investing companies: exception of application for consolidation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 1 "Presentation of Financial Statements" - Initiative for disclosure (effective for annual periods beginning on or after January 1, 2016);
- Amendments to various standards "Improvements IFRS" (for period from 2012 to 2014), which are the result of Project annual improvement IFRS (IFRS 5, IFRS 7, IAS 19, IAS 34) primarily through the elimination of inconsistencies and explanations of the text (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 7 "Cash Flow Statement" - request for disclosures that allow users to assess changes in liabilities arising from financing activities (effective from January 1, 2017);
- Clarifications related to IAS 12 "Income Tax" aimed in reduction of diversity in practice when it is about deferred tax assets arise from unrealized losses (effective from January 1, 2017) and
- Amendments to IFRS 12 "Disclosures of Interests in Other Entities" (effective from January 1, 2017).

*The new Standards, Interpretations and Amendments to the existing Standards that have not yet come into force*

By the date of adoption of the consolidated financial statements, the following standards, their amendments and interpretations were issued, but have not yet come into force:

- Amendments to various standards (IAS 28, IAS 40 and IFRS 2) shall take effect from January 1, 2018;
- IFRS 9 "Financial Instruments" and subsequent amendments, which replaces requirements of IAS 39 "Financial Instruments: Recognition and Measurement" relating to the classification and measurement of financial assets. Standard eliminates the existing categories of IAS 39 - Assets held to maturity, available for sale and loans and receivables. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, earlier application is permitted;

According to IFRS 9, financial assets will be classified into one of two categories at the initial recognition: at amortized cost or fair value. Financial asset will be recognized at amortized cost if the following two criteria are met: assets relate to business model based on the business model for managing the financial assets and their contractual cash flow characteristics. All other assets will be measured at fair value. Gains and losses arising from measurement of financial assets at fair

value will be recognized in the income statement, except investments in equity instruments not held for trading, where IFRS 9 permits, at initial recognition, subsequent unchangeable choice that all changes in fair value are recognized within other gains and losses in the statement of other comprehensive income. The amount that will be recognized in the statement of comprehensive income will not be able to be recognized in the income statement subsequently;

- IFRS 15 "Revenue from contracts with customers", which defines the framework for the recognition of revenue. IFRS 15 supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts", IFRIC13 "Customer Loyalty Programs", IFRIC15 "Agreements for the Construction of Real Estate" and IFRIC18 "Transfers of assets from customers" and SIC - 31 "Revenue - exchange transactions involving advertising services ". IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted;
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" - interpretation applies to foreign exchange transactions where the entity recognizes non-monetary asset or non-financial liability for the payment or receipt of advance payment, before the entity recognizes asset, expense or income, after which the non-monetary asset or liability is recognized again. The interpretation is effective on or after January 1, 2018, but early application is permitted;
- IFRS 16 "Lease" - published in January 2016, the application is for business periods beginning on or after January 1, 2019. The standards will replace current IAS 17;
- IFRS 3 "Business Combinations" - a supplement relating to clarifications when one party acquires control in a previous joint venture. The change shall enter into force for business combinations whose date of purchase is on or after the first annual reporting period beginning on or after January 1, 2019. It may be contrary to amendments to IFRS 11;
- Amendments to IFRS 4 relate to IFRS 9, applied before applying IFRS 17 that will replace IFRS 4;
- Amendments to IFRS 7 relate to IFRS 9;
- Clarification of IFRS 11 relating to transactions in which an entity obtains joint control at or after the commencement of the first annual reporting period beginning on or after January 1, 2019. This may be in conflict with IFRS 3;
- IFRS 17 replaces IFRS 4 - application to Financial Statements beginning January 1, 2021. Early application is conditioned by adoption of IFRS 9 and IFRS 15; and
- IFRIC 23 - interpretation relating to IAS 12. Interpretation shall enter into force on or after January 1, 2019, but an earlier application is permitted.

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

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

Preparation of consolidated financial statements in compliance with IAS and IFRS requires that the management perform assessments, provide judgements and assumptions that are reflected on the reported amounts of assets, liabilities, income and expenses. The goal of this approach by management is to reach that achieved results do not differ significantly from the estimated ones (Note 7.1).

## **5. CONSOLIDATION**

Consolidated financial statements are financial statements of the group, presented as financial statements of unique economic entity.

Consolidated financial statements are composed by applying unified accounting policies for similar transactions and events, in similar circumstances. In case that a group member, consisting of a parent company together with its subsidiaries, for similar transactions and events in similar circumstances, applies accounting policies different from those adopted in consolidated financial statements, the appropriate corrections of those financial statements (according to provisions of rules on Accounting and Accounting Policies of the Company) are made at consolidated financial statements composing.

### **5.1. Subsidiary Companies**

*The Subsidiary Company* means a company controlled by the Company (parent company).

Parent company controls the company where it has made investments if it fulfils all following requirements only:

- the power over the company with his investments (meaning present capability to direct relevant activities, ie. activities reflecting significantly at yield of the company with its investments);
- exposure, meaning the right to yield variability based on its share in the company with its investments, and
- capability of using its own power over the company with its investment to influence the yield level for investor.

The consolidated method used for subsidiaries, according to IFRS 10 - Consolidated Financial Statements, is full consolidation. Intra group balances and intra group transactions are eliminated in full in the consolidation process. Equity investments without controlling rights are presented separately.

### **5.2. Affiliated Companies**

*Affiliated Company* is a company over which the Group exerts significant influence, but not control, or holds between 20% to 50% ownership or voting power.

The applied method of consolidation for affiliated companies, according to IAS 28 - Investment in Associates and Joint Ventures, is 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**

The Joint Venture arrangement is an arrangement where two or more parties have the joint control. The joint control exists only if the relevant activities decisions require unanimous decision of sides sharing the joint control.

Depending on rights and liabilities defined in arrangement, the joint arrangement could be:

- the joint business, or
- the joint venture.

*The Joint Business* means the joint arrangement where parties sharing the joint control over the arrangement (participating together in business activities), have the right to property and responsibility for obligations related to the arrangement. Participants in joint business recognize:

- their own property, including their share in jointly owned property;
- their own obligations, including their share in obligations accepted;
- their own income from selling of own share in results deriving from joint business activities;
- their own part of income from selling joint business activity results, and
- their own costs, including their share in joint business activity costs.

The joint business accounting in separated and consolidated financial statements is made according to IFRS applicable for related property, liability, profit or loss.

*Joint Venture* is a joint arrangement where parties sharing the joint control over the arrangement (participating together in joint venture), have the right to net-assets of the arrangement, meaning that the financial structure, and not the parties in joint venture, has the right to property and responsibility for obligations accepted through the arrangement.

The joint venture sharing in consolidated financial statements is treated by the equity method, according to IAS 28, meanwhile in separated financial statements is treated by cost value, according to IAS 27.

The joint venture parties sharing the arrangement, but not having any control over it, in their respected separated and consolidated financial statements treat their joint business activities and joint ventures according to relevant provisions of IFRS 11.

An overview of subsidiary, affiliated and joint venture companies, which, together with the parent Company, comprise the Group for consolidation of the System Energoprojekt, is presented in Note 2.

## **6. ACCOUNTING PRINCIPLES**

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

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

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

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

**The Prudence Principle** means, applying a certain level of caution when preparing financial statements of the Company, so that the property and revenues are not overstated and obligations and expenses are not understated. The Prudence Principle, however, should not imply conscious, unrealistic decrease in revenues and capital of the Company or conscious, unrealistic increase of expenses and liabilities of the Company. Namely, The Framework for Preparation and Presentation of Financial Statements clearly states that the Prudence Principle should not result in the forming of substantial hidden reserves, deliberate reduction of property of revenues, or deliberate exaggeration of liabilities or expenses causing the financial statements to become impartial and therefore unreliable.

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

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

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

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

## **7. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES**

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

Significant accounting policies applied to consolidated financial statements of the Energoprojekt Holding Plc. that are subject of these Notes and presented in the following text, are primarily based on the Rules on Accounting and Accounting Policies of the Company. If certain accounting aspects are not clearly defined in the Rules, the applied accounting policies are based on the current legislation.

As for the general data, we are hereby noting that in compliance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, the RSD is the **functional and presentation reporting currency** in consolidated financial statements of the Energoprojekt Holding Plc.

In preparation of consolidated financial statements of Energoprojekt Holding Plc., relevant provisions IAS 10 – Events after the Reporting period were considered. They refer to events that occur between the balance sheet date and the date when the financial statements were authorized for issue. More precisely, **for effects of the event that provide evidence on circumstances at the balance sheet date**, already recognized amounts in financial statements of the Company were corrected in order to mirror corrected events after the balance sheet date; and **for effects of the event that provide evidence on circumstances after the balance sheet date**, no adjustments of recognized amounts were applied, and if there were any, these Notes will disclose the nature of events and the valuation of their financial effects, or, if impossible to evaluate the financial effects thereof, it is disclosed that such estimate cannot be made.

## **7.1. Valuation**

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

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

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

## **7.2. Effects of Foreign Exchange Rates**

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

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

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

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

**Official Middle Exchange Rates of the National Bank of Serbia**

| <i>Currency</i> | 31/12/2017           | 31/12/2016 |
|-----------------|----------------------|------------|
|                 | <i>Amount in RSD</i> |            |
| EUR 1           | 118.4727             | 123.4723   |
| USD 1           | 99.1155              | 117.1353   |
| GBP 1           | 133.4302             | 143.8065   |

Applied average FX rates for the Income Statement items in 2017 and 2016 were as follows:

| <i>Currency</i> | 31/12/2017           | 31/12/2016 |
|-----------------|----------------------|------------|
|                 | <i>Amount in RSD</i> |            |
| EUR 1           | 121.3367             | 123.1179   |
| USD 1           | 107.4987             | 111.2903   |
| GBP 1           | 138.3782             | 150.5377   |

### **7.3. Income**

**Incomes** in accordance with IAS 18 - Revenues, comprise income from economic benefits in the respective period that lead to the increase in capital, other than the increase that relate to investments from existing equity holders, and are measured according to the fair value of received or claimed benefits.

Incomes include: operating revenues, financial revenues, other revenues (including also revenues from the property value adjustment), and net profit from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous years.

Among the **operating incomes**, the most important are the sales revenues from the sales of goods, products and services, and as other revenues the following may appear: income from the own use of products, services and merchandize, increase of finished goods, work in progress and services in progress (if there were any reductions in the finished goods, work in progress and services in progress, during the year, the total operating revenues shall be reduced by the amount of such reduction), income from premiums, subventions, donations, etc.; and other operating income.

For the purpose of financial reporting, within the operating revenues in Income Statement no income from the own use of products, services and merchandize and income from the change in value of products, services and merchandize (increases, ie. decreases in the value of inventories of unfinished and finished products and unfinished services), and instead operating expenses are corrected by such amounts in the Income Statement.

Income from the sales of merchandize is recognized when the following conditions are met cumulatively:

- The company has transferred to the buyer significant risks and benefits from the ownership of the product and goods;
- The company does not keep the share in management of the product sold and merchandize that is usually related to ownership, nor does it keep the control over products and goods sold;
- The amount of income cannot be measured in a reliable manner;
- Economic benefit for the Company related to such transaction is probable, and
- Costs incurred or cost that will be incurred in such transactions can be measured in a reliable manner.

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

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

Incomes from dividends are recognized when the right to receive the dividend is established.

Within **other income** (that additionally include income from value adjustments of other assets disclosed at fair value through Income Statement), in addition to other income, gains are presented that may, but do not have to result from the usual activities of the Company. Gains are increases in economic benefits of the Company and as such, by their nature, are not different from other revenues. For example, gains include gains from the sales of property, plant and equipment; at greater value from accounting one at the moment of sale.

Within **income from the disposal of discontinuing operations, effects from change in accounting policy and correction of prior periods errors and transfer of income**, income according to the names of account of this groups are presented and the transfer of total income at the end of the period, which are, for the purposes of financial reporting, presented as net effect, after the decrease for the relevant expenses.

#### **7.4. Expenses**

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

Expenses include operating expenses, financial expenses, other expenses (including expenses from value adjustments of other property assets disclosed at fair value through Income Statement) and net losses from from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year.

**Operating expenses** include: cost price of goods sold, material cost, employee expenses and benefits, production service cost, intangible expenses, depreciation expenses and provisions expenses, etc.

For the purposes of financial reporting, operating expenses are corrected in the Income Statement for the amount of income from the own use of products and merchandize and income from the depreciation of inventories of products (increase, ie. decrease of inventories of intermediate and finished products and services in progress).

**Financial expenses** include financial expenses arising from the related legal entities, gains arising on the translation of foreign currency, interest-related expenses and other financial expenses.

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

Within **losses from from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year and transfer of expenses**, expenses according to the names of accounts comprising this group are presented and the transfer of total expenses at the end of accounting period, which are for the purposes of financial reporting presented in net effect, after offsetting against relevant income.

## **7.5. Interest and Other Borrowing Costs**

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

## **7.6. Income Tax**

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

- The current tax, and
- The deferred tax.

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

*The deferred tax* includes:

- Deferred tax assets or
- Deferred tax liabilities.

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

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

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

**Deductible temporary difference** arises in cases where an expense has already been recorded in Company books, on certain bases, which, from the taxation aspect, is to be recognized in the following periods. Some typical examples of cases where the deductible temporary differences arise include the following: tax value of assets that are subject to depreciation exceeds the accounting value thereof; from the taxation aspect, certain provisions are not recognized (IAS 19, issued guarantees and other sureties), impairment of assets (merchandise, materials, etc.) and impairment of investment immovable property; from the taxation aspect expenses for unpaid public revenues that do not depend on business performance and losses occurring when securities are measured at fair value and effect is presented through the Income Statement.

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

The amount of deferred tax assets is determined by applying the prescribed (or notified) income tax rate on Company income on the amount of deductible temporary difference that is determined as at the Balance Sheet date.

If at the end of previous year, the temporary difference was deductible, on the basis of which the deferred tax assets were recognized, and at the end of current year, on the basis of the same assets, the temporary difference is taxable, the previously established deferred tax assets are released in their entirety, and at the same time the deferred tax liabilities are recognized in the amount determined as at the Balance Sheet date.

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

A deferred tax asset based on **unused tax credit** for investments in fixed assets is recognized only up to the amount for which a taxable income in the tax balance will be realized in future periods or calculated income tax for the reduction of which the unused tax credit may be used, only until this type of tax credit may be used in the legally prescribed manner.

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

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

**Taxable temporary difference** arises in cases where a certain expense is recognized from the taxation aspect, while from the accounting aspect it will be recognized in the Company books in the following periods.

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

Deductible temporary difference occurs if the accounting value is greater than its tax base.

The amount of deferred tax liability is determined by applying the prescribed (or expected) tax rate on the Company profit on the amount of taxable temporary difference that is determined as at the Balance Sheet date.

On each Balance Sheet date, the deferred tax liabilities are reduced to the amount determined based on temporary difference as at that date. If at the end of the previous year the temporary difference was taxable, on the basis of which the deferred tax liabilities were recognized, and at the end of the current year, based on the same assets, the temporary difference is deductible, the previously established deferred tax liabilities are released in their entirety, and at the same time the deferred tax assets of the Company are recognized in the amount determined as at the Balance Sheet date.

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

## **7.7. Intangible Assets**

**Intangible assets** are assets without identifiable physical substance, such as: software, licenses, concession, copyrights, investment in other properties, trademarks, etc.

The property fulfils criteria to be identified if: it is detachable or it can be detached from the Company and sold, transferred, licensed, rented or traded, separately or with a related contract, property or liability; or that derives from contractual and other legal rights, regardless if these rights are transferable or separable from the Company or other rights or obligations.

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

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

If one of the requirements is not fulfilled, expenses on the basis of intangible investments are recognized as debit to expenses in the period in which the expenses incurred.

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

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

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

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

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

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

## **7.8. Property, Plant and Equipment**

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

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

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

**Initial measuring of property, plant and equipment is performed at purchase cost (purchase price)**, which includes: the purchase price and all the related costs of acquisition, that is, all the directly attributable costs of bringing the assets to the condition of functional readiness.

With the aim to perform subsequent measuring of property, plant and equipment, these are grouped in the following categories:

- a) Land;
- b) Facilities;
- c) Plants and equipment, and
- d) Other.

**Subsequent measuring of the category “Buildings”** is performed according to the fair value, which imply the market value, or the most probable value that can realistically be achieved in the market, at the

Balance Sheet date. The fair value is to be determined by appraisal, which is to be performed by appraiser expert, based on the evidence collected on the market. Where there is no evidence of the fair value on the market, due to the specific nature of facilities and due to the fact that such items are only rarely sold, except as a part of continuous business operation, it may be necessary that the Company performs an assessment of the fair value by using the income approach or the approach of depreciated costs of replacement. Any change in the fair value of facilities is to be recognized in principle in the total equity, within the revaluation reserve position.

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

**Measuring of subsequent expenses for property, plant and equipment** is performed when:

- It is a case of the investments that extend the useful life of the use of such asset;
- It increases the capacity;
- It improves the asset, whereby the quality of product is improved, or
- It reduces the production costs compared with the costs prior to such investment.

The costs of servicing, technical maintenance, minor repairs and other, do not increase the value of an asset, but comprise the expense for the period.

**Investments in other person's property, plant and equipment** are presented and recognized in a special account, if it is probable that the Company will make the future economic benefits related to such asset. Amortization of investment in other person's property, plant and equipment is performed on the basis of the estimated useful life of such assets, which may be equal or shorter than the validity period of the lease agreement.

## **7.9. Lease**

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

In case of a **financial lease** (lease whereby all the risks and benefits related to ownership of the assets are essentially transferred, and upon expiry of the lease period, the property right may, but does not necessarily need to, be transferred), in compliance with the provisions of the IAS 17 - Leases, the lessee performs the **initial measurement** by recognizing the lease as an asset and liability in their Balance Sheet, according to the amounts of its fair value at the beginning of the lease, or according to the present value of the minimum payments for the lease, whichever is lower. The *fair value* is the amount for which the lease can be exchanged between knowledgeable, willing parties in an at arm's length transaction.

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

All initial direct expenses borne by the lessee are added to the amount that was recognized as the asset.

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

In case of **business (operational) lease** (the lease whereby all the risks and benefits related to the ownership of the assets are not essentially transferred), the lease payments are recognized as expense, and in general at the linear basis during the lease period.

#### **7.10. Amortisation of Intangibles assets, Property, Plant and Equipment**

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

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

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

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

The residual value of intangible assets is always presumed to be zero, except in the following cases:

- When there is an obligation of a third party to purchase intangible asset at the end of its useful life, or
- When there is an active market for the intangible asset, with the presumption that such market will exist at the end of the useful lifetime of the asset as well, when the residual value may be determined by referring to such market.

The residual value and the remaining useful lifetime of the asset are examined at the end of each financial year by the competent valuers. In case that the new valuations are different from the previous valuations, the change is treated by changing the accounting assessment and it is recognized in the books on the basis of IAS 8 – Accounting Policies, Changes in Accounting Policies and Errors.

The residual value may be increased as the result of a valuation for an individual asset to the amount that is equal to the book value of such asset or larger than such value. In that case, the depreciation cost will, during the remaining useful lifetime of such asset, be zero, unless, as the result of subsequent valuations, the residual value is reduced to the amount that is lower than the book value.

Amortization of assets is performed by the **linear write-off** (proportional method), and the **calculation of amortisation starts** from the beginning of the following month from the moment when the asset becomes available for use, i.e. employment, or when it is at the location and ready-for-use as intended by the Company.

Amortization of intangible assets is conditional on the assessment of whether the useful lifetime is unlimited or limited. Intangible assets are not subject to amortization if it is estimated that the useful lifetime is unlimited, that is, if, based on the analysis of all the relevant factors, the end of the period when it is expected that the intangible asset will cease to generate incoming net cash flows for the Company cannot be foreseen.

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

For an assets acquired by means of financial lease, amortization is calculated in the same manner as for other assets, except when it is not known whether the Company will acquire the ownership right on such asset, when the assets is amortized in its entirety in a shorter period than the lease period or the useful lifetime.

Calculation of amortization ceases when the asset is derecognized (ceases to be recognized as an asset) and when it is reclassified as a non-current asset held for sale or within discontinuing operations. Thus, amortization is calculated even when the asset is not used, that is, even when the asset is not being used actively, if such asset is not reclassified as a non-current asset held for sale or within the discontinuing operations.

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

Assets that are, in accordance with the IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations, classified as assets held for sale, as at the balance sheet date are presented as working capital and are assessed at the lower value of the accounting value and fair value reduced by the costs of sale.

#### **7.11. Impairment of Intangibles Assets, Property, Plant and Equipment**

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

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

**Recoverable amount** is the higher amount of:

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

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

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

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

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

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

## **7.12. Investment Property**

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

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

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

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

Subsequent expenditure related to an already recognized investment property is attributed to the expressed amount of the investment property if it can be recognized as an asset, if it is likely that future economic benefits related to that expenditure will flow to the Company and if the purchase price (cost) of that expenditure can be measured reliably. In the opposite case, the subsequent expenditure is presented as an operating expense in the period in which it was incurred.

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

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

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

Investment property is not recognized as such any more upon the disposal thereof or if it is not in use any more and no future benefits are expected from the disposal thereof. Profits or losses from decommissioning or disposal of investment property are recognized in Income Statement in the year in which the asset was disposed of or decommissioned.

### **7.13. Inventories**

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

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

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

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

**The purchase price** (cost) includes all:

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

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

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

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

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

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

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

#### **7.14. Non-Current Assets Held for Sale**

The Company recognizes and presents a non-current asset (or available group of assets) as an **asset held for sale** in compliance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations if its accounting value can primarily be recovered by means of a sales transaction and not by means of its further use. To fulfil this requirement:

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

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

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

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

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

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

Non-current assets held for sale are not depreciated.

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

#### **7.15. Financial Instruments**

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

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

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

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

- Financial assets at fair value through the profit and loss account;
- Held-to-maturity financial assets (investments);
- Loans (credits) and receivables, and
- Financial assets available for sale.

**Financial assets or liabilities at fair value through profit and loss** include financial assets and liabilities the changes in fair value of which are recorded as revenues or expenses in the balance sheet.

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

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

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

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

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

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

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

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

On the occasion of the **initial measurement** of a financial instrument, the Company performs the measurement at fair value through the balance sheet increased, in case that the financial instrument has not been marked for measurement at fair value with changes of fair value through the Income Statement, by the transaction costs that are directly attributable to the acquisition thereof.

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

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

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

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

## **7.16. Cash and Cash Equivalents**

The most liquid forms of financial assets of the Company are **cash and cash equivalents**, valued at nominal or fair value. Cash and cash equivalents consist of: securities, petty cash in RSD and in foreign currencies, deposits in accounts in RSD and foreign currencies with banks, allocated monetary assets for letters of credit opened in the country, letters of credit in foreign currencies, short-term high liquidity investments with short maturity period which may be transferred into cash that are not under the influence of significant risk of value changes, monetary assets the use of which is limited or value decreased, etc.

Criteria according to which the Company assets are classified within cash and cash equivalents are specified in the relevant provisions of IAS 7 – Statement of Cash Flows, according to which:

- Cash includes cash and demand deposits, and

- Cash equivalents and short-term, highly liquid investments, that can be quickly turned into known cash amount and that are not under the influence of significant risk of value changes, which implies investments with short maturity term (of three months or shorter).

### **7.17. Short-Term Receivables**

**Short term receivables** comprise receivables from the sale of products, goods and services to related parties and other legal and physical entities in the country and abroad, as well as the receivables on other bases (receivables for interest and dividend, receivables from employees, receivables from state authorities and organizations, receivables from overpaid taxes and contributions, etc.), expected to be realized within 12 months from the balance sheet date.

*Short term trade receivables* from the sale are measured by the cost stated in the issued invoice, and subsequently at invoice value reduced by the correction of value based on uncollectible receivables. If the cost on the invoice is stated in the foreign currency, translation to the functional currency is done by applying the average exchange rate ruling on the date of transaction. Changes in exchange rate from the date of transaction to the collection date are presented as gains and losses from exchange posted in favour of revenues or against expenses. Receivables stated in the foreign currency as at the balance sheet date are translated by the ruling average exchange rate and gains and losses arose are booked as revenue or expense for that period.

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

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

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

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

*Indirect write-off* of receivables for which the Company is debited is performed on the value adjustment account. The decision on indirect write-off (value adjustment) of receivables on the value adjustment account, upon proposal by the Committee for Inventory of Liabilities and Receivables within the regular inventory, or upon proposal of the expert services in the course of the year, is made by the authorized Company body.

*Direct write-off* of receivables is performed based on the assessment of Company management if there is almost no probability of recovery (in cases where the receivables are outdated, debtors are bankrupt, etc.). The decision on direct write-off of receivables, after consideration and upon proposal by the Committee for Inventory of liabilities and receivables within the regular inventory, or upon proposal by the expert services in the course of the year, is adopted by the authorized Company body.

The indirect and direct write-off of receivables is applied only based on relevant circumstances and the balances as at the balance sheet date, i.e. during the year.

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

### **7.18. Financial Investments**

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

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

As for other assets that are presented as short-term assets, Company securities the realization (collection) of which is expected within the period of one year from the balance sheet date are also presented within the short-term financial investments. Thus, for example, securities that are classified as securities held to maturity are presented as short-term financial investments – the portion thereof that will mature within the period of one year.

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

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

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

### **7.19. Liabilities**

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

In the **valuation of liabilities** pursuant to the Framework for the preparation and presentation of financial statements, the liability is stated in the balance sheet:

- If there is a probability that an outflow of resources with economic benefits will result in the settlement of present liabilities, and
- If settlement amount may be reliably measured.

In addition to that, the *prudence principle* may be applied. This means applying caution in the valuation to prevent overstatement of the property and revenues and understatement of liabilities and expenses. The prudence principle should not result in forming of substantial hidden reserves (for example, as a result of deliberate overstatement of liabilities or expenses), the financial statements to become impartial and therefore unreliable.

Liabilities include: long-term liabilities (liabilities to related parties; long-term loans and credits in the country and abroad, liabilities for long-term securities, liabilities for long-term financial lease and other long-term liabilities); short-term liabilities (short-term credits and loans related parties, short-term credits and loans in the country and abroad, part of the long-term credits and loans as well as other short-term financial liabilities), short-term liabilities from operations (suppliers and other liabilities from operations) and other short-term liabilities.

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

For liabilities presented in a foreign currency, as well as for the liabilities with foreign currency clause, translation in functional currency is performed at the middle exchange rate on the transaction date. The change in exchange rate until the settlement date is presented as positive (negative) differences in exchange rate. Liabilities in a foreign currency are calculated on the balance sheet date by using the exchange rate valid as at the balance sheet date, and any differences in exchange rates are recognized as income or expenses of that period.

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

## **7.20. Provisions, Contingent Liabilities and Contingent Assets**

A provision, according to IAS 37 - Provisions, Contingent Liability and Contingent Assets, means a liability of uncertain due date or amount.

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

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

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

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

Provisions may be made on various bases, and specifically, these may include: 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, provisions for lawsuits and for other purposes.

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

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

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

**Contingent liability** is:

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

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

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

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

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

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

## **7.21. Employee Benefits**

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

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

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

In the valuation of liabilities upon employment termination and pursuant to respective IAS 19 provisions, the discount rate is determined according to the market yield at the balance sheet date for high yield corporate bonds. Alternatively, also specified in IAS 19, until a developed market for corporate bonds in the Republic of Serbia is established, market yields for government bonds will be used for the (for discount rate of) valuation of liabilities of the Company upon employment termination (at the balance sheet date). The value date and deadline for corporate or government bonds should be in accordance with the value date and deadline for obligations related to the income after employment termination. If the Company, for the valuation of obligations upon employment termination and due to undeveloped market for government bonds, uses the government bond yield as reference with maturity date shorter than the estimated maturity of payments based on respective income, the discount rate is defined by valuating the reference securities yield for longer periods.

**Retirement bonus** is paid by the Company to employees in compliance with the newly amended provisions of the Collective Agreement, adjusted with legislation (at the level of two average gross earnings in Republic of Serbia, pursuant to the ultimate data published by national institution in charge for statistics).

## **7.22. Information on Business Segments**

A business segment is a part of assets and business operations that provide products or services that are subject to risks and benefits different from those present in some other business segments.

The geographical segment provides products or services within a specific economic environment that are subject to risks and benefits different from the segments operating in some other economic environments.

## **8. ERRORS FROM PREVIOUS PERIOD, MATERIAL ERRORS AND CORRECTION OF OPENING BALANCE**

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

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

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

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

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

**The materiality of an error** is valued pursuant to provisions of the Framework for the preparation and presentation of financial reports that state that materiality may imply that omission or false accounting entries may affect economic decisions of users adopted based on financial statements. Materially significant errors are valued pursuant to relevant provisions from the Framework for the preparation and presentation of financial statements.

Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1.5% of the total income in the previous year**.

## **9. FINANCIAL RISKS**

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

From the Company's point of view, there are a large number of potential risks that may more or less have adverse effects on the Company's business. Certain (specific) risks are determined by internal factors, such as: *concentration risk*, which, in the Company's case, may be manifested as exposure to any one or

a small group of buyers or suppliers; *operational risk*, that means the possibility of adverse effect due to unintentional or deliberate omissions by employees, inappropriate internal procedures and processes, inadequate information system management in the Company, etc.; *reputational risk*, that means a possibility that the Company's market position deteriorates due to the loss of trust or bad reputation (public institutions, suppliers, buyers, etc.) of the Company; *legal risk*, that means a possibility of adverse effects due to penalties and sanctions that derive from lawsuits due to the failure to fulfil contractual or legal obligations; etc.

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

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

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

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

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

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

### **9.1. Credit Risk**

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

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

The Company has substantial concentrations of credit risk in collection from certain buyers with long lending periods due to poor liquidity. However, since that, as a rule, the company has been operating with these customers for many years, the fear of bad debt is small.

## **9.2. Market Risk**

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

The market risk includes three risk types:

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

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

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

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

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

## **9.3. Liquidity Risk**

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

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

## **10. INFORMATION OF BUSINESS SEGMENTS**

System Energoprojekt, locally as well as abroad, was on December 31, 2016, organized in main business segments as follows:

- Planning and Research;
- Construction and Fitting, and
- Other.

Business and geographical segments of system Energoprojekt are presented in tables below, at the balance sheet date.

## Business segments

|   | Design and research |           | Construction and fitting |            | Other      |            | Total      |            | Eliminations |             | Consolidated |            |
|---|---------------------|-----------|--------------------------|------------|------------|------------|------------|------------|--------------|-------------|--------------|------------|
|   | 2017                | 2016      | 2017                     | 2016       | 2017       | 2016       | 2017       | 2016       | 2017         | 2016        | 2017         | 2016       |
| Income from sales   | 7.313.787           | 7.287.605 | 26.204.678               | 25.555.289 | 1.305.954  | 1.372.108  | 34.824.419 | 34.215.002 | (2.115.941)  | (2.161.294) | 32.708.478   | 32.053.708 |
| <b>SEGMENT RESULT</b>   |                     |           |                          |            |            |            |            |            |              |             |              |            |
| <b>Operating profit/loss</b>  | 609.406             | 433.481   | 835.087                  | 181.938    | 64.339     | 86.165     | 1.508.832  | 701.584    | (5.080)      | (1.755)     | 1.503.752    | 699.829    |
| Interest income (third party)   | 22.759              | 13.829    | 70.498                   | 142.491    | 28.403     | 22.490     | 121.660    | 178.810    |              |             | 121.660      | 178.810    |
| Interest expenses (third party)   | 6.206               | 10.010    | 331.818                  | 371.234    | 38.658     | 30.739     | 376.682    | 411.983    |              |             | 376.682      | 411.983    |
| Profit/loss from regular operations before tax  | 687.577             | 737.608   | 591.373                  | 706.685    | 469.184    | 365.549    | 1.748.134  | 1.809.842  | (523.301)    | (435.165)   | 1.224.833    | 1.374.677  |
| Net profit/loss from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year | 3.164               | 3.749     | (18.568)                 | (93.467)   | (168)      | 991        | (15.572)   | (88.727)   | 8.764        | 2.805       | (6.808)      | (85.922)   |
| Income tax  | 37.920              | 32.418    | 159.108                  | 86.287     | 9.174      | 30.803     | 206.202    | 149.508    |              |             | 206.202      | 149.508    |
| <b>Net profit/loss</b>  | 652.821             | 708.939   | 413.697                  | 526.931    | 459.842    | 335.737    | 1.526.360  | 1.571.607  | (514.537)    | (432.360)   | 1.011.823    | 1.139.247  |
| <b>Total assets</b>   | 8.868.283           | 9.324.888 | 27.401.854               | 32.554.432 | 13.541.690 | 13.297.349 | 49.811.827 | 55.176.669 | (7.798.506)  | (8.171.443) | 42.013.321   | 47.005.226 |
| <b>Total liabilities</b>  | 8.868.283           | 9.324.888 | 27.401.854               | 32.554.432 | 13.541.690 | 13.297.349 | 49.811.827 | 55.176.669 | (7.798.506)  | (8.171.443) | 42.013.321   | 47.005.226 |
| Depreciation  | 93.403              | 94.617    | 670.306                  | 616.077    | 61.786     | 56.168     | 825.495    | 766.862    |              | 2.711       | 825.495      | 769.573    |

## Geographical segments

|   | Serbia     |            | Commonwealth of Independent States (CIS) |           | Europe  |         | Africa    |           | Asia      |           | America   |           | TOTAL      |            |
|---|------------|------------|--|-----------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|
|   | 2017       | 2016       | 2017                                     | 2016      | 2017    | 2016    | 2017      | 2016      | 2017      | 2016      | 2017      | 2016      | 2017       | 2016       |
| <b>Income from sales</b>  | 13.776.964 | 13.007.407 | 5.366.069                                | 4.955.404 | 162.429 | 212.609 | 5.834.207 | 6.186.706 | 5.604.005 | 5.928.776 | 1.964.804 | 1.762.806 | 32.708.478 | 32.053.708 |
| Income from the sales of goods to other affiliated companies in the international market (Energo Nigeria Ltd., Lagos, Nigeria)                      |            |            |  |           |         |         | 273       | 1.539     |           |           |           |           | 273        | 1.539      |
| Income from the sales of goods - external   | 68.267     | 103.211    | 376.446                                  | 1.291     | 951     | 2.646   | 36.090    | 5.390     |           | 60        | 102.450   | 82.485    | 584.204    | 195.083    |
| <b>Income from the sales of goods</b>   | 68.267     | 103.211    | 376.446                                  | 1.291     | 951     | 2.646   | 36.363    | 6.929     |           | 60        | 102.450   | 82.485    | 584.477    | 196.622    |
| Income from the sales of products and services to other affiliated companies (Energopet d.o.o., Enjub d.o.o. i Energo Nigeria Ltd., Lagos, Nigeria) | 2.107      |            |  |           |         |         | 1.082.106 | 254.939   |           |           |           |           | 1.084.213  | 254.939    |
| Income from the sales of products and services - external   | 13.706.590 | 12.904.196 | 4.989.623                                | 4.954.113 | 161.478 | 209.963 | 4.715.738 | 5.924.838 | 5.604.005 | 5.928.716 | 1.862.354 | 1.680.321 | 31.039.788 | 31.602.147 |
| <b>Income from the sales of products and services</b>   | 13.708.697 | 12.904.196 | 4.989.623                                | 4.954.113 | 161.478 | 209.963 | 5.797.844 | 6.179.777 | 5.604.005 | 5.928.716 | 1.862.354 | 1.680.321 | 32.124.001 | 31.857.086 |

## INCOME STATEMENT

### 11. OPERATING INCOME

#### 11.1. Income from Sale of Merchandise

| Structure of income from the sales of goods                           | In RSD thousand        |                        |
|---|------------------------|------------------------|
|   | 01.01.- 31.12.<br>2017 | 01.01.- 31.12.<br>2016 |
| Income from sale of goods to other related companies - foreign market | 273                    | 1,539                  |
| Income from sale of goods on local market                             | 68,267                 | 103,211                |
| Income from sale of goods on foreign market                           | 515,937                | 91,872                 |
| <b>TOTAL</b>  | <b>584,477</b>         | <b>196,622</b>         |

- **Income from sale of goods to other related companies on foreign market** in the amount of RSD 273 thousand relates to the Encom GmbH Consulting, Engineering & Trading, Germany, were generated from sale of goods to affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

- **Income from sale of goods on local market in the amount** of RSD 68,267 thousand, relate mostly to the following companies of the system Energoprojekt:

- Energoprojekt Energodata in the amount of RSD 29,432 thousand, based on the sale of licenses, ATMs, hardware equipment, etc.;

- Energoprojekt Niskogradnja in the amount of RSD 22,031 thousand based on the sales to subcontractors on projects "Lajkovac-Ljig": RSD 21,876 thousand and "Tunel Sarani": RSD 155 thousand. Stocks, consisting primarily of fuel and spare parts required for unobstructed performance of works, were supplied (sold) to subcontractors with the aim to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor (Note 12);

- Energoplast in the amount of RSD 13,491 thousand from the sale of plastic closures (imported from abroad) and held for resale; and

- Energoprojekt Visokogradnja in the amount of RSD 3,313 thousand mainly based on the sale of waste material (iron).

Referring to the last year comparative period, in 2017, the decrease by RSD 34,944 thousand of sale of goods on local market is related, mostly to Energoprojekt Niskogradnja, in the amount of RSD 34,274 thousand due to the project "Lajkovac-Ljig": RSD 17,188 thousand (which is in the works phase led to decrease in subcontracting works participation in total works), as well as due to the completion of works, primarily on the projects "Tunel Sarani": RSD 12,155 thousand, "Highway Beograd - Novi Sad": RSD 3,426 thousand.

- **Income from sale of goods on foreign market in** the amount of RSD 515,937 thousand are related, predominantly, to Energo Kaz Ltd., Kazakhstan in the amount of RSD 376,318 thousand based on goods sold to subcontractor on the project Z-103 Talan Towers, Astana, Kazakhstan and to Energoprojekt

Niskogradnja, in the amount of RSD 138,540 thousand, based on material selling (mainly, fuel) and spare parts required for unobstructed performance of works, supplied to subcontractors for projects in Peru and Uganda, with the aim to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor.

Referring to the last year comparative period, in 2017, the increase by RSD 424,065 thousand of sales of goods on foreign market is predominantly related, to Energo Kaz Ltd, Kazakhstan in the amount of RSD 375,027 thousand from goods sold to subcontractor on the project Z- 103 Talan Towers, Astana, Kazakhstan.

## 11.2. Income from Sale of Products and Services

| Structure of income from the sales of products and services                     | In RSD thousand        |                        |
|---|------------------------|------------------------|
|   | 01.01.- 31.12.<br>2017 | 01.01.- 31.12.<br>2016 |
| Income from sale of products and services to other related companies - domestic | 2,107                  |                        |
| Income from sale of products and services to other related companies - foreign  | 1,082,106              | 254,939                |
| Income from sale of products and services on local market                       | 13,706,590             | 12,904,196             |
| Income from sale of products and services on foreign market                     | 17,333,198             | 18,697,951             |
| <b>TOTAL</b>  | <b>32,124,001</b>      | <b>31,857,086</b>      |

- **Income from sale of products and services to other related companies - domestic** in the amount of RSD 2,107 thousand entirely related to Energoprojekt Industrija based on the sale of services (preparation of project documentation - consulting services and professional supervision services) to the affiliated company Energo Pet Ltd.
- **Income from sale of products and services to other related companies on foreign market** in the amount of RSD 1,082,106 thousand derived from products and services to the affiliated company of Energo Nigeria Ltd., Lagos, Nigeria, dominantly within Energoprojekt Oprema, in the amount of RSD 1,080,142 thousand. Increase of related income comparing to the last year, in the amount of RSD 827,167 thousand, came as result of, mainly, increase within Energoprojekt Oprema, in the amount of 825,874 thousand;
- **Income from sale of products and services on local market** in the amount of RSD 13,706,590 thousand, are related, mostly, to the following companies within system Energoprojekt:
  - Energoprojekt Niskogradnja, in the amount of RSD 6,609,359 thousand, mainly for project Lajkovac-Ljig: RSD 6,080,388 thousand and the project Kolubara Phase II: RSD 371,272 thousand;
  - Energoprojekt Visokogradnja in the amount of RSD 3,191,913 thousand, primarily for projects Belgrade Waterfront: RSD 2,855,934 thousand and Banca Intesa - reconstruction and renovation of commercial buildings: RSD 44,196 thousand and for sale of finished products (real estate) in Car Nikolaja street in Belgrade: RSD 149,069 thousand; and

- Energoprojekt Oprema, in the amount of RSD 2,308,305 thousand, dominantly for the projects Power line Pancevo - Rumunska border: RSD 1,584,521 thousand and Kolubara Landfill: RSD 683,655 thousand.

Referring to last year comparative period, the increase of income from sales of products and services on local market in 2017, in the amount of RSD 802,394 thousand, resulted primarily, on the one hand, from increase in Energoprojekt Visokogradnja by RSD 1,390,523 thousand (dominantly from increase of income on the project Belgrade Waterfront) and in Energoprojekt Opremi by RSD 786,382 thousand (predominantly from the increase of revenues in the project Kolubara Landfill and Power line Pančevo Rumunska border and, on the other hand, reduction due to the completion of works on the project Prokop), and, on the other hand, primarily decrease in Energoprojekt Niskogradnja by RSD 1,635,387 thousand (dominantly due to the completion of projects Tunel Šarani, Vranjska Banja - Ristovac, Koridor X and Pančevo Railroad).

• **Income from sale of products and services on foreign market** in the amount of RSD 17,333,198 thousand, related, mostly, to the following companies of system Energoprojekt:

- Energoprojekt Visokogradnja, in the amount of RSD 6,261,357 thousand, based on works realized for investors, mainly in company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 1,864,867 thousand (on the project Ecobanka, Akra, etc.), as well as in Russia and Kazakhstan, on projects: Z-103 Talan Towers, Astana, Kazakhstan: RSD 2,941,670 thousand, Z-085 Business Building Ukhta, Russia: RSD 1,316,758 thousand, Z-104 Underground garage Petergof, Sivtivkar: RSD 77,821 thousand, Z-105 Residential facility Tokio Sivtivkar: RSD 59,947 thousand and other;

- Energoprojekt Entel in the amount of RSD 5,613,920 thousand derived from companies of the System abroad: Energoprojekt Entel LTD, Doha, Qatar: RSD 2,986,428 thousand, (dominantly on projects performed for Qatar General Electricity & Water Corporation "Kahramaa": RSD 2,274,333 thousand), Energoconsult LLC, Abu UAE Dhabi: RSD 1,846,358 thousand (primarily on the project preformed for Federal Electricity & Wather Authority Fewa: RSD 857,070 thousand) and EP Entel LLC Muscat, Sultanate of Oman: RSD 723.396 thousand (primarily on projects performed for Oman Electricity Transmission Company "OETC": RSD 446,200 thousand);

- Energoprojekt Niskogradnja, in the amount of RSD 4,247,274 thousand, on projects in Uganda: RSD 2,404,009 thousand (primarily Z-027 Mpigi Kanoni, Uganda: RSD 1,673,800 thousand) and in Peru: RSD 1,843,265 thousand (primarily Z-034 Road Puerto Bermudez, Peru: RSD 1,518,586 thousand);

- Energoprojekt Hidroinženjering, in the amount of RSD 486,308 thousand, primarily on projects in Algeria: RSD 340,264 thousand and in Montenegro: RSD 61,722 thousand; and

- Energoprojekt Oprema in the amount of RSD 485,293 thousand predominantly on the Project Energocentar Minsk, Belarus in the amount of direct costs of purchasing equipment in 2017.

Referring to the last year comparative period, decrease of income from sale of products and services on foreign market in 2017, in the amount of RSD 1,364,753 thousand came as result of, mainly, decrease recorded within Energoprojekt Oprema of RSD 826,818 thousand (dominantly on the project Energocentar Minsk, Belarus: RSD 823,879 thousand) and within Energoprojekt Visokogradnja in the amount of RSD 424,184 thousand dinars (due to, on the one hand, completion of the Z-096 Forte Bank, Astana, Kazakhstan: RSD 2,781,749 thousand - completion date June 30, 2016 and decrease in income incurred in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 1,167,021 thousand on projects Ecobank, Accra and Cargo Center, Accra and, on the other hand, the increase in projects Z-103 Talan

Towers, Astana, Kazakhstan: RSD 2,548,546 thousand and Z-085 Business facility Uhta, Russia: RSD 993,356 thousand), while the increase in the mentioned income was registered, dominantly in Energoprojekt Niskogradnja in the amount of RSD 302,789 thousand based on increased realization in Peru: RSD 186,955 thousand, dominantly on the project Z-034 Road Puerto Bermudez, Peru and on the basis of the new project Z-038 Leveling of the river bed Chira, Peru, and in Uganda: RSD 115,834 thousand dominantly on the project Z-027 Mpigi Kanoni, Uganda and Z-037 Entebbe Airport, Uganda, Phase II).

### 11.3. Other Operating Income

| Structure of other operating income   | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Income from premiums, subventions, subsidies, donations, etc.                           |                                |                                |
| Other operating income:   |                                |                                |
| a) Rent from other legal entities in the country  | 30,191                         | 20,599                         |
| b) Rent from other legal entities abroad  | 90,429                         | 89,658                         |
| c) Other operating income from parent companies, subsidiaries and other related parties |                                |                                |
| d) Other operating income   | 160,458                        | 92,562                         |
| <i>Total</i>  | <i>281,078</i>                 | <i>202,819</i>                 |
| <b>GRAND TOTAL</b>  | <b>281,078</b>                 | <b>202,819</b>                 |

- **Rental income from other legal entities in the country** in the amount of RSD 30,191 thousand was primarily generated in the following companies of the system Energoprojekt:

- Energoprojekt Garant in the amount of RSD 10,820 thousand based on the rental of office space in the Bulevar Zoran Djindjic and YU business center in New Belgrade;
- Energoprojekt Visokogradnja in the amount of RSD 7,449 thousand, primarily based on the rental of facility in Ub and facility in Preradoviceva Street in Belgrade;
- Energoprojekt Energodata in the amount of RSD 5,302 thousand primarily based on the rental of business facility in Palmir Toljatij Street in New Belgrade;

- **Income from the rent from other legal entities abroad** in the amount of RSD 90,429 thousand was predominantly generated by the following companies of the system Energoprojekt:

- Dom 12 S.A.L., Lebanon in the amount of RSD 30,565 thousand, based on the rent of the office building in Moscow;
- Zambia Engineering and Contracting Company Limited, Zambia in the amount of RSD 23,412 thousand, based on the rent of a number of properties in Zambia;
- Energoprojekt Niskogradnja in the amount of RSD 14,656 thousand, based on the rent of a part of the office building Cruz del Sur in Lima, Peru and of the machinery in Peru: RSD 8,596 thousand and machinery in Peru: RSD 6.060 thousand; and

- I.N.E.C. Engineering Company Limited, United Kingdom in the amount of RSD 6,935 thousand, based on the rent of office building in London.

• **Other operating income** in the amount of RSD 160,458 thousand was primarily generated in the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 121,255 thousand, primarily in Energoprojekt Ghana Ltd., Akra, Ghana: RSD 114,829 thousand, while the remaining amount relates to re-invoiced costs by various reasons;

- Energoprojekt Garant in the amount of RSD 23,019 thousand primarily relate to the income from the share in reinsurance and reinsurance in damage compensation: RSD 15,082 thousand, income from commission arising from premiums transferred to co-insurance and reinsurance in the amount of RSD 7,628 thousand;

- Energoprojekt Hidroinženjering in the amount of RSD 13,063 thousand on the basis of re-invoiced costs on the project Poechos in Peru; and

- Energoprojekt Niskogradnja in the amount of RSD 1,699 thousand, primarily, on the basis of re-invoiced costs of insurance of works: RSD 1,573 thousand.

Referring to the last year comparative period, increase of other operating income in 2017, in the amount of RSD 67,896 thousand came as result of, mainly, net effect of increase recorded in Energoprojekt Visokogradnja in the amount of RSD 94,966 thousand (predominantly in Energoprojekt Ghana Ltd., Akra, Ghana: RSD 92,569 thousand) and a decrease recorded in Energoprojekt Garant in the amount of RSD 27,019 thousand (primarily income from the share in coinsurance and reinsurance in damage compensation).

## 12. COST PRICE OF GOODS SOLD

| Structure of cost price of goods sold   | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Cost price value of goods sold:   |                                |                                |
| a) Cost price of goods sold to parent company, subsidiaries and other related parties | 263                            | 1,438                          |
| b) Cost price of goods sold on local market   | 78,223                         | 106,441                        |
| c) Cost price of goods sold on foreign market   | 473,903                        | 82,638                         |
| <b>TOTAL</b>  | <b>552,389</b>                 | <b>190,517</b>                 |

• **Cost price of goods sold to the related companies** in the amount of RSD 263 thousand, was recorded within Encom GmbH Consulting, Engineering & Trading, Germany, based on goods purchased for affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

• **Cost price of goods sold on local market** in the amount of RSD 78,223 thousand primarily is related to the following companies of the system Energoprojekt:

- Energoprojekt Energodata in the amount of RSD 31,359 thousand, for purchasing of ATM, software, hardware and graphic design type of goods;

- Energoprojekt Niskogradnja in the amount of RSD 21,987 thousand, for purchase of inventory and spare parts, with the aim to provide the subcontractor with the inventories necessary to avoid the consequences of delays in performance of works (contractually agreed deadlines) at the expense of the Company as the principal contractor mainly on project Lajkovac-Ljig;

- Energoplast in the amount of RSD 21,169 thousand, for purchasing of finished lock-patent delivered for further sales.

Referring to the last year comparative period, decrease of cost price of goods sold on local market in 2017, in the amount of RSD 28,218 thousand, came as net result of, primarily, decrease recorded in Energoprojekt Niskogradnja in the amount of RSD 34,004 thousand and increase recorded in Energoprojekt Energodata in the amount of RSD 9,153 thousand.

• **Cost price of goods sold on foreign market** in the amount of RSD 473,903 thousand dominantly related to Energo Kaz Ltd., Kazakhstan, in the amount of RSD 358,256 thousand for procurement of goods for subcontractor on the project Z-103 Talan Towers, Astana, Kazakhstan and to Energoprojekt Niskogradnja, in the amount of RSD 115,412 thousand (for inventory costs (mostly fuel) and spare parts sold as per agreements to subcontractors for projects in Peru: RSD 91,533 thousand and Uganda: RSD 23,879 thousand, in performance of works).

Referring to the last year comparative period, increase of cost price of goods sold on foreign market in 2017, in the amount of RSD 391,265 thousand, dominantly came as result of, increase recorded in Energo Kaz Ltd., Kazakhstan in the amount of RSD 357,272 thousand based on procurement of goods for the subcontractor on the project Z-103 Talan Towers, Astana, Kazakhstan.

### 13. INCREASE/DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS

| Increase/decrease in inventories of intermediate and finished goods and services in progress | <i>In RSD thousand</i>     |                            |
|--|----------------------------|----------------------------|
|  | <i>01.01.- 31.12. 2017</i> | <i>01.01.- 31.12. 2016</i> |
| Income from use of own products and merchandise  | 189,307                    | 129,198                    |
| Increase in inventories of intermediate and finished goods and services in progress          | 776,261                    | 1,110,639                  |
| Decrease in inventories of intermediate and finished goods and services in progress          | 180,401                    | 564,934                    |
| <b>TOTAL</b>   | <b>785,167</b>             | <b>674,903</b>             |

• **Income from use of own products and merchandise** in the amount of RSD 189,307 thousand relate to Energoprojekt Visokogradnja in the amount of RSD 104,585 thousand, predominantly in Energoprojekt Ghana Ltd., Akra, Ghana: RSD 104,528 thousand based on use of the facility for the accommodation of workers in Ghana and to Energoprojekt Niskogradnju in the amount of RSD 84,722 thousand on the basis of mechanization overhaul: (in the country: RSD 5,333 thousand and abroad: RSD 79,389 thousand on projects Z-034 Road Puerto Bermudez, Peru and Z-027 Mpigi Kanoni, Uganda.

- In the reporting period, the **increase in inventories of intermediate and finished goods and services in progress** amounting to RSD 776,261 thousand predominantly relate to Energoprojekt Sunnyville in the amount of RSD 748,028 thousand, based on the increase of value in inventories of intermediate production of commercial and residence complex construction Sunnyville Belgrade.

Referring to the last year comparative period, decrease of the balance item in 2017, by RSD 334,378 thousand mainly relate to Energoprojekt Niskogradnja in the amount of RSD 146,296 thousand (based on production of crashed stone and sand for concrete production for projects in Peru) and to Energoprojekt Visokogradnja in the amount of RSD 123,031 thousand (mainly from completion of work on the construction of real estates in Cara Nikolaja Street in Belgrade in 2016, in the amount of RSD 122,063 thousand).

- **Decrease in inventories of the intermediate and finished goods and services in progress** in the amount of RSD 180,401 thousand relates, mainly, to Energoprojekt Visokogradnja in the amount of RSD 168,319 thousand, based on sold finished products (property) in Cara Nikolaja Street in Belgrade: RSD 153,212 thousand, in Bežanijska Kosa: RSD 7,872 thousand and sold parking place in Block 12 in New Belgrade in the amount of RSD 177 thousand. Within finished goods in Cara Nikolaja Street in Belgrade, the impairment of inventories of finished goods in the amount of RSD 3,309 thousand was disclosed, adjusting the cost of net sales value which is lower than the cost of facility.

Referring to the last year comparative period, drop in decrease in inventories of the intermediate and finished goods and services in progress in 2017, by RSD 384,533 thousand mainly relate to Energoprojekt Visokogradnja, primarily, based on decrease of selling of finished goods (property) in Cara Nikolaja Street in Belgrade by RSD 339,558 thousand.

#### 14. MATERIAL COSTS AND FUEL AND ENERGY COSTS

| Structure of material cost and fuel and energy costs | <i>In RSD thousand</i>         |                                |
|--|--------------------------------|--------------------------------|
|  | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Material costs:                                      |                                |                                |
| a) Costs of materials used in production             | 6,581,398                      | 5,914,471                      |
| b) Costs of other materials (overheads)              | 278,257                        | 298,180                        |
| c) Costs of spare parts                              | 238,205                        | 282,315                        |
| d) Costs of one-off write-off of tools and inventory | 118,075                        | 133,215                        |
| <i>Total</i>   | <i>7,215,935</i>               | <i>6,628,181</i>               |
| Fuels and energy costs:                              |                                |                                |
| a) Fuel costs  | 913,481                        | 848,286                        |
| b) Costs of electrical energy and heating            | 209,759                        | 209,837                        |
| <i>Total</i>   | <i>1,123,240</i>               | <i>1,058,123</i>               |
| <b>TOTAL</b>   | <b>8,339,175</b>               | <b>7,686,304</b>               |

- **Cost of materials used in production** in the amount of RSD 6,581,398 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja, in the amount of RSD 2,322,426 thousand, out of which costs incurred in Projects realized abroad: Z-103 Talan Towers, Astana, Kazakhstan (RSD 791,842 thousand) and Z-085 Uhta Russia (RSD 443,438 thousand) and others, as well as within Energoprojekt Ghana Ltd., Accra, Ghana (RSD 357,875 thousand), meanwhile the most significant part of costs locally are related to project Belgrade Waterfront: (RSD 422,988 thousand);

- Energoprojekt Oprema, in the amount of RSD 2,484,337 thousand, out of which costs incurred in projects in the country amount RSD 1,443,214 thousand (mostly on project Power line Pančevo Rumunska border: RSD 916,816 thousand, Belgrade Waterfront: RSD 290,532 thousand and Kolubara Landfill: RSD 213,730 thousand), meanwhile RSD 1,041,123 thousand related on abroad (on the project Energocentar Minsk, Belarus: RSD 440,896 thousand and other projects in Nigeria and Ruanda: RSD 600,227 thousand), and

- Energoprojekt Niskogradnja, in the amount of RSD 1,492,249 thousand, out of which costs incurred in Projects realized abroad (in Peru and Uganda) amount to RSD 313,120 thousand, meanwhile the projects in the country amount to RSD 1,179,129 thousand.

Referring to the last year comparative period, increase in cost of materials used in production in 2017, by RSD 666,927 thousand mainly relate to Energoprojekt Oprema, primarily, on projects Power line Pančevo Rumunska border and Belgrade Waterfront.

- The largest shares in **costs of other materials (overhead)** amounting to RSD 278,257 thousand are those of Energoprojekt Niskogradnja, in the amount of RSD 191,672 thousand (abroad: RSD 184,057 thousand, in the country: RSD 7,615 thousand), Energoprojekt Entel, in the amount of RSD 39,436 thousand and Energoprojekt Visokogradnja in the amount of RSD 16,090 thousand.

- **Costs of spare parts** in the amount of RSD 238,205 thousand relate, dominantly, to Energoprojekt Niskogradnja in the amount of RSD 214,997 thousand (abroad: RSD 184,357 thousand, in the country: RSD 30,640 thousand).

- **Costs of one-off write-off of tools and inventory** in the amount of RSD 118,075 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 88,019 thousand and Energoprojekt Visokogradnja in the amount of RSD 23,036 thousand.

- The largest share in **fuel and energy costs** amounting to RSD 1,123,240 thousand are those of Energoprojekt Niskogradnja in the amount of RSD 807,816 thousand, which were predominantly incurred abroad, of Energoprojekt Visokogradnja in the amount of RSD 122,926 thousand and Energoprojekt Entel in the amount of RSD 97,535 thousand.

## 15. EMPLOYEE EXPENSES AND BENEFITS

| Structure of employee expenses and benefits                                       | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Expenses of wages and fringe benefits (gross)                                     | 7,358,756                      | 7,871,664                      |
| Taxes and contributions on wages and contributions on wages payable by employer   | 709,537                        | 740,939                        |
| Service agreements contributions  | 13,699                         | 12,814                         |
| Copyright agreements contributions  | 25,843                         | 22,387                         |
| Costs of contributions for contract fees for temporary and periodical engagement  | 162,216                        | 112,510                        |
| Considerations to physical persons based on other agreements                      | 44,899                         | 49,153                         |
| Considerations to General Manager and/or Management and Supervisory Board members | 32,397                         | 33,130                         |
| Other personnel expenses and fringe benefits                                      | 720,690                        | 731,143                        |
| <b>TOTAL</b>  | <b>9,068,037</b>               | <b>9,573,740</b>               |

- **Expenses of wages and fringe benefits (gross) as well as taxes and contributions on wages and contributions on wages payable by employer** amounting to RSD 8,068,293 thousand relate primarily to Energoprojekt Entel in the amount of RSD 3,397,760 thousand, Energoprojekt Visokogradnja in the amount of RSD 1,603,513 thousand, Energoprojekt Niskogradnja in the amount of RSD 1,506,338 thousand and Energoprojekt Oprema in the amount of RSD 449,096 thousand.

- **Costs of contributions for contract fees for temporary and periodical engagement** amounting to RSD 162,216 thousand were predominantly incurred in Energoprojekt Niskogradnja in the amount of RSD 92,823 thousand (in the country: RSD 4,134 thousand, abroad: RSD 88,689 thousand) and are the result of Company's periodical needs for workforce with adequate qualifications for realization of projects (in construction sites) in compliance with the agreed schedules and types of works and in Energoprojekt Oprema of RSD 43,187 thousand (primarily on the project Belgrade Waterfront).

- **Other personnel expenses and fringe benefits** amounting to RSD 720,690 thousand predominantly relate to Energoprojekt Visokogradnja in the amount of RSD 294,124 thousand abroad: RSD 246,367 thousand based on catering on the site of works, transportation and other personnel related costs in the projects realized abroad (RSD 212,494 thousand) and in Energoprojekt Ghana Ltd., Accra, Ghana of RSD 33,873 while in the country: RSD 47,757 thousand - redundancy costs: RSD 15,382 thousand).

Other personnel expenses include the costs of business trips, costs for transportation to and from site of works, solidarity fund allowances, scholarship allowances and other compensations. In addition to Energoprojekt Visokogradnja, a significant share in other personnel expenses was incurred in Energoprojekt Niskogradnja amounting to RSD 198,412 thousand (in the country: RSD 116,738 thousand and abroad: RSD 81,674 thousand), Energoprojekt Entel in the amount of RSD 63,860 thousand, Energoprojekt Oprema in the amount of RSD 51,554 thousand and Energoprojekt Hidroinženjering in the amount of RSD 44,374 thousand.

## 16. PRODUCTION SERVICE COSTS

| Structure of costs of production services | In RSD thousand        |                        |
|---|------------------------|------------------------|
|   | 01.01.- 31.12.<br>2017 | 01.01.- 31.12.<br>2016 |
| Production service cost                   | 9,203,729              | 9,301,883              |
| Transportation services' costs            | 507,086                | 473,684                |
| Repairs and maintenance services' costs   | 138,961                | 202,782                |
| Rental costs                              | 1,186,381              | 1,009,226              |
| Trade fairs' costs                        | 14,223                 | 8,090                  |
| Advertising costs                         | 20,763                 | 27,512                 |
| Research costs                            | 4,336                  | 4,831                  |
| Costs of other services                   | 212,191                | 194,407                |
| <b>TOTAL</b>                              | <b>11,287,670</b>      | <b>11,222,415</b>      |

• **Production service costs** in the amount of RSD 9,203,729 thousand are predominantly related to the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 3,857,651 thousand comprise of the costs of associates and subcontractors incurred within projects in the country in the amount of RSD 1,749,221 thousand and abroad, in the amount of RSD 2,108,430 thousand (mainly, in Energoprojekt Ghana Ltd., Accra, GHana: RSD 923,958 thousand and on projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 910,658 thousand and Z-085 Business facility Uhta, Russia: RSD 186,748 thousand), which increased compared to last year period, for RSD 1,314,350 thousand (predominantly as increase recorded on projects Z-103 Talan Towers, Astana and Z-085 Business facility Uhta, Russia);

- Energoprojekt Niskogradnja in the amount of RSD 3,703,402 thousand for the costs based on subcontracting agreements in the country amounting to RSD 3,329,400 thousand (mainly on projects: Lajkovac - Ljig and Kolubara Phase II) and abroad (in Uganda and Peru) amounting to RSD 374,002 thousand. Significant hiring of subcontractors for projects' realization was due to the specific nature of works required and/or mechanization for the realization of the said projects. Decreased production service costs in 2017, referring to last year comparative period, in the amount of RSD 1,425,949 thousand, mostly came as a result of decreased realization of projects in the country where subcontractors were hired for certain agreement positions (completed works in 2016 on Tunel Šarani and Koridor X projects);

- Energoprojekt Oprema in the amount of RSD 1,172,367 thousand comprise of the subcontractors' costs and consortium partners' costs in a number of projects primarily in the country in the amount of RSD 1,143,048 thousand (primarily, Power line Pancevo – Rumunska border: RSD 563,783 thousand, Kolubara Landfill: RSD 429,327 thousand and Belgrade Waterfront: RSD 132,588 thousand) and abroad in the amount of RSD 29,319 thousand (primarily on the project GE Emerald Calabar, Nigeria: RSD 28,210 thousand), which increased for RSD 12,886 thousand comparing to the last year period.

- **Transportation services' costs** comprise of the transportation services' costs in the country and abroad, landline telephone bills, mobile phone bills, etc. These costs amount to RSD 507,086 thousand and relate predominantly to Energoprojekt Entel in the amount of RSD 250,815 thousand, Energoprojekt Visokogradnja in the amount of RSD 116,117 thousand, Energoprojekt Niskogradnja in the amount of RSD 63,390 thousand and Energoprojekt Oprema in the amount of RSD 51,567 thousand.
- **Repair and maintenance services' costs** amounting to RSD 138,961 thousand were incurred primarily in Energoprojekt Niskogradnja in the amount of RSD 59,085 thousand, in Energoprojekt Entel in the amount of RSD 23,607 thousand and in Energoprojekt Visokogradnja in the amount of RSD 17,007 thousand. These costs were predominantly incurred for regular equipment maintenance.
- **Rental costs** amount to RSD 1,186,381 thousand and are predominantly related to the following Companies of the system Energoprojekt:
  - Energoprojekt Niskogradnja in the amount of RSD 725,364 thousand, comprising of the rental costs of equipment, sites, business, residential and warehousing facilities abroad amounting to RSD 704,483 thousand (in Peru and Uganda) and in the country in the amount of RSD 20,881 thousand where the rent of large machinery for the Projects realized in Serbia and Peru are dominantly, representing the result of inability to meet needs of available equipment (defined by dynamics of works) at the several projects simultaneously. Increase in costs in comparison to the same period of previous year in the amount of RSD 224,267 thousand, mainly refers to increase in cost of renting large machinery on the new project in Peru Z-038 Levelling of the river Chira, Peru, which was not realized in the previous year;
  - Energoprojekt Entel in the amount of RSD 340,899 thousand, recorded primarily for the rent of apartments and office premises in the Companies of this Group abroad (Qatar dominantly);
  - Energoprojekt Visokogradnja in the amount of RSD 97,772 thousand are predominantly related to the rental costs of apartments and machinery abroad, amounting to RSD 71,425 thousand (predominantly in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 35,359 thousand and on Projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 14,698 thousand and Z-085 Business facility Uhta, Russia: RSD 12,268 thousand), while in the country amount to RSD 24,789 thousand (predominantly rent of equipment on the project Belgrade Waterfront); and
  - Energoprojekt Oprema in the amount of RSD 14,596 thousand are predominantly related to the rental costs of apartments, office spaces and equipment (heavy booms and cranes).
- **Trade fairs' costs** in the amount of RSD 14,223 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 13,617 thousand (participation at the World Energy Fair VETEX held in Dubai).
- **Advertising costs** amounting to RSD 20,763 thousand relate predominantly to Energoprojekt Holding in the amount of RSD 10,575 thousand (based on the sponsorship expenses, advertising costs on billboards, media presentations, etc.), to Energoprojekt Entel in the amount of RSD 4,658 thousand (based on promotional costs, advertising, brochure and catalogue production, market researching, etc.) and Energoprojekt Sunnyville in the amount of RSD 3,432 thousand (cost of advertising apartments sales through billboards, magazines and websites).

• **Costs of other services** in the amount of RSD 212,191 thousand were primarily incurred in the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 69,788 thousand primarily based on cost of utility services on the project Z-103 Talan Towers, Astana, Kazakhstan in the amount of RSD 43,295 thousand, costs of personal protection at work, registration of vehicles, photocopying costs, etc.;

- Energoprojekt Niskogradnja in the amount of RSD 42,179 thousand, primarily performed in the country, based on the construction sites' security costs, geotechnical elaboration costs, utility services' costs, costs of licenses, legalization costs, cost of exploration works additionally carried out, personal protection at work, registration of vehicles, etc.; and

- Energoprojekt Energodata in the amount of RSD 35,114 thousand, primarily based on the costs incurred for ATM maintenance, graphic design and hardware services.

## 17. DEPRECIATION EXPENSES AND PROVISION EXPENSES

| Structure of depreciation expenses and provision expenses    | <i>In RSD thousand</i>         |                                |
|--|--------------------------------|--------------------------------|
|  | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Depreciation expenses:                                       |                                |                                |
| a) Depreciation of intangible assets (Note 25)               | 18,226                         | 19,434                         |
| b) Depreciation of property, plant and equipment (Note 26)   | 811,560                        | 750,139                        |
| <i>Total</i>   | <i>829,786</i>                 | <i>769,573</i>                 |
| Provisions expenses  |                                |                                |
| a) Warranty period provisions' expenses                      | 283,538                        | 216,453                        |
| b) Provisions for contributions and other personnel benefits | 54,949                         | 62,396                         |
| c) Other long-term provisions                                | 500,741                        | 18,404                         |
| <i>Total</i>   | <i>839,228</i>                 | <i>297,253</i>                 |
| <b>TOTAL</b>   | <b><i>1,669,014</i></b>        | <b><i>1,066,826</i></b>        |

• Depreciation expenses for the reporting period were calculated based on the assessments of residual value and remaining useful life of property and equipment with significant booking value as at December 31, 2017.

Effects of the change in the accounting valuation impact the change in **amortisation expenses** for 2017, and thus, consequently, the change in the booking value of assets as at December 31, 2017.

• **Warranty period provisions' expenses** amount to RSD 283,538 thousand (Note 38).

The management of companies within Energoprojekt appraises provision expenses for future guarantees based on information of applications from previous periods, as well as based on recent trends which could announce that information on previous expenses could differ from those from future demands. Final amount of liability to be paid could differ from the one defined before, depending on future circumstances.

Pursuant to the above mentioned, the fund reservation for warranty period provisions' expenses in the related period was performed in following companies of the Energoprojekt:

- Energoprojekt Entel in the amount of RSD 225,069 thousand within the company abroad Energoprojekt Entel LTD, Doha, Qata in the amount of RSD 171,756 thousand on the projects Phasa 11: RSD 88,840 thousand, Phasa 12: RSD 59,226 thousand and Mega Reservoirs: RSD 23,690 thousand (executing for Qatar General Electricity and Water Corporation KAHRAMAA) and in the country, in the amount of RSD 53,313 thousand on the Activities of Construction Manager (FIDIC Engineer) for the construction of a new block of Kostolac B3 thermal power plant: RSD 35,442 thousand and Vinca - Preparation of project documentation: RSD 17,771 thousand. Reservation for provision expenses calculation was performed as precaution, presuming that the agreed payment, with all modifications and date of payment prolongation, will not be respected;

- Energoprojekt Visokogradnja in the amount of RSD 45,509 thousand, relate to calculated expenses on projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 33,318 thousand and Sunnyville: RSD 12,191 thousand; and

- Energoprojekt Oprema in the amount of RSD 12,960 thousand for the project Power line Pancevo – Rumunska border to the amount of warranty costs to be paid during the warranty period. The usual practice is that the Company provides guarantee on its products for a period of 1-5 years depending on the project.

• **Provisions for contributions and other personnel benefits** in the amount of RSD 54,949 thousand relate, mostly, to Energoprojekt Entel, in the amount of RSD 49,270 thousand which are carried out with the company Energoprojekt Entel LTD, Qatar: RSD 32,795 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 14,922 thousand in accordance with local regulations, while the respective provisions in the country amount to RSD 1,553 thousand.

In 2017, the companies within Energoprojekt recorded provisions for contribution and other personnel benefits according to actuarial calculation of the expert team from Energoprojekt (Note 38).

• **Other provisions** in the amount of RSD 500,741 thousand relate to:

- provision cost arose from estimation of possible amount of overstated accrual item in the financial statements of the Energoprojekt Oprema for the project Energocenter Minsk, Belarus, made in accordance with the decision of the Supervisory Board of Energoprojekt Holding in the amount of RSD 496,125 thousand (USD 5,006 thousand). In this regards, the increase in aforementioned balance sheet item was done in relation to the respective period of the previous year; and

- Energoprojekt Garant in the amount of RSD 4,616 thousand due to increase of other technical reserves in the amount of RSD 4,592 thousand and provisions for financing activities for prevention of various risks in the amount of RSD 24 thousand.

## 18. INTANGIBLE EXPENSES

| Structure of intangible expenses | In RSD thousand        |                        |
|----------------------------------|------------------------|------------------------|
|                                  | 01.01.- 31.12.<br>2017 | 01.01.- 31.12.<br>2016 |
| Intangible expenses              | 809,378                | 1,070,395              |
| Expense account                  | 56,567                 | 84,634                 |
| Insurance premiums expenses      | 166,215                | 176,868                |
| Payment operations' expenses     | 339,628                | 376,256                |
| Membership fee expenses          | 18,472                 | 11,119                 |
| Tax duties                       | 281,147                | 599,749                |
| Contribution expenses            | 2,786                  | 3,095                  |
| Other non-operating expenses     | 180,910                | 169,683                |
| <b>TOTAL</b>                     | <b>1,855,103</b>       | <b>2,491,799</b>       |

- **Intangible expenses** in the amount of RSD 809,378 thousand (which include the attorney fees, consulting and intellectual services, audit costs, professional training and education of employees, broker services, Belgrade Stock Exchange services, cleaning services, health services, security services of construction site and other costs) consist primarily of the costs of Energoprojekt Entel amounting to RSD 434,241 thousand (in the country: RSD 10,401 thousand and abroad: RSD 423,840 thousand primarily within the company Energoprojekt Entel LTD, Doha, Qatar: RSD 378,470 thousand), of Energoprojekt Visokogradnju in the amount of RSD 169,369 thousand (in the country: RSD 14,427 thousand and abroad: RSD 154,942 thousand, primarily on projects Z-085 Business Facility Uhta, Russia: RSD 104,687 thousand and in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 21,100 thousand) and of Energoprojekt Niskogradnju in the amount of RSD 106,507 thousand (in the country: RSD 14,352 thousand and abroad: RSD 92,155 thousand).

Referring to the last year comparative period, decrease in intangible expenses in 2017 in the amount of RSD 261,017 thousand, mostly relates to Energoprojekt Sunnyvile - acquiring construction land costs and contributions for the construction of building land included in the cost of the building under construction: residential and business complex Sunnyville, in 2016.

- **Insurance premium expenses** amounting to RSD 166,215 thousand were incurred based on the insurance of works, property and persons, primarily in the Energoprojekt Niskogradnja in the amount of RSD 72,707 thousand, in Energoprojekt Entel in the amount of RSD 66,664 thousand, in Energoprojekt Visokogradnja in the amount of RSD 12,192 thousand and in Energoprojekt Hidroinženjering in the amount of RSD 9,905 thousand.

- **Payment operation expenses** in the amount of RSD 339,628 thousand predominantly relate to the following companies of Energoprojekt:

- Energoprojekt Niskogradnja amounting to RSD 103,766 thousand (most of which pertain to the bank fee costs for guarantees provided in the country: RSD 45,825 thousand and abroad: RSD 57,941 thousand);

- Energoprojekt Visokogradnja amounting to RSD 75,850 thousand, in the country: RSD 20,217 thousand and abroad: RSD 55,633 thousand, mainly on projects Z-103 Talan Towers Astan Kazakhstan: RSD 37,370 thousand, as well as to Energoprojekt Ghana Ltd., Accra, Ghana: RSD 11,579 thousand;
- Energoprojekt Entel amounting RSD 71,560 thousand, predominantly, based on bank fees for guarantees providing expenses, in the amount of RSD 65,585 thousand and cost of payment transactions: RSD 5,975 thousand (dominantly within Energoprojekt Entel LTD, Qatar: RSD 52,473 thousand) and;
- Energoprojekt Oprema amounting RSD 54,756 thousand, in the country: RSD 16,418 thousand and abroad: RSD 38,338 thousand, mainly for project Energocentar Minsk, Belarus: RSD 36,074 thousand, of which the costs of bank fees for issued guarantees relating RSD 26,721 thousand,
- **Tax duties** in the amount of RSD 281,147 thousand consist of the property tax, utility duties, income tax in foreign countries according to the local regulations, etc. Tax duties are mainly related to the following companies of Energoprojekt:
  - Energoprojekt Visokogradnja in the amount of RSD 101,932 thousand, abroad: RSD 88,935 thousand (on projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 43,718 thousand, Z-085 Uhta, Russia: RSD 31,750 thousand and Z-096 Forte Bank Astana, Kazakhstan: RSD 7,862 thousand (based on calculated income tax for the year 2017) and in the country: RSD 12,997 thousand (mostly, based on property tax: RSD 11,579 thousand);
  - Energoprojekt Entel in the amount of RSD 52,958 thousand, abroad: RSD 50,165 thousand (based on calculated income tax), in the country: RSD 2,793 thousand (mostly, based on property tax: RSD 2,337 thousand);
  - Energoprojekt Niskogradnja in the amount of RSD 68,005 thousand, abroad: RSD 60,774 thousand, in the country: RSD 7,231 thousand and
  - Energoprojekt Holding in the amount of RSD 26,539 thousand, in the country, dominantly based on property tax: RSD 25,846 thousand.

Referring to the last year comparative period, decrease in tax duties in 2017 in the amount of RSD 318,602 thousand, mostly relates to Energoprojekt Visokogradnja, based on decrease in calculated income tax abroad.

- Within the **other non-operating expenses** item (administrative, court and other fees, expert professional magazines, publication of announcements and tenders, visa costs for employees working abroad, hiring of local workforce in foreign countries for international projects' realization, etc.) amounting to the total of RSD 180,910 thousand consist primarily to the costs incurred by Energoprojekt Visokogradnja in the amount of RSD 49,344 thousand, Energoprojekt Entel in the amount of RSD 49,109 thousand, Energoprojekt Oprema in the amount of RSD 20,801 thousand, Energoprojekt Holding in the amount of RSD 10,739 thousand and Energoprojekt Niskogradnja in the amount of RSD 10,710 thousand.

## 19. FINANCIAL INCOME AND FINANCIAL EXPENSE

### 19.1. Financial Income

| Structure of financial income   | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Financial income from other related companies                                   | 12,176                         | 30,073                         |
| Financial income from the profit of affiliated companies and joint ventures     | 69,557                         | 83,644                         |
| Other financial income:   |                                |                                |
| a) Income from dividends  | 66                             | 2,528                          |
| b) Other financial income   | 81,368                         | 91,188                         |
| <i>Total</i>  | <i>81,434</i>                  | <i>93,716</i>                  |
| <i>Total financial income from related companies and other financial income</i> | <i>163,167</i>                 | <i>207,433</i>                 |
| Interest income (third party)   | 121,660                        | 178,810                        |
| Exchange rate gains and positive currency clause effects (third party)          | 1,958,167                      | 1,302,715                      |
| <b>TOTAL</b>  | <b>2,242,994</b>               | <b>1,688,958</b>               |

• **Financial income from other related companies** in the amount of RSD 12,176 thousand consist of the financial income from:

- Joint Venture Company Enjub Ltd. in the amount of RSD 9,945 thousand, which were recorded, in Energoprojekt Holding based on income from interest on loan granted; and
- Affiliated Company Energo Nigeria Ltd., Lagos, Nigeria, in the amount of RSD 2,220 thousand, which were recorded in Energoprojekt Oprema as foreign exchange gains.

• **Financial income from the profit of affiliated companies and joint ventures** in the amount of RSD 69,557 thousand relate to generated net result of the reporting period of the affiliated companies Energo Nigeria Ltd., Lagos, Nigeria in the amount of RSD 12,834 thousand and Energopet Ltd. in the amount of RSD 56,723 thousand.

Affiliated companies Energo Nigeria Ltd., Lagos, Nigeria and Energopet Ltd., are included by the equity method into primary consolidation into consolidated financial statements of the subsidiary companies Energoprojekt Oprema and Energoprojekt Industrija, and consequently into consolidated financial statements of Energoprojekt Holding.

• **Interest income (third party)** in the amount of RSD 121,660 thousand are mainly related to the following companies of Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 45,431 thousand predominantly from the agreed default interest invoiced to the Investor in Uganda for unpaid receivables till defined date of payment: RSD 40,859 thousand (Project Z-027 Mpigi-Kanoni: RSD 25,626 thousand and Z-036 Kampala Streets Lot 1.2: RSD 15,233 thousand);

- Energoprojekt Entel in the amount of RSD 22,518 thousand, predominantly income from the short term deposits with commercial banks;
  - Energoprojekt Visokogradnja, in the amount of RSD 19,840 thousand, mainly incurred abroad: RSD 19,335 thousand (primarily within the company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 14,290 thousand and Z-085 Ukhta, Russia: RSD 4,897 thousand);
  - Energoprojekt Garant, in the amount of RSD 17,047 thousand, mainly from interest on coupon bonds: RSD 11,513 thousand and income from the short term deposits: RSD 4,641 thousand,
  - Energoplast in the amount of RSD 8.521 thousand, predominantly based on calculated default interest to customers; and
  - Energoprojekt Oprema, in the amount of RSD 5,222 thousand, predominantly income from the short term deposits with commercial banks.
- **Exchange rate gains and positive currency clauses effects (third party)** amounted to RSD 1,958,167 thousand dinars, while exchange rate losses and negative currency clause effects amounted to RSD 2,010,084 thousand, so that in the reporting period recorded net exchange loss and negative currency clauses effects in the amount of RSD 51,917 thousand.

From the beginning of the year until December 31, 2017, RSD was appreciated to EUR by 4.05% (in 2016: was depreciated by 1.52%) and to USD was appreciated by 15.38% (in 2016: was depreciated by 5.29%), and RSD was appreciated to RUB by 10.95% (in 2016 was depreciated by 27.69%).

## 19.2. Financial Expense

| Structure of financial expense  | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Financial expenses from transactions with other related company                   | 54,344                         | 6,647                          |
| Financial expense from the losses of affiliated companies and joint ventures      | 5,846                          |                                |
| Other financial expenditure   | 2                              | 1,207                          |
| <i>Total financial expenses from related parties and other financial expenses</i> | <i>60,192</i>                  | <i>7,854</i>                   |
| Interest expenses (third party)   | 376,682                        | 411,983                        |
| Exchange rate losses and negative currency clause effects (third party)           | 2,010,084                      | 1,227,424                      |
| <b>TOTAL</b>  | <b>2,446,958</b>               | <b>1,647,261</b>               |

- **Financial expense from transactions with other related companies** in the amount of RSD 54,344 thousand predominantly relate to affiliated company Energo Nigeria Ltd., Lagos, Nigeria, based on the negative FX differences and expenses incurred from the effects of FX clauses recorded in Energoprojekt Oprema of RSD 44,101 thousand and to Energoprojekt Hidroinzenjering: RSD 1,000 thousand, as well as to Enjub Ltd. based on expenses incurred from the effects of FX clauses recorded in Energoprojekt Holding: RSD 9,179 thousand.

- **Financial expense from the losses of affiliated companies and joint ventures** in the amount of RSD 5,846 thousand, relate to the realized net result of the reporting period of affiliated companies Enjub Ltd. in the amount of RSD 5.084 thousand (50.00%) and closed investment fund Fima See Activist Plc. in the amount of RSD 762 thousand (30.16%), which are included in the consolidated financial statements of Energoprojekt Holding by the equity method.

- **Interest expense (third party)** comprise of expenses from interest on loans and default interest incurred in debtor – creditor transactions. Interest expenses in the amount of RSD 376,682 thousand relate predominantly to the companies within system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 143,052 thousand predominantly from interest on loans taken, in the country: RSD 70,049 thousand and Energoprojekt Ghana Ltd., Accra, Ghana: RSD 65,096 thousand, while the remaind amount relates to accrued default interest; and

- Energoprojekt Niskogradnja in the amount of RSD 140,306 thousand (in the country: RSD 62,601 thousand and abroad: RSD 77,705 thousand), primarily incurred from interest on loans granted by commercial banks and interest on leasing contracts.

Decrease in interest expense (by third parties) in relation to comparative period of previous year by RSD 35,301 thousand, predominantly is the result, on the one hand, the decrease recorded in Energoprojekt Visokogradnja in the amount of RSD 121,896 thousand (predominantly as the result of expenses from default interest on the basis of lost court dispute with Belim Plc. registered in 2016) and increase due to the credit indebtedness increase of Energoprojekt Niskogradnja in the amount of RSD 41,766 thousand (primarily abroad), of Energoprojekt Oprema in the amount of RSD 25,734 thousand and of Energoprojekt Sunnyville in the amount of RSD 16,866 thousand.

## **20. INCOME AND EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT**

### **20.1. Income from Value Adjustment of other Assets Disclosed at Fair Value through Income Statement**

| <b>Structure of income from value adjustment of other assets disclosed at fair value through income statement</b> | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Income from value adjustment of long-term financial investments and securities available for sale                 | 6,986                          | 20,779                         |
| Income from value adjustment of receivables and short-term financial investments                                  | 8,494                          | 19,955                         |
| <b>TOTAL</b>  | <b>15,480</b>                  | <b>40,734</b>                  |

- **Income from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 6,986 thousand relate, mostly, to Energoprojekt Garant in the amount of RSD 6,982 thousand based on adjustment of fair value of old foreign currency savings bonds of the Republic of Serbia (certain series).

- **Income from value adjustment of receivables and short-term financial investments** in the amount of RSD 8,494 mostly relate to Energoprojekt Niskogradnja in the amount of RSD 7,106 thousand, primarily, on the basis of closing corrected receivables from partners Conalvias on the project Z-019 Cochabamba Chota, Peru in the amount of RSD 5,112 thousand and partial collection (by court) previously corrected receivable arising under a lease contract of the apartment in the building Cruz del Sur Peru in the amount of RSD 1,154 thousand.

## 20.2. Expenses from Value Adjustment of other Assets Disclosed at Fair Value through Income Statement

| Structure of expenses from value adjustment of other assets disclosed at fair value through Income Statement | <i>In RSD thousand</i>     |                            |
|--|----------------------------|----------------------------|
|  | <i>01.01.- 31.12. 2017</i> | <i>01.01.- 31.12. 2016</i> |
| Expenses from value adjustment of long-term financial investments and securities available for sale          | 16,664                     | 8,870                      |
| Expenses from value adjustment of receivables and short-term financial investments                           | 132,592                    | 69,094                     |
| <b>TOTAL</b>   | <b>149,256</b>             | <b>77,964</b>              |

- **Expenses from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 16,664 thousand relate to Energoprojekt Garant based on fair value adjustments of state coupon bonds of Republic of Serbia (certain series).

- **Expenses from value adjustment of receivables and short-term financial investments** in the amount of RSD 132,592 thousand relate mostly to the following companies of system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 78,250 thousand, mainly to adjusted receivable based on work on the project Prokop in the amount of RSD 74,922 thousand; and

- Energoprojekt Hidroinženjering in the amount of RSD 36,341 thousand based on adjustment of receivables on projects abroad, Nigeria: RSD 23,694 thousand (Zauro project) and in Algeria: RSD 12,647 thousand (projects: Groundwater: RSD 2,265 thousand and Ourkiss: RSD 10,382 thousand).

Increase of expenses from value adjustment of receivables and short-term financial investments, comparing to the last year period, in the amount of RSD 63,498 thousand, dominantly came as result of increase recorded in Energoprojekt Visokogradnja of RSD 50,185 thousand and in Energoprojekt Hidroinženjering in the amount of RSD 13,110 thousand from indirect write-off of receivables.

## 21. OTHER INCOME AND OTHER EXPENSE

### 21.1. Other Income

| Structure of other income   | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Income from disposal of intangible assets, property, plant and equipment                              | 5,991                          | 15,947                         |
| Income from disposal of shares and securities   |                                |                                |
| Income from disposal of materials   | 6,042                          | 17,055                         |
| Surpluses   | 5,065                          | 5,046                          |
| Collected written-off receivables   | 166,760                        | 3,050                          |
| Income from the effects of agreed risk protection that cannot be posted in other comprehensive result | 580                            | 225                            |
| Income from reduction of liabilities  | 13,212                         | 380,170                        |
| Income from release of long-term and short-term provisions  | 8,376                          | 617,194                        |
| Other income not posted elsewhere   | 164,316                        | 84,963                         |
| Income from value adjustment of property, plant and equipment   | 15,299                         | 44,391                         |
| <b>TOTAL</b>  | <b>385,641</b>                 | <b>1,168,041</b>               |

• **Income from disposal of intangibles assets, property, plant and equipment** in the amount of RSD 5,991 thousand relate mostly to the following companies of Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 2,660 thousand, mainly based on the sales of disposed PPE;
- Energoplast in the amount of RSD 1,132 thousand from the sale of cars; and
- Energoprojekt Energodata in the amount of RSD 1,032 thousand on the sales of fixed assets held for sale (ATMs).

• **Income from disposal of materials** in the amount of RSD 6,042 thousand entirely relate to the Energoprojekt Visokogradnja.

• **Surpluses** in the amount of RSD 5,065 thousand mostly relate to Energoprojekt Niskogradnja in the amount of RSD 3,977 thousand, based on the surplus stock of materials and equipment determined by the regular annual inventory count (in the country: RSD 261 thousand, abroad - Peru: RSD 3,716 thousand).

• **Collected written-off receivables** in the amount of RSD 166,760 thousand predominantly relate to the collection of written-off cash on bank accounts in bankruptcy in New York (blocked at the time of sanctions) in the amount of RSD 157,560 thousand, such as in Energoprojekt Visokogradnja: RSD 136,504 thousand, Energoprojekt Hidroinženjering: RSD 20,792 thousand and Energoprojekt Industrija: RSD 264 thousand (the growth of the balance sheet item was dominantly recorded, compared to the previous year).

- **Income from reduction of liabilities** in the amount of RSD 13,212 thousand mostly records in Energoprojekt Energodata in the amount of RSD 5,787 thousand, from write-off of liabilities due to obsolescence and in Energoprojekt Niskogradnja in the amount of RSD 3,821 thousand, from subsequently approved rebates and discounts for invoiced goods or services and from write-off of liabilities due to obsolescence.

Decrease of income from reduction of liabilities comparing to last years' comparable period, in the amount of RSD 366,958 thousand relates mostly to Energoprojekt Visokogradnja in the amount of RSD 271,274 thousand (mainly, based on write-off of VAT duty in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 145,297 thousand and the abolition of calculated liability for wage tax abroad (according to regulations that were valid until 2015): RSD 82,662 thousand, recorded in 2016) and to Energoprojekt Oprema in the amount of RSD 92,403 thousand (primarily from decrease in liabilities due to the inventory count - obsolete and lack of attempts to collect receivables in the previous periods: RSD 64,330 thousand and reduction of liabilities under the Protocol with the creditor Instalaciones Inabens: RSD 27,887 thousand).

- **Income from release of long-term and short-term provisions** in the amount of RSD 8,376 thousand relate mostly to the Energoprojekt Oprema in the amount of RSD 8,372 thousand in respect of release of provision for the project Prokop.

Decrease in income from release of long-term and short-term provisions comparing to last years' comparable period in the amount of RSD 608,818 thousand dominates Energoprojekt Holding in the amount of RSD 260,000 thousand (reversal of other long-term provisions formed on behalf of potential expenditures related to realization of the Joint Construction Contract in Block 26, Novi Beograd), Energoprojekt Entel in the amount of RSD 235,011 thousand (release of long-term provisions for expenses in warranty period in companies in Qatar and UAE) and Energoprojekt Niskogradnja in the amount of RSD 97,097 thousand (release of long-term provisions for potential obligation towards MCC, China on project Z-0163 Navigation Lock, Iraq).

- **Other income not posted elsewhere** in the amount of RSD 164,316 thousand relate mostly to the following companies of system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 95,805 thousand, mostly based on reversal of liabilities for the protested and collected guarantees from contractor Fabryka Elektrofiltrow ELWO S.A. in bankruptcy due to obsolescence, according to the decision of the Board Directors, in the amount of RSD 94,873 thousand (dominantly recorded the increase in other not posted income compared to the same period last year),

- Energoprojekt Visokogradnja in the amount of RSD 50,679 thousand, predominatly, in the country: RSD 44,232 thousand primarily based on collection by litigation from Belim Plc. in the amount of RSD 33,357 thousand; and

- Energoprojekt Niskogradnja in the amount of RSD 15,502 thousand, mostly based on compensation for damages arising from destruction of the equipment in the amount of RSD 12,376 thousand (in the country: RSD 3,260 thousand and abroad: RSD 9,116 thousand), from sale of secondary raw materials (scrap) in the country in the amount of RSD 1,793 thousand and subsequent reduction of liabilities in Uganda, to suppliers and auditor (due to a subsequently granted discount) in the amount of RSD 1,136 thousand.

- **Income from value adjustment of, property, plant and equipment** in the amount of RSD 15,299 thousand relate to Dom 12 S.A.L, Lebanon, mostly based on settlement of investment property value -

office building in Moscow – on its fair value at the balance sheet date in accordance with IAS 40, Investment Property.

## 21.2. Other Expense

| Structure of other expense   | In RSD thousand        |                        |
|--|------------------------|------------------------|
|  | 01.01.- 31.12.<br>2017 | 01.01.- 31.12.<br>2016 |
| Losses incurred from decommissioning and disposal of intangibles assets, property, plant and equipment | 20,215                 | 67,578                 |
| Losses incurred from disposal of equity investments and securities                                     |                        |                        |
| Losses incurred from the sales of materials  | 3,493                  | 1,281                  |
| Shortages  | 3,196                  | 5,135                  |
| Expenses from direct write-off of receivables  | 11,029                 | 99,075                 |
| Expenses from decommissioning of inventories   | 8,595                  | 18,468                 |
| Other expenses not otherwise mentioned   | 127,751                | 244,650                |
| Impairment of other assets   |                        |                        |
| Impairment of property, plant and equipment  | 127,519                | 42,003                 |
| Impairment of inventory of material and goods  | 12,428                 | 19,470                 |
| <b>TOTAL</b>   | <b>314,226</b>         | <b>497,660</b>         |

• **Losses from decommissioning and disposal of intangibles assets, property, plant and equipment** in the amount of RSD 20,215 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 9,217 thousand (based on disposal and sale of fixed assets, primarily in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 3,731 thousand dinars, on projects Z-085 Business facility Uhta, Russia: RSD 1,231 thousand and Z-088 Hotel Hyatt, Rostov, Russia: RSD 1,119 thousand, as well as in the country: RSD 1,558 thousand), to Energoprojekt Entel in the amount of RSD 6,207 thousand (based on the sale of cars and disposals of fixed assets, primarily in the company Energoprojekt Entel LTD, Doha, Qatar: RSD 5,008 thousand), to Energoprojekt Niskogradnja in the amount of RSD 1,232 thousand (based on disposal of fixed assets: RSD 476 thousand and expropriation and lease of land in the country for the benefit of the Republic of Serbia: RSD 756 thousand) and to Energoprojekt Energodata in the amount of RSD 1,195 thousand (based on the sale of four garage places in the business premises Stari Merkator at a price lower than the book value).

• **Expenses from direct write-off of receivables** in the amount of RSD 11,029 thousand relate, mostly, to the following companies of system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 7,341 thousand, mostly from written off receivables based on loans from Consorcio Pericos San Ignacio in the amount of RSD 3,497 thousand (it was established that due to the priority of tax deductions settlement, the consortium does not have any funds for the settlement of the debt to the partners) and write-off of bad receivable under the lease agreement in the Cruz del Sur building in Peru in the amount of RSD 2,096 thousand (based on the assessment of the lawyer on the non-repayment of receivables, since all debtors' assets have already been blocked and used in the forced collection procedure); and

- Energoprojekt Visokogradnja in the amount of RSD 2,668 thousand, based on write-off receivables from clients and receivables based on advance payment which cannot be recollect, mostly in the country: RSD 2,337 thousand.

• **Other expenses not otherwise mentioned** in the amount of RSD 127,751 thousand predominantly relate to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 49,651 thousand, primarily based on the costs of penalties and court judgments (mostly on project Z-023 Pericos, Peru: RSD 39,933 thousand);

- Energoprojekt Oprema in the amount of RSD 31,353 thousand, mostly for collecting the damage compensation, in the amount of RSD 30,966 thousand;

- Energoprojekt Entel in the amount of RSD 25,041 thousand, predominantly for humanitarian, cultural, medical purposes and donations granted; and

- Energoprojekt Hidroinzenjering in the amount of RSD 11,507 thousand, predominantly based on the penalties for delays in project preparation on the project Z-016 Tabeggart, Algeria in the amount of RSD 10,289 thousand.

Decrease of **other expenses not otherwise mentioned** comparing to the last year comparable period, in the amount of RSD 116,899 thousand is primarily, net effect of decrease in the Energoprojekt Visokogradnja in the amount of RSD 143,063 thousand (mainly from lost court dispute with the company Belim Plc. recorded in 2016) and of increase in the Energoprojekt Niskogradnja in the amount of RSD 36,538 thousand (primarily from cost of fines and court rulings) and in the Energoprojekt Oprema in the amount of RSD 11,089 thousand. (primarily from expenses for damages compensation).

• **Impairment of property, plant and equipment** in the amount of RSD 127,519 thousand relate to adjustment of the fair value of investment property, primarily in Energoprojekt Niskogradnja in the amount of RSD 82,184 thousand (office building "Cruz del Sur" in Peru: RSD 81,220 thousand, which mostly contributed to the increase in the balance sheet item compared to the previous year), in Energoprojekt Visokogradnja in the amount of RSD 10,748 thousand (above all, real estate on Ub, Preradoviceva street and Visnjicka Banja), in Energoprojekt Holding in the amount of RSD 10,242 thousand (part of the complex "Samački hotel" in Zemun) and in Energoprojekt Energodat in the amount of RSD 10,168 thousand (business premise in Stari Merkator in New Belgrade).

• **Impairment of inventory of material and goods** in the amount of RSD 12,428 thousand predominantly relates to Energoprojekt Visokogradnja in the amount of RSD 12,217 thousand from impairment of goods purchased for the project Z-103 Talan Towers, Astana, Kazakhstan.

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

| <b>Structure of net profit/loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year</b> | <i>In RSD thousand</i>     |                            |
|--|----------------------------|----------------------------|
|  | <i>01.01.- 31.12. 2017</i> | <i>01.01.- 31.12. 2016</i> |
| Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year                          |                            | -                          |
| Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year                            | 6,808                      | 85,922                     |
| <b>TOTAL</b>   | <b>(6,808)</b>             | <b>(85,922)</b>            |

- **Net loss from discontinued operations effects of change in accounting policy and adjustment of errors from previous year** in the amount of RSD 6,808 thousand came as a result of, mainly, subsequently determined profit and /or loss from previous period in the amounts that are of no material significance and which were credited/debited to the current period mainly within Energoprojekt Niskogradnja (primarily based, on the one hand, on adjusted undercalculated income from works carried out in 2016 on the project Tunel Šarani: RSD 31,981 thousand, and on the other hand, adjusted income from performed and certified works in 2016 on projects in Uganda: RSD 26,176 thousand (Z-027 Mpigi - Kanoni, Z-036 Streets in Kampala Kawempe - Lubaga and Z-035 Sungira Hill).

**23. PROFIT BEFORE TAX**

| <b>Structure of gross result</b>  | <i>In RSD thousand</i>     |                            |
|---|----------------------------|----------------------------|
|   | <i>01.01.- 31.12. 2017</i> | <i>01.01.- 31.12. 2016</i> |
| Operating income  | 32,989,557                 | 32,256,527                 |
| Operating expenses  | 31,986,221                 | 31,556,698                 |
| <i>Operating result</i>   | <i>1,003,336</i>           | <i>699,829</i>             |
| Financial income  | 2,242,994                  | 1,688,958                  |
| Financial expenses  | 2,446,958                  | 1,647,261                  |
| <i>Financial result</i>   | <i>(203,964)</i>           | <i>41,697</i>              |
| Income from value adjustment of other assets disclosed at fair value through income statement                               | 15,480                     | 40,734                     |
| Other revenues  | 385,641                    | 1,168,041                  |
| Expenses from value adjustment of other assets disclosed at fair value through income statement                             | 149,256                    | 77,964                     |
| Other expenses  | 314,226                    | 497,660                    |
| <i>Result of other revenues and expenses</i>  | <i>(62,361)</i>            | <i>633,151</i>             |
| <i>Result from regular operations before tax</i>  | <i>737,011</i>             | <i>1,374,677</i>           |
| Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year |                            |                            |
| Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year   | 6,808                      | 85,922                     |
| <b>TOTAL INCOME</b>   | <b>35,633,672</b>          | <b>35,154,260</b>          |
| <b>TOTAL EXPENSES</b>   | <b>34,903,469</b>          | <b>33,865,505</b>          |
| <b>PROFIT/LOSS BEFORE TAX</b>   | <b>730,203</b>             | <b>1,288,755</b>           |

**Profit before tax (Gross Profit)** of the system Energoprojekt in the reporting year in the amount of RSD 730,203 thousand is a result of realized:

- business profit in the amount of RSD 1,003,336 thousand, mainly within Energoprojekt Niskogradnja Energoprojekt Entel and Energoprojekt Visokogradnja;
- financial loss in the amount of RSD 203,964 thousand, predominantly on the basis of interest expense, primarily in Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Holding and Energoprojekt Oprema; and
- loss from other business activities in the amount of RSD 69,169 thousand, mostly, on the one hand, from expenses on impairment of property, primarily in Energoprojekt Niskogradnja (office building Cruz del Sur in Peru) and other non-mentioned expenses, predominantly, in Energoprojekt Niskogradnja and Energoprojekt Oprema (primarily from costs of penalties, court costs and payment of damages) and, on the other hand, income from collected written-off receivables in Energoprojekt Visokogradnja and Energoprojekt Hidroinženjering (collected cash on bank accounts in bankruptcy in New York, which were blocked at the time of sanctions), income from reduction of liabilities in Energoprojekt Oprema (for protested and collected guarantees from subcontractor Elwo in bankruptcy, due to obsolescence) and collection of court dispute in Energoprojekt Visokogradnja (Belim Plc.) (Note 21.1).

Decrease in **business results** of system Energoprojekt in 2017, in the amount of RSD 558,552 thousand, in relation to comparative period of previous year was recorded despite the increase in business profit in the amount of RSD 305,507 thousand (mostly in Energoprojekt Visokogradnja), primarily due to considerably less realized other revenues compared to the previous year, including income from the reversail of provision (in Energoprojekt Holding for RSD 260,000 thousand and in Energoprojekt Entel for RSD 235,011 thousand) and income from reduction of liabilities (in Energoprojekt Visokogradnja for RSD 271,274 thousand - based on write-off of value added tax duty in Ghana and abolishment of the calculated tax duty for wages recorded in 2016) (Note 21.1).

## 24. EARNINGS PER SHARE

| Indicator   | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Net-profit pertaining to parent company shareholders    | 569,472                        | 960,716                        |
| Weighted average number of regular shares in the period | 10,845,637                     | 10,845,637                     |
| <b>Profit per share (RSD)</b>                           | <b>52.51</b>                   | <b>88.58</b>                   |

**Earnings per share** is calculated by dividing the profit for ordinary shareholders by the average weighted number of ordinary shares in circulation for the period and does not include ordinary shares that the Company (companies within System) purchased and held as treasury shares.

In 2017, according to the prudence principle, a provision for estimated amount of overstated item of accruals shown in the financial statements of Energoprojekt Oprema for the project EnergoCenter Minsk, Belarus in the amount of RSD 496,125 thousand (USD 5.006 thousand), was made. The amount corresponds to the amount of protested and paid guarantee for the same project. The provision was made in accordance with the decision of the Supervisory Board of Energoprojekt Holding (Note 17 and 36.2),

but it primarily affected the fall in the net profit, and consequently the decrease in net profit attributable to the majority shareholders and a drop in earnings per share.

Earnings per share that would have realized if the above provision had not made (Energocenter Minsk, Belarus project) is shown in the following table.

| <b>Indicator</b>  | <i>In RSD thousand</i>         |                                |
|---|--------------------------------|--------------------------------|
|   | <i>01.01.- 31.12.<br/>2017</i> | <i>01.01.- 31.12.<br/>2016</i> |
| Net-profit pertaining to parent company shareholders    | 906,208                        | 960,716                        |
| Weighted average number of regular shares in the period | 10,845,637                     | 10,845,637                     |
| <b>Profit per share (RSD)</b>                           | <b>83.56</b>                   | <b>88.58</b>                   |

Realized price from trading of the parent company Energoprojekt Holding Plc. shares (on the last day of the reporting period - December 31, 2017) amounted to RSD 1,000 per share (in 2017 the share price ranged from RSD 1,000 to 1,520.00), which was equivalent to the market capitalization of the Company of RSD 10,931,292,000.00. The price-to-book ratio, or P/B ratio was 1.28. In 2017, Energoprojekt Holding Plc. share turnover amounted to RSD 1,987,338,796 (shares of the Company were the most actively traded on the Belgrade Stock Exchange in 2017 and they were on the first place of the share listing).

**BALANCE SHEET**

**25. INTANGIBLES ASSETS**

in RSD thousand

| Structure of intangible assets                    | Development investments | Software and other rights | Intangible assets in progress | Total          |
|---|-------------------------|---------------------------|-------------------------------|----------------|
| <b><u>Purchase value</u></b>                      |                         |                           |                               |                |
| <b>Balance as at January 1, 2017</b>              | <b>4,945</b>            | <b>197,049</b>            | <b>(7)</b>                    | <b>202,001</b> |
| New purchases                                     |                         | 7,462                     |                               | 7,462          |
| Disposal and decommissioning                      |                         | (32)                      |                               | (32)           |
| Increase by transfer from investments in progress |                         | 7                         | (7)                           |                |
| Other transfers (from)/to                         |                         |                           |                               |                |
| FX gains and losses                               |                         | (6,100)                   |                               | (6,100)        |
| Other increase/(decrease)                         |                         | 90                        |                               | 90             |
| <b>Balance as at December 31, 2017</b>            | <b>4,945</b>            | <b>198,476</b>            |                               | <b>203,421</b> |
| <b><u>Valuation adjustment</u></b>                |                         |                           |                               |                |
| <b>Balance as at January 1, 2017</b>              | <b>1,401</b>            | <b>141,678</b>            |                               | <b>143,079</b> |
| Depreciation                                      | 495                     | 17,731                    |                               | 18,226         |
| Disposal and decommissioning                      |                         | (32)                      |                               | (32)           |
| FX gains and losses                               |                         | (5,239)                   |                               | (5,239)        |
| Other increase/(decrease)                         |                         | 90                        |                               | 90             |
| <b>Balance as at December 31, 2017</b>            | <b>1,896</b>            | <b>154,228</b>            |                               | <b>156,124</b> |
| <b><i>Net book value</i></b>                      |                         |                           |                               |                |
| <b>Balance as at December 31, 2016</b>            | <b>3,544</b>            | <b>55,371</b>             | <b>7</b>                      | <b>58,922</b>  |
| <b>Balance as December 31, 2017</b>               | <b>3,049</b>            | <b>44,248</b>             |                               | <b>47,297</b>  |

Software and other rights as at December 31, 2017 relate to various software used by the system Energoprojekt for own purposes, which are depreciated in compliance with the relevant accounting policy.

## 26. PROPERTY, PLANT AND EQUIPMENT

in RSD thousand

| Structure of property, plant and equipment                   | Land           | Buildings        | Plant and equipment | Investment property and investment property in progress | Other property, plant and equipment | Property, plant and equipment in progress | Investments in other property, plant and equipment | Advances for property, plant and equipment | Total             |
|--|----------------|------------------|---------------------|---|-------------------------------------|---|--|--|-------------------|
| <i>Purchase value</i>  |                |                  |                     |   |                                     |   |  |  |                   |
| <b>Balance as at January 1, 2017</b>                         | <b>710,095</b> | <b>7,258,221</b> | <b>10,474,353</b>   | <b>3,568,839</b>  | <b>226,848</b>                      | <b>69,091</b>                             | <b>111,545</b>                                     | <b>49,555</b>                              | <b>22,468,547</b> |
| Purchase during the year                                     |                | 115,498          | 258,146             | 98,674  | 1,779                               | 278,347                                   |  |  | 752,444           |
| Increase by transfer from investments in progress            |                |                  | 15,604              | 2,806   |                                     | (15,404)                                  |  | (3,006)                                    |                   |
| Transfer to fixed assets held for sale                       |                |                  | (988)               |   |                                     |   |  |  | (988)             |
| Other transfers from / (to)                                  |                | (244,914)        | (6,258)             | 244,914   | 6,258                               |   |  |  |                   |
| Disposal and decommissioning                                 | (756)          |                  | (144,148)           | (86,924)  | (3,724)                             |   | (4,370)  |  | (239,922)         |
| Profit/(loss) included in Report on Other Result (group 330) |                | (5,511)          |                     | (15,414)  |                                     |   |  |  | (20,925)          |
| Profit/(loss) included in Income Statement                   |                | (10,245)         |                     | (101,012)   |                                     |   |  |  | (111,257)         |
| Impairment   |                |                  | (1,555)             |   |                                     |   |  |  | (1,555)           |
| FX gains and losses  | (1,422)        | (136,084)        | (283,346)           | (381,388)   | (11)                                |   |  | (1,885)                                    | (804,136)         |
| Other increases / (decreases)                                |                | (5,012)          | 40                  |   |                                     |   |  |  | (4,972)           |
| <b>Balance as at December 31, 2017</b>                       | <b>707,917</b> | <b>6,971,953</b> | <b>10,311,848</b>   | <b>3,330,495</b>  | <b>231,150</b>                      | <b>332,034</b>                            | <b>107,175</b>                                     | <b>44,664</b>                              | <b>22,037,236</b> |
| <i>Valuation adjustment</i>                                  |                |                  |                     |   |                                     |   |  |  |                   |
| <b>Balance as at January 1, 2017</b>                         |                | <b>47,278</b>    | <b>6,892,409</b>    |   | <b>95,842</b>                       |   | <b>4,369</b>                                       |  | <b>7,039,898</b>  |
| Depreciation   |                | 105,303          | 626,713             |   | 17,249                              |   | 62,295   |  | 811,560           |
| Disposal and decommissioning                                 |                |                  | (113,059)           |   | (1,681)                             |   | (4,369)  |  | (119,109)         |
| Transfer to fixed assets held for sale                       |                |                  | (391)               |   |                                     |   |  |  | (391)             |
| Other transfers from / (to)                                  |                |                  | (1,720)             |   | 1,720                               |   |  |  |                   |
| Impairment   |                |                  | (591)               |   |                                     |   |  |  | (591)             |
| FX gains and losses  |                | (8,845)          | (182,735)           |   |                                     |   |  |  | (191,580)         |
| Other increases /decreases                                   |                | (3,029)          |                     |   |                                     |   |  |  | (3,029)           |
| <b>Balance as at December 31, 2017</b>                       |                | <b>140,707</b>   | <b>7,220,626</b>    |   | <b>113,130</b>                      |   | <b>62,295</b>                                      |  | <b>7,536,758</b>  |
| <i>Net book value</i>  |                |                  |                     |   |                                     |   |  |  |                   |
| <b>Balance as at December 31, 2016</b>                       | <b>710,095</b> | <b>7,210,943</b> | <b>3,581,944</b>    | <b>3,568,839</b>  | <b>131,006</b>                      | <b>69,091</b>                             | <b>107,176</b>                                     | <b>49,555</b>                              | <b>15,428,649</b> |
| <b>Balance as December 31, 2017</b>                          | <b>707,917</b> | <b>6,831,246</b> | <b>3,091,222</b>    | <b>3,330,495</b>  | <b>118,020</b>                      | <b>332,034</b>                            | <b>44,880</b>                                      | <b>44,664</b>                              | <b>14,500,478</b> |

• **Land**

Value of land of the system Energoprojekt amounting to RSD 707,917 thousand primarily relate to the Energoprojekt Visokogradnja in the amount of RSD 517,362 (land owned by Energoprojekt Montenegro Ltd. in Montenegro, land owned by Energoprojekt Ghana Ltd. in Ghana and in the country – land in Ub and in Stara Pazova), Energoprojekt Niskogradnja in the amount of RSD 97,292 (land in Peru and in the country – in Stara Pazova) and to the Energoprojekt Oprema Company in the amount of RSD 75,058 thousand (Sevino polje plot – in New Belgrade).

• **Buildings**

Measuring of buildings after their initial recognition, transition was made from Cost model to the Revalorization model (Note 7.8).

The fair value of buildings usually is their market value defined by valuation made by independent qualified appraisers, based on market evidence.

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

In compliance with the relevant provisions of IAS 16, bearing in mind that the fluctuations of the fair value of the system Energoprojekt building in question are insignificant, it was not necessary to perform any appraisal of its fair value but once in three or five years.

As of December 31, 2017, the residual value and remaining useful life of buildings was appraised, which resulted in change of depreciation costs for the year 2017.

According to the relevant provisions of IAS 16, since the fair value of the buildings of the system Energoprojekt has not moved significantly, it was not necessary to carry out a new fair value assessment as of December 31, 2017 (but on every three or five years). In this regards, revalorised value of the buildings as of December 31, 2017 amounted to RSD 6,831,246 thousand and represent their fair value as of Dcember 31, 2017.

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

- Office building in Bulevar Mihaila Pupina, in New Belgrade;
- A part of Samacki Hotel Complex of the Energoprojekt Holding in Zemun;
- A part of the office building Cruz del Sur of the Energoprojekt Niskogradnja in Peru; and
- Office building of the Energoprojekt Entel in Oman.

Investments in buildings in the amount of RSD 115,498 thousand relate to investments in the facility at Energoprojekt Ghana Ltd., Akra, Ghana in the amount of RSD 96,377 thousand and part of the complex "Samački hotel" of Energoprojekt Holding in Zemun in the amount of RSD 19,032 thousand.

In 2017, the transfer of property from item of buildings to the item of investment property at the present (revalued) value as of December 31, 2017 in the amount of RSD 244,914 thousand, was carried out, as follows:

- office building of the company I.N.E.C. Engineering Company Limited, London in the amount of RSD 209,432 thousand; and
- part of "Samački hotel" complex in Zemun of the Energoprojekt Holding in the amount of RSD 35,482 thousand.

#### • **Plant and Equipment**

As at December 31, 2017, appraisal of the residual value and the remaining useful lifetime of the equipment with significant accounting value were performed. Changes in accounting estimates impacted depreciation costs for 2017, and, consequently, the the carrying value of assets as of December 31, 2017.

In acquisitions of plant and equipment in the reporting period that amounted to RSD 258,146 thousand, the largest share belongs to Energoprojekt Niskogradnja, in the amount of RSD 112,443 thousand (in the country: RSD 29,480 thousand and abroad: RSD 82,963 thousand - Uganda and Peru), to Energoprojekt Entel in the amount of RSD 66,122 thousand (in the companies abroad: Energoprojekt Entel Qatar: RSD 31,875 thousand, Energoconsult LLC, Abu Dhabi, UAE: RSD 9,214 thousand and Energoprojekt Entel LLC, Muscat, Sultanate of Oman: RSD 5,615 thousand and in the country: RSD 19,418 thousand), to Energoplast in the amount of RSD 32,041 thousand and to Energoprojekt Visokogradnja in the amount of RSD 21,915 thousand (in the country: RSD 8,966 thousand, Energoprojekt Ghana Ltd., Akra, Ghana: RSD 3,923 thousand and on projects abroad: RSD 9.026 thousand, primarily , on projects Z-085 Business facility Uhta, Russia: RSD 7,579 thousand and Z-103 Talan Towers, Astana, Kazakhstan: RSD 964 thousand)..

Of the total items in the reporting period, the amount of RSD 40,519 thousand relates to equipment regulated by the Financial Lease Agreement, which is related to Energoprojekt Niskogradnja: RSD 32,546 thousand and Energoprojekt Oprema: RSD 7,973 thousand.

Liabilities of the system Energoprojekt based on the financial lease are explained in the Note 39.2.

• **Investment property** as at December 31, 2017, amount to RSD 3,330,495 thousand.

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

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

Valuation of the fair value of investment property as at December 31, 2017 was performed by independent valuers with recognized and relevant professional qualifications and recent relevant work experience with relevant locations and categories of investment property appraised.

The disposal of investment property in the amount of RSD 86,924 thousand, mostly relates to the elimination of an item from the books of account - present value of Energoprojekt Holding's business premise in Palmira Toljatija street (BTC Stari Merkator) in New Belgrade in the amount of RSD 83,961 thousand, based on the sale to the company NBA Investment Ltd. in the amount of RSD 82,805 thousand, whereby incurred loss on sales amounted to RSD 1,156 thousand.

In 2017, the transfer of real estate (office building of I.N.E.C. Engineering Company Limited, London and part of "Samski hotel" complex in Zemun of Energoprojekt Holding) was carried out from the item of building to the item of investment property measured at fair value, whereby the difference between book and fair value as at December 31, 2017 was recorded through the equity - decrease in revaluation reserves of real estate (which is shown in the table above through the losses included in the Other result of RSD 15.414 thousand).

Investments in investment property in 2017 in the amount of RSD 98,674 thousand refer to investments in the part of the Samački hotel, Zemun complex in the amount of RSD 54,392 thousand and in business premise in Goce Delcev Street, Novi Beograd in the amount of RSD 44,282 thousand.

Decrease in investment property in relation to the previous year by RSD 238,344 thousand is mostly the result of, on the one hand, reduction from exchange differences: RSD 381,388 thousand, adjustment at the fair value on the balance sheet date: RSD 116,426 thousand and elimination of an item from the books of account - present value based on the sales (business premise in Palmira Toljatija Street, Novi Beograd and 4 (four) parking spaces in BTC Stari Merkator): RSD 86,924 thousand, and, on the other hand, the increase from transfer from the item of building (office building of I.N.E.C. Engineering Company Limited, London and part of the Samački hotel, Zemun complex): RSD 244,914 thousand and additional investments (in the part of the Samački hotel, Zemun complex and business premise in Goce Delcev street, Novi Beograd): RSD 98,674 thousand.

In the reporting period, the system Energoprojekt generated income from the rent of investment property in the amount of RSD 100,857 thousand, and the main share of such amount relate to the income generated from the rent of the office building in Moscow (within Dom 12 S.A.L, Lebanon), in the amount of RSD 30,565 thousand, from the rent of a number of properties in Lusaka, Zambia, in the amount of RSD 23,412 thousand (in company Zambia Engineering and Contracting Company Limited, Zambia), several real estate in New Belgrade in the amount of RSD 10,820 thousand (within Energoprojekt Garant) and a part of office building Cruz del Sur in Peru, in the amount of RSD 8,596 thousand (within Energoprojekt Niskogradnja).

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

- **Property, plant and equipment in progress** amounted to RSD 332,034 thousand and mostly relate to construction land acquired by Energoprojekt Holding from the Republic of Serbia, the Republic Property Directorate in 2017 in the amount of RSD 276,240 thousand.

- **Advances paid for property, plant and equipment** in the amount of RSD 44,664 thousand relate to advance payment to the Republic of Serbia for the property purchase in Uganda, Peru and Nigeria.

## 27. LONG-TERM FINANCIAL INVESTMENTS

| Structure of long-term financial investments                      | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Shares in affiliated companies and joint ventures                 | 785,393                | 760,624           |
| Shares in other companies and other available for sale securities | 118,527                | 19,460            |
| Other long-term financial investments                             | 193,069                | 195,315           |
| <b>TOTAL</b>  | <b>1,096,989</b>       | <b>975,399</b>    |

- **Shares in affiliated companies and joint ventures** in the amount of RSD 785,393 thousand are presented in the following table.

| Equity investments in affiliated legal entities and joint ventures | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Energoprojekt Nigeria Ltd., Lagos, Nigeria                         | 249,411                | 257,216           |
| Energoprojekt Ltd., Belgrade                                       | 474,965                | 436,545           |
| Fima See Activist Plc., Belgrade                                   | 34,228                 | 34,990            |
| Enjub Ltd., Belgrade   | 26,789                 | 31,873            |
| <b>TOTAL</b>   | <b>785,393</b>         | <b>760,624</b>    |

Financial data pertaining to affiliate Energoprojekt Nigeria Ltd., Lagos, Nigeria on the 40.00% equity share of the Energoprojekt Oprema in the affiliate is presented in the following table.

| Energoprojekt Nigeria Ltd., Lagos, Nigeria | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| <b>Capital</b>                             | <b>249,411</b>         | <b>257,216</b>    |
| Income                                     | 936,578                | 614,762           |
| <b>Net profit of the current period</b>    | <b>12,834</b>          | <b>9,939</b>      |

*Energoprojekt Holding Plc. Belgrade*

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

| <b>Energopet Ltd., Belgrade</b>         | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Non-current assets                      | 404,341                | 408,492           |
| Operating assets                        | 459,820                | 557,570           |
| <b>Assets</b>                           | <b>864,161</b>         | <b>966,062</b>    |
| Liabilities                             | 389,196                | 529,517           |
| <b>Capital</b>                          | <b>474,965</b>         | <b>436,545</b>    |
| Income                                  | 1,182,041              | 1,019,856         |
| <b>Net profit of the current period</b> | <b>56,723</b>          | <b>62,600</b>     |

Financial data pertaining to affiliate Fima See Activist, Plc. Belgrade on the 30.16% equity share of Energoprojekt Holding in the affiliate is presented in the following table.

| <b>Fima See Activist Plc., Belgrade</b> | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Non-current assets                      |                        |                   |
| Operating assets                        | 34,377                 | 35,122            |
| <b>Assets</b>                           | <b>34,377</b>          | <b>35,122</b>     |
| Liabilities                             | 149                    | 132               |
| <b>Capital</b>                          | <b>34,228</b>          | <b>34,990</b>     |
| Income                                  | 10,192                 | 13,284            |
| <b>Net profit of the current period</b> | <b>(762)</b>           | <b>2,329</b>      |

Financial data pertaining to Enjub Ltd. Belgrade on the 50.00% equity share of Energoprojekt Holding in the joint venture is presented in the following table.

| <b>Enjub Ltd., Belgrade</b>                      | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Non-current assets                               | 128,927                | 128,957           |
| Operating assets                                 | 139,102                | 139,091           |
| <b>Assets</b>                                    | <b>268,029</b>         | <b>268,048</b>    |
| Liabilities                                      | 241,240                | 236,175           |
| <b>Capital</b>                                   | <b>26,789</b>          | <b>31,873</b>     |
| Income   | 10,226                 | 24,360            |
| <b>Net profit / (loss) of the current period</b> | <b>(5,084)</b>         | <b>8,776</b>      |

- **Shares in other companies and available for sale securities** in the amount of RSD 118,527 thousand are presented in the following table.

| <b>Shares in other companies and available for sale securities</b> | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| a) Banks, financial organisations and other legal entities         | 118,514                | 19,448            |
| b) Other securities available for sale                             | 13                     | 12                |
| <b>TOTAL</b>   | <b>118,527</b>         | <b>19,460</b>     |

**Share in banks, financial organizations and other legal entities** in the amount of RSD 118,514 thousand relate, mostly, to Energoprojekt Holding, in the amount of RSD 117,662 thousand (Beogradsko Mešovito Preduzeće Plc. Of RSD 88,988 thousand, Jubmes Banka Plc., Dunav Osiguranje Plc., Belgrade, Beogradska Berza Plc., and other).

- **Other long-term financial investments** in the amount of RSD 193,069 thousand are presented in the following table.

| <b>Other long-term financial investments</b> | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Housing loans granted to employees           | 36,432                 | 44,171            |
| Deposits for bank guarantees                 | 43,961                 | 31,922            |
| Other  | 112,676                | 119,222           |
| <b>TOTAL</b>                                 | <b>193,069</b>         | <b>195,315</b>    |

- **Long-term housing loans granted to employees** are interest-free and in compliance with the Housing Loan Agreement provisions and pursuant to the Law on Amendments and Addenda to the Law on Housing, the Company performs legally prescribed revalorization of loan instalments based on the trends in consumer prices in the Republic of Serbia for the accounting period in question. Of the total of RSD 36,432 thousand, the largest portion relates to Energoprojekt Visokogradnja in the amount of RSD 22,320 thousand, Energoprojekt Oprema in the amount of RSD 9,072 thousand, Energoprojekt Niskogradnja in the amount of RSD 2,821 thousand and Energoprojekt Holding in the amount of RSD 1,297 thousand.

- **Deposits for bank guarantees** in the amount of RSD 43,961 thousand entirely relate to Energoprojekt Entel (within Energoprojekt Entel LTD, Doha, Qatar: RSD 21,919 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 22,042 thousand).

- **Other long-term financial investments** in the amount of RSD 112,676 thousand relate to the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 90,790 thousand, the largest share of which or RSD 82,407 thousand relate to a building within the tourist complex of Crni Vrh (which has not yet been completed), in which the Company holds ownership rights up to 5%, based on its co-financing; and

- Energoprojekt Entel in the amount of RSD 21,886 thousand, relate to deposits for working visas in the amount of RSD 13,118 thousand (within Energoconsult L.L.C., Abu Dhabi, UAE) and the deposits for apartments abroad in the amount of RSD 8,768 thousand (mainly within Energoconsult L.L.C., Abu Dhabi, UAE: RSD 4,024 thousand and Energoprojekt Entel LTD, Doha, Qatar: RSD 3,830 thousand).

## 28. LONG-TERM RECEIVABLES

| Structure of long-term receivables       | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Receivables from other related companies | 112,493                | 49,052            |
| Other long-term receivables              | 917,268                | 776,008           |
| <b>TOTAL</b>                             | <b>1,029,761</b>       | <b>825,060</b>    |

- **Receivables from other related companies** in the amount of RSD 112,493 thousand relate to the receivables of Energoprojekt Oprema from its affiliated company Energo Nigeria Ltd., Lagos, Nigeria, based on the long-term guarantee deposit in its projects abroad.

- **Other long-term receivables** in the amount of RSD 917,268 thousand comprise only of the receivables of the Energoprojekt Entel Company based on its long-term receivables for guarantee deposit, which is in most of the cases a deposit amounting to 10% of the invoice amount and which can be collected only upon expiry of the guarantee term (within Energoprojekt Entel Ltd. Doha, Qatar: RSD 772,686 thousand, Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman: RSD 79,801 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 64,781 thousand).

## 29. INVENTORIES

| Structure of inventories   | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Material, parts, tools and small inventories                             | 1,176,893              | 1,383,780         |
| Work and services in progress  | 2,539,578              | 1,771,463         |
| Finished products  | 193,644                | 363,525           |
| Goods  | 17,515                 | 179,630           |
| Non-current assets held for sale   | 50,688                 | 51,058            |
| Advances paid for inventories and services:                              |                        |                   |
| a) Advances paid for inventories and services to other related companies | 121,904                | 127,049           |
| b) Advances paid for material, parts and inventory                       | 154,448                | 823,524           |
| c) Advances paid for goods   | 1,068                  | 56                |
| d) Advances paid for services  | 318,927                | 1,334,193         |
| <i>Total</i>   | <i>596,347</i>         | <i>2,284,822</i>  |
| <b>TOTAL</b>   | <b>4,574,665</b>       | <b>6,034,278</b>  |

- **Material, parts, tools and small inventories** in the amount of RSD 1,176,893 thousand relate predominantly to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 623,499 thousand, out of which inventories abroad amount to RSD 408,700 thousand (Uganda: RSD 264,339 thousand, Peru: RSD 144,361 thousand), and inventories in the country amount to RSD 214,799 thousand. Stock levels, primarily those of the materials and parts, are determined by the work schedule and timely supply in the relevant regions;
- Energoprojekt Visokogradnja in the amount of RSD 267,690 thousand, out of which inventories in the country amount to RSD 173,679 thousand (primarily on the project Belgrade Waterfront: RSD 112,402 thousand), meanwhile the inventories abroad amount to RSD 94,011 thousand (mainly, in Z-103 Talan Tower, Astana: RSD 30,781 thousand and Z-085 Business facility Uhta Russia: RSD 10,833 thousand);
- Energoprojekt Oprema in the amount of RSD 185,550 thousand, out of which mainly relate to the project Belgrade Waterfront: RSD 132,416 thousand and other projects: RSD 27,359 thousand; and
- Energoplast in the amount of RSD 89,502 thousand, out of which material inventories amount to RSD 69,188 thousand, parts inventories amount to RSD 19,571 thousand and tools inventories amount to RSD 743 thousand.

- **Work and services in progress** in the amount of RSD 2,539,578 thousand primarily relate to following companies of the system Energoprojekt:

- Energoprojekt Sunnyville in the amount of RSD 1,612,778 thousand, relate to production in progress based on construction of business and residential complex „Sunnyville“ in Belgrade,
- Energoprojekt Visokogradnja in the amount of RSD 757,304 thousand, out of which work in progress in the country amounts to RSD 240,355 thousand (based on own investments in Belgrade, in Knez Danilova Street: RSD 81,337 thousand, in Bezanijska Kosa: RSD 48,374 thousand, in Vozdovac: RSD 25,938 thousand and in Bor, in Bor Shopping Mall: RSD 84,706 thousand), and abroad RSD 516,949 thousand (based on the works on the residential complex Sistet Bare in Herceg Novi, Montenegro) and
- Energoprojekt Niskogradnja in the amount of RSD 142,261 thousand relate to production of crushed stone and concrete aggregate in projects abroad (Peru).

- **Finished products** in the amount of RSD 193,644 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 148,825 thousand mostly relate to the constructed property in Car Nikolaj street: RSD 128,999 thousand and in Bezanijska Kosa in the amount of RSD 19,826 thousand and
- Energoplast in the amount of RSD 44,819 thousand that relate to the finished plastic stoppers.

- The total value of **goods** in the amount of RSD 17,515 thousand primarily relate to Energoprojekt Visokogradnja in the amount of RSD 5,445 thousand (mainly refers to goods purchased for further processing, intended for the project Z-103 Talan Towers, Astana, Kazakhstan: RSD 2,428 thousand), Energoplast in the amount of RSD 5,024 thousand (acquired finished stoppers for resale) and Energoprojekt Oprema in the amount of RSD 4,229 thousand (purchased goods for the project Kolubara II phase).

- **Non-current assets held for sale** amount to RSD 50,688 thousand and relate to Energoprojekt Niskogradnja.

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

| Description                                 | Location                | Surface Area<br>in sq.m | Present Value<br>In RSD<br>thousand |
|---|-------------------------|-------------------------|-------------------------------------|
| Land - Mombasa Road, Kenya                  | Nairobi, Kenya          | 12,140.55               | 4,066                               |
| Land "Santa Clara", Peru                    | Santa Clara, Lima, Peru | 23,009.70               | 18,601                              |
| Warehouse facility "Santa Clara", Lima      | Santa Clara, Lima, Peru | 792.35                  | 22,273                              |
| Business premises - Buenos Aires, Argentina | Buenos Aires, Argentina | 86.30                   | 5,748                               |
| <b>TOTAL</b>                                |                         |                         | <b>50,688</b>                       |

Reclassification of land for sale was performed based on the Decision passed by the Board of Directors of the Energoprojekt Niskogradnja from 2012, on the sale of land in Kenya and land "Santa Clara" in Lima, Peru, with accompanying facilities (warehouse facility); the total value thereof is RSD 22,667 thousand and the value of buildings held for sale amount to RSD 22,273 thousand in compliance with IFRS 5.

Based on the Decision of competent body of the Company from 2011, on the sale of office and residential facilities in Argentina, reclassification of these facilities was performed into the facilities held for sale amounting to RSD 5,748 thousand, in compliance with IFRS 5.

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

- **Advances paid for inventories and services to other related companies** in the amount of RSD 121,904 thousand and entirely relate to Energoprojekt Oprema, based on advances paid for services to affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

- **Advances paid for material, spare parts and inventory** in the amount of RSD 154,448 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 127,999 thousand, out of which advances paid abroad amount to RSD 58,666 thousand, and in the country RSD 69,333 thousand; and

- Energoprojekt Oprema in the amount of RSD 15,771 thousand out of which for advances paid for projects in the country amount to RSD 9,471 thousand, and those paid to suppliers abroad amount to RSD 6,300 thousand.

- **Advances paid for services** in the amount of RSD 318,927 thousand, relate, mostly, to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 149,269 thousand relate, mainly, to advances paid to suppliers for projects abroad: RSD 120,467 thousand (Uganda and Peru) and in the country RSD 28,801 thousand (mainly project Lajkovac – Ljig);

- Energoprojekt Visokogradnja in the amount of RSD 87,617 thousand entirely relate to advances paid abroad;
- Energoprojekt Entel in the amount of RSD 28,101 thousand out of which advances paid abroad are RSD 23,073 thousand and in the country: RSD 5,028 thousand; and
- Energoprojekt Oprema in the amount of RSD 23,260 thousand, relate to advances paid to suppliers on projects in the country: RSD 22,665 thousand and abroad: RSD 595 thousand.

Ddecrease in advances paid for services compared to the previous year in the amount of RSD 1,015,267 thousand, mostly refers to Energoprojekt Visokogradnja: RSD 820,669 thousand (dominantly abroad) and Energoprojekt Niskogradnja: RSD 214,033 thousand (primarily on the project Lajkovac - Ljig).

### 30. RECEIVABLES FROM SALES

| Structure of receivables from sales      | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Local buyers - other related companies   | 3,542                  | 3,602             |
| Foreign buyers - other related companies | 703,171                | 551,284           |
| Local buyers                             | 3,781,621              | 3,444,487         |
| Foreign buyers                           | 5,187,704              | 8,525,287         |
| Other receivables from sale              | 3,017                  |                   |
| <b>TOTAL</b>                             | <b>9,679,055</b>       | <b>12,524,660</b> |

- **Local buyers - other related companies** in the amount of RSD 3,542 thousand relate to the receivables from joint venture Enjub Ltd., mostly to Energoprojekt Visokogradnja in the amount of RSD 2,123 thousand.
- **Foreign buyers– other related companies** in the amount of RSD 703,171 thousand relate to receivables from the affiliate company Energo Nigeria Ltd., Lagos, Nigeria, in Energoprojekt Oprema.
- **Local buyers** amounting to RSD 3,781,621 thousand and relate primarily to the receivables of Energoprojekt Niskogradnja: RSD 2,187,016 thousand, Energoprojekt Visokogradnja: RSD 938,358 thousand, Energoprojekt Oprema: RSD 223,587 thousand, Energoprojekt Entel: RSD 200,869 thousand and to those to Energoplast in the amount of RSD 87,161 thousand.

Structure of local buyers is presented in the following table as at the financial statements date in system Energoprojekt companies, with the highest amount of such receivables.

| Structure of local buyers  | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| <b><i>Energoprojekt Niskogradnja:</i></b>                        |                        |                   |
| China Shandong Intern.E&T org. Beograd (Project Lajkovac - Ljig) | 1,898,091              | 1,526,539         |
| AzVirt, Beograd (Project Tunel Šarani)                           | 241,768                | 533,744           |
| West - Gradnja Ltd. (Project Ljig - Lajkovac)                    | 5,145                  | 36,467            |
| PC EPS/Kolubara Peštan (Project Kolubara II phase)               | 4,597                  | 121,466           |
| Other  | 37,415                 | 69,299            |
| <b>Total</b>   | <b>2,187,016</b>       | <b>2,287,515</b>  |
| <b><i>Energoprojekt Visokogradnja:</i></b>                       |                        |                   |
| Beograd na vodi Ltd. (Project Belgrade Waterfront)               | 910,246                | 412,404           |
| Other  | 28,112                 | 46,501            |
| <b>Total</b>   | <b>938,358</b>         | <b>458,905</b>    |
| <b><i>Energoprojekt Oprema:</i></b>                              |                        |                   |
| PC Elektroprivreda Srbije  | 123,067                | 66,005            |
| PC Elektromreža Srbije   | 86,522                 | 238,096           |
| Other  | 13,998                 | 63,518            |
| <b>Total</b>   | <b>223,587</b>         | <b>367,619</b>    |
| <b><i>Energoprojekt Entel:</i></b>                               |                        |                   |
| PC Elektroprivreda Srbije  | 171,797                | 57,043            |
| Beo Čista Energija Ltd.  | 17,682                 | 4,307             |
| Other  | 11,390                 | 7,751             |
| <b>Total</b>   | <b>200,869</b>         | <b>69,101</b>     |

Increase of receivables of local buyers, respecting the last year comparative period, in the amount of RSD 337,134 thousand, mainly came as result, on the one hand, of increase within Energoprojekt Visokogradnja: RSD 479.453 thousand (primarily from the company Beograd na vodi Ltd. on the project Belgrade Waterfront) and within Energoprojekt Entel: RSD 131,768 thousand (primarily due to the extension of the payment deadline by PC Elektroprivreda Srbije) and, on the other hand, decrease with Energoprojekt Oprema: RSD 144,032 thousand (primarily from PC Elektromreža Srbije) and Energoprojekt Niskogradnji: RSD 100,499 thousand (on all projects in the country, except for the project Lajkovac - Ljig from China Shandong Intern. E & T, Belgrade).

- **Foreign buyers** in the amount of RSD 5,187,704 thousand relate predominantly to Energoprojekt Niskogradnja, in the amount of RSD 2,694,545 thousand, Energoprojekt Entel in the amount of RSD 1,376,662 thousand and Energoprojekt Visokogradnja in the amount of RSD 611,647 thousand.

**Foreign buyers** as at the financial statements date in system Energoprojekt, which generated the highest amounts of trade receivables, are broken down in the following table.

| Structure of foreign buyers   | <i>u 000 dinara</i>     |                         |
|---|-------------------------|-------------------------|
|   | <i>31.12.2017</i>       | <i>31.12.2016</i>       |
| <b><i>Energoprojekt Niskogradnja:</i></b>   |                         |                         |
| <b><i>Uganda:</i></b>   |                         |                         |
| Uganda National Roads Authority, Uganda<br>(Z-017, Z-027, Z-031 and Z-035 in 2017;<br>Z-017, Z-027 and Z-035 in 2016) | 1,801,203               | 2,657,239               |
| Ministry of Works and Transport (Z-010)   | 431,268                 | 510,914                 |
| Kampala Capital City Authority<br>(Z-028 and Z-036 in 2017;<br>Z-028, Z-029 and Z-036 in 2016)                        | 134,797                 | 288,238                 |
| The Civil Aviation Authority<br>(Z-037 u 2017. god.; Z-032 in 2016)   | 30,020                  | 23,073                  |
| <b><i>Total Uganda</i></b>  | <b><i>2,397,288</i></b> | <b><i>3,479,464</i></b> |
| <b><i>Peru:</i></b>   |                         |                         |
| Conorcio Chira (Z-038)  | 127,840                 |                         |
| Conorcio Vial San Alejandro (Z-034)   | 48,958                  | 51,633                  |
| Sindicato Energetico SA (Z-030)   | 28,955                  | 35,111                  |
| Conorcio Pericos San Ignacio, Peru (Z-023)  | 23,667                  | 72,456                  |
| Empresa de Generacion Electrica Rio Banos SAC (Z-030)   | 18,006                  | 21,280                  |
| Conalvias (Z-019 in 2017 and Z-023 in 2016)   | 6,538                   | 13,979                  |
| Other   | 43,293                  | 68,762                  |
| <b><i>Total Peru</i></b>  | <b><i>297,257</i></b>   | <b><i>263,221</i></b>   |
| <b>TOTAL</b>  | <b><i>2,694,545</i></b> | <b><i>3,742,685</i></b> |
| <b><i>Energoprojekt Entel:</i></b>  |                         |                         |
| In company Energoprojekt Entel L.L.C., Doha, Qatar  | 907,904                 | 1,381,906               |
| In company Energoconsult L.L.C., Abu Dhabi, UAE   | 210,681                 | 598,866                 |
| In company Energoprojekt Entel L.L.C., Muskat, Sultanat Oman  | 204,707                 | 248,618                 |
| Other   | 53,370                  | 1,777                   |
| <b>TOTAL</b>  | <b><i>1,376,662</i></b> | <b><i>2,231,167</i></b> |
| <b><i>Energoprojekt Visokogradnja:</i></b>  |                         |                         |
| Cargo centar Ghana  | 194,827                 | 702,695                 |
| GazEnergoServis (Z-085 Uhta, Russia)  | 87,231                  | 473,812                 |
| Astana Property Menagement<br>(Z-103 Talan Towers, Astana, Kazakhstan)  | 60,685                  | 140,334                 |
| Ernest Chemist Ghana  | 50,928                  | 88,887                  |
| Ziloi Property Managment (Z-105 Siktivkar, Russia)  | 35,873                  |                         |
| Interiun s.r.l. (Z-103 Talan Towers, Kazakhstan)  | 33,937                  |                         |
| Accent Development Solutions, Astana, Kazakhstan<br>(Z-096 Forte Banka, Astana, Kazakhstan)                           | 19,823                  | 117,135                 |
| Ecobank Ghana   | 14,867                  | 329,483                 |
| Other   | 113,476                 | 159,709                 |
| <b>TOTAL</b>  | <b><i>611,647</i></b>   | <b><i>2,012,055</i></b> |

Decrease in receivables from foreign buyers respecting the last year comparative period, in the amount of RSD 3,337,583 thousand mainly came as result of decrease within Energoprojekt Visokogradnja: RSD 1,400,408 thousand (mainly on project Z-085 Business facility Ukhta, Russia and Energoprojekt Ghana Ltd., Accra, Ghana), within Energoprojekt Niskogradnja: RSD 1,048,140 thousand (on projects in Uganda) and Energoprojekt Entel: RSD 854,505 thousand (in companies abroad).

- **Other receivables from sale** in the amount of RSD 3,017 thousand in total relate to Energoprojekt Garant, based on the share of reinsurance in the compensation of damages.

### 31. RECEIVABLES FROM SPECIFIC TRANSACTIONS

| Structure of receivables from special transactions                 | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Receivables from special transactions from other related companies | 30,256                 | 46,899            |
| Receivables from special transactions from other companies         | 4,081                  | 2,912             |
| <b>TOTAL</b>   | <b>34,337</b>          | <b>49,811</b>     |

- **Receivables from special transactions from other related companies** in the amount of RSD 30,256 thousand relate to Energoprojekt Oprema in the amount of RSD 28,209 thousand, based on the expenses passed through to the affiliated company Energo Nigeria Ltd., Lagos, Nigeria and to Energoprojekt Holding in the amount of RSD 2,047 thousand, based on the transfer of expenses to the Enjub Ltd. joint venture.

- **Receivables from special transactions from other companies** in the amount of RSD 4,081 thousand mostly relate to Energoprojekt Holding in the amount of RSD 2,215 thousand, primarily from re-charged utility and electricity costs to the tenant Jerry Catering Service Ltd. in the amount of RSD 2,169 thousand and to Energoprojekt Garant, in the amount of RSD 1,292 thousand, based on receivables from commission of reinsurance and co-insurance.

### 32. OTHER RECEIVABLES

| Structure of other receivables  | In RSD thousand |                |
|---|-----------------|----------------|
|   | 31.12.2017      | 31.12.2016     |
| Interest and dividend receivables:                                      |                 |                |
| a) Interest and dividend receivable from affiliated companies           | 64,819          | 57,377         |
| b) Interest agreed and default interest receivable from other companies | 109             | 246            |
| <i>Total</i>  | <i>64,928</i>   | <i>57,623</i>  |
| Receivables from employees  | 95,885          | 28,574         |
| Receivables from state institutions                                     |                 | 375            |
| Receivables for overpaid income tax                                     | 59,669          | 84,041         |
| Receivables in respect of prepaid other taxes and contributions         | 14,990          | 19,736         |
| Receivables for fringe benefits' returns                                | 12,998          | 12,661         |
| Receivables for damage compensation                                     | 1,954           | 1,654          |
| Other short-term receivables  | 315,585         | 358,873        |
| <b>TOTAL</b>  | <b>566,009</b>  | <b>563,537</b> |

- **Interest and dividend receivables from other affiliated companies** in the amount of RSD 64,819 thousand comprise exclusively of the receivables of Energoprojekt Holding, based on the interest receivables for loans granted to the joint venture Enjub Ltd.
- **Receivables from employees** in the amount of RSD 95,885 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 70,989 thousand (mainly from pre-paid severance payments in Energoprojekt Entel LTD, Doha, Qatar in accordance with local legal regulations), as well as to unjustifiably paid advance payments to employees leaving to work in foreign countries and to loans granted to employees, and specifically in Energoprojekt Vosokogradnja, in the amount of RSD 7,509 thousand, Zambia Engineering and Contracting Company Limited in the amount of RSD 6,157 thousand, Energoprojekt Niskogradnja, in the amount of RSD 4,803 thousand, Energoprojekt Energodata in the amount of RSD 3,326 thousand and Energoprojekt Hidroinženjering, in the amount of RSD 2,086 thousand.
- **Receivables for overpaid income tax** in the amount of RSD 59,669 thousand predominantly refer to Energoprojekt Oprema in the amount of RSD 35,592 thousand (in the country), Energoprojekt Holding in the amount of RSD 10,465 thousand and Energoprojekt Garant, in the amount of RSD 5,760 thousand.
- **Receivables in respect of prepaid other taxes and contributions** amount to RSD 14,990 thousand and predominantly refer to Zambia Engineering and Contracting Company Limited, in the amount of RSD 6,923 thousand and Energoprojekt Visokogradnja in the amount of RSD 6,299 thousand.

- **Receivables for fringe benefits' returns** (sick leaves longer exceeding 30 days, maternity leave, etc.) in the amount of RSD 12,998 thousand relate primarily to Energoprojekt Visokogradnja in the amount of RSD 5,103 thousand, Energoprojekt Entel in the amount of RSD 1,667 thousand, Energoprojekt Niskogradnja in the amount of RSD 1,625 thousand and Energoprojekt Holding in the amount of RSD 1,418 thousand.

- **Other short-term receivables** amounting to RSD 315,585 thousand and predominantly relate to Energoprojekt Niskogradnja in the amount of RSD 232,000 thousand (mainly based on the receivables from Tax Administration for overpaid income tax in Peru: RSD 162,355 thousand and receivables from Tax Administration for overpaid VAT in Uganda: RSD 52,847 thousand) and Energoprojekt Hidroinzenjering, in the amount of RSD 59,362 thousand, mostly based on receivables from client Special Project for Strengthening and Expansion of TACNA Water Resources - PET, for the amount of unwarranted protested guarantees, on the Yaraskay project, Peru.

Decrease of other short-term receivables in reported period in comparison to the previous period, in the amount of RSD 43,288 thousand mainly came as result within Energoprojekt Niskogradnja, in the amount of RSD 47,297 thousand, based on decreased receivables for overpaid income tax in Peru and receivables for overpaid VAT in Uganda.

### 33. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH INCOME STATEMENT

| Structure of financial assets assessed at fair value through Income Statement | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Shares  | 1,359                  | 1,359             |
| Bonds   | 326,940                | 332,873           |
| <b>TOTAL</b>  | <b>328,299</b>         | <b>334,232</b>    |

Financial assets assessed at fair value through Income statement relate entirely to the shares and bonds (say: 45 shares of Belgrade Stock Exchange, total value of RSD 1,359 thousand and 2,683 foreign currency coupon bonds, in the amount of RSD 326,940 thousand).

Valuation adjustment of financial assets assessed at fair value through Income statement is performed for foreign currency coupon bonds based on data obtained from the secondary market for such assets and by applying the foreign exchange rate as of the balance sheet date.

### 34. SHORT-TERM FINANCIAL INVESTMENTS

| Struktura kratkoročnih finansijskih plasmana                                  | In RSD thousand  |                  |
|---|------------------|------------------|
|   | 31.12.2017       | 31.12.2016       |
| Short-term loans and investments - other related companies                    | 158,208          | 164,884          |
| Short-term domestic credits and loans   | 48               |                  |
| Short-term international credits and loans                                    | 8,662            | 9,727            |
| Portion of long-term financial investments with maturity date up to one year: | 1,034            | 1,179            |
| Other short-term financial investments:                                       |                  |                  |
| a) Short term deposits  | 1,479,390        | 1,309,984        |
| b) Other short-term financial investments                                     | 2,872            | 7,168            |
| <i>Total</i>  | <i>1,482,262</i> | <i>1,317,152</i> |
| <b>TOTAL</b>  | <b>1,650,214</b> | <b>1,492,942</b> |

- **Short-term loans and investments - other related companies** in the amount of RSD 158,208 thousand relate entirely to Energoprojekt Holding based on the loans granted to the Enjub Ltd. joint venture.

Energoprojekt Holding has, as collateral for the collection of payments pursuant to loan agreements concluded with the Enjub Ltd. joint venture, an extrajudicial mortgage and a pledge statement on property (for apartments and business premises) in Jurija Gagarina Street in New Belgrade.

- **Short-term international credits and loans** in the amount of RSD 8,662 thousand relate entirely to Energoprojekt Visokogradnja, to complete the work on Project Z-088 Hotel Hyatt Rostov, Russia.

- **Short term deposits** in the amount of RSD 1,479,390 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 1,174,832 thousand relate to the deposits with international commercial banks within Energoprojekt Entel Qatar: RSD 993,227 thousand, with interest rate of 1.18% to 2.00% annually (QAR) and Energo Consult LLC Abu Dhabi, UAE: RSD 181,605 thousand, with interest rate of 1.18% to 1.42% annually (AED – dirham);

- Energoprojekt Garant in the amount of RSD 295,094 thousand relate to the foreign currencies deposits in EUR and USD with the domestic commercial banks with interest rate ranging from 0.80 % to 1.90 % annually; and

- Dom 12 S.A.L, Lebanon in the amount of RSD 9,464 thousand relate to the foreign currencies deposits in RUB with foreign commercial banks, with interest rate ranging from 6.32% to 6.97%.

- **Other short term financial investments** in the amount of RSD 2,872 thousand, relate, mainly, to Energoprojekt Niskogradnja in the amount of RSD 2,668 thousand, out of which the biggest share, in the amount of RSD 2,631 thousand relate to working licences for personnel non-citizens of Republic of Uganda.

### 35. CASH AND CASH EQUIVALENTS

| Structure of cash and cash equivalents  | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Securities-cash equivalents             | 41,970                 |                   |
| Current (business) account              | 137,360                | 151,472           |
| Earmarked cash and letters of credit    | 98                     | 6,736             |
| Petty cash                              | 212                    | 291               |
| Foreign currency account                | 1,584,560              | 2,749,778         |
| Letters of credit in foreign currencies |                        | 766               |
| Foreign currency petty cash             | 28,358                 | 82,067            |
| Other cash:                             |                        |                   |
| a) Short term deposits                  | 590,912                | 1,080,107         |
| b) Other cash                           | 34,297                 | 5,771             |
| <i>Total</i>                            | <i>625,209</i>         | <i>1,085,878</i>  |
| Value-impaired or restricted cash       | 535,991                | 594,961           |
| <b>TOTAL</b>                            | <b>2,953,758</b>       | <b>4,671,949</b>  |

- **Securities - Cash equivalents** in the amount of RSD 41,970 thousand refer to unrealized checks for collection of blocked funds with banks in New York, placed at Jubmes Bank with Energoprojekt Visokogradnja in the amount of RSD 32,693 thousand, at Jugobanka with Energoprojekt Hidroinženjering in the amount of 9,018 thousand dinars and with Energoprojekt Industrija in the amount of RSD 259 thousand. Checks were realized or collected in January 2018.

- **Current (business) account** of the system Energoprojekt in the amount of RSD 137,360 thousand predominantly refer to the current accounts of the following companies of the Energoprojekt: Energoprojekt Hidroinženjering in the amount of RSD 27,723 thousand, Energoprojekt Entel in the amount of RSD 26,498 thousand, Energoprojekt Urbanizam i arhitektura in the amount of RSD 24,562 thousand, Energoprojekt Sunnyville in the amount of RSD 13,886 thousand and Energoprojekt Industrija in the amount of RSD 12,219 thousand.

- **Foreign currency account** in the amount of RSD 1,584,560 thousand predominantly refer to the foreign currency accounts of the following companies in the system Energoprojekt: Energoprojekt Entel in the amount of RSD 866,032 thousand, Energoprojekt Niskogradnja in the amount of RSD 255,100 thousand, Energoprojekt Visokogradnja in the amount of RSD 165,364 thousand, Energoprojekt Hidroinženjering in the amount of RSD 142,339 thousand and Energoprojekt Garant in the amount of RSD 83,243 thousand.

- **Foreign currency petty cash** in the amount of RSD 28,358 thousand primarily refer to Energoprojekt Visokogradnja in the amount of RSD 19,348 thousand, Energoprojekt Niskogradnja in the amount of RSD 4,180 thousand and Energoprojekt Hidroinženjering in the amount of RSD 3,167 thousand.

- **Short term deposits** in the amount of RSD 590,912 thousand predominantly recorded Energoprojekt Visokogradnja in the amount of RSD 310,732 thousand (in the country: RSD 253,089 thousand at Unicredit Bank and abroad: RSD 57,643 thousand, on project Z-085 Business object Uhta, Russia), Energoprojekt Holding in the amount of RSD 241,304 thousand (in the country at, Societe Generale Bank, Addiko Bank, Unicredit Bank, Eurobank and Sberbank) and Energoprojekt Industrija in the amount of RSD 38,876 thousand (in the country at Unicredit Bank).
- **Other cash** in the amount of RSD 34,297 thousand refer predominantly Energoprojekt Sunnyville in the amount of RSD 28,575 thousand (for allocated approved bank loan in special account, which will be able to be used in 2018 after the presentation of certain invoices).
- **Value-impaired or restricted cash** in the amount of RSD 535,991 thousand relate to Energoprojekt Visokogradnja in the amount of RSD 532,200 thousand (based on bank deposits serving as collaterals for obtaining overdraft loans for foreign company Energoprojekt Ghana Ltd., Akra, Ghana at Zenith Bank Ghana, EKO Bank of Ghana and UBA Bank of Ghana) and to Energoprojekt Hidroinženjering in the amount from RSD 3,791 thousand (based on bank deposits serving as collaterals for guarantees' issuing for the project Ourkiss, Algeria. Cash will be available after the expiration of the overdraft agreement and upon the the release of the guarantees in question).

Decrease in cash equivalents and cash in relation to the previous year in the amount of RSD 1,718,191 thousand is primarily the result of decrease in funds in foreign currency accounts in the amount of RSD 1,165,218 thousand (mostly in Energoprojekt Oprema: RSD 819,819 thousand and Energoprojekt Visokogradnji: RSD 283,286 thousand) and short-term time deposits in the amount of RSD 489,195 thousand (primarily due to the net reduction effect in Energoprojekt Oprema: RSD 591,988 thousand and increase in Energoprojekt Holding: RSD 139,914 thousand).

## 36. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME

### 36.1. Value Added Tax

| Structure of VAT | <i>In RSD thousand</i> |                   |
|------------------|------------------------|-------------------|
|                  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Value added tax  | 408,336                | 249,257           |
| <b>TOTAL</b>     | <b>408,336</b>         | <b>249,257</b>    |

- **Value added tax** in the amount of RSD 408,336 thousand refer to the difference between calculated tax and input tax, and primarily in Energoprojekt Oprema in the amount of RSD 310,056 thousand (in the country: RSD 44,312 thousand from difference between calculated and input VAT, in Belarus: RSD 265,672 thousand - for paid VAT on imports of equipment in Belarus and Montenegro: RSD 72 thousand dinars), in Energoprojekt Visokogradnja in the amount of RSD 67,677 thousand, and Energoplast in the amount of RSD 15,676 thousand.

### 36.2. Prepayments and Accrued Income and Deferred Expenses

| Structure of prepayments and accrued income                             | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Prepayments:  |                        |                   |
| a) Prepaid subscriptions for professional publications                  | 3,570                  | 2,001             |
| b) Prepaid rent   | 102,579                | 239,323           |
| c) Prepaid insurance premiums   | 39,369                 | 38,466            |
| d) Prepaid advertizing and marketing expenses                           | 15                     | 55                |
| e) Other prepaid expenses   | 36,419                 | 80,716            |
| <i>Total</i>  | <i>181,952</i>         | <i>360,561</i>    |
| Receivables for accrued non-invoiced income:                            |                        |                   |
| a) Receivables for accrued non-invoiced income - other related entities |                        | 76,617            |
| b) Receivables for accrued non-invoiced income - other legal entities   | 4,321,797              | 3,227,797         |
| <i>Total</i>  | <i>4,321,797</i>       | <i>3,304,414</i>  |
| Deferred costs from liabilities   |                        | 137               |
| Other accruals  |                        |                   |
| a) Accrued value added tax  | 98,602                 | 46,740            |
| b) Other deferred expenses  | 555,130                | 84,678            |
| <i>Total</i>  | <i>653,732</i>         | <i>131,418</i>    |
| <b>TOTAL</b>  | <b>5,157,481</b>       | <b>3,796,530</b>  |

• **Prepaid rent** in the amount of RSD 102,579 thousand primarily refer to to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 89,244 thousand based on leasing of business premises and apartments for workers in companies abroad primarily in Qatar: RSD 59,245 thousand and in UAE: RSD 22,484 thousand (multi-year lease agreements with payment of a full year rent in advance);

- Energoprojekt Visokogradnja in the amount of RSD 6,213 thousand, based on leasing apartments for accommodation of workers, primarily in the company in Ghana and on projects Z-085 Office building Uhta, Russia and Z-103 Talan Towers, Astana, Kazakhstan (one-year lease agreements with advance payment); and

- Energoprojekt Niskogradnja in the amount of RSD 6,813 thousand, based on leasing quarries, access roads and houses in Uganda (multi-year lease agreements, for example, lease of quarry is on 5 years with payment of a full year rent in advance).

• **Receivables for accrued non-invoiced income – other legal entities** in the amount of RSD 4,321,797 thousand refer primarily to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 2,180,049 thousand, primarily refer to the receivables from interim payment certificates for work completed in 2017 for the following projects:

- Lajkovac-Ljig: RSD 936,779 thousand;
- Z-027 Mpigi Kanoni Uganda: RSD 407,493 thousand;
- Z-034 Road Puerto Bermudez, Peru: RSD 242.383 thousand;
- Z-036 Streets in Kampala Kawempe-Lubaga, Uganda: RSD 180.699 thousand;
- Z-038 Leveling of the river bed Chira, Peru: RSD 152.278 thousand;
- Z-016 Chavimochic, Peru: RSD 120.267 thousand; and
- Kolubara II phase (Replacing and regulation of Kolubara River): RSD 60.324 thousand.

- Energoprojekt Oprema in the amount of RSD 1,368,126 thousand, primarily refer to:

- accrued non-invoiced income - project Energocentar Minsk, Belarus: RSD 1,336,128 thousand (arbitration proceeding with Gazprom Transgaz Belarus is on-going, Note 47) and;
- invoices issued in 2016 that are not certified, based on the works carried out in 2015 on the project RTB Bor: RSD 31,294 thousand (arbitration proceeding is on-going with SNC Lavalin and International Project Services Ltd. - branch, Note 47).

- Energoprojekt Holding in the amount of RSD 375,825 thousand relate entirely to the realization of the Agreement on Construction of Republic of Serbia Embassy in Abuja, Federal Republic of Nigeria, a turn-key project, in the Cadastral parcel No. 313, registered in the Real Estate Registry, Cadastral Zone A00.

- Energoprojekt Visokogradnja in the amount of RSD 284,256 thousand relate to the receivables for payment certificates submitted to the Investor for verification, but not verified before the balance sheet submission date. The largest receivables for the accrued non-invoiced income are recorded for the following projects in the country and abroad:

- Z-103 Talan Towers, Astana, Kazakhstan: RSD 78,384 thousand;
- Prokop Railway Station: RSD 73,055 thousand; and
- in the company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 130,710 thousand

- Mentioning other companies of system Energoprojekt, receivables for accrued non-invoiced income were recorded at Energoprojekt Hidroinženjering, in the amount of RSD 75,608 thousand, Energoprojekt Urbanizam i arhitektura in the amount of RSD 30,437 thousand, Energoprojekt Industrija in the amount of RSD 3,820 thousand and Energoprojekt Energodata in the amount of RSD 3,676 thousand.

Increase in receivables for accrued non-invoiced income – other legal entities in relation to the previous year in the amount of RSD 1,094,000 thousand is primarily the result of increase in Energoprojekt Niskogradnja in the amount of RSD 793,755 thousand (mostly on the projects Lajkovac - Ljig and Z-027 Mpigi - Kanoni, Uganda, since the works for November and December were calculated in 2017, while in 2016 were only calculated works for December 2016) and Energoprojekt Oprema in the amount of RSD 259,409 thousand (primarily, on the project Energocentar Minsk, Belarus from procurement of equipment).

- **Accrued Value Added Tax (VAT)** in the amount of RSD 98,602 thousand include VAT presented in received invoices for reported year, and the right to tax return from previous period occurs in the next one, due to the fact that invoices came after the financial statement for December of the reported year. The most important amount of accrued VAT was recorded within Energoprojekt Visokogradnja in the amount of RSD 94,831 and within Energoprojekt Niskogradnja in the amount of RSD 3,463 thousand.

- **Other deferred expenses** in the amount of RSD 555,130 thousand predominantly refer to the following companies within system Energoprojekt:

- Energoprojekt Oprema in the amount of 496,125 thousand dinars on the basis of protest guarantee for the good performance issued by the investor Gazprom Transgas, Belarus on the project Energoentar Minsk, Belarus (Note 17); and

- Energoprojekt Garant in the amount of RSD 25,503 thousand (interest on bank deposits, transferrable premiums and claims charged to coinsurer and reinsurer calculated in advance).

Increase of other accruals compared to the previous year in the amount of RSD 470,452 thousand, dominantly relate to Energoprojekt Oprema in the amount of RSD 496,125 thousand (based on the protest guarantee for performance of work on the project Energoentar Minsk, Belarus).

### 37. CAPITAL

| Structure of capital   | In RSD thousand   |                   |
|--|-------------------|-------------------|
|  | 31.12.2017        | 31.12.2016        |
| Equity capital – reduced for non-controlling interest in equity capital  | 5,818,157         | 5,892,478         |
| Purchased own shares – <i>negative item of equity</i>  | 49,827            |                   |
| Reserves   | 454,450           | 374,657           |
| Revaluation reserves from revaluation of intangibles, property, plant and equipment  | 6,110,601         | 6,365,390         |
| Unrealized gains from securities and other components of other comprehensible result (credit balances under accounts class 33 except 330) – <i>positive item of equity</i> | 114,424           | 432,474           |
| Unrealized losses from securities and other components of other comprehensible result (debit balances under accounts class 33 except 330) – <i>negative item of equity</i> | 18,631            | 30,226            |
| Retained earnings  | 6,881,068         | 7,470,703         |
| Non-controlling interest - in equity capital   | 164,365           | 164,365           |
| <b>TOTAL</b>   | <b>19,474,607</b> | <b>20,669,841</b> |

### 37.1. Equity Capital

| Structure of equity capital where non-controlling interest is defined for equity capital items | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017.      | 31.12.2016.      |
| Share capital - total  | 5,724,580        | 5,724,580        |
| Non-controlling interest - in share capital  | (149,621)        | (149,621)        |
| <i>Total share capital (Energoprojekt Holding)</i>   | <i>5,574,959</i> | <i>5,574,959</i> |
| Stakes in limited liability companies - total  | 9,289            | 9,289            |
| Non-controlling interest - in limited liability companies                                      | (9,289)          | (9,289)          |
| <i>Total stakes in limited liability companies</i>   |                  |                  |
| Issuing premium  | 162,693          | 237,014          |
| Other share capital - total  | 85,960           | 85,960           |
| Other non-controlling interest   | (5,455)          | (5,455)          |
| <i>Total other share capital</i>   | <i>80,505</i>    | <i>80,505</i>    |
| <b>TOTAL</b>   | <b>5,818,157</b> | <b>5,892,478</b> |

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

Share capital of the parent company Energoprojekt Holding as at the balance sheet date consists of 10,931,292 ordinary shares with nominal value of RSD 510.00 or RSD 5,574,959 thousand worth share capital of the majority shareholder.

- **Issuing premium** in the amount of RSD 162,693 thousand is recorded based on purchase and sale of own shares in the period from 2006 to 2011 in the amount of RSD 237,014 thousand and based on purchase of own shares at the value which is above their nominal value achieved in 2017, in the amount of RSD 74,321 thousand, for which the prior balance of issuing premium from 2011 reduced (Note 37.2).

### 37.2 Purchased own shares

| Structure of purchased own shares | in RSD thousand |            |
|-----------------------------------|-----------------|------------|
|                                   | 31.12.2017      | 31.12.2016 |
| Purchased own shares              | 49,827          |            |
| <b>TOTAL</b>                      | <b>49,827</b>   | <b>0</b>   |

Pursuant to the Decision by the Supervisory Board of Energoprojekt Holding to acquire own shares on a regulated market, made on February 13, 2017, the Company acquired 97,700 of **own shares** on the Belgrade Stock Exchange (which amounts to 0.89376% of the total number of shares with voting rights) with nominal value of RSD 49,827 thousand.

### 37.3. Reserves

| Structure of reserves        | In RSD thousand |                |
|------------------------------|-----------------|----------------|
|                              | 31.12.2017      | 31.12.2016     |
| Legal reserves               | 218,856         | 218,856        |
| Statutory and other reserves | 235,594         | 155,801        |
| <b>TOTAL</b>                 | <b>454,450</b>  | <b>374,657</b> |

- **Legal reserves** were formed in compliance with the Law on Enterprises that was in force until November 30, 2004, when the Law on Companies came into force. Each year a minimum of 5% was appropriated from the profits until the reserves' level prescribed in the Articles of Association or at least 10% of the equity capital was reached.
- **Statutory and other reserves** are reserves formed from profit in compliance with the Articles of Association and other internal acts of the Company.
- Pursuant to the Decision of the Shareholders Assembly of Energoprojekt Holding from 2017, a **dedicated reserve** in the amount of RSD 80,000 thousand for acquiring own shares for distribution to employees with the Energoprojekt Holding, or to related company, or for rewarding members of the Executive and Supervisory Board of Energoprojekt Holding, were created, according to Article 282, paragraph 4, item 2 of the Law on Business Companies.

### 37.4. Revaluation Reserves from Revaluation of Intangibles, Property, Plant and Equipment

| Structure of revaluation reserves from intangibles, property, plant and equipment    | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017       | 31.12.2016       |
| Revaluation reserves from revaluation of property:                                   |                  |                  |
| a) Revaluation reserves from revaluation of property - Energoprojekt office building | 3,043,172        | 3,043,172        |
| b) Revaluation reserves from revaluation of other property                           | 986,333          | 1,213,752        |
| <i>Total</i>   | <i>4,029,505</i> | <i>4,256,924</i> |
| Revaluation reserves from revaluation of investment property                         | 1,927,920        | 1,955,266        |
| Revaluation reserves from revaluation of plant and equipment                         | 153,176          | 153,200          |
| <b>TOTAL</b>   | <b>6,110,601</b> | <b>6,365,390</b> |

- **Revaluation reserves from revaluation of property** in the amount of RSD 4,029,505 thousand relate to valuation of fair value of buildings (positive revaluation reserves) and application of IAS 12 – Income Taxes, 15% of revaluation reserves (negative aspect of revaluation reserves) (Note 26).

The revaluation reserves based on revaluation of property - Energoprojekt office building in the amount of RSD 3,043,172 thousand, relate to:

- the fair value booking effects of Energoprojekt office building as at December 31, 2014, in the amount of RSD 2,907,974 thousand;
- present value adjustment according to sq.m. of Energoprojekt office building, in the amount of RSD 672,228 thousand and
- 15% of income tax booking (the negative aspect of revaluation reserves) for the amount of deferred tax liabilities based on revaluation reserves, pursuant to IAS 12 – Income Taxes, in the amount of RSD 537,030 thousand.

The most significant amounts of revaluation reserves based on revaluation of other property in the amount of RSD 986,333 thousand relate to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja: RSD 399,393 thousand (a part of the “Cruz del Sur“ office building in Lima, Peru, business facilities, Lima, Peru, residential building in Kampala, Uganda and other facilities in Serbia and Peru);
- Energoprojekt Visokogradnja: RSD 253,251 thousand (buildings in Belgrade, in Vozdovac and in Stara Pazova);
- Energoprojekt Industrija: RSD 92,087 thousand (real estate of the affiliated company Energopet Ltd. (33.33%): RSD 80,231 thousand and solidarity apartments in Belgrade: RSD 11,856 thousand),
- Energo (Private) Limited, Zimbabwe: RSD 72,157 thousand (business and residential buildings in Harare, Zimbabwe); and
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 66,204 thousand (business and residential buildings in Lusaka, Zambia).

• **Revaluation reserves from revaluation of investment property** in the amount of RSD 1,927,920 thousand relate to the adjustment of fair value of such investment properties, and specifically, primarily to the following companies of the system Energoprojekt:

- Zambia Engineering and Contracting Company Limited, Zambia: RSD 894,447 thousand (business and residential facility in Zambia);
- Dom 12 S.A.L, Liban: RSD 540,422 thousand (office building in Moscow);
- Energoprojekt Niskogradnja: RSD 144,624 (a part of the “Cruz del Sur“ office building in Peru);
- I.N.E.C. Engineering Company Limited, Great Britain: RSD 162,594 thousand (office building in London); and
- Energoprojekt Visokogradnja: RSD 108,333 thousand.

### **37.5. Unrealized Gains from Securities and Other Components of Other Comprehensive Result (credit balances under account class 33, except 330)**

| <b>Structure of unrealized gains from securities and other components of other comprehensive result (credit balances under account class 33 except 330)</b> | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Unrealized gains on transaction of financial statements for international operations  | 114,424                | 432,474           |
| <b>TOTAL</b>  | <b>114,424</b>         | <b>432,474</b>    |

• **Unrealized gains on transaction of financial statements for international operations** in the amount of RSD 114,424 thousand relate primarily to Energoprojekt Visokogradnja, Energoprojekt Opremu, I.N.E.C. Engineering Company Limited, United Kingdom, Zambia Engineering and Contracting Company Limited, Zambia and Encom GmbH Consulting, Engineering & Trading, Germany..

### 37.6. Unrealized Losses from Securities and Other Components of Other Comprehensive Result (debit balances under account class 33, except 330)

| Structure of unrealized losses from securities and other components of other comprehensive result (debit balances under account class 33 except 330) | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Unrealized losses on securities available for sale   | 18,631                 | 30,226            |
| <b>TOTAL</b>   | <b>18,631</b>          | <b>30,226</b>     |

• **Unrealized losses on securities available for sale** in the amount of RSD 18,631 thousand, which predominantly relate to Energoprojekt Holding in the amount of RSD 18,881 thousand, were recorded based on the adjustment of value of securities in Company portfolio with their fair value in the secondary securities market as at the financial statements date (the negative effect of which could not be covered with the positive effects of the change in the fair value of the security in question).

### 37.7. Retained Earnings

| Structure of retained earnings          | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Retained earnings from previous years:  |                        |                   |
| a) Balance as at January 1              | 7,470,703              | 6,481,980         |
| b) Changes                              | (1,113,636)            | (161,744)         |
| <i>Total</i>                            | <i>6,357,067</i>       | <i>6,320,236</i>  |
| Retained earnings from the current year | 524,001                | 1,150,467         |
| <b>TOTAL</b>                            | <b>6,881,068</b>       | <b>7,470,703</b>  |

• Total change of **retained earnings** of the current year in the amount of RSD 589,635 thousand mainly came as a result of the net profit of the system Energoprojekt in the reporting period, in the amount of RSD 524,001 thousand, decreases based on the distribution of retained earnings (dividend payments in Energoprojekt Holding, Energoprojekt Oprema, Energoprojekt Entel, Energoprojekt Garant and in Energoplast), in the amount of RSD 341,418 thousand and reserves for acquiring own shares for distribution to the employees of Energoprojekt Holding or related company, or for rewarding the members of the Executive and Supervisory Board of Energoprojekt Holding in the amount of 80,000 thousand dinars, as well as FX differences between the opening balance of the retained result of the companies abroad in the amount of RSD 634,161 thousand (primarily of Energoprojekt Entel in Qatar, Oman and UAE, and also due to the change of the value of local currencies linked to USD, in relation to RSD).

### 37.8. Non-Controlling Interest

| Non-controlling interest                     | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Non-controlling interest - in equity capital | 164,365                | 164,365           |
| <b>TOTAL</b>                                 | <b>164,365</b>         | <b>164,365</b>    |

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

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

| <b>Structure of non-controlling interest for total capital of the Companies with shares of minority shareholders</b>                       | <i>In RSD thousand</i>   |                          |
|--|--------------------------|--------------------------|
|  | <i>31.12.2017</i>        | <i>31.12.2016</i>        |
| Equity capital   | 5,982,522                | 6,056,843                |
| Non-controlling interest - in equity capital   | (164,365)                | (164,365)                |
| <i>Total equity capital</i>  | <i>5,818,157</i>         | <i>5,892,478</i>         |
| Purchased own shares   | 49,827                   |                          |
| Non-controlling interest - purchased own shares  |                          |                          |
| <i>Total purchased own shares</i>  | <i>49,827</i>            | <i>0</i>                 |
| Reserves   | 454,450                  | 374,657                  |
| Non-controlling interest - in reserves   | (21,277)                 | (21,306)                 |
| <i>Total reserves</i>  | <i>433,173</i>           | <i>353,351</i>           |
| Revaluation reserves from revaluation of intangibles, property, plant and equipment  | 6,110,601                | 6,365,390                |
| Non-controlling interest - in revaluation reserves   | (291,606)                | (292,309)                |
| <i>Total revaluation reserves from revaluation of intangibles, property, plant and equipment</i>   | <i>5,818,995</i>         | <i>6,073,081</i>         |
| Unrealized gains from securities and other components of other comprehensive result<br>(credit balances under account class 33 except 330) | 114,424                  | 432,474                  |
| Non-controlling interest - in unrealized gains   | (4,016)                  | (6,816)                  |
| <i>Total unrealized gains from securities and other components of other comprehensive result</i>   | <i>110,408</i>           | <i>425,658</i>           |
| Unrealized losses from securities and other components of other comprehensive result<br>(debit balances under account class 33 except 330) | 18,631                   | 30,226                   |
| Non-controlling interest - in unrealized losses  | (8,650)                  | (994)                    |
| <i>Total unrealized losses from securities and other components of other comprehensive result</i>  | <i>9,981</i>             | <i>29,232</i>            |
| Retained earnings from previous year   | 6,357,067                | 6,320,236                |
| Non-controlling interest - in retained earnings from previous year   | (748,959)                | (752,767)                |
| <i>Total retained earnings from previous year</i>  | <i>5,608,108</i>         | <i>5,567,469</i>         |
| Retained earnings from current year  | 524,001                  | 1,150,467                |
| Non-controlling interest - in retained earnings from current year  | 45,471                   | (178,531)                |
| <i>Total retained earnings from current year</i>   | <i>569,472</i>           | <i>971,936</i>           |
| <b>Tota capital of the companies with shares of majority shareholders</b>  | <b><i>18,298,505</i></b> | <b><i>19,254,741</i></b> |
| Non-controlling interest - in total capital  | (1,176,102)              | (1,415,100)              |
| <b>TOTAL CAPITAL</b>   | <b><i>19,474,607</i></b> | <b><i>20,669,841</i></b> |

The structure of participation without the right to control - in the retained earnings (net result) of the current year by the companies in the Energoprojekt system is given in the following table.

| <b>The structure of participation without the right to control - in the retained earnings (net result) of the current year by the companies</b> | <i>% share of minority shareholders</i> | <i>in RSD thousand</i> |                   |
|---|---|------------------------|-------------------|
|   |   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Energoprojekt Garant Plc  | 7.06%                                   | 1,517                  | 4,890             |
| Energoprojekt Entet Plc   | 13.74%                                  | 81,453                 | 89,626            |
| Energoprojekt Industrija Plc  | 37.23%                                  | 11,117                 | 11,670            |
| Energoprojekt Oprema Plc  | 32.13%                                  | (153,263)              | 58,213            |
| Energoplast Ltd   | 40.00%                                  | 13,705                 | 14,132            |
| <b>TOTAL</b>  |   | <b>(45,471)</b>        | <b>178,531</b>    |

### 38. LONG-TERM PROVISIONS

| <b>Structure of long-term provisions</b>         | <i>in RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Provisions for wages and other employee benefits | 261,347                | 271,419           |
| Provisions for warranty period costs             | 593,828                | 400,624           |
| Other long-term provisions                       | 535,331                | 33,312            |
| <b>TOTAL</b>                                     | <b>1,390,506</b>       | <b>705,355</b>    |

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

In the projection of provision calculation pursuant to IAS 19 the deductive approach was used, meaning that all the Companies from the system Energoprojekt 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.

An increase of the provision amount based on current retirement bonus values (by 0.41%) in the balance sheet as at December 31, 2017 in comparison to the retirement bonus values in the balance sheet as at December 31, 2016, was the result of several changed factors:

- On one hand, changes of some factors affect the increase of the provision amount (increase in the average expected retirement bonus by 4.04% and an increase in average number of years spent in the company by 3.97%); and
- On the other hand, changes of some factors affect the decrease of the provision amount (a decrease in total number of employees in the company by 8.59%).

In addition to the above mentioned, the change in the provision structure per individual companies came as the result of the change in the aliquot part of the number of employees in individual companies against the total number of employees in the entire Company.

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

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

The retirement bonus is, as of the beginning of 2015, pursuant to the provisions of the Collective Agreement in force, paid in the Company in compliance with the Article 57 of the Collective Agreement regulating employment in the country, according to which the Employer is to pay to the Employee retirement bonus amounting to two average gross salaries in the Republic of Serbia according to the latest data published by the relevant Republic authority in charge of statistics. In compliance with the legislation in force, the above mentioned amount is non-taxable.

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

The rate of **7%** was accepted as the **annual discount rate**.

In the paragraph 83, IAS 19 it is explicitly stated that the rate used for discount should be defined according to market yields at the balance sheet date for high yield corporate bonds. In countries where there is no developed market for such bonds, market yields (at the balance sheet date) for government bonds should be used. The currency and term of the bonds should be consistent with the currency and estimated term of the post-employment benefit obligations.

Since the financial market of Serbia is insufficiently developed, the actual annual yield from the purchase of government bonds with the Republic of Serbia as the guarantor should be used as a reference for the determination of the discount rate as at the balance sheet date. In compliance to the above stated, the discount rate was determined according to the annual yield of government bonds issued on September 6, 2017 by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia. These bonds were issued with an annual interest rate of 4.20%. Since it is an EURO security, by taking into account the estimated inflation in the Euro zone (Source: the Government of the Republic of Serbia "Fiscal Strategy for 2018 with Projections for 2019 and 2020), by extrapolating the yield curve for a longer period (since the maturity of the reference securities is shorter (15 years) than the average estimated maturity of the benefit payment that is subject to this calculation), in view of the requirements from paragraph 86, IAS 19, a realistic annual yield of 4% was adopted.

**The annual expected salary growth** in the Republic of Serbia was planned at the level of 4%.

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

The Memorandum of the National Bank of Serbia on the target inflation rates by 2018, adopted at the 14<sup>th</sup> meeting of the National Bank of Serbia Executive Board on October 10, 2016, in addition to other things, determines the target inflation rate for 2017 and 2018 of 3%, with permissible deviation (positive and negative) of 1.5 percentage points. According to the above stated, and taking into account that inflation rate in 2017 was at the level of planning, it would be most realistic to plan the inflation rate for the following year 2018 on the level of the target inflation rate as stipulated in the Memorandum.

The provision will thus be estimated according to the planned annual inflation rate of 3%. From the above stated, it can be concluded that the planned long-term annual growth in real salaries in the Republic of Serbia is 1%, which is, bearing in mind the planned growth in domestic product in the following period (Source: the Government of the Republic of Serbia "Fiscal Strategy for 2018 with Projections for 2019 and 2020), realistically achievable.

If the inflation rate would change in the future, the applied logic would result in the change of nominal wages, but also in the discount rate (that is predominantly defined by the inflation rate), so that the change would not lead to the change in results presented in this document. The methodology used, indicating the long-term planned annual growth of wages in the Republic of Serbia of 4% and long-term annual discount rate of 7%, assumes the same, unchanged inflation rate in future. This assumption is requested in the paragraph 78 of IAS 19.

• **Provisions for warranty period** in the amount of RSD 593,828 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 531,362 thousand disclosed based on the provisions within Energoprojekt Entel LTD, Qatar based on project Phase 11, Phase 12 and GTC 385 and Mega Reservoirs performed for Qatar General Electricity and Water Corporation KAHRAMAA: RSD 478,049 thousand, and in the country based on Vinča projects - Preparation of project documentation and Activities of the Construction Manager (FIDIC Engineer) on the construction of a new block Kostolac B3 thermal power plant: RSD 53.313 thousand.

Costs of provisions during warranty period was performed based on the best Management assessment and based on the previous experiences and is expected to be payable in a period of less than 5 years. Final amount of liability to be paid may differ from the provision amount, depending on the future developments. These provisions are not discounted, since the impact of such discount is of no material significance.

Comparing to the previous reporting period, the increase in the said provisions in the amount of RSD 153,044 thousand, on the one hand came as result of additional reserves in the amount of RSD 225,069 thousand in Energoprojekt Entel LTD Qatar: RSD 171,756 thousand and in the country: RSD 53,313 thousand (Note 17) and on the other by the decrease in relation to recording of FX gains, in the amount of RSD 72,025 thousand (considering the activities abroad introducing in financial records of the company, pursuant to IFRS 21 – Effects of Changes in Foreign Exchange Rates);

- Energoprojekt Oprema in the amount of RSD 17,303 thousand, performed in 2017, for the project Power line Pančevo - Romanian border: RSD 12,960 thousand and from remained part of provision from 2015 for projects Prokop: RSD 1,628 thousand, Transit over the Danube: RSD 992 thousand and Power line Beograd - Pančevo: RSD 1,723 thousand.

The Company usually provides guarantee for its products for the period of 1-5 years, depending on the project in question. Management assessed the provisions costs for the future warranty claims based on information about such claims from the previous periods, as well as based on the recent trends that may provide some indication that information on the costs from the past may differ from the future claims.

Comparing to previous year, a decrease of related reserves in the amount of RSD 1,037 thousand is the result, on the one hand, of decrease from unused reserves deleting, emerged in 2015 for project Prokop, in the amount of RSD 8,372 thousand and utilization of provisions in the amount of RSD 5,625 thousand (for projects Prokop: RSD 2,347 thousand, TENT Obrenovac: RSD 2,813 thousand, Tranzit over the Danube: RSD 192 thousand and Power line Belgrade Pančevo: RSD 273 thousand), and, on the other hand, of increase from additional provisions made in the amount of RSD 12,960 thousand (for project Power line Pančevo - Romanian border) (Note 17).

- Energoprojekt Visokogradnja in the amount of RSD 45,163 thousand, based on the provision made in 2017 for projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 30,925 thousand and Sunnyville: RSD 12,191 thousand and based on remaining amount of provision made in 2015 for the project Z-096 Forte Bank, Astana, Kazakhstan: RSD 2,047 thousand - completed in 2016. The provision will be closed quarterly in the next two years.

The Company usually provides guarantee for the completed buildings, which are expected to incur some expenses over the course of the warranty period. The Company assessed the provisions costs for the future warranty claims based on information about such claims from the previous periods, as well as based on the recent trends that may provide some indication that information on the costs from the past may differ from the future claims.

Comparing to reported period of the previous year, the increase in the provision in 2017, by RSD 41,197 thousand is, on the one hand, the result of increase in additional reserves in the amount of RSD 45,509 thousand (for projects Z-103 Talan Towers, Astana, Kazakhstan and Sunnyville - Note 17) and, on the other hand, of decrease from utilization of provisions in the amount of RSD 1,919 thousand (for the project Z-096 Forte Bank, Astana) and of FX gains in the amount of RSD 2,393 thousand.

Changes in structure of long-term provisions for warranty period costs during the reporting period are broken down in the following table.

| <b>Structure of provisions for warranty period costs</b> | <i>In RSD thousand</i> |
|--|------------------------|
| <b>As of January 1, 2016</b>                             | <b>491,826</b>         |
| Additional provision                                     | 216,453                |
| Utilised during the period                               | (68,698)               |
| Delimiting unused provision                              | (259,283)              |
| FX differences   | 20,326                 |
| <b>As of January 1, 2017</b>                             | <b>400,624</b>         |
| Additional provision                                     | 283,538                |
| Utilised during the period                               | (7,544)                |
| Delimiting unused provision                              | (8,372)                |
| FX differences   | (74,418)               |
| <b>As of December 31, 2017</b>                           | <b>593,828</b>         |

• **Other long-term provisions** in the amount of RSD 535,331 thousand relate to provision made in 2017 from estimation of possible amount of overestimated item of accruals shown in the financial statements of Energoprojekt Oprema for the project Energocentar Minsk, Belarus in accordance with the decision of the Supervisory Board of Energoprojekt Holding in the amount of RSD 496,125 thousand (USD 5,006 thousand) and to Energoprojekt Garant in the amount of RSD 39,206 thousand, mainly for allocations reserves for risk equalization in the amount of RSD 37,976 thousand.

### 39. LONG-TERM LIABILITIES

| <b>Structure of long-term liabilities</b>                                    | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Long-term credits and loans domestic   | 293,895                | 614,027           |
| Long-term credits and loans foreign countries                                | 191,792                | 226,661           |
| Long term liabilities from financial leasing                                 | 28,310                 | 68,901            |
| Other long-term liabilities  | 11,724                 | 202,445           |
| <b>TOTAL</b>   | <b>525,721</b>         | <b>1,112,034</b>  |
| Part of long-term liabilities with maturity date up to one year (Note 40.3.) | 1,346,835              | 294,157           |

### 39.1. Long-Term Credits and Loans

| Structure of long-term credits and loans                    | <i>in RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| In the country:   |                        |                   |
| a) Long-term loans granted by banks in the country:         |                        |                   |
| Societe Generale Bank                                       |                        |                   |
| Erste Bank  |                        | 303,552           |
| Komercijalna Banka  |                        | 94,300            |
| Jubmes Banka  | 72,647                 | 216,175           |
| Eurobanka   | 221,248                |                   |
| <i>Total</i>  | <i>293,895</i>         | <i>614,027</i>    |
| b) Long-term loans granted by other entities in the country |                        |                   |
| <i>Total - loans domestic</i>                               | <i>293,895</i>         | <i>614,027</i>    |
| Abroad:   |                        |                   |
| Long-term loans granted by other entities abroad            | 191,792                | 226,661           |
| <i>Total - loans abroad</i>                                 | <i>191,792</i>         | <i>226,661</i>    |
| <b>TOTAL</b>  | <b>485,687</b>         | <b>840,688</b>    |

- **Long-term loans granted by banks in the country** in the amount of RSD 293,248 thousand entirely relate to Energoprojekt Visokogradnja (Eurobank and Jubmes Banka).

Long-term loans granted by the domestic banks as at December 31, 2017 are presented in the following tables, categorized as liabilities with maturity date up to one year (posted within other short-term liabilities, Note 40.3.) and as liabilities with maturity date longer than one year (posted within long-term loans), as well as maturity dates of the long-term loans and currencies in which such loans were denominated broken down per individual companies of the system Energoprojekt to which such long-term loans relate.

*Energoprojekt Holding Plc. Belgrade*

| Creditor                     | Interest rate            | In RSD thousand     |                      |                     |                      |
|------------------------------|--------------------------|---------------------|----------------------|---------------------|----------------------|
|                              |                          | 31.12.2017          |                      | 31.12.2016          |                      |
|                              |                          | Long-term liability | Short-term liability | Long-term liability | Short-term liability |
| Energoprojekt Sunnyville:    |                          |                     |                      |                     |                      |
| Erste Bank                   | 3m Euribor + 3.5% ann.   |                     | 800,219              | 303,552             |                      |
| <i>Total</i>                 |                          | -                   | 800,219              | 303,552             | -                    |
| Energoprojekt Visokogradnja: |                          |                     |                      |                     |                      |
| Eurobank                     | 3M Euribor + 2.95% ann.. | 221,248             | 95,667               |                     |                      |
| Jubmes banka                 | 3.5% ann.                | 72,647              | 134,774              | 216,175             | 134,980              |
| <i>Total</i>                 |                          | 293,895             | 230,441              | 216,175             | 134,980              |
| Energoprojekt Niskogradnja:  |                          |                     |                      |                     |                      |
| Komercijalna banka           | 1M Bellibor + 1.20% ann. |                     | 94,300               | 94,300              | 28,700               |
| <i>Total</i>                 |                          | -                   | 94,300               | 94,300              | 28,700               |
| <b>TOTAL</b>                 |                          | <b>293,895</b>      | <b>1,124,960</b>     | <b>614,027</b>      | <b>163,680</b>       |

| Structure of long-term loans' maturity dates | in RSD thousand |                |
|--|-----------------|----------------|
|  | 31.12.2017      | 31.12.2016     |
| 1 to 2 years                                 | 293,895         | 614,027        |
| 2 to 5 years                                 |                 | -              |
| <b>TOTAL</b>                                 | <b>293,895</b>  | <b>614,027</b> |

| Structure of accounting liabilities for long-term loans granted to Company as per denomination currency | in RSD thousand |                |
|---|-----------------|----------------|
|   | 31.12.2017      | 31.12.2016     |
| RSD   |                 | 94,300         |
| EUR   | 293,895         | 519,727        |
| <b>TOTAL</b>  | <b>293,895</b>  | <b>614,027</b> |

- **Long-term loans granted by other entities abroad** in the amount of RSD 191,792 thousand relate to Energoprojekt Niskogradnja, based on liabilities towards associates engaged on the former SFRY Republics on the HPP Banieya II Project in Guinea (USD 1,935 thousand). Since the succession process of former SFRY Republics is not completed and in view of the principle of prudence, the management of the Company is of the opinion that conditions for the write-off of the said liabilities have not yet been met at the moment.

### 39.2. Long Term Liabilities from Financial Leasing

| Structure financial leasing liabilities | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Financial leasing liabilities           | 28,310                 | 68,901            |
| <b>TOTAL</b>                            | <b>28,310</b>          | <b>68,901</b>     |

- **Long term liabilities from financial leasing** were effectively insured as the lessor's right to return of the financial lease asset in case of defaulting.

Of the total long-term financial lease liabilities amounting to RSD 28,310 thousand, the largest share in the amount of RSD 16,032 thousand relate to Energoprojekt Niskogradnja.

Detailed information on total financial lease (long-term as well as short-term) liabilities of the Energoprojekt Niskogradnja is presented in the following table.

| <b>Creditor</b>                          | Currency | Outstanding debt in currency | Outstanding debt in RSD thousand | Repayment and maturity date | Annual interest rate                    |
|--|----------|------------------------------|----------------------------------|-----------------------------|---|
| <i>Lease liabilities in the country:</i> |          |                              |                                  |                             |   |
| Sogelease                                | EUR      | 478,470                      | 56,686                           | Monthly until 06.15.2020    | 6m Euribor + margin from 2.99% to 3,49% |
| Unicredit Leasing                        | EUR      | 47,019                       | 5,570                            | Monthly until 09.11.2018    | 3m Euribor + 4.20%                      |
| <b>Total</b>                             |          |                              | <b>62,256</b>                    |                             |   |
| <i>Lease liabilities abroad:</i>         |          |                              |                                  |                             |   |
| Banco Financiero leasing, Peru           | USD      | 55,642                       | 5,515                            | Monthly until 11.25.2018    | 6.25%                                   |
| <b>Total</b>                             |          |                              | <b>5,515</b>                     |                             |   |
| <b>TOTAL</b>                             |          |                              | <b>67,771</b>                    |                             |   |

Financial lease liabilities of Energoprojekt Niskogradnja denominated in RSD as at December 31, 2017 are presented in the following table, broken down into:

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

| <b>Creditor</b>                | <i>In RSD thousand</i>     |                             |
|--------------------------------|----------------------------|-----------------------------|
|                                | <i>Long-term liability</i> | <i>Short-term liability</i> |
| Sogelease, Serbia              | 16,032                     | 40,654                      |
| UniCredit Leasing, Serbia      |                            | 5,570                       |
| Banco Financiero Leasing, Peru |                            | 5,515                       |
| <b>TOTAL</b>                   | <b>16,032</b>              | <b>51,739</b>               |

| <b>Structure of financial leasing liabilities per maturity dates</b> | <i>In RSD thousand</i> |                     |
|--|------------------------|---------------------|
|  | <i>Present Value</i>   | <i>Future Value</i> |
| Up to 1 year   | 51,739                 | 53,189              |
| 1 to 5 years   | 16,032                 | 16,299              |
| More than 5 years  |                        |                     |
| <b>TOTAL</b>   | <b>67,771</b>          | <b>69,488</b>       |

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

### **39.3. Other Long-Term Liabilities**

| <b>Structure of other long-term liabilities</b> | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Other long-term liabilities                     | 11,724                 | 202,445           |
| <b>TOTAL</b>                                    | <b>11,724</b>          | <b>202,445</b>    |

• **Other long-term liabilities** in the amount of RSD 11,724 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 10,431 thousand that relate in their entirety to the the liability for retained guarantee deposited money issued by the company Gemax Ltd in respect of project Railroad Pančevo; and
- Energoprojekt Visokogradnja in the amount of RSD 1,293 thousand relate to guarantee deposited money in accordance with Agreement made with Putevi Invest Ltd. on the project Prokop.

Decrease in other long-term liabilities compared to the previous year, amounting to RSD 190,721 thousand, primarily is the result of reduction in Energoprojekt Sunnyville in the amount of RSD 173,182 thousand (EUR 1,403 thousand) on the basis of transfer of obligation for acquired construction land, to a

portion of long-term liabilities with maturity dates up to one year, given that the entire obligation is due in 2018 (Note 40.3).

#### 40. SHORT-TERM FINANCIAL LIABILITIES

| Structure of short-term financial liabilities                          | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017       | 31.12.2016       |
| Short-term credits and loans in the country                            | 6,877,337        | 3,728,809        |
| Short-term credits and loans abroad                                    | 1,134,797        | 986,438          |
| Other short-term financial liabilities:                                |                  |                  |
| a) Portion of long-term liabilities with maturity dates up to one year | 1,346,835        | 294,157          |
| b) Other short-term financial liabilities                              | 216              | 201              |
| Total  | 1,347,051        | 294,358          |
| <b>TOTAL</b>   | <b>9,359,185</b> | <b>5,009,605</b> |

##### 40.1. Short-Term Credits and Loans Domestic

| Structure of short-term credits and loans in the country         | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017       | 31.12.2016       |
| Short-term loans granted by banks in the country:                |                  |                  |
| a) Loans in RSD  | 1,947,316        | 2,010,609        |
| b) Loans with foreign currency clause                            | 4,930,021        | 1,718,200        |
| <i>Total</i>   | <b>6,877,337</b> | <b>3,728,809</b> |
| Short-term loans granted by other legal entities in the country: |                  |                  |
| a) Loans in RSD  |                  |                  |
| b) Loans with foreign currency clause                            |                  |                  |
| <i>Total</i>   | -                | -                |
| <b>TOTAL</b>   | <b>6,877,337</b> | <b>3,728,809</b> |

- **Short-term loans granted by banks in the country** in the amount of RSD 6,877,337 thousand relate to

- the following companies of the system Energoprojekt:

- *Energoprojekt Oprema in the amount of RSD 2,249,467 thousand, and specifically:*

- RSD loans granted by Jubmes Banka in the amount of RSD 62,682 thousand, at interest rate of 6.00% per annum; and

- Loans with foreign currency clause (in EUR) granted by Banca Intesa, AIK Bank, Societe Generale Bank, Unicredit Bank, Raiffeisen Bank, Komercijalna Banka and Addiko Bank in the amount of RSD 2,186,785 thousand, interest rate ranging from 1m Euribor +2.50% per annum to 2.80% per annum;

- *Energoprojekt Visokogradnja in the amount of RSD 1,529,171 thousand, and specifically:*

- RSD loans granted by Unicredit bank, Jubmes Banka and AIK Bank in the amount of RSD 693,938 thousand; interest rates ranging from 1m Belibor + 1.10% to 1m Belibor + 6.00% per annum; and
- Loans with foreign currency clause (in EUR) granted by Unicredit bank, Addiko bank, Banca Intesa and Societe Generale Bank in the amount of RSD 835,233 thousand; interest rates ranging from 2.50% to 3m Euribor + 3% per annum;

- *Energoprojekt Niskogradnja in the amount of RSD 1,496,948 thousand, namely:*

- RSD loan granted by Societe General bank, Unicredit bank, Komercijalna banka, AIK Bank and OTP Bank in the amount of RSD 1,190,696 thousand; interest rate 1m Belibor + 1,2% per annum and
- Loan with the foreign currency clause (in EUR) granted by Societe Generale Bank, Addiko Bank, and Piraeus Bank in the amount of RSD 306,252 thousand, interest rate from + 2,50% per annum to 3m Euribor + 3,10% per annum;

- *Energoprojekt Holding in the amount of RSD 1,251,072 thousand, and specifically:*

- Loan with foreign currency clause (in EUR) granted by Erste bank, Societe Generale Bank, VTB Bank and Banca Intesa; interest rate from 6m Euribor + 2.60% to 3m Euribor + 2.90% per annum;

- *Energoprojekt Hidroinženjering in the amount of RSD 189,556 thousand, namely:*

- Loans with FX clause (EUR) granted by the Societe Generale Bank, Jubmes Banka and AIK Bank, with the interest rate from 2.50% to 3.50% per annum.

- *Energoprojekt Energodata in the amount of RSD 161,123 thousand, namely:*

- Loan with the foreign currency clause (in EUR) granted by AIK Bank, interest rate 3m Euribor + 3.00% per annum;

Repayment of short-term loans granted by domestic banks are secured by bonds provided by borrowers of credit lines and guarantee provided by Energoprojekt Holding.

Net book value of short-term loans denominated in currencies is presented in the following table.

| Structure of book value of short-term credit and loans in the country denominated in foreign currencies | In RSD thousand  |                  |
|---|------------------|------------------|
|   | 31.12.2017       | 31.12.2016       |
| RSD   | 1,947,316        | 2,010,609        |
| EUR   | 4,930,021        | 1,718,200        |
| <b>TOTAL</b>  | <b>6,877,337</b> | <b>3,728,809</b> |

#### 40.2. Short-Term Credits and Loans Foreign Countries

| Structure of short-term credits and loans abroad                    | In RSD thousand  |                |
|---|------------------|----------------|
|   | 31.12.2017       | 31.12.2016     |
| Short-term loans granted by foreign banks                           | 1,133,884        | 985,412        |
| Short-term loans granted by other legal and physical persons abroad | 913              | 1,026          |
| <b>TOTAL</b>  | <b>1,134,797</b> | <b>986,438</b> |

- **Short-term loans granted by foreign banks** in the amount of RSD 1,133,884 thousand relate to Energoprojekt Niskogradnja in the amount of RSD 860,529 thousand (loans granted by the commercial banks in Peru and Uganda, as presented in the following table), to Energoprojekt Visokogradnja in the amount of RSD 269,897 thousand (within Energoprojekt Ghana Ltd., Accra, Ghana, based on overdraft with banks), and Zambia Engineering and Contracting Company Limited, Zambia in an amount of RSD 3,458 thousand (based on overdraft).

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

| Bank                            | Currency | Outstanding debt balance in foreign currency | Outstanding debt balance in RSD thousand | Repayment and maturity date | Annual interest rate |
|---------------------------------|----------|--|--|-----------------------------|----------------------|
| Standard Chartered Bank, Uganda | USD      | 1,456,707                                    | 144,382                                  | 31.03.2018.                 | 9,25%                |
| <b>Total Uganda</b>             |          | <b>1,456,707</b>                             | <b>144,382</b>                           |                             |                      |
| Banco Financiero, Peru          | SOL      | 1,000,000                                    | 30,544                                   | 21.01.2018                  | 6,70%                |
| Banco Financiero, Peru          | SOL      | 700,000                                      | 21,381                                   | 22.02.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 500,000                                      | 15,272                                   | 22.02.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 800,000                                      | 24,435                                   | 26.02.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 2,500,000                                    | 76,360                                   | 01.01.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 700,000                                      | 21,381                                   | 07.03.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 600,000                                      | 18,326                                   | 07.03.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 800,000                                      | 24,435                                   | 11.03.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 400,000                                      | 12,218                                   | 11.03.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 850,000                                      | 25,962                                   | 13.03.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 650,000                                      | 19,854                                   | 13.03.2018.                 | 6,70%                |
| Banco Financiero, Peru          | SOL      | 1,000,000                                    | 30,544                                   | 14.03.2018.                 | 6,70%                |
| Banco GNB, Peru                 | SOL      | 1,500,000                                    | 45,816                                   | 21.03.2018.                 | 6,30%                |
| Banco GNB, Peru                 | SOL      | 300,000                                      | 9,163                                    | 22.01.2018.                 | 5,85%                |
| Scotiabank, Peru                | SOL      | 800,000                                      | 24,435                                   | 02.03.2018.                 | 7,04%                |
| Scotiabank, Peru                | SOL      | 1,200,000                                    | 36,653                                   | 02.03.2018.                 | 7,04%                |
| Scotiabank, Peru                | SOL      | 750,000                                      | 22,908                                   | 15.01.2018.                 | 6,90%                |
| Scotiabank, Peru                | SOL      | 1,350,000                                    | 41,234                                   | 15.01.2018.                 | 6,90%                |
| Scotiabank, Peru                | SOL      | 1,100,000                                    | 33,598                                   | 21.03.2018.                 | 6,30%                |
| Banco GNB, Peru                 | SOL      | 1,000,000                                    | 30,544                                   | 03.03.2018.                 | 7,04%                |
| Banco GNB, Peru                 | SOL      | 445,544                                      | 13,609                                   | 10.02.2018.                 | 7,04%                |
| Banco GNB, Peru                 | USD      | 200,000                                      | 19,823                                   | 21.03.2018.                 | 5,00%                |
| Banco GNB, Peru                 | USD      | 65,000                                       | 6,443                                    | 21.03.2018.                 | 5,00%                |
| Banco GNB, Peru                 | USD      | 85,000                                       | 8,425                                    | 19.02.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 135,000                                      | 13,381                                   | 05.03.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 200,000                                      | 19,823                                   | 15.03.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 100,000                                      | 9,913                                    | 19.02.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 115,000                                      | 11,398                                   | 20.01.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 95,000                                       | 9,416                                    | 10.03.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 97,000                                       | 9,614                                    | 22.01.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 145,000                                      | 14,372                                   | 05.02.2018.                 | 4,80%                |
| Banco GNB, Peru                 | USD      | 150,000                                      | 14,867                                   | 12.02.2018.                 | 4,80%                |
| <b>Total Peru</b>               |          | <b>20,332,544</b>                            | <b>716,147</b>                           |                             |                      |
| <b>TOTAL</b>                    |          |  | <b>860,529</b>                           |                             |                      |

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

### 40.3. Other Short-Term Financial Liabilities

| Structure of other short-term financial liabilities                                       | In RSD thousand  |                |
|---|------------------|----------------|
|   | 31.12.2017       | 31.12.2016     |
| Portion of long-term loans with maturity date up to one year:                             |                  |                |
| a) Portion of long-term loans in the country and abroad with maturity date up to one year | 1,124,960        | 163,680        |
| b) Financial lease liabilities with maturity date up to one year                          | 55,705           | 130,477        |
| c) Other long-term liabilities with maturity date up to one year                          | 166,170          |                |
| <i>Total</i>  | <i>1,346,835</i> | <i>294,157</i> |
| Other short-term financial liabilities  | 216              | 201            |
| <b>TOTAL</b>  | <b>1,347,051</b> | <b>294,358</b> |

• **Portion of long-term loans domestic and foreign with maturity date up to one year** in the amount of RSD 1,124,960 thousand relate to the following companies of the system Energoprojekt.

- Energoprojekt Sunnyville in the amount of RSD 800,219 thousand, which refers to long-term loan granted by Erste Bank, with maturity up to one year (approved in EUR at the interest rate of 3m Euribor + 3.5% per annum);

- Energoprojekt Visokogradnja in the amount of RSD 230,411 thousand, as presented in the following table.

| Bank         | Approval Date            | Maturity Date                           | Currency | Approved Amount in foreign currency | Outstanding Balance in RSD thousand | Interest Rate           | One-off Rate | Collateral  |
|--------------|--------------------------|---|----------|-------------------------------------|-------------------------------------|-------------------------|--------------|---|
| Jubmes banka | 26.06.2016<br>29.06.2019 | at the end of each quartal              | EUR      | 2,400,000                           | 113,733                             | 3.5 % ann.              | 0.15%        | Promissory notes and securities of the companies:<br>EP Holdinga,<br>EP Niskogradnje,<br>EP Opreme<br>EP Hidroinženjeringa,<br>EP Energodate and<br>EP Industrije |
| Jubmes banka | 05.08.2016<br>05.08.2019 | 05.05.2018<br>05.08.2018<br>05.11.2018. | EUR      | 444,000                             | 21,041                              |                         |              |   |
| Eurobank     | 27.01.2017<br>27.01.2020 | Monthly                                 | EUR      | 3,000,000                           | 95,667                              | 3m Euribor + 2.95% ann. | 0.20%        | Promissory notes and securities of the companies:<br>EP Holdinga,<br>EP Niskogradnje and<br>EP Opreme   |
| <b>TOTAL</b> |                          |   |          |                                     | <b>230,441</b>                      |                         |              |   |

- Energoprojekt Niskogradnja in the amount of RSD 94,300 thousand that relate to long-term loans granted by Komercijalna Banka, with maturity up to one year (in RSD, with interest rate of 1m Belibor + 1.20%).

- **Financial lease liabilities with maturity dates up to one year** in the amount of RSD 55,705 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 51,739 thousand (Note 39.2).
- **Other long-term liabilities with maturity dates up to one year** in the amount of RSD 166,170 thousand entirely refer to Energoprojekt Sunnyvill (EUR 1,403 thousand) on the basis of long-term liabilities for acquired construction land in 2017, area of 85.6 acres. The obligation is payable and due in 6 (six) equal monthly installments and repayment period starts from May 2018 (Note 39.3).

#### 41. RECEIVED ADVANCES, DEPOSITS AND BONDS

| Structure of received advances, deposits and bonds                             | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017       | 31.12.2016       |
| Advances received from other related companies                                 | 33,942           | 317,113          |
| Advances received from other legal entities and physical bodies in the country | 1,484,044        | 2,515,321        |
| Advances received from other legal entities and physical bodies, abroad        | 872,408          | 5,166,346        |
| Deposits received, abroad  | 7,636            | 8,129            |
| <b>TOTAL</b>   | <b>2,398,030</b> | <b>8,006,909</b> |

- **Advances received from other related companies** in the amount of RSD 33,942 thousand mainly relate to liabilities towards affiliated company Energo Nigeria Ltd., Lagos, Nigeria, recorded predominantly within Energoprojekt Oprema in the amount of RSD 33,132 thousand.
- **Advances received from other legal entities and physical bodies in the country** in the amount of RSD 1,484,044 thousand mostly relate to the following companies of the system Energoprojekt:
  - Energoprojekt Visokogradnja in the amount of RSD 524,038 thousand for the advances received from investor for the projects Kineski kulturni Centar: RSD 325,560 thousand (Empiret Ltd.) and Belgrade Waterfront: RSD 188,368 thousand (Beograd na vodi Ltd.).
  - Energoprojekt Niskogradnja in the amount of RSD 398,305 thousand mainly for advances received on the projects Lajkovac-Ljig (China Standong International E&T Branch Belgrade): RSD 305,779 thousand and Reconstruction of Landfill Vinča (Beo Čista Energija Ltd.): RSD 92,444 thousand;
  - Energoprojekt Oprema in the amount of RSD 380,254 thousand mainly for the advances received from investors for projects Ada Mol: RSD 208,224 thousand (Gradina Ltd.) and Kolubara Landfill (PC Elektroprivreda Srbije): RSD 159,219 thousand; and
  - Energoprojekt Sunnyville in the amount of RSD 114,662 thousand for the advances received from the sale of real estate under construction in the residential and business complex Sunnyville in Belgrade.

Decrease in liabilities arising from advances received from other legal entities and physical bodies in the country, compared to the previous year in the amount of RSD 1,031,277 thousand was recorded, primarily, in the Energoprojekt Niskogradnja in the amount of RSD 994,582 thousand based on the justification of advances (mostly on project Lajkovac-Ljig) and in Energoprojekt Oprema in the amount of RSD 211,585 thousand (primarily on project Power line Pančevo – Rumunska border).

• **Advances received from other legal entities and physical bodies, abroad** in the amount of RSD 872,408 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 741,571 thousand for advances received in Peru in the amount of RSD 633,031 thousand, on projects Z-034 Road Puerto Bermudez, Peru: RSD 542,436 thousand (Consortio Vial San Alejandro) and Z-038 Leveling of the Chira River bed, Peru: RSD 90,595 thousand (Consortio Chira) and in Uganda in the amount of RSD 108,540 thousand, on project Z-036 Streets in Kampala Kawempe Lubaga, Uganda: RSD 108,540 thousand (Kampala Capital City Authority);
- Energoprojekt Hidroinženjering in the amount of RSD 66,590 thousand, mostly on projects in Algeria in the amount of 57,521 thousand; and
- Energoprojekt Visokogradnja in the amount of RSD 36,959 thousand mostly for advances received in the Energoprojekt Ghana Ltd., Accra, Ghana: RSD 35,526 thousand.

Decrease in liabilities arising from advances received from other legal entities and physical bodies, abroad, compared to the previous year, in the amount of RSD 4,293,938 thousand was recorded, primarily in Energoprojekt Visokogradnja in the amount of RSD 2,125,231 thousand (mostly on the project Z-103 Talan Towers, Astana, Kazakhstan and Energoprojekt Ghana Ltd., Akra, Ghana) based on justification of advances, Energoprojekt Oprema in the amount of RSD 1,246,897 thousand (predominantly, on the project Energocentar Minsk, Belarus) and in Energoprojekt Niskogradnja in the amount from RSD 857,440 thousand (primarily on projects Z-034 Road Puerto Bermudez, Peru, Z-036 Streets in Kampala Kawempe Lubaga, Uganda and Z-027 Mpigi - Kanoni, Uganda).

• **Deposits received, abroad** in the amount of RSD 7,636 thousand relate to Zambia Engineering and Contracting Company Limited, Zambia, for rental deposits received (for office and residential space) in the amount of RSD 2,560 thousand, Energoprojekt Niskogradnja for rental deposits received for apartments in the building Cruz del Sur in Peru in the amount of RSD 2,081 thousand, Dom 12 S.A.L., Lebanon, from rental deposits received for office premise in the business building in Moscow in the amount of RSD 1,990 thousand and to I.N.E.C. Engineering Company Limited, Great Britain from rental deposits received for office premise in the business building in London in the amount of RSD 1,005 thousand.

## 42. OPERATING LIABILITIES

| Structure of operating liabilities             | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017       | 31.12.2016       |
| Suppliers - other affiliated companies, abroad | 5,820            | 6,066            |
| Suppliers, local                               | 2,721,775        | 2,784,572        |
| Suppliers, abroad                              | 1,516,640        | 1,958,315        |
| Other operating liabilities                    | 13,302           | 219,327          |
| <b>TOTAL</b>                                   | <b>4,257,537</b> | <b>4,968,280</b> |

- **Suppliers – other affiliated companies, abroad** in the amount of RSD 5,820 thousand relate to the liabilities of the Energoprojekt Oprema towards affiliated company Energo Nigeria Ltd., Lagos, Nigeria.
- **Suppliers, local** in the amount of RSD 2,721,775 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 1,538,770 thousand, to Energoprojekt Visokogradnja in the amount of RSD 612,741 thousand and to Energoprojekt Oprema in the amount of RSD 497,358 thousand.

Suppliers, local - companies within system Energoprojekt with largest liabilities for trade payables as at the balance date are broken down in the following table.

| Structure of suppliers in the country      | in RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017       | 31.12.2016       |
| <b><i>Energoprojekt Niskogradnja:</i></b>  |                  |                  |
| Nukleus Ltd.                               | 820,878          | 693,163          |
| Lafarge Ltd.                               | 128,766          | 67,825           |
| Geosonda Fundiranje Plc.                   | 73,830           | 166,939          |
| Europolis Plus Ltd.                        | 65,630           | 33,019           |
| Evrogradnja Ltd.                           | 49,134           | 53,980           |
| Erozija Plc., Valjevo                      | 40,942           | 20,415           |
| Hidrotehnika Hidroenergetika Plc.          | 37,229           | 95,662           |
| Epiroc SRB Plc.                            | 27,787           | 72,988           |
| Other                                      | 294,574          | 300,852          |
| <b>Total</b>                               | <b>1,538,770</b> | <b>1,504,843</b> |
| <b><i>Energoprojekt Visokogradnja:</i></b> |                  |                  |
| Euro Bravo Ltd.                            | 120,701          |                  |
| Artinvest Ltd.                             | 42,470           |                  |
| Opreming Ltd.                              | 35,766           |                  |
| Nukleus Ltd.                               | 32,299           |                  |
| Crna Trava Gradnja Ltd.                    | 30,061           | 15,070           |
| Rinol Ltd.                                 | 24,850           |                  |
| Schindler Ltd.                             | 23,372           |                  |
| Normativ MR Ltd.                           | 17,398           | 23,062           |
| Other                                      | 285,824          | 450,693          |
| <b>Total</b>                               | <b>612,741</b>   | <b>488,825</b>   |
| <b><i>Energoprojekt Oprema:</i></b>        |                  |                  |
| Energotehnika - Južna Bačka, Novi Sad Ltd. | 89,379           | 278,321          |
| Blue line Ltd.                             | 68,456           | 194,666          |
| Legas Group Ltd.                           | 54,313           |                  |
| GP Planum Plc.                             | 39,670           | 21,254           |
| Hidro-tan Ltd.                             | 38,471           | 48,426           |
| IEE Ltd, Novi Sad                          | 36,840           | 22,404           |
| Kodar Energomontaža Plc.                   | 36,503           | 30,000           |
| Other                                      | 133,726          | 129,831          |
| <b>Total</b>                               | <b>497,358</b>   | <b>724,902</b>   |

• **Suppliers, abroad** in the amount of RSD 1,516,640 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 569,790 thousand (primarily within company Energoprojekt Entel LTD, Doha, Qatar: RSD 470,960 thousand, Energoprojekt Entel LLC Oman, Oman: RSD 66,988 thousand and Energo Consult LLC Abu Dhabi, UAE: RSD 31,842 thousand);

- Energoprojekt Niskogradnja in the amount of RSD 479,344 thousand (mainly in Uganda: RSD 254,245 thousand and in Peru: RSD 225,053 thousand);

- Energoprojekt Visokogradnja in the amount of RSD 371,038 thousand (mainly, in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 197,182 thousand and on projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 49,446 thousand, Z-085 Uhta, Russia: RSD 48,710 thousand and Z-088 Hyatt Hotel Rostov, Russia: RSD 19,427 thousand); and

- Energoprojekt Oprema in the amount of RSD 66,761 thousand (on projects abroad: RSD 45,282 thousand and in the country: RSD 21,479 thousand).

Decrease in liabilities to suppliers abroad, compared to the previous year, in the amount of RSD 441,675 thousand, mostly refers to Energoprojekt Oprema: RSD 149,053 thousand (on projects in the country and abroad), Energoprojekt Visokogradnja: RSD 141,020 thousand (primarily, on the project Z-085 Business building Uhta, Russia and Energoprojekt Ghana Ltd., Akra, Ghana) and to Energoprojekt Entel: RSD 134,611 thousand (in companies abroad).

• **Other operating liabilities** in the amount of RSD 13,302 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Garant in the amount of RSD 7,929 thousand from liabilities for reinsurance and coinsurance premiums and liabilities for commissions and intermediaries; and

- Energoprojekt Niskogradnja in the amount of RSD 5,189 thousand, entirely from liabilities for issued checks to suppliers in Peru in behalf of settlement of liabilities, which ended on December 31 2017 were not realized.

Decrease in other operating liabilities, compared to the previous year, in the amount of RSD 206,025 thousand mostly relates to settlement of obligation in the company Energoprojekt Ghana Ltd., Akra, Ghana, to subcontractors on the project Eco Bank, Ghana.

### 43. OTHER SHORT-TERM LIABILITIES

| Structure of other short-term liabilities   | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Liabilities from special transactions - other legal entities                      |                        | 252,906           |
| Liabilities for wages, fringe benefits and compensations                          | 823,230                | 1,303,559         |
| Other liabilities:  |                        |                   |
| a) Liabilities for interest and financing costs                                   | 17,023                 | 6,952             |
| b) Liabilities for dividends  | 147,452                | 127,861           |
| c) Liabilities to employees   | 39,407                 | 34,328            |
| d) Liabilities to General Manager, or to management and Supervisory Board members | 3,882                  | 4,050             |
| e) Liabilities to physical persons for contractual compensations                  | 4,682                  | 2,523             |
| f) Liabilities for short-term provisions  |                        |                   |
| g) Other various liabilities  | 35,158                 | 32,466            |
| <i>Total</i>  | <i>247,604</i>         | <i>208,180</i>    |
| <b>TOTAL</b>  | <b>1,070,834</b>       | <b>1,764,645</b>  |

- Decrease in **liabilities from special transactions - other legal entities**, compared to the previous year, in the amount of RSD 252,906 thousand, mainly relate to obligation settled by Energoprojekt Visokogradnja in the amount of RSD 238,432 thousand to the company Belim Plc. (according to verdict of the Commercial Court of Appeals from December 29, 2016, and Protocol no. 40/64 made between Energoprojekt Visokogradnja and Energoprojekt Holding).

- **Liabilities for wages, fringe benefits and compensations** in the amount of RSD 823,230 thousand (liabilities for net salaries and fringe benefits, taxes and contributions, etc.) relate predominantly to Energoprojekt Entel in the amount of RSD 376,059 thousand (abroad: RSD 347,051 thousand, in the country: RSD 29,008 thousand), Energoprojekt Visokogradnja in the amount of RSD 114,790 thousand (abroad: RSD 61,163 thousand, in the country: RSD 53,627 thousand), Energoprojekt Niskogradnja in the amount of RSD 143,719 thousand (abroad: RSD 93,075 thousand, in the country: RSD 50,644 thousand), Energoprojekt Hidroinženjering in the amount of RSD 89,763 thousand (abroad: RSD 69,643 thousand, in the country: RSD 20,120 thousand) and Energoprojekt Oprema in the amount of RSD 31,347 thousand (abroad: RSD 1,040 thousand, in the country: RSD 30,307 thousand).

Decrease in liabilities for wages, fringe benefits and compensations, compared to previous year, in the amount of RSD 480,329 thousand, primarily relate to Energoprojekt Entel in the amount of RSD 214,880 thousand arising from decrease in the mentioned liabilities incurred abroad (primarily due to the USD exchange rate decline compared to the exchange rate as of December 31, 2016) and to Energoprojekt Visokogradnja in the amount of RSD 208,848 thousand from settlement of abroad liabilities from the previous years.

- **Liabilities for dividends** in the amount of RSD 147,452 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoplast in the amount of RSD 106,039 thousand to a shareholder Chartered Oil Inc. by decisions of Assembly of the Shareholders from 2013 (retained earnings as of 2012 year) in the amount of RSD 88,039 thousand and from 2017 (retained earnings as of 2016 year) in the amount of RSD 18,000 thousand. Every year on the shareholders assembly meeting, the shareholder make decision on payment schedule of remaining amount of retained earning according to the decision from 2013. In this regards, the decision from 2017 foreseens payments in the amounts of RSD 9,600 until 31 March 2018 and RSD 4,800 thousand until to September 30, 2018;

- Energoprojekt Entel in the amount of RSD 14,406 thousand (since the shareholders did not open accounts for their securities),

- Energoprojekt Holding in the amount of RSD 20,065 thousand (mainly, liabilities for dividends from previous period, not paid till today – probte proceedings, etc.); and

- Energoprojekt Oprema in the amount of RSD 6,269 thousand.

- **Other various liabilities** in the amount of RSD 35,158 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 16,672 thousand (liabilities to Company’s Workers’ Union, Social Security Fund for Employees, liabilities towards third persons based on withholding from net employees’ salaries for statutory and administrative bans, etc.), and to Energoprojekt Visokogradnja in the amount of RSD 12,014 thousand (withholding from salaries for Union fees and charities, alimonies, etc.).

#### **44. LIABILITIES FOR VALUE ADDED TAX, LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE AND ACCRUED EXPENSES AND DEFERRED INCOME**

##### **44.1. Liabilities for Value Added Tax**

| <b>Liabilities for value added tax</b> | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Liabilities for value added tax        | 471,582                | 521,871           |
| <b>TOTAL</b>                           | <b>471,582</b>         | <b>521,871</b>    |

- **Liabilities for value added tax** in the amount of RSD 471,582 thousand relate to the difference between the calculated tax and input tax, primarily in Energoprojekt Visokogradnja in the amount of RSD 308,003 thousand (mainly within Energoprojekt Ghana Ltd., Accra: RSD 284,177 thousand) and in Energoprojekt Niskogradnja in the amount of RSD 73,999 thousand.

#### 44.2. Liabilities for Other Taxes, Contributions and Fees Payable

| Liabilities for other taxes, contributions and fees payable | In RSD thousand |                |
|---|-----------------|----------------|
|   | 31.12.2017      | 31.12.2016     |
| Liabilities for income tax                                  | 614,501         | 689,964        |
| Liabilities for other taxes, contributions and fees payable | 54,774          | 86,186         |
| <b>TOTAL</b>  | <b>669,275</b>  | <b>776,150</b> |

- **Liabilities for income tax** in the amount of RSD 614,501 thousand relate primarily to Energoprojekt Entel in the amount of RSD 579,186 thousand.

Liabilities for income tax within Energoprojekt Entel in the amount of RSD 579,186 thousand primarily relate entirely to Energoprojekt Entel LTD, Doha, Qatar, based on the liabilities disclosed in 2011 for the expenses of the Head Office or for the Energoprojekt Entel for the period of 3 years (for 2008, 2009 and 2010) by the local Tax Administration in the amount of RSD 569,364 thousand. Namely, the local Tax Administration does not recognize the amount disclosed as costs for services rendered by the Energoprojekt Entel Company over the said period as costs, but is of the opinion that income tax should have additionally been paid on that amount as well. A lawsuit was initiated to resolve this issue and the outcome of this lawsuit is uncertain. The short term deposit with the Doha Bank includes cash earmarked and kept in case of a negative outcome of this lawsuit.

Decrease in liabilities for income tax, compared to the previous year, in the amount of RSD 75,463 thousand, primarily relates to the FX gains recorded within Energoprojekt Entel LTD, Doha, Qatar from unrecognized by the local Tax Administration Head Office costs.

- **Liabilities for other taxes, contributions and fees payable** in the amount of RSD 54,774 thousand relate primarily to the Energoprojekt Niskogradnja in the amount of RSD 35,334 thousand, mostly for income tax based on tax return for December 2017 in Peru: RSD 31,401 thousand (liabilities were settled in due time, in January 2018).

#### 44.3. Accrued Expenses and Deferred Income

| Liabilities for accrued expenses and deferred income | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 31.12.2017       | 31.12.2016       |
| Accrued expenses:                                    |                  |                  |
| a) Accrued expenses - other related companies        | 15,749           |                  |
| b) Accrued expenses - other legal entities           | 1,147,192        | 1,806,859        |
| <i>Total</i>   | <i>1,162,941</i> | <i>1,806,859</i> |
| Deferred income - other legal entities               | 145,606          | 498,638          |
| Other accruals                                       | 316,780          | 350,417          |
| <b>TOTAL</b>   | <b>1,625,327</b> | <b>2,655,914</b> |

- **Accrued expenses – other related companies** in the amount of RSD 15,749 thousand relate to Energoprojekt Oprema from calculated cost of affiliated company Energo Nigeria Ltd., Lagos, Nigeria..

- **Accrued expenses - other legal entities** in the amount of RSD 1,147,192 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 736,654 thousand, with no invoices received as at December 31, 2017 (cost calculation performed, mainly, based on invoices received in 2018 (for 2017), as well as valuation costs by experts for projects in the country and abroad, based on appropriate records: construction log, surveying, subcontractors demands for present situation verification etc.), mostly related to:

- Calculated costs in “Lajkovac – Ljig” project: RSD 509,647 thousand primarily subcontracting services: RSD 506,578 thousand (for November and December) and electricity: RSD 2,486 thousand (in December);
- Calculated costs in Peru: RSD 155,246 thousand, on projects Z-038 Leveling of the River Bed Chira, Peru: RSD 123,813 thousand (lease of the mechanization: RSD 121,201 thousand and subcontracting costs: RSD 2,612 thousand), Z-034 Road Puerto - Bermudez, Peru: RSD 19,746 thousand (subcontracting services: RSD 11,399 thousand, administrative costs of the consortium - part of the contractual obligation: RSD 6,109 thousand and land exploitation costs: RSD 2,238 thousand), Z-023 Pericos, Peru: RSD 11,687 thousand dinars (insurance of works and property);
- Calculated costs in Uganda: RSD 13,854 thousand, on projects Z-027 Mpigi - Kanoni, Uganda: RSD 12,479 thousand (lease of machinery: RSD 11,568 thousand and land exploitation costs: RSD 911 thousand) and Z-036 Streets in Kampala, Uganda: RSD 1,375 thousand (lease of machinery); and
- Calculated costs for long-term liabilities interests towards other legal entities for project HE Banieya II, Guinea: RSD 51,064 thousand.

- Energoprojekt Oprema in the amount of RSD 172,638 thousand, for calculated costs of the period for which the invoices were not received in the accounting period, primarily on the projects Belgrade Waterfront: RSD 115,103 thousand, Kolubara Landfill: RSD 27,267 thousand and RTB Bor: RSD 15,798 thousand.

- Energoprojekt Visokogradnja in the amount of RSD 151,704 thousand relating to calculated costs abroad: RSD 143,795 thousand, (mainly for the projects Z-103 Talan Towers, Astana, Kazakhstan: RSD 79,695 thousand, Z-096 Forte Bank, Astana, Kazakhstan: RSD 16,932 thousand and in company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 29,028 thousand) and in the country: RSD 7,909 thousand.

- Energoprojekt Hidroinženjering in the amount of RSD 70,690 thousand relating to calculated costs of subcontracting services: RSD 60,616 thousand (primarily on projects Sidi Naser, Algeria: RSD 34,510 thousand, Yaraskay, Peru: RSD 8,291 thousand and Vinča Landfill: RSD 8,388 thousand) and to provision for penalties due to delays on the project Tabeggart, Algeria: RSD 10,074 thousand.

Decrease in accrued expenses - other legal entities, compared to the previous year, in the amount of RSD 659,667 thousand, primarily relate to Energoprojekt Oprema, predominantly on the project Energocenter Minsk, Belarus.

• **Deferred income - other legal entities** in the amount of RSD 145,606 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 73,612 thousand based on verified, but not registered, income from investors in 2017, for projects in the country: RSD 73,553 thousand (primarily Belgrade Waterfront: RSD 73,302 thousand) and in abroad: RSD 59 thousand; and

- Energoprojekt Garant in the amount of RSD 70,028 thousand for unearned premiums.

Decrease in deferred income - other legal entities, compared to the previous year, in the amount of RSD 353,032 thousand, primarily relate to Energoprojekt Visokogradnja in the amount of RSD 335,551 thousand, predominantly on the project Z-085 Business object Uhta, Russia.

• **Other accruals** in the amount of RSD 316,780 thousand relate predominantly to the following companies of the system Energoprojekt:

- Energoprojekt Garant in the amount of RSD 114,384 thousand based on outstanding claims in non-life insurance and reserves for unexpired risks;

- Energoprojekt Visokogradnja in the amount of RSD 99,883 thousand, based on accrued liabilities for VAT in the country: RSD 88,585 thousand and abroad: RSD 11,298 thousand, which is due for payment in 2018;

- Energoprojekt Entel in the amount of RSD 58,587 thousand, for liability to the subcontractor for the retention - Project Mega Reservoir at Energoprojekt Entel LTD, Doha, Qatar. The retention will be closed after collection of receivable for guaranteed deposit issued by investor Qatar General Electricity & Water Corporation "Kahramaa"; and

- Energoprojekt Niskogradnja in the amount of RSD 23,448 thousand, primarily based on accrued liabilities for VAT in Uganda: RSD 17,520 thousand and in the country: RSD 4,083 thousand;

#### **45. OFF BALANCE SHEET ASSETS AND LIABILITIES**

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

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

| <b>Structure of off balance sheet assets and liabilities</b> | <i>In RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31.12.2017</i>      | <i>31.12.2016</i> |
| Issued and received guarantees and letters of credits        | 13,822,084             | 23,711,083        |
| Construction land use rights                                 | 4,511,541              | 4,537,892         |
| Other off balance sheet assets/liabilities                   | 229,194                | 882,831           |
| <b>TOTAL</b>   | <b>18,562,819</b>      | <b>29,131,806</b> |

#### 46. MORTGAGES REGISTERED IN FAVOUR AND/OR AGAINST THE COMPANY

- **Mortgages registered against companies of the system Energoprojekt**

- Energoprojekt Entel LTD, Doha, Qatar reserves the disposal and usufruct right with regard to the properties 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” as collateral for performance guarantees for Energoprojekt Entel L.L.C., Doha, Qatar company.

- Mortgage registered against Energoprojekt Niskogradnja:

- In order to secure a credit line granted by the Scotiabank Peru, property was mortgaged for the amount of RSD 994,350 thousand (USD 10,032,240) which is 73.61% of the total appraised value of the property mortgaged. Appraisal of the property mortgaged was performed by:
  - land appraisal - Camp Primavera, Sullana, Peru - an external independent qualified appraiser, “J.R.Z. Valuaciones S.A.C.” in Peru, hired by the Scotiabank Peru, which holds recognized and relevant professional qualifications and recent experience with property locations and categories appraised;
  - office space appraisal - 16-18th floor, San Isidro, Lima, Peru and the Cruz Del Sur building, Lima, Peru - appraiser Provalua S.A. - Provsas, authorized by the competent authority Superintendencia de Banca, Seguros y Afp of the Republic of Peru for apprais the assets in favor of firms from the financial system of Peru, hired by the company.
  - in order to secure a credit line granted by the Banco Financiero Peru, property was mortgaged for the amount of RSD 247,789 thousand (USD 2,500,000) which is 28.59% of the total appraised value of the property mortgaged. Appraisal was performed by an external independent qualified appraiser, “Layseca Asociados S.A.C.” in Peru, which holds recognized and relevant professional qualifications and recent experience with property locations and categories appraised. This Appraiser was hired by the Banco Financiero Peru.

Mortgage registered against Energoprojekt Niskogradnja is presented in the table below:

| Property                                     | sq. m     | Book value      | Appraised value   | Appraised value |
|--|-----------|-----------------|-------------------|-----------------|
|  |           | In RSD thousand | In USD            | In RSD thousand |
| <b>Mortgage 1- Sotiabank, Peru</b>           |           |                 |                   |                 |
| Land - Camp Primavera, Sullana, Peru         | 95,907.47 | 29,479          | 6,233,986         | 617,885         |
| Office facility in 16-18 floor in Lima, Peru | 427.73    | 112,514         | 815,835           | 80,862          |
| Cruz Del Sur building in Lima, Peru          | 4,295.38  | 691,884         | 6,579,853         | 652,165         |
| <i>Total (100%)</i>                          |           | 833,877         | 13,629,674        | 1,350,912       |
| <b>Total (73.61%)</b>                        |           |                 | <b>10,032,240</b> | <b>994,350</b>  |
| <b>Mortgage 2 -Banco Financiero, Peru</b>    |           |                 |                   |                 |
| Land - Santa Clara, Peru                     | 23,009.70 | 40,874          | 8,743,686         | 866,635         |
| <i>Total (100%)</i>                          |           | 40,874          | 8,743,686         | 866,635         |
| <b>Total (28.59%)</b>                        |           |                 | <b>2,500,000</b>  | <b>247,789</b>  |

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

- Energoprojekt Holding pledged 100% share capital of Energoprojekt Sunnyville for securing receivable of Erste Bank ad, Novi Sad based on long-term construction loan approved to the company Energoprojekt Sunnyville.

- **Mortgages registered in favour of the companies of the system Energoprojekt**

- In Energoprojekt Holding:

- As collateral to secure the repayment of loan pursuant to the Annex No. 10 of the Loan Agreement No. 367, in the amount of RSD 16,290 thousand (EUR 137 thousand), granted by the Company to Enjub Ltd, the extrajudicial mortgage for the entire loan amount was registered for apartments in 91A Jurija Gagarina Street, on the second and third floors, Cadastre lot No. 5089/9, Cadastral Municipality of New Belgrade, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality New Belgrade, in favour of the Company; and
- As collateral to secure the repayment of the loan pursuant to the Annex No. 6 of the Agreement on Rescheduling of Approved Loan pursuant to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 141,918 thousand (EUR 1,198 thousand), there is a lien statement (mortgage was not registered) provided for the real property (apartments and business premises) in 93, 93A and 91A Jurija Gagarina Street.

#### **47. COMMITMENT AND CONTINGENCIES**

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

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

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

An overview of lawsuits is presented in the following tables. The presented amounts of lawsuits, with potential level of liabilities and receivables defined as at December 31, 2017, include principal amount only for each lawsuits.

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff                        | Defendant   | Legal grounds   | Claim amount  | Court of relevant jurisdiction | Expected date of closure | Expected outcome  |
|-----|----------------------------------|---|---|---|--------------------------------|--------------------------|---|
| 1.  | Sreta Ivanišević                 | EP Holding Plc.   | Compensation for expropriated property (Bezanija)                     | Uncertain   | 1st Basic Court in Belgrade    | Uncertain                | Uncertain<br>First instance proceeding  |
| 2.  | Vladan and Tomislav Krdžić       | EP Holding Plc.   | Damage compensation (free shares were not allotted to the Plaintiffs) | RSD 444,000.00  | Commercial Court in Belgrade   | 2018                     | Unfounded, according to the Decision of the Court of first instance, the application was rejected; Court Decision on Plaintiffs' appeal is pending.<br>Second instance proceeding |
| 3.  | Rajko Ljubojević                 | EP Holding Plc.   | Land expropriation from 1957  | Uncertain   | High court in Belgrade         | 2018                     | Uncertain<br>First instance proceeding  |
| 4.  | Kovacevic Pavle, Radmila i Milan | EP Holding Plc. and others  | Compensation for expropriated land (in Block 26)                      | Uncertain   | Municipality of Novi Beograd   | Uncertain                | By the ruling of the Administrative Court, our lawsuit was accepted, and the case was returned for re-trial.<br>First instance proceeding   |
| 5.  | EP Holding Plc.                  | Republika Srbija, EPS Srbija, Epsturs Ltd. and Rep. of Montenegro | Determining the ideal ownership share of the Park Hotel in Budva      | Founded in obtaining 13% of the total area of the hotel, but the value has not been established | Basic court, Niksic            | 2018                     | Claim is grounded; first-instance court accepted the claim; in appeal Respondents<br>Second instance proceeding   |
| 6.  | EP Holding Plc.                  | Beogradsko mesovito preduzeće Plc. (BMP Plc.)                     | Establishing the value of shares in forced sale procedure             | Uncertain   | Commercial Court in Belgrade   | 2018                     | Grounded<br><br>Note: in 2018 the procedure was completed and shares of BMP Plc. were sold (Note 48)  |
| 7.  | Goran Rakic                      | EP Holding Plc. and Kompresor automobili Ltd.                     | Ownership title to be determined                                      | Ungrounded  | 2nd Basic Court in Belgrade    | 2018                     | Ungrounded<br><br>First instance proceedings  |
| 8.  | Radovanac Aleksandar and Nenad   | EP Holding Plc. and others  | Eviction from barracks in Visnjiceva Banja                            | Ungrounded  | Higher court in Belgrade       | 2018                     | Ungrounded for EP Holding<br>First instance proceedings   |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff  | Defendant   | Legal grounds  | Claim amount       | Court of relevant jurisdiction                   | Expected date of closure | Expected outcome   |
|-----|--|---|--|--------------------|--|--------------------------|--|
| 9.  | Ep Holding Plc.  | Ivan Musić  | Damage compensation (roof repair in 38 Goce Delčeva street)  | EUR 250.61         | Basic Court in Belgrad                           | 2018                     | Grounded<br>First instance proceedings   |
| 10. | Marko Martinoli, Vladimir Grabež, Activist Ltd. Activeast ltd.                   | Montinvest properties Ltd., Napred razvoj Plc., Dobroslav Bojović, EP Holding Plc.                | Forced purchase of EP Entel shares   | RSD 586,888,064.85 | Commercial Court in Belgrade                     | 2019                     | Ungrounded for EP Holding<br>First instance proceedings  |
| 11. | Radoš Jevtić, Ljubiša Krstić, Ksenija Krstić                                     | EP Hodling Plc. EP Visokogradnja Plc.   | Payment of the difference in price of shares of VG   | RSD 886,737.81     | Commercial Court in Belgrade                     | 2019                     | Uncertain<br>First instance proceedings  |
| 12. | Nikola Malbaša, Marko Martinoli I other small shareholders of EP Industrija Plc. | Montinvest properties Ltd., Napred razvoj Plc., GP Napred Plc. Dobroslav Bojović, EP Holding Plc. | Forced purchase of EP Industrija Plc. shares   | RSD 280,427,106.40 | Commercial Court in Belgrade                     | 2019                     | Ungrounded for EP Holding<br>First instance proceedings  |
| 13. | Decade Export-Import KFT Budapest  | 1) Vivand BT Budapest, 2) EP Holding Plc.   | Determination of the nullity of the contract on assignment of EP Holding's Plc. claim to Vivand BT and Optional Sale&Purchase Agreement on sale of Real Estate |                    | Court of City of Budapest, Commercial Department | 2018                     | The claim was adopted by a final decision and the nullity of the said contracts was determined. Against this decision we have made a revision to the Supreme Court. Third-instance procedure for extraordinary legal remedy. |
| 14. | EP Visokogradnja Plc.  | Promex TV Zvornik   | Debt   | RSD 667,104.25     | Commercial Court in Belgrade                     | Completed litigation     | According to the final court decision, Plaintiff's claim was granted. The forced collection must be carried out in Bosnia and Herzegovina  |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff             | Defendant                       | Legal grounds                                | Claim amount  | Court of relevant jurisdiction          | Expected date of closure                        | Expected outcome   |
|-----|-----------------------|---------------------------------|--|---|---|---|--|
| 15. | Milan Branković       | EP Visokogradnja Plc.           | Annulment of a temporary employment contract |   | 1st Basic Court in Belgrade             | Uncertain                                       | Ungrounded, proceedings suspended until completion of lawsuit physical body against Enjub Ltd.   |
| 16. | EP Visokogradnja Plc. | Trudbenik gradnja in bankruptcy | Claim recognized in liquidation procedure    | RSD 2,767,501.76  | Commercial Court in Belgrade            | Uncertain                                       | Uncertain collection of claim  |
| 17. | Đorđe Mikša           | EP Visokogradnja Plc.           | Contractual fine payment                     | RSD 512,000.00  | 3 <sup>rd</sup> Basic Court in Belgrade | 2018  | Uncertain. Adopted our appeal and the case was returned to first instance procedure  |
| 18. | EP Visokogradnja Plc. | Cvitan Dragan                   | Debt   | RSD 122,922.87  | 3rd Basic Court in Belgrade             | 2018  | Grounded. Partially collected. Enforced performance pending.   |
| 19. | Nataša Milojević      | EP Visokogradnja Plc.           | Ownership title to be determined             |   | 3rd Basic Court in Belgrade             | The final completion in 2016; declared revision | By final judgment the claim is adopted; Appeal against the decision of revision  |
| 20. | EP Visokogradnja Plc. | Beton gradnja Ltd.              | Debt   | RSD 271,813.90  | Commercial Court in Belgrade            | 2018  | Grounded<br>First-instance proceeding  |
| 21. | EP Visokogradnja Plc. | Veso Romić                      | Unfounded acquisition                        | RSD 35,301,780.00   | Commercial Court in Belgrade            | Completed                                       | Grounded<br>In the process of forced execution   |
| 22. | EP Visokogradnja Plc. | JP Železnice, Beočvor           | Debt (Prokop)                                | RSD 290,385,390.00  | Commercial Court in Belgrade            | 2018  | Grounded; proceedings suspended.   |
| 23. | EP Visokogradnja Plc. | Grad Beograd, BG Hala Ltd.      | Debt (Arena)                                 | RSD 208,000,245.40<br>Adopted in court:<br>RSD 34,115,606.10<br>in behalf of principal debt | Commercial Court in Belgrade            | 2018  | The claim of Hala BG Ltd was adopted by final judgment<br>Our revision was adopted and the case for remaining amount of debt was returned for re-trial. First instance proceedings |
| 24. | EP Visokogradnja Plc. | JP Železnice, Beočvor           | Debt (Prokop)                                | RSD 153,674,990.16  | Commercial Court in Belgrade            | 2018  | Justified; proceedings suspended.  |
| 25. | Božo Tomašević        | EP Visokogradnja Plc.           | Annulment of employment contract termination | 140,000.00 RSD  | 1st Basic Court in Belgrade             | 2018  | Our appeal was adopted and the case was returned for new trial<br>First instance procedure   |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff                        | Defendant                      | Legal grounds                                 | Claim amount     | Court of relevant jurisdiction | Expected date of closure | Expected outcome  |
|-----|----------------------------------|--------------------------------|---|------------------|--------------------------------|--------------------------|---|
| 26. | Aleksandar Petrović              | EP Visokogradnja Plc.          | Agreement termination and damage compensation | RSD 3,500,000.00 | 3rd Basic Court in Belgrade    | 2018                     | Decision on Court incompetence in Serbia adjudicated. Positive result expected. Second instance proceedings |
| 27. | Sava Krajnović                   | EP Visokogradnja Plc.          | Unfounded acquisition                         | RSD 269,000.00   | 3rd Basic Court in Belgrade    | 2018                     | The first instance verdict partially approved the claim, appealed<br><br>Second instance proceedings        |
| 28. | Ljiljana Damjano                 | EP Visokogradnja Plc.          | Performance and damage compensation           | RSD 350,000.00   | 1st Basic Court in Belgrade    | 2018                     | Ungrounded<br>First instance proceeding   |
| 29. | Nenad Dautović                   | EP Visokogradnja Plc.          | Annulment of employment contract termination  |                  | 3rd Basic Court in Belgrade    | 2018                     | Ungrounded  |
| 30. | SIEN Ltd.                        | EP Visokogradnja Plc.          | Debt, SMIP                                    | RSD 438,530.00   | Commercial Court in Belgrade   | Uncertain                | Partly grounded, lawsuit stopped due to plaintiffs' bankruptcy.   |
| 31. | Residence object, B.M.Pupina 10e | EP Visokogradnja Plc.          | Unfounded acquisition                         | RSD 2,000,000.00 | 3rd Basic Court in Belgrade    | Uncertain                | Ungrounded, procedure stopped.<br>First instance proceeding   |
| 32. | EP Visokogradnja Plc.            | Siniša and Dragan Romić        | Contesting of share transfer agreement        |                  | Higher court in Belgrade       | 2018                     | Justified<br>First instance proceeding  |
| 33. | Kojić Milan                      | EP Visokogradnja Plc.          | Debt - salaries                               | EUR 1,130.00     | 1st Basic Court in Belgrade    | 2018                     | First instance court accepted the claim; in proceeding upon our appeal<br><br>Second instance proceeding    |
| 34. | EP Visokogradnja Plc.            | Farmakom MB Ltd. in bankruptcy | Debt  | RSD 1,340,520.00 | Commercial Court in Valjevo    | Uncertain                | Receivables recognized through bankruptcy procedure.  |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff             | Defendant                                | Legal grounds                                      | Claim amount                                 | Court of relevant jurisdiction | Expected date of closure | Expected outcome  |
|-----|-----------------------|--|--|--|--------------------------------|--------------------------|---|
| 35. | EP Visokogradnja Plc. | LP Gas Ltd.                              | Debt   | RSD 1,098,898.15                             | Commercial Court in Belgrade   | 2018                     | First instance court accepted the claim. On the appeal of the respondent, the Commercial Court of Appeal quashed the decision and returned the case for re-opening in 2018<br>First instance proceeding |
| 36. | Husein Smailović      | EP Visokogradnja Plc.                    | Adjustment of monthly rent for damage compensation | RSD 59,000.00 monthly as of January 2010     | 3rd Basic Court in Belgrade    | 2018                     | A decision was adopted bringing the claim to be revoked   |
| 37. | Naim Hajdari          | EP Visokogradnja Plc.                    | Monthly rent for damage compensation               | RSD 15,000.00 monthly as of January 21, 1989 | 3rd Basic Court in Belgrade    | 2018                     | Ungrounded<br>First instance proceeding   |
| 38. | Radosavljević Velibor | EP Visokogradnja Plc.                    | Annulment of employment contract termination       |  | 3rd Basic Court in Belgrade    | 2018                     | Ungrounded<br>The prosecutor's request was rejected by the first instance verdict<br>The prosecutor appealed.<br>Second instance procedure  |
| 39. | EP Visokogradnja Plc. | PIK Zemun in bankruptcy                  | Debt   | RSD 33,705.46                                | Commercial Court in Belgrade   | Uncertain                | Presented receivables in bankruptcy.  |
| 40. | EP Visokogradnja Plc. | GZR Krstic, with Krstic Radomir as owner | Debt   | RSD 115,776.00                               | Commercial Court in Belgrade   | 2018                     | Justified. Compulsory payment on the way.   |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff                                 | Defendant  | Legal grounds  | Claim amount  | Court of relevant jurisdiction | Expected date of closure | Expected outcome   |
|-----|---|--|--|---|--------------------------------|--------------------------|--|
| 41. | EP Visokogradnja Plc.                     | SZR Kvirin, with Tanaskovic Milan as owner                                   | Debt   | RSD 31,642.40   | Commercial Court in Belgrade   | 2018                     | Justified. Compulsory payment on the way.  |
| 42. | Dragan Petrović                           | EP Visokogradnja Plc.  | Annulment of employment contract termination                         |   | 3rd Basic Court in Belgrade    | 2018                     | The claim was dismissed by the first instance verdict<br>Second instance procedure   |
| 43. | Milić Janković                            | Direkcija za građevinsko zemljište, EP Visokogradnja Plc. and Aleksić Ružica | Ownership title to be determined                                     |   | 1st Basic Court in Belgrade    | 2018                     | Justified<br>First-instance proceeding   |
| 44. | Residence object 10G, Bul. Mihajla Pupina | EP Visokogradnja Plc. and Stevanović Milinko                                 | Court should determine whether the Agreement is null and void or not |   | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding   |
| 45. | Residence object 10G, Bul. Mihajla Pupina | EP Visokogradnja Plc. and Omni promet Ltd.                                   | Court should determine whether the Agreement is null and void or not |   | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding   |
| 46. | Dević Ljubinko                            | EP Visokogradnja Plc.  | Salary payment   | EUR 5,774.42<br>The main debt was paid, requirements for interest remained in the lower amount than specified | 3rd Basic Court in Belgrade    | 2018                     | Ungrounded<br>First-instance proceeding  |
| 47. | Milorad Vasić                             | EP Visokogradnja Plc.  | Damage compensation (Block 12)                                       | RSD 25,732,877.55   | Higher court in Belgrade       | 2018                     | Revision of the plaintiff was rejected for the amount of adopted part of the claim, compensation for defects in the apartment is in the first instance procedure |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff             | Defendant                               | Legal grounds  | Claim amount                    | Court of relevant jurisdiction        | Expected date of closure | Expected outcome   |
|-----|-----------------------|---|--|---------------------------------|---------------------------------------|--------------------------|--|
| 48. | JP ViK Stara Pazova   | EP Visokogradnja                        | Debt   | RSD 167,162.40<br>RSD 33,558.94 | Commercial Court in Sremska Mitrovica | 2018                     | Uncertain;<br>First instance court accepted the claim; in proceeding upon our appeals<br><br>Second instance proceedings |
| 49. | EP Visokogradnja Plc. | Utva silosi Plc. Kovin u reorganizaciji | Debt   |                                 | Commercial Court in Pančevo           | Uncertain                | Receivables grounded but payment depending on restructuring plan.  |
| 50. | EP Visokogradnja Plc. | Amiga Ltd.Kraljevo in restructuring     | Debt   | RSD 114,425.00                  | Commercial Court in Kraljevo          | Uncertain                | Receivables grounded but payment depending on restructuring plan.  |
| 51. | EP Visokogradnja Plc. | Бон-Апеттит ООО, Ростов, РФ             | Debt based on loan   | RUB 5,048,082.19                | Arbitration Court in Rostov, RF       | Completed                | Collection possibility is minimal  |
| 52. | EP Visokogradnja Plc. | Тандем-Интер ООО, Ростов, РФ            | Debt based on loan   | RUB 5,236,849.31                | Arbitration Court in Rostov, RF       | Completed                | Collection possibility is minimal  |
| 53. | EP Visokogradnja Plc. | МКЦ РосЕвроДевелопмент ООО, Ростов, РФ  | Debt for works performed   | RUB 175,502,823.20              | Arbitration Court in Rostov, RF       | 2018                     | Justified  |
| 54. | Kombit                | EP Visokogradnja Plc.                   | Debt (Prokop)  | RSD 1,269,860.00                | Commercial Court in Belgrade          | Uncertain                | Partly collected, cca RSD 160.000,00, remaining amount - procedure is stopped. First-instance proceeding                 |
| 55. | Radoš Nenad           | EP Visokogradnja Plc.                   | Damage compensation due to unpaid salaries and differences from overtime and performance |                                 | 3rd Basic Court in Belgrade           | 2018                     | Uncertain; arrears of salary paid in their entirety First-instance proceeding  |
| 56. | Vidojević Vladan      | EP Visokogradnja Plc.                   | Damage compensation due to unpaid salaries and differences from overtime and performance |                                 | 3rd Basic Court in Belgrade           | 2018                     | Uncertain; arrears of salary paid in their entirety First-instance proceeding  |

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| No. | Plaintiff        | Defendant             | Legal grounds  | Claim amount     | Court of relevant jurisdiction | Expected date of closure | Expected outcome   |
|-----|------------------|-----------------------|--|------------------|--------------------------------|--------------------------|--|
| 57. | Paunović Ljubiša | EP Visokogradnja Plc. | Damage compensation due to unpaid salaries and differences from overtime and performance |                  | 3rd Basic Court in Belgrade    | 2018                     | Uncertain; arrears of salary paid in their entirety<br>Second-instance proceeding  |
| 58. | Jovičić Dejan    | EP Visokogradnja Plc. | Damage compensation due to unpaid salaries and differences from overtime and performance |                  | 3rd Basic Court in Belgrade    | 2018                     | Uncertain; arrears of salary paid in their entirety<br>First-instance proceeding   |
| 59. | Alen Vasić       | EP Visokogradnja Plc. | Damage compensation for injury at work   | RSD 600,000.00   | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding   |
| 60. | Topalović Igor   | EP Visokogradnja Plc. | Annulment of employment termination  |                  | 3rd Basic Court in Belgrade    | 2018                     | The first instance court accepted the claim. In the proceedings on our appeals.<br>Second-instance proceeding  |
| 61. | Predrag Radeka   | EP Visokogradnja Plc. | Damage compensation due to unpaid salaries and differences from overtime and performance |                  | 3rd Basic Court in Belgrade    | 2018                     | Uncertain; arrears of salary paid in their entirety<br>First-instance proceeding   |
| 62. | Danijel Šalipur  | EP Visokogradnja Plc. | Fortification existence of an employment and Damage compensation                         | RSD 1,320,000.00 | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding   |
| 63. | Miloje Živanović | EP Visokogradnja Plc. | Damage compensation due to unpaid salaries   | RSD 39,000.00    | 3rd Basic Court in Belgrade    | 2018                     | The first instance court accepted the claim. In the procedure for our appeal in respect of procedural interest and procedural costs.<br>Second-instance proceeding |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff         | Defendant        | Legal grounds   | Claim amount                    | Court of relevant jurisdiction | Expected date of closure | Expected outcome  |
|-----|-------------------|------------------|---|---------------------------------|--------------------------------|--------------------------|---|
| 64. | Rajko Vasiljević  | EP Visokogradnja | Damage compensation on behalf of less paid overtime   | EUR 2,500.00                    | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding                  |
| 65. | Topalović Igor    | EP Visokogradnja | Damage compensation on behalf of less paid overtime and payment of interest on delayed payment of salaries      |                                 | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding                  |
| 66. | Miloje Živanović  | EP Visokogradnja | Damage compensation on behalf of less severance paid and and payment of interest on delayed payment of salaries | EUR 2,487.94 and RSD 137,478.00 | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding                  |
| 67. | Miloje Živanović  | EP Visokogradnja | Damage compensation based on excess of overtime and individual performance                                      | RSD 420,000.00                  | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding                  |
| 68. | Kalinić Jovica    | EP Visokogradnja | Payment of annual leave for 2014  | EUR 772.00                      | 3rd Basic Court in Belgrade    | 2018                     | Principal debt is paid off<br>First-instance proceeding |
| 69. | Šerbedžija Đorđe  | EP Visokogradnja | Damage compensation based on excess of overtime and individual performance                                      | EUR 1,500.00                    | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br>First-instance proceeding                  |
| 70. | Pavlović Vladimir | EP Visokogradnja | Damage compensation due to delays in construction   | RSD 2,628,897.70                | 3rd Basic Court in Belgrade    | 2018                     | Ungrounded<br>First-instance proceeding                 |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff                   | Defendant        | Legal grounds  | Claim amount     | Court of relevant jurisdiction | Expected date of closure | Expected outcome   |
|-----|-----------------------------|------------------|--|------------------|--------------------------------|--------------------------|--|
| 71. | Stanković Nenad             | EP Visokogradnja | Annulment of the decision on termination of employment contract  |                  | 3rd Basic Court in Belgrade    | 2018                     | Uncertain, the first instance court accepted the claim; in the proceedings on our appeals<br><br>Second instance proceedings |
| 72. | Jovičić Dejan               | EP Visokogradnja | Damage compensation based on excess of overtime  | EUR 1,300.00     | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br><br>First-instance proceeding   |
| 73. | Marčeta Momčilo             | EP Visokogradnja | Annulment of the decision on termination of employment contract  |                  | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br><br>First-instance proceeding   |
| 74. | Dević Ljubinko              | EP Visokogradnja | Protection against harassment at work and compensation for damages                                       | RSD 200,000.00   | Higher Court in Belgrade       | 2018                     | Ungrounded<br><br>First-instance proceeding  |
| 75. | Milan Kovačević             | EP Visokogradnja | Payment of the bonus at the discretion of the Board of Directors   | EUR 50,000.00    | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br><br>First-instance proceeding   |
| 76. | Vladan Kovačević            | EP Visokogradnja | Compensation for delays in the construction and delivery of real estate (facility Car Nikolaj II street) | RSD 555,899.00   | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br><br>First-instance proceeding   |
| 77. | Pavić Biljana               | EP Visokogradnja | Compensation for damages due to overtime and payment of interest on delay in payment of earnings         | RSD 1,750,643.65 | 3rd Basic Court in Belgrade    | 2018                     | Uncertain<br><br>First-instance proceeding   |
| 78. | Trade union organization VG | EP Visokogradnja | Acquiring without foundation   | RSD 6,736,701.74 | Higher Court in Belgrade       | 2018                     | Uncertain<br><br>First-instance proceeding   |
| 79. | EP Visokogradnja            | Mikom Ltd.       | Debt Settlement  | EUR 31,641.47    | Commercial Court in Belgrade   | 2018                     | Grounded   |

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| No. | Plaintiff                        | Defendant                 | Legal grounds   | Claim amount       | Court of relevant jurisdiction | Expected date of closure         | Expected outcome   |
|-----|----------------------------------|---------------------------|---|--------------------|--------------------------------|----------------------------------|--|
| 80. | Svetlana Savić Ristić            | EP Visokogradnja          | Annulment of the decision on termination of employment contract |                    | 3rd Basic Court in Belgrade    | 2018                             | Uncertain<br>First-instance proceeding   |
| 81. | Zorica Grujić Kiš                | EP Visokogradnja          | Fortifications property rights                                  |                    | Higher Court in Belgrade       | 2019                             | Ungrounded<br>First-instance proceeding  |
| 82. | Miroslav Jovičić                 | EP Visokogradnja          | Salaries payment for period from 1.1.2009. to September 2017    |                    | 3rd Basic Court in Belgrade    | 2019                             | Uncertain<br>First-instance proceeding   |
| 83. | Đorđe Šerbedžija                 | EP Visokogradnja          | Payment of holiday allowance for 2016                           |                    | 3rd Basic Court in Belgrade    | 2018                             | Uncertain<br>First-instance proceeding   |
| 84. | EP Oprema Plc. i EP Holding Plc. | Municipality Medveđa      | Return  | RSD 120,000,000.00 | Commercial Court in Leskovac   | Uncertain; proceeding terminated | Uncertain<br>First-instance proceeding   |
| 85. | EP Oprema Plc.                   | Clinical Center of Serbia | Debt for works  | EUR 255,544.13     | Commercial Court in Belgrade   | 2018                             | Proceeding is in process, expert opinion confirmed the request of EP Oprema<br>First-instance proceeding   |
| 86. | EP Oprema Plc.                   | Clinical Center of Serbia | Damage compensation   | EUR 1,559,000.00   | Commercial Court in Belgrade   | 2018                             | First instance decision adopted the claim; KCS appealed<br>In the meantime, the appeal was adopted and the case was returned for re-opening.<br>First instance proceedings |
| 87. | Đorđević Goran                   | JP EMS and EP Oprema Plc. | Disturbance of possession                                       |                    | Basic Court in Kruševac        | 2018                             | First instance verdict dismisses the claim, on the appeal of the prosecutor awaiting a second instance decision<br>Second instance proceedings                             |

*Energoprojekt Holding Plc. Belgrade*

| No. | Plaintiff                           | Defendant   | Legal grounds   | Claim amount                                  | Court of relevant jurisdiction | Expected date of closure | Expected outcome   |
|-----|-------------------------------------|---|---|---|--------------------------------|--------------------------|--|
| 88. | Stanojković Milorad                 | EP Oprema Plc. and JP EMS   | Damage compensation   | RSD 10.000.00                                 | Basic Court in Vranje          | 2018                     | Partly justified; by appeal EP Oprema Second instance proceedings in process |
| 89. | Marinković Staniša                  | EP Oprema Plc.-intervener   | Damage compensation   | RSD 304.000.00                                | Basic Court in Vranje          | 2018                     | Partly justified First-instance proceeding is in progress - expertise        |
| 90. | Ristić Čedomir                      | EP Oprema Plc.-intervener   | Damage compensation   | RSD 63.000.00                                 | Basic Court in Vranje          | 2018                     | Partly justified; by appeal EP Oprema Second instance proceedings in process |
| 91. | Ćirović Novica                      | EP Oprema Plc.-second respondent JP EMS   | Damage compensation   | RSD 100.000.00                                | Basic Court in Leskovac        | 2018                     | First-instance proceeding in process   |
| 92. | Cvetković Milan                     | EP Oprema Plc. i JP EMS   | Damage compensation   | RSD 1.381.278.00                              | Basic Court in Vranje          | 2018                     | First-instance proceeding in process   |
| 93. | Stanković Vladan                    | EP Oprema Plc.  | Damage compensation in monthly rent   | RSD 8.000.00 monthly starting from 14.03.2016 | Basic Court in Bor             | Uncertain                | Adopted claim, the second instance procedure on our appeal                   |
| 94. | EP Oprema Plc. As consortium leader | Republic Commission for the Protection of Rights in Public Procurement Procedures | Annulment of the Commission's decision in public procurement procedure for works on the District Heating Plant "Novi Beograd" |   | Administrative Court           | Uncertain                | Uncertain  |
| 95. | Ep Oprema Plc.                      | DGP Zlatibor  | Payment of works performed  | RSD 42,000,000.00                             | Commercial Court in Belgrade   | Dispute is over          | Grounded, difficult collection, debtor in bankruptcy                         |
| 96. | Ep Oprema Plc.                      | Graditelj Lekovac   | Works performed in accordance with contracts  | RSD 71,129,042.82                             | Commercial Court in Leskovac   | Dispute is over          | Grounded, difficult collection, debtor in bankruptcy                         |
| 97. | Jovan Čvokić and others             | EP Niskogradnja Plc.  | Bonus   | EUR 20,145.11                                 | 3rd Basic Court in Belgrade    | 2018                     | Ungrounded First-instance proceeding   |
| 98. | Tanić Dušan                         | EP Niskogradnja Plc.  | Annulment of decision on amount of salary   |   | 3rd Basic Court in Belgrade    | Uncertain                | Ungrounded, proceeding terminated First-instance proceeding                  |

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| No.  | Plaintiff            | Defendant  | Legal grounds                                | Claim amount                         | Court of relevant jurisdiction | Expected date of closure | Expected outcome  |
|------|----------------------|--|--|--------------------------------------|--------------------------------|--------------------------|---|
| 99.  | EP Niskogradnja Plc. | Internacional CG in bankruptcy   | Debt   | RSD 474,718.82 with added interest   | Commercial Court in Belgrade   | Uncertain                | Recognized claim in bankruptcy proceedings  |
| 100. | EP Niskogradnja Plc. | UniCredit bank Plc. Mostar   | Performance guarantee                        | KM 3,500,000.00                      | Municipality court in Sarajevo | Uncertain                | Uncertain   |
| 101. | EP Niskogradnja Plc. | UniCredit bank Plc. Mostar   | Guarantees for regular repayment of advances | KM 7,000,000.00                      | Municipality court in Sarajevo | Uncertain                | Uncertain   |
| 102. | EP Niskogradnja Plc. | UniCredit bank Plc. Mostar   | Guarantees for regular repayment of advances | KM 4,000,000.00                      | Municipality court in Sarajevo | Uncertain                | Uncertain   |
| 103. | EP Niskogradnja Plc. | JK Banka Plc. in bankruptcy  | Claims registration                          | USD 218,000.00                       | Commercial Court in Belgrade   | Uncertain                | Justified   |
| 104. | EP Niskogradnja Plc. | Jugobanka Plc. Branch in New York  | Claims registration                          | USD 455,877.88 and RSD 12,060,320.00 | Commercial Court in Belgrade   | Uncertain                | Justified   |
| 105. | EP Niskogradnja Plc. | Beogradska banka Plc. in bankruptcy  | Claims registration                          | USD 4,546.10 and RSD 16,278,517.00   | Commercial Court in Belgrade   | Uncertain                | Justified   |
| 106. | Simić Ljubiša        | PC Putevi Srbije and EP Niskogradnja Plc.                                      | Damage compensation                          | EUR 4,598.80                         | 1st Basic Court in Belgrade    | 2018                     | Ungrounded<br>The first instance decision rejected the claim.<br>Second instance proceedings  |
| 107. | Strajnić Nenad       | PC Putevi Srbije and EP Niskogradnja Plc. –intervener                          | Damage compensation                          | RSD 183,928.48                       | Basic Court in Novi Sad        | 2018                     | Uncertain<br>First-instance proceeding  |
| 108. | Sekulić Dragan       | PC Putevi Srbije; Dunav osiguranje Plc.o. and EP Niskogradnja Plc.– intervener | Damage compensation                          | RSD 460,000.00                       | Basic Court in Novi Sad        | 2018                     | First instance court refused the request to EP Niskogradnji<br><br>Second instance proceeding |

*Energoprojekt Holding Plc. Belgrade*

| No.  | Plaintiff  | Defendant   | Legal grounds  | Claim amount  | Court of relevant jurisdiction     | Expected date of closure | Expected outcome  |
|------|--|---|--|---|------------------------------------|--------------------------|---|
| 109. | DIN Ltd.   | EP Niskogradnja Plc.                                | Debt by accounts   | RSD 542,836.83<br>the value of the<br>recourse request<br>400.000,00 RSD<br>value of the counter<br>claim | Commercial Court in<br>Belgrade    | 2018                     | Ungrounded; First<br>instance court refused<br>the request to appeal and<br>adopted our<br>counter-claim<br>Second instance<br>proceeding   |
| 110. | Jokić Todor                                      | EP Niskogradnja Plc.                                | Annulment of<br>termination of<br>temporary<br>employment<br>contract        |   | Basic Court in Gornji<br>Milanovac | 2018                     | The first instance court<br>refused the claim.<br>Second-instance<br>procedure  |
| 111. | Stanišić Tomo                                    | EP Niskogradnja Plc.                                | Damage<br>compensation   | RSD 244,413.97  | 3rd Basic Court in<br>Belgrade     | 2018                     | Ungrounded<br>First-instance<br>proceeding  |
| 112. | Matković Ljubiša,<br>Milostiva and Gordana       | Koridori Srbije,<br>Azvirt;<br>EP Niskogradnja Plc. | Damage compensation  | RSD 290,000.00  | Basic Court in Gornji<br>Milanovac | 2018                     | Uncertain<br>First-instance proceeding  |
| 113. | Matković Milan,<br>Mirjana, Dragana and<br>Marko | Koridori Srbije,<br>Azvirt;<br>EP Niskogradnja Plc. | Damage<br>compensation   | RSD 380,000.00  | Basic Court in Gornji<br>Milanovac | 2018                     | Uncertain<br>First-instance<br>proceeding   |
| 114. | RF PIO Filijala<br>Beograd                       | EP Niskogradnja Plc.                                | Recourse lawsuit   | RSD 419,600.10  | Commercial court in<br>Belgrade    | Uncertain                | Uncertain; proceeding<br>terminated<br>First-instance<br>proceeding   |
| 115. | Aleksandar Babić and<br>others                   | EP Niskogradnja Plc.                                | Bonus payment  | EUR 40,906.00   | 3rd Basic Court in<br>Belgrade     | 2018                     | Ungrounded<br>First-instance<br>proceeding  |
| 116. | Gordana and Veselin<br>Medenica                  | EP Niskogradnja Plc.                                | Damage<br>compensation for<br>injury at work                                 | RSD 1,861,500.00  | 3rd Basic Court in<br>Belgrade     | 2018                     | The first instance court<br>accepted the claim.<br>Second instance<br>proceedings   |
| 117. | Bosna putevi Sarajevo                            | EP Niskogradnja Plc.                                | Debt arising from<br>work carried out in<br>Yemen<br>Compensation<br>protest | Legal claim: USD<br>17,604,299.00<br>Compensation<br>protest:<br>USD 17,390,380.06                        | Commercial Court in<br>Belgrade    | 2018                     | EP Niskogradnja<br>declared a compensation<br>complaint.<br>The first instance verdict<br>established the<br>prosecutor's claim to the<br>EP NG in the amount of<br>USD 4,691,598.31 and<br>the EP NG claim against<br>the prosecutor in the<br>amount of USD |

*Energoprojekt Holding Plc. Belgrade*

| No.  | Plaintiff                                       | Defendant  | Legal grounds                             | Claim amount       | Court of relevant jurisdiction  | Expected date of closure | Expected outcome   |
|------|---|--|---|--------------------|---------------------------------|--------------------------|--|
|      |   |  |   |                    |                                 |                          | 4,691,598.31, and the court ruled that the mutual claims break through and that there is no obligation of the EP NG towards Bosna Putevi. On the appeal of the plaintiff, the case was returned to the first instance proceedings. The process is interrupted, because the prosecutor and the intervener stated revision against the decision.<br><br>First instance procedure |
| 118. | Vladimir Marinković                             | EP Niskogradnja Plc.                               | Overtime, Peru                            | USD 5,552.84       | 3rd Basic Court in Belgrade     | 2018                     | Ungrounded First-instance proceeding   |
| 119. | EP Niskogradnja Plc.                            | Dejan Vujić PR Dey trade Vreoci                    | Unjust enrichment                         | RSD 304,749.89     | Commercial Court in Belgrade    | Dispute is over          | In the process of enforcement  |
| 120. | Mušikić Vera and Branislav                      | PC Putevi Srbije EP Niskogradnja Plc. - intervener | Damage compensation death of people close | RSD 1,760,000.00   | Basic Court in Vrbas            | 2018                     | The defendant is PC Putevi Srbije, and EP Niskogradnja a.d. is an interlocutor on the side of the defendant.<br><br>Second instance proceedings  |
| 121. | Jovanović Vojislav, Mirjana, Dragana and Jovana | Koridori Srbije, Azvirt and EP Niskogradnja Plc.   | Damage compensation                       | RSD 380,000.00     | Basic Court in Gornji Milanovac | 2018                     | Uncertain  |
| 122. | EP Niskogradnja Plc. i                          | Intermost Ltd.in bankruptcy                        | Debt (Novi Sad)                           | RSD 378,685,160.00 | Commercial Court in Belgrade    | 2018                     | The first instance verdict partially rejected the claim of EP Niskogradnja, adopted a Counter requirements Intermost ad<br><br>Second instance proceedings   |
|      | Intermost Ltd.in bankruptcy                     | EP Niskogradnja Plc.                               | Debt (Novi Sad)                           | RSD 189,827,985.00 | Commercial Court in Belgrade    | 2018                     |  |

*Energoprojekt Holding Plc. Belgrade*

| No.  | Plaintiff                     | Defendant   | Legal grounds  | Claim amount          | Court of relevant jurisdiction  | Expected date of closure | Expected outcome  |
|------|-------------------------------|---|--|-----------------------|---------------------------------|--------------------------|---|
| 123. | Dunav osiguranje Plc.         | PC Putevi Srbije EP and Niskogradnja Plc.- intervener | Damage compensation                                    | RSD 170,536.00        | Commercial Court in Belgrade    | 2018                     | Uncertain First-instance proceeding   |
| 124. | PC Putevi Srbije              | EP Niskogradnja Plc.                                  | Recourse lawsuit                                       | RSD 351,403.64        | Commercial Court in Belgrade    | 2018                     | Uncertain First-instance proceeding   |
| 125. | PC Putevi Srbije              | EP Niskogradnja Plc.                                  | Recourse lawsuit                                       | RSD 134,657.49        | Commercial Court in Belgrade    | 2018                     | Uncertain First-instance proceeding   |
| 126. | Radislav Živković             | Evro gradnja 2000 and EP Niskogradnja Plc.            | Compensation for injury at work                        | RSD 560,000.00        | 3rd Basic Court in Belgrade     | 2018                     | Uncertain First-instance proceeding   |
| 127. | Savić Dragan                  | EP Niskogradnja, Koridori Srbije                      | Damage compensation                                    | RSD 300,000.00        | Basic court in Gornji Milanovac | 2018                     | Uncertain First-instance proceeding   |
| 128. | EP Niskogradnja Plc.          | GP Gemax Ltd. in bankruptcy                           | Secured claims arising from guarantee deposit retained | RSD 10,431,209.72     | Commercial Court in Belgrade    | 2018                     | Founded. Recognized secured claims  |
| 129. | S.Stojić                      | EP Hidroinženjering Plc.                              | Claims for unpaid salaries earned abroad               | USD 6,466.00          | 3rd Basic Court in Belgrade     | 2018                     | Favourable<br>The first instance verdict dismissed the claim.<br>On appeal plaintiff.<br><br>Second-instance procedure.                   |
| 130. | P. Stanišić and J. Blagojević | EP Hidroinženjering Plc.                              | Annulment of Decision of Housing Committee             | Not a pecuniary claim | 3rd Basic Court in Belgrade     | 2018                     | The first instance verdict dismissed the claim.<br>In the proceedings on the appeal of the second-degree.<br>Second instance proceedings. |

*Energoprojekt Holding Plc. Belgrade*

| No.  | Plaintiff  | Defendant   | Legal grounds   | Claim amount   | Court of relevant jurisdiction          | Expected date of closure  | Expected outcome  |
|------|--|---|---|--|---|---|---|
| 131. | M.Bojić  | EP Hidroinženjering Plc.  | Claims for unpaid salaries and food allowance earned abroad   | USD 5,816.00   | 3 <sup>rd</sup> Basic Court in Belgrade | 2018  | Favourable<br>The first instance verdict dismissed the claim. In the proceedings on the prosecutor's appeal. Second instance proceedings.   |
| 132. | EP Hidroinženjering Plc.   | RIKO Ljubljana Slovenija  | Unpaid invoices   | EUR 159,425.89   | Municipal Court in Ljubljana Slovenia   | Uncertain   | Favourable; first instance verdict in our favor<br>Second instance proceeding   |
| 133. | Z. Crnobrnja   | EP Hidroinženjering Plc.  | Fortifications of existence employment terms for the period 1985-1991   | Taxes and contributions from employment for the period from 20.01.1985-31.01.1991  | 3 <sup>rd</sup> Basic Court in Belgrade | 2018  | Favourable<br>First-instance proceeding   |
| 134. | Técnica y Proyectos S.A.;<br>Energoprojekt Hidroinženjering S.A. i<br>Carlos Alfredo Machicao Pereyra y Asociados S.R.L. | Proyecto Especial de Afianzamiento y Ampliación de los Recursos Hidricos de TACNA - PET | Ungrounded protesting financial guarantee of performance for the project Yaraskay + 30% of the balance upon the Agreement | USD 464,376.27 and<br>USD 218,216.99   | Arbitration Court in TACNA, Peru        | Current estimates of lawyers is that both processes could take approximately 24 months; preparation and presentation of technical-economic reports of independent expert is in process                | Favorable outcome regarding protesting guarantees and collection of final invoice; uncertain damage compensation  |
| 135. | Lahmeyer Agua y Energía S.A.;<br>Energoprojekt Hidroinženjering S.A. i<br>Técnica y Proyectos S.A.                       | Proyecto Especial de Irrigación e Hidroenergético del Alto PIURA - PEIHAP               | Final liquidation and our request for damage compensation   | USD 46,352.03 (our request upon agreement);<br>USD 541,319.18 (our request for suffered damage) and<br>USD 2,277,471.61 (request by defendant) | Arbitration Court in PIURA, Peru        | The Absentral Dispute was ended on September 1, 2017, the Arbitral Tribunal passed unanimous decisions on September 25, 2017. PEIHAP objected to the decision and its execution. Based on the current | The most important decision concerns the rejection of the client's claim for compensation of damages, as well as its Final liquidation. The final liquidation of our Consortium was accepted. All requests for compensation for the damage suffered are rejected. Declared that there is no place for |

*Energoprojekt Holding Plc. Belgrade*

| No.  | Plaintiff                     | Defendant  | Legal grounds  | Claim amount      | Court of relevant jurisdiction            | Expected date of closure  | Expected outcome   |
|------|-------------------------------|--|--|-------------------|---|---|--|
|      |                               |  |  |                   |   | situation, it is estimated that this final phase of the Arbitration ruling will last until March 2018. PEIHAP also filed a complaint with the High Court for the destruction of an arbitral decision. | litigations costs and arbitration costs, therefore each party shall bear its own.      |
| 136. | EP Energodata Plc.            | Šipad komerc in<br>bunkruptcy                            | Unpaid services performed                                  | RSD 258,586.20    | Commercial Court in Belgrade              | Executive decision granted, defendant in bankruptcy. Reported claim in bankruptcy proceedings.  | Uncertain payment amount.  |
| 137. | EP Energodata Montenegro Ltd. | SOGE Banka Grbić Milan                                   | Determination of the nullity of the security               | EUR 43,000.00     | Commercial Court of Montenegro, Podgorica | 2018  | Uncertain<br>First instance proceeding   |
| 138. | EP Energodata Montenegro Ltd. | SOGE Banka Grbić Milan                                   | Determination of the nullity of the security               | EUR 10,000.00     | Commercial Court of Montenegro, Podgorica | 2018  | Uncertain<br>First instance proceeding   |
| 139. | EP Energodata Montenegro Ltd. | Grbić Milan  | Damage compensation  | EUR 34,035.00     | Basic Court Podgorica                     | 2018  | Grounded<br>First instance proceeding  |
| 140. | Violeta Nikolić               | EP Garant Plc.o.   | Request to be reappointed to position of Executive Manager |                   | 3rd Basic Court in Belgrade               | 2018  | Ungrounded<br>First-instance proceeding  |
| 141. | EP Garant Plc.o.              | JKP BVK Beogradski vodovod                               | Regres – Damage compensation                               | RSD 1,900,000.00  | Commercial Court in Belgrade              | 2018  | Up to 40% of demanded (700.000 RSD)  |
| 142. | EP Garant Plc.                | Sistem FPS obezbeđenje Ltd.                              | Insurance premiums collection                              | RSD 185,000.00    | Commercial Court in Belgrade              | Dispute is over   | There is no evidence that the decision was delivered to the debtor                     |
| 143. | EP Entel Plc.                 | JP EPS (RB Kolubara)                                     | Debt payment on different accounts                         | RSD 11,628,000.00 | Commercial Court in Belgrade              | 2018  | First instance court accepted claim of EP Entel Plc.<br><br>Second instance proceeding |
| 144. | Paripović Duško               | EP Entel Plc., as second Defendant, out of four in total | Damage compensation – injury at work                       | RSD 1,300,000.00  | Basic Court in Požarevac                  | Uncertain   | Uncertain; proceeding terminated<br><br>First-instance proceeding                      |

*Energoprojekt Holding Plc. Belgrade*

| No.  | Plaintiff                                       | Defendant                        | Legal grounds   | Claim amount     | Court of relevant jurisdiction | Expected date of closure | Expected outcome   |
|------|---|----------------------------------|---|------------------|--------------------------------|--------------------------|--|
| 145. | Milanka Bančić                                  | EP Industrija a.d                | Housing lawsuit   |                  | 3rd Basic Court in Belgrade    | 2018                     | Final judgment rejected the claim.<br>The prosecutor declared the audit.<br>Third instance proceeding  |
| 146. | Marko Martinoli                                 | EP Industrija Plc.               | Annulment of the decisions of the 27th Extraordinary Assembly Meeting |                  | Commercial Court in Belgrade   | 2018                     | First instance proceeding  |
| 147. | EP Industrija Plc.                              | Jugoremedija Plc.- in bankruptcy | Claims registration   | EUR 321,146.18   | Commercial Court in Zrenjanin  | Uncertain                | RSD 28.884.312,77 – approved by decision on correction   |
| 148. | EP Industrija                                   | Milanka Bančić                   | Eviction  |                  | Municipality Novi Beograd      | Uncertain                | Uncertain  |
| 149. | Marko Martinoli and other minority shareholders | EP Industrija Plc.               | Request for an emergency session of Assembly                          |                  | Commercial Court in Belgrade   | 2018                     | Uncertain; final decision partially rejected proposals of minority shareholders; remaining deciding on one other point required<br>First instance proceeding |
| 150. | EP Urbanizam i arhitektura. Plc.                | M. Cvijić                        | Damage compensation   | RSD 1,523,072.42 | 3rd Basic Court in Belgrade    | Uncertain                | Uncertain; in process of forced execution  |
| 151. | Tamara Vukadinović                              | EP Urbanizam. i arhitektura Plc. | Annulment of dismissal  |                  | 3rd Basic Court in Belgrade    | Uncertain                | Uncertain<br>First-instance proceeding   |
| 152. | Jelena Davidović                                | EP Urbanizam i arhitektura Plc.  | Annulment of dismissal  |                  | 3rd Basic Court in Belgrade    | Uncertain                | First instance court rejected claim<br>Second instance proceeding  |
| 153. | Veljković Novica                                | EP Urbanizam i arhitektura Plc.  | Annulment of Anex 3   |                  | 3rd Basic Court in Belgrade    | Uncertain                | First-instance proceeding  |
| 154. | Marković Vladimir                               | EP Urbanizam i arhitektura Plc.  | Debt  | 10,147.80 USD    | 1st Basic Court in Belgrade    | Uncertain                | First instance accepted claim of Prosecutor<br>Second instance proceeding by appeal of EP Urbanizam i arhitektura in process                                 |

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

In addition to aforementioned litigations, Energoprojekt Oprema has filed the following international arbitrations:

- with SNC Lavalin in the amount of EUR 1,270 thousand and with International Project Services Ltd. - Branch in the amount of EUR 970 thousand, related to receivables for the project RTB Bor, primarily from verified payment certificates (receivables, in this matter, arose from prior periods, are impaired) and unverified payment certificates (the figure is recorded within receivable for non-invoiced income). SNC Lavalin has not yet collected its receivables from the company RTB Bor Ltd., and the payment has been arranged according to the "back to back" principle. Since, the SNC Lavalin has terminated the contract at its sole discretion, Energoprojekt Oprema considers that the "back to back" payment is not applicable, and a special payment provision which is used in case of termination of the contract, is the one that is going to be applied. If the final outcome would be made in favor of Energoprojekt Oprema, the possibility of collection is high;
- with Gazprom Transgaz Belarus, related to receivable for the project Energoentar Minsk, Belarus in the amount of USD 32,500 thousand, mostly comprises: value of equipment: USD 22,700 thousand, unfounded collection of performance guarantee: USD 5,000 thousand, project works: USD 1,500,000 and indirect costs: USD 2,700 thousand. The investor has not received the equipment and documentation preparation has not been completed. Gazprom Transgaz Belarus has halted the works itself, although Energoprojekt Oprema has delivered the equipment according to contractual obligations, which stipulate that the investor becomes the owner of the equipment upon its arrival at the construction site. The final outcome of this legal proceeding is uncertain; however, if it would be made in favor of Energoprojekt Oprema, the possibility of collection is high.

#### **48. POST BALANCE SHEET EVENTS**

According to the Share Sale and Purchase Agreement (made on November 15, 2017, between Energoprojekt Holding Plc. and Sava Re Pozavarovalnica Sava dd), the Energoprojekt Holding Plc., through a block transaction realized at the Belgrade Stock Exchange on March 09, 2018, sold its entire equity share within the company Energoprojekt Garant Plc. Belgrade (92.94% of shares). The announcement of a notice of the non intended takeover, the takeover bid, which determined the intention to alienate 146,155 shares of the issuer Energoprojekt Garant Plc., Belgrade, owned by Energoprojekt Holding, was preceded the sale. The transaction was settled on March 13, 2018. Pursuant to the prior approval of the National Bank of Serbia, which granted the buyer acquisition of the qualified shares, the trading was performed.

On March 14, 2018, 441 shares of the Beogradsko Mešovito Preduzeće Plc., were sold. Note.27

In March 2018, the Energoprojekt Entel filed a lawsuit against the PC Elektroprivreda Srbije for an unfounded denial of invoices in the amount of RSD 48,938 thousand.

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

In Belgrade,  
On April 27, 2018

Legal Representative

  
Stojan Čolakov  
M.Sc.C.E.



**INDEPENDENT AUDITOR'S REPORT  
ON ANNUAL BUSINESS REPORT**

**To the Shareholders of Energoprojekt Holding Plc. Belgrade**

*We have audited the accompanying standalone and consolidated financial statements of Energoprojekt Holding Plc. Belgrade (hereinafter: "The Company") for the year 2017, on which we issued our audit opinion on April 27, 2018.*

*According to the requirements arising from Article 30 of the Law on Auditing ("Official Gazette of the Republic of Serbia", no. 62/2013) and Article 11 of the Rulebook on the Conditions for the Audit of Financial Statements of Public Enterprises ("Official Gazette of the Republic of Serbia", No. 114 / 2013) we have performed a compliance check of the annual business report with the annual financial statements of the Company.*

*Management of the Company is responsible for the preparation and fair presentation of annual business report (including information disclosed in the standalone and consolidated financial statements) in accordance with current regulations in effect.*

*Our responsibility is to express an opinion on the consistency of the Company's annual business report for the year 2017 with the standalone and consolidated financial statements for the year then ended. Our procedures in this regard were performed in accordance with International Standard on Auditing 720 "The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements".*

*Based on conducted audit procedures, we have not found any material inconsistencies indicating that the Company's annual business report for the year 2017 is not in line with the Company's audited standalone and consolidated financial statements for the year then ended.*

*Belgrade, April 27, 2018*

„MOORE STEPHENS  
Revizija i Računovodstvo“ d.o.o. Beograd

*Bogoljub Aleksić*

Managing Partner



### 3. ANNUAL BUSINESS REPORT OF ENERGOPROJEKT HOLDING PLC. FOR 2017

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- Company background;
  - Summary of Company's business operations and organizational structure;
  - Overview of Company's development, financial position and business results, including relevant financial and non-financial indicators and personnel-related information;
  - Description of Company's expected development in the following period, changes in its business policies and main risks and threats to which its business is exposed;
  - Significant events after the end of the reporting business year;
  - Significant transactions with related parties;
  - Company's research and development activities;
  - Information on investments aimed at environmental protection;
  - Information on redemption of own stock and/or shares;
  - Company branches;
  - Financial instruments of significance for the assessment of Company's financial position and business results;
  - Objectives and policies related to financial risk management and protection policy for each type of planned significant transaction for which protection is applied; Exposure to price risk, credit risk, liquidity risk and cash flow risk, management strategy for these risks and assessment of their effectiveness;
  - Statement on Code of Corporate Governance.
- 

Note:

Annual Business Report and Consolidated Annual Business Report of Energoprojekt Holding plc. for 2017 were presented as a single report and these contain information of significance for the economic entity.

## Company Background

Business name: Energoprojekt Holding Plc.

Head office and address: Beograd, Bulevar Mihaila Pupina 12

Registration number: 07023014

TIN: 100001513

Web site and e-mail address: [www.energoprojekt.rs](http://www.energoprojekt.rs) ; [ep@energoprojekt.rs](mailto:ep@energoprojekt.rs)

Number and date of the Decision on Company Registration with the Companies Register: BD 8020/2005

Registered business activity (code and description): 06420 - Holding Company

Number of employees (average number of employees in 2017): 75

Auditor's business name, head office and business address: MOORE STEPHENS Revizija i Računovodstvo d.o.o, Beograd, Studentski Trg 4/V

Number of shareholders (as at December 31, 2017): 3,855

Ten principal Company's shareholders (as at December 31, 2017):

|     |                                  |           |        |
|-----|----------------------------------|-----------|--------|
| 1.  | Napred Razvoj Plc. New Belgrade  | 4,500,394 | 41.17% |
| 2.  | Republic of Serbia               | 3,671,205 | 33.58% |
| 3.  | Montinvest Properties Ltd.       | 564,699   | 5.17%  |
| 4.  | Jopag AG                         | 560,731   | 5.13%  |
| 5.  | Tezoro broker Plc. – summ. acc.  | 193,543   | 1.77%  |
| 6.  | Energoprojekt Holding Plc.       | 97,700    | 0.89%  |
| 7.  | Tezoro broker Plc.               | 81,150    | 0.74%  |
| 8.  | Global Macro Capital Opportuni   | 74,772    | 0.68%  |
| 9.  | East Capital - East Capital Balk | 70,000    | 0.64%  |
| 10. | Polunin Discovery Funds          | 58,965    | 0.54%  |

Basic capital: Share capital RSD 5,574,958,920

Number of shares: 10,931,292 ordinary shares

Nominal value of share is RSD 510

ISIN number: RSHOLDE58279

CIF with: ESVUFR

Price of shares over the reported period:

- Last price (as at December 31, 2017): RSD 1,000/share
- Highest price (as at May 23, 2017): RSD 1,520/share
- Lowest price (as at December 28, 2017): RSD 1,000/share

Market capitalization (as at December 31, 2017) : RSD 10,931,292,000

Organized market: Belgrade Stock Exchange, New Belgrade, Omladinskih brigada 1

Energoprojekt Holding Plc. shares are prime-listed on the Belgrade Stock Exchange. Shares of other companies of the Energoprojekt Group are traded in the Open Market of the Belgrade Stock Exchange (share of Energoprojekt Entel Plc. and Energoprojekt Industrija Plc. Companies) and in the MTP Belex market segment of the Belgrade Stock Exchange (share of the Energoprojekt Oprema Plc. and Energoprojekt Garant Ltd. Companies).

## **Overview of Company's Business Activities and Organizational Structure**

Energoprojekt Group comprises of the Energoprojekt Holding Plc. as the parent company and its subsidiaries in the country and abroad. Based on equity investments, Companies of the Energoprojekt Group are related companies, since the Energoprojekt Holding Plc. directly or indirectly (through its subsidiaries) holds the majority ownership share in all these companies.

Energoprojekt Holding Plc. is the controlling – parent company pursuing holding operations, or financing and management of subsidiaries. In addition to energy and water management, the business activity of Energoprojekt Group includes design and construction of industrial plants, public and residential complexes, telecommunication systems, service provision in the fields of urbanism and environmental protection, information technologies, trade, real estate and insurance.

According to the Company's turnover, except for the domestic market, the most important markets are those in the African countries (Nigeria, Uganda, Rwanda, Ghana, Algeria, Zambia), Kazakhstan, Russia, Belarus, Near East (Qatar, UAE, Oman, Jordan) and South America (Peru).

#### Information about Company management

Supervisory Board members (as at December 31, 2017):

| Name, family name and place of residence | Educational background                       | No. of ENHL shares |
|--|--|--------------------|
| 1. Dobroslav Bojović, President          | VII-1 degree, B.Sc.Ecc.                      | 47,004             |
| 2. Miodrag Zečević, member               | VIII degree, M.Sc.E.E.                       | 7,254              |
| 3. Nada Bojović, member                  | VII-1 degree, B.Sc. Labour Organization Eng. | 0                  |
| 4. Vitomir Perić, member                 | VII-1 degree, B.Sc.Mech.                     | 1,108              |
| 5. Branislav Ivković, member             | VIII degree, B.Sc.C.E.                       | 1,000              |
| 6. Marko Milojević, member               | VII-2 MA in European Business Law            | 0                  |

Executive Board members (as at December 31, 2017):

| Name, family name and place of residence                                   | Educational background  | No. of ENHL shares |
|--|-------------------------|--------------------|
| 1. Stojan Čolakov, General Manager   | VII-1 degree, M.Sc.C.E. | 0                  |
| 2. Vladimir Višnjić,<br>Executive Manager for Finance, Accounting and Plan | VII-1 degree, B.Sc.Ecc. | 0                  |
| 3. Milan Mamula,<br>Executive Manager for Legal Issues                     | VII-1 degree, M.Sc.Law  | 0                  |
| 4. Bogdan Uzeac,<br>Executive Manager for Operational Issues               | VII-1 degree, M.Sc.C.E. | 0                  |

## Overview of Company’s development, financial position and business results, including relevant financial and non-financial indicators and personnel-related information

The consolidated financial statements of Energoprojekt Holding Plc. aside of parent company “Energoprojekt Holding” Plc., Belgrade (hereinafter referred as: “Energoprojekt Holding“ or „Company“), are including also:

- 13 subsidiary companies in the country, out of which 12 are directly subsidiaries (9 as Plc. and 3 as limited companies) and 1 is subsidiary indirectly, through other subsidiaries (1 limited liability company),
- 1 joint-venture, hereinafter: Joint-venture (1 limited liability company) with capital share of 50%,
- 1 affiliated company (1 Plc.), as well as
- 7 directly subsidiary companies abroad.

Within subsidiary companies units for investment works and representative branches abroad are organized (83 in total) as well as own companies in the country and abroad (14 subsidiaries abroad, 1 affiliated company abroad and 1 affiliated company in the country), which jointly conduct construction, design, equipping, making of studies, research, programming of investment facilities and systems, sales of goods and services and other business activities.

The consolidation Group for of Energoprojekt Holding plc. in 2017 included the following units:

| Business Activity          | No. of subsidiaries, affiliates and joint-ventures in the country | No. of units for investment works abroad and branch offices abroad | No. of subsidiaries and affiliates abroad |
|----------------------------|---|--|---|
| Design and Research        | 4   | 36   | 5   |
| Construction and Equipping | 6   | 47   | 13  |
| Holding                    | 1   |  |   |
| Other                      | 6   |  | 4   |
| <b>Total</b>               | <b>17</b>   | <b>83</b>  | <b>22</b>                                 |

The average number of employees in the Energoprojekt Group in 2017 as of the end of each month, not including local workers abroad, is 2,243 (2,345 in 2016).

Consolidation Group comprises of the Energoprojekt Holding parent company and of the following subsidiary and affiliated companies and joint undertakings in the country listed below, and of the subsidiary companies abroad – international companies:

**Subsidiaries, joint-ventures and affiliated companies in the country**

| No.  | N a m e                                    | % ownership share |
|--|--|-------------------|
| <i>Subsidiary Companies</i>  |  |                   |
| <i>Construction and Equipping</i>  |  |                   |
| 1.   | Energoprojekt Visokogradnja Plc.           | 100.00            |
| 2.   | Energoprojekt Niskogradnja Plc.            | 100.00            |
| 3.   | Energoprojekt Oprema Plc.                  | 67.87             |
| 4.   | Energoprojekt Sunnyville Ltd.              | 100.00            |
| 5.   | Energoprojekt Park 11 Ltd.                 | 100.00            |
| <i>Design and Research</i>   |  |                   |
| 6.   | Energoprojekt Urbanizam i arhitektura Plc. | 100.00            |
| 7.   | Energoprojekt Industrija Plc.              | 62.77             |
| 8.   | Energoprojekt Entel Plc.                   | 86.26             |
| 9.   | Energoprojekt Hidroinženjering Plc.        | 100.00            |
| <i>Other</i>   |  |                   |
| 10.  | Energoprojekt Energodata Plc.              | 100.00            |
| 11.  | Energoprojekt Promet Ltd.                  | 100.00            |
| 12.  | Energoprojekt Garant Ltd.                  | 92.94             |
| 13.  | Energoplast Ltd.                           | 60.00             |
| (Energoprojekt Industrija Plc. 40,00% and Energoprojekt Entel Plc. 20,00%) |  |                   |

## ***Joint Ventures***

### ***Construction and Equipping***

|     |            |       |
|-----|------------|-------|
| 14. | Enjub Ltd. | 50.00 |
|-----|------------|-------|

## ***Affiliated companies***

### ***Other***

|     |                        |       |
|-----|------------------------|-------|
| 15. | Fima See Activist Ltd. | 30.16 |
|-----|------------------------|-------|

Applying the total consolidation method, the consolidated financial statements of the Energoprojekt Group are including the subsidiary company Energoplast Ltd., with prior elimination, by equity method, of its presence in financial statements of Energoprojekt Industrija Plc. (40.00%) and Energoprojekt Entel (20.00%), made through primary consolidation.

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

## **Subsidiary companies abroad – international companies:**

| No. | N a m e | % ownership share |
|-----|---------|-------------------|
|-----|---------|-------------------|

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## ***Subsidiary Companies***

### ***Construction and Equipping***

|    |  |        |
|----|--|--------|
| 1. | Zambia Engineering and Contracting Company Limited, Zambia | 100.00 |
| 2. | Energoprojekt Holding Guinee S.A, Guinea                   | 100.00 |
| 3. | Energo (Private) Limited, Zimbabwe                         | 100.00 |
| 4. | Energo Kaz d.o.o., Kazakhstan                              | 100.00 |

***Other***

|    |   |        |
|----|---|--------|
| 5. | I.N.E.C. Engineering Company Limited, UK              | 100.00 |
| 6. | Encom GmbH Consulting, Engineering & Trading, Germany | 100.00 |
| 7. | Dom 12 S.A.L, Lebanon                                 | 100.00 |

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

Among the above listed subsidiary companies in the country, Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema, Energoprojekt Industrija, Energoprojekt Entel, Energoprojekt Hidroinzenjering, Energoprojekt Energodata and Zambia Engineering and Contracting Company Limited, Zambia; are at the same time parent companies that prepare consolidated financial statements, and thus their subsidiary and affiliated companies listed in the following table are included through the primary consolidation.

| No. | N a m e | Included through primary consolidation |
|-----|---------|--|
|-----|---------|--|

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***Foreign countries***

***Subsidiary companies abroad - international companies***

***Construction and Equipping***

|    |  |  |
|----|--|--|
| 1. | Energoprojekt Ghana Ltd., Accra, Ghana                       | EP Visokogradnja Plc.                                      |
| 2. | Energoprojekt Montenegro Ltd., Montenegro                    | EP Visokogradnja Plc.                                      |
| 3. | Energoprojekt Rus Ltd., Moscow, Russia                       | EP Visokogradnja Plc.                                      |
| 4. | Energo Uganda Company Ltd, Kampala, Uganda                   | EP Niskogradnja Plc.                                       |
| 5. | Enlisa S.A., Lima, Peru                                      | EP Niskogradnja Plc.                                       |
| 6. | Energoprojekt Oprema Crna Gora d.o.o., Podgorica, Montenegro | EP Oprema Plc.   |
| 7. | OOO Belgrade, Belarus  | EP Oprema Plc.   |
| 8. | Energoprojekt Zambia Limited, Zambia                         | Zambia Engineering and Contracting Company Limited, Zambia |

### ***Design and Research***

- |     |  |                          |
|-----|--|--------------------------|
| 9.  | Energoprojekt Entel L.L.C., Muscat, Sultanate Oman | EP Entel Plc.            |
| 10. | Energoprojekt Entel LTD, Doha, Qatar               | EP Entel Plc.            |
| 11. | Energiconsult L.L.C., Abu Dhabi, UAE               | EP Entel Plc.            |
| 12. | Energoprojekt Entel Company, Bahrein               | EP Entel Plc.            |
| 13. | Enhisa S.A., Lima, Peru                            | EP Hidroinzenjering Plc. |

### ***Other***

- |     |  |                    |
|-----|--|--------------------|
| 14. | Energoprojekt Energodata Montenegro Ltd., Montenegro | EP Energodata Plc. |
|-----|--|--------------------|

### ***Affiliated Companies abroad***

#### ***Construction and Equipping***

- |     |  |                |
|-----|--|----------------|
| 15. | Energoprojekt Oprema Ltd., Lagos, Nigeria (40.00%) | EP Oprema Plc. |
|-----|--|----------------|

### ***In the Country***

#### ***Affiliated Companies in the Country***

##### ***Other***

- |     |                          |                    |
|-----|--------------------------|--------------------|
| 16. | Energopet Ltd. (33.33 %) | EP Industrija Plc. |
|-----|--------------------------|--------------------|

Applying equity method Energoprojekt Oprema Ltd., Lagos, Nigeria is included in consolidated financial statements through the first-degree consolidation of subsidiary Energoprojekt Oprema (having 24.92% share); however, consolidated financial statements of the Energoprojekt Holding are keeping 40.00% of share, due to auditing qualification of consolidated financial statement of Energoprojekt Oprema that it was not possible to verify share of Energoprojekt Oprema, due to lack of relevant documentation to approve the new share of 24.92%.

Authentic overview of the development and business results of the Company, its financial position and information of significance for the assessment of the Company's assets are presented in detail and explained in the "Notes to Financial Statements for the Year of 2017".

Only some of the relevant parameters of the parent company's (Energoprojekt Holding Plc.) and of the Energoprojekt Group's business operations are presented below, which are of significance for adequate understanding of the presented subject matter.

## Structure of the total business result of Energoprojekt Holding Plc. (parent company) in 2017

| Structure of gross result   | In RSD thousand  |                  |
|---|------------------|------------------|
|   | 01/01-31/12 2017 | 01/01-31/12/2016 |
| Operating income  | 440,253          | 428,649          |
| Operating expenses  | 431,736          | 403,463          |
| <b>Operating result</b>   | <b>8,517</b>     | <b>25,186</b>    |
| Financial revenues  | 608,855          | 497,143          |
| Financial expenses  | 147,024          | 30,454           |
| <b>Financial result</b>   | <b>461,831</b>   | <b>466,689</b>   |
| Revenues from valuation adjustment of other assets disclosed at fair value through Profit or Loss                     |                  |                  |
| Other revenues  | 410              | 263,677          |
| Expenses from valuation adjustment of other assets disclosed at fair value through Profit or Loss                     |                  | 10               |
| Other expenses  | 31,883           | 509,795          |
| <b>Result of other revenues and expenses</b>  | <b>-31,473</b>   | <b>-246,128</b>  |
| Net income from discontinuing operations, changes in accounting policy and correction of errors from previous period  |                  |                  |
| Net expense from discontinuing operations, changes in accounting policy and correction of errors from previous period | 112              | 66               |
| <b>TOTAL INCOME</b>   | <b>1,049,518</b> | <b>1,189,469</b> |
| <b>TOTAL EXPENSE</b>  | <b>610,755</b>   | <b>943,788</b>   |
| <b>PROFIT/LOSS BEFORE TAX</b>   | <b>438,763</b>   | <b>245,681</b>   |

## Earnings per Share

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

| Indicator                          | In RSD thousand  |                  |
|------------------------------------|------------------|------------------|
|                                    | 01/01-31/12/2017 | 01/01-31/12/2016 |
| Net profit                         | 438,933          | 232,114          |
| Average number of shares per year  | 10,845,637       | 10,845,637       |
| <b>Earnings per share (in RSD)</b> | <b>40.47</b>     | <b>21.40</b>     |

The most important liquidity indicators for the Company's business in 2017 are presented in the following table, and specifically:

- The current liquidity ratio (ratio of working capital and short-term liabilities), indicating the short-term liabilities coverage against working capital;
- Quick ratio (ratio of liquid assets, which include total working capital reduced by inventories, and short-term liabilities), indicating the short-term liabilities coverage against liquid assets;
- Operating cash flow liquidity ratio (ratio of cash flow increased by cash equivalents and short-term liabilities), indicating the short-term liabilities coverage against cash assets; and
- Net working capital (the excess of working capital over short-term liabilities).

Drawing conclusions on liquidity indicators based on the ratio analysis means, *inter alia*, comparison of these indicators against satisfactory general standards, which are presented in the following table.

| Liquidity Indicators                     | Satisfactory General Standards | 2017    | 2016    |
|--|--------------------------------|---------|---------|
| Current liquidity ratio                  | 2:1                            | 1,21:1  | 1,93:1  |
| Quick ratio                              | 1:1                            | 1,20:1  | 1,93:1  |
| Operating cash flow ratio                |                                | 0,18:1  | 0,13:1  |
| Net working capital<br>(in RSD thousand) | Positive Value                 | 291,408 | 899,571 |

The results of the ratio analysis indicate that the Company was **liquid** during 2017, meaning that it had no difficulties to meet its due liabilities or to maintain the necessary scope and structure of the working capital and to preserve its good creditworthiness.

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

| Profitability indicators   | In RSD thousand  |                  |
|--|------------------|------------------|
|  | 2017             | 2016             |
| Net profit   | 438,933          | 232,114          |
| Average capital:   |                  |                  |
| a) Capital at the beginning of the year                          | 8,421,896        | 8,450,766        |
| b) Capital at the end of the year                                | 8,529,997        | 8,421,896        |
| <b>Total</b>   | <b>8,475,947</b> | <b>8,436,331</b> |
| <b>Average return rate on own capital at the end of the year</b> | <b>5.18%</b>     | <b>2.75%</b>     |

Financial adequacy structure is reflected in the amounts and types of debts.

The most significant indicators of Company's financial structure are presented in the following Tables, and specifically:

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

| Financial structure indicators                    | <i>In RSD thousand</i> |                   |
|---|------------------------|-------------------|
|   | <i>31/12/2017</i>      | <i>31/12/2016</i> |
| Liabilities                                       | 1,415,346              | 969,553           |
| Total assets                                      | 10,100,160             | 9,546,048         |
| <b>Ratio of borrowed funds to total assets</b>    | <b>0.14 : 1</b>        | <b>0.10 : 1</b>   |
| Long-term assets:                                 |                        |                   |
| a) Capital  | 8,529,997              | 8,421,896         |
| b) Long-term provisions and long-term liabilities | 154,817                | 154,599           |
| <b>Total</b>                                      | <b>8,684,814</b>       | <b>8,576,495</b>  |
| Total assets                                      | 10,100,160             | 9,546,048         |
| <b>Ratio of long-term to total assets</b>         | <b>0.86 : 1</b>        | <b>0.90 : 1</b>   |

**The net debt ratio** indicates the Company's capital coverage against Company's net debt.

Net debt means the difference between:

- Total (long-term and short-term) financial liabilities of the Company (total liabilities reduced by the capital, long-term provisions and deferred tax liabilities of the Company plus Loss Above Equity)  
and
- Cash and cash equivalents.

| Parameters for the net debt to capital ratio | <i>in RSD thousand</i> |                   |
|--|------------------------|-------------------|
|  | <i>31/12/2017</i>      | <i>31/12/2016</i> |
| Net debt:                                    |                        |                   |
| a) Liabilities                               | 1,415,346              | 969,553           |
| b) Cash and cash equivalents                 | 251,917                | 128,791           |
| <b>Total</b>                                 | <b>1,163,429</b>       | <b>840,762</b>    |
| Capital                                      | 8,529,997              | 8,421,896         |
| <b>Net debt to capital ratio</b>             | <b>1 : 7.33</b>        | <b>1 : 10.02</b>  |

## Energoprojekt Group operating income structure for 2017

| Structure of gross operating income  | In RSD dinars     |                   |
|--|-------------------|-------------------|
|  | 01/01-31/12/17    | 01/01-31/12/16    |
| Operating income   | 32,989,557        | 32,256,527        |
| Operating expense  | 31,986,221        | 31,556,698        |
| <b>Operating income</b>  | <b>1,003,336</b>  | <b>699,829</b>    |
| Financial income   | 2,242,994         | 1,688,958         |
| Financial expenses   | 2,446,958         | 1,647,261         |
| <b>Financial income</b>  | <b>(203,964)</b>  | <b>41,697</b>     |
| Revenues from valuation adjustment of other assets disclosed at fair value through Profit or Loss  | 15,480            | 40,734            |
| Other income   | 385,641           | 1,168,041         |
| Expenses from valuation adjustment of other assets disclosed at fair value through Profit or Loss  | 149,256           | 77,964            |
| Other expense  | 314,226           | 497,660           |
| <b>Result of other revenues and expenses</b>   | <b>(62,361)</b>   | <b>633,151</b>    |
| <b>Result from regular operations before tax</b>   | <b>737,011</b>    | <b>1,374,677</b>  |
| Net income from disposal of discontinuing operations, effects of change in accounting policy and corrections of errors from previous periods |                   |                   |
| Net loss from disposal of discontinuing operations, effects of change in accounting policy and corrections of errors from previous periods   | 6,808             | 85,922            |
| <b>TOTAL INCOME</b>  | <b>35,633,672</b> | <b>35,154,260</b> |
| <b>TOTAL EXPENSE</b>   | <b>34,903,469</b> | <b>33,865,505</b> |
| <b>PROFIT/LOSS BEFORE TAX</b>  | <b>730,203</b>    | <b>1,288,755</b>  |

The achieved **profit before tax (total profit)** of the Energoprojekt Group in reported period, in the amount of RSD 730,203 thousand, came as result of:

- operating income, in the amount of RSD 1,003,336 thousand, mainly in Energoprojekt Niskogradnja, Energoprojekt Entel and Energoprojekt Visokogradnja;
- financial loss in the amount of RSD 203,964 thousand, predominantly based on interest expenses, mainly in Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Holding and Energoprojekt Oprema and

- other business activities losses, in the amount of RSD 69,169 thousand, mainly based on expenses made of impairment of real estate properties, first of all in Energoprojekt Niskogradnja (business premises in „Cruz del Sur“ building, in Peru) and other non-mentioned expenses, mainly within Energoprojekt Niskogradnja and Energoprojekt Oprema (predominantly based on fees, court expenses and expenses made by damage payment) on one hand, and income based on write-off liabilities paid, within Energoprojekt Visokogradnja and Energoprojekt Hidroinženjering (payment of cash from the bankrupted bank accounts in New York, which used to be blocked during the sanction period), income made on liabilities reduction within Energoprojekt Oprema (for protested and paid securities from sub-contractors Elwo S.A. in bankruptcy, due to outstanding debts) and payment related to lawsuit of Energoprojekt Visokogradnja (from Belim Plc.).

Comparing to last year period, the reduction of total result of the Energoprojekt Group in 2017, in the amount of RSD 558,552 thousand was recorded despite of enlargement of business income in the amount of RSD 305,507 thousand (mainly within Energoprojekt Visokogradnja), generally due to significant reduction of other income, comparing to last years period, first of all income based on suspension of bank loan-loss provisions (in Energoprojekt Holding in the amount of RSD 260,000 thousand and Energoprojekt Entel in the amount of RSD 235,011 thousand) and income made on liabilities reduction (in Energoprojekt Visokogradnja in the amount of RSD 271,274 thousand – based on write-off of the liabilities for Value Added Tax in Ghana and suspension of calculated liability for tax on wages paid abroad, recorded in 2016).

### Earnings per share

| Indicator   | In RSD thousand |                |
|---|-----------------|----------------|
|   | 01/01-31/12/17  | 01/01-31/12/16 |
| Net profit belonging to parent company shareholders   | 569,472         | 960,716        |
| Average weighted number of ordinary shares per period | 10,845,637      | 10,845,637     |
| <b>Earnings per share (in RSD)</b>                    | <b>52.51</b>    | <b>88.58</b>   |

**Earnings per share** is calculated by dividing net profit of the parent company's shareholders with the average weighted number of ordinary shares in circulation for the period, excluding the ordinary shares that Group (companies within the Group) acquired, which are recorded as own shares.

In 2017, pursuant to accrual principle, the loan-loss provision was calculated for the estimated amount for the Accrued Income position in financial statements of Energoprojekt Oprema, regarding Energocehtar project in Minsk, Belarus, in the amount of RSD 496,125 thousand (USD 5,006 thousand), which is equivalent for protested and paid performance security of Energocehtar Project, in Minsk, Belarus, following the Decision of Energoprojekt Holding Supervisory Board (Note 17 and 36.2), which, first of all, had an influence to reduction of net

income and, consequently, to reduction of net income belonging to major shareholders, as well as reduction of earnings per share.

Earnings per share calculated without above mentioned provision for Energocentar Project in Minsk, Belarus, is shown in the table below:

| Indicator   | In RSD thousand |                 |
|---|-----------------|-----------------|
|   | 01.01-31.12.17. | 01.01-31.12.16. |
| Net profit belonging to parent company shareholders   | 906,208         | 960,716         |
| Average weighted number of ordinary shares per period | 10,845,637      | 10,845,637      |
| <b>Earnings per share (in RSD)</b>                    | <b>83.56</b>    | <b>88.58</b>    |

Reached trading price (as at the last day of calculated period – December 31, 2017), of the parent company Energoprojekt Holding Plc. amounts RSD 1,000.00 per share (during 2017, the price of a share was between RSD 1,000.00 to 1,520.00), which was equivalent to the capital market of the company in the amount of RSD 10,931,292,000.00. Ratio between the market and the accounting (calculated) value (P/B) was 1.28. Total share trade of Energoprojekt Holding Plc. in 2017 was RSD 1,987,338,796 (which makes company to be the first ranked on the List of the Most-Traded Shares at Belgrade Stock Exchange in 2017).

### **Description of the Company's expected development in the following period, changes in its business policies and main risks and threats to which its business is exposed**

Starting from the strategic determination to achieve lasting and sustainable development of the Energoprojekt Group oriented towards continuous profitability growth, conducting business in its traditional markets (in the country and abroad), economically viable employment of resources and global macroeconomic trends, the following business tasks were planned to be achieved in 2018:

Priority tasks:

- Providing conditions to preserve continued financial solvency – activities aimed to cover financial claims and optimization of credit-loan liabilities of Energoprojekt Group;
- Further development of the business and providing continued work flow of the companies within Energoprojekt Group;

- Providing conditions for the execution of business projects of the companies within Energoprojekt Group.

Other business-related tasks:

- Realization of all business activities, followed by suitable completing of contracts and relevant contract issues;
- Maintaining business and financial stability of the Group, with activities oriented to collecting of old financial claims;
- Adapting new market activities and creating conditions for new contract deals, followed by maximum engagement of present capacities;
- Improving business activities, together with high-quality planning and supervising, maintaining technology and organizational development;
- Using all the resources and assets of the companies in business activities;
- Location development, joining concessions and private investments;
- Reinforcement of business cooperation by project and functional cooperation, with constant consolidation of corporate functions;
- Group development will be scheduled and perceived through possible structural changes and market adjustments;
- Transparency of business operations and public presentation of Energoprojekt, by means of supplying relevant information through the Stock Exchange and regular communication with investors, partners and experts, in the country and abroad.

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

It is necessary to establish a system for timely risks' identification and management for the business operations of the Energoprojekt in the country and in the foreign markets as one of the

principal functions of the Company's internal audit, and this system needs to be integrated with all the executive functions. In the following period, efforts on risk management development strategy will be intensive and according to the plans, in compliance with the established annual plan of the Energoprojekt Holding Plc. internal audit for 2018.

### **Significant events after the end of the year for which the reports are prepared**

Pursuant to the Contract on Acquiring Shares (concluded on 15/11/2017 between Energoprojekt Holding Plc. and i Sava Re Pozarovalnica Sava Plc.), Energoprojekt Holding Plc. has, by block transaction made on Belgrade Stock Exchange on 09/03/2018, sold all of its capital share in Energoprojekt Garant Ltd. Belgrade (92.94% share). This selling followed announcement on lack of intention for overtaking, when the intention for selling of 146,155 shares of issuers Energoprojekt Garant Ltd. Belgrade, owned by Energoprojekt Holding, was confirmed. This transaction was balanced on 13/03/2018. Trade was realized in relation to confirmation of National Bank of Serbia, which approved acquiring mentioned share to a buyer.

As at 14/03/2018 the selling of 441 share of the company Beogradsko Mešovito Preduzeće Plc. was finished.

In March 2018, Energoprojekt Entel institutes the lawsuit against PC Elektroprivreda Srbije for groundless deny of invoices, in the amount of RSD 48,938 thousand.

Aside of the above mentioned incorrective events occurred after the reported period, there were no significant business events from the balance date to the date of publication of the said statements, which would exert any impact on the authenticity of the disclosed financial statements.

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

### **Significant business transactions with the related parties**

In compliance with the requirements contained in the IAS 24 – Related Parties Disclosures, relationship, transactions, etc. between the Company and its related parties are disclosed below.

From the point of view of the **related parties**, transactions resulting in revenues and expenses in the Income Statement and in the disclosed receivables and liabilities (for the purpose of disclosure of relationships with the related parties, we included all the balances in the Company assets within it) in the Balance Sheet are presented in the following two Tables.

| Receivables and expenses from the related parties       | In RSD thousand  |                  |
|---|------------------|------------------|
|   | 2017             | 2016             |
| <i>Receivables:</i>                                     |                  |                  |
| a) EP Garant Ltd.                                       | 52,610           | 53,078           |
| b) EP Visokogradnja Plc.                                | 135,091          | 140,999          |
| c) EP Niskogradnja Plc.                                 | 193,472          | 155,526          |
| d) EP Hidroinženjering Plc.                             | 15,321           | 16,535           |
| e) EP Entel Plc.  | 340,186          | 337,009          |
| f) EP Energodata Plc.                                   | 6,116            | 9,660            |
| g) EP Industrija Plc.                                   | 6,512            | 7,399            |
| h) EP Promet Ltd.                                       |                  |                  |
| i) EP Urbanizam i arhitektura Plc.                      | 4,585            | 5,578            |
| j) EP Oprema Plc.                                       | 181,984          | 140,789          |
| k) EP Sunnyville Ltd.                                   | 29,465           | 29,572           |
| l) EP Park 11 Ltd.                                      | 379              |                  |
| m) I.N.E.C. Engineering Company Limited, United Kingdom |                  |                  |
| n) Encom GmbH Consulting, Engineering & Trading         | 125              |                  |
| o) Dom 12 S.A.L.  |                  |                  |
| p) Enjub Ltd.   | 9,945            | 13,470           |
| <i>Total</i>  | <i>975,791</i>   | <i>909,615</i>   |
| <i>Expenses:</i>  |                  |                  |
| a) EP Garant Ltd.                                       | 1,840            | 811              |
| b) EP Visokogradnja Plc.                                | 39,767           | 417,746          |
| c) EP Niskogradnja Plc.                                 | 15,496           | 4,734            |
| d) EP Hidroinženjering Plc.                             | 950              | 20               |
| e) EP Entel Plc.  | 199              | 296              |
| f) EP Energodata Plc.                                   | 20,750           | 69,964           |
| g) EP Industrija Plc.                                   | 998              | 50,624           |
| h) EP Promet Ltd.                                       |                  |                  |
| i) EP Urbanizam i arhitektura Plc.                      | 2,000            | 5                |
| j) EP Oprema Plc.                                       | 14,749           | 14,983           |
| k) EP Sunnyville Ltd.                                   | 24,272           | 2                |
| l) EP Park 11 Ltd.                                      | 120              |                  |
| m) I.N.E.C. Engineering Company Limited, United Kingdom |                  |                  |
| n) Encom GmbH Consulting, Engineering & Trading         |                  | 169              |
| o) Dom 12 S.A.L.  |                  |                  |
| p) Enjub Ltd.   | 9,178            |                  |
| <i>Total</i>  | <i>130,319</i>   | <i>559,354</i>   |
| <b>TOTAL</b>  | <b>1,106,110</b> | <b>1,468,969</b> |

| Receivables and liabilities from related parties        | In RSD thousand  |                  |
|---|------------------|------------------|
|   | 31/12/2017       | 31/12/2016       |
| <i>Receivables:</i>                                     |                  |                  |
| a) EP Garant Ltd.                                       | 1,547            | 1,708            |
| b) EP Visokogradnja Plc.                                | 740,263          | 732,869          |
| c) EP Niskogradnja Plc.                                 | 254,155          | 218,414          |
| d) EP Hidroinženjering Plc.                             | 24,904           | 23,945           |
| e) EP Entel Plc.  | 30,512           | 20,209           |
| f) EP Energodata Plc.                                   | 17,146           | 24,620           |
| g) EP Industrija Plc.                                   | 20,887           | 29,442           |
| h) EP Promet Ltd.                                       |                  |                  |
| i) EP Urbanizam i arhitektura Plc.                      | 49,257           | 48,721           |
| j) EP Oprema Plc.                                       |                  | 150              |
| k) EP Sunnyville Ltd.                                   | 605,102          | 585,035          |
| l) EP Park 11 Ltd.                                      | 25,317           |                  |
| m) I.N.E.C. Engineering Company Limited, United Kingdom |                  |                  |
| n) Encom GmbH Consulting, Engineering & Trading         |                  |                  |
| o) Dom 12 S.A.L.  |                  |                  |
| p) Enjub Ltd.   | 225,779          | 224,868          |
| <i>Total</i>  | <i>1,994,869</i> | <i>1,909,981</i> |
| <i>Liabilities:</i>                                     |                  |                  |
| a) EP Garant Ltd.                                       | 591              | 234              |
| b) EP Visokogradnja Plc.                                | 23,525           |                  |
| c) EP Niskogradnja Plc.                                 |                  |                  |
| d) EP Hidroinženjering Plc.                             |                  | 45               |
| e) EP Entel Plc.  | 17               |                  |
| f) EP Energodata Plc.                                   | 954              | 787              |
| g) EP Industrija Plc.                                   |                  |                  |
| h) EP Promet Ltd.                                       |                  |                  |
| i) EP Urbanizam i arhitektura Plc.                      | 98               |                  |
| j) EP Oprema Plc.                                       | 26,902           | 39,632           |
| k) EP Sunnyville Ltd.                                   |                  |                  |
| l) EP Park 11 Ltd.                                      |                  |                  |
| m) I.N.E.C. Engineering Company Limited, United Kingdom |                  |                  |
| n) Encom GmbH Consulting, Engineering & Trading         | 2,962            | 3,087            |
| o) Dom 12 S.A.L.  |                  |                  |
| p) Enjub Ltd.   |                  |                  |
| <i>Total</i>  | <i>55,049</i>    | <i>43,785</i>    |
| <b>TOTAL</b>  | <b>2,049,918</b> | <b>1,953,766</b> |

Receivables from the related parties arise primarily from the sale of services and are mature and collectible within 15 days from invoicing date.

Liabilities from the related parties arise primarily from purchasing transactions and are mature and collectible within 5 to 30 days from purchasing date. Liabilities do not include interest rates.

Payment securities for liabilities to related legal entities were not provided by the Company.

## **Company activities in the field of research and development**

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

## **Information on investments aimed at environmental protection**

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

Company's business activities are regularly harmonized with the applicable requirements of the positive legal regulations in the field of environmental protection, environmental protection programs are adopted and efforts are made towards the strict compliance with such requirements and programs. The said programs are being implemented through impact and/or risk analyses and assessments in the field of environmental protection, as well as through the implementation of relevant technical and technological solutions and instructions for elimination and/or reduction of adverse environmental effects. In that sense, Energoprojekt management organize and continuously monitor, review and direct activities of all the organizational units, services and individuals in order to completely implement the said IMS policy.

Company's activities aimed at environmental protection are integrated and implemented in compliance with the business philosophy and through joint activities on the level of the Energoprojekt Group. Thus, the "Waste Management Project" is an example of the said activities, which is being implemented in a coordinated manner, in compliance with the Rulebook on Waste Management in the Energoprojekt Building. Participation of the representatives of each Company of the Energoprojekt Group in the waste management working group serves as a guarantee that all the planned activities will be implemented in the least expensive and most effective manner: such as, for example, the selection of various office waste materials (used paper, used batteries, car batteries, discarded electrical and electronic appliances and devices), recycling of these items, as well as the disposal of such items in compliance with the legally prescribed standards, etc.

## **Information about redemption of own stock and/or shares**

Based on Resolution on Acquiring of Own Shares at the organized market, made by Supervisory Board on February 13, 2017, the Company has acquired, trading on Belgrade Stock Exchange, 97,700 own shares (meaning 0.89376% out of total shares with right to vote), amounting RSD 124,148 thousand, with the nominal value reaching RSD 49,827 thousand.

## **Company branches**

Energoprojekt Holding Plc. does not have any registered branches in Serbia.

The official seat of the Parent Company and its subsidiaries is located in 12 Bulevar Mihaila Pupina Street in New Belgrade.

Detailed reviews of and comments on the business operations of the (foreign) entities of the Energoprojekt Group are presented in the Notes to the Consolidated Financial Statements of the Energoprojekt Group and in the Notes to the Consolidated Financial Statements of its subsidiary companies.

## **Financial instruments of significance for the assessment of Company's financial position and business results**

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

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

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

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

- Financial asset or liability at fair value through the profit and loss account,
- Held-to-maturity investments;

- Loans and receivables, and
- Financial assets available for sale.

All the relevant financial instruments of significance for the assessment of the financial position and business results of the Company are presented in greater detail in the Notes to the Financial Statements.

**Objectives and policies related to financial risk management and protection policies for each type of planned significant transaction for which protection is applied; Exposure to price risk, credit risk, liquidity risk and cash flow risk, management strategy for these risks and the assessment of their effectiveness**

Uncertainty referred to future events is one of the principal business characteristics of trading commercial surroundings, reflected through variety of possible outcomes. As a result of this uncertainty, i.e. insecure and unknown possible events which are going to happen, legal entities are exposed to different business risks which could interfere their future market position.

Looking from the aspect of the Company, there are many potential risks of different possible impact on condition and business activity of the Company itself.

Some (specific) risks are affected by some internal causes, such as *concentration risk*, in this case reflected as exposure to a certain or small group of buyers or suppliers; *operational risk*, manifested by the possibility of emerging of negative effects, caused by willing or unwilling operational errors, unsuitable internal procedures and processes, inadequate managing of information system in the Company, etc.; *reputation risk* presents the possibility of aggravation of market position of the Company caused by lack of confidence, i.e. creating a negative public image (with state institutions, suppliers, buyers, etc.) about the business activities of the Company; *legal risk*, reflected as the possibility of emerging negative effects caused by legal sanctions and penalties of lawsuits for contractual and legal obligations unfulfilled; etc.

As those mentioned, and some other risks have been treated in Notes and some other internal Company acts (f.eg. to minimize the operational risk by procedures and working instructions adopted, is treated by Rulebook on Accounting and Company Accounting Policy), in continuation we will put our focus on considering **financial risks**, mainly referred to:

- Credit risk;
- Market risk and
- Liquidity risk.

Financial risk is significantly affected by (external) causes which are not directly under the control of the Company. Having that in mind, the impact of financial risk is dominantly affected by Company surroundings, which was not influenced only by economic development, but also by legal, financial and other relevant aspects to define the size of system risks.

Generally, comparing to developed economies markets, companies active on markets of low developed level and macroeconomic stability, with high rate of insolvency, as we face in Republic of Serbia, are extremelly exposed to financial risk. Furthermore, undeveloped financial market makes impossible use of variety of „*hedging*“ instruments, present on developed markets. Thus, companies having business in Republic of Serbia have no possibility of use different financial instruments in financial risks management, because those instruments are not widely applied, nor there is an organized continued market of financial instruments.

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

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

### **Credit Risk**

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

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

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

### **Market Risk**

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

The market risk includes three risk types:

- Currency risk,
- Interest risk and
- Price risk.

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

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

The sensitivity analysis indicates that variations in the exchange rate will significantly affect variations in financial results of the Company and it can therefore be concluded that the Company is exposed to the currency risk to a significant extent.

• **Interest risk** is a risk of adverse effects to the result and capital of the Company due to unfavourable interest rates' fluctuations. The Company is exposed to this type of risk to a significant extent due to financial obligations related to loans with potentially fluctuating interest rates (Euribor). Sensitivity analysis showed that the Company is exposed to the interest risk.

• **Price risk** is a risk of fair value or future cash flow of the financial instrument fluctuation due to market price changes (but not caused by currency or interest risk), whether those changes occurred due to specific financial instrument or its issuer, or due to some similar financial instruments present on the market. This type of risk is not noted within the Company.

## **Liquidity Risk**

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

The results of the ratio analysis indicate that the Company was liquid during 2017, meaning that it had no difficulties to meet its due liabilities or to maintain the necessary scope and structure of the working capital and to preserve its good creditworthiness.

Therefore we emphasise that:

- Considering the dynamic nature of the Company's business, the finance department aims to maintain financial flexibility, which means, among other things, to keep the existing lines of credit available and to expand them;  
and

- The management performs continuous monitoring of Company's liquidity reserves that include available unused lines of credit, cash and cash equivalents, as well as the liquid potentials according to the expected cash flows.

This subject matter was defined in and it is being implemented in compliance with the following adopted internal acts of the Company:

- *“Rulebook on the Basic Elements of the Internal Control System and Risk Management in Energoprojekt Holding Plc.”,*
- *“Rulebook on the Operations of the Internal Supervision Sector of Energoprojekt Holding Plc.”,*
- *“Rulebook on Accounting and Accounting Policies of Energoprojekt Holding Plc.”.*

All the Companies in the Energoprojekt Group have adopted and are implementing their own individual acts regulating the said subject matter.

Most of the above listed risks, as well as some other risks not mentioned herein, are presented in greater detail in the Notes to the Financial Statements (which are primarily focusing on the review of the financial risks: the credit risk, market risk and liquidity risk) and/or other internal acts of the Company.

## Statement on Code of Corporate Governance Implementation

Energoprojekt Holding Plc. implements its own Code of Corporate Governance (as adopted in 11th meeting of the Management Board of the Energoprojekt Holding Plc. held on January 26, 2012). The Code has been made publicly available on the Company's Internet page (at [www.energoprojekt.rs](http://www.energoprojekt.rs)).

The Energoprojekt Holding Plc. Code on Corporate Governance set out the principles of corporate practices and organizational culture that the principal holders of the corporate governance function of the Energoprojekt Holding Plc. comply with, with regard to the shareholders' rights, corporate governance frameworks and methods, public relations and transparency of the Company's business operations. The main objective of this Code is to introduce good business practice in the field of corporate management, which should provide for the right balance between the influences exerted by the principal corporate governance holders, consistency of the control system and strengthening of shareholders' and investors' trust in the Company, all with the aim to achieve long-term development of the Company.

Relevant Company's bodies make a point of presenting the principles laid down in the Code in greater detail in other general acts of the Company, whenever necessary. In the application thereof, there are no significant deviations from the rules of the Code of Corporate Governance.

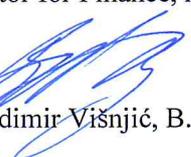
In compliance with the Rules on Listing and Quotation of the Belgrade Stock Exchange, parallel with the disclosure of its Annual Business Report, Energoprojekt Holding Plc. delivers and discloses the completed "Questionnaire on Corporate Governance Practices" and has agreed to its online publication on the Internet page of the Belgrade Stock Exchange.

All the Companies of the Energoprojekt Group have adopted and are now implementing their own codes of corporate governance regulating the said subject matter.

Energoprojekt Holding Plc.

Executive Director for Finance, Accounting and Planning



  
Vladimir Višnjić, B.Sc. Ecc.

Energoprojekt Holding Plc.

Chief Executive Officer



  
Stojan Čolakov, M.Sc.C.E

#### 4. STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

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To the best of our knowledge, Consolidated Annual Financial Statements of the Energoprojekt Holding Plc. for 2017 were prepared in compliance with the relevant International Financial Reporting Standards and these present authentic and objective information about assets, liabilities, financial position and operations, profit and losses, cash flows and changes in equity of the Public Company, including those of the Companies included in the Consolidated Statements.

Person responsible for preparation of the Annual Report:

Legal Representative:

Energoprojekt Holding Plc.

Energoprojekt Holding Plc.

Executive Director for Finance, Accounting and Planning

Chief Executive Officer



Vladimir Višnjić, B.Sc.Ecc.



Stojan Čolakov, M.Sc.C.E.

## 5. DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF COMPANY'S ANNUAL CONSOLIDATED FINANCIAL STATEMENTS \*

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### Note \*:

- Consolidated Financial Statements of Energoprojekt Holding Plc. for the year 2017 were approved on April 26, 2018, in the 25th meeting of the Supervisory Board of the Issuer. At the moment when the Consolidated Annual Report of the Company is published, it has not yet been adopted by the competent Company's body (Shareholders' Assembly). The Company shall publish the complete the Decision of the competent body on the adoption of Company's Consolidated Annual Report at a later date.

## 6. DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES \*

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### Note \*:

- Decisions on distribution of profit of the Energoprojekt Holding Plc. and all its subsidiaries in the Energoprojekt Group for 2017 shall be passed in the regular annual Shareholders' Assembly meetings.

A public company is legally obliged to prepare their annual consolidated financial statements, to disclose them and to deliver them to the Commission, and, providing that the securities of such company are admitted for trading, to deliver these Statements to the regulated market or to the MTP four months after the end of each business year at the latest, and to ensure that the annual financial statements are available to the general public over the course of five years at the minimum from the date of its disclosure.

The Company shall be held responsible for the accuracy and veracity of data presented in the Annual Consolidated Report.

In Belgrade, April 2018

Person responsible for preparation of Annual Report:

Energoprojekt Holding Plc.

Executive Director for Finance, Accounting and Planning

Vladimir Višnjić, B.Sc.Ecc.

Legal Representative:

Energoprojekt Holding Plc.

Chief Executive Officer

Stojan Čolakov, M.Sc.C.E.

