

Consolidated Annual Report of
Energoprojekt Holding Plc.
for the year 2018

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 2018

C O N T E N T S

1. CONSOLIDATED FINANCIAL STATEMENTS OF THE ENERGOPROJEKT HOLDING PLC. FOR THE YEAR 2018

(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 2018 (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement on Changes in Equity, Notes to Financial Statements)

CONSOLIDATED BALANCE SHEET
as at 31.12.2018.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2017.	Opening balance on 01.01.2017.
1	2	3	4	5	6	7
	ASSETS					
00	A. SUBSCRIBED CAPITAL UNPAID	0001		-	-	-
	B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)	0002		15.550.522	16.674.525	-
01	I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003		50.149	47.297	-
010 & part 019	1. Investments in development	0004		-	3.049	-
011, 012 & part 019	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	25.	50.149	44.248	-
013 & part 019	3. Goodwill	0006		-	-	-
014 & part 019	4. Other intangible assets	0007		-	-	-
015 & part 019	5. Intangible assets in progress	0008		-	-	-
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		13.153.191	14.500.478	-
020, 021 & part 029	1. Land	0011	26.	633.472	707.917	-
022 & part 029	2. Buildings	0012	26.	6.829.710	6.831.246	-
023 & part 029	3. Plant and equipment	0013	26.	2.661.662	3.091.222	-
024 & part 029	4. Investment property	0014	26.	2.896.942	3.330.495	-
025 & part 029	5. Other property, plant and equipment	0015	26.	79.404	118.020	-
026 & part 029	6. Property, plant and equipment in progress	0016	26.	1.536	332.034	-
027 & part 029	7. Investments in property, plant and equipment, not owned	0017	26.	5.566	44.880	-
028 & part 029	8. Advances paid on property, plant and equipment	0018	26.	44.899	44.664	-
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		1.030.217	1.096.989	-
040 & part 049	1. Shares in subsidiaries	0025		-	-	-
041 & part 049	2. Shares in affiliated companies and joint ventures	0026	27.	729.159	785.393	-
042 & part 049	3. Shares in other companies and other available for sale securities	0027	27.	44.346	118.527	-
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.	256.712	193.069	-
05	V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		1.316.965	1.029.761	-
050 & part 059	1. Receivables from parent company and subsidiaries	0035		-	-	-
051 & part 059	2. Receivables from other affiliated companies	0036		-	112.493	-
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.	1.316.965	917.268	-
288	C. DEFERRED TAX ASSETS	0042		-	-	-
	D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		23.481.863	25.352.154	-
Class 1	I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044		4.983.019	4.574.665	-
10	1. Material ,parts, tools and small inventories	0045	29.	1.047.453	1.176.893	-
11	2. Work and services in progress	0046	29.	1.643.413	2.539.578	-
12	3. Finished products	0047	29.	137.180	193.644	-
13	4. Goods	0048	29.	23.513	17.515	-
14	5. Non-current assets held for sale	0049	29.	1.360.609	50.688	-
15	6. Advances paid for inventories and services	0050	29.	770.851	596.347	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2017.	Opening balance on 01.01.2017.
1	2	3	4	5	6	7
20	II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051		9.034.033	9.679.055	-
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.	3.580	3.542	-
203 & part 209	4. Foreign buyers - other affiliated companies	0055	30.	693.084	703.171	-
204 & part 209	5. Local buyers	0056	30.	3.331.261	3.781.621	-
205 & part 209	6. Foreign buyers	0057	30.	5.006.108	5.187.704	-
206 & part 209	7. Other receivables from sales	0058	30.	-	3.017	-
21	III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059	31.	106.499	34.337	-
22	IV. OTHER RECEIVABLES	0060	32.	619.191	566.009	-
236	V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061	33.	-	328.299	-
23 excl. 236 & 237	VI. SHORT TERM FINANCIAL INVESTMENTS(0063+0064+0065+0066+0067)	0062		1.437.696	1.650.214	-
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.	157.836	158.208	-
232 & part 239	3. Short term credits and loans, domestic	0065	34.	17.807	48	-
233 & part 239	4. Short term credits and loans, foreign countries	0066	34.	-	8.662	-
234, 235, 238 & part 239	5. Other short term financial investments	0067	34.	1.262.053	1.483.296	-
24	VII. CASH AND CASH EQUIVALENTS	0068	35.	2.076.921	2.953.758	-
27	VIII. VALUE ADDED TAX	0069	36.1.	360.314	408.336	-
28 excl. 288	IX. PREPAYMENTS AND ACCRUED INCOME	0070	36.2.	4.864.190	5.157.481	-
	E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071		39.032.385	42.026.679	-
88	F. OFF-BALANCE SHEET ASSETS	0072	45.	16.454.238	18.562.819	-
	CAPITAL AND LIABILITIES					
	A. CAPITAL (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401		19.799.371	19.474.607	-
30	I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402		5.818.025	5.818.157	-
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	162.693	-
309	8. Other share capital	0410	37.1.	80.373	80.505	-
31	II. SUBSCRIBED CAPITAL UNPAID	0411		-	-	-
047 & 237	III. TREASURY SHARES REPURCHASED	0412	37.2.	49.827	49.827	-
32	IV. RESERVES	0413	37.3.	453.585	454.450	-
330	V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	37.4.	6.019.554	6.110.601	-
33 excl. 330	VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415	37.5.	266.806	114.424	-
33 excl. 330	VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416	37.6.	3.824	18.631	-
34	VIII. RETAINED EARNINGS (0418+0419)	0417		7.176.001	6.881.068	-
340	1. Retained earnings from previous years	0418	37.7.	6.400.076	6.357.067	-
341	2. Retained earnings from current year	0419	37.7.	775.925	524.001	-
	IX. NON-CONTROLLING INTEREST	0420	37.8.	119.051	164.365	-
35	X. LOSSES (0422+0423)	0421		-	-	-
350	1. Losses from previous years	0422		-	-	-
351	2. Losses from current year	0423		-	-	-
	B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		1.031.587	1.916.227	-
40	I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		785.134	1.390.506	-
400	1. Provisions for warranty costs	0426	38.	501.487	593.828	-
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.	283.647	261.347	-
405	5. Provisions for legal expenses	0430		-	-	-
402 & 409	6. Other long term provisions	0431	38.	-	535.331	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2017.	Opening balance on 01.01.2017.
1	2	3	4	5	6	7
41	II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		246.453	525.721	-
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.	17.729	293.895	-
415	6. Long term credits and loans, foreign countries	0438	39.1.	200.062	191.792	-
416	7. Long term liabilities from financial leasing	0439	39.2.	10.498	28.310	-
419	8. Other long term liabilities	0440	39.3.	18.164	11.724	-
498	C. DEFERRED TAX LIABILITIES	0441		760.118	784.075	-
42 to 49 (excl. 498)	D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		17.441.309	19.851.770	-
42	I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		7.348.070	9.359.185	-
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.	5.946.760	6.877.337	-
423	4. Short term credits and loans, foreign countries	0447	40.2.	757.440	1.134.797	-
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.	643.870	1.347.051	-
430	II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450	41.	1.916.617	2.398.030	-
43 excl. 430	III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451		4.972.564	4.257.537	-
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	42.	151.071	-	-
434	4. Suppliers - other affiliated companies, foreign countries	0455	42.	5.807	5.820	-
435	5. Suppliers, local	0456	42.	3.360.287	2.721.775	-
436	6. Suppliers, foreign countries	0457	42.	1.446.832	1.516.640	-
439	7. Other operating liabilities	0458	42.	8.567	13.302	-
44, 45 & 46	IV. OTHER SHORT TERM LIABILITIES	0459	43.	1.042.252	1.070.834	-
47	V. VALUE ADDED TAX	0460	44.1.	198.398	471.582	-
48	VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	44.2.	736.528	669.275	-
49 excl. 498	VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	44.3.	1.226.880	1.625.327	-
	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 (0424+0442+0441+0401-0463) ≥ 0	0464		39.032.385	42.026.679	-
89	F. OFF-BALANCE SHEET LIABILITIES	0465	45.	16.454.238	18.562.819	-

Belgrade,

Date: 25.04.2019.



CONSOLIDATED INCOME STATEMENT
from 01.01. until 31.12.2018.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
	A. INCOME FROM NORMAL ACTIVITIES				
60 to 65, excl. 62 & 63	A. OPERATING INCOME (1002+1009+1016+1017)	1001		23.122.123	32.989.557
60	I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002		177.686	584.477
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		-	273
604	5. Income from sale of goods on local market	1007	11.1.	92.720	68.267
605	6. Income from sale of goods on foreign markets	1008	11.1.	84.966	515.937
61	II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		22.646.845	32.124.001
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		-	2.107
613	4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013	11.2.	134.284	1.082.106
614	5. Income from sale of finished products and services on local market	1014	11.2.	12.527.570	13.706.590
615	6. Income from sale of finished products and services on foreign markets	1015	11.2.	9.984.991	17.333.198
64	III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016		43	1
65	IV. OTHER OPERATING INCOME	1017	11.3.	297.549	281.078
	EXPENSES FROM NORMAL ACTIVITIES				
55 to 55, 62 & 63	B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029) ≥ 0	1018		23.059.457	31.986.221
50	I. COST PRICE OF GOODS SOLD	1019	12.	159.236	552.389
62	II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020	13.	30.360	189.307
630	III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021	13.	879.175	776.261
631	IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022	13.	633.327	180.401
51 excl. 513	V. MATERIAL COSTS	1023	14.	3.986.851	7.215.935
513	VI. FUEL AND ENERGY COSTS	1024	14.	1.033.639	1.123.240
52	VII. EMPLOYEE EXPENSES AND BENEFITS	1025	15.	7.505.366	9.068.037
53	VIII. PRODUCTION SERVICE COSTS	1026	16.	8.058.178	11.287.670
540	IX. DEPRECIATION EXPENSES	1027	17.	683.566	829.786
541 to 549	X. PROVISION EXPENSES	1028	17.	55.375	839.228
55	XI. INTANGIBLE EXPENSES	1029	18.	1.853.454	1.855.103
	C. OPERATING INCOME (1001-1018) ≥ 0	1030		62.666	1.003.336
	D. OPERATING LOSSES (1018-1001) ≥ 0	1031		-	-
66	E. FINANCIAL REVENUES (1033+1038+1039)	1032		770.753	2.242.994
66, excl. 662, 663 & 664	I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033		133.794	163.167
660	1. Financial income from parent company and subsidiaries	1034		-	-
661	2. Financial income from other affiliated companies	1035	19.1.	10.369	12.176
665	3. Share of profits in associated companies and joint ventures	1036	19.1.	67.382	69.557
669	4. Other financial revenues	1037	19.1.	56.043	81.434
662	II. INTEREST INCOME (THIRD PARTY)	1038	19.1.	128.491	121.660
663 & 664	III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039	19.1.	508.468	1.958.167
56	F. FINANCIAL EXPENSES (1041+1046+1047)	1040		760.584	2.446.958
56, excl. 562, 563 & 564	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041		12.168	60.192
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.	2.364	54.344
565	3. Share of losses in affiliated companies and joint ventures	1044	19.2.	9.748	5.846
566 & 569	4. Other financial expenditure	1045	19.2.	56	2
562	II. INTEREST EXPENSES (THIRD PARTY)	1046	19.2.	364.532	376.682
563 & 564	III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047	19.2.	383.884	2.010.084
	G. FINANCIAL GAINS (1032-1040)	1048		10.169	-
	H. FINANCIAL LOSSES (1040-1032)	1049		-	203.964

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.	9.862	15.480
583 & 585	J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1051	20.2.	46.120	149.256
67 & 68, excl. 683 & 685	K. OTHER INCOME	1052	21.1.	1.367.763	385.641
57 & 58, excl. 583 & 585	L. OTHER EXPENSES	1053	21.2.	333.411	314.226
	M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		1.070.929	737.011
	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.	56.176	6.808
	Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058		1.014.753	730.203
	R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059		-	-
	S. INCOME TAX				
721	I. TAXABLE EXPENSES FOR THE PERIOD	1060		255.659	238.071
part 722	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061		18.490	-
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		740.604	524.001
	V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065		-	-
	I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066		269.192	-
	II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067		471.412	569.472
	III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS	1068		-	45.471
	IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER	1069		-	-
	V. EARNINGS PER SHARE				
	1. Basic earnings per share	1070		-	-
	2. Reduced (diluted) earnings per share	1071		-	-

Belgrade,

Date: 25.04.2019.

Legal Representative of the Company



CONSOLIDATED STATEMENT OF OTHER RESULTS
from 01.01. until 31.12.2018.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
	A. NET OPERATING RESULTS				
	I. NET PROFIT (EDP 1064)	2001		740.604	524.001
	II. NET LOSSES (EDP 1065)	2002			
	B. OTHER COMPREHENSIVE RESULTS OR LOSSES				
	a) Items not reclassifiable in the balance sheet in future periods				
330	1. Change of revaluation of intangibles, property, plant and equipment				
	a) increase in revaluation reserves	2003		146.397	
	b) decrease in revaluation reserves	2004		105.214	20.920
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		165.846	19.146
	b) losses	2012		13.464	337.196
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		14.807	10.193
	b) losses	2018			115
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019		208.372	
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020			328.892
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021		5.096	
	IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022		203.276	
	V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023			328.892
	C. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD				
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024		943.880	195.109
	II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) ≥ 0	2025			
	D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026		943.880	195.109
	1. Payable to majority shareholders	2027		811.307	88.768
	2. Payable to non-controlling shareholders	2028		132.573	106.341

Belgrade,

Date: 25.04.2019.

Legal Representative of the Company



Name

ENERGOPROJEKT HOLDING PLC, BELGRADE

CONSOLIDATED CASH FLOW STATEMENT
from 01.01. until 31.12.2018.

RSD thousand

Description	EDP	Total	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)	3001	26.773.888	32.559.235
1. Sales and prepayments	3002	25.558.427	31.412.076
2. Interests from operating activities	3003	77.454	139.409
3. Other inflow from normal operations	3004	1.138.007	1.007.750
II. Cash outflow from operating activities (1 to 5)	3005	25.681.227	36.585.338
1. Payments to suppliers and prepayments	3006	16.319.830	25.768.051
2. Employee expenses and benefits	3007	7.517.016	8.885.389
3. Interests paid	3008	361.138	340.347
4. Income tax	3009	323.608	561.856
5. Payments based on other public revenues	3010	1.159.635	1.029.695
III. Net cash inflow from operating activities (I-II)	3011	1.092.661	-
IV. Net cash outflow from operating activities (II-I)	3012	-	4.026.103
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3013	931.224	306.916
1. Sale of shares and stocks (net inflow)	3014	780.683	-
2. Sale of intangible investments, property, plant, equipment and natural assets	3015	93.854	103.643
3. Other financial investments (net inflow)	3016	-	133.244
4. Interest received from investment activities	3017	24.797	41.317
5. Dividends received	3018	31.890	28.712
II. Cash outflow from investing activities (1 to 3)	3019	233.922	499.185
1. Purchase of shares and stocks (net outflow)	3020	-	8.321
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	119.251	490.864
3. Other financial investments (net outflow)	3022	114.671	-
III. Net cash inflow from investing activities (I-II)	3023	697.302	-
IV. Net cash outflow from investing activities (II-I)	3024	-	192.269
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)	3025	479	4.176.877
1. Equity increase	3026	-	-
2. Long term loans (net inflow)	3027	-	77.087
3. Short term loans (net inflow)	3028	-	4.099.062
4. Other long term liabilities	3029	272	202
5. Other short term liabilities	3030	207	526
II. Cash outflow from financing activities (1 to 6)	3031	2.647.637	1.350.652
1. Repurchase of own shares and stocks	3032	-	124.148
2. Long term loans (net outflow)	3033	-	-
3. Short term loans (net outflow)	3034	2.268.891	-
4. Other liabilities	3035	16.705	762.987
5. Financial leasing	3036	61.919	138.160
6. Dividends paid	3037	300.122	325.357
III. Net cash inflow from financing activities (I -II)	3038	-	2.826.225
D. Net cash outflow from financing activities (II-I)	3039	2.647.158	-
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	27.705.591	37.043.028
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	28.562.786	38.435.175
G. NET CASH INFLOW (3040-3041)	3042	-	-
H. NET CASH OUTFLOW (3041-3040)	3043	857.195	1.392.147
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	2.953.758	4.671.949
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	70.787	41.274
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046	90.429	367.318
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	2.076.921	2.953.758

Belgrade,

Date: 25.04.2019.

Legal Representative of the Company



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at 31.12.2018.

No.	DESCRIPTION	Equity component															
		EDP	30 Equity capital	EDP	31 Subscribed capital unpaid	EDP	32 Provisions	EDP	35 Losses	EDP	047 & 237 Treasury shares repurchased	EDP	34 Retained earnings	EDP	330 Revaluation reserves	EDP	331 Actuarial gains or losses
1	2	3	4	5	6	7	8	9	10								
1	Opening balance on 01.01.2017.																
	a) debit balance	4001	4019	4037	4055	4073	4091	4109	4127								
	b) credit balance	4002	4020	4038	4056	4074	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	4111	4129								
	b) adjustment of credit balance	4004	4022	4040	4058	4076	4094	4112	4130								
3	Adjustment of opening balance on 01.01.2017.																
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4005	4023	4041	4059	4077	4095	4113	4131								
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4006	4024	4042	4060	4078	4096	4114	4132								
4	Changes in previous 2017. year																
	a) debit balance activity	4007	4025	4043	4061	4079	4097	4115	4133								
	b) credit balance activity	4008	4026	4044	4062	4080	4098	4116	4134								
5	Closing balance previous year at 31.12.2017.																
	a) debit balance (3a+4a-4b) ≥ 0	4009	4027	4045	4063	4081	4099	4117	4135								
	b) credit balance (3b-4a+4b) ≥ 0	4010	4028	4046	4064	4082	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	4119	4137								
	b) adjustment of credit balance	4012	4030	4048	4066	4084	4102	4120	4138								
7	Adjustment of opening balance current year at 01.01.2018.																
	a) adjustment of debit balance (5a+6a-6b) ≥ 0	4013	4031	4049	4067	4085	4103	4121	4139								
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4014	4032	4050	4068	4086	4104	4122	4140								
8	Changes in current 2018. year																
	a) debit balance activity	4015	4033	4051	4069	4087	4105	4123	4141								
	b) credit balance activity	4016	4034	4052	4070	4088	4106	4124	4142								
9	Closing balance at 31.12.2018.																
	a) debit balance (7a+8a-8b) ≥ 0	4017	4035	4053	4071	4089	4107	4125	4143								
	b) credit balance (7b-8a+8b) ≥ 0	4018	4036	4054	4072	4090	4108	4126	4144								



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ENERGOPROJEKT HOLDING PLC
FOR 2018**

Belgrade, 2019

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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:

- 11 subsidiary companies in the country, 10 of which are direct subsidiaries (8 share-based and 2 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 87) 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.

During the reporting period and according to business activities, the companies within Energoprojekt were organized in the following manner:

Activity	No. of entities in the country	No. of business units for investment works and branch offices abroad	No. of entities abroad
Planning and research	4	39	5
Construction and fitting	6	48	13
Holding	1		
Other	4		4
Total	15	87	22

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

In 2018, the average number of employees within group for consolidation of Energoprojekt Holding Plc. (further in text: also system Energoprojekt), based on the actual number of employees at the end of each month, was 2,129 (compared to 2,243 in 2017), 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).

Financial statements for 2018 that are subject to these Notes are **consolidated financial statements of the Energoprojekt Holding Plc.** approved by the Supervisory Board of the Company, on 25 April 2019 in the 51st 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 2017, 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 2018 are prepared in accordance with the going concern.

2. CONSOLIDATION GROUP

The consolidation group of the Energoprojekt Holding Plc. consists of parent company Energoprojekt Holding 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.	Energoplast Ltd. (Energoprojekt Industrija Plc. 40.00% and Energoprojekt Entel Plc. 20.00%)	42.36
<i>Joint ventures</i>		
<i>Building Construction and Fitting</i>		
12.	Enjub Ltd.	50.00
<i>Affiliated Companies</i>		
<i>Other</i>		
13.	Fima See Activist Plc. – in liquidation	30.45

Pursuant to the Share Sales and Purchase Agreement (concluded on 15 November 2017 between the Energoprojekt Holding Plc. and Sava Re Pozavarovalnica Sava dd), the Energoprojekt Holding sold its entire equity share with company Energoprojekt Garant of 92.94%, through a block transaction that was realized on the Belgrade Stock Exchange on 09 March 2018. Prior to sales, the announcement of notice of non-existence intention to implement a takeover bid was issued. The issue determined intention to alienate 146,155 shares of the Energoprojekt Garant owned by the Energoprojekt Holding. The transaction was settled on 13 March 2018. Trading was carried out on the basis of the prior approval of the National Bank of Serbia, whereby the acquirer was granted the acquisition. From the date of sale, revenues and expenses incurred with Energoprojekt Garant are recorded within the item of revenues and expenses related to *other legal entities* (until 13 March 2018, they are recorded within the item revenues and expenses related to *subsidiary*).

In 2018, from the consolidation group Energoprojekt Holding Plc., the company Energoprojekt Promet Ltd. was excluded due since 2010 it has been dormant company. Energoprojekt Promet Ltd. since then has not performed any activities, has not owned any assets, and that from 2019, the Serbian Business Registers Agency (SBRA) initiated a procedure of enforced liquidation for all companies that have not submitted financial statements in accordance with the accounting regulations for the last two consecutive years preceding the year in which the financial statements are submitted. Energoprojekt Promet Ltd. does not submit financial statements to SBRA starting from the financial statements for 2017.

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. Although Energoprojekt Holding (indirectly) has a share of 42.36%, Energoplast Ltd., the consolidated financial statements of Energoprojekt Holding a.d. included Energoplast Ltd. financial statements by fully consolidation, given the fact that Energoprojekt Holding, indirectly, has controlled Energoplast (although it does not have majority owner).

On the occasion of inclusion of the Energoprojekt Holding Plc. joint venture company Enjub Ltd. and affiliated company Fima See Activist Plc. – in liquidation 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
<i>Subsidiary Companies</i>		
<i>Building Construction and Fitting</i>		
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
<i>Other</i>		
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, 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 and foreign 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 their subsidiary and affiliated companies listed in following table are thus included herein through primary consolidation.

No.	Company Name	Included through primary consolidation
Overseas		
<i>Subsidiary Companies Abroad - Overseas Companies</i>		
<i>Building Construction and Fitting</i>		
1.	Energoprojekt Ghana Ltd., Accra, Ghana	EP Visokogradnja Plc.
2.	Energoprojekt Montenegro Ltd., Montenegro	EP Visokogradnja Plc.
3.	Energoprojekt Rus Ltd., Moscow, Russia	EP Visokogradnja Plc.
4.	Energo Uganda Company Ltd, Kampala, Uganda	EP Niskogradnja Plc.
5.	Enlisa S.A., Lima, Peru	EP Niskogradnja Plc.
6.	Energoprojekt Oprema Crna Gora Ltd., Podgorica, Montenegro	EP Oprema Plc.
7.	OOO Belgrade, Belarus	EP Oprema Plc.
8.	Energoprojekt Zambia Limited, Zambia	Zambia Engineering and Contracting Company Limited, Zambia
<i>Planning and Research</i>		
9.	Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman	EP Entel Plc.
10.	Energoprojekt Entel LTD, Doha, Qatar	EP Entel Plc.
11.	Energoconsult L.L.C., Abu Dhabi, UAE	EP Entel Plc.
12.	Energoprojekt Entel Company, Bahrain	EP Entel Plc.
13.	Enhisa S.A., Lima, Peru	EP Hidroinženjering Plc.
<i>Other</i>		
14.	Energoprojekt Energodata Montenegro Ltd., Montenegro	EP Energodata Plc.
<i>Affiliated Companies Abroad</i>		
<i>Building Construction and Fitting</i>		
15.	Energo Nigeria Ltd., Lagos, Nigeria (24.92%)	EP Oprema Plc.
Domestic		
<i>Affiliated Local Companies</i>		
<i>Other</i>		
16.	Energopet Ltd. (33.33 %)	EP Industrija Plc.

According to performed and registered increase in capital value of the company Energo Nigeria Ltd., Lagos, Nigeria (verified in July 2018 by engaged auditing firm from Nigeria), there has been change in equity shares of Energoprojekt Oprema with Energo Nigeria Ltd., Lagos, Nigeria from the previous 40.00% to 24.92% (Note 27).

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 and 30/2018– 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 - other law, 142/2014, 91/2015 - authentic interpretation, 112/2015, 113/2017 and 95/2018);
- Law on Added Value Tax (RS Official Gazette, No. 84/2004, 86/2014 - corrigendum, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 - other law, 142/2014, 83/2015, 108/2016, 113/2017 and 30/2018);

- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax (RS Official Gazette, No. 20/2014, 41/2015, 101/2016 and 8/2019);
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax (RS Official Gazette, No. 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 Pricing and Methods Applied in compliance with the “arm’s length” principle in determining the price of transactions among related parties (RS Official Gazette, No. 61/2013 and 8/2014) and others.

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 November 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 and 30/2018) , the financial statements in the Republic of Serbia are to be presented in the format stipulated by the Rules on the Contents and Form of the Financial Statements Forms for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014), which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by the Revised IAS 1 - “Presentation of Financial Statements“; and
- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

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

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

On the day of publication of these financial statements, below stated standards as well as the amendments thereto were issued by the International Accounting Standards Board, and the following interpretations were published by the International Financial Reporting Standards' Interpretations Committee, but have not yet been officially adopted 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 1 January, 2014);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements" - Exemption of subsidiaries from consolidation under IFRS 10 (effective for the annual periods beginning on or after 1 January, 2014);
- Amendments to IAS 36 "Impairment of Assets" - Recoverable Amount Disclosures for Non-Financial Assets (effective for the annual periods beginning on or after 1 January, 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 1 January, 2014);
- IFRIC 21 "Levies" (effective for the annual periods beginning on or after 1 January, 2014);
- Amendments to IAS 19, Employee Benefits - Defined benefit plans (effective for annual periods beginning on or after 1 July, 2014);
- Amendments to various standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) and interpretations to standards are part of the IASB's annual improvements project "Cycle 2010-2012", primarily through the elimination of inconsistencies and explanations of the text (effective for annual periods beginning on or after 1 July, 2014);
- Amendments to various standards (IFRS 1, IFRS 3, IFRS 13 and IAS 40) and interpretations to standards are part of the IASB's annual improvements project "Cycle 2011-2013" published by IASB in December 2013, primarily through the elimination of inconsistencies and explanations of the text (effective for annual periods beginning on or after 1 July, 2014);
- Amendments to IFRS 11 "Joint Arrangements" - Accounting for acquisition of participation in joint businesses (effective for annual periods beginning on or after 1 January, 2016);
- IFRS 14 "Accounts regulatory prepayments" - effective for annual periods beginning on or after 1 January, 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 1 January, 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Industrial plants (effective for annual periods beginning on or after 1 January, 2016);
- Amendments to IAS 27 "Separate Financial Statements" - Equity method in separate financial statements (effective for annual periods beginning on or after 1 January, 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 1 January, 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 1 January, 2016);

- Amendments to IAS 1 "Presentation of Financial Statements" - Initiative for disclosure (effective for annual periods beginning on or after 1 January, 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 1 January, 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 1 January, 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 1 January, 2017);
- Amendments to IFRS 12 "Disclosures of Interests in Other Entities" (effective from 1 January, 2017);
- Amendments to various standards (IAS 28, IAS 40 and IFRS 2) will enter into force on 1 January 2018;
- IFRS 9 "Financial Instruments" and subsequent amendments, which replaces the 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 1 January 2018, with earlier application permitted.

In accordance with IFRS 9, financial assets will be classified into one of two categories listed at initial recognition: financial assets measured at amortized cost or financial assets measured at fair value. A financial asset will be recognized at amortized cost if the following two criteria are met: assets related to the business model, which aims to apply the agreed cash flows and contractual terms provide a basis for payment on certain dates the cash flows that are solely the collection of principal and interest on the principal outstanding. All other assets will be valued at fair value. Gains and losses on valuation of financial assets at fair value will be recognized in the income statement, except for investments in equity instruments with non trading, where IFRS 9 permits, at initial recognition, the selection of unchangeable later that all changes in fair value recognized in within other gains and losses in the statement of comprehensive income. The amount thus be recognized within the statement of comprehensive income will not be able later to be recognized in the income statement;

- 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 Programmes", IFRIC15 "Agreements for the Construction of Real Estate" and IFRIC18 "Transfers of assets from customers". IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted; and
- IFRIC 22 – interpretation refers to foreign exchange transactions when entity recognizes non-monetary asset or liability from payment or received of advance before the entity recognizes the asset, cost or income, after which that non-monetary asset or liability is recognized again. The interpretation shall enter into force on or after 1 January 2018, but an earlier application is permitted.

Published Standards and Interpretations that have not yet come into force

On the day of publication of these financial statements, the following standards, their amendments and interpretations were published, but have not yet entered into force:

- IFRS 16 "Lease" - published in January 2016, the application is for business periods beginning on or after 1 January, 2019. An earlier application is possible with conditioned application of IFRS 15. 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 1 January, 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 1 January, 2019. This may be in conflict with IFRS 3;
- IFRS 17 replaces IFRS 4 - application to Financial Statements beginning 1 January, 2021. Early application is conditioned by adoption of IFRS 9 and IFRS 15;
- IFRIC 23 - interpretation relating to IAS 12. Interpretation shall enter into force on or after 1 January, 2019, but an earlier application is permitted; and
- Amendments to various standards (IAS 19, IAS 12, IAS 23 and IFRS 2) will enter into force on 1 January 2019.

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 system Energoprojekt 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.

According to aforementioned, from 01 January 2018, the companies within system Energoprojekt, apply prospectively, IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration adopted by IFRS Interpretations Committee at the end of 2016.

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>	<i>31.12.2018</i>	<i>31.12.2017</i>
	<i>Amount in RSD</i>	
EUR 1	118.1946	118.4727
USD 1	103.3893	99.1155
GBP 1	131.1816	133.4302

Applied average FX rates for the Income Statement items in 2018 and 2017 were as follows:

<i>Currency</i>	<i>31.12.2018</i>	<i>31.12.2017</i>
	<i>Amount in RSD</i>	
EUR 1	118.2716	121.3367
USD 1	100.2784	107.4987
GBP 1	133.6401	138.3782

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 valued: if the revenue amount may be reliably measured, if the level of completion of the transaction at the balance sheet date may be reliably measured and if transaction-related expenses and transaction completion expenses may be reliably measured.

Financial 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.

Adverse impacts on the Company's liquidity have significant amounts of immobilized assets in some subsidiaries, as well as a slowdown in payment in certain segments (regions) due to economic and geopolitical reasons.

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 31 December 2018, 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Income from sales	6.385.258	7.313.787	16.578.749	26.204.678	1.004.675	1.305.954	23.968.682	34.824.419	(1.144.151)	(2.115.941)	22.824.531	32.708.478
SEGMENT RESULT												
Operating profit/loss	523.125	609.406	(483.882)	835.087	36.862	64.339	76.105	1.508.832	(13.439)	(505.496)	62.666	1.003.336
Interest income (third party)	40.719	22.759	74.394	70.498	13.378	28.403	128.491	121.660			128.491	121.660
Interest expenses (third party)	6.122	6.206	322.752	331.818	35.658	38.658	364.532	376.682			364.532	376.682
Profit/loss from regular operations before tax	677.090	687.577	(290.027)	591.373	774.910	469.184	1.161.973	1.748.134	(91.044)	(1.011.123)	1.070.929	737.011
Net profit/loss from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year	(6.618)	3.164	(49.687)	(18.568)	23	(168)	(56.282)	(15.572)	106	8.764	(56.176)	(6.808)
Income tax	83.142	37.920	137.807	159.108	53.200	9.174	274.149	206.202			274.149	206.202
Net profit/loss	587.330	652.821	(477.521)	413.697	721.733	459.842	831.542	1.526.360	(90.938)	(1.002.359)	740.604	524.001
Total assets	9.152.070	8.868.283	25.493.035	27.401.854	12.756.869	13.541.690	47.401.974	49.811.827	(8.369.589)	(7.785.148)	39.032.385	42.026.679
Total liabilities	9.152.070	8.868.283	25.493.035	27.401.854	12.756.869	13.541.690	47.401.974	49.811.827	(8.369.589)	(7.785.148)	39.032.385	42.026.679
Depreciation	89.994	93.403	536.939	670.306	52.882	61.786	679.815	825.495	3.751	4.291	683.566	829.786

Geographical segments

	Serbia		Commonwealth of Independent States (CIS)		Europe		Africa		Asia		America		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Income from sales	12.620.291	13.776.964	600.491	5.366.069	114.051	162.429	3.027.179	5.834.207	4.498.896	5.604.005	1.963.623	1.964.804	22.824.531	32.708.478
Income from the sales of goods to other affiliated companies in the international market (Energo Nigeria Ltd., Lagos, Nigeria)								273						273
Income from the sales of goods - external	92.721	68.267	1.056	376.446	2.313	951	44.692	36.090			36.904	102.450	177.686	584.204
Income from the sales of goods	92.721	68.267	1.056	376.446	2.313	951	44.692	36.363			36.904	102.450	177.686	584.477
Income from the sales of products and services to other affiliated companies (Energojet d.o.o., Enjub d.o.o. i Energo Nigeria Ltd., Lagos, Nigeria)		2.107					134.284	1.082.106					134.284	1.084.213
Income from the sales of products and services - external	12.527.570	13.706.590	599.435	4.989.623	111.738	161.478	2.848.203	4.715.738	4.498.896	5.604.005	1.926.719	1.862.354	22.512.561	31.039.788
Income from the sales of products and services	12.527.570	13.708.697	599.435	4.989.623	111.738	161.478	2.982.487	5.797.844	4.498.896	5.604.005	1.926.719	1.862.354	22.646.845	32.124.001

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. 2018	01.01.- 31.12. 2017
Income from sale of goods to other related companies - foreign market	-	273
Income from sale of goods on local market	92,720	68,267
Income from sale of goods on foreign market	84,966	515,937
TOTAL	177,686	584,477

• **Income from sale of goods on local market in the amount** of RSD 92,720 thousand, relate mostly to the following companies of the system Energoprojekt:

- Energoprojekt Energodata in the amount of RSD 41,356 thousand, primarily from sale of agro-meteorological stations to the Directorate of Plant Protection (RSD 15,833 thousand), licenses, hardware equipment and products from printing industry;

- Energoprojekt Niskogradnja in the amount of RSD 35,596 thousand based on the sales to subcontractors on projects "Lajkovac-Ljig": RSD 17,423 thousand and "Most na Adi": RSD 14,789 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 12,314 thousand from the sale of plastic closures and held for resale; and

- Energoprojekt Visokogradnja in the amount of RSD 3,454 thousand mainly based on the sale of material to subcontractors: RSD 2,239 thousand (project Navigator 2 Bussines Center: RSD 1,560 thousand).

• **Income from sale of goods on foreign market in the amount** of RSD 84,966 thousand are related, predominantly, to Energoprojekt Niskogradnja, in the amount of RSD 74,617 thousand, based on material selling (mainly, fuel) and spare parts required for unobstructed performance of works, supplied to subcontractors for projects in Peru RSD 36,904 thousand (predominantly on the project Z-034 Road Puerto Bermudez, Peru: RSD 36,804 thousand) and Uganda RSD 37,713 thousand (predominantly on the project Z-027 Mpigi - Kanoni, 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.

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. 2018	01.01.- 31.12. 2017
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	134,284	1,082,106
Income from sale of products and services on local market	12,527,570	13,706,590
Income from sale of products and services on foreign market	9,984,991	17,333,198
TOTAL	22,646,845	32,124,001

- **Income from sale of products and services to other related companies on foreign market** in the amount of RSD 134,284 thousand entirely pertain to Energoprojekt Oprema from sale of products and services to the related company Energo Nigeria Ltd., Lagos, Nigeria;
- **Income from sale of products and services on local market** in the amount of RSD 12,527,570 thousand, are related, mostly, to the following companies within system Energoprojekt:
 - Energoprojekt Niskogradnja, in the amount of RSD 5,914,889 thousand, mainly for project Lajkovac-Ljig: RSD 4,486,568 thousand and the projects Most na Adi: RSD 921,365 thousand, Ub - Lajkovac IV phase: RSD 266,805 and others;
 - Energoprojekt Visokogradnja in the amount of RSD 2,883,347 thousand, primarily for projects Belgrade Waterfront: RSD 1,572,688 thousand, Chinese Cultural Center: RSD 599,573 thousand and Navigator 2 Bussines Center: RSD 587,688 thousand;
 - Energoprojekt Oprema, in the amount of RSD 1,427,614 thousand, dominantly for the projects Kolubara Landfill: RSD 678.092 thousand and Ada Mall: RSD 638,924 thousand;
 - Energoprojekt Entel, in the amount of RSD 666,046 thousand, first of all, for several projects performed for PE Elektroprivreda Srbije: RSD 362,445 thousand and project Vinca - preparation of project documentation and obtaining conditions, permits and approvals from the Construction Industrielles de la mediterrabee - CNIM SA - SR Belgrade branch: RSD 125,993 thousand; and
 - Energoprojekt Sunnyville, in the amount of RSD 547,291 thousand - sold apartments in residential / business complex "Sunnyville" in Belgrade.
- **Income from sale of products and services on foreign market** in the amount of RSD 9,984,991 thousand, related, mostly, to the following companies of system Energoprojekt:
 - Energoprojekt Entel in the amount of RSD 4,510,447 thousand derived from companies of the System abroad: Energoprojekt Entel LTD, Doha, Qatar: RSD 2,295,315 thousand, (dominantly on projects performed for Qatar General Electricity & Water Corporation "Kahramaa": RSD 1,645,535 thousand), Energoconsult LLC, Abu UAE Dhabi: RSD 1,208,777 thousand (primarily on the project preformed for Dubai Electricity and Water Authority "Dewa": RSD 339,906 thousand and Federal Electricity & Wather Authority "Fewa": RSD 203,211 thousand) and EP Entel LLC Muscat, Sultanate of Oman: RSD 668,342 thousand (primarily on projects performed for Oman Electricity Transmission Company "OETC": RSD 375,092 thousand);

- Energoprojekt Niskogradnja, in the amount of RSD 3,765,604 thousand, on projects in Uganda: RSD 1,849,806 thousand (primarily Z-027 Mpigi Kanoni, Uganda: RSD 1,238,064 thousand and Z-036 Streets in Kampala Kawempe - Lubaga: RSD 587,891 thousand) and in Peru: RSD 1,915,798 thousand (primarily Z-034 Road Puerto Bermudez, Peru: RSD 1,719,207 thousand);
- Energoprojekt Visokogradnja, in the amount of RSD 982,759 thousand, based on works realized for investors, mainly in company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 498,898 thousand and Z-105 Residential facility Tokio Siktivkar, Russia: RSD 417,890 thousand; and
- Energoprojekt Hidroinženjering, in the amount of RSD 346,281 thousand, primarily on projects in Algeria: RSD 272,377 thousand, in Montenegro: RSD 29,657 thousand and in Jordan: RSD 21,615 thousand.

11.3. Other Operating Income

Structure of other operating income	<i>In RSD thousand</i>	
	<i>01.01.- 31.12. 2018</i>	<i>01.01.- 31.12. 2017</i>
Rent from other legal entities in the country	29,649	30,191
Rent from other legal entities abroad	76,429	90,429
Other operating income from parent companies, subsidiaries and other related parties		
Other operating income	191,471	160,458
GRAND TOTAL	297,549	281,078

- **Rental income from other legal entities in the country** in the amount of RSD 29,649 thousand was primarily generated in the following companies of the system Energoprojekt:

- Energoprojekt Holding in the amount of RSD 11,402 thousand, primarily based on the rental of: a part of the building complex "Samački hotel" on Batajnicki road no. 24, Zemun to the company Jerry Catering Service Ltd. in RSD 7,737 thousand and a part of Energoprojekt's business building to Energoprojekt Garant in the amount of RSD 3,416 thousand;

- Energoprojekt Visokogradnja in the amount of RSD 7,510 thousand, primarily based on the rental of facility in Ub and facility in Preradoviceva Street in Belgrade;

- Energoprojekt Garant in the amount of RSD 4,748 thousand based on the rental of office space in the Bulevar Zoran Djindjic, YU business center in New Belgrade and Marshala Tolbuhina street in New Belgrade; and

- Energoprojekt Energodata in the amount of RSD 3,790 thousand primarily based on the rental of office space in Palmir Toljatij Street in New Belgrade.

- **Income from the rent from other legal entities abroad** in the amount of RSD 76,429 thousand was predominantly generated by the following companies of the system Energoprojekt:

- Dom 12 S.A.L., Lebanon in the amount of RSD 26,795 thousand, based based on the rental of office building in Moscow;

- Zambia Engineering and Contracting Company Limited, Zambia in the amount of RSD 22,491 thousand, based on the rent of a number of properties in Zambia;

- Energoprojekt Niskogradnja in the amount of RSD 12,576 thousand, based on the rental of a part of the office building Cruz del Sur in Lima, Peru and of the machinery in Peru: RSD 7,941 thousand and machinery in Peru: RSD 4,600 thousand; and

- I.N.E.C. Engineering Company Limited, United Kingdom in the amount of RSD 7,832 thousand, based on the rental of office building in London.

• **Other operating income** in the amount of RSD 191,471 thousand was primarily generated in the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 127,246 thousand, in Energoprojekt Ghana Ltd., Akra, Ghana: RSD 118,951 thousand (payable VAT from 2016) and re-charged various expenses in the country;

- Energoprojekt Garant in the amount of RSD 30,979 thousand primarily relate to the income from the abolition and decrease in provision for non-life insurance: RSD 24,945 thousand, income from share in reinsurance and co-insurance in damage compensation: RSD 4,272 thousand, income from commission arising from premiums transferred to co-insurance and reinsurance in the amount of RSD 1,762 thousand; and

- Energoprojekt Niskogradnja in the amount of RSD 18,884 thousand, primarily, on the basis of re-invoiced costs of insurance of works: RSD 11,207 thousand and fee for the lead partner (under the Agreement and the Annex to the Joint Undertaking Agreement): RSD 7,648 thousand on the project Most na Adi.

12. COST PRICE OF GOODS SOLD

Structure of cost price of goods sold	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Cost price value of goods sold:		
a) Cost price of goods sold to parent company, subsidiaries and other related parties	-	263
b) Cost price of goods sold on local market	91,037	78,223
c) Cost price of goods sold on foreign market	68,199	473,903
TOTAL	159,236	552,389

• **Cost price of goods sold on local market** in the amount of RSD 91,037 thousand primarily is related to the following companies of the system Energoprojekt:

- Energoprojekt Energodata in the amount of RSD 41,304 thousand, for purchasing of agro meteorological stations (sold to the Plant Protection Directorate), licenses, hardware and products used in printing activity;

- Energoprojekt Niskogradnja in the amount of RSD 33,087 thousand, for purchase of inventory and spare parts, with the aim to provide the subconstructor 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 projects Lajkovac-Ljig and Most na Adi; and

- Energoplast in the amount of RSD 12,032 thousand, for purchasing of finished lock-patent delivered for further sales.

- **Cost price of goods sold on foreign market** in the amount of RSD 68,199 thousand dominantly related to Energoprojekt Niskogradnja, in the amount of RSD 62,820 thousand (for inventory costs (mostly fuel) and spare parts sold as per agreements to subcontractors for projects in Peru: RSD 35,135 thousand and Uganda: RSD 27,685 thousand, in performance of works).

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	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Income from use of own products and merchandise	30,360	189,307
Increase in inventories of intermediate and finished goods and services in progress	879,175	776,261
Decrease in inventories of intermediate and finished goods and services in progress	633,327	180,401
TOTAL	276,208	785,167

- **Income from use of own products and merchandise** in the amount of RSD 30,360 thousand entirely relate to Energoprojekt Niskogradnju on the basis of mechanization overhaul: (in Uganda: RSD 27,660 thousand and in the country: RSD 2,700 thousand).

- In the reporting period, the **increase in inventories of intermediate and finished goods and services in progress** amounting to RSD 879,175 thousand predominantly relate to increase in inventories of intermediate in Energoprojekt Park 11 in the amount of RSD 825,542 thousand (construction of business and residential complex Park 11 - Block 11a in New Belgrade) and to Energoprojekt Sunnyville in the amount of RSD 34,653 thousand, (construction of business and residence complex Sannyville Belgrade).

- **Decrease in inventories of the intermediate and finished goods and services in progress** in the amount of RSD 633,327 thousand related to the following companies of the system Energoprojekt:

- Energoprojekt Sunnyville in the amount of RSD 450,409 thousand (sale of finished goods (real estate) - residential and business complex Sunnyville in Belgrade);

- Energoprojekt Niskogradnja in the amount of RSD 112,494 thousand (installation and sale of inventories of produced material for base, asphalt, fraction for concrete in Peru, primarily, on project Z-034 Puerto Bermudes: RSD 112.402 thousand); and

- Energoprojekt Visokogradnja in the amount of RSD 70,424 thousand, based on sold finished products (property) in Cara Nikolaja Street in Belgrade: RSD 68,180 thousand and in Bežanijska Kosa: RSD 2,244 thousand.

14. MATERIAL COSTS AND FUEL AND ENERGY COSTS

Structure of material cost and fuel and energy costs	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Material costs:		
a) Costs of materials used in production	3,518,188	6,581,398
b) Costs of other materials (overheads)	215,716	278,257
c) Costs of spare parts	164,064	238,205
d) Costs of one-off write-off of tools and inventory	88,883	118,075
<i>Total</i>	<i>3,986,851</i>	<i>7,215,935</i>
Fuels and energy costs:		
a) Fuel costs	831,670	913,481
b) Costs of electrical energy and heating	201,969	209,759
<i>Total</i>	<i>1,033,639</i>	<i>1,123,240</i>
TOTAL	5,020,490	8,339,175

- **Cost of materials used in production** in the amount of RSD 3,518,188 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja, in the amount of RSD 1,437,790 thousand, out of which costs incurred in Projects realized abroad (in Peru and Uganda) amount to RSD 489,180 thousand, meanwhile the projects in the country amount to RSD 948,610 thousand.

- Energoprojekt Visokogradnja, in the amount of RSD 1,064,668 thousand, out of which costs incurred in projects realized in the country in RSD 796,792 thousand (primarily for projects Belgrade Waterfront: RSD 256,616 thousand, Navigator 2 Bussines Center: RSD 221,130 thousand and Chinese Cultural Center: RSD 149,615 thousand), while the projects abroad amount to RSD 267,876 thousand (predominantly at project Z-105 Residential facility Tokyo Siktivkar, Russia: 125,982 thousand and in company Energoprojekt Ghana Ltd, Akra, Ghana: RSD 115,509 thousand); and

- Energoprojekt Oprema, in the amount of RSD 743,439 thousand, out of which costs incurred in projects in the country amount RSD 547,173 thousand (mostly on projects Ada Mall: RSD 205,232 thousand and Kolubara Landfill: RSD 255,519 thousand), meanwhile RSD 196,266 thousand related on abroad (above all on ANI project, Nigeria: RSD 174,375 thousand and TS Gabrio, Rwanda: RSD 18,557 thousand).

- The largest shares in **costs of other materials (overhead)** (cost of office supplies, safety equipment and other material) amounting to RSD 215,716 thousand are those of Energoprojekt Niskogradnja, in the amount of RSD 143,496 thousand (abroad: RSD 135,936 thousand, in the country: RSD 7,560 thousand), Energoprojekt Entel, in the amount of RSD 39,994 thousand, Energoprojekt Visokogradnja in the amount of RSD 9,467 thousand and Energoprojekt Hidroinženjering in RSD 8,182 thousand.

- **Costs of spare parts** in the amount of RSD 164,064 thousand relate, dominantly, to Energoprojekt Niskogradnja in the amount of RSD 147,308 thousand (abroad: RSD 114,040 thousand, in the country: RSD 33,268 thousand) and to Energoprojekt Visokogradnja in the amount of RSD 15,500 thousand.

- **Costs of one-off write-off of tools and inventory** in the amount of RSD 88,883 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 64,208 thousand and Energoprojekt Visokogradnja in the amount of RSD 15,151 thousand.
- The largest share in **fuel and energy costs** amounting to RSD 1,033,639 thousand are those of Energoprojekt Niskogradnja in the amount of RSD 719,600 thousand, which were predominantly incurred abroad, of Energoprojekt Visokogradnja in the amount of RSD 115,518 thousand and Energoprojekt Entel in the amount of RSD 99,608 thousand.

15. EMPLOYEE EXPENSES AND BENEFITS

Structure of employee expenses and benefits	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Expenses of wages and fringe benefits (gross)	6,174,305	7,358,756
Taxes and contributions on wages and contributions on wages payable by employer	597,652	709,537
Service agreements contributions	9,461	13,699
Copyright agreements contributions	32,098	25,843
Costs of contributions for contract fees for temporary and periodical engagement	178,678	162,216
Considerations to physical persons based on other agreements	10,102	44,899
Considerations to General Manager and/or Management and Supervisory Board members	26,144	32,397
Other personnel expenses and fringe benefits	476,926	720,690
TOTAL	7,505,366	9,068,037

- **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 6,771,957 thousand relate primarily to Energoprojekt Entel in the amount of RSD 3,013,898 thousand, Energoprojekt Visokogradnja in the amount of RSD 1,082,813 thousand, Energoprojekt Niskogradnja in the amount of RSD 1,266,922 thousand and Energoprojekt Oprema in the amount of RSD 424,490 thousand.
- **Costs of contributions for contract fees for temporary and periodical engagement** amounting to RSD 178,678 thousand were predominantly incurred in Energoprojekt Niskogradnja in the amount of RSD 77,096 thousand (in the country: RSD 3,204 thousand, abroad: RSD 73,892 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 70,250 thousand for projects in the country (primary on the projects Kolubara Landfill: RSD 21,826 thousand, Belgrade Waterfront: RSD 17,887 thousand and Ada Mall: RSD 8,126 thousand).

- **Other personnel expenses and fringe benefits** amounting to RSD 476,926 thousand (costs of accommodation, meals on field works, transport and other costs of workers, severance pay for solving the problem of redundancy, business trips cost, solidarity aid, scholarships and other benefits) relate to the following companies within system Energoprojekt:

- Energoprojekt Niskogradnja amounting to RSD 174,816 thousand (in the country: RSD 119,816 thousand and abroad: RSD 55,039 thousand);
- Energoprojekt Visokogradnja in the amount of RSD 112,860 thousand, in the country RSD 53,422 thousand (of which the severance payments for solving the problem of redundancy amount to RSD 24,128 thousand) and abroad: RSD 59,438 thousand (out of that to Energoprojekt Ghana Ltd., Accra, Ghana of RSD 22,161 related);
- Energoprojekt Entel in the amount of RSD 66,765 thousand;
- Energoprojekt Hidroinženjering in the amount of RSD 36,623 thousand; and
- Energoprojekt Oprema in the amount of RSD 36,205 thousand.

16. PRODUCTION SERVICE COSTS

Structure of costs of production services	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Production service cost	6,638,605	9,203,729
Transportation services' costs	385,554	507,086
Repairs and maintenance services' costs	119,540	138,961
Rental costs	713,710	1,186,381
Trade fairs' costs	1,571	14,223
Advertising costs	12,585	20,763
Research costs	299	4,336
Costs of other services	186,314	212,191
TOTAL	8,058,178	11,287,670

- **Production service costs** in the amount of RSD 6,638,605 thousand are predominantly related to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 3,898,747 thousand for the costs based on subcontracting agreements and joint ventures incurred within projects in the country amounting to RSD 3,566,071 thousand (mainly on projects: Lajkovac – Ljig: RSD 2,305,723 thousand, Bridge on Ada: RSD 872,881 thousand and Ub-Lajkovac: RSD 237,537 thousand) and abroad amounting to RSD 332,676 thousand (mainly, Z-027 Mpigi Kanoni, Uganda: RSD 157,514 thousand and Z-034 Puerto Bermudez, Peru: RSD 142,535 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;
- Energoprojekt Visokogradnja in the amount of RSD 1,541,656 thousand comprise of the costs of associates and subcontractors incurred within projects in the country in the amount of RSD 1,354,906

thousand (mainly on projects: Belgrade Waterfront: RSD 906,573 thousand, Navigator 2 Business Center: RSD 207,462 thousand and Chinese Cultural Center: RSD 160,573 thousand) and abroad, in the amount of RSD 186,750 thousand (mainly, in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 79,519 thousand (project Eco Bank: RSD 49,102 thousand) and on project Z-105 Residential building Tokyo Siktivkar, Russia: RSD 95,642 thousand);

- Energoprojekt Oprema in the amount of RSD 754,632 thousand comprise of the subcontractors' costs and consortium partners' costs in a number of projects primarily in the country in the amount of RSD 753,960 thousand (mainly, at the projects: Kolubara Landfill: RSD 380,781 thousand, Ada Mall: RSD 281,320 thousand and Belgrade Waterfront: RSD 78,566 thousand); and

- Energoprojekt Entel, in the amount of RSD 233,068 thousand, consists of the subcontractors costs engaged on works for which the company does not have personnel or for specialized works performed only by certain companies. The costs in this country amount to RSD 117,246 thousand, while abroad: RSD 115,822 thousand (mainly in Qatar: RSD 61,337 thousand).

• **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 385,554 thousand and relate predominantly to Energoprojekt Entel in the amount of RSD 234,704 thousand (mainly, cost of air tickets for employees and rent-a-cars costs, mainly in Qatar and UAE), Energoprojekt Niskogradnja in the amount of RSD 98,645 thousand, Energoprojekt Visokogradnja in the amount of RSD 17,355 thousand and Energoprojekt Oprema in the amount of RSD 14,975 thousand.

• **Repair and maintenance services' costs** amounting to RSD 119,540 thousand were incurred primarily in Energoprojekt Niskogradnja in the amount of RSD 46,928 thousand, in Energoprojekt Entel in the amount of RSD 22,653 thousand, in Energoprojekt Visokogradnja in the amount of RSD 11,719 thousand and in Energoprojekt Oprema in the amount of RSD 11,396 thousand. These costs were predominantly incurred for regular equipment maintenance.

• **Rental costs** amount to RSD 713,710 thousand and are predominantly related to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 371,036 thousand, comprising of the rental costs of equipment, sites, business, residential and warehousing facilities abroad amounting to RSD 334,210 thousand (in Peru and Uganda) and in the country in the amount of RSD 36,826 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;

- Energoprojekt Entel in the amount of RSD 281,542 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 36,598 thousand are predominantly related to the rental costs of office spaces, apartments and machinery abroad, amounting to RSD 24,955 thousand (predominantly in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 12,567 thousand and on Projects Z-105 Residential building Tokyo, Siktivkar: RSD 5,611 thousand, Z-103 Talan Towers, Astana, Kazakhstan: RSD 3,590 thousand), while in the country amount to RSD 11,643 thousand (predominantly rent of equipment on the projects Navigator 2 Business Center and Chinese Cultural Center); and

- Energoprojekt Oprema in the amount of RSD 15,464 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 1,571 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 1,506 thousand (participation at the World Energy Fair VETEX held in Dubai).

- **Advertising costs** amounting to RSD 12,585 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 7,046 thousand (based on promotional costs, advertising, brochure and catalogue production, market researching, etc.), to Energoprojekt Sunnyville in the amount of RSD 1,848 thousand (cost of advertising apartments sales through billboards, magazines and websites) and Energoprojekt Holding in the amount of RSD 789 thousand (based on the sponsorship expenses and advertising costs).

- **Costs of other services** in the amount of RSD 186,314 thousand were primarily incurred in the following Companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 50,316 thousand based on other incidental project costs (engaging qualified-specialised workers - varieties, reparation, welding, etc.): RSD 47,591 thousand (primarily on ANI project, Nigeria: RSD 32,629 thousand) and costs of registration of vehicles, tolls, graphic services, utility services, etc. in the amount of RSD 2,725 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 50,175 thousand, primarily, based on the construction sites' security costs, utility services' costs, graphic services, expert services, license fees, vehicle registration, occupational safety costs, etc.;

- Energoprojekt Energodata in the amount of RSD 28,683 thousand, primarily based on the costs incurred for ATM maintenance, graphic design and hardware services, as well as the cost of vehicle registration, utility services, occupational safety services and licensing costs; and

- Energoprojekt Visokogradnja in the amount of RSD 18,530 thousand primarily based on cost of utility services, costs of personal protection at work, registration of vehicles and photocopying costs.

17. DEPRECIATION EXPENSES AND PROVISION EXPENSES

Structure of depreciation expenses and provision expenses	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Depreciation expenses:		
a) Depreciation of intangible assets (Note 25)	20,178	18,226
b) Depreciation of property, plant and equipment (Note 26)	663,388	811,560
<i>Total</i>	<i>683,566</i>	<i>829,786</i>
Provisions expenses		
a) Warranty period provisions' expenses	1,773	283,538
b) Provisions for contributions and other personnel benefits	53,602	54,949
c) Other long-term provisions		500,741
<i>Total</i>	<i>55,375</i>	<i>839,228</i>
TOTAL	738,941	1,669,014

• 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 31 December 2018.

Effects of the change in the accounting valuation impact the change in **amortisation expenses** for 2018, and thus, consequently, the change in the booking value of assets as at 31 December 2018.

• **Warranty period provisions' expenses** amount to RSD 1,773 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 Energoprojekt Visokogradnja in the amount of RSD 1,773 thousand, relate to calculated expenses on projects Z-105 Residual Building Tokio Siktivkar, Russia.

• **Provisions for contributions and other personnel benefits** in the amount of RSD 53,602 thousand relate, mostly, to Energoprojekt Entel, in the amount of RSD 49,714 thousand which are carried out with the company Energoprojekt Entel LTD, Qatar: RSD 31,436 thousand and Energoprojekt Entel L.L.C Muscat, Sultanate of Oman: RSD 13,423 thousand, while the provisions costs in the country amount to RSD 4,855 thousand.

In 2018, the companies within Energoprojekt recorded provisions for contribution and other personnel benefits according to actuarial calculation of the expert team from Energoprojekt (Note 38).

18. INTANGIBLE EXPENSES

Structure of intangible expenses	<i>In RSD thousand</i>	
	<i>01.01.- 31.12. 2018</i>	<i>01.01.- 31.12. 2017</i>
Intangible expenses	1,025,533	809,378
Expense account	43,000	56,567
Insurance premiums expenses	181,854	166,215
Payment operations' expenses	196,487	339,628
Membership fee expenses	14,922	18,472
Tax duties	88,654	281,147
Contribution expenses	188,680	2,786
Other non-operating expenses	114,324	180,910
TOTAL	1,853,454	1,855,103

- **Intangible expenses** in the amount of RSD 1,025,533 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) are predominantly related to the following companies of the system Energoprojekt:

- Energoprojekt Entel amounting to RSD 382,234 thousand primarily abroad: RSD 369,241 thousand (mostly incurred in the company Energoprojekt Entel LTD, Doha, Qatar: RSD 265,203 thousand, for sponsor's and agents expenses paid for conclusion of the largest contracts with the state investor "Kahramaa." Namely, in the area of Middle East is not possible to run the company without making a contract with a local sponsor, which fee does not amount less than 2.5% of invoiced income, while in Oman these percentages are higher, depending on the contract value) and in the country: RSD 12,993 thousand;

- Energoprojekt Park 11 in the amount of RSD 376,227 thousand, predominantly for purchasing construction land that was included in the cost of building under construction: residential & business complex "Park 11" in Block 11a, New Belgrade: RSD 375,659 thousand;

- Energoprojekt Niskogradnju in the amount of RSD 84,733 thousand (in the country: RSD 6,634 thousand and abroad: RSD 78,099 thousand);

- Energoprojekt Visokogradnju in the amount of RSD 71,184 thousand (in the country: RSD 24,163 thousand and abroad: RSD 47,021 thousand, primarily in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 36,180 thousand, mostly on the project Eco Bank: RSD 27,616 thousand; and

- Energoprojekt Oprema in the amount of RSD 42,369 thousand, in the country: RSD 27,308 thousand and abroad: RSD 15,061 thousand (primarily, on the project Energocentar, Minsk, Belarus: RSD 13,326 thousand), mostly arose from attorney fees: RSD 21,806 thousand on the occasion of arbitration for projects Energocentar Minsk, Belarus: RSD 8,621 thousand and RTB Bor: RSD 9,702 thousand.

- **Insurance premium expenses** amounting to RSD 181,854 thousand were incurred based on the insurance of works, property and persons, primarily in the Energoprojekt Niskogradnja in the amount of RSD 87,066 thousand, in Energoprojekt Entel in the amount of RSD 51,172 thousand, in Energoprojekt Visokogradnja in the amount of RSD 12,703 thousand, Energoprojekt Oprema in the amount of RSD 12,024 thousand and in Energoprojekt Urbanizam i arhitektura in the amount of RSD 12,092 thousand.

- **Payment operation expenses** in the amount of RSD 196,487 thousand predominantly relate to the following companies of Energoprojekt:

- Energoprojekt Niskogradnja amounting to RSD 86,103 thousand, most of which pertain to the bank fee costs for guarantees provided in the country: RSD 35,619 thousand and abroad: RSD 50,484 thousand;

- Energoprojekt Visokogradnja amounting to RSD 29,819 thousand, in the country: RSD 20,546 thousand (mainly costs of issuing bank guarantees in the amount of RSD 11,877 thousand for projects: Belgrade Waterfront, Chinese Cultural Center and Navigator) and abroad: RSD 9,273 thousand, (primarily in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 5,545 thousand, of which RSD 1,632 thousand relate to cost of guarantees);

- Energoprojekt Entel amounting RSD 26,878 thousand, predominantly, based on bank fees for guarantees providing expenses, in the amount of RSD 17,693 thousand and cost of payment transactions:

RSD 9,185 thousand (dominantly within Energoprojekt Entel LTD, Qatar: RSD 13,223 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 8,494 thousand);

- Energoprojekt Oprema amounting RSD 24,025 thousand, based on the costs of issuing bank guarantees: RSD 15,225 thousand and cost of payment transactions: RSD 8,800 thousand, in the country: RSD 12,037 thousand (primarily on projects Kolubara Landfills and Ada Mall) and abroad: RSD 11,988 thousand (mainly on projects TS Gabiro, Rwanda and Energocenter Minsk, Belarus); and
- Energoprojekt Hidroinženjering amounting RSD 20,869 thousand, based on the costs of issuing bank guarantees: RSD 18,502 thousand and cost of payment transactions: RSD 2,367 thousand (primarily on supervision and designs works performed in Algeria).

• **Tax duties** in the amount of RSD 88,654 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 Holding in the amount of RSD 19,474 thousand, in the country, dominantly based on property tax: RSD 18,782 thousand.
- Energoprojekt Visokogradnja in the amount of RSD 16,944 thousand, in the country: RSD 13,768 thousand (mostly, based on property tax: RSD 9,796 thousand) and abroad: RSD 3,176 thousand (dominately, based on property tax with the company Energoprojekt Montenegro: RSD 1,101 thousand);
- Energoprojekt Niskogradnja in the amount of RSD 14,898 thousand, abroad: RSD 9,381 thousand (dominantly in Peru: RSD 9,061 thousand), in the country: RSD 5,517 thousand; and
- Energoprojekt Entel in the amount of RSD 14,418 thousand, abroad: RSD 11,722 thousand (mainly paid taxes for local workers in Oman: RSD 11,455 thousand), in the country: RSD 2,696 thousand (mostly, based on property tax: RSD 2,309 thousand).

• **Contribution expenses** in the amount of RSD 188,680 thousand related to Energoprojekt Park 11 in the amount of RSD 184,952 thousand for paid contribution for construction land development for building business-residential complex "Park 11" in Block 11a in New Belgrade and to Energoprojekt Niskogradnja in the amount of RSD 3,728 thousand for paid contributions to the National Construction Association (SENCICO) in Peru in accordance with local regulations.

• 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, quality control costs, protection equipment purchasing, etc.) amounting to the total of RSD 114,324 thousand consist primarily to the costs incurred by Energoprojekt Entel in the amount of RSD 48,999 thousand, Energoprojekt Visokogradnja in the amount of RSD 19,895 thousand, Energoprojekt Oprema in the amount of RSD 14,300 thousand and Energoprojekt Niskogradnja in the amount of RSD 11,341 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. 2018</i>	<i>01.01.- 31.12. 2017</i>
Financial income from other related companies	10,369	12,176
Financial income from the profit of affiliated companies and joint ventures	67,382	69,557
Other financial income:		
a) Income from dividends	68	66
b) Other financial income	55,975	81,368
<i>Total</i>	<i>56,043</i>	<i>81,434</i>
<i>Total financial income from related companies and other financial income</i>	<i>133,794</i>	<i>163,167</i>
Interest income (third party)	128,491	121,660
Exchange rate gains and positive currency clause effects (third party)	508,468	1,958,167
TOTAL	770,753	2,242,994

• **Financial income from other related companies** in the amount of RSD 10,369 thousand consist of the financial income from:

- Joint Venture Company Enjub Ltd. in the amount of RSD 9,752 thousand, which were recorded, in Energoprojekt Holding as income from interest on loan granted;
- Affiliated Company Energo Nigeria Ltd., Lagos, Nigeria, in the amount of RSD 552 thousand, which were recorded in Energoprojekt Oprema as foreign exchange gains;
- company Napred Plc. in the amount of RSD 65 thousand, which were recorded, in Energoprojekt Visokogradnja as positive currency clause effects.

• **Financial income from the profit of affiliated companies and joint ventures** in the amount of RSD 67,382 thousand relate to generated net result of the reporting period of the affiliated company Energojet Ltd..

Affiliated companies Energo Nigeria Ltd., Lagos, Nigeria and Energojet Ltd., are included by the equity method into primary consolidation into consolidated financial statements of the subsidiary companies Energoprojekt Oprema (Note 2) and Energoprojekt Industrija, and consequently into consolidated financial statements of Energoprojekt Holding.

• **Interest income (third party)** in the amount of RSD 128,491 thousand are mainly related to the following companies of Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 59,579 thousand predominantly from the agreed default interest invoiced to the Investor in Uganda for unpaid receivables till defined date of payment: RSD 59,443 thousand (Project Z-027 Mpigi-Kanoni: RSD 28,872 thousand, Z-036 Kampala Streets Kawempe-Lubaga, Uganda: RSD 17,133 thousand and Z-035 Sungira Hill, Uganda: RSD 13,438

thousand);

- Energoprojekt Entel in the amount of RSD 29,127 thousand, predominantly income from the short term deposits with commercial banks, mainly abroad in the amount of RSD 20,187 thousand (within the company Energoprojekt Entel LTD, Qatar: RSD 16,156 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 4,031 thousand);

- Energoprojekt Visokogradnja, in the amount of RSD 14,758 thousand, mainly based on short-term time deposits incurred abroad: RSD 12,842 thousand (primarily within the company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 11,699 thousand);

- Energoprojekt Hidroinženjering, in the amount of RSD 10,913 thousand, predominantly based on calculated default interest abroad in the amount of RSD 10,907 thousand; and

- Energoprojekt Holding, in the amount of RSD 9,165 thousand, based on short-term time deposits with commercial banks in the country.

• **Exchange rate gains and positive currency clauses effects (third party)** amounted to RSD 508,468 thousand dinars, while exchange rate losses and negative currency clause effects amounted to RSD 383,884 thousand, so that in the reporting period recorded net exchange rate gains and positive currency clauses effects in the amount of RSD 124,584 thousand.

From the beginning of the year until 31 December 2018, RSD was appreciated to EUR by 0.23% (in 2017: was appreciated by 4.05%) and to USD was depreciated by 4.31% (in 2017: was appreciated by 15.38%), and RSD was appreciated to RUB by 13.75% (in 2017 was appreciated by 10.95%).

19.2. Financial Expense

Structure of financial expense	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Financial expenses from transactions with other related company	2,364	54,344
Financial expense from the losses of affiliated companies and joint ventures	9,748	5,846
Other financial expenditure	56	2
<i>Total financial expenses from related parties and other financial expenses</i>	<i>12,168</i>	<i>60,192</i>
Interest expenses (third party)	364,532	376,682
Exchange rate losses and negative currency clause effects (third party)	383,884	2,010,084
TOTAL	760,584	2,446,958

• **Financial expense from transactions with other related companies** in the amount of RSD 2,364 thousand predominantly relate to negative FX differences expenses incurred from the effects of FX clauses operated with Energo Nigeria Ltd., Lagos, Nigeria: RSD 1.830 thousand in Energoprojekt Oprema and Enjub: RSD 534 thousand in Energoprojekt Holding and Energoprojekt Urbanizam and Arhitektura.

- **Financial expense from the losses of affiliated companies and joint ventures** in the amount of RSD 9,748 thousand, relate to the realized net result of the reporting period of affiliated companies Enjub Ltd. in the amount of RSD 9,352 thousand (50.00%) and closed investment fund Fima See Activist Plc. – in liquidation in the amount of RSD 396 thousand (30.45%), 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 and interest costs for public charges in the country. Interest expenses in the amount of RSD 364,532 thousand relate predominantly to the companies within system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 120,088 thousand (in the country: RSD 59,496 thousand and abroad (Peru and Uganda): RSD 59,175 thousand), primarily incurred from interest on loans granted by commercial banks and interest on leasing contracts in RSD 118,671 thousand.

- Energoprojekt Visokogradnja in the amount of RSD 116,721 thousand predominantly from interest on loans taken, in the country: RSD 64,300 thousand, interest on overdrafts in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 50,163 thousand, while the remaining amount relate to accrued default interest;

- Energoprojekt Oprema in the amount of RSD 67,900 thousand, primary based on interest on loans granted by commercial banks: RSD 65,079 thousand (predominantly for the project Energocenter Minsk, Belarus: RSD 62,687 thousand); and

- Energoprojekt Holding in the amount of RSD 30,564 thousand comprise of expenses from interest on loans granted by commercial banks in the country.

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

Structure of income from value adjustment of other assets disclosed at fair value through income statement	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Income from value adjustment of long-term financial investments and securities available for sale	671	6,986
Income from value adjustment of receivables and short-term financial investments	9,191	8,494
TOTAL	9,862	15,480

- **Income from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 671 thousand relate, mostly, to Energoprojekt Garant in the amount of RSD 642 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 9,191 mostly relate to Energoprojekt Niskogradnja in the amount of RSD 9,190 thousand, primary, on the basis of collected receivables from the bankruptcy debtor Inter - most Plc. according to the decision of the Commercial Court in Belgrade. The receivables were priority written off in the amount of RSD 8,315 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. 2018</i>	<i>01.01.- 31.12. 2017</i>
Expenses from value adjustment of long-term financial investments and securities available for sale	588	16,664
Expenses from value adjustment of receivables and short-term financial investments	45,532	132,592
TOTAL	46,120	149,256

- **Expenses from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 588 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 45,532 thousand relate mostly to the following companies of system Energoprojekt:

- Energoprojekt Hidroinženjering in the amount of RSD 33,379 thousand based on adjustment of receivables on project Yarasay, Peru in the amount of RSD 30,512 thousand (due to the length of the court dispute, adjustments of receivables from previous years invoices was made, although according to Arbitration Dispute with Client PET, Tacna it may be expected to collect the amount. After collection, the adjusted amount will be recorded as income) and on projects in Jordan in the amount of RSD 2,867 thousand (Wala Dam: RSD 1,847 thousand and Kufranja: RSD 1,020 thousand due to large delay in payment by investors); and

- Energoprojekt Niskogradnja in the amount of RSD 12,135 thousand based on adjustment of receivables in the country: RSD 8,454 thousand and abroad (Peru): RSD 3,681 thousand in accordance with Director decision (within the regular annual physical inventory count), due the amount is overdue more than 60 days and the dispute in this regard is in process to be filed (these receivables related to confirmed receivables. The clients that receivables originated are in process of bankruptcy).

21. OTHER INCOME AND OTHER EXPENSE

21.1. Other Income

Structure of other income	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Income from disposal of intangible assets, property, plant and equipment	100,019	5,991
Income from disposal of shares and securities	354,523	
Income from disposal of materials	6,103	6,042
Surpluses	3,407	5,065
Collected written-off receivables	142,383	166,760
Income from the effects of agreed risk protection that cannot be posted in other comprehensive result	333	580
Income from reduction of liabilities	50,241	13,212
Income from release of long-term and short-term provisions	559,551	8,376
Other income not posted elsewhere	61,865	164,316
Income from value adjustment of property, plant and equipment	89,338	15,299
TOTAL	1,367,763	385,641

• **Income from disposal of intangibles assets, property, plant and equipment** in the amount of RSD 100,019 thousand relate mostly to the following companies of Energoprojekt:

- Energoprojekt Holding in the amount of RSD 95,262 thousand, from land valued at market value and transfer as a non-cash participation, according to decision of the Supervisory Board; and
- Energoprojekt Visokogradnja in the amount of RSD 3,597 thousand, primarily based on the sale of equipment - bulkheads abroad.

• **Gains from the sale of shares and securities** in the amount of 354,523 thousand dinars were recorded in the following companies in the system Energoprojekt (Note 27):

- Energoprojekt Holding in the amount of RSD 178,452 thousand (sales of equity shares with Beogradsko mešovito preduzeće Plc., Belgrade: RSD 32,441 thousand and Energoprojekt Garant dd: RSD 146,011 thousand); and
- Energoprojekt Oprema in the amount of RSD 176,071 thousand (sales of shares with Beogradsko mešovito preduzeće Plc., Belgrade).

• **Income from disposal of materials** in the amount of RSD 6,103 thousand mostly refer to Energoprojekt Visokogradnja in the amount of RSD 3,974 thousand, primarily abroad: RSD 3,512 thousand (mostly on the project Z-088 Hotel Hyatt, Rostov, Russia: RSD 2,817 thousand).

- **Surpluses** in the amount of RSD 3,407 thousand mostly relate to Energoprojekt Energodata in the amount of RSD 2,737 thousand.
- **Collected written-off receivables** in the amount of RSD 142,383 thousand predominantly relate to:
 - Energoprojekt Oprema in the amount of RSD 120,195 thousand based on collection of previously written-off receivables from International Project Services Ltd. - branch on the RTB Bor Project acc. to agreement in RSD 75,810 thousand, and on dispute against Klinički Centar Srbije, where value adjustment is cancelled for priory impaired receivables in the amount of RSD 44,385 thousand; and
 - Energoprojekt Hidroinženjering in the amount of RSD 20,245 thousand based on dispute against the company Riko Ltd., Ljubljana for preparation the project and supervision of the construction of the St. Petka dam in Macedonia.
- **Income from reduction of liabilities** in the amount of RSD 50,241 thousand predominantly were recorded in the following companies in the system Energoprojekt:
 - Energoprojekt Visokogradnja in the amount of RSD 40,328 thousand, primarily from write-off of liabilities due to obsolescence of the project Z-088 Hotel Hyatt Rostov, Russia: RSD 23,605 thousand and in the company Energoprojekt Ghana Ltd., Ghana: RSD 11,516 thousand;
 - Energoprojekt Niskogradnja in the amount of RSD 7,451 thousand related to subsequently approved rebates to suppliers in the country; and
 - Energoprojekt Oprema in the amount of RSD 1,514 thousand based on out-of-court settlement agreement with supplier 3B Inženjering Ltd. on the RTB Bor project.
- **Income from release of long-term and short-term provisions** in the amount of RSD 559,551 (Note 38) thousand mostly to:
 - income from release of other long-term provisions created in 2017 and related to estimation of probable amount of overstated accruals in the financial statements of Energoprojekt Oprema for the project Energocenter Minsk, Belarus in the amount of RSD 496,125 thousand. Release of these provisions was made in accordance with the decision of Executive Board of Energoprojekt Holding Plc., which was made according to arbitration award in favour of Energoprojekt Oprema; and
 - income release of provision for warranty period costs within the Energoprojekt Entel in the amount of RSD 62,107 thousand (for the project GTC 385, Qatar completed in 2018) and within Energoprojekt Visokogradnja in the amount of RSD 1,319 thousand (for the project Z-096 Forte Bank, Astana).
- **Other income not posted elsewhere** in the amount of RSD 61,865 thousand relate mostly to the following companies of system Energoprojekt:
 - Energoprojekt Visokogradnja in the amount of RSD 34,492 thousand, in the country: RSD 19,135 thousand (primary, based on damages compensation from insurance company Energoprojekt Garant, on fire in the project Belgrade Waterfront: RSD 15,727 thousand) and abroad: RSD 15,357 thousand (primary, based on the gift of materials that investor made on the project Z-085 Business Unit Uhta, Russia: RSD 13,657 thousand); and
 - Energoprojekt Niskogradnja in the amount of RSD 18,353 thousand, mostly based on compensation for damages arising from destruction of the equipment in the amount of RSD 14,839 thousand (in the country: RSD 6,258 thousand and abroad: RSD 8,581 thousand mainly in Uganda) and on sale of secondary raw materials (scrap) in the country in the amount of RSD 2,432 thousand.

• **Income from value adjustment of, property, plant and equipment** in the amount of RSD 89,338 thousand relate to settlement of investment property value on its fair value at the balance sheet date in accordance with IAS 40, Investment Property in the following companies in the Energoprojekt system:

- Zambia Engineering and Contracting Company Limited, Zambia, in the amount of RSD 69,999 thousand (property in Zambia);
- Energoprojekt Niskogradnja in the amount of RSD 14,186 thousand, from value adjustment of investment property at fair value on the balance sheet date (part of the residential complex Cruz del Sur in Peru);
- Energoprojekt Holding in the amount of RSD 3,304 thousand (part of complex "Samački hotel" in Zemun); and
- Energoprojekt Visokogradnja in the amount of RSD 2,119 thousand (property in Ub and Visnjicka Banja).

21.2. Other Expense

Structure of other expense	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Losses incurred from decommissioning and disposal of intangibles assets, property, plant and equipment	120,099	20,215
Losses incurred from disposal of equity investments and securities		
Losses incurred from the sales of materials	16,296	3,493
Shortages	3,018	3,196
Expenses from direct write-off of receivables	40,670	11,029
Expenses from decommissioning of inventories	10,739	8,595
Other expenses not otherwise mentioned	74,130	127,751
Impairment of property, plant and equipment	68,459	127,519
Impairment of inventory of material and goods		12,428
TOTAL	333,411	314,226

• **Losses from decommissioning and disposal of intangibles assets, property, plant and equipment** in the amount of RSD 120,099 thousand relate to the following companies in the Energoprojekt system:

- derecognition of investment properties (barracks in New Belgrade) in the amount of RSD 48,320 thousand, due to lost right for their further use, and therefore the inability to obtain future economic benefits within the following companies: Energoprojekt Visokogradnja, Energoprojekt Urbanizam i arhitektura, Energoprojekt Entel, Energoprojekt Industrija and Energoprojekt Energodata;
- realized capital loss from sale of land and hall at Ševino polje, Novi Beograd at Energoprojekt Oprema in the amount of RSD 43,827 thousand;
- loss from disposals of PPE acc. physical inventory count performed in Energoprojekt Niskogradnja: RSD 17,618 thousand (abroad: RSD 17,143 thousand and in the country: RSD 475 thousand); and

- loss from sale of equipment abroad in Energoprojekt Visokogradnja in the amount of RSD 3,706 thousand (crane).

• **Losses incurred from the sales of materials** in the amount of RSD 16,296 thousand entirely relate to Energoprojekt Visokogradnja, predominantly, on the project Z-088 Hotel Hyatt Rostov, Russia: RSD 13,829 thousand.

• **Expenses from direct write-off of receivables** in the amount of RSD 40,670 thousand (primarily for the outcome of assessment of reality balance sheet items in accordance with the provisions of IAS 39 and prudence principle), relate, mostly, to the following companies of system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 15,139 thousand, relate entirely abroad, mostly in the company Energoprojekt Entel LTD, Doha, Qatar, in RSD 12,140 thousand from written-off receivables from companies from UAE generated in 2013 which, due to imposed sanctions on Qatar, had to close their companies in Qatar;

- Energoprojekt Niskogradnja in the amount of RSD 11,711 thousand, predominately relate to written off receivables, mostly abroad: RSD 11,176 thousand (dominant in Uganda: RSD 10,966 thousand – confirmation of final payment certificates, primary on projects Z- 032 Nakasangola Airport: RSD 5,286 thousand, Z-028 Lugoba, Bahai, Kyebando: RSD 3,449 thousand and Z-026 Jinja Road: RSD 2,064 thousand dinars); and

- Energoprojekt Visokogradnja in the amount of RSD 5,076 thousand relate to written off receivables from customers and receivables from advances paid due to obsolescence and impossibility of collection, abroad: RSD 3,918 thousand (primary, project Z-088 Hotel Hyatt Rostov, Russia in RSD 3,802 thousand) and in the country: RSD 1,158 thousand.

• **Other expenses not otherwise mentioned** in the amount of RSD 74,130 thousand predominantly relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 25,007 thousand, primarily for scholarships and donations abroad;

- Energoprojekt Hidroinženjering in the amount of RSD 21,934 thousand, primarily for penalties for delays in preparation of study project for Securitization, Algeria: RSD 14,105 thousand and repayment of undue advance for the project Alto Piura, Peru: RSD 2,479 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 9,490 thousand, mostly for costs of fines: RSD 6,190 thousand (project Z-034 Road Puerto Bermudez, Peru) and damages compensation costs: RSD 1,865 thousand;

- Energoprojekt Holding in the amount of RSD 7,151 thousand mostly for cost of donations: RSD 6,819 thousand;

- Energoprojekt Oprema in the amount of RSD 4,380 thousand mostly for payment of agricultural damages for project Dalekovod Pančevo-Romanian border: RSD 4,295 thousand; and

- Energoprojekt Visokogradnja in the amount of RSD 4,193 thousand, mostly for compensation for out-of-court settlements in the country: 2,473 thousand dinars and donations for the project Z-103 Talan Towers, Astana, Kazakstan: RSD 1,547 thousand.

- **Impairment of property, plant and equipment** in the amount of RSD 68,459 thousand relate to adjustment of the fair value of investment property, primarily in Energoprojekt Garant in the amount of RSD 59,701 thousand (investment properties in New Belgrade) and Dom 12 S.A.L. in the amount of RSD 5,853 thousand (business building in Moscow).

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. 2018</i>	<i>01.01.- 31.12. 2017</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	56,176	6,808
TOTAL	(56,176)	(6,808)

- **Net loss from discontinued operations effects of change in accounting policy and adjustment of errors from previous year** in the amount of RSD 56,176 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 in RSD 48,132 thousand (mostly on the project Lajkovac-Ljig as net effect of adjusted overcalculated income from performed works in December 2017: RSD 145,241 thousand and overcalculated expenses from subcontracted works performed in December 2017: RSD 105,047 thousand).

23. PROFIT BEFORE TAX

Structure of gross result	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Operating income	23,122,123	32,989,557
Operating expenses	23,059,457	31,986,221
<i>Operating result</i>	62,666	1,003,336
Financial income	770,753	2,242,994
Financial expenses	760,584	2,446,958
<i>Financial result</i>	10,169	(203,964)
Income from value adjustment of other assets disclosed at fair value through income statement	9,862	15,480
Other revenues	1,367,763	385,641
Expenses from value adjustment of other assets disclosed at fair value through income statement	46,120	149,256
Other expenses	333,411	314,226
<i>Result of other revenues and expenses</i>	998,094	(62,361)
<i>Result from regular operations before tax</i>	1,070,929	737,011
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	56,176	6,808
TOTAL INCOME	25,270,501	35,633,672
TOTAL EXPENSES	24,255,748	34,903,469
PROFIT/LOSS BEFORE TAX	1,014,753	730,203

24. EARNINGS PER SHARE

Indicator	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Net-profit pertaining to parent company shareholders	471,412	569,472
Weighted average number of regular shares in the period	10,833,592	10.833.592
Profit per share (RSD)	43.51	52.57

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.

BALANCE SHEET

25. INTANGIBLES ASSETS

in RSD thousand

Structure of intangible assets	Development investments	Software and other rights	Intangible assets in progress	Total
<u>Purchase value</u>				
Balance as at 01 January 2018	4,945	198,476		203,421
New purchases			25,870	25,870
Increase by transfer from investments in progress		25,870	(25,870)	
Other transfers (from)/to	(4,945)	4,945		
Disposal and decommissioning		(2,509)		(2,509)
FX gains and losses		1,707		1,707
Other increase/(decrease)		(5,847)		(5,847)
Balance as at 31 December 2018		222,642		222,642
<u>Valuation adjustment</u>				
Balance as at 01 January 2018	1,896	154,228		156,124
Depreciation		20,178		20,178
Disposal and decommissioning		(1,441)		(1,441)
Other transfers (from)/to	(1,896)	1,896		
FX gains and losses		1,574		1,574
Other increase/(decrease)		(3,942)		(3,942)
Balance as at 31 December 2018		172,493		172,493
<i>Net book value</i>				
Balance as at 31 December 2017	3,049	44,248		47,297
Balance as 31 December 2018		50,149		50,149

Software and other rights as at 31 December 2018 relate to various software used by the system Energoprojekt for own purposes, which are depreciated in compliance with the relevant accounting policy.

Investments in software and other rights in the amount of RSD 25,870 thousand, primarily refer to Energoprojekt Hidroinženjering in the amount of RSD 13,553 thousand, Energoprojekt Visokogradnja in the amount of RSD 5,537 thousand, Energoprojekt Entel in the amount of RSD 2,780 thousand and Energoprojekt Niskogradnja in the amount of RSD 2,356 thousand.

26. PROPERTY, PLANT AND EQUIPMENT

in RSD thousand

Structure of property, plant and equipment	Land	Buildings	Plant and equipment	Investment property and investment property in progress	Other property, plant and equipment	Property, plant and equipment in progress	Investments in other property, plant and equipment	Advances for property, plant and equipment	Total
<i>Purchase value</i>									
Balance as at 01 January 2018	707,917	6,971,953	10,310,553	3,330,495	231,150	332,034	107,175	44,664	22,035,941
Purchase during the year						115,367		19,170	134,537
Increase by transfer from investments in progress		18,207	109,075	1,892	3,136	(132,310)			
Transfer to inventories – non-current assets held for sale and work in progress			(22,165)	(112,810)		(375,660)			(510,635)
Other transfers from / (to) – from advances and etc.			(2,481)		2,490	18,935		(18,935)	9
Disposal and decommissioning	(74,782)		(653,521)	(48,320)	(16,950)	(52,092)			(845,665)
Profit/(loss) included in Report on Other Result (group 330)		42,951			(25,901)		5,566		22,616
Profit/(loss) included in Income Statement		3,034		18,186					21,220
Impairment									
FX gains and losses	337	21,419	65,609	(59,875)	(1)				27,489
Other increases / (decreases)		(143,881)	(8,656)	(232,626)	(10,641)	95,262	(11,073)		(311,615)
Balance as at 31 December 2018	633,472	6,913,683	9,798,414	2,896,942	183,283	1,536	101,668	44,899	20,573,897
<i>Valuation adjustment</i>									
Balance as at 01 January 2018		140,707	7,219,331		113,130		62,295		7,535,463
Depreciation		84,751	520,118		13,639		44,880		663,388
Disposal and decommissioning			(618,666)		(12,987)				(631,653)
Transfer to inventories – non-current assets held for sale			(22,074)						(22,074)
Other transfers from / (to)			(747)		747				
Disposal and decommissioning			341						341
FX gains and losses		2,396	43,491						45,887
Other increases / (decreases)		(143,881)	(5,042)		(10,650)		(11,073)		(170,646)
Balance as at 31 December 2018		83,973	7,136,752		103,879		96,102		7,420,706
<i>Net book value</i>									
Balance as at 31 December 2017	707,917	6,831,246	3,091,222	3,330,495	118,020	332,034	44,880	44,664	14,500,478
Balance as 31 December 2018	633,472	6,829,710	2,661,662	2,896,942	79,404	1,536	5,566	44,899	13,153,191

• **Land**

Value of land of the system Energoprojekt amounting to RSD 633,472 thousand primarily relate to the Energoprojekt Visokogradnja in the amount of RSD 517,450 (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) and Energoprojekt Niskogradnja in the amount of RSD 97,292 (land in Peru and in the country – in Stara Pazova).

In 2018, the land at the location Ševino polje - Novi Beograd owned by Energoprojekt Oprema in the amount of RSD 74,782 thousand, was sold.

• **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.

As of 31 December 2018, the residual value and remaining useful life of buildings was appraised, which resulted in change of depreciation costs for the year 2018.

Buildings stated at revalued value as at 31 December 2018 amount to RSD 6,829,710 thousand. Appraisal of fair value of buildings in the country and abroad, where the changes were significant, is carried out by professionally trained assessors as of 31 December 2018.

Entering of appraisal outcomes (adjustments of buildings value at fair value estimated as of 31 December 2018) was done through reversal of previously established value adjustment, shown in the table above within the item Other reductions (purchase value and valuation adjustment) in the amount of RSD 143,881 thousand.

Outcome of adjustments of buildings value at fair value as of 31 December 2018, was entered through item of equity - Revaluation reserve of property (shown in the table above through Profits included in Report on Other Result: RSD 42,951 thousand) and profit and loss account - Income from value adjustment of property (shown in the above table, up to levels of previous years reported expenses, through Profits included in profit or loss: RSD 3,034 thousand).

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 facility in the amount of RSD 18,207 thousand mainly relate to Energoprojekt Visokogradnja in the amount of RSD 17,834 thousand for acquiring facility for the accommodation of workers and material assets in Siktivkar, Russia

• **Plant and Equipment**

As at 31 December 2018, 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 2018, and, consequently, the carrying value of assets as of 31 December 2018.

Of the total items in the reporting period, the amount of RSD 4,105 thousand relates to equipment regulated by the Financial Lease Agreement, which is entirely related to Energoprojekt Niskogradnja.

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

The table below shows the figure RSD 109,075 thousand, out of which new purchases during the year amounted to RSD 107,095 thousand and RSD 2,016 thousand refer to transfer from the item - property, plant and equipment in preparation under the opening balance. Purchases of plant and equipment in the reporting period amounted to RSD 107,059 thousand, largely incurred with following companies:

- Energoprojekt Niskogradnja in the amount of RSD 47,553 thousand (in the country: RSD 13,882 thousand and abroad: RSD 33,671 thousand - Peru and Uganda);
- Energoprojekt Entel in the amount of RSD 24,615 thousand (primary, in the country: RSD 19,032 thousand and abroad with Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman: RSD 3,264 thousand);
- Energoprojekt Visokogradnja in the amount of RSD 10,394 thousand (primary, in the country: 9,395 thousand);
- Energoprojekt Hidroinženjering in the amount of RSD 5,730 thousand;
- Energoprojekt Oprema in the amount of RSD 5,690 thousand; and
- Energoplast in the amount of RSD 5,655 thousand.

• **Investment property**

According to adopted accounting policies, after initial recognition, an item of investment property is measured at fair value (Note 7.12.).

Investment property is stated at fair value as at 31 December 2018 in the amount of RSD 2,896,942 thousand. Valuation of the fair value of investment property as at 31 December 2018 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 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;
- Part of the building "Samački hotel" complex of the Energoprojekt Holding in Zemun.

Investments in investment property in the year of 2018 amounted to RSD 1,892 thousand and in entire amount relate to investments in part of the complex "Samački hotel", Zemun.

Decrease in figure of investment property compared to the previous year by RSD 433,553 thousand, predominantly related to booked-off figure of investment property arose from:

- sale of equity shares in Energoprojekt Garant (Note 2): RSD 232,626 thousand (business premises in Goce Delcev Street, New Belgrade, residential building in Zoran Djindjic Boulevard, New Belgrade and office space in YU Business Center in New Belgrade);
- transfer from item of investment property to the inventory item – non-current assets held for sale in Energoprojekt Energodat: RSD 112,810 thousand (business premise in Palmira Toljatija Street (BSC Stari Merkator) in New Belgrade); and
- derecognition of figure related to barracks in New Belgrade: RSD 48,320 thousand (the company lost the using right and thus inability to generate future economic benefits) in Energoprojekt Visokogradnja, Energoprojekt Urbanizam and Arhitektura, Energoprojekt Entel, Energoprojekt Industrija and Energoprojekt Energodata.

In the reporting period, the system Energoprojekt generated income from the rent of investment property in the amount of RSD 93,171 thousand as follows: rent of the office building in Moscow (within Dom 12 S.A.L, Lebanon), in the amount of RSD 26,795 thousand, from the rent of a number of properties in Lusaka, Zambia, in the amount of RSD 22,491 thousand (in company Zambia Engineering and Contracting Company Limited, Zambia), property in Ub and Visnjicka Banja: RSD 11,301 thousand (Energoprojekt Visokogradnja), part of the business building "Cruz del Sur" in Peru (Energoprojekt Niskogradnja): RSD 7,941 thousand, business buildings in London (INEC Engineering Company Limited, Great Britain): RSD 7,832 thousand, part of the complex Samaki hotel (Energoprojekt Holding): RSD 7,737 thousand, several properties in New Belgrade (Energoprojekt Garant): RSD 4,748 thousand and office premise "Stari Merkator" in New Belgrade (Energoprojekt Energodata): RSD 4,326 thousand.

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

- **Property, plant and equipment in progress** amounted to RSD 1,536 thousand and compared to previous year they are decreased due to transfer of construction land in preparation to the item if inventories of unfinished production. The aim of this transaction was construction of business-residential complex "Park 11" in Block 11a in New Belgrade
- **Advances paid for property, plant and equipment** in the amount of RSD 44,899 thousand predominately relate to advance payment to the Republic of Serbia for the property purchase in Uganda, Peru and Nigeria in RSD 44,664 thousand.

27. LONG-TERM FINANCIAL INVESTMENTS

Structure of long-term financial investments	<i>In RSD thousand</i>	
	<i>31.12. 2018</i>	<i>31.12. 2017</i>
Shares in affiliated companies and joint ventures	729,159	785,393
Shares in other companies and other available for sale securities	44,346	118,527
Other long-term financial investments	256,712	193,069
TOTAL	1,030,217	1,096,989

• **Shares in affiliated companies and joint ventures** in the amount of RSD 729,159 thousand are presented in the following table.

Equity investments in affiliated legal entities and joint ventures	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Energoprojekt Nigeria Ltd., Lagos, Nigeria	152,968	249,411
Energoprojekt Belgrade Ltd., Belgrade	524,625	474,965
Fima See Activist Plc., Belgrade	34,128	34,228
Enjub Ltd., Belgrade	17,438	26,789
TOTAL	729,159	785,393

Financial data pertaining to affiliate Energoprojekt Nigeria Ltd., Lagos, Nigeria on the 24,92% (31 December 2017: RSD 40.00% - Note 2) 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>31.12.2018</i>	<i>31.12.2017</i>
Capital	152,968	249,411
Income		936,578
Net profit of the current period		9,939

The affiliated company Energoprojekt Nigeria Ltd., Lagos, Nigeria is included into consolidation financial statements of Energoprojekt Oprema (Note 2) by equity method through the first consolidation level, based on its financial statements for 2017. The consolidation was done as regard, due no financial statements were received from Energoprojekt Nigeria Ltd., Lagos, Nigeria for the year 2018, until consolidation of Energoprojekt Holding for the year 2018.

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.

Energopet Ltd., Beograd	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Non-current assets	400,695	404,341
Operating assets	546,617	459,820
Assets	947,312	864,161
Liabilities	422,687	389,196
Capital	524,625	474,965
Income	1,298,849	1,182,041
Net profit of the current period	67,382	56,723

Financial data pertaining to affiliate Fima See Activist, Plc. Belgrade on the 30.45% (31 December 2017: 30.16%) equity share of Energoprojekt Holding in the affiliate is presented in the following table.

Fima See Activist Plc., Belgrade	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Non-current assets		
Operating assets	34,261	34,377
Assets	34,261	34,377
Liabilities	133	149
Capital	34,128	34,228
Income	6,228	10,192
Net (loss) of the current period	(396)	(762)

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.

Enjub Ltd., Belgrade	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Non-current assets	128,927	128,927
Operating assets	138,994	139,102
Assets	267,921	268,029
Liabilities	250,483	241,240
Capital	17,438	26,789
Income	3,784	10,226
Net profit / (loss) of the current period	(9,352)	(5,084)

- **Shares in other companies and available for sale securities** in the amount of RSD 197,314 thousand are presented in the following table.

Shares in other companies and available for sale securities	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
a) Banks, financial organisations and other legal entities	44,329	118,514
b) Other securities available for sale	17	13
TOTAL	44,346	118,527

Share in banks, financial organizations and other legal entities in the amount of RSD 44,329 thousand relate, mostly, to Energoprojekt Holding, in the amount of RSD 43,347 thousand (Jubmes Banka Plc., Dunav Osiguranje Plc., Belgrade, Beogradska Berza Plc., and other).

Shares in banks, financial organisation and other legal entities and other securities available for sale are measured at their market (fair) value, if it is possible to determine it.

Decrease in share in banks, financial organizations and other legal entities compared to the end of previous year by RSD 74,185 thousand primarily originated from:

- sale of 441 shares of Beogradsko Mesovito Preduzece Plc., Belgrade (on 14 March 2018): RSD 88,988 thousand in Energoprojekt Holding and Energoprojekt Oprema (Note 21.1); and
- positive outcome of value adjustments of securities from portfolio and their fair value on the secondary securities market as of the preparation the financial statements date occur in Energoprojekt Holding: RSD 14,673 thousand (Jubmes Bank Plc. and Dunav osiguranje Plc.).

- **Other long-term financial investments** in the amount of RSD 256,712 thousand are presented in the following table.

Other long-term financial investments	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Housing loans granted to employees	33,709	36,432
Deposits for bank guarantees	109,394	43,961
Other	113,609	112,676
TOTAL	256,712	193,069

- **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 33,709 thousand, the largest portion relates to Energoprojekt Visokogradnja in the amount of RSD 21,165 thousand, Energoprojekt Oprema in the amount of RSD 8,245 thousand, Energoprojekt Niskogradnja in the amount of RSD 2,516 thousand and Energoprojekt Holding in the amount of RSD 1,217 thousand.

- **Deposits for bank guarantees** in the amount of RSD 109,394 thousand entirely relate to Energoprojekt Entel (within Energoprojekt Entel LTD, Doha, Qatar: RSD 22,864 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 86,530 thousand).

Increase in deposits for bank guarantees compared to prior period by RSD 65,433 thousand refers to Energoprojekt Entel primary to the company Energoconsult L.L.C., Abu Dhabi, UAE, in the amount of RSD 64,488 thousand.

- **Other long-term financial investments** in the amount of RSD 113,609 thousand mainly relate to the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 91,497 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 19,711 thousand, relate to deposits for working visas in the amount of RSD 13,682 thousand (within Energoconsult L.L.C., Abu Dhabi, UAE) and the deposits for apartments abroad in the amount of RSD 6,029 thousand (mainly within Energoconsult L.L.C., Abu Dhabi, UAE: RSD 3,058 thousand and Energoprojekt Entel LTD, Doha, Qatar: RSD 2,360 thousand).

28. LONG-TERM RECEIVABLES

Structure of long-term receivables	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Receivables from other related companies	-	112,493
Other long-term receivables	1,316,965	917,268
TOTAL	1,316,965	1,029,761

- **Other long-term receivables** in the amount of RSD 1,316,965 thousand comprise of the receivables of the Energoprojekt Entel in RSD 1,197,656 thousand 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 948,859 thousand (for projects re. Qatar General Electricity & Water Corporation "Kahramaa"), Energoprojekt Entel LLC, Muscat, Sultanate of Oman: RSD 108,309 thousand and Energoconsult LLC, Abu Dhabi, UAE: RSD 140,488 thousand) and within Energoprojekt Visokogradnja: RSD 119,309 thousand based on: retained guarantee deposit for the year 2018, retained by investor GP Seven on the project Navigator 2 Bussines Center: RSD 58,728 thousand and collateral placed to investor for project Z-107 Radiology Clinic Siktivkar, Russia: RSD 60,581 thousand.

Increase in other long-term receivables compared to the previous year by RSD 399,667 thousand refers to receivables for: guarantee deposit of Energoprojekt Entel in the amount of RSD 280,388 thousand (primarily within Energoprojekt Entel LTD, Doha, Qatar: RSD 176,173 thousand and Energoconsult LLC, Abu Dhabi, UAE: RSD 75,707 thousand), guarantee deposit in the country and collateral placed to the investor in Russia (as stated above) by Energoprojekt Visokogradnja in the amount of RSD 119,309 thousand.

29. INVENTORIES

Structure of inventories	In RSD thousand	
	31.12.2018	31.12.2017
Material, parts, tools and small inventories	1,047,453	1,176,893
Work and services in progress	1,643,413	2,539,578
Finished products	137,180	193,644
Goods	23,513	17,515
Non-current assets held for sale	1,360,609	50,688
Advances paid for inventories and services:		
a) Advances paid for inventories and services to other related companies	121,904	121,904
b) Advances paid for material, parts and inventory	146,475	154,448
c) Advances paid for goods	65	1,068
d) Advances paid for services	502,407	318,927
<i>Total</i>	<i>770,851</i>	<i>596,347</i>
TOTAL	4,983,019	4,574,665

• **Material, parts, tools and small inventories** in the amount of RSD 1,047,453 thousand relate predominantly to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 457,819 thousand, out of which inventories abroad amount to RSD 336,708 thousand (Uganda: RSD 241,045 thousand, Peru: RSD 95,663 thousand), and inventories in the country amount to RSD 121,111 thousand. Stock levels, primarily those of the materials and parts, are determined by the work schedule and timely supply in the relevant regions;
- Energoprojekt Oprema in the amount of RSD 254,466 thousand, out of which mainly relate to the project Ada Mall: RSD 200,167 thousand and warehouse for energy projects: RSD 20,711 thousand;
- Energoprojekt Visokogradnja in the amount of RSD 168,585 thousand, out of which inventories in the country amount to RSD 120,082 thousand (primarily on the projects Chinese Cultural Center: RSD 31,036 thousand and Navigator 2 Bussines Center: RSD 21,280 thousand and inventories of spare parts on Vozdovac: RSD 22,451 thousand), meanwhile the inventories abroad amount to RSD 48,503 thousand (mainly, in Z-103 Talan Tower, Astana, Kazakhstan: RSD 21,198 thousand and Z-096 Forte Bank, Kazakhstan: RSD 15,832 thousand); and
- Energoplast in the amount of RSD 156,745 thousand, out of which material inventories amount to RSD 132,226 thousand, parts inventories amount to RSD 23,761 thousand and tools inventories amount to RSD 758 thousand.

Decrease in inventory of materials, spare parts, tools and small inventory compared to the previous year by RSD 129,440 thousand, on the one hand, originated from decrease in Energoprojekt Niskogradnja: RSD 165,680 thousand (primarily based on inventory of material, in the country: RSD 79,941 thousand and abroad: RSD 40,795 thousand) and in Energoprojekt Visokogradnja: RSD 99,105 thousand (primary due to completion of projects Belgrade Waterfront, Z-103 Talan Towers Astana, Kazakhstan and Z-105 Residential building Tokyo Siktivkar, Russia) and, on the other hand, from increase in Energoprojekt

Oprema: RSD 68,916 thousand (primary the new project Ada Mall) and in Energoplast: RSD 67,243 thousand (primary, inventories of material: RSD 63,030 thousand).

• **Work and services in progress** in the amount of RSD 1,643,413 thousand primarily relate to following companies of the system Energoprojekt:

- Energoprojekt Park 11 in the amount of RSD 852,778 thousand, relate to production in progress based on construction of business and residential complex "Park 11" in Block 11a, New 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 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 29,766 thousand relate to production of crashed stone and concrete aggregate in projects abroad (Peru).

Decrease in inventories of work and service in progress compared to the previous year, by RSD 896,165 thousand, on the one hand, mostly originated from decrease in Energoprojekt Sunnyvill in the amount of RSD 1,612,778 thousand based on completion of construction of residential and business complex "Sunnyville" in Belgrade (and transfer to the item – Non-current assets held for sale) and, on the other hand, from increase in Energoprojekt Park 11 in the amount of RSD 852,778 thousand from construction of business-residential complex "Park 11" in Block 11a, New Belgrade.

• **Finished products** in the amount of RSD 137,180 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 78,420 thousand mostly relate to constructed and sold property: in Car Nikolaj street: RSD 60,818 thousand and in Bezanijska Kosa in the amount of RSD 17,602 thousand; and

- Energoplast in the amount of RSD 58,760 thousand that relate to the finished plastic stoppers.

Increase / (decrease) in inventories of work in progress and finished products is entered within operating expenses in the income statement.

• The total value of **goods** in the amount of RSD 23,513 thousand primarily relate to: Energoprojekt Niskogradnja in the amount of RSD 13,578 thousand (invoiced purchase of materials and spare parts, which were not received as of 31 December 2018 and thus the figure was entered within item - Goods on road. The inventories were purchased for projects in the country: RSD RSD 12,704 thousand), Energoprojekt Visokogradnja in the amount of RSD 7,233 thousand (mainly goods in transit warehouse in Stara Pazova: RSD 2,880 thousand, stocks of stones for further processing (intended for the project Z-103 Talan Towers, Astana, Kazakhstan): RSD 2,428 thousand and goods on road in the company Energoprojekt Ghana Ltd. , Akra, Ghana: RSD 1,720 thousand) and Energoplast in the amount of RSD 2,426 thousand (purchased of finished stoppers for further sale).

• **Non-current assets held for sale** amount to RSD 1,360,609 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Sunnyville in the amount of RSD 1,197,021 thousand - properties in residential and business complex "Sunnyville" in Belgrade recorded in acc. with completion of construction (transfer from the item - Inventories of work in progress).
- - Energoprojekt Energodata in the amount of RSD 112,900 thousand - business premise in Palmira Toljatija Street, New Belgrade. The amount was entered in acc. with decision of Board of Directors (and transfer from the item - Investment property); and
- - Energoprojekt Niskogradnja in the amount of RSD 50,668 thousand - property and land held for sale, as shown in the following table.

Description	Location	<i>Surface Area in sq.m</i>	<i>Present Value In RSD thousand</i>
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
TOTAL			50,688

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.

Increase in non-current assets held for sale compared to the previous year by RSD 1,309,921 thousand relate to Energoprojekt Sunnyville in the amount of RSD 1,197,021 thousand and Energoprojekt Energodat in the amount of RSD 112,900 thousand, based on the above mentioned properties.

• **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 146,475 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 67,466 thousand out of which for advances paid for projects in the country amount to RSD 53,968 thousand (primary Ada Mall project: RSD 51.861 thousand) while those paid abroad amount to RSD 13,498 thousand (primary Ihiala, Nigeria project: RSD 12,609 thousand); and

- Energoprojekt Visokogradnja in the amount of RSD 65,187 thousand, out of which advances paid abroad amount to RSD 54,163 thousand (primarily in Energoprojekt Ghana Ltd., Akra, Ghana: RSD 34,277 thousand), and those paid in the country RSD 11,024 thousand.

• **Advances paid for services** in the amount of RSD 502,407 thousand, relate, mostly, to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 370,948 thousand relate, mainly, to advances paid to suppliers for projects in the country: RSD 339,547 thousand (primary, Streetcar line over the bridge on the Ada: RSD 139,852 thousand and Reconstruction of Karadjordjeva Street: RSD 127,000 thousand) and on projects abroad in the amount of RSD 31,401 thousand (Uganda and Peru);

- Energoprojekt Oprema in the amount of RSD 71,443 thousand, relate to advances paid to suppliers on projects in the country: RSD 49,080 thousand (primary, on the projects Ada Mall: RSD 35,056 thousand and Dalekovod Leskovac - Macedonia: RSD 15,484 thousand) and abroad: RSD 22,263 thousand (primary on the project Energo center Minsk, Belarus: RSD 21,880 thousand);

- Energoprojekt Visokogradnja in the amount of RSD 36,233 thousand relate to advances paid abroad: RSD 35,035 thousand (primary in Energoprojekt Ghana Ltd, Akra, Ghana: RSD 34,220 thousand) and in the country: RSD 1,198 thousand; and

- Energoprojekt Entel in the amount of RSD 10,216 thousand out of which advances paid abroad are RSD 5,538 thousand and in the country: RSD 4,678 thousand.

Increase in advances paid for services compared to previous year, by RSD 183,225 thousand, on one hand originated from increase in Energoprojekt Niskogradnja: RSD 221,454 thousand (primary, increase in paid advances to subcontractors for new projects in the country) and, on the other from decrease in Energoprojekt Visokogradnja: RSD 51,384 thousand (primary due to completion of projects: Z-103 Talan Towers, Astana, Kazakhstan, Z-105 Residential building Tokyo, Siktivkar, Russia and Belgrade Waterfront).

30. RECEIVABLES FROM SALES

Structure of receivables from sales	In RSD thousand	
	31.12.2018	31.12.2017
Local buyers - other related companies	3,580	3,542
Foreign buyers - other related companies	693,084	703,171
Local buyers	3,331,261	3,781,621
Foreign buyers	5,006,108	5,187,704
Other receivables from sale	-	3,017
TOTAL	9,034,033	9,679,055

- **Local buyers - other related companies** in the amount of RSD 3,580 thousand relate to the receivables from joint venture Enjub Ltd., mostly to Energoprojekt Visokogradnja in the amount of RSD 2,165 thousand.
- **Foreign buyers– other related companies** in the amount of RSD 693,084 thousand relate to receivables from the affiliate company Energo Nigeria Ltd., Lagos, Nigeria, in Energoprojekt Oprema.
- **Local buyers** amounting to RSD 3,331,261 thousand and relate primarily to receivables of Energoprojekt Niskogradnja: RSD 1,805,433 thousand, Energoprojekt Visokogradnja: RSD 695,185 thousand, Energoprojekt Oprema: RSD 494,411 thousand, Energoprojekt Entel: RSD 149,533 thousand and to those to Energoplast in the amount of RSD 93,325 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>31.12.2018</i>	<i>31.12.2017</i>
<i>Energoprojekt Niskogradnja:</i>		
China Shandong Intern.E&T org. Beograd (project Lajkovac - Ljig)	1,769,418	1,898,091
Hydro-Tan Ltd. (River Regulation Project Peštan I phase)	7,334	-
Other	28,681	288,925
Total	1,805,433	2,187,016
<i>Energoprojekt Visokogradnja:</i>		
Beograd na vodi Ltd. (Belgrade Waterfront project)	368,351	910,246
GP Seven Ltd. (project Navigator 2 Business Center)	195,168	-
Empiret Ltd. (project Chinese Cultural Center)	115,406	-
Other	16,260	28,112
Total	695,185	938,358
<i>Energoprojekt Oprema:</i>		
Gradina Ltd. (project Ada Mall)	328,531	-
Klinički centar Srbije (Power plant Clinical Center of Serbia)	42,661	
Legas Group Ltd.	40,282	
PE Elektroprivreda Srbije (Kolubara Landfill project)	33,925	123,067
Other	49,012	100,520
Total	494,411	223,587
<i>Energoprojekt Entel:</i>		
PE Elektroprivreda Srbije	129,430	171,797
Other	20,103	29,072
Total	149,533	200,869
<i>Energoprojekt Energoplast:</i>		
Knjaz Miloš Plc.	20,926	13,815
Imlek Plc.	13,571	22,292
Heba Ltd.	9,578	-
Voda Vrnjci Plc.	9,228	9,969
Other	40,022	41,085
Total	93,325	87,161

Decrease in receivables of local buyers compared to previous year by RSD 450,360 thousand mainly originated, on one hand, from decrease in Energoprojekt Visokogradnja: RSD 243,173 thousand (primarily decrease in receivables from Beograd na Vodi Ltd. and increase in receivables from GP Seven Ltd. and Empiret Ltd.) and in Energoprojekt Niskogradnja: RSD 381,583 thousand (primarily decrease in receivables from AzVirt and China Shandong Intern.E & T og. Belgrade) and, on the other, from increase in Energoprojekt Oprema: RSD 270,824 thousand (primary, Gradina Ltd.).

- **Foreign buyers** in the amount of RSD 5,006 thousand relate predominantly to Energoprojekt Niskogradnja, in the amount of RSD 2,967,332 thousand, Energoprojekt Entel in the amount of RSD 1,252,792 thousand, Energoprojekt Hidroinženjering in the amount of RSD 380,798 thousand and Energoprojekt Visokogradnja in the amount of RSD 288,239 thousand.

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

Structure of foreign buyers	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
<i>Energoprojekt Niskogradnja:</i>		
<i>Uganda:</i>		
Uganda National Roads Authority	1,889,169	1,801,203
Ministry of Works and Transport	445,680	431,268
Kampala Capital City Authority	272,407	134,797
The Civil Aviation Authority	-	30,020
<i>Total Uganda</i>	<i>2,607,256</i>	<i>2,397,288</i>
<i>Peru:</i>		
Consortio Vial San Alejandro	183,910	48,958
Consortio Chira	79,020	127,840
Sindicato Energetico SA	30,204	28,955
Consortio Pericos San Ignacio, Peru	23,772	23,667
Consortio Energopeojekt - CCEQO	22,565	
Other	20,605	67,837
<i>Total Peru</i>	<i>360,076</i>	<i>297,257</i>
TOTAL	<i>2,967,332</i>	<i>2,694,545</i>
<i>Energoprojekt Entel:</i>		
Within company Energoprojekt Entel L.L.C., Doha, Qatar	569,506	907,904
Within company Energoconsult L.L.C., Abu Dhabi, UAE	486,101	210,681
Within company Energoprojekt Entel L.L.C., Muscat, Sultanate Oman	170,124	204,707
Other	27,061	53,370
UKUPNO	<i>1,252,792</i>	<i>1,376,662</i>
<i>Energoprojekt Hidroinženjering:</i>		
Agence Nationale des Barrages et Transferts, Alger (Z-08 Sekfala)	87,867	77,128
Agence Nationale des Barrages et Transferts, Alger (Z-09 Beni Slimane)	64,027	42,937
Agence Nationale des Barrages et Transferts, Alger (Z-12 Soubella)	57,895	70,616
Agence Nationale des Barrages et Transferts, Alger (Z-14 Dendra)	47,438	6,484
Other	123,571	200,973
TOTAL	<i>380,798</i>	<i>398,138</i>
<i>Energoprojekt Visokogradnja:</i>		
Cargo Centar Ghana	95,589	194,827
Ecobank Ghana	68,022	14,867
Ernest Chemist Ghana	52,429	50,928
Ziloi Property Management (Z-105 Siktivkar, Russia)	40,714	35,873
Astana Property Management (Z-103 Talan Towers, Astana, Kazakhstan)	5,597	60,685
GazEnergoServis (Z-085 Uhta, Russia)		87,231
Other	25,888	167,236
TOTAL	<i>288,239</i>	<i>611,647</i>

Decrease in receivables from foreign buyers respecting the last year comparative period, by RSD 181,596 thousand mainly came as result, on the one hand, from decrease within Energoprojekt Visokogradnja: RSD 323,408 thousand (mainly on projects Z-085 Business facility Ukhta, Russia, Z-103 Talan Towers, Kazakhstan, Z-096 Forte Bank, Kazakhstan and Energoprojekt Ghana Ltd., Akra, Ghana) and within Energoprojekt Entel: RSD 123,870 thousand (mainly in Energoprojekt Entel LTD, Doha, Qatar) and, on the other hand, from increase in Energoprojekt Niskogradnja: 272.787 thousand dinars (in Uganda and Peru).

31. RECEIVABLES FROM SPECIFIC TRANSACTIONS

Structure of receivables from special transactions	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Receivables from special transactions from other related companies	50,892	30,256
Receivables from special transactions from other companies	55,607	4,081
TOTAL	106,499	34,337

- **Receivables from special transactions from other related companies** in the amount of RSD 50,892 thousand relate to Energoprojekt Oprema in the amount of RSD 48,821 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 2,071 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 55,607 thousand mostly relate to Energoprojekt Entel in the amount of RSD 55,605 thousand for receivables originated from 2018 within Energoprojekt Entel LTD, Doha, Qatar.

32. OTHER RECEIVABLES

Structure of other receivables	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Interest and dividend receivables:		
a) Interest and dividend receivable from other affiliated companies	74,413	64,819
b) Interest agreed and default interest receivable from other companies	50	109
<i>Total</i>	<i>74,463</i>	<i>64,928</i>
Receivables from employees	132,040	95,885
Receivables from state institutions		
Receivables for overpaid income tax	107,939	59,669
Receivables in respect of prepaid other taxes and contributions	8,854	14,990
Receivables for fringe benefits' returns	18,906	12,998
Receivables for damage compensation	1,937	1,954
Other short-term receivables	275,052	315,585
TOTAL	619,191	566,009

- **Interest and dividend receivables from other affiliated companies** in the amount of RSD 74,413 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 132,040 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 113,108 thousand (mainly from pre-paid severance payments in Energoprojekt Entel LTD, Doha, Qatar in accordance with local legal regulations. It is also the main reason for increase in the balance sheet item in relation to 31 December last year), 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 Niskogradnja, in the amount of RSD 6,706 thousand (mainly abroad), Energoprojekt Vosokogradnja in the amount of RSD 5,292 thousand (mainly within Energoprojekt Ghana Ltd, Akra, Ghana: RSD 3,431 thousand), in Energoprojekt Energodata in the amount of RSD 3,318 thousand and in Zambia Engineering and Contracting Company Limited in the amount of RSD 1,614 thousand.
- **Receivables for overpaid income tax** in the amount of RSD 107,939 thousand, mainly relate to Energoprojekt Visokogradnja in the amount of RSD 47,876 thousand (abroad, predominantly on the project Z-103 Talan Towers, Astana, Kazakhstan: RSD 47,867 thousand. It is also the main reason for increase in the balance sheet item in relation to 31 December last year), Energoprojekt Niskogradnja in the amount of RSD 37,913 thousand and Energoprojekt Holding in the amount of RSD 16,173 thousand.
- **Receivables in respect of prepaid other taxes and contributions** amount to RSD 8,854 thousand and predominantly refer to Zambia Engineering and Contracting Company Limited, in the amount of RSD 7,585 thousand and Energoprojekt Hidroinženjering in the amount of RSD 752 thousand.
- **Receivables for fringe benefits' returns** (sick leaves longer exceeding 30 days, maternity leave, etc.) in the amount of RSD 18,906 thousand relate primarily to Energoprojekt Energodata in the amount of RSD 4,478 thousand, Energoprojekt Visokogradnja in the amount of RSD 4,282 thousand, Energoprojekt Niskogradnja in the amount of RSD 2,904 thousand, Energoprojekt Entel in the amount of RSD 1,783 thousand and Energoplast RSD 1,732 thousand.
- **Receivables for damage compensation** in the amount of RSD 1,937 thousand entirely relate to Energoprojekt Visokogradnja, based on damage compensation from Eurologistic - project Z-089 Hospital Aktau, Kazakhstan: RSD 1,611 thousand.
- **Other short-term receivables** amounting to RSD 275,052 thousand relate, mainly, to the following companies of the system Energoprojekt:
 - Energoprojekt Niskogradnja in the amount of RSD 204,359 thousand mainly based on the receivables from Tax Administration for overpaid income tax in Peru: RSD 147,179 thousand and in Uganda: RSD 9,662 thousand (will be utilised in the future period for paying income taxes in Peru and Uganda), receivables from the tax administration for overpaid value added tax in Uganda: RSD 25,419 thousand and receivables from loans granted to partners in the consortium in Peru for payment of joint obligations (insurance costs, bank guarantees, lawyers' services, etc.): RSD 21,153 thousand; and
 - Energoprojekt Hidroinženjering, in the amount of RSD 61,535 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 (at the beginning of 2018, the Arbitration Panel made decision and it is expected positive outcome from disputes).

Decrease in other short-term receivables in reported period in comparison to the previous period as of 31 December, by RSD 40,533 thousand mainly came as result within Energoprojekt Niskogradnja, in the amount of RSD 27,641 thousand, based on decreased receivables for overpaid income tax in Peru and receivables for overpaid VAT in Uganda.

33. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Structure of financial assets at fair value through profit or loss	In RSD thousand	
	31.12.2018	31.12.2017
Shares	-	1,359
Bonds	-	326,940
TOTAL		328,299

Decrease in **financial assets at fair value through profit or loss** compared to the previous period was entered due to sale of the entire equity shares of Energoprojekt Garant (92.94%) by Energoprojekt Holding.

34. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short-term financial investments	In RSD thousand	
	31.12.2018	31.12.2017
Short-term loans and investments - other related companies	157,836	158,208
Short-term domestic credits and loans	17,807	48
Short-term international credits and loans		8,662
Portion of long-term financial investments with maturity date up to one year:	281	1,034
Other short-term financial investments:		
a) Short term deposits	1,198,255	1,479,390
b) Other short-term financial investments	63,517	2,872
<i>Total</i>	<i>1,261,772</i>	<i>1,482,262</i>
TOTAL	1,437,696	1,650,214

- **Short-term loans and investments - other related companies** in the amount of RSD 157,836 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 17,807 thousand relate predominantly to Energoprojekt Niskogradnja in RSD 17,729 thousand, based on the loan granted to the business partner for projects in Serbia. The loan was granted due to overcoming difficulties in current illiquidity. Principal and interest mature in 2019.

- **Short term deposits** in the amount of RSD 1,198,255 thousand mostly relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 1,189,127 thousand - deposits with foreign banks, within the companies: Energoprojekt Entel Qatar: RSD 996,168 thousand at interest rate from 1.25% to 1.75% p.a. (in QAR- Qatar Riyal), exclusively if a court dispute over unrecognized Head Office costs is settled in favor of Tax Administration in Qatar (Note 44.2 and Note 47) and Energo Consult LLC Abu Dhabi, UAE: RSD 192,959 thousand at interest rate from 0.80 % to 1.35% p.a (AED - Dirham), which are related to the Doha Bank Guarantee Framework, whereby the separation is only possible after the completion of work on the projects for which the guarantees were issued;

- Dom 12 S.A.L, Lebanon in the amount of RSD 8,163 thousand relate to the foreign currencies deposits in RUB with foreign commercial banks, at interest rate from 5.30% to 6.12%.

Decrease in short term deposits compared to previous year by RSD 281,135 thousand predominantly related to (Note 2).

- **Other short term financial investments** in the amount of RSD 63,517 thousand, relate, mainly, to Energoprojekt Niskogradnja in the amount of RSD 63,332 thousand, out of which the biggest share is placed deposit in the Bank of Peru (2,000 PEN) for issue of a bid guarantee for participation in tender in Peru: RSD 61,359 thousand and placed deposits for issuing licenses to persons who are not nationals of the Republic of Uganda in accordance with local regulations: RSD 1,937 thousand.

Decrease in short-term financial investments compared to previous year, by RSD 212,518 thousand, originated, on the one hand, from short-term time deposits due to sale of share equity of Energoprojekt Garant in the amount of RSD 295,094 thousand and, on the other hand, from increase in other long-term investments within Energoprojekt Niskogradnja in the amount of RSD 60,664 thousand for placed deposit in the bank in Peru for obtaining a performance guarantee.

35. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Securities-cash equivalents	-	41,970
Current (business) account	396,818	137,360
Earmarked cash and letters of credit	35	-
Petty cash	986	212
Foreign currency account	950,357	1,584,560
Letters of credit in foreign currencies		
Foreign currency petty cash	29,024	28,358
Other cash:		
a) Short term deposits	265,967	590,912
b) Other cash	1,031	34,395
<i>Total</i>	<i>266,998</i>	<i>625,307</i>
Value-impaired or restricted cash	432,703	535,991
TOTAL	<i>2,076,921</i>	<i>2,953,758</i>

- **Current (business) account** of the system Energoprojekt in the amount of RSD 396,818 thousand predominantly refer to the current accounts of the following companies of the Energoprojekt: Energoprojekt Oprema in the amount of RSD 137,757 thousand, Energoprojekt Niskogradnja in the amount of RSD 86,747 thousand, Energoprojekt Visokogradnja in the amount of RSD 45,860 thousand, Energoprojekt Holding in the amount of RSD 41,049 thousand and Energoprojekt Sunnyville in the amount of RSD 36,540 thousand.

- **Foreign currency account** in the amount of RSD 950,357 thousand predominantly refer to the foreign currency accounts of the following companies in the system Energoprojekt: Energoprojekt Entel in the amount of RSD 393,280 thousand, Energoprojekt Park 11 in the amount of RSD 202,563 thousand, Energoprojekt Hidroinženjering in the amount of RSD 109,798 thousand, Energoprojekt Visokogradnja in the amount of RSD 95,520 thousand and Energoprojekt Niskogradnja in the amount of RSD 48,128 thousand.

- **Foreign currency petty cash** in the amount of RSD 29,024 thousand primarily refer to Energoprojekt Visokogradnja in the amount of RSD 19,775 thousand, Energoprojekt Guinea in the amount of RSD 2,780 thousand, Energoprojekt Entel in the amount of RSD 2,770 thousand and Energoprojekt Hidroinženjering in the amount of RSD 1,440 thousand.

- **Short term deposits** in the amount of RSD 265,967 thousand predominantly recorded in Energoprojekt Holding in the amount of RSD 154,661 thousand (in the country, at Societe Generale Bank, Addiko Bank and Unicredit Bank), Energoprojekt Visokogradnji in the amount of RSD 68,120 thousand (abroad, project Z-107 Radiology Clinic Siktivkar, Russia) and Energoprojekt Industrija in the amount of RSD 43,186 thousand (in the country, at Unicredit Bank).

• **Value-impaired or restricted cash** in the amount of RSD 432,703 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 428,921 thousand (based on bank deposits serving as collaterals for obtaining overdraft loans for foreign company Energoprojekt Ghana Ltd., Akra, Ghana at Zenith Bank Ghana: RSD 351,062 thousand (USD 3,396 thousand), and UBA Bank of Ghana: RSD 77,859 thousand (USD 753 thousand); and

- - Energoprojekt Hidroinženjering in the amount of RSD 3,782 thousand, based on bank deposits serving as collateral for issuing guarantees for the project Ourkiss, Algeria. Funds will be available upon expiration of the overdraft agreement and upon release of bank guarantees.

Decrease in cash equivalents and cash in relation to the previous year by RSD 876,837 thousand is primarily the result of difficulties in collection of receivables and maintenance of current liquidity whereby the funds on foreign currency accounts were decreased by RSD 634,203 thousand (mostly in Energoprojekt Entel: RSD 472,752 thousand and in Energoprojekt Niskogradnja: RSD 206,972 thousand) and of short-term time deposits in the amount of RSD 324,945 thousand (mainly in Energoprojekt Visokogradnja: RSD 242,612 thousand and Energoprojekt Holding: RSD 86,643 thousand).

36. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME

36.1. Value Added Tax

Structure of VAT	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Value added tax	360,314	408,336
TOTAL	360,314	408,336

• **Value added tax** in the amount of RSD 360,314 thousand refer to the difference between calculated tax and input tax, and primarily in Energoprojekt Niskogradnja in the amount of RSD 171,202 thousand (mainly on the project Lajkovac -Ljig), in Energoprojekt Oprema in the amount of RSD 85,970 thousand (in the country: RSD 79,957 thousand; Belarus: RSD 5,911 thousand and Montenegro: RSD 102 thousand) and in Energoprojekt Visokogradnja in in the amount of RSD 57,830 thousand (in the country: 54,239 thousand and abroad: RSD 3,591 thousand).

Decrease in VAT compared to previous year by RSD 48,022 thousand is mainly the result of decrease in Energoprojekt Oprema in the amount of RSD 224,086 thousand (primarily, based on VAT collection in Belarus in the amount of RSD 256,728 thousand) and, of increase in Energoprojekt Niskogradnja in the amount of RSD 165,723 thousand (mainly on the project Lajkovac -Ljig).

36.2. Prepayments and Accrued Income and Deferred Expenses

Breakdown of prepayments and accrued income and deferred expenses	In RSD thousand	
	31.12.2018	31.12.2017
Prepayments:		
a) Prepaid subscriptions for professional publications	1,822	3,570
b) Prepaid rent	84,652	102,579
c) Prepaid insurance premiums	73,247	39,369
d) Prepaid advertizing and marketing expenses	15	15
e) Other prepaid expenses	173,701	36,419
<i>Total</i>	<i>333,437</i>	<i>181,952</i>
Receivables for accrued non-invoiced income:		
a) Receivables for accrued non-invoiced income - other related entities		
b) Receivables for accrued non-invoiced income - other legal entities	3,952,093	4,321,797
<i>Total</i>	<i>3,952,093</i>	<i>4,321,797</i>
Deferred costs from liabilities		
Other accruals		
a) Accrued value added tax	43,264	98,602
b) Other deferred expenses	535,396	555,130
<i>Total</i>	<i>578,660</i>	<i>653,732</i>
TOTAL	4,864,190	5,157,481

• **Prepaid rent** in the amount of RSD 84,652 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 71,553 thousand based on leasing of business premises and apartments for workers in companies abroad in Qatar: RSD 36,117 thousand, in UAE: RSD 30,826 thousand and in Oman: RSD 4,610 thousand (only leasing of apartments). Contractual agreements are multi-year lease agreements with payment of a full year rent in advance., payable on three-months base;
- Energoprojekt Niskogradnja in the amount of RSD 6,801 thousand, based on leasing quarries in Uganda: RSD 2,748 thousand and leasing of apartments for accommodation of workers in Uganda: RSD 3,632 thousand (multi-year lease agreements, for example, lease of quarry is on 5 years with payment of a full year rent in advance); and
- Energoprojekt Visokogradnja in the amount of RSD 6,298 thousand, based on leasing apartments for accommodation of workers, primarily in the company Energoprojekt Ghana Ltd., Accra, Ghana in the amount of RSD 6,116 thousand (one-year to two-years lease agreements with advance payment).

• **Other prepaid expenses** in the amount of RSD 173,701 thousand refer primarily to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 73,995 thousand, mainly for legal advisory and consultancy service costs incurred on the arbitration procedure filed against Gazprom Transgas, Belarus for the Energocenter Minsk project, Belarus: RSD 73,963 thousand;

- Energoprojekt Entel in the amount of RSD 47,082 thousand, mainly in the company Energoprojekt Entel LTD, Doha, Qatar: RSD 41,791 thousand for pre-paid rent-a-car costs;

- Energoprojekt Niskogradnja in the amount of RSD 41,737 thousand, mainly on pre-paid fees for arbitrator and lawyers engaged on arbitration: project Z-023 Pericos, Peru: RSD 14,013 thousand; costs for issuing bank guarantees: RSD 19,082 thousand (projects abroad: RSD 17,893 thousand and in the country: RSD 1,909 thousand) and bank charges for maintenance of the annual credit line in Uganda: RSD 3,786 thousand.

Increase in other prepaid expenses compared to the previous year by RSD 137,282 thousand, mostly relate to Energoprojekt Oprema in the amount of RSD 73,625 thousand (lawyers and consultants fees engaged on the project Energoconta Minsk, Belarus) and to Energoprojekt Entel in the amount RSD 46,942 thousand (mainly for pre-paid rent-a-cars in Qatar).

• **Receivables for accrued non-invoiced income – other legal entities** in the amount of RSD 3,952,093 thousand refer primarily to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 1,405,922 thousand, refer to:

– accrued non-invoiced income - project Energocontar Minsk, Belarus: RSD 1,375,896 thousand (Note 47) and;

– invoices issued in 2016, not certified by investor (while measurement book is certified by supervisor), for works carried out in 2015 on the project RTB Bor: RSD 30,026 thousand (arbitration proceeding is on-going with SNC Lavalin and International Project Services Ltd. - branch, Note 47).

Non-invoices income for project Energocontar Minsk, Belarus is the amount of equipment procurement costs (supplier's invoices) and direct attributable purchase costs from customs declaration following the import (transport), custom and freight costs.

For a long time, the investor of the project Construction of the Energocentre (multifunctional complex in Minsk), OAO "Gazprom Transgas Belarusia" (GTB), Minsk, disabled, by various activities, Energoprojekt Oprema, as the main contractor, to perform its works. Such behavior, in any way, was not connected with inadequate work of Energoprojekt Oprema, but it was the matter of Investor. Namely, works on the entire complex were suspended, including investment activities that were not contractual agreement of Energoprojekt Oprema. During August 2017, the GTB demanded for payment under guarantee the amount of USD 10.6 million.

The negotiation with the Investor, were conducted to find the outcome in that very difficult situation in Minsk. First of all, it was about, the payments for equipment that Energoprojekt Oprema, pursuant to the Contract and prior Investor approval, already acquired and delivered on the construction site. In the process of mediation, the final solution was not found, and therefore GTB terminated the contract and demanded for payment under guarantee the amount of USD 5.05 million. At the end of 2017, the Energoprojekt Oprema filed the arbitration request.

In April 2018, an arbitral award in favour of Energoprojekt Oprema was passed. Consequently, the Executive Board of Energoprojekt Holding made a decision to reverse the provision in the consolidated financial statements of Energoprojekt Holding for 2018. The provision had been entered in accordance with estimation of possible amount of accruals in the financial statements of Energoprojekt Oprema re. project Energocenter Minsk, Belarus in the amount of RSD 496,125 thousand (Note 21.1 and Note 38).

- Energoprojekt Niskogradnja in the amount of RSD 1,234,684 thousand, primarily in the country of RSD 929,319 thousand and in Uganda of RSD 164,880 thousand refer to the receivables from interim payment certificates for work completed in 2018 for the following projects:

- Lajkovac-Ljig: RSD 777,300 thousand;
- Landfill in Vinca: RSD 75,165 thousand;
- Ub - Lajkovac: RSD 67,617 thousand;
- Reconstruction of Karadjordjeva Street: RSD 9,027 thousand; and
- Z-027 Mpigi Kanoni Uganda: RSD 161,979 thousand.

- Energoprojekt Entel in the amount of RSD 513,011 thousand for works completed in 2018 and invoiced in 2019, abroad: RSD 393,193 thousand (in companies: Energoprojekt Entel LTD, Doha, Qatar: RSD 350,993 thousand and Energoconsult LLC, Abu UAE Dhabi: RSD 42,200 thousand) and in the country: RSD 119,818 thousand;

- Energoprojekt Holding in the amount of RSD 374,943 thousand relate to 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 311,915 thousand relate to the receivables for payment certificates submitted to the Investor for verification, but not verified before the balance sheet submission date:

- in the country: RSD 140,634 thousand on the project Prokop Railway Station: RSD 73,055 thousand and Chinese Cultural Center (works performed in December 2018): RSD 67,579 thousand and

- abroad: RSD 171,218 thousand, predominantly in the company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 160,190 thousand for works from 2018, mostly on Law House Ghana projects: RSD 112,262 thousand, Ecobanka: RSD 15,721 thousand and Ernest Bediako: RSD 13,550 thousand.

- Mentionig other companies of system Energoprojekt, receivables for accrued non-invoiced income were recorded at Energoprojekt Hidroinženjering, in the amount of RSD 51,627 thousand, Energoprojekt Urbanizam i arhitektura in the amount of RSD 47,737 thousand, Energoprojekt Energodata in the amount of RSD 11,087 thousand and Energoprojekt Industrija in the amount of RSD 1,167 thousand.

Decrease in receivables for accrued non-invoiced income – other legal entities in relation to the previous year by RSD 369,704 thousand is primarily the result of decrease in Energoprojekt Niskogradnja in the amount of RSD 945,365 thousand (mostly on the projects: Z-027 Mpigi - Kanoni, Uganda, Z-034 Road Puerto Bermudez, Peru, Z-036 Streets in Kampala Kawempe-Lubaga, Uganda and Lajkovac - Ljig) and increase in Energoprojekt Entel in the amount of RSD 513,011 thousand (works performed in 2018 and invoiced in 2019).

- **Accrued Value Added Tax (VAT)** in the amount of RSD 43,264 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 Oprema in the amount of RSD 15,268 thousand (in the country), Energoprojekt Holding in the amount of RSD 11,429 thousand, Energoprojekt Visokogradnja in the amount of RSD 8,275 thousand and Energoprojekt Niskogradnja in the amount of RSD 8,088 thousand.

- **Other deferred expenses** in the amount of RSD 535,396 thousand predominantly refer to the following companies within system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 517,518 thousand. The investor Gazprom Transgas, Belarus of the project Energoentar Minsk, Belarus (Note 38) demanded for payment under guarantee the amount of USD 5.06 million at 10 November 2017; and

- Energoprojekt Holding in the amount of RSD 15,078 thousand, mainly for receivables from disputed works performed in 2017 by the company Ringier Axel Springer Ltd. in the amount of RSD 13,200 thousand (in April 2018 a claim was filed) (Note 47).

37. CAPITAL

Structure of capital	In RSD thousand	
	31.12.2018	31.12.2017
Equity capital – reduced for non-controlling interest in equity capital	5,818,025	5,818,157
Purchased own shares – <i>negative item of equity</i>	49,827	49,827
Reserves	453,585	454,450
Revaluation reserves from revaluation of intangibles and PPE	6,019,554	6,110,601
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>	266,806	114,424
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>	3,824	18,631
Retained earnings	7,176,001	6,881,068
Non-controlling interest - in equity capital	119,051	164,365
TOTAL	19,799,371	19,474,607

37.1. Equity Capital

Structure of equity capital where non-controlling interest is defined for equity capital items	In RSD thousand	
	31.12.2018	31.12.2017
Share capital - total	5,675,177	5,724,580
Non-controlling interest - in share capital	(100,218)	(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	13,385	9,289
Non-controlling interest - in limited liability companies	(13,385)	(9,289)
<i>Total stakes in limited liability companies</i>		
Issuing premium	162,693	162,693
Other share capital - total	85,821	85,960
Other non-controlling interest	(5,448)	(5,455)
<i>Total other share capital</i>	<i>80,373</i>	<i>80,505</i>
TOTAL	5,818,025	5,818,157

- **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	
	31.12.2018	31.12.2017
Purchased own shares	49,827	49,827
TOTAL	49,827	49,827

Pursuant to the Decision by the Supervisory Board of Energoprojekt Holding to acquire own shares on a regulated market, made on 13 February 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	
	31.12.2018	31.12.2017
Legal reserves	217,943	218,856
Statutory and other reserves	235,642	235,594
TOTAL	453,585	454,450

- **Legal reserves** were formed in compliance with the Law on Enterprises that was in force until 30 November 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	
	31.12.2018	31.12.2017
Revaluation reserves from revaluation of property:		
a) Revaluation reserves from revaluation of property - Energoprojekt office building	3,052,146	3,043,172
b) Revaluation reserves from revaluation of other property	1,009,427	986,333
<i>Total</i>	<i>4,061,573</i>	<i>4,029,505</i>
Revaluation reserves from revaluation of investment property	1,809,053	1,927,920
Revaluation reserves from revaluation of plant and equipment	148,928	153,176
TOTAL	6,019,554	6,110,601

- **Revaluation reserves from revaluation of property** in the amount of RSD 4,061,573 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).

The revaluation reserves based on revaluation of property - Energoprojekt office building in the amount of RSD 3,052,146 thousand, relate to:

- the fair value booking effects of Energoprojekt office building as at 31 December 2018, in the amount of RSD 2,918,532 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 538,614 thousand.

The most significant amounts of revaluation reserves based on revaluation of other property in the amount of RSD 1,009,427 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja: RSD 346,077 thousand (a part of the “Cruz del Sur“ office building in Lima, Peru, business premises, Lima, Peru, residential building in Kampala, Uganda and other facilities in Serbia and Peru);
- Energoprojekt Visokogradnja: RSD 331,555 thousand (hotel Spintex in Akra, Ghana and buildings in Belgrade - in Vozdovac and in Stara Pazova);
- Energoprojekt Industrija: RSD 92,442 thousand (real estate of the affiliated company Energopet Ltd. (33.33%): RSD 80,231 thousand and solidarity apartments in Belgrade: RSD 12,211 thousand),
- Energo (Private) Limited, Zimbabwe: RSD 75,268 thousand (business and residential buildings in Harare, Zimbabwe); and
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 66,856 thousand (business and residential buildings in Lusaka, Zambia).

• **Revaluation reserves from revaluation of investment property** in the amount of RSD 1,809,053 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 789,320 thousand (business and residential facility in Zambia);
- Dom 12 S.A.L, Liban: RSD 540,422 thousand (office building in Moscow);
- I.N.E.C. Engineering Company Limited, Great Britain: RSD 159,854 thousand (office building in London);
- Energoprojekt Niskogradnja: RSD 144,624 (a part of the “Cruz del Sur“ office building in Peru); and
- Energoprojekt Visokogradnja: RSD 96,695 thousand (property in the country: in Belgrade and in Ub).

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

Structure of unrealized gains from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Unrealized gains on transaction of financial statements for international operations	266,806	114,424
TOTAL	266,806	114,424

• **Unrealized gains on transaction of financial statements for international operations** in the amount of RSD 266,806 thousand relate primarily to: Dom 12 S.A.L., Lebanon, Energoprojekt Entel, Energoprojekt Visokogradnja and Energoprojekt Oprema.

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>31.12.2018</i>	<i>31.12.2017</i>
Unrealized losses on securities available for sale	3,824	18,631
TOTAL	3,824	18,631

- **Unrealized losses on securities available for sale** in the amount of RSD 3,824 thousand, which predominantly relate to Energoprojekt Holding, 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>31.12.2018</i>	<i>31.12.2017</i>
Retained earnings from previous years:		
a) Balance as at 01 January	6,881,068	7,470,703
b) Changes	(480,992)	(1,113,636)
<i>Total</i>	6,400,076	6,357,067
Retained earnings from the current year	775,925	524,001
TOTAL	7,176,001	6,881,068

- Total change of **retained earnings** of the current year in the amount of RSD 294,933 thousand mainly came as a result of the net profit of the system Energoprojekt in the reporting period, in the amount of RSD 775,925 thousand, decreases based on: distribution of retained earnings (dividend payments in Energoprojekt Holding and Energoprojekt Entel) in the amount of RSD 285,451 thousand and sale of equity shares with Energoprojekt Garant in the amount of RSD 183,327 thousand.

37.8. Non-Controlling Interest

Non-controlling interest	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Non-controlling interest - in equity capital	119,051	164,365
TOTAL	119,051	164,365

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

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

Structure of non-controlling interest for total capital of the Companies with shares of minority shareholders	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Equity capital	5,937,076	5,982,522
Non-controlling interest - in equity capital	(119,051)	(164,365)
<i>Total equity capital</i>	<i>5,818,025</i>	<i>5,818,157</i>
Purchased own shares	49,827	49,827
Non-controlling interest - purchased own shares		
<i>Total purchased own shares</i>	<i>49,827</i>	<i>49,827</i>
Reserves	453,585	454,450
Non-controlling interest - in reserves	(21,284)	(21,277)
<i>Total reserves</i>	<i>432,301</i>	<i>433,173</i>
Revaluation reserves from revaluation of intangibles, property, plant and equipment	6,019,554	6,110,601
Non-controlling interest - in revaluation reserves	(299,555)	(291,606)
<i>Total revaluation reserves from revaluation of intangibles, property, plant and equipment</i>	<i>5,719,999</i>	<i>5,818,995</i>
Unrealized gains from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	266,806	114,424
Non-controlling interest - in unrealized gains	(8,516)	(4,016)
<i>Total unrealized gains from securities and other components of other comprehensive result</i>	<i>258,290</i>	<i>110,408</i>
Unrealized losses from securities and other components of other comprehensive result (debit balances under account class 33 except 330)	3,824	18,631
Non-controlling interest - in unrealized losses	(28)	(8,650)
<i>Total unrealized losses from securities and other components of other comprehensive result</i>	<i>3,796</i>	<i>9,981</i>
Retained earnings from previous year	6,400,076	6,357,067
Non-controlling interest - in retained earnings from previous year	(630,838)	(748,959)
<i>Total retained earnings from previous year</i>	<i>5,769,238</i>	<i>5,608,108</i>
Retained earnings from current year	775,925	524,001
Non-controlling interest - in retained earnings from current year	(270,773)	45,471
<i>Total retained earnings from current year</i>	<i>505,152</i>	<i>569,472</i>
Total capital of the companies with shares of majority shareholders	18,449,382	18,298,505
Non-controlling interest - in total capital	(1,349,989)	(1,176,102)
TOTAL CAPITAL	19,799,371	19,474,607

The structure of participation without the right to control - in the retained earning of the current year by the companies in the Energoprojekt system is given in the following table.

The structure of participation without the right to control - in the retained earning (net result) of the current year by the companies	<i>% share of minority shareholders</i>	<i>in RSD thousand</i>	
		<i>31.12.2018</i>	<i>31.12.2017</i>
Energoprojekt Garant Plc	7.06%		1,517
Energoprojekt Entet Plc	13.74%	62,922	81,453
Energoprojekt Industrija Plc	37.23%	28,241	11,117
Energoprojekt Oprema Plc	32.13%	159,511	(153,263)
Energoplast Ltd	57.64%	20,099	13,705
TOTAL		270,773	(45,471)

38. LONG-TERM PROVISIONS

Structure of long-term provisions	<i>in RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Provisions for wages and other employee benefits	283,647	261,347
Provisions for warranty period costs	501,487	593,828
Other long-term provisions		535,331
TOTAL	785,134	1,390,506

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

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.

Decrease of the provision amount based on current retirement bonus values (by 4.31%) in the balance sheet as at 31 December 2018 in comparison to the retirement bonus values in the balance sheet as at 31 December 2017, 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 5.19%); 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 5.74% and reduction of average years spent with the Company by 3.06%).

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 long-term government bonds issued by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia, which were achieved in the relevant period. Annual yield on 10-years RSD securities issued on 10 July 2018 was 4.85%; while the annual yield on five-years RSD securities issued on 11 September 2018 was 3.74%. By extrapolating the yield curve for a longer period (since the maturity of the reference securities is shorter 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 2021, adopted by the Executive Board of the National Bank of Serbia, determines the target inflation rate (with permissible deviation) measured by annual percentage changes in the consumer price index, for the period from January 2019 to December 2021, in the amount of 3% with permissible deviation (positive and negative) of 1.5 percentage points.

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 501,487 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 487,888 thousand disclosed based on the provisions within Energoprojekt Entel LTD, Qatar based on project Phase 11, Phase 12 and Mega Reservoirs performed for Qatar General Electricity and Water Corporation KAHRAMAA: RSD 434,575 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 decrease in the said provisions in the amount of RSD 43,474 thousand, on the one hand came as result of abolishing of provision booked in the company Energoprojekt Entel LTD, Qatar for the project GTC 385, which was completed in the amount of RSD 62,107 thousand (Note 21.1) and on the other by the increase in relation to recording of FX loss, in the amount of RSD 18,633 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 11,826 thousand, based on remaining amount of

provision from 2017, for the project Power line Pančevo - Romanian border: RSD 9,794 thousand and from 2015 for projects Power line Beograd - Pančevo: RSD 1,104 thousand, Power line over the Danube: RSD 668 thousand and Prokop: RSD 260 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.

Compared to the previous year, a decrease in related provisions by RSD 5,477 thousand is the result of utilised provisions booked for projects: Power line Pančevo - Romanian border: RSD 3,166 thousand, Prokop: RSD 1,368 thousand, Power line Beograd - Pančevo: RSD 619 thousand and Power line over the Danube: RSD 324 thousand dinars.

- Energoprojekt Visokogradnja in the amount of RSD 1,773 thousand, based on the provision booked in 2018 for projects Z-105 Residential Building Tokio Siktivkar, Russia.

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.

Compared to the previous year, decrease in related provision by RSD 43,390 thousand is, on the one hand, the result of decrease from utilised provision in the amount of RSD 43,844 thousand (projects: Z-103 Talan Towers, Astana, Kazakhstan: RSD 30,925 thousand, Sunnyville: RSD 12,191 thousand and Z-096 Forte Bank, Astana: RSD 728 thousand) and abolishing of provisions for project Z-096 Forte Bank, Astana in the amount of RSD 1,319 thousand (Note 21.1) and, on the other hand, the result of increase in provision made for project Z-105 Residential Building Tokyo Siktivkar, Russia in the amount of RSD 1,773 thousand (Note 17).

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

Structure of provisions for warranty period costs	<i>In RSD thousand</i>
As of 01 January 2017	400,624
Additional provision booked	283,538
Utilized in the year	(7,544)
Abolishing of unused provision	(8,372)
FX differences	(74,418)
As of 01 January 2018	593,828
Additional provision booked (Note 17)	1,773
Utilized in the year	(49,321)
Abolishing of unused provision (Note 21.1)	(63,426)
FX differences	18,633
As of 31 December 2018	501,487

• Decrease in **other long-term provision**, compared to the previous year by RSD 535,311 thousand, related to:

- abolishing of the provision from 2017 due to estimate of possible amount of overestimated item of accruals shown in the financial statements of Energoprojekt Oprema in relation to the project Energocenter Minsk, Belarus of RSD 496,125 thousand. Related provision was abolished in accordance with the decision made by the Executive Board of Energoprojekt Holding in accordance with arbitration award in favour of Energoprojekt Oprema (Note 21.1); and

- decrease of other provisions of Energoprojekt Garant by RSD 39,206 thousand recorded in accordance with sale of Energoprojekt Garant equity shares (Note 2).

39. LONG-TERM LIABILITIES

Structure of long-term liabilities	<i>in RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Long-term credits and loans domestic	17,729	293,895
Long-term credits and loans foreign countries	200,062	191,792
Long term liabilities from financial leasing	10,498	28,310
Other long-term liabilities	18,164	11,724
TOTAL	246,453	525,721
Part of long-term liabilities with maturity date up to one year (Note 40.3.)	643,584	1,346,835

39.1. Long-Term Credits and Loans

Structure of long-term credits and loans	<i>in RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
In the country:		
a) Long-term loans granted by banks in the country:		
Jubmes banka	-	72,647
Eurobanka	17,729	221,248
<i>Total</i>	<i>17,729</i>	<i>293,895</i>
b) Long-term loans granted by other entities in the country		
<i>Total - loans domestic</i>	<i>17,729</i>	<i>293,895</i>
Abroad:		
Long-term loans granted by other entities abroad	200,062	191,792
<i>Total - loans abroad</i>	<i>200,062</i>	<i>191,792</i>
TOTAL	217,791	485,687

- **Long-term loans granted by banks in the country** in the amount of RSD 17,729 thousand entirely relate to Energoprojekt Visokogradnja (Eurobank).

Long-term loans granted by the domestic banks as at 31 December 2018 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.

Creditor	Interest rate	in RSD thousand			
		31.12.2018		31.12.2017	
		Long-term liability	Short-term liability	Long-term liability	Short-term liability
Energoprojekt Sunnyville:					
Erste banka	3m Euribor + 3.5% p.a.				800,219
<i>Total</i>		-	-	-	800,219
Energoprojekt Visokogradnja:					
Eurobanka	3M Euribor + 2.95% p.a.	17,729	202,999	221,248	95,667
Jubmes banka	3.5% p.a.		72,477	72,647	134,774
<i>Total</i>		17,729	275,476	293,895	230,441
Energoprojekt Niskogradnja:					
Komercijalna banka	1M Belibor + 1.20% p.a.				94,300
<i>Total</i>		-	-	-	94,300
TOTAL		17,729	275,476	293,895	1,124,960

Structure of long-term loans' maturity dates	in RSD thousand	
	31.12.2018	31.12.2017
1 to 2 years	17,729	293,895
2 to 5 years		
TOTAL	17,729	293,895

Structure of accounting liabilities for long-term loans granted to Company as per denomination currency	in RSD thousand	
	31.12.2018	31.12.2017
RSD		
EUR	17,729	293,895
TOTAL	17,729	293,895

- **Long-term loans granted by other entities abroad** in the amount of RSD 200,062 thousand relate to Energoprojekt Niskogradnja, based on liabilities towards associates engaged on the former SFRY Republics on the HPP Baniya 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>31.12.2018</i>	<i>31.12.2017</i>
Financial leasing liabilities	10,498	28,310
TOTAL	10,498	28,310

- **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 10,498 thousand, the largest share in the amount of RSD 6,066 thousand relate to Energoprojekt Oprema and in the amount of RSD 2,663 thousand relate to Energoprojekt Niskogradnja.

Detailed information on total financial lease (long-term as well as short-term) liabilities of the companies to which related liability relate is presented in the following table.

Creditor	Currency	Outstanding debt in currency	Outstanding debt in RSD thousand	Repayment and maturity date	Annual interest rate
<i>Lease liabilities in the country:</i>					
Energoprojekt Oprema Plc.					
Sogelease Srbija Ltd.	EUR	52,022	6,149	Monthly until 15.05.2019, 15.05.2020 and 15.06.2022	from 2.27% to 5.07%
UKUPNO		52,022	6,149		
Energoprojekt Niskogradnja Plc					
Sogelease Srbija Ltd.	EUR	134,380	15,883	Monthly until 15.06.2020	6m Euribor + margin from 2.99% to 3.49%
UniCredit Leasing Srbija Ltd.	EUR	20,724	2,449	Monthly until 15.06.2020	Interest paid by supplier
TOTAL		155,104	18,332		

Financial lease liabilities by companies on which related liabilities mainly refer (Energoprojekt Oprema and Energoprojekt Niskogradnja) denominated in RSD as at 31 December 2018 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).

Creditor	<i>In RSD thousand</i>	
	<i>Long-term liability</i>	<i>Short-term liability</i>
Energoprojekt Oprema Plc.:		
Sogelease Srbija Ltd.	6,066	83
TOTAL	6,066	83
Energoprojekt Niskogradnja Plc.:		
Sogelease Srbija Ltd.	1,847	14,036
UniCredit Leasing Srbija Ltd.	816	1,633
TOTAL	2,663	15,669

39.3. Other Long-Term Liabilities

Structure of other long-term liabilities	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Other long-term liabilities	18,164	11,724
TOTAL	18,164	11,724

• **Other long-term liabilities** in the amount of RSD 18,164 thousand, mostly 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 liability for retained guarantee deposited money issued by the company Gemax Ltd in respect of project Railroad Pančevo;

- Energoprojekt Hidroinženjering in the amount of RSD 5,738 thousand entirely relates to acquired software (a three-years contract made with Microsoft where licenses become the property of the company at the end of repayment period), and

- Energoprojekt Visokogradnja in the amount of RSD 1,594 thousand relate to liability for retained guarantee deposited money issued by the company Laser Lux Ltd.: RSD 1,434 thousand on the project Navigator 2 Bussines Center and by companies Aning Ltd.: RSD 102 thousand and De Compani Ltd.: RSD 58 thousand on the project Chinese Cultural Center.

40. SHORT-TERM FINANCIAL LIABILITIES

Structure of short-term financial liabilities	In RSD thousand	
	31.12.2018	31.12.2017
Short-term credits and loans in the country	5,946,760	6,877,337
Short-term credits and loans abroad	757,440	1,134,797
Other short-term financial liabilities:		
a) Portion of long-term liabilities with maturity dates up to one year	643,584	1,346,835
b) Other short-term financial liabilities	286	216
Total	643,870	1,347,051
TOTAL	7,348,070	9,359,185

40.1. Short-Term Credits and Loans Domestic

Structure of short-term credits and loans in the country	In RSD thousand	
	31.12.2018	31.12.2017
Short-term loans granted by banks in the country:		
a) Loans in RSD	1,179,111	1,947,316
b) Loans with foreign currency clause	4,767,649	4,930,021
TOTAL	5,946,760	6,877,337

• **Short-term loans granted by banks in the country** in the amount of RSD 5,946,760 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 1,836,611 thousand, and specifically:

• Loans with foreign currency clause (in EUR) granted by Societe Generale Bank, Unicredit Bank, Komercijalna Banka and Addiko Bank, interest rate ranging from 3m Euribor +3.00% per annum to 2.80% per annum;

- Energoprojekt Visokogradnja in the amount of RSD 1,366,479 thousand, and specifically:

• RSD loans granted by Jubmes Banka in the amount of RSD 333,116 thousand; interest rates 6.00% per annum; and

• Loans with foreign currency clause (in EUR) granted by Unicredit bank, Addiko bank and Societe Generale Bank in the amount of RSD 1,033,363 thousand; interest rates ranging from 3m Euribor + 3% per annum to 3.10%;

- Energoprojekt Niskogradnja in the amount of RSD 1,684,056 thousand, namely:

• RSD loan granted by Societe General bank, Unicredit bank, Komercijalna banka and OTP Bank in the amount of RSD 845,995 thousand; interest rate 1m Belibor + 1,95% per annum and

- Loan with the foreign currency clause (in EUR) granted by Societe Generale Bank, UniCredit Bank, Komercijalna Bank, Halk Bank and Erste Bank in the amount of RSD 838,061 thousand, interest rate ranging from 2.5% p.a. to 3m Euribor + 3,31% per annum;

- Energoprojekt Holding in the amount of RSD 898,279 thousand, and specifically:

- Loan with foreign currency clause (in EUR) granted by Erste bank, Societe Generale Bank and Komercijalna Banka; interest rate ranging from 3m Euribor + 2.90% to 2.80% per annum;

- Energoprojekt Hidroinženjering in the amount of RSD 102,238 thousand, namely:

- Loans with FX clause (EUR) granted by the Societe Generale Bank and Addiko Bank, interest rate ranging from 3m Euribor + 3.10% to 2.80% per annum.

- Energoprojekt Energodata in the amount of RSD 59,097 thousand, namely:

- Loan with the foreign currency clause (in EUR) granted by Komercijalna Banka, 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	
	31.12.2018	31.12.2017
RSD	1,179,111	1,947,316
EUR	4,767,649	4,930,021
TOTAL	5,946,760	6,877,337

40.2. Short-Term Credits and Loans Foreign Countries

Structure of short-term credits and loans abroad	In RSD thousand	
	31.12.2018	31.12.2017
Short-term loans granted by foreign banks	756,652	1,133,884
Short-term loans granted by other legal and physical persons abroad	788	913
TOTAL	757,440	1,134,797

- **Short-term loans granted by foreign banks** in the amount of RSD 756,652 thousand relate to Energoprojekt Niskogradnja in the amount of RSD 518,494 thousand (loans granted by the commercial banks in Peru and Uganda, as presented in the following table) and to Energoprojekt Visokogradnja in the amount of RSD 238,158 thousand (within Energoprojekt Ghana Ltd., Accra, Ghana, based on overdraft with banks).

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- overdraft	USD	552,947	57,169	31/03/2019	9.25%
Total Uganda		552,947	57,169		
Banco Pichincha, Peru	PEN	1,000,000	30,679	08/01/2019	6.70%
Banco Pichincha, Peru	PEN	950,000	29,145	16/01/2019	6.70%
Banco Pichincha, Peru	PEN	600,000	18,408	18/01/2019	6.70%
Banco Pichincha, Peru	PEN	1,000,000	30,679	22/01/2019	6.70%
Banco GNB, Peru	PEN	150,000	4,602	02/01/2019	6.90%
Banco GNB, Peru	PEN	300,000	9,204	04/01/2019	6.90%
Banco GNB, Peru	PEN	500,000	15,340	12/01/2019	6.90%
Banco GNB, Peru	PEN	1,200,000	36,815	14/01/2019	7.00%
Banco GNB, Peru	PEN	1,000,000	30,679	16/01/2019	6.90%
Banco GNB, Peru	PEN	500,000	15,340	16/01/2019	6.90%
Banco GNB, Peru	PEN	500,000	15,340	16/01/2019	6.90%
Banco GNB, Peru	PEN	600,000	18,407	19/01/2019	6.90%
Banco GNB, Peru	PEN	100,000	3,068	21/01/2019	7.00%
Banco GNB, Peru	PEN	500,000	15,340	23/01/2019	6.90%
Banco GNB, Peru	PEN	2,000,000	61,359	23/01/2019	6.90%
Banco GNB, Peru	PEN	700,000	21,475	23/01/2019	6.90%
Banco GNB, Peru	PEN	600,000	18,407	26/01/2019	6.90%
Banco GNB, Peru	PEN	350,000	10,738	28/01/2019	6.90%
Banco GNB, Peru	USD	75,000	7,754	10/01/2019	5.00%
Banco GNB, Peru	USD	100,000	10,339	11/01/2019	5.00%
Banco GNB, Peru	USD	30,000	3,102	12/01/2019	4.95%
Banco GNB, Peru	USD	30,000	3,102	16/01/2019	4.95%
Banco GNB, Peru	USD	30,000	3,102	16/01/2019	4.95%
Banco GNB, Peru	USD	150,000	15,508	17/01/2019	5.00%
Banco GNB, Peru	USD	50,000	5,170	19/01/2019	4.95%
Banco GNB, Peru	USD	100,000	10,339	21/01/2019	5.00%
Banco GNB, Peru	USD	80,000	8,271	21/01/2019	5.00%
Banco GNB, Peru	USD	15,000	1,551	23/01/2019	4.95%
Banco GNB, Peru	USD	28,000	2,895	26/01/2019	4.95%
Banco GNB, Peru	USD	20,000	2,068	26/01/2019	4.95%
Banco GNB, Peru	USD	30,000	3,102	28/01/2019	4.95%
Total Peru			461,325		
TOTAL			518,494		

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

40.3. Other Short-Term Financial Liabilities

Structure of other short-term financial liabilities	In RSD thousand	
	31.12.2018	31.12.2017
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	621,132	1,124,960
b) Financial lease liabilities with maturity date up to one year	18,161	55,705
c) Other long-term liabilities with maturity date up to one year	4,291	166,170
<i>Total</i>	<i>643,584</i>	<i>1,346,835</i>
Other short-term financial liabilities	286	216
TOTAL	643,870	1,347,051

• **Portion of long-term loans domestic and foreign with maturity date up to one year** in the amount of RSD 621,132 thousand relate to the following companies of the system Energoprojekt.

- Energoprojekt Sunnyville in the amount of RSD 345,656 thousand, which refers to loan with currency clause granted by Erste Bank, at the interest rate of 3m Euribor + 3.5% per annum; and

- Energoprojekt Visokogradnja in the amount of RSD 275,476 thousand, as presented in the following table.

Bank	Approval Date	Maturity Date	Currency	Approved amount in foreign currency	Outstanding balance in foreign currency	Outstanding balance in RSD thousand	Interest rate	Collateral
Jubmes banka	26.06.2016 29.06.2019	At the end of each Q	EUR	2,400,000	480,000	56,733	3.5 % p.a.	Promissory notes and securities of the companies: EP Holding, EP Niskogradnja, EP Oprema, EP Hidroinženjering, EP Energodata and EP Industrija
Jubmes banka	05.08.2016 05.08.2019	05.02.2019 05.05.2019 05.08.2019	EUR	444,000	133,200	15,744		
Eurobank	27.01.2017 27.01.2020	Monthly	EUR	3,000,000	1,717,500	202,999	3m Euribor + 2.95% p.a.	Promissory notes and securities of the companies: EP Holding, EP Niskogradnja and EP Oprema
TOTAL					2,330,700	275,476		

• **Financial lease liabilities with maturity dates up to one year** in the amount of RSD 18,161 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 15,669 thousand (Note 39.2).

• **Other long-term liabilities with maturity dates up to one year** in the amount of RSD 4,291 thousand mostly refer to Energoprojekt Hidroinženjering for purchase of software in the amount of RSD 3,530 thousand (Note 39.3).

41. RECEIVED ADVANCES, DEPOSITS AND BONDS

Structure of received advances, deposits and bonds	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Advances received from other related companies	41,064	33,942
Advances received from other legal entities and physical bodies in the country	1,650,415	1,484,044
Advances received from other legal entities and physical bodies, abroad	214,692	872,408
Deposits received in the country and abroad	10,446	7,636
TOTAL	1,916,617	2,398,030

- **Advances received from other related companies** in the amount of RSD 41,064 thousand mainly relate to liabilities towards affiliated company Energo Nigeria Ltd., Lagos, Nigeria, recorded predominantly within Energoprojekt Oprema in the amount of RSD 40,060 thousand.

- **Advances received from other legal entities and physical bodies in the country** in the amount of RSD 1,650,415 thousand mostly relate to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 501,823 thousand from received advances from the investor, primarily on the following projects: Tramway on the Ada Bridge (Belgrade Land Development Public Agency): RSD 152,176 thousand, Reconstruction of Karađorđeva street (Belgrade City Administration): RSD 142,394 thousand, Landfill Vinca (Beo Clean Energy Ltd.): RSD 88,574 thousand and Ub-Lajkovac (China Shandong International E & T Branch Belgrade): RSD 75,619 thousand;

- Energoprojekt Visokogradnja in the amount of RSD 275,941 thousand, mainly for advances received from investor for the projects Chinese Cultural Center: RSD 275,747 thousand (Empiret Ltd.);

- Energoprojekt Oprema in the amount of RSD 181,809 thousand mainly for the advances received from investors for projects Ada Mall: RSD 92,393 thousand (Gradina Ltd.) and Kolubara Landfill (PC Elektroprivreda Srbije): RSD 63,959 thousand; and

- Energoprojekt Park 11 in the amount of RSD 511,961 thousand, from received advances from sale of real estate within residential-business complex "Park 11" in Block 11, New Belgrade.

Increase in liabilities arising from advances received from other legal entities and physical bodies in the country, compared to the previous year by RSD 166,371 thousand, mainly is the result, on the one hand, of increase in Energoprojekt Park 11 in the amount of RSD 511,961 thousand (received advance payments from sale of real estate) and, on the other hand, of decrease from documenting advance by performed works in current period in Energoprojekt Visokogradnja in the amount of RSD 248,097 thousand (Belgrade Waterfront and Chinese Cultural Center) and in Energoprojekt Oprema in the amount of RSD 198,445 thousand (Ada Mall and Kolubara Landfill projects).

- **Advances received from other legal entities and physical bodies, abroad** in the amount of RSD 214,692 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 77,872 thousand mostly for advances received in the Energoprojekt Ghana Ltd., Accra, Ghana: RSD 64,086 thousand, mainly from investor Ernest Chemist Limited in the amount of RSD 57,913 thousand on Ernest Pharmaceutical Plant projects: RSD

49,670 thousand and Ernest Bediako Residence: RSD 8,243 thousand;

- Energoprojekt Hidroinženjering in the amount of RSD 53,084 thousand, mostly on projects in Algeria in the amount of RSD 35,120 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 43,594 thousand for advances received in Peru on projects: Z-039 Channel Via Cienguillo: RSD 31,138 thousand (Consortio Primavera) and Z-034 Road Puerto Bermudez, Peru: RSD 12,456 thousand (Consortio Vial San Alejandro); and

- Energoprojekt Entel in the amount of RSD 33,552 thousand in UAE, for projects with Dubai Electricity and Water Authority "Dewa".

Decrease in liabilities arising from advances received from other legal entities and physical bodies, abroad, compared to the previous year, by RSD 657,716 thousand refers, on the one hand, to documented advances for works performed in the current period in Energoprojekt Niskogradnja in the amount of RSD 697,977 thousand dinars (primarily on projects: Z-034 Road Puerto Bermudez, Peru: RSD 529,980 thousand and Z-036 Streets in Kampala Kawempe Lubaga, Uganda: RSD 108.540 thousand) and, on the other hand, to increase in received advances in Energoprojekt Visokogradnja in the amount of RSD 40,913 thousand (mostly in Ghana on project Z-108 Narhoz, Kazakhstan) and in Energoprojekt Entel in the amount of RSD 32,636 thousand.

- **Deposits received in the country and abroad** in the amount of RSD 10,446 thousand relate to Zambia Engineering and Constructing Company Limited, Zambia, for rental deposits received (for office and residential space) in the amount of RSD 4,401 thousand, Energoprojekt Niskogradnja for rental deposits received for apartments in the building Cruz del Sur in Peru in the amount of RSD 2,586 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 2,007 thousand.

42. OPERATING LIABILITIES

Structure of operating liabilities	In RSD thousand	
	31.12.2018	31.12.2017
Suppliers - other related parties, in the country	151,071	
Suppliers - other related parties, abroad	5,807	5,820
Suppliers in the country	3,360,287	2,721,775
Suppliers, abroad	1,446,832	1,516,640
Other operating liabilities	8,567	13,302
TOTAL	4,972,564	4,257,537

- **Suppliers – other related parties, in the country** in the amount of RSD 151,071 thousand entirely relate to the liabilities of the Energoprojekt Visokogradnja towards company Napred Plc., Belgrade.

- **Suppliers – other affiliated companies, abroad** in the amount of RSD 5,807 thousand entirely relate to the liabilities of the Energoprojekt Oprema towards affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

- **Suppliers, in the country** in the amount of RSD 3,360,287 thousand relate mainly to Energoprojekt Niskogradnja in the amount of RSD 1,860,531 thousand, to Energoprojekt Visokogradnja in the amount of RSD 698,354 thousand and to Energoprojekt Oprema in the amount of RSD 663,321 thousand.

Suppliers, in the country - 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>31.12.2018</i>	<i>31.12.2017</i>
<i>Energoprojekt Niskogradnja:</i>		
Nukleus Ltd.	952,474	820,878
Geosonda Fundiranje Plc.	163,027	73,830
Lafarge Ltd.	107,683	128,766
Ogranak Colas Rail SA Beograd	43,278	-
Evrogradnja Ltd.	37,419	49,134
Metalfer Ltd.	31,192	19,410
NIS Gasprom Neft	28,747	7,177
OMV Srbija Ltd.	27,634	-
Other	469,077	439,575
Total	1,860,531	1,538,770
<i>Energoprojekt Visokogradnja:</i>		
Metalfer Steel Mill Ltd.	113,115	357
Euro Bravo Ltd.	108,773	120,701
DOO Gradnja Radosavljević Ćuprija	29,005	1,533
Artinvest Ltd.	22,503	42,470
Crna Trava Gradnja Ltd.	15,614	30,061
Normativ MR Ltd.	14,693	17,398
Nukleus Ltd.	10,925	32,299
Opreming Ltd.	7,158	35,766
Other	376,568	332,156
Total	698,354	612,741
<i>Energoprojekt Oprema:</i>		
GP Planum Plc.	138,298	39,670
Grappa Ltd.	56,492	-
ABB Ltd.	46,252	-
Termo TIM Ltd.	31,976	-
Energotehnika - Južna Bačka, Novi Sad Ltd.	27,676	89,379
Selbi Lighting Ltd.	27,258	-
Legas Group Ltd.	26,451	54,313
Other	308,918	313,996
Total	663,321	497,358

Increase in liabilities to suppliers in the country compared to the previous year by RSD 638,512 thousand mainly refers to Energoprojekt Niskogradnja: RSD 321,761 thousand (to subcontractors, primarily based on increase in retained guarantee deposit from invoiced works performed by suppliers in 2018 on projects: Lajkovac - Ljig, Ub - Lajkovac, Bridge at Ada and Brana Stubno Rovni), to Energoprojekt Oprema: RSD 165,963 thousand (primarily on projects: Ada Mall and Kolubara Landfill) and to Energoprojekt Visokogradnja: RSD 85,613 thousand (mainly on projects: Navigator 2 Bussines Center and Chinese Cultural Center).

• **Suppliers, abroad** in the amount of RSD 1,446,832 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 589,638 thousand (primary within company Energoprojekt Entel LTD, Doha, Qatar: RSD 464,716 thousand, Energoprojekt Entel LLC Oman, Oman: RSD 56,784 thousand and Energo Consult LLC Abu Dhabi, UAE: RSD 52,136 thousand);

- Energoprojekt Niskogradnja in the amount of RSD 403,987 thousand (mainly in Uganda: RSD 240,136 thousand and in Peru: RSD 160,922 thousand);

- Energoprojekt Visokogradnja in the amount of RSD 204,396 thousand (mainly, in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 150,277 thousand and on projects Z-105 Residential Building Tokyo Siktivkar; Russia: RSD 23,097 thousand, Topionica Bor, Serbia: RSD 6,004 thousand, Navigator 2 Bussines Center, Serbia: RSD 5,400 thousand and Z-107 Radiology Clinic Siktivkar; Russia: RSD 5,404 thousand); and

- Energoprojekt Oprema in the amount of RSD 130,945 thousand (on projects abroad: RSD 71,461 thousand and in the country: RSD 59,484 thousand).

Decrease in liabilities to suppliers abroad, compared to the previous year, by RSD 69,808 thousand is the result of, primary of decrease in Energoprojekt Visokogradnja: RSD 166,642 thousand (completion of works on projects: Z-103 Talan Towers Astana, Kazakhstan and Z-085 Business Building Uhta, Russia) and in Energoprojekt Niskogradnja: RSD 75,357 thousand (primary, in Peru: RSD 64,131 thousand) and, of increase in Energoplast: RSD 96,423 thousand (it was agreed with the largest buyer to purchase material for his needs for entire 2019) and in Energoprojekt Oprema: RSD 64,184 thousand (projects in country and abroad).

• **Other operating liabilities** in the amount of RSD 8,567 thousand primarily refer to Energoprojekt Niskogradnja in the amount of RSD 7,519 thousand, from issued checks to suppliers in Peru in behalf of settlement of liabilities, which ended on 31 December 2018 were not realized.

43. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Liabilities from special transactions - other legal entities		
Liabilities for wages, fringe benefits and compensations	810,849	823,230
Other liabilities:		
a) Liabilities for interest and financing costs	8,894	17,023
b) Liabilities for dividends	135,375	147,452
c) Liabilities to employees	47,531	39,407
d) Liabilities to General Manager, or to management and Supervisory Board members	3,181	3,882
e) Liabilities to physical persons for contractual compensations	5,140	4,682
f) Liabilities for short-term provisions		
g) Other various liabilities	31,282	35,158
<i>Total</i>	<i>231,403</i>	<i>247,604</i>
TOTAL	<i>1,042,252</i>	<i>1,070,834</i>

- **Liabilities for wages, fringe benefits and compensations** in the amount of RSD 810,849 thousand (liabilities for net salaries and fringe benefits, taxes and contributions, etc.) relate predominantly to Energoprojekt Entel in the amount of RSD 409,591 thousand (abroad: RSD 368,507 thousand, in the country: RSD 41,084 thousand), Energoprojekt Visokogradnja in the amount of RSD 105,720 thousand (abroad: RSD 39,972 thousand, in the country: RSD 65,748 thousand), Energoprojekt Niskogradnja in the amount of RSD 115,918 thousand (abroad: RSD 62,773 thousand, in the country: RSD 53,145 thousand), Energoprojekt Hidroinženjering in the amount of RSD 69,698 thousand (abroad: RSD 50,308 thousand, in the country: RSD 19,390 thousand), Energoprojekt Oprema in the amount of RSD 32,756 thousand (in the country: RSD 32,010 thousand, abroad: RSD 746 thousand) and to Energoprojekt Energodata in the amount of RSD 20,536 thousand (in the country).

- **Liabilities for dividends** in the amount of RSD 135,375 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoplast in the amount of RSD 91,639 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 73,639 thousand and from 2017 (retained earnings as of 2016 year) in the amount of RSD 18,000 thousand; and

- Energoprojekt Holding in the amount of RSD 27,439 thousand, Energoprojekt Entel in the amount of RSD 9,738 thousand and Energoprojekt Opremu in the amount of RSD 6,269 thousand due to unresolved property-legal relations (probate proceedings, etc.) and unopened accounts (by shareholders).

- **Other various liabilities** in the amount of RSD 31,282 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 14,293 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 12,485 thousand (withholding from salaries for Union fee, 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

Liabilities for value added tax	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Liabilities for value added tax	198,398	471,582
TOTAL	198,398	471,582

• **Liabilities for value added tax** in the amount of RSD 198,398 thousand relate to the difference between the calculated tax and input tax, primarily in Energoprojekt Visokogradnja in the amount of RSD 123,667 thousand (mainly within Energoprojekt Ghana Ltd., Accra: RSD 110,640 thousand), Energoprojekt Park 11 in the amount of RSD 21,217 thousand and in Energoprojekt Entel in the amount of RSD 17,051 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>31.12.2018</i>	<i>31.12.2017</i>
Liabilities for income tax	680,961	614,501
Liabilities for other taxes, contributions and fees payable	55,567	54,774
TOTAL	736,528	669,275

• **Liabilities for income tax** in the amount of RSD 680,961 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 613,436 thousand primary relate to Energoprojekt Entel LTD, Doha, Qatar, based on the liabilities disclosed in 2011 for the expenses of the Head Office or for the Energoprojekt Entel for the period of 3 years (for 2008, 2009 and 2010) by the local Tax Administration in the amount of RSD 593,914 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 (Note 34 and Note 47); and

- Energoprojekt Holding in the amount of RSD 45,113 thousand - estimated income tax liability for 2018 (not real duty from the tax return), which is not bring into balance with overpaid income tax shown within the item- Receivables for overpaid income tax.

• **Liabilities for other taxes, contributions and fees payable** in the amount of RSD 55,567 thousand relate primarily to the Energoprojekt Niskogradnja in the amount of RSD 41,383 thousand, mostly for income tax based on tax return for December 2018 in Peru: RSD 36,889 thousand (liabilities were settled in due time, in January 2019).

44.3. Accrued Expenses and Deferred Income

Liabilities for accrued expenses and deferred income	In RSD thousand	
	31.12.2018	31.12.2017
Accrued expenses:		
a) Accrued expenses - other related companies	-	15,749
b) Accrued expenses - other legal entities	647,191	1,147,192
<i>Total</i>	<i>647,191</i>	<i>1,162,941</i>
Deferred income - other legal entities	439,796	145,606
Other accruals	139,893	316,780
TOTAL	1,226,880	1,625,327

• **Accrued expenses - other legal entities** in the amount of RSD 647,191 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 531,548 thousand, with no invoices received as at 31 December 2018 (cost calculation performed, mainly, based on invoices received in 2019 (for 2018), as well as valuation costs by experts for projects in the country and abroad, based on appropriate records: construction log, surveying, subcontractors demands for interim (payment) certificate verification, etc.), mostly related to:

- Calculated costs in the country: RSD 387,329 thousand entirely related to costs computed in 2018, mostly on projects: Lajkovac - Ljig: RSD 313,483 thousand (primary, subcontracting services: RSD 312,382 thousand), Ub -Lajkovac (Section IV): 62,324 thousand (subcontracting services: RSD 60,481 thousand and insurance of works: RSD 1,843 thousand) and Reconstruction of Karađorđeva Street: RSD 8,395 thousand (subcontracting services);
- Calculated costs in Peru: RSD 56,210 thousand, mainly on projects: Z-034 Road Puerto - Bermudez, Peru: RSD 40,526 thousand (subcontracting services for 2018: RSD 27,012 thousand and administrative costs of the consortium - part of the contractual obligation: RSD 9,081 thousand), Z-023 Pericos, Peru: RSD 11,751 thousand dinars (insurance of works and property) and Z-014 Yanacocha, Peru: RSD 2,049 thousand dinars (lawyer fees);
- Calculated costs in Uganda: RSD 37,743 thousand, on projects Z-027 Mpigi - Kanoni, Uganda: RSD 22,816 thousand (mainly subcontracting services for 2018: RSD 22,533 thousand) and Z-036 Streets in Kampala, Uganda: RSD 14,927 thousand (mainly lease of machinery: RSD 13,966 thousand); and
- Calculated costs for long-term liabilities interests towards other legal entities for project HE Baniya II, Guinea: RSD 53,266 thousand (Note 39.1);

- Energoprojekt Hidroinženjering in the amount of RSD 51,732 thousand relating to calculated costs of subcontracting services: RSD 43,626 thousand (primarily on projects: Rekouche, Algeria: RSD 8,123 thousand, Yaraskay, Peru: RSD 8,302 thousand, 65 dams Algeria: RSD 6,811 thousand, Sidi Naser, Algeria: RSD 2,867 thousand and Mačva: RSD 3,040 thousand) and provisions for penalties on the Tabeggart project, Algeria: RSD 8,106 thousand;

- Energoprojekt Visokogradnja in the amount of RSD 26,020 thousand relating to calculated costs abroad: RSD 22,820 thousand, mainly for the projects: Z-096 Forte Bank, Astana, Kazakhstan: RSD 17,605 thousand and Z-105 Residential building Tokyo Siktivkar, Russia: RSD 2,451 thousand, in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 2,314 thousand, and calculated costs in the country: RSD 3,200 thousand.

- Energoprojekt Oprema in the amount of RSD 19,851 thousand, for calculated costs for project RTB Bor: RSD 15,761 thousand and interest costs accrued on loans: RSD 4,090 thousand.

Decrease in accrued expenses - other legal entities, compared to the previous year, by RSD 500,001 thousand, primarily relate to Energoprojekt Niskogradnja in the amount of RSD 205,106 thousand (primarily on the project Lajkovac-Ljig), Energoprojekt Oprema in the amount of RSD 152,787 thousand (primarily on projects Belgrade Waterfront and Kolubara Landfill) and to Energoprojekt Visokogradnja in the amount of RSD 125,684 thousand (primarily on the project Z-103 Talan Towers, Astana, Kazakhstan and in the company Energoprojekt Ghana Ltd., Akra, Ghana).

• **Deferred income - other legal entities** in the amount of RSD 439,796 thousand, mainly were recorded in accordance with verified in advance interim certificate by investor for works that were not completed in 2018, and mostly relate to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 369,612 thousand in the country, on the project Ada Mall (predominantly increased related item in comparison with 2017); and

- Energoprojekt Visokogradnja in the amount of RSD 68,200 thousand in the country on the project Chinese Cultural Center: RSD 66,268 thousand and abroad on the project Z-107 Radiology Clinic Siktivkar, Russia: RSD 1,932 thousand.

• **Other accruals** in the amount of RSD 139,893 thousand relate predominantly to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 71,370 thousand, mainly for liability to the subcontractor for the retention - Project Mega Reservoir at Energoprojekt Entel LTD, Doha, Qatar: RSD 71,053 thousand. The retention will be closed after collection of receivable for guaranteed deposit issued by investor Qatar General Electricity & Water Corporation "Kahramaa";

- Energoprojekt Niskogradnja in the amount of RSD 48,605 thousand, primarily based on accrued liabilities for VAT in Uganda: RSD 43,228 thousand and in the country: RSD 5,123 thousand (settled in the legal frae terms); and

- Energoprojekt Oprema in the amount of RSD 10,605 thousand, based on accrued liabilities for VAT, which is settled in January 2019.

Decrease in other accruals compared to the previous year by RSD 176,887 thousand mainly refers to Energoprojekt Garant: RSD 114,384 thousand (the company was sold in 2018) and to less deferred amount of VAT within system Energoprojekt.

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.

Structure of off balance sheet assets and liabilities	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Issued and received guarantees and letters of credits	13,274,316	13,822,084
Construction land use rights	2,950,032	4,511,541
Other off balance sheet assets/liabilities	229,890	229,194
TOTAL	16,454,238	18,562,819

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 m2, located on cadastral parcels number 65582, 65583, 65584, 65585, 65586, 65587, 65588, 65589 and 65590 with area of 10,736 m2, in Doha - Qatar, Zone 44, East Al Naija, Al Mumtaza Street Doha Qatar, registered owner is a local private individual. The owner has mortgaged the property in the "Doha Bank" as collateral for performance guarantees for Energoprojekt Entel LTD., 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 1,446,223 thousand (USD 13,988,134), 112% of the total appraised value of property mortgaged. The registration of mortgage in excess of estimated property value was proposed by the Bank explaining the need to achieve greater coverage in the financial system which allows the bank to reduce the required reserves, placing funds in a higher amount and offering more favorable conditions. The Bank's proposal is based on a projection of increase in value of real estate in 2019. Appraisal for which the mortgage was constituted in favor of Scotiabank was made by the appraiser "PROVALUA S.A." (authorized by the competent authority of the Superintendencia de Banca y Seguros of the Republic of Peru, according to Confirmation No. 1079-99), which was hired by the company.
- in order to secure a credit line granted by the Banco Pichincha Peru (former Banco Financiero Peru), property was mortgaged for the amount of RSD 258,473 thousand which is 23% of the total appraised value of the property mortgaged which guarantees a credit line in the amount of USD 2.500.000. The value assessment was performed by an external independent qualified appraiser "PROVALUA S.A".

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
Mortgage 1- Sotiabank, Peru				
Land - Camp Primavera, Sullana, Peru	95,907.47	29,479	5,090,022	526,254
Office space 16-18 th floors, Lima, Peru	427.73	85,265	824,704	85,266
Building Cruz Del Sur, Lima, Peru	4,295.38	685,107	6,626,483	685,107
<i>Total (100%)</i>		799,851	12,541,209	1,296,627
Total (112%)			13,988,134	1,446,223
Mortgage 2 -Banco Financiero, Peru				
Land - Santa Clara, Peru	23,009.70	40,874	10,676,862	1,103,873
<i>Total (100%)</i>		40,874	10,676,862	1,103,873
Total (23%)			2,500,000	258,473

- 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. 11 of the Loan Agreement No. 367, in the amount of RSD 16,252 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 Juriša 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. 7 of the Agreement on Rescheduling of Approved Loan pursuant to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 141,584 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 Juriša 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 31 December 2018, 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 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	2019	Unfounded, according to the Decision of the Court of first instance, the application was rejected; Court Decision on Plaintiffs' appeal is pending. Second instance proceeding
3.	Rajko Ljubojević	EP Holding Plc.	Land expropriation from 1957	RSD 32.370.000,00	High court in Belgrade	2019	The first instance court accepted the claim. Against the judgment we appealed. The second instance
4.	Kovacevic Pavle, Radmila and Milan	EP Holding Plc. and others	Compensation for expropriated land (in Block 26)	Uncertain	Municipality of Novi Beograd	Uncertain	The first instance decision of the administrative authority rejected the applicants' request, The second instance
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	2019	Claim is grounded; first-instance court accepted the claim; in appeal Respondents Second instance proceeding
6.	Goran Rakic	EP Holding Plc. and Kompresor automobili Ltd.	Ownership title to be determined	Ungrounded	Higher court in Belgrade	2019	Decision was adopted bringing the claim to be revoked. First instance proceedings
7.	Radovanac Aleksandar and Nenad	EP Holding Plc. and others	Eviction from barracks in Visnjicka Banja	Ungrounded	Higher court in Belgrade	2019	Ungrounded in relation to EP Holding First instance proceedings

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
8.	Marko Martinoli, Activist Ltd. Activeast ltd.	Montinvest properties Ltd., Napred razvoj Plc., Dobroslav Bojović, EP Holding Plc.	Forced purchase of EP Entel shares	RSD 176,744,730.15	Commercial Court in Belgrade	2019	Ungrounded for EP Holding First instance proceedings
9.	Nikola Malbaša, Marko Martinoli and 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 First instance proceedings
10.	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	Ungrounded	Court of City of Budapest, Commercial Department	2019	Our revision against lower court verdicts has been adopted, earlier decisions were abolished and the case was returned for re-trial. First instance procedure.
11.	Republic of Serbia	EP Holding Plc.	Denouncing the decision of the Shareholders Assembly dated 12.12.2017, with a proposal for provisional measure	Without any value	Commercial Court in Belgrade	2019	First instance court refused the claim. Second instance proceedings.

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
12.	EP Holding Plc.	RS Securities Commission	Annulment of the Commission's temporary decision whereby to the company is denied right to vote in Energoprojekt Oprema Plc.	Without any value	Administrative court	2019	Uncertain. Administrative proceeding.
13.	EP Holding Plc.	RS Securities Commission	Annulment of the Commission's temporary decision whereby to the company is denied right to vote in Energoprojekt Industrija Plc.	Without any value	Administrative court	2019	Uncertain. Administrative proceeding.
14.	EP Holding Plc.	RS Securities Commission	Annulment of the Commission's final decision whereby to the company is denied right to vote in Energoprojekt Oprema Plc.	Without any value	Administrative court	2019	Uncertain. Administrative proceeding.
15.	EP Holding Plc.	RS Securities Commission	Annulment of the Commission's final decision whereby to the company is denied right to vote in Energoprojekt Industrija Plc.	Without any value	Administrative court	2019	Uncertain. Administrative proceeding.
16.	Edmond Gašpar Gojko Babić Petar Rajačić	EP Holding Plc. Napred razvoj Plc.	Forced purchase of shares of Energoprojekt Industrija Plc.	RSD 9,193,106.10	Commercial Court in Belgrade	2019	Ungrounded in relation to EP Holding Plc. First instance procedure.
17.	Ep Oprema Plc.	EP Holding Plc.	Determining ownership rights on 261 shares of Beogradsko Mesovito Preduzece Plc.	RSD 188,509,809.00	Commercial Court in Belgrade	2019	In the meantime, out-of-court settlement was concluded, and it is expected that prosecutor withdraw lawsuit.

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
18.	Ep Holding Plc.	RS Securities Commission	Annulment of the Commission's final decision, whereby it was interrupted proceedings to decide on the request for publication of the takeover bid Energoprojekt Entel Plc.	Without any value	Administrative court	2019	Uncertain. Administrative proceeding.
19.	Zoran Petrović	Ep Holding Plc.	Annulment of the decision on termination of employment service contract	Ungrounded	3rd Basic Court in Belgrade	2019	Uncertain First instance proceedings.
20.	Zoran Petrović	Ep Holding Plc.	Compensation for damages	RSD 900,000.00	Higher court in Belgrade	2019	Uncertain First instance proceedings.
21.	Ep Holding Plc.	Ringier Axel Springer Ltd. Belgrade	Determination of nullity of the contract and return of paid advance	RSD 18,000,000.00	Commercial Court in Belgrade	Uncertain	Uncertain First instance proceedings.
22.	Alco Investment Holding LTD, Cyprus	Genesis capital, GP Napred Plc. and EP Holding Plc.	Nullification of Annex no. 1a of the Agreement on joint construction (block 26)	Without any value	Commercial Court in Belgrade	Uncertain	Ungrounded in relation to EP Holding Plc. First instance proceedings
23.	Ep Visokogradnja Plc.	Promex TV Zvornik	Debt	RSD 667,104.25	Commercial Court in Belgrade	Completed court case	Final judgment approved the claim. The forced collection must be carried out in Bosnia and Herzegovina
24.	Milan Branković	EP Visokogradnja Plc.	Annulment of a temporary employment contract		1st Basic Court in Belgrade	Uncertain	Ungrounded, proceedings suspended until completion of lawsuit no, 17.P1.11640/10 of the same prosecutor against Enjub Ltd.
25.	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

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
26.	Đorđe Mikša	EP Visokogradnja Plc.	Contractual fine payment	RSD 512,000.00	3rd Basic Court in Belgrade	2019	Uncertain. Adopted our appeal and the case was returned to first instance procedure
27.	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
28.	EP Visokogradnja Plc.	Beton gradnja Ltd.	Debt	RSD 271,813.90	Commercial Court in Belgrade	2019	Grounded First-instance proceeding
29.	EP Visokogradnja Plc.	Veso Romić	Unfounded acquisition	RSD 35,301,780.00	Commercial Court in Belgrade	Completed	Grounded In the process of forced execution
30.	EP Visokogradnja Plc.	JP Železnice, Beočvor	Debt (Prokop)	RSD 290,385,390.00	Commercial Court in Belgrade	2019	Grounded; proceedings suspended.
31.	EP Visokogradnja Plc.	Grad Beograd, BG Hala Ltd.	Debt (Arena)	RSD 208,000,245.40 Adopted in court: RSD 34,115,606.10 in behalf of principal debt	Commercial Court in Belgrade	2019	The claim of Hala BG Ltd was adopted by final judgment Our revision was adopted and the case for remaining amount of debt was returned for re-trial. First instance proceedings
32.	EP Visokogradnja Plc.	JP Železnice, Beočvor	Debt (Prokop)	RSD 153,674,990.16	Commercial Court in Belgrade	2019	Justified; proceedings suspended.
33.	Božo Tomašević	EP Visokogradnja Plc.	Annulment of employment contract termination	RSD 140,000.00	1st Basic Court in Belgrade	2019	The first instance court accepted the claim. In the process on our appeal. Second instance proceedings
34.	Aleksandar Petrović	EP Visokogradnja Plc.	Agreement termination and damage compensation	RSD 3,500,000.00	3rd Basic Court in Belgrade	2019	The court issued a decision declaring it incompetent for acting in this proceeding.

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
35.	Sava Krajinović	EP Visokogradnja Plc.	Unfounded acquisition	RSD 269,000.00	3rd Basic Court in Belgrade	2018	The first instance verdict partially approved the claim, appealed Second instance proceedings
36.	Ljiljana Damyano	EP Visokogradnja Plc.	Performance and damage compensation	RSD 350,000.00	3rd Basic Court in Belgrade	2019	Ungrounded First instance proceeding
37.	Nenad Dautović	EP Visokogradnja Plc.	Annulment of employment contract termination		3rd Basic Court in Belgrade	2019	Ungrounded
38.	SIEN Ltd.	EP Visokogradnja Plc.	Debt, SMIP	RSD 438,530.00	Commercial Court in Belgrade	Uncertain	Partly grounded, lawsuit stopped due to plaintiffs' bankruptcy.
39.	Residence building, B.M.Pupina 10e	EP Visokogradnja Plc.	Unfounded acquisition	RSD 2,000,000.00	3rd Basic Court in Belgrade	Uncertain	Ungrounded, procedure stopped. First instance proceeding
40.	EP Visokogradnja Plc.	Siniša and Dragan Romić	Contesting of share transfer agreement		Higher court in Belgrade	2019	Justified First instance proceeding
41.	Kojić Milan	EP Visokogradnja Plc.	Debt - salaries	EUR 1,130.00	1st Basic Court in Belgrade	2019	First instance proceeding
42.	EP Visokogradnja Plc.	Farmakom MB Ltd. in bankruptcy	Debt	RSD 1,340,520.00	Commercial Court in Valjevo	Uncertain	Receivables recognized through bankruptcy procedure.
43.	EP Visokogradnja Plc.	LP Gas Ltd.	Debt	RSD 1,098,898.15	Commercial Court in Belgrade	2019	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. First instance proceeding

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
44.	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	2019	A decision was adopted bringing the claim to be revoked. The prosecutor appealed against this decision. Second instance proceedings.
45.	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	2019	Ungrounded First instance proceeding
46.	EP Visokogradnja Plc.	PIK Zemun in bankruptcy	Debt	RSD 33,705.46	Commercial Court in Belgrade	Uncertain	Presented receivables in bankruptcy.
47.	EP Visokogradnja Plc.	GZR Krstic, with Krstic Radimir as owner	Debt	RSD 115,776.00	Commercial Court in Belgrade	2019	Justified. Compulsory payment on the way.
48.	EP Visokogradnja Plc.	SZR Kvirin, with Tanaskovic Milan as owner	Debt	RSD 31,642.40	Commercial Court in Belgrade	2019	Justified. Compulsory payment on the way.
49.	Dragan Petrović	EP Visokogradnja Plc.	Annulment of employment contract termination		3rd Basic Court in Belgrade	2019	The claim was dismissed by the first instance verdict Second instance proceeding
50.	Milić Janković	Direkcija za građevinsko zemljište, EP Visokogradnja Plc. and Aleksić Ružica	Ownership title to be determined		1st Basic Court in Belgrade	2019	Justified First-instance proceeding

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
51.	Residence building 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	2019	Uncertain First-instance proceeding
52.	Residence building 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	2019	Uncertain First-instance proceeding
53.	Dević Ljubinko	EP Visokogradnja Plc.	Salary payment	EUR 5,774.42 The main debt was paid, requirements for interest remained in the lower amount than specified	3rd Basic Court in Belgrade	2019	Grounded First-instance proceeding
54.	Milorad Vasić	EP Visokogradnja Plc.	Damage compensation (Block 12)	RSD 25,732,877.55	Higher court in Belgrade	2019	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
55.	JP ViK Stara Pazova	EP Visokogradnja	Debt	RSD 167,162.40 RSD 33,558.94	Commercial Court in Sremska Mitrovica	2019	Uncertain; First instance proceedings
56.	EP Visokogradnja Plc.	Utva silosi Plc. Kovin in restructuring	Debt		Commercial Court in Pančevo	Uncertain	Receivables grounded but payment depending on restructuring plan.
57.	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.
58.	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
59.	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

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
60.	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
61.	Radoš Nenad	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2019	Uncertain; arrears of salary paid in their entirety First-instance proceeding
62.	Vidojević Vladan	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2019	Uncertain; arrears of salary paid in their entirety First-instance proceeding
63.	Paunović Ljubiša	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2019	The first instance court accepted the claim Arrears of salary paid in full Second-instance proceeding
64.	Alen Vasić	EP Visokogradnja Plc.	Damage compensation for injury at work	RSD 600,000.00	3rd Basic Court in Belgrade	2019	Uncertain First-instance proceeding
65.	Topalović Igor	EP Visokogradnja Plc.	Annulment of employment termination		3rd Basic Court in Belgrade	Completed	The first instance court accepted the claim. In the proceedings on our appeals. Third-instance proceeding
66.	Predrag Radeka	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2019	Uncertain; arrears of salary paid in their entirety First-instance proceeding

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
67.	Danijel Šalipur	EP Visokogradnja Plc.	Fortification existence of an employment and Damage compensation	RSD 1,320,000.00	3rd Basic Court in Belgrade	2019	Uncertain The first instance court accepted the prosecutor's request in terms of compensation and refused to establish the existence of an employment relationship. The second instance
68.	Miloje Živanović	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries	RSD 39,000.00	3rd Basic Court in Belgrade	2019	By a final judgment, a claim in respect of the main debt and interest has been adopted. It remains that the court decides on the costs of the proceedings, in accordance with our complaint that was adopted The principal debt and interest paid in full.
69.	Rajko Vasiljević	EP Visokogradnja	Damage compensation on behalf of less paid overtime	EUR 2,500.00	3rd Basic Court in Belgrade	2019	Uncertain First-instance proceeding
70.	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	2019	Uncertain First-instance proceeding
71.	Miloje Živanović	EP Visokogradnja	Damage compensation on behalf of less severance paid and payment of interest on delayed payment of salaries	EUR 2,487.94 and RSD 137,478.00	3rd Basic Court in Belgrade	2019	Uncertain First-instance proceeding

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
72.	Miloje Živanović	EP Visokogradnja	Damage compensation based on excess of overtime and individual performance	RSD 420,000.00	3rd Basic Court in Belgrade	2019	Uncertain First-instance proceeding
73.	Šerbedžija Đorđe	EP Visokogradnja	Damage compensation based on excess of overtime and individual performance	EUR 1,500.00	3rd Basic Court in Belgrade	2019	Uncertain First-instance proceeding
74.	Pavlović Vladimir	EP Visokogradnja	Damage compensation due to delays in construction	RSD 2,628,897.70	3rd Basic Court in Belgrade	2019	Ungrounded First-instance proceeding
75.	Stanković Nenad	EP Visokogradnja	Annulment of the decision on termination of employment contract		3rd Basic Court in Belgrade	Completed	Final judgment approved the claim. In the proceedings on our appeals. Third instance proceedings.
76.	Jovičić Dejan	EP Visokogradnja	Damage compensation based on excess of overtime	EUR 1,300.00	3rd Basic Court in Belgrade	2019	The first instance verdict approved the claim. In the proceedings on our appeals. Second instance.
77.	Dević Ljubinko	EP Visokogradnja	Protection against harassment at work and compensation for damages	RSD 200,000.00	Higher Court in Belgrade	2019	Ungrounded Decision was adopted whereby the claim is withdrawn. The prosecutor appealed. Second-instance procedure.
78.	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	2019	Uncertain First-instance proceeding

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
79.	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	2019	Uncertain First-instance proceeding
80.	EP Visokogradnja	Mikom Ltd.	Debt Settlement	EUR 31,641.47	Commercial Court in Belgrade	2019	Grounded The parties made an out-of-court settlement where the respondent compensated entire debt. This dispute was ended in 2019.
81.	Miroslav Jovičić	EP Visokogradnja	Salaries payment for period from 01 January 2009 to September 2017		3rd Basic Court in Belgrade	2019	Uncertain First-instance proceeding
82.	Miroslav Jovanović	EP Visokogradnja	Damage compensation for less overtime pay for hours worked over.	EUR 1,000.00	3rd Basic Court in Belgrade	2019	Uncertain
83.	Mihailo Obrenić	EP Visokogradnja	Damage compensation for less overtime pay for hours worked over.	EUR 470.00	3rd Basic Court in Belgrade	2019	Uncertain
84.	Dušanka Čobanović	EP Visokogradnja	Damage compensation for injury	RSD 1,050,000.00	3rd Basic Court in Belgrade	2019	Ungrounded
85.	EP Visokogradnja	FE Sekundar Ltd. Čortanovci	Debt for the accommodation services	RSD 81,960.64	Commercial Court in Sremska Mitrovica	2019	Grounded
86.	EP Visokogradnja	PD Anticor Ltd.	Debt for the accommodation services	RSD 16,732.40	Commercial Court in Belgrade	2019	Grounded
87.	EP Visokogradnja	Stroj RU Inženjering Ltd.	Debt for the accommodation services	RSD 139,239.02	Commercial Court in Belgrade	2019	Grounded
88.	EP Visokogradnja	Entrepreneur Milorad Đorđević	Debt for the accommodation services	RSD 143,187.06	Commercial Court in Belgrade	2019	Grounded

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
89.	EP Visokogradnja	IG TEL Ltd.	Debt for the accommodation services	RSD 64,752.06	Commercial Court in Belgrade	2019	Grounded
90.	EP Visokogradnja	B Gips plus Niš	Debt for the accommodation services	RSD 1,128,770.46	Commercial Court in Niš	2019	Grounded
91.	EP Visokogradnja	BankPro Ltd.	Debt for the accommodation services	RSD 47,489.89	Commercial Court in Belgrade	2019	Grounded In the process of forced collection
92.	EP Visokogradnja	Kosmaj mermer Plc.	Debt for undue advance payment	RSD 200,000.00 with legal default interest starting from 29 December 1997, RSD 200,000.00 with legal default interest starting from 29 January 1998 and RSD 94,500.00 cost of the procedure	Commercial Court in Belgrade	2019	EP Visokogradnja activated mortgage due to collection, but the bankruptcy proceedings against the debtor was initiated and thus activation of mortgage was terminated. In the meantime, the Reorganization Plan was adopted and its application expired so the conditions for repeated activation were met. Therefore, EP Visokogradnja continues the procedure of collection.
93.	Vesa Romić	EP Visokogradnja	Determination of the nullity of the settlement agreement		3rd Basic Court in Belgrade	2019	Ungrounded
94.	Miroslav Jovičić	EP Visokogradnja	Compensation for damages arising from differences in earnings for the period from 01 January 2015 to 31 December 2015	The amount is not defined	3rd Basic Court in Belgrade	2019	Ungrounded
95.	Dobergard Ltd.	EP Visokogradnja	Debt for services provided	RSD 1,944,367.51	Commercial Court in Belgrade	2019	Ungrounded Debt is paid off in entire amount

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
96.	Dobergard Ltd.	EP Visokogradnja	Debt for services provided	RSD 3,833,875.40	Commercial Court in Belgrade	2019	Ungrounded Debt is paid off in entire amount
97.	Dragoljub Milanović	NIP Politika Plc. EP Visokogradnja	Determination of ownership rights on the apartment		3rd Basic Court in Belgrade	2019	Ungrounded
98.	Tigar Plc.	EP Visokogradnja	Debt on invoice	RSD 18,856.80	Commercial Court in Belgrade	2019	Uncertain. In the meantime, the decision was made whereby the lawsuit is considered withdrawn.
99.	Hansa Flex Hidraulika	EP Visokogradnja	Debt from issued invoices for services rendered	RSD 24,106.08	Commercial Court in Belgrade	2019	Ungrounded Main debt is paid off in entire amount
100.	Slavoljub Kodžopeljić	Maht Savabien Ltd. EP Visokogradnja	Compensation for injury at work	RSD 999,000.00	Basic Court in Ivanjica	2019	Uncertain
101.	Nenad Stanković	EP Visokogradnja	Compensation for lost earning	RSD 810,000.00	3rd Basic Court in Belgrade	2019	Uncertain
102.	Gras Garden Ltd.	EP Visokogradnja	Debt for performed works	EUR 11,513.25	Commercial Court in Belgrade	2019	Ungrounded Main debt is paid off in entire amount
103.	Gras Garden Ltd.	EP Visokogradnja	Debt for performed works	RSD 2,161,171.46	Commercial Court in Belgrade	2019	Ungrounded Main debt is paid off in entire amount
104.	EP Oprema Plc. and EP Holding Plc.	Municipality Medveđa	Return	RSD 120,000,000.00	Commercial Court in Leskovac	Uncertain; proceeding terminated	Uncertain First-instance proceeding
105.	EP Oprema Plc.	Clinical Center of Serbia	Debt for works	EUR 240,752.13, RSD 292,335.46 and RSD 2,328,204.00	Commercial Court in Belgrade	2019	The claim was approved by final judgment. In the meantime, the Supreme Court of Cassation, after the defendant's revision, reversed judgments of the lower courts and brought the case back for re-trial. First-instance proceeding

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
106.	EP Oprema Plc.	Clinical Center of Serbia	Damage compensation	EUR 1,559,000.00	Commercial Court in Belgrade	2019	First instance decision adopted the claim; KCS appealed In the meantime, the appeal was adopted and the case was returned for re-opening. In February, the court closed the main hearing and the court's decision is waited. First instance proceedings
107.	Staniša Marinković	EP Oprema Plc.-intervener	Damage compensation	RSD 304.000.00	Basic Court in Vranje	2019	Partly justified First-instance proceeding is in progress - expertise
108.	Čedomir Ristić	EP Oprema Plc.-intervener	Damage compensation	RSD 63.000.00	Basic Court in Vranje	2019	Partly justified; by appeal EP Oprema Second-instance proceedings in process
109.	Novica Ćirović	EP Oprema Plc.-second respondent JP EMS	Damage compensation	RSD 100.000.00	Basic Court in Leskovac	2019	First instance proceedings in process
110.	Milan Cvetković	EP Oprema Plc. and JP EMS	Damage compensation	RSD 1.381.278.00	Basic Court in Vranje	2019	First instance proceedings in process
111.	Vladan Stanković	EP Oprema Plc.	Damage compensation in monthly rent	RSD 8,000.00 monthly starting from 14 March 2016	Basic Court in Bor	Uncertain	The second instance court granted our appeal and returned the case for retrial. The first instance proceedings
112.	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
113.	Ep Oprema Plc.	DGP Zlatibor	Payment of works performed works	RSD 42,000,000.00	Commercial Court in Belgrade	Completed action	Grounded, difficult collection, debtor in bankruptcy

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
114.	Ep Oprema Plc.	Graditelj Lekovac	Works performed in accordance with contracts	RSD 71,129,042.82	Commercial Court in Leskovac	Completed action	Grounded, difficult collection, debtor in bankruptcy
115.	Blue Line Ltd.	EP Oprema	Debt for performed work in Bor	RSD 58,682,609.16	Commercial Court in Belgrade	2019	Closed court settlement with payment period up to December 2018
116.	EP Oprema	GP Rad in bankruptcy	Debt	USD 1,100,000.00	Commercial Court	Grounded	Established receivable in the bankruptcy proceedings
117.	Green Trafo Ltd.	EP Oprema	Debt for performed work	EUR 43,952.00	Commercial Court in Belgrade	2019	Uncertain
118.	EP Oprema	Green Trafo Ltd.	Damage compensation and return of advance	EUR 138,995.28	Commercial Court in Belgrade	2019	Grounded
119.	Goran Đorđević	EP Oprema	Obstructing possession		Basic Court in Kruševac	2019	Uncertain
120.	Jovan Čvokić and others	Ep Niskogradnja	Bonus payment	EUR 20,145.11	3rd Basic Court in Belgrade	2019	Ungrounded Second instance proceedings
121.	Dušan Tanić	EP Niskogradnja Plc.	Annulment of decision on amount of salary		3rd Basic Court in Belgrade	Uncertain	Ungrounded, proceeding terminated First instance proceeding
122.	EP Niskogradnja Plc.	Internacional CG in bankruptcy	Debt	RSD 474,718.82 with added interest	Commercial Court in Belgrade	Uncertain	Recognized receivable in bankruptcy proceedings
123.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Performance guarantee	KM 3,500,000.00	Municipality court in Sarajevo	Uncertain	Ungrounded. The judgment rejected the claim. Declared our revision. Third instance proceedings
124.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Guarantees for regular repayment of advances	KM 7,000,000.00	Municipality court in Sarajevo	Uncertain	Ungrounded. The judgment rejected the claim. By our appeal in process. Second instance proceedings
125.	EP Niskogradnja Plc.	JIK Banka Plc. in bankruptcy	Claims registration	USD 218,000.00	Commercial Court in Belgrade	Uncertain	Grounded

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
126.	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	Grounded
127.	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	Grounded
128.	Nenad Strajnić	PC Putevi Srbije and EP Niskogradnja Plc. –intervener	Damage compensation	RSD 183,928.48	Basic Court in Novi Sad	2019	Uncertain First instance proceedings
129.	Dragan Sekulić	PC Putevi Srbije; Dunav osiguranje Plc.o. and EP Niskogradnja Plc.– intervener	Damage compensation	RSD 460,000.00	Basic Court in Novi Sad	2019	Uncertain First instance proceeding
130.	DIN Ltd.	EP Niskogradnja Plc.	Debt by accounts	RSD 542,836.83 the value of the recourse request RSD 400,000.00 value of the counter claim	Commercial Court in Belgrade	2019	Ungrounded First instance proceedings
131.	Tomo Stanišić	EP Niskogradnja Plc.	Damage compensation	RSD 244,413.97	3rd Basic Court in Belgrade	2019	Uncertain First instance proceedings
132.	Ljubiša, Milostiva and Gordana Matković,	Koridori Srbije, Azvirt; EP Niskogradnja Plc.	Damage compensation	RSD 290,000.00	Basic Court in Gornji Milanovac	2019	Uncertain First instance proceedings
133.	Milan, Mirjana, Dragana and Marko Matković	Koridori Srbije, Azvirt; EP Niskogradnja Plc.	Damage compensation	RSD 380,000.00	Basic Court in Gornji Milanovac	2019	Uncertain First instance proceedings
134.	RF PIO Filijala Beograd	EP Niskogradnja Plc.	Recourse lawsuit	RSD 419,600.10	Commercial court in Belgrade	Uncertain	Uncertain; proceeding terminated First instance proceedings
135.	Aleksandar Babić and others	EP Niskogradnja Plc.	Bonus payment	EUR 40,906.00	3rd Basic Court in Belgrade	2019	Ungrounded First instance proceedings
136.	Gordana and Veselin Medenica	EP Niskogradnja Plc.	Damage compensation for injury at work	RSD 1,861,500.00	3rd Basic Court in Belgrade	2019	The first instance court accepted the claim. Second instance proceedings

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
137.	Bosna putevi Sarajevo	EP Niskogradnja Plc.	Debt arising from work carried out in Yemen Compensation protest	Legal claim: USD 17,604,299.00 Compensation protest: USD 17,390,380.06	Commercial Court in Belgrade	2019	EP Niskogradnja declared a compensation complaint. The first instance verdict established the prosecutor's claim to the EP NG in the amount of USD 4,691,598.31 and the EP NG claim against the prosecutor in the amount of USD 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. First instance procedure
138.	Vladimir Marinković	EP Niskogradnja Plc.	Overtime, Peru	USD 5,552.84	3rd Basic Court in Belgrade	2019	Ungrounded First instance proceedings
139.	EP Niskogradnja Plc.	Dejan Vujić PR Dey trade Vreoci	Unjust enrichment	RSD 275,999.90	Commercial Court in Belgrade	Dispute is finished	In the process of enforcement
140.	Vojislav, Mirjana, Dragana and Jovana Jovanović	Koridori Srbije, Azvirt and EP Niskogradnja Plc.	Damage compensation	RSD 380,000.00	Basic Court in Gornji Milanovac	2019	Uncertain First instance proceedings

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
141.	EP Niskogradnja Plc. i	Intermost Ltd.in bunkruptcy	Debt (Novi Sad)	RSD 62,505,042.00	Commercial Court in Belgrade	2019	NG lawsuit was adopted by a final judgment.
	Intermost Ltd.in bunkruptcy	EP Niskogradnja Plc.	Debt (Novi Sad)	RSD 189,827,985.00	Commercial Court in Belgrade	2019	Interstom's counter-claim rejected by a final verdict. In the process of Intermost revision.
142.	Dunav osiguranje Plc.	PC Putevi Srbije EP and Niskogradnja Plc.- intervener	Damage compensation	RSD 170,536.00	Commercial Court in Belgrade	2019	Uncertain First instance proceedings
143.	Radislav Živković	Evro gradnja 2000 and EP Niskogradnja Plc.	Compensation for injury at work	RSD 560,000.00	3rd Basic Court in Belgrade	2019	Uncertain First instance proceedings
144.	Dragan Savić	EP Niskogradnja, Koridori Srbije	Damage compensation	RSD 300,000.00	Basic court in Gornji Milanovac	2019	Uncertain First instance proceedings
145.	EP Niskogradnja Plc.	GP Gemax Ltd. in bankruptcy	Secured claims arising from guarantee deposit retained	RSD 10,431,209.72	Commercial Court in Belgrade	Completed	Grounded. Recognized secured claims
146.	EP Niskogradnja Plc.	Radislva Nestorović	Debt from housing loan granted	RSD 342,567.62	Basic Court in Pancevo	2019	Grounded First instance proceedings
147.	EP Niskogradnja Plc.	Jovanka Kunarac-Prelić	Debt from housing loan granted	RSD 188,253.07	2nd Basic Court in Belgrade	2019	Grounded. The first instance judgment approved the claim.
148.	EP Niskogradnja Plc.	Republic of Serbia Ministry of Agriculture and Environmental Protection. - Republic Water Directorate	Receivable for completed works on Tisa embankment	RSD 91,891,979.51	Mediation	Uncertain	Grounded

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
149.	Prima AFP	Consortium Energoprojekt NG SA - Bartos	Compensation for unfulfilled obligations	PEN 121,397.30			The judgment against EP has dipped to a higher instance as unfounded, and returned to baseline. A positive EP outcome is expected. The first instance proceedings
150.	AFP Horizonte	Consortium Energoprojekt NG SA - Bartos	Compensation for unfulfilled obligations	PEN 8,790.20			Partially acknowledged request of AFP, and fee of Sola 1,289.40 was determined. First instance proceedings.
151.	AFP Profuturo	Consortium Energoprojekt NG SA - Bartos	Compensation for unfulfilled obligations	PEN 4,774.10			Partially acknowledged request of AFP, and fee of Sola 1,289.40 was determined. First instance proceedings.
152.	Prima AFP	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 207,635.74			The AFP's request was declared as unfounded, after the appeal to the higher instance. Confirmed the first instance verdict
153.	AFP Integra	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 1,203.41			Final judgment in favor of EP NG.
154.	AFP Habitat	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 2,206.53			The AFP's request was declared grounded, our appeal to higher instance is in process. Second instance proceedings
155.	Prima AFP	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 10,469.12			The process is ongoing, the outcome is unknown Fourth instance proceedings

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
156.	AFP Integra	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 14,674.85			The process is ongoing, the outcome is unknown Fourth instance proceedings
157.	AFP Integra	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 545.31			The AFP request was declared as grounded. Third instance proceedings
158.	Jorge Luis Garcia Roque	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 400,000.00			<p>On 4 May 2018, a judgment was pronounced, declaring demand as ungrounded, ie, in behalf of company, employee may not charge the amount. However, according to this judgment it is possible to lodge an appeal, and the higher instance may decide otherwise or confirm the decision under the same conditions, which is very certain. On 11 May 2018, the judgment was disputed and on 16 May 2018, and Resolution 04, the appeal was declared inadmissible and the employee was given a period of 03 days to pay a court fee of S / 249.00. which has not been fulfilled to date, if the payment is made, the files will be sent to the appropriate work chamber in order to be able to consider the appeal.</p> <p>Four instance proceedings</p>

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
159.	Wilder Enrique Castillo Tapia	EP Niskogradnja Plc.	Injury at work				A criminal investigation issued a favorable report for EP NG. Second instance proceedings
160.	Reinaldo Romero Infante	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 191,693.95			EP NG did not accept a direct settlement considering that claim is ungrounded. A positive outcome for EP NG is expected. Four instance proceedings
161.	Miriam Elsa Gambini Jaramillo	EP Niskogradnja Plc.	Refund of personal loss	USD 100,000.00			EP NG did not accept a direct settlement considering it is not responsible for personal loss. Exemption verdict is expected. Second instance proceedings
162.	Hilario Chinini Criollo	EP Niskogradnja Plc.	Criminal acts of extortion				The investigation process completed Second instance proceedings
163.	Abamwe Transporters Ltd	Energog Uganda	Claim for compensation due to damage to the truck	USX 150,942,500			Appealed to the first instance verdict Second instance proceedings
164.	Foreman Kasirye Gwanga	Energog Uganda	Possession of ownership over the quarry Kung	USX 35,015,000			The first instance decision from 2013 was made in our favour. Second instance proceedings
165.	Kawooya Livingstone	Energog Uganda	Land degradation lawsuit	USX 35,015,000			Annulled the judgment of the High Court and the Prosecutor requests confirmation of verdict. First instance proceedings

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
166.	Kitimbo Thomas	Energoprojekt Uganda	Compensation for destruction of crops	USX 3,949,500			First instance proceedings
167.	Mary Kiggundu	Energoprojekt Uganda	Unauthorized use of land for road construction	USX 209,822,560			It is highly probable that the Prosecutor will get a dispute and the settlement is advisable. The first instance proceedings
168.	Lukyamuzi Godfrey	Energoprojekt Uganda	Labour dispute due to termination of employment	USX 5,844,400			First instance proceedings
169.	Kalyesubula Brian Kigongo	Energoprojekt Uganda	House damage due to activities in the quarry	USX 37,600,000			First instance proceedings
170.	Atna Technologies Ltd	Energoprojekt Uganda	Payment according to contract	USX 10,514,493			The debt is paid out. First instance procedure
171.	Kasaliko Herman	Energoprojekt Uganda	Ponds damage due to works	USX 87,902,500			First instance proceedings
172.	Ereemye Jumire James Mawanda	Energoprojekt Uganda	Civil lawsuit	USX 20,000,000			First instance proceedings
173.	Busulwa Monday	Energoprojekt Uganda	Destruction of house due to works performed	USX 19,347,000			First instance proceedings
174.	Denis Rwentungamo	Energoprojekt Uganda	Claim for compensation for wall damage during construction	USX 20,000,000			First instance proceedings

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
175.	Baseke Tendo Christina	Energoprojekt Uganda	Unpaid rentals and associate costs	USX 1,000,000 – up to 10,000,000			First instance proceedings
176.	Turyatunga Wahab&7 Others	Energoprojekt Uganda	Labour dispute due to termination of employment				First instance proceedings
177.	Kasule David	Energoprojekt Uganda	Claim for compensation for house damage	USD 84,702,000			First instance proceedings
178.	Salvatori Odinga And Others	Energoprojekt Uganda	Compensation for damages to property caused by quarrying				First instance proceedings
179.	Joy Asimwe	Energoprojekt Uganda	Compensation for damages to property caused by quarrying				First instance proceedings
180.	Rehemwa Ssemwanga Nasimbwa	Energoprojekt Uganda	Compensation for damages to property				First instance proceedings
181.	Yiga Richard	Energoprojekt Uganda	Injury at work	USX 11,150,400			Not scheduled hearing - case was referred to the insurance company. First instance proceedings
182.	Moses Semuli	Energoprojekt Uganda	Labour dispute due to termination of employment and injury at work	USX 23,270,000			Not scheduled hearing - case was referred to the insurance company. First instance proceedings
183.	Ep Niskogradnja Plc.	Jasmina Marinković	Damage compensation	RSD 249,572.17	Basic Court in Milanovac	2019	The first instance verdict approved the claim.

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
184.	Ep Niskogradnja Plc.	MBA Miljkovic Ltd.	Debt per invoices	RSD 142,474.17	Commercial Court in Belgrade	2019	Grounded. First instance proceedings
185.	Ep Niskogradnja Plc.	GP Planum Plc.	Debt per invoices	RSD 100,000.00	Commercial Court in Belgrade	2019	Grounded. First instance proceedings
186.	Ep Niskogradnja Plc.	Borovica Transport in bankruptcy	Debt per invoices	RSD 570,013.06	Commercial Court in Sremska Mitrovica	Uncertain	Grounded. Recognized claim in bankruptcy proceedings.
187.	Ep Niskogradnja Plc.	Water Authority of Jordan	Debt for works performed, damage compensation due to extension of period, additional and unforeseen works	JD 377,012.00 USD 122,955.00	Major felonies court in Amman, Jordan	Uncertain	First and second instance court accepted the claim of EP NG in the stated amounts
188.	Ivan Kovačević	Ep Niskogradnja Plc.	Reimbursement of costs for commuting to and from work			Uncertain	Uncertain. First instance proceedings
189.	Miloš, Radoslav, Biljana and Nataša Jovanović	Ep Niskogradnja Plc.	Damage compensation	RSD 250,000.00		Uncertain	Uncertain. First instance proceedings
190.	Dragomir, Ljiljana, Jelena, Milica and Ilija Matković	Ep Niskogradnja Plc.	Damage compensation	RSD 250,000.00		Uncertain	Uncertain. First instance proceedings
191.	Dragan Prole	Ep Niskogradnja Plc.	Annulment of the decision on termination of employment			Uncertain	Uncertain. First instance proceedings
192.	Stanoje Markeljić	Ep Niskogradnja Plc.	Protection of property right and elimination of damage emergency			Uncertain	Uncertain. First instance proceedings

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No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
193.	P. Stanišić and J. Blagojević	EP Hidroinženjering Plc.	Annulment of Decision of Housing Committee	Not a pecuniary claim	3rd Basic Court in Belgrade	2019	The first instance verdict dismissed the claim. In the proceedings on the appeal of the second-degree. Second instance proceedings.
194.	M.Bojić	EP Hidroinženjering Plc.	Claims for unpaid salaries and food allowance earned abroad	USD 5,816.00	3rd Basic Court in Belgrade	2019	Favourable The first instance verdict dismissed the claim. In the proceedings on the prosecutor's appeal. Second instance proceedings.
195.	EP Hidroinženjering Plc.	RIKO Ljubljana Slovenija	Unpaid invoices	EUR 159,425.89	Municipal Court in Ljubljana Slovenia	Uncertain	Final judgment approved the claim. In the process of enforcement.
196.	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	3rd Basic Court in Belgrade	2019	Favourable First-instance proceeding

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
197.	Técnica y Proyectos S.A.; Energoprojekt Hidroinženjering S.A. and 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	<p>The Arbitration Dispute was completed and on 19 March 2018 a decision we received. Period for submitting a request for possible clarification at each point of the decision is going-on.</p> <p>Thereafter, a new term for the response of the Arbitral Tribunal arises. However, acc.to the situation, it is very likely that P.E.T. will file a complaint to the Higher Court for the foreclosure of the decision. This issue does not prevent us from simultaneous initiation an execution of the arbitral decision.</p> <p>Finally, it is estimated that this final stage of arbitration decision enforcement and the appeal to the High Court will last until the end of 2018.</p>	<p>A very favorable outcome is achieved taking into account the complexity of dispute. The Contract for Yarascay is valid and recognisable. Client's request for nullity of the contract is rejected.</p> <p>Order is issued - payment of the last invoice in the amount of 30% of the contract value to be made to consortium Yarascay.</p>

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
198.	Lahmeyer Agua y Energía S.A.; Energoprojekt Hidroinženjering S.A. and Técnica y Proyectos S.A.	Proyecto Especial de Irrigación e Hidroenergético del Alto PIURA - PEIHAP	Final liquidation and our request for damage compensation	USD 36,000 (FL us) USD 2,277,471.61 (FL client) and USD 1,319.18 (damage)	Arbitration Court in PIURA, Peru	The Arbitration Dispute was ended on 01 September 2017, the Arbitral Tribunal passed unanimous decisions on 25 September 2017. PEIHAP objected to the decision and its execution and also filed a complaint with the High Court for the destruction of an arbitral decision. Based on the current situation, it is estimated that this final phase of the Arbitration ruling will last until July 2018.	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 litigations costs and arbitration costs, therefore each party shall bear its own.
199.	EP Energodata Plc.	Šipad komerc in 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.
200.	EP Energodata Montenegro Ltd.	SOGE Banka Milan Grbić	Determination of the nullity of the security	EUR 43,000.00	Commercial Court of Montenegro, Podgorica	2019	A decision was adopted bringing the claim to be revoked.
201.	EP Energodata Montenegro Ltd.	SOGE Banka Milan Grbić	Determination of the nullity of the security	EUR 10,000.00	Commercial Court of Montenegro, Podgorica	2019	A decision was adopted bringing the claim to be revoked.
202.	EP Energodata Montenegro Ltd.	Milan Grbić	Damage compensation	EUR 34,035.00	Basic Court Podgorica	2019	A decision was adopted bringing the claim to be revoked.
203.	EP Entel Plc.	JP EPS	Debt payment on different accounts	RSD 1,375,200.00	Commercial Court in Belgrade	2019	Grounded First instance proceeding
204.	EP Entel Plc.	JP EPS	Debt payment on different accounts	RSD 580,800.00	Commercial Court in Belgrade	2019	Grounded First instance proceeding

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
205.	EP Entel Plc.	JP EPS (RB Kolubara)	Debt payment on different accounts	RSD 48,937,500.00	Commercial Court in Belgrade	2019	Grounded First instance proceeding
206.	Duško Paripović	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 First-instance proceeding
207.	Marko Martinoli, Đurović and Siniša Kisić	EP Entel Plc.	Denouncing the Assembly's decision		Commercial Court in Belgrade	2019	Uncertain. The first instance court rejected the claim.
208.	Ep Entel Plc.	GSP Belgrade	Debt for service provided	RSD 4,200,000.00	Commercial Court in Belgrade	2019	Grounded First instance proceeding
209.	Ep Industrija Plc.	Jugoremedija Plc. in bankruptcy	Claims registration	EUR 321,146.18	Commercial Court in Zrenjanin	Uncertain	RSD 28.884.312,77 – accepted following conclusion on correction
210.	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
211.	Tamara Vukadinović	EP Urbanizam. i arhitektura Plc.	Annulment of dismissal	RSD 1,137,530.29	3rd Basic Court in Belgrade	Uncertain	Uncertain First-instance proceedings
212.	Jelena Davidović	EP Urbanizam i arhitektura Plc.	Annulment of dismissal	RSD 1,028,129.00	3rd Basic Court in Belgrade	Uncertain	Uncertain. Returned to first-instance proceedings
213.	Novica Veljković	EP Urbanizam i arhitektura Plc.	Annulment of Annex 3		3rd Basic Court in Belgrade	Uncertain	First-instance proceeding terminated

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 of the presented court cases in which the Energoprojekt Entel acts as respondent party, there is a dispute with the Ministry of Finance in Qatar. It is about liabilities recorded by the local Tax Administration in the year 2011 within the item unrecognized expenses of the Head Office for the period of 3 years (2008, 2009 and 2010) (Note 44.2 and Note 34).

In addition of the above listed court cases, Energoprojekt Oprema has filed the following international arbitrations:

- with SNC Lavalin International Project Services Ltd.- Branch in the amount of EUR 1,270 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 Energocentar Minsk, Belarus in the amount of USD 32,500 thousand, mostly comprises: value of equipment: USD 22,700 thousand (alternative USD 17,400 thousand), unfounded collection of performance guarantee: USD 5,000 thousand, project works: USD 1,500,000 and indirect costs: USD 2,600 thousand (alternative USD 3,000 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.

48. POST BALANCE SHEET EVENTS

Arbitration process in Stockholm, with Gazprom Transgaz Belarus for the project Energocentar Minsk, Belarus, was finished in April 2019 in favour of Energoprojekt Oprema. Following the relevant accounting regulations, all entering regarding the above-mentioned arbitral award will be recorded in 2019 in the books of Energoprojekt Oprema.

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 non-adjusting event after the reporting period.

In Belgrade,
On 25 April 2019

Legal Representative


Stojan Čolakov
M.Sc.C.E.



2. INDEPENDENT AUDITOR'S REPORT (complete report)

ENERGOPROJEKT HOLDING PLC, BELGRADE

Consolidated Financial Statements for the
Year Ended 31 December 2018
and
Independent Auditor's Report

MOORE STEPHENS
REVIZIJA I RAČUNOVODSTVO

ENERGOPROJEKT HOLDING PLC, BELGRADE

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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 31 December 2018, 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 qualified audit opinion.

Basis for Qualified Opinion

Within the balance sheet item, Paid advances for inventories and services in the amount of RSD 121,904 thousand is shown, and within the item Receivables from specific operations, is the amount of RSD 48,821 thousand, which subsidiary EP Oprema Plc. Belgrade claims from the company Energo Nigeria. In addition, within the balance sheet item Buyers abroad - other related parties, receivables that the same subsidiary claims from Energo Nigeria in the amount of RSD 312,799 thousand, from Energo Nigeria FZE in the amount of RSD 277,488 thousand and from Energo Rwanda Ltd. in the amount of RSD 102,798 thousand, are shown. These receivables mostly originated from previous years and were not collected until the audit date. In addition, their existence was not confirmed by the debtor. The Parent Company did not book any value adjustment or provision in this regard, in the event that they would not be collected, but in the period after 31 December 2018 to the audit report date, the amount of EUR 1,997,073 was collected.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ENERGOPROJEKT HOLDING PLC, BELGRADE

Report on the Consolidated Financial Statements – Continued

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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 31 December 2018, 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.

Emphasis of Matter

We draw attention to the event after the reporting period, that on 24 April 2019, the Arbitration Institute in Stockholm made an Award (number V2017/201) in favour of Energoprojekt Oprema Plc. Belgrade in the arbitration procedure with Gazprom Transgaz Belarus, entitled Energoprojekt Oprema Plc. Belgrade to compensation in the amount of more than USD 30 million. This amount is over then USD 12 million of previous year revenues recognized in this regard in the books of Energoprojekt Oprema Plc, Belgrade. On the same bases, the Parent Company reversed the provision in favour of the revenues incurred in 2018. The provision was booked in the previous year in the amount of RSD 496,125 thousand.

Other Matters

The financial statements of the subsidiary Energoprojekt Oprema Plc., Belgrade as 31 December 2018, which are included in the consolidation group, were audited by other auditor whose report dated 30 April 2019, expresses a qualified opinion. We partly relied on this report for the audit of Group consolidated financial statements needs, and in accordance with the International Standard on Auditing 600 - Special Considerations - Audits of Group Financial Statements (including the work of component auditors).

Belgrade, 30 April 2019

„MOORE STEPHENS
Revizija i Računovodstvo“ Ltd., Belgrade



Bogoljub Aleksić
Managing Partner

CONSOLIDATED BALANCE SHEET
as at 31.12.2018.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2017.	Opening balance on 01.01.2017.
1	2	3	4	5	6	7
	ASSETS					
00	A. SUBSCRIBED CAPITAL UNPAID	0001		-	-	-
	B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)	0002		15.550.522	16.674.525	-
01	I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003		50.149	47.297	-
010 & part 019	1. Investments in development	0004		-	3.049	-
011, 012 & part 019	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	25.	50.149	44.248	-
013 & part 019	3. Goodwill	0006		-	-	-
014 & part 019	4. Other intangible assets	0007		-	-	-
015 & part 019	5. Intangible assets in progress	0008		-	-	-
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		13.153.191	14.500.478	-
020, 021 & part 029	1. Land	0011	26.	633.472	707.917	-
022 & part 029	2. Buildings	0012	26.	6.829.710	6.831.246	-
023 & part 029	3. Plant and equipment	0013	26.	2.661.662	3.091.222	-
024 & part 029	4. Investment property	0014	26.	2.896.942	3.330.495	-
025 & part 029	5. Other property, plant and equipment	0015	26.	79.404	118.020	-
026 & part 029	6. Property, plant and equipment in progress	0016	26.	1.536	332.034	-
027 & part 029	7. Investments in property, plant and equipment, not owned	0017	26.	5.566	44.880	-
028 & part 029	8. Advances paid on property, plant and equipment	0018	26.	44.899	44.664	-
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		1.030.217	1.096.989	-
040 & part 049	1. Shares in subsidiaries	0025		-	-	-
041 & part 049	2. Shares in affiliated companies and joint ventures	0026	27.	729.159	785.393	-
042 & part 049	3. Shares in other companies and other available for sale securities	0027	27.	44.346	118.527	-
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.	256.712	193.069	-
05	V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		1.316.965	1.029.761	-
050 & part 059	1. Receivables from parent company and subsidiaries	0035		-	-	-
051 & part 059	2. Receivables from other affiliated companies	0036		-	112.493	-
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.	1.316.965	917.268	-
288	C. DEFERRED TAX ASSETS	0042		-	-	-
	D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		23.481.863	25.352.154	-
Class 1	I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044		4.983.019	4.574.665	-
10	1. Material ,parts, tools and small inventories	0045	29.	1.047.453	1.176.893	-
11	2. Work and services in progress	0046	29.	1.643.413	2.539.578	-
12	3. Finished products	0047	29.	137.180	193.644	-
13	4. Goods	0048	29.	23.513	17.515	-
14	5. Non-current assets held for sale	0049	29.	1.360.609	50.688	-
15	6. Advances paid for inventories and services	0050	29.	770.851	596.347	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2017.	Opening balance on 01.01.2017.
1	2	3	4	5	6	7
20	II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051		9.034.033	9.679.055	-
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.	3.580	3.542	-
203 & part 209	4. Foreign buyers - other affiliated companies	0055	30.	693.084	703.171	-
204 & part 209	5. Local buyers	0056	30.	3.331.261	3.781.621	-
205 & part 209	6. Foreign buyers	0057	30.	5.006.108	5.187.704	-
206 & part 209	7. Other receivables from sales	0058	30.	-	3.017	-
21	III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059	31.	106.499	34.337	-
22	IV. OTHER RECEIVABLES	0060	32.	619.191	566.009	-
236	V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061	33.	-	328.299	-
23 excl. 236 & 237	VI. SHORT TERM FINANCIAL INVESTMENTS(0063+0064+0065+0066+0067)	0062		1.437.696	1.650.214	-
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.	157.836	158.208	-
232 & part 239	3. Short term credits and loans, domestic	0065	34.	17.807	48	-
233 & part 239	4. Short term credits and loans, foreign countries	0066	34.	-	8.662	-
234, 235, 238 & part 239	5. Other short term financial investments	0067	34.	1.262.053	1.483.296	-
24	VII. CASH AND CASH EQUIVALENTS	0068	35.	2.076.921	2.953.758	-
27	VIII. VALUE ADDED TAX	0069	36.1.	360.314	408.336	-
28 excl. 288	IX. PREPAYMENTS AND ACCRUED INCOME	0070	36.2.	4.864.190	5.157.481	-
	E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071		39.032.385	42.026.679	-
88	F. OFF-BALANCE SHEET ASSETS	0072	45.	16.454.238	18.562.819	-
	CAPITAL AND LIABILITIES					
	A. CAPITAL (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401		19.799.371	19.474.607	-
30	I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402		5.818.025	5.818.157	-
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	162.693	-
309	8. Other share capital	0410	37.1.	80.373	80.505	-
31	II. SUBSCRIBED CAPITAL UNPAID	0411		-	-	-
047 & 237	III. TREASURY SHARES REPURCHASED	0412	37.2.	49.827	49.827	-
32	IV. RESERVES	0413	37.3.	453.585	454.450	-
330	V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	37.4.	6.019.554	6.110.601	-
33 excl. 330	VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415	37.5.	266.806	114.424	-
33 excl. 330	VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416	37.6.	3.824	18.631	-
34	VIII. RETAINED EARNINGS (0418+0419)	0417		7.176.001	6.881.068	-
340	1. Retained earnings from previous years	0418	37.7.	6.400.076	6.357.067	-
341	2. Retained earnings from current year	0419	37.7.	775.925	524.001	-
	IX. NON-CONTROLLING INTEREST	0420	37.8.	119.051	164.365	-
35	X. LOSSES (0422+0423)	0421		-	-	-
350	1. Losses from previous years	0422		-	-	-
351	2. Losses from current year	0423		-	-	-
	B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		1.031.587	1.916.227	-
40	I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		785.134	1.390.506	-
400	1. Provisions for warranty costs	0426	38.	501.487	593.828	-
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.	283.647	261.347	-
405	5. Provisions for legal expenses	0430		-	-	-
402 & 409	6. Other long term provisions	0431	38.	-	535.331	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2017.	Opening balance on 01.01.2017.
1	2	3	4	5	6	7
41	II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		246.453	525.721	-
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.	17.729	293.895	-
415	6. Long term credits and loans, foreign countries	0438	39.1.	200.062	191.792	-
416	7. Long term liabilities from financial leasing	0439	39.2.	10.498	28.310	-
419	8. Other long term liabilities	0440	39.3.	18.164	11.724	-
498	C. DEFERRED TAX LIABILITIES	0441		760.118	784.075	-
42 to 49 (excl. 498)	D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		17.441.309	19.851.770	-
42	I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		7.348.070	9.359.185	-
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.	5.946.760	6.877.337	-
423	4. Short term credits and loans, foreign countries	0447	40.2.	757.440	1.134.797	-
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.	643.870	1.347.051	-
430	II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450	41.	1.916.617	2.398.030	-
43 excl. 430	III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451		4.972.564	4.257.537	-
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	42.	151.071	-	-
434	4. Suppliers - other affiliated companies, foreign countries	0455	42.	5.807	5.820	-
435	5. Suppliers, local	0456	42.	3.360.287	2.721.775	-
436	6. Suppliers, foreign countries	0457	42.	1.446.832	1.516.640	-
439	7. Other operating liabilities	0458	42.	8.567	13.302	-
44, 45 & 46	IV. OTHER SHORT TERM LIABILITIES	0459	43.	1.042.252	1.070.834	-
47	V. VALUE ADDED TAX	0460	44.1.	198.398	471.582	-
48	VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	44.2.	736.528	669.275	-
49 excl. 498	VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	44.3.	1.226.880	1.625.327	-
	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 (0424+0442+0441+0401-0463) ≥ 0	0464		39.032.385	42.026.679	-
89	F. OFF-BALANCE SHEET LIABILITIES	0465	45.	16.454.238	18.562.819	-

Belgrade,

Date: 25.04.2019.



CONSOLIDATED INCOME STATEMENT
from 01.01. until 31.12.2018.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
	A. INCOME FROM NORMAL ACTIVITIES				
60 to 65, excl. 62 & 63	A. OPERATING INCOME (1002+1009+1016+1017)	1001		23.122.123	32.989.557
60	I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002		177.686	584.477
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		-	273
604	5. Income from sale of goods on local market	1007	11.1.	92.720	68.267
605	6. Income from sale of goods on foreign markets	1008	11.1.	84.966	515.937
61	II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		22.646.845	32.124.001
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		-	2.107
613	4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013	11.2.	134.284	1.082.106
614	5. Income from sale of finished products and services on local market	1014	11.2.	12.527.570	13.706.590
615	6. Income from sale of finished products and services on foreign markets	1015	11.2.	9.984.991	17.333.198
64	III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016		43	1
65	IV. OTHER OPERATING INCOME	1017	11.3.	297.549	281.078
	EXPENSES FROM NORMAL ACTIVITIES				
55 to 55, 62 & 63	B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029) ≥ 0	1018		23.059.457	31.986.221
50	I. COST PRICE OF GOODS SOLD	1019	12.	159.236	552.389
62	II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020	13.	30.360	189.307
630	III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021	13.	879.175	776.261
631	IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022	13.	633.327	180.401
51 excl. 513	V. MATERIAL COSTS	1023	14.	3.986.851	7.215.935
513	VI. FUEL AND ENERGY COSTS	1024	14.	1.033.639	1.123.240
52	VII. EMPLOYEE EXPENSES AND BENEFITS	1025	15.	7.505.366	9.068.037
53	VIII. PRODUCTION SERVICE COSTS	1026	16.	8.058.178	11.287.670
540	IX. DEPRECIATION EXPENSES	1027	17.	683.566	829.786
541 to 549	X. PROVISION EXPENSES	1028	17.	55.375	839.228
55	XI. INTANGIBLE EXPENSES	1029	18.	1.853.454	1.855.103
	C. OPERATING INCOME (1001-1018) ≥ 0	1030		62.666	1.003.336
	D. OPERATING LOSSES (1018-1001) ≥ 0	1031		-	-
66	E. FINANCIAL REVENUES (1033+1038+1039)	1032		770.753	2.242.994
66, excl. 662, 663 & 664	I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033		133.794	163.167
660	1. Financial income from parent company and subsidiaries	1034		-	-
661	2. Financial income from other affiliated companies	1035	19.1.	10.369	12.176
665	3. Share of profits in associated companies and joint ventures	1036	19.1.	67.382	69.557
669	4. Other financial revenues	1037	19.1.	56.043	81.434
662	II. INTEREST INCOME (THIRD PARTY)	1038	19.1.	128.491	121.660
663 & 664	III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039	19.1.	508.468	1.958.167
56	F. FINANCIAL EXPENSES (1041+1046+1047)	1040		760.584	2.446.958
56, excl. 562, 563 & 564	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041		12.168	60.192
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.	2.364	54.344
565	3. Share of losses in affiliated companies and joint ventures	1044	19.2.	9.748	5.846
566 & 569	4. Other financial expenditure	1045	19.2.	56	2
562	II. INTEREST EXPENSES (THIRD PARTY)	1046	19.2.	364.532	376.682
563 & 564	III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047	19.2.	383.884	2.010.084
	G. FINANCIAL GAINS (1032-1040)	1048		10.169	-
	H. FINANCIAL LOSSES (1040-1032)	1049		-	203.964

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.	9.862	15.480
583 & 585	J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1051	20.2.	46.120	149.256
67 & 68, excl. 683 & 685	K. OTHER INCOME	1052	21.1.	1.367.763	385.641
57 & 58, excl. 583 & 585	L. OTHER EXPENSES	1053	21.2.	333.411	314.226
	M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		1.070.929	737.011
	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.	56.176	6.808
	Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058		1.014.753	730.203
	R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059		-	-
	S. INCOME TAX				
721	I. TAXABLE EXPENSES FOR THE PERIOD	1060		255.659	238.071
part 722	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061		18.490	-
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		740.604	524.001
	V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065		-	-
	I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066		269.192	-
	II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067		471.412	569.472
	III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS	1068		-	45.471
	IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER	1069		-	-
	V. EARNINGS PER SHARE				
	1. Basic earnings per share	1070		-	-
	2. Reduced (diluted) earnings per share	1071		-	-

Belgrade,

Date: 25.04.2019.

Legal Representative of the Company



CONSOLIDATED STATEMENT OF OTHER RESULTS
from 01.01. until 31.12.2018.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
	A. NET OPERATING RESULTS				
	I. NET PROFIT (EDP 1064)	2001		740.604	524.001
	II. NET LOSSES (EDP 1065)	2002			
	B. OTHER COMPREHENSIVE RESULTS OR LOSSES				
	a) Items not reclassifiable in the balance sheet in future periods				
330	1. Change of revaluation of intangibles, property, plant and equipment				
	a) increase in revaluation reserves	2003		146.397	
	b) decrease in revaluation reserves	2004		105.214	20.920
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		165.846	19.146
	b) losses	2012		13.464	337.196
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		14.807	10.193
	b) losses	2018			115
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019		208.372	
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020			328.892
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021		5.096	
	IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022		203.276	
	V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023			328.892
	C. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD				
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024		943.880	195.109
	II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) ≥ 0	2025			
	D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026		943.880	195.109
	1. Payable to majority shareholders	2027		811.307	88.768
	2. Payable to non-controlling shareholders	2028		132.573	106.341

Belgrade,

Date: 25.04.2019.

Legal Representative of the Company

Name

ENERGOPROJEKT HOLDING PLC, BELGRADE

CONSOLIDATED CASH FLOW STATEMENT
from 01.01. until 31.12.2018.

RSD thousand

Description	EDP	Total	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)	3001	26.773.888	32.559.235
1. Sales and prepayments	3002	25.558.427	31.412.076
2. Interests from operating activities	3003	77.454	139.409
3. Other inflow from normal operations	3004	1.138.007	1.007.750
II. Cash outflow from operating activities (1 to 5)	3005	25.681.227	36.585.338
1. Payments to suppliers and prepayments	3006	16.319.830	25.768.051
2. Employee expenses and benefits	3007	7.517.016	8.885.389
3. Interests paid	3008	361.138	340.347
4. Income tax	3009	323.608	561.856
5. Payments based on other public revenues	3010	1.159.635	1.029.695
III. Net cash inflow from operating activities (I-II)	3011	1.092.661	-
IV. Net cash outflow from operating activities (II-I)	3012	-	4.026.103
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3013	931.224	306.916
1. Sale of shares and stocks (net inflow)	3014	780.683	-
2. Sale of intangible investments, property, plant, equipment and natural assets	3015	93.854	103.643
3. Other financial investments (net inflow)	3016	-	133.244
4. Interest received from investment activities	3017	24.797	41.317
5. Dividends received	3018	31.890	28.712
II. Cash outflow from investing activities (1 to 3)	3019	233.922	499.185
1. Purchase of shares and stocks (net outflow)	3020	-	8.321
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	119.251	490.864
3. Other financial investments (net outflow)	3022	114.671	-
III. Net cash inflow from investing activities (I-II)	3023	697.302	-
IV. Net cash outflow from investing activities (II-I)	3024	-	192.269
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)	3025	479	4.176.877
1. Equity increase	3026	-	-
2. Long term loans (net inflow)	3027	-	77.087
3. Short term loans (net inflow)	3028	-	4.099.062
4. Other long term liabilities	3029	272	202
5. Other short term liabilities	3030	207	526
II. Cash outflow from financing activities (1 to 6)	3031	2.647.637	1.350.652
1. Repurchase of own shares and stocks	3032	-	124.148
2. Long term loans (net outflow)	3033	-	-
3. Short term loans (net outflow)	3034	2.268.891	-
4. Other liabilities	3035	16.705	762.987
5. Financial leasing	3036	61.919	138.160
6. Dividends paid	3037	300.122	325.357
III. Net cash inflow from financing activities (I -II)	3038	-	2.826.225
D. Net cash outflow from financing activities (II-I)	3039	2.647.158	-
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	27.705.591	37.043.028
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	28.562.786	38.435.175
G. NET CASH INFLOW (3040-3041)	3042	-	-
H. NET CASH OUTFLOW (3041-3040)	3043	857.195	1.392.147
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	2.953.758	4.671.949
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	70.787	41.274
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046	90.429	367.318
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	2.076.921	2.953.758

Belgrade,

Date: 25.04.2019.

Legal Representative of the Company



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at 31.12.2018.

No.	DESCRIPTION	Equity component															
		EDP	30 Equity capital	EDP	31 Subscribed capital unpaid	EDP	32 Provisions	EDP	35 Losses	EDP	047 & 237 Treasury shares repurchased	EDP	34 Retained earnings	EDP	330 Revaluation reserves	EDP	331 Actuarial gains or losses
1	2	3	4	5	6	7	8	9	10								
1	Opening balance on 01.01.2017.																
	a) debit balance	4001	4019	4037	4055	4073	4091	4109	4127								
	b) credit balance	4002	4020	4038	4056	4074	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	4111	4129								
	b) adjustment of credit balance	4004	4022	4040	4058	4076	4094	4112	4130								
3	Adjustment of opening balance on 01.01.2017.																
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4005	4023	4041	4059	4077	4095	4113	4131								
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4006	4024	4042	4060	4078	4096	4114	4132								
4	Changes in previous 2017. year																
	a) debit balance activity	4007	4025	4043	4061	4079	4097	4115	4133								
	b) credit balance activity	4008	4026	4044	4062	4080	4098	4116	4134								
5	Closing balance previous year at 31.12.2017.																
	a) debit balance (3a+4a-4b) ≥ 0	4009	4027	4045	4063	4081	4099	4117	4135								
	b) credit balance (3b-4a+4b) ≥ 0	4010	4028	4046	4064	4082	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	4119	4137								
	b) adjustment of credit balance	4012	4030	4048	4066	4084	4102	4120	4138								
7	Adjustment of opening balance current year at 01.01.2018.																
	a) adjustment of debit balance (5a+6a-6b) ≥ 0	4013	4031	4049	4067	4085	4103	4121	4139								
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4014	4032	4050	4068	4086	4104	4122	4140								
8	Changes in current 2018. year																
	a) debit balance activity	4015	4033	4051	4069	4087	4105	4123	4141								
	b) credit balance activity	4016	4034	4052	4070	4088	4106	4124	4142								
9	Closing balance at 31.12.2018.																
	a) debit balance (7a+8a-8b) ≥ 0	4017	4035	4053	4071	4089	4107	4125	4143								
	b) credit balance (7b-8a+8b) ≥ 0	4018	4036	4054	4072	4090	4108	4126	4144								

No.	DESCRIPTION	Other results component											EDP	Total capital [Σ (row 1b col.3 to col.15) - Σ (row 1a col.3 to col.15)] ≥ 0	EDP	Losses exceeding capital [Σ (row 1a col.3 to col.15) - Σ (row 1b col.3 to col.15)] ≥ 0			
		332 Gains and losses from equity instrument investments	EDP	333 Gains and losses from share of other profits and losses of affiliates	EDP	334 & 335 Gains and losses from operations and translation of financial statements	EDP	336 Gains and losses from cash flow hedging	EDP	337 Gains and losses from available for sale securities	EDP	13					14	15	16
1	2																		
	Operating balance on 01.01.2017.																		
1	a) debit balance	4145	-	4163	-	4181	-	4199	-	4199	-	4217	-	30.226	-	4235	-	4244	-
	b) credit balance	4146	-	4164	-	4182	-	4200	-	4200	-	4218	-	-	-	-	-	-	-
2	Adjustment for materially significant errors and changes in accounting policies																		
	a) adjustment of debit balance	4147	-	4165	-	4183	-	4201	-	4201	-	4219	-	-	-	4236	-	4245	-
	b) adjustment of credit balance	4148	-	4166	-	4184	-	4202	-	4202	-	4220	-	-	-	-	-	-	-
3	Adjustment of opening balance on 01.01.2017.																		
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4149	-	4167	-	4185	-	4203	-	4203	-	4221	-	30.226	-	4237	-	4246	-
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4150	-	4168	-	4186	-	4204	-	4204	-	4222	-	-	-	-	-	-	-
4	Changes in previous 2017. year																		
	a) debit balance activity	4151	-	4169	-	4187	-	4205	-	4205	-	4223	-	115	-	4238	-	4247	-
	b) credit balance activity	4152	-	4170	-	4188	-	4206	-	4206	-	4224	-	11.710	-	-	-	-	1.195.234
5	Closing balance previous year at 31.12.2017.																		
	a) debit balance (3a+4a-4b) ≥ 0	4153	-	4171	-	4189	-	4207	-	4207	-	4225	-	18.631	-	4239	-	4248	-
	b) credit balance (3b-4a+4b) ≥ 0	4154	-	4172	-	4190	-	4208	-	4208	-	4226	-	-	-	-	-	-	-
6	Adjustment for materially significant errors and changes in accounting policies																		
	a) adjustment of debit balance	4155	-	4173	-	4191	-	4209	-	4209	-	4227	-	-	-	4240	-	4249	-
	b) adjustment of credit balance	4156	-	4174	-	4192	-	4210	-	4210	-	4228	-	-	-	-	-	-	-
7	Adjustment of opening balance current year at 01.01.2018.																		
	a) adjustment of debit balance (5a+6a-6b) ≥ 0	4157	-	4175	-	4193	-	4211	-	4211	-	4229	-	18.631	-	4241	-	4250	-
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4158	-	4176	-	4194	-	4212	-	4212	-	4230	-	-	-	-	-	-	-
8	Changes in current 2018. year																		
	a) debit balance activity	4159	-	4177	-	4195	-	4213	-	4213	-	4231	-	-	-	4242	-	4251	-
	b) credit balance activity	4160	-	4178	-	4196	-	4214	-	4214	-	4232	-	14.807	-	-	-	-	-
9	Closing balance at 31.12.2018.																		
	a) debit balance (7a+8a-8b) ≥ 0	4161	-	4179	-	4197	-	4215	-	4215	-	4233	-	3.824	-	4243	-	4252	-
	b) credit balance (7b-8a+8b) ≥ 0	4162	-	4180	-	4198	-	4216	-	4216	-	4234	-	-	-	-	-	-	-





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ENERGOPROJEKT HOLDING PLC
FOR 2018**

Belgrade, 2019

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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:

- 11 subsidiary companies in the country, 10 of which are direct subsidiaries (8 share-based and 2 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 87) 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.

During the reporting period and according to business activities, the companies within Energoprojekt were organized in the following manner:

Activity	No. of entities in the country	No. of business units for investment works and branch offices abroad	No. of entities abroad
Planning and research	4	39	5
Construction and fitting	6	48	13
Holding	1		
Other	4		4
Total	15	87	22

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

In 2018, the average number of employees within group for consolidation of Energoprojekt Holding Plc. (further in text: also system Energoprojekt), based on the actual number of employees at the end of each month, was 2,129 (compared to 2,243 in 2017), 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).

Financial statements for 2018 that are subject to these Notes are **consolidated financial statements of the Energoprojekt Holding Plc.** approved by the Supervisory Board of the Company, on 25 April 2019 in the 51st 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 2017, 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 2018 are prepared in accordance with the going concern.

2. CONSOLIDATION GROUP

The consolidation group of the Energoprojekt Holding Plc. consists of parent company Energoprojekt Holding 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.	Energoplast Ltd. (Energoprojekt Industrija Plc. 40.00% and Energoprojekt Entel Plc. 20.00%)	42.36
<i>Joint ventures</i>		
<i>Building Construction and Fitting</i>		
12.	Enjub Ltd.	50.00
<i>Affiliated Companies</i>		
<i>Other</i>		
13.	Fima See Activist Plc. – in liquidation	30.45

Pursuant to the Share Sales and Purchase Agreement (concluded on 15 November 2017 between the Energoprojekt Holding Plc. and Sava Re Pozavarovalnica Sava dd), the Energoprojekt Holding sold its entire equity share with company Energoprojekt Garant of 92.94%, through a block transaction that was realized on the Belgrade Stock Exchange on 09 March 2018. Prior to sales, the announcement of notice of non-existence intention to implement a takeover bid was issued. The issue determined intention to alienate 146,155 shares of the Energoprojekt Garant owned by the Energoprojekt Holding. The transaction was settled on 13 March 2018. Trading was carried out on the basis of the prior approval of the National Bank of Serbia, whereby the acquirer was granted the acquisition. From the date of sale, revenues and expenses incurred with Energoprojekt Garant are recorded within the item of revenues and expenses related to *other legal entities* (until 13 March 2018, they are recorded within the item revenues and expenses related to *subsidiary*).

In 2018, from the consolidation group Energoprojekt Holding Plc., the company Energoprojekt Promet Ltd. was excluded due since 2010 it has been dormant company. Energoprojekt Promet Ltd. since then has not performed any activities, has not owned any assets, and that from 2019, the Serbian Business Registers Agency (SBRA) initiated a procedure of enforced liquidation for all companies that have not submitted financial statements in accordance with the accounting regulations for the last two consecutive years preceding the year in which the financial statements are submitted. Energoprojekt Promet Ltd. does not submit financial statements to SBRA starting from the financial statements for 2017.

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. Although Energoprojekt Holding (indirectly) has a share of 42.36%, Energoplast Ltd., the consolidated financial statements of Energoprojekt Holding a.d. included Energoplast Ltd. financial statements by fully consolidation, given the fact that Energoprojekt Holding, indirectly, has controlled Energoplast (although it does not have majority owner).

On the occasion of inclusion of the Energoprojekt Holding Plc. joint venture company Enjub Ltd. and affiliated company Fima See Activist Plc. – in liquidation 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
<i>Subsidiary Companies</i>		
<i>Building Construction and Fitting</i>		
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
<i>Other</i>		
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, 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 and foreign 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 their subsidiary and affiliated companies listed in following table are thus included herein through primary consolidation.

No.	Company Name	Included through primary consolidation
Overseas		
<i>Subsidiary Companies Abroad - Overseas Companies</i>		
<i>Building Construction and Fitting</i>		
1.	Energoprojekt Ghana Ltd., Accra, Ghana	EP Visokogradnja Plc.
2.	Energoprojekt Montenegro Ltd., Montenegro	EP Visokogradnja Plc.
3.	Energoprojekt Rus Ltd., Moscow, Russia	EP Visokogradnja Plc.
4.	Energo Uganda Company Ltd, Kampala, Uganda	EP Niskogradnja Plc.
5.	Enlisa S.A., Lima, Peru	EP Niskogradnja Plc.
6.	Energoprojekt Oprema Crna Gora Ltd., Podgorica, Montenegro	EP Oprema Plc.
7.	OOO Belgrade, Belarus	EP Oprema Plc.
8.	Energoprojekt Zambia Limited, Zambia	Zambia Engineering and Contracting Company Limited, Zambia
<i>Planning and Research</i>		
9.	Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman	EP Entel Plc.
10.	Energoprojekt Entel LTD, Doha, Qatar	EP Entel Plc.
11.	Energoconsult L.L.C., Abu Dhabi, UAE	EP Entel Plc.
12.	Energoprojekt Entel Company, Bahrain	EP Entel Plc.
13.	Enhisa S.A., Lima, Peru	EP Hidroinženjering Plc.
<i>Other</i>		
14.	Energoprojekt Energodata Montenegro Ltd., Montenegro	EP Energodata Plc.
<i>Affiliated Companies Abroad</i>		
<i>Building Construction and Fitting</i>		
15.	Energo Nigeria Ltd., Lagos, Nigeria (24.92%)	EP Oprema Plc.
Domestic		
<i>Affiliated Local Companies</i>		
<i>Other</i>		
16.	Energopet Ltd. (33.33 %)	EP Industrija Plc.

According to performed and registered increase in capital value of the company Energo Nigeria Ltd., Lagos, Nigeria (verified in July 2018 by engaged auditing firm from Nigeria), there has been change in equity shares of Energoprojekt Oprema with Energo Nigeria Ltd., Lagos, Nigeria from the previous 40.00% to 24.92% (Note 27).

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 and 30/2018– 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 - other law, 142/2014, 91/2015 - authentic interpretation, 112/2015, 113/2017 and 95/2018);
- Law on Added Value Tax (RS Official Gazette, No. 84/2004, 86/2014 - corrigendum, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 - other law, 142/2014, 83/2015, 108/2016, 113/2017 and 30/2018);

- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax (RS Official Gazette, No. 20/2014, 41/2015, 101/2016 and 8/2019);
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax (RS Official Gazette, No. 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 Pricing and Methods Applied in compliance with the “arm’s length” principle in determining the price of transactions among related parties (RS Official Gazette, No. 61/2013 and 8/2014) and others.

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 November 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 and 30/2018) , the financial statements in the Republic of Serbia are to be presented in the format stipulated by the Rules on the Contents and Form of the Financial Statements Forms for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014), which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by the Revised IAS 1 - “Presentation of Financial Statements“; and
- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

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

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

On the day of publication of these financial statements, below stated standards as well as the amendments thereto were issued by the International Accounting Standards Board, and the following interpretations were published by the International Financial Reporting Standards' Interpretations Committee, but have not yet been officially adopted 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 1 January, 2014);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements" - Exemption of subsidiaries from consolidation under IFRS 10 (effective for the annual periods beginning on or after 1 January, 2014);
- Amendments to IAS 36 "Impairment of Assets" - Recoverable Amount Disclosures for Non-Financial Assets (effective for the annual periods beginning on or after 1 January, 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 1 January, 2014);
- IFRIC 21 "Levies" (effective for the annual periods beginning on or after 1 January, 2014);
- Amendments to IAS 19, Employee Benefits - Defined benefit plans (effective for annual periods beginning on or after 1 July, 2014);
- Amendments to various standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) and interpretations to standards are part of the IASB's annual improvements project "Cycle 2010-2012", primarily through the elimination of inconsistencies and explanations of the text (effective for annual periods beginning on or after 1 July, 2014);
- Amendments to various standards (IFRS 1, IFRS 3, IFRS 13 and IAS 40) and interpretations to standards are part of the IASB's annual improvements project "Cycle 2011-2013" published by IASB in December 2013, primarily through the elimination of inconsistencies and explanations of the text (effective for annual periods beginning on or after 1 July, 2014);
- Amendments to IFRS 11 "Joint Arrangements" - Accounting for acquisition of participation in joint businesses (effective for annual periods beginning on or after 1 January, 2016);
- IFRS 14 "Accounts regulatory prepayments" - effective for annual periods beginning on or after 1 January, 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 1 January, 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Industrial plants (effective for annual periods beginning on or after 1 January, 2016);
- Amendments to IAS 27 "Separate Financial Statements" - Equity method in separate financial statements (effective for annual periods beginning on or after 1 January, 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 1 January, 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 1 January, 2016);

- Amendments to IAS 1 "Presentation of Financial Statements" - Initiative for disclosure (effective for annual periods beginning on or after 1 January, 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 1 January, 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 1 January, 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 1 January, 2017);
- Amendments to IFRS 12 "Disclosures of Interests in Other Entities" (effective from 1 January, 2017);
- Amendments to various standards (IAS 28, IAS 40 and IFRS 2) will enter into force on 1 January 2018;
- IFRS 9 "Financial Instruments" and subsequent amendments, which replaces the 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 1 January 2018, with earlier application permitted.

In accordance with IFRS 9, financial assets will be classified into one of two categories listed at initial recognition: financial assets measured at amortized cost or financial assets measured at fair value. A financial asset will be recognized at amortized cost if the following two criteria are met: assets related to the business model, which aims to apply the agreed cash flows and contractual terms provide a basis for payment on certain dates the cash flows that are solely the collection of principal and interest on the principal outstanding. All other assets will be valued at fair value. Gains and losses on valuation of financial assets at fair value will be recognized in the income statement, except for investments in equity instruments with non trading, where IFRS 9 permits, at initial recognition, the selection of unchangeable later that all changes in fair value recognized in within other gains and losses in the statement of comprehensive income. The amount thus be recognized within the statement of comprehensive income will not be able later to be recognized in the income statement;

- 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 Programmes", IFRIC15 "Agreements for the Construction of Real Estate" and IFRIC18 "Transfers of assets from customers". IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted; and
- IFRIC 22 – interpretation refers to foreign exchange transactions when entity recognizes non-monetary asset or liability from payment or received of advance before the entity recognizes the asset, cost or income, after which that non-monetary asset or liability is recognized again. The interpretation shall enter into force on or after 1 January 2018, but an earlier application is permitted.

Published Standards and Interpretations that have not yet come into force

On the day of publication of these financial statements, the following standards, their amendments and interpretations were published, but have not yet entered into force:

- IFRS 16 "Lease" - published in January 2016, the application is for business periods beginning on or after 1 January, 2019. An earlier application is possible with conditioned application of IFRS 15. 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 1 January, 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 1 January, 2019. This may be in conflict with IFRS 3;
- IFRS 17 replaces IFRS 4 - application to Financial Statements beginning 1 January, 2021. Early application is conditioned by adoption of IFRS 9 and IFRS 15;
- IFRIC 23 - interpretation relating to IAS 12. Interpretation shall enter into force on or after 1 January, 2019, but an earlier application is permitted; and
- Amendments to various standards (IAS 19, IAS 12, IAS 23 and IFRS 2) will enter into force on 1 January 2019.

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 system Energoprojekt 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.

According to aforementioned, from 01 January 2018, the companies within system Energoprojekt, apply prospectively, IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration adopted by IFRS Interpretations Committee at the end of 2016.

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>	<i>31.12.2018</i>	<i>31.12.2017</i>
	<i>Amount in RSD</i>	
EUR 1	118.1946	118.4727
USD 1	103.3893	99.1155
GBP 1	131.1816	133.4302

Applied average FX rates for the Income Statement items in 2018 and 2017 were as follows:

<i>Currency</i>	<i>31.12.2018</i>	<i>31.12.2017</i>
	<i>Amount in RSD</i>	
EUR 1	118.2716	121.3367
USD 1	100.2784	107.4987
GBP 1	133.6401	138.3782

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 valued: if the revenue amount may be reliably measured, if the level of completion of the transaction at the balance sheet date may be reliably measured and if transaction-related expenses and transaction completion expenses may be reliably measured.

Financial 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.

Adverse impacts on the Company's liquidity have significant amounts of immobilized assets in some subsidiaries, as well as a slowdown in payment in certain segments (regions) due to economic and geopolitical reasons.

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 31 December 2018, 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Income from sales	6.385.258	7.313.787	16.578.749	26.204.678	1.004.675	1.305.954	23.968.682	34.824.419	(1.144.151)	(2.115.941)	22.824.531	32.708.478
SEGMENT RESULT												
Operating profit/loss	523.125	609.406	(483.882)	835.087	36.862	64.339	76.105	1.508.832	(13.439)	(505.496)	62.666	1.003.336
Interest income (third party)	40.719	22.759	74.394	70.498	13.378	28.403	128.491	121.660			128.491	121.660
Interest expenses (third party)	6.122	6.206	322.752	331.818	35.658	38.658	364.532	376.682			364.532	376.682
Profit/loss from regular operations before tax	677.090	687.577	(290.027)	591.373	774.910	469.184	1.161.973	1.748.134	(91.044)	(1.011.123)	1.070.929	737.011
Net profit/loss from discontinued operations, effects of changes in accounting policies and adjustment of errors from previous year	(6.618)	3.164	(49.687)	(18.568)	23	(168)	(56.282)	(15.572)	106	8.764	(56.176)	(6.808)
Income tax	83.142	37.920	137.807	159.108	53.200	9.174	274.149	206.202			274.149	206.202
Net profit/loss	587.330	652.821	(477.521)	413.697	721.733	459.842	831.542	1.526.360	(90.938)	(1.002.359)	740.604	524.001
Total assets	9.152.070	8.868.283	25.493.035	27.401.854	12.756.869	13.541.690	47.401.974	49.811.827	(8.369.589)	(7.785.148)	39.032.385	42.026.679
Total liabilities	9.152.070	8.868.283	25.493.035	27.401.854	12.756.869	13.541.690	47.401.974	49.811.827	(8.369.589)	(7.785.148)	39.032.385	42.026.679
Depreciation	89.994	93.403	536.939	670.306	52.882	61.786	679.815	825.495	3.751	4.291	683.566	829.786

Geographical segments

	Serbia		Commonwealth of Independent States (CIS)		Europe		Africa		Asia		America		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Income from sales	12.620.291	13.776.964	600.491	5.366.069	114.051	162.429	3.027.179	5.834.207	4.498.896	5.604.005	1.963.623	1.964.804	22.824.531	32.708.478
Income from the sales of goods to other affiliated companies in the international market (Energo Nigeria Ltd., Lagos, Nigeria)								273						273
Income from the sales of goods - external	92.721	68.267	1.056	376.446	2.313	951	44.692	36.090			36.904	102.450	177.686	584.204
Income from the sales of goods	92.721	68.267	1.056	376.446	2.313	951	44.692	36.363			36.904	102.450	177.686	584.477
Income from the sales of products and services to other affiliated companies (Energojet d.o.o., Enjub d.o.o. i Energo Nigeria Ltd., Lagos, Nigeria)		2.107					134.284	1.082.106					134.284	1.084.213
Income from the sales of products and services - external	12.527.570	13.706.590	599.435	4.989.623	111.738	161.478	2.848.203	4.715.738	4.498.896	5.604.005	1.926.719	1.862.354	22.512.561	31.039.788
Income from the sales of products and services	12.527.570	13.708.697	599.435	4.989.623	111.738	161.478	2.982.487	5.797.844	4.498.896	5.604.005	1.926.719	1.862.354	22.646.845	32.124.001

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. 2018	01.01.- 31.12. 2017
Income from sale of goods to other related companies - foreign market	-	273
Income from sale of goods on local market	92,720	68,267
Income from sale of goods on foreign market	84,966	515,937
TOTAL	177,686	584,477

• **Income from sale of goods on local market in the amount** of RSD 92,720 thousand, relate mostly to the following companies of the system Energoprojekt:

- Energoprojekt Energodata in the amount of RSD 41,356 thousand, primarily from sale of agro-meteorological stations to the Directorate of Plant Protection (RSD 15,833 thousand), licenses, hardware equipment and products from printing industry;

- Energoprojekt Niskogradnja in the amount of RSD 35,596 thousand based on the sales to subcontractors on projects "Lajkovac-Ljig": RSD 17,423 thousand and "Most na Adi": RSD 14,789 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 12,314 thousand from the sale of plastic closures and held for resale; and

- Energoprojekt Visokogradnja in the amount of RSD 3,454 thousand mainly based on the sale of material to subcontractors: RSD 2,239 thousand (project Navigator 2 Bussines Center: RSD 1,560 thousand).

• **Income from sale of goods on foreign market in the amount** of RSD 84,966 thousand are related, predominantly, to Energoprojekt Niskogradnja, in the amount of RSD 74,617 thousand, based on material selling (mainly, fuel) and spare parts required for unobstructed performance of works, supplied to subcontractors for projects in Peru RSD 36,904 thousand (predominantly on the project Z-034 Road Puerto Bermudez, Peru: RSD 36,804 thousand) and Uganda RSD 37,713 thousand (predominantly on the project Z-027 Mpigi - Kanoni, 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.

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. 2018	01.01.- 31.12. 2017
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	134,284	1,082,106
Income from sale of products and services on local market	12,527,570	13,706,590
Income from sale of products and services on foreign market	9,984,991	17,333,198
TOTAL	22,646,845	32,124,001

- **Income from sale of products and services to other related companies on foreign market** in the amount of RSD 134,284 thousand entirely pertain to Energoprojekt Oprema from sale of products and services to the related company Energo Nigeria Ltd., Lagos, Nigeria;
- **Income from sale of products and services on local market** in the amount of RSD 12,527,570 thousand, are related, mostly, to the following companies within system Energoprojekt:
 - Energoprojekt Niskogradnja, in the amount of RSD 5,914,889 thousand, mainly for project Lajkovac-Ljig: RSD 4,486,568 thousand and the projects Most na Adi: RSD 921,365 thousand, Ub - Lajkovac IV phase: RSD 266,805 and others;
 - Energoprojekt Visokogradnja in the amount of RSD 2,883,347 thousand, primarily for projects Belgrade Waterfront: RSD 1,572,688 thousand, Chinese Cultural Center: RSD 599,573 thousand and Navigator 2 Bussines Center: RSD 587,688 thousand;
 - Energoprojekt Oprema, in the amount of RSD 1,427,614 thousand, dominantly for the projects Kolubara Landfill: RSD 678.092 thousand and Ada Mall: RSD 638,924 thousand;
 - Energoprojekt Entel, in the amount of RSD 666,046 thousand, first of all, for several projects performed for PE Elektroprivreda Srbije: RSD 362,445 thousand and project Vinca - preparation of project documentation and obtaining conditions, permits and approvals from the Construction Industrielles de la mediterrabee - CNIM SA - SR Belgrade branch: RSD 125,993 thousand; and
 - Energoprojekt Sunnyville, in the amount of RSD 547,291 thousand - sold apartments in residential / business complex "Sunnyville" in Belgrade.
- **Income from sale of products and services on foreign market** in the amount of RSD 9,984,991 thousand, related, mostly, to the following companies of system Energoprojekt:
 - Energoprojekt Entel in the amount of RSD 4,510,447 thousand derived from companies of the System abroad: Energoprojekt Entel LTD, Doha, Qatar: RSD 2,295,315 thousand, (dominantly on projects performed for Qatar General Electricity & Water Corporation "Kahramaa": RSD 1,645,535 thousand), Energoconsult LLC, Abu UAE Dhabi: RSD 1,208,777 thousand (primarily on the project preformed for Dubai Electricity and Water Authority "Dewa": RSD 339,906 thousand and Federal Electricity & Wather Authority "Fewa": RSD 203,211 thousand) and EP Entel LLC Muscat, Sultanate of Oman: RSD 668,342 thousand (primarily on projects performed for Oman Electricity Transmission Company "OETC": RSD 375,092 thousand);

- Energoprojekt Niskogradnja, in the amount of RSD 3,765,604 thousand, on projects in Uganda: RSD 1,849,806 thousand (primarily Z-027 Mpigi Kanoni, Uganda: RSD 1,238,064 thousand and Z-036 Streets in Kampala Kawempe - Lubaga: RSD 587,891 thousand) and in Peru: RSD 1,915,798 thousand (primarily Z-034 Road Puerto Bermudez, Peru: RSD 1,719,207 thousand);
- Energoprojekt Visokogradnja, in the amount of RSD 982,759 thousand, based on works realized for investors, mainly in company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 498,898 thousand and Z-105 Residential facility Tokio Siktivkar, Russia: RSD 417,890 thousand; and
- Energoprojekt Hidroinženjering, in the amount of RSD 346,281 thousand, primarily on projects in Algeria: RSD 272,377 thousand, in Montenegro: RSD 29,657 thousand and in Jordan: RSD 21,615 thousand.

11.3. Other Operating Income

Structure of other operating income	<i>In RSD thousand</i>	
	<i>01.01.- 31.12. 2018</i>	<i>01.01.- 31.12. 2017</i>
Rent from other legal entities in the country	29,649	30,191
Rent from other legal entities abroad	76,429	90,429
Other operating income from parent companies, subsidiaries and other related parties		
Other operating income	191,471	160,458
GRAND TOTAL	297,549	281,078

- **Rental income from other legal entities in the country** in the amount of RSD 29,649 thousand was primarily generated in the following companies of the system Energoprojekt:

- Energoprojekt Holding in the amount of RSD 11,402 thousand, primarily based on the rental of: a part of the building complex "Samački hotel" on Batajnicki road no. 24, Zemun to the company Jerry Catering Service Ltd. in RSD 7,737 thousand and a part of Energoprojekt's business building to Energoprojekt Garant in the amount of RSD 3,416 thousand;

- Energoprojekt Visokogradnja in the amount of RSD 7,510 thousand, primarily based on the rental of facility in Ub and facility in Preradoviceva Street in Belgrade;

- Energoprojekt Garant in the amount of RSD 4,748 thousand based on the rental of office space in the Bulevar Zoran Djindjic, YU business center in New Belgrade and Marshala Tolbuhina street in New Belgrade; and

- Energoprojekt Energodata in the amount of RSD 3,790 thousand primarily based on the rental of office space in Palmir Toljatij Street in New Belgrade.

- **Income from the rent from other legal entities abroad** in the amount of RSD 76,429 thousand was predominantly generated by the following companies of the system Energoprojekt:

- Dom 12 S.A.L., Lebanon in the amount of RSD 26,795 thousand, based based on the rental of office building in Moscow;

- Zambia Engineering and Contracting Company Limited, Zambia in the amount of RSD 22,491 thousand, based on the rent of a number of properties in Zambia;

- Energoprojekt Niskogradnja in the amount of RSD 12,576 thousand, based on the rental of a part of the office building Cruz del Sur in Lima, Peru and of the machinery in Peru: RSD 7,941 thousand and machinery in Peru: RSD 4,600 thousand; and

- I.N.E.C. Engineering Company Limited, United Kingdom in the amount of RSD 7,832 thousand, based on the rental of office building in London.

• **Other operating income** in the amount of RSD 191,471 thousand was primarily generated in the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 127,246 thousand, in Energoprojekt Ghana Ltd., Akra, Ghana: RSD 118,951 thousand (payable VAT from 2016) and re-charged various expenses in the country;

- Energoprojekt Garant in the amount of RSD 30,979 thousand primarily relate to the income from the abolition and decrease in provision for non-life insurance: RSD 24,945 thousand, income from share in reinsurance and co-insurance in damage compensation: RSD 4,272 thousand, income from commission arising from premiums transferred to co-insurance and reinsurance in the amount of RSD 1,762 thousand; and

- Energoprojekt Niskogradnja in the amount of RSD 18,884 thousand, primarily, on the basis of re-invoiced costs of insurance of works: RSD 11,207 thousand and fee for the lead partner (under the Agreement and the Annex to the Joint Undertaking Agreement): RSD 7,648 thousand on the project Most na Adi.

12. COST PRICE OF GOODS SOLD

Structure of cost price of goods sold	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Cost price value of goods sold:		
a) Cost price of goods sold to parent company, subsidiaries and other related parties	-	263
b) Cost price of goods sold on local market	91,037	78,223
c) Cost price of goods sold on foreign market	68,199	473,903
TOTAL	159,236	552,389

• **Cost price of goods sold on local market** in the amount of RSD 91,037 thousand primarily is related to the following companies of the system Energoprojekt:

- Energoprojekt Energodata in the amount of RSD 41,304 thousand, for purchasing of agro meteorological stations (sold to the Plant Protection Directorate), licenses, hardware and products used in printing activity;

- Energoprojekt Niskogradnja in the amount of RSD 33,087 thousand, for purchase of inventory and spare parts, with the aim to provide the subconstructor 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 projects Lajkovac-Ljig and Most na Adi; and

- Energoplast in the amount of RSD 12,032 thousand, for purchasing of finished lock-patent delivered for further sales.

- **Cost price of goods sold on foreign market** in the amount of RSD 68,199 thousand dominantly related to Energoprojekt Niskogradnja, in the amount of RSD 62,820 thousand (for inventory costs (mostly fuel) and spare parts sold as per agreements to subcontractors for projects in Peru: RSD 35,135 thousand and Uganda: RSD 27,685 thousand, in performance of works).

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	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Income from use of own products and merchandise	30,360	189,307
Increase in inventories of intermediate and finished goods and services in progress	879,175	776,261
Decrease in inventories of intermediate and finished goods and services in progress	633,327	180,401
TOTAL	276,208	785,167

- **Income from use of own products and merchandise** in the amount of RSD 30,360 thousand entirely relate to Energoprojekt Niskogradnju on the basis of mechanization overhaul: (in Uganda: RSD 27,660 thousand and in the country: RSD 2,700 thousand).

- In the reporting period, the **increase in inventories of intermediate and finished goods and services in progress** amounting to RSD 879,175 thousand predominantly relate to increase in inventories of intermediate in Energoprojekt Park 11 in the amount of RSD 825,542 thousand (construction of business and residential complex Park 11 - Block 11a in New Belgrade) and to Energoprojekt Sunnyville in the amount of RSD 34,653 thousand, (construction of business and residence complex Sannyville Belgrade).

- **Decrease in inventories of the intermediate and finished goods and services in progress** in the amount of RSD 633,327 thousand related to the following companies of the system Energoprojekt:

- Energoprojekt Sunnyville in the amount of RSD 450,409 thousand (sale of finished goods (real estate) - residential and business complex Sunnyville in Belgrade);

- Energoprojekt Niskogradnja in the amount of RSD 112,494 thousand (installation and sale of inventories of produced material for base, asphalt, fraction for concrete in Peru, primarily, on project Z-034 Puerto Bermudes: RSD 112.402 thousand); and

- Energoprojekt Visokogradnja in the amount of RSD 70,424 thousand, based on sold finished products (property) in Cara Nikolaja Street in Belgrade: RSD 68,180 thousand and in Bežanijska Kosa: RSD 2,244 thousand.

14. MATERIAL COSTS AND FUEL AND ENERGY COSTS

Structure of material cost and fuel and energy costs	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Material costs:		
a) Costs of materials used in production	3,518,188	6,581,398
b) Costs of other materials (overheads)	215,716	278,257
c) Costs of spare parts	164,064	238,205
d) Costs of one-off write-off of tools and inventory	88,883	118,075
<i>Total</i>	<i>3,986,851</i>	<i>7,215,935</i>
Fuels and energy costs:		
a) Fuel costs	831,670	913,481
b) Costs of electrical energy and heating	201,969	209,759
<i>Total</i>	<i>1,033,639</i>	<i>1,123,240</i>
TOTAL	5,020,490	8,339,175

- **Cost of materials used in production** in the amount of RSD 3,518,188 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja, in the amount of RSD 1,437,790 thousand, out of which costs incurred in Projects realized abroad (in Peru and Uganda) amount to RSD 489,180 thousand, meanwhile the projects in the country amount to RSD 948,610 thousand.

- Energoprojekt Visokogradnja, in the amount of RSD 1,064,668 thousand, out of which costs incurred in projects realized in the country in RSD 796,792 thousand (primarily for projects Belgrade Waterfront: RSD 256,616 thousand, Navigator 2 Bussines Center: RSD 221,130 thousand and Chinese Cultural Center: RSD 149,615 thousand), while the projects abroad amount to RSD 267,876 thousand (predominantly at project Z-105 Residential facility Tokyo Siktivkar, Russia: 125,982 thousand and in company Energoprojekt Ghana Ltd, Akra, Ghana: RSD 115,509 thousand); and

- Energoprojekt Oprema, in the amount of RSD 743,439 thousand, out of which costs incurred in projects in the country amount RSD 547,173 thousand (mostly on projects Ada Mall: RSD 205,232 thousand and Kolubara Landfill: RSD 255,519 thousand), meanwhile RSD 196,266 thousand related on abroad (above all on ANI project, Nigeria: RSD 174,375 thousand and TS Gabrio, Rwanda: RSD 18,557 thousand).

- The largest shares in **costs of other materials (overhead)** (cost of office supplies, safety equipment and other material) amounting to RSD 215,716 thousand are those of Energoprojekt Niskogradnja, in the amount of RSD 143,496 thousand (abroad: RSD 135,936 thousand, in the country: RSD 7,560 thousand), Energoprojekt Entel, in the amount of RSD 39,994 thousand, Energoprojekt Visokogradnja in the amount of RSD 9,467 thousand and Energoprojekt Hidroinženjering in RSD 8,182 thousand.

- **Costs of spare parts** in the amount of RSD 164,064 thousand relate, dominantly, to Energoprojekt Niskogradnja in the amount of RSD 147,308 thousand (abroad: RSD 114,040 thousand, in the country: RSD 33,268 thousand) and to Energoprojekt Visokogradnja in the amount of RSD 15,500 thousand.

- **Costs of one-off write-off of tools and inventory** in the amount of RSD 88,883 thousand relate predominantly to Energoprojekt Niskogradnja in the amount of RSD 64,208 thousand and Energoprojekt Visokogradnja in the amount of RSD 15,151 thousand.
- The largest share in **fuel and energy costs** amounting to RSD 1,033,639 thousand are those of Energoprojekt Niskogradnja in the amount of RSD 719,600 thousand, which were predominantly incurred abroad, of Energoprojekt Visokogradnja in the amount of RSD 115,518 thousand and Energoprojekt Entel in the amount of RSD 99,608 thousand.

15. EMPLOYEE EXPENSES AND BENEFITS

Structure of employee expenses and benefits	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Expenses of wages and fringe benefits (gross)	6,174,305	7,358,756
Taxes and contributions on wages and contributions on wages payable by employer	597,652	709,537
Service agreements contributions	9,461	13,699
Copyright agreements contributions	32,098	25,843
Costs of contributions for contract fees for temporary and periodical engagement	178,678	162,216
Considerations to physical persons based on other agreements	10,102	44,899
Considerations to General Manager and/or Management and Supervisory Board members	26,144	32,397
Other personnel expenses and fringe benefits	476,926	720,690
TOTAL	7,505,366	9,068,037

- **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 6,771,957 thousand relate primarily to Energoprojekt Entel in the amount of RSD 3,013,898 thousand, Energoprojekt Visokogradnja in the amount of RSD 1,082,813 thousand, Energoprojekt Niskogradnja in the amount of RSD 1,266,922 thousand and Energoprojekt Oprema in the amount of RSD 424,490 thousand.
- **Costs of contributions for contract fees for temporary and periodical engagement** amounting to RSD 178,678 thousand were predominantly incurred in Energoprojekt Niskogradnja in the amount of RSD 77,096 thousand (in the country: RSD 3,204 thousand, abroad: RSD 73,892 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 70,250 thousand for projects in the country (primary on the projects Kolubara Landfill: RSD 21,826 thousand, Belgrade Waterfront: RSD 17,887 thousand and Ada Mall: RSD 8,126 thousand).

- **Other personnel expenses and fringe benefits** amounting to RSD 476,926 thousand (costs of accommodation, meals on field works, transport and other costs of workers, severance pay for solving the problem of redundancy, business trips cost, solidarity aid, scholarships and other benefits) relate to the following companies within system Energoprojekt:

- Energoprojekt Niskogradnja amounting to RSD 174,816 thousand (in the country: RSD 119,816 thousand and abroad: RSD 55,039 thousand);
- Energoprojekt Visokogradnja in the amount of RSD 112,860 thousand, in the country RSD 53,422 thousand (of which the severance payments for solving the problem of redundancy amount to RSD 24,128 thousand) and abroad: RSD 59,438 thousand (out of that to Energoprojekt Ghana Ltd., Accra, Ghana of RSD 22,161 related);
- Energoprojekt Entel in the amount of RSD 66,765 thousand;
- Energoprojekt Hidroinženjering in the amount of RSD 36,623 thousand; and
- Energoprojekt Oprema in the amount of RSD 36,205 thousand.

16. PRODUCTION SERVICE COSTS

Structure of costs of production services	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Production service cost	6,638,605	9,203,729
Transportation services' costs	385,554	507,086
Repairs and maintenance services' costs	119,540	138,961
Rental costs	713,710	1,186,381
Trade fairs' costs	1,571	14,223
Advertising costs	12,585	20,763
Research costs	299	4,336
Costs of other services	186,314	212,191
TOTAL	8,058,178	11,287,670

- **Production service costs** in the amount of RSD 6,638,605 thousand are predominantly related to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 3,898,747 thousand for the costs based on subcontracting agreements and joint ventures incurred within projects in the country amounting to RSD 3,566,071 thousand (mainly on projects: Lajkovac – Ljig: RSD 2,305,723 thousand, Bridge on Ada: RSD 872,881 thousand and Ub-Lajkovac: RSD 237,537 thousand) and abroad amounting to RSD 332,676 thousand (mainly, Z-027 Mpigi Kanoni, Uganda: RSD 157,514 thousand and Z-034 Puerto Bermudez, Peru: RSD 142,535 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;
- Energoprojekt Visokogradnja in the amount of RSD 1,541,656 thousand comprise of the costs of associates and subcontractors incurred within projects in the country in the amount of RSD 1,354,906

thousand (mainly on projects: Belgrade Waterfront: RSD 906,573 thousand, Navigator 2 Business Center: RSD 207,462 thousand and Chinese Cultural Center: RSD 160,573 thousand) and abroad, in the amount of RSD 186,750 thousand (mainly, in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 79,519 thousand (project Eco Bank: RSD 49,102 thousand) and on project Z-105 Residential building Tokyo Siktivkar, Russia: RSD 95,642 thousand);

- Energoprojekt Oprema in the amount of RSD 754,632 thousand comprise of the subcontractors' costs and consortium partners' costs in a number of projects primarily in the country in the amount of RSD 753,960 thousand (mainly, at the projects: Kolubara Landfill: RSD 380,781 thousand, Ada Mall: RSD 281,320 thousand and Belgrade Waterfront: RSD 78,566 thousand); and

- Energoprojekt Entel, in the amount of RSD 233,068 thousand, consists of the subcontractors costs engaged on works for which the company does not have personnel or for specialized works performed only by certain companies. The costs in this country amount to RSD 117,246 thousand, while abroad: RSD 115,822 thousand (mainly in Qatar: RSD 61,337 thousand).

• **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 385,554 thousand and relate predominantly to Energoprojekt Entel in the amount of RSD 234,704 thousand (mainly, cost of air tickets for employees and rent-a-cars costs, mainly in Qatar and UAE), Energoprojekt Niskogradnja in the amount of RSD 98,645 thousand, Energoprojekt Visokogradnja in the amount of RSD 17,355 thousand and Energoprojekt Oprema in the amount of RSD 14,975 thousand.

• **Repair and maintenance services' costs** amounting to RSD 119,540 thousand were incurred primarily in Energoprojekt Niskogradnja in the amount of RSD 46,928 thousand, in Energoprojekt Entel in the amount of RSD 22,653 thousand, in Energoprojekt Visokogradnja in the amount of RSD 11,719 thousand and in Energoprojekt Oprema in the amount of RSD 11,396 thousand. These costs were predominantly incurred for regular equipment maintenance.

• **Rental costs** amount to RSD 713,710 thousand and are predominantly related to the following Companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 371,036 thousand, comprising of the rental costs of equipment, sites, business, residential and warehousing facilities abroad amounting to RSD 334,210 thousand (in Peru and Uganda) and in the country in the amount of RSD 36,826 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;

- Energoprojekt Entel in the amount of RSD 281,542 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 36,598 thousand are predominantly related to the rental costs of office spaces, apartments and machinery abroad, amounting to RSD 24,955 thousand (predominantly in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 12,567 thousand and on Projects Z-105 Residential building Tokyo, Siktivkar: RSD 5,611 thousand, Z-103 Talan Towers, Astana, Kazakhstan: RSD 3,590 thousand), while in the country amount to RSD 11,643 thousand (predominantly rent of equipment on the projects Navigator 2 Business Center and Chinese Cultural Center); and

- Energoprojekt Oprema in the amount of RSD 15,464 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 1,571 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 1,506 thousand (participation at the World Energy Fair VETEX held in Dubai).

- **Advertising costs** amounting to RSD 12,585 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 7,046 thousand (based on promotional costs, advertising, brochure and catalogue production, market researching, etc.), to Energoprojekt Sunnyville in the amount of RSD 1,848 thousand (cost of advertising apartments sales through billboards, magazines and websites) and Energoprojekt Holding in the amount of RSD 789 thousand (based on the sponsorship expenses and advertising costs).

- **Costs of other services** in the amount of RSD 186,314 thousand were primarily incurred in the following Companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 50,316 thousand based on other incidental project costs (engaging qualified-specialised workers - varieties, reparation, welding, etc.): RSD 47,591 thousand (primarily on ANI project, Nigeria: RSD 32,629 thousand) and costs of registration of vehicles, tolls, graphic services, utility services, etc. in the amount of RSD 2,725 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 50,175 thousand, primarily, based on the construction sites' security costs, utility services' costs, graphic services, expert services, license fees, vehicle registration, occupational safety costs, etc.;

- Energoprojekt Energodata in the amount of RSD 28,683 thousand, primarily based on the costs incurred for ATM maintenance, graphic design and hardware services, as well as the cost of vehicle registration, utility services, occupational safety services and licensing costs; and

- Energoprojekt Visokogradnja in the amount of RSD 18,530 thousand primarily based on cost of utility services, costs of personal protection at work, registration of vehicles and photocopying costs.

17. DEPRECIATION EXPENSES AND PROVISION EXPENSES

Structure of depreciation expenses and provision expenses	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Depreciation expenses:		
a) Depreciation of intangible assets (Note 25)	20,178	18,226
b) Depreciation of property, plant and equipment (Note 26)	663,388	811,560
<i>Total</i>	<i>683,566</i>	<i>829,786</i>
Provisions expenses		
a) Warranty period provisions' expenses	1,773	283,538
b) Provisions for contributions and other personnel benefits	53,602	54,949
c) Other long-term provisions		500,741
<i>Total</i>	<i>55,375</i>	<i>839,228</i>
TOTAL	738,941	1,669,014

• 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 31 December 2018.

Effects of the change in the accounting valuation impact the change in **amortisation expenses** for 2018, and thus, consequently, the change in the booking value of assets as at 31 December 2018.

• **Warranty period provisions' expenses** amount to RSD 1,773 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 Energoprojekt Visokogradnja in the amount of RSD 1,773 thousand, relate to calculated expenses on projects Z-105 Residual Building Tokio Siktivkar, Russia.

• **Provisions for contributions and other personnel benefits** in the amount of RSD 53,602 thousand relate, mostly, to Energoprojekt Entel, in the amount of RSD 49,714 thousand which are carried out with the company Energoprojekt Entel LTD, Qatar: RSD 31,436 thousand and Energoprojekt Entel L.L.C Muscat, Sultanate of Oman: RSD 13,423 thousand, while the provisions costs in the country amount to RSD 4,855 thousand.

In 2018, the companies within Energoprojekt recorded provisions for contribution and other personnel benefits according to actuarial calculation of the expert team from Energoprojekt (Note 38).

18. INTANGIBLE EXPENSES

Structure of intangible expenses	<i>In RSD thousand</i>	
	<i>01.01.- 31.12. 2018</i>	<i>01.01.- 31.12. 2017</i>
Intangible expenses	1,025,533	809,378
Expense account	43,000	56,567
Insurance premiums expenses	181,854	166,215
Payment operations' expenses	196,487	339,628
Membership fee expenses	14,922	18,472
Tax duties	88,654	281,147
Contribution expenses	188,680	2,786
Other non-operating expenses	114,324	180,910
TOTAL	1,853,454	1,855,103

- **Intangible expenses** in the amount of RSD 1,025,533 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) are predominantly related to the following companies of the system Energoprojekt:

- Energoprojekt Entel amounting to RSD 382,234 thousand primarily abroad: RSD 369,241 thousand (mostly incurred in the company Energoprojekt Entel LTD, Doha, Qatar: RSD 265,203 thousand, for sponsor's and agents expenses paid for conclusion of the largest contracts with the state investor "Kahramaa." Namely, in the area of Middle East is not possible to run the company without making a contract with a local sponsor, which fee does not amount less than 2.5% of invoiced income, while in Oman these percentages are higher, depending on the contract value) and in the country: RSD 12,993 thousand;

- Energoprojekt Park 11 in the amount of RSD 376,227 thousand, predominantly for purchasing construction land that was included in the cost of building under construction: residential & business complex "Park 11" in Block 11a, New Belgrade: RSD 375,659 thousand;

- Energoprojekt Niskogradnju in the amount of RSD 84,733 thousand (in the country: RSD 6,634 thousand and abroad: RSD 78,099 thousand);

- Energoprojekt Visokogradnju in the amount of RSD 71,184 thousand (in the country: RSD 24,163 thousand and abroad: RSD 47,021 thousand, primarily in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 36,180 thousand, mostly on the project Eco Bank: RSD 27,616 thousand; and

- Energoprojekt Oprema in the amount of RSD 42,369 thousand, in the country: RSD 27,308 thousand and abroad: RSD 15,061 thousand (primarily, on the project Energocentar, Minsk, Belarus: RSD 13,326 thousand), mostly arose from attorney fees: RSD 21,806 thousand on the occasion of arbitration for projects Energocentar Minsk, Belarus: RSD 8,621 thousand and RTB Bor: RSD 9,702 thousand.

- **Insurance premium expenses** amounting to RSD 181,854 thousand were incurred based on the insurance of works, property and persons, primarily in the Energoprojekt Niskogradnja in the amount of RSD 87,066 thousand, in Energoprojekt Entel in the amount of RSD 51,172 thousand, in Energoprojekt Visokogradnja in the amount of RSD 12,703 thousand, Energoprojekt Oprema in the amount of RSD 12,024 thousand and in Energoprojekt Urbanizam i arhitektura in the amount of RSD 12,092 thousand.

- **Payment operation expenses** in the amount of RSD 196,487 thousand predominantly relate to the following companies of Energoprojekt:

- Energoprojekt Niskogradnja amounting to RSD 86,103 thousand, most of which pertain to the bank fee costs for guarantees provided in the country: RSD 35,619 thousand and abroad: RSD 50,484 thousand;

- Energoprojekt Visokogradnja amounting to RSD 29,819 thousand, in the country: RSD 20,546 thousand (mainly costs of issuing bank guarantees in the amount of RSD 11,877 thousand for projects: Belgrade Waterfront, Chinese Cultural Center and Navigator) and abroad: RSD 9,273 thousand, (primarily in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 5,545 thousand, of which RSD 1,632 thousand relate to cost of guarantees);

- Energoprojekt Entel amounting RSD 26,878 thousand, predominantly, based on bank fees for guarantees providing expenses, in the amount of RSD 17,693 thousand and cost of payment transactions:

RSD 9,185 thousand (dominantly within Energoprojekt Entel LTD, Qatar: RSD 13,223 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 8,494 thousand);

- Energoprojekt Oprema amounting RSD 24,025 thousand, based on the costs of issuing bank guarantees: RSD 15,225 thousand and cost of payment transactions: RSD 8,800 thousand, in the country: RSD 12,037 thousand (primarily on projects Kolubara Landfills and Ada Mall) and abroad: RSD 11,988 thousand (mainly on projects TS Gabiro, Rwanda and Energocenter Minsk, Belarus); and
- Energoprojekt Hidroinženjering amounting RSD 20,869 thousand, based on the costs of issuing bank guarantees: RSD 18,502 thousand and cost of payment transactions: RSD 2,367 thousand (primarily on supervision and designs works performed in Algeria).

• **Tax duties** in the amount of RSD 88,654 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 Holding in the amount of RSD 19,474 thousand, in the country, dominantly based on property tax: RSD 18,782 thousand.
- Energoprojekt Visokogradnja in the amount of RSD 16,944 thousand, in the country: RSD 13,768 thousand (mostly, based on property tax: RSD 9,796 thousand) and abroad: RSD 3,176 thousand (dominately, based on property tax with the company Energoprojekt Montenegro: RSD 1,101 thousand);
- Energoprojekt Niskogradnja in the amount of RSD 14,898 thousand, abroad: RSD 9,381 thousand (dominantly in Peru: RSD 9,061 thousand), in the country: RSD 5,517 thousand; and
- Energoprojekt Entel in the amount of RSD 14,418 thousand, abroad: RSD 11,722 thousand (mainly paid taxes for local workers in Oman: RSD 11,455 thousand), in the country: RSD 2,696 thousand (mostly, based on property tax: RSD 2,309 thousand).

• **Contribution expenses** in the amount of RSD 188,680 thousand related to Energoprojekt Park 11 in the amount of RSD 184,952 thousand for paid contribution for construction land development for building business-residential complex "Park 11" in Block 11a in New Belgrade and to Energoprojekt Niskogradnja in the amount of RSD 3,728 thousand for paid contributions to the National Construction Association (SENCICO) in Peru in accordance with local regulations.

• 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, quality control costs, protection equipment purchasing, etc.) amounting to the total of RSD 114,324 thousand consist primarily to the costs incurred by Energoprojekt Entel in the amount of RSD 48,999 thousand, Energoprojekt Visokogradnja in the amount of RSD 19,895 thousand, Energoprojekt Oprema in the amount of RSD 14,300 thousand and Energoprojekt Niskogradnja in the amount of RSD 11,341 thousand.

19. FINANCIAL INCOME AND FINANCIAL EXPENSE

19.1. Financial Income

Structure of financial income	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Financial income from other related companies	10,369	12,176
Financial income from the profit of affiliated companies and joint ventures	67,382	69,557
Other financial income:		
a) Income from dividends	68	66
b) Other financial income	55,975	81,368
<i>Total</i>	<i>56,043</i>	<i>81,434</i>
<i>Total financial income from related companies and other financial income</i>	<i>133,794</i>	<i>163,167</i>
Interest income (third party)	128,491	121,660
Exchange rate gains and positive currency clause effects (third party)	508,468	1,958,167
TOTAL	770,753	2,242,994

• **Financial income from other related companies** in the amount of RSD 10,369 thousand consist of the financial income from:

- Joint Venture Company Enjub Ltd. in the amount of RSD 9,752 thousand, which were recorded, in Energoprojekt Holding as income from interest on loan granted;
- Affiliated Company Energo Nigeria Ltd., Lagos, Nigeria, in the amount of RSD 552 thousand, which were recorded in Energoprojekt Oprema as foreign exchange gains;
- company Napred Plc. in the amount of RSD 65 thousand, which were recorded, in Energoprojekt Visokogradnja as positive currency clause effects.

• **Financial income from the profit of affiliated companies and joint ventures** in the amount of RSD 67,382 thousand relate to generated net result of the reporting period of the affiliated company Energojet Ltd..

Affiliated companies Energo Nigeria Ltd., Lagos, Nigeria and Energojet Ltd., are included by the equity method into primary consolidation into consolidated financial statements of the subsidiary companies Energoprojekt Oprema (Note 2) and Energoprojekt Industrija, and consequently into consolidated financial statements of Energoprojekt Holding.

• **Interest income (third party)** in the amount of RSD 128,491 thousand are mainly related to the following companies of Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 59,579 thousand predominantly from the agreed default interest invoiced to the Investor in Uganda for unpaid receivables till defined date of payment: RSD 59,443 thousand (Project Z-027 Mpigi-Kanoni: RSD 28,872 thousand, Z-036 Kampala Streets Kawempe-Lubaga, Uganda: RSD 17,133 thousand and Z-035 Sungira Hill, Uganda: RSD 13,438

thousand);

- Energoprojekt Entel in the amount of RSD 29,127 thousand, predominantly income from the short term deposits with commercial banks, mainly abroad in the amount of RSD 20,187 thousand (within the company Energoprojekt Entel LTD, Qatar: RSD 16,156 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 4,031 thousand);

- Energoprojekt Visokogradnja, in the amount of RSD 14,758 thousand, mainly based on short-term time deposits incurred abroad: RSD 12,842 thousand (primarily within the company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 11,699 thousand);

- Energoprojekt Hidroinženjering, in the amount of RSD 10,913 thousand, predominantly based on calculated default interest abroad in the amount of RSD 10,907 thousand; and

- Energoprojekt Holding, in the amount of RSD 9,165 thousand, based on short-term time deposits with commercial banks in the country.

• **Exchange rate gains and positive currency clauses effects (third party)** amounted to RSD 508,468 thousand dinars, while exchange rate losses and negative currency clause effects amounted to RSD 383,884 thousand, so that in the reporting period recorded net exchange rate gains and positive currency clauses effects in the amount of RSD 124,584 thousand.

From the beginning of the year until 31 December 2018, RSD was appreciated to EUR by 0.23% (in 2017: was appreciated by 4.05%) and to USD was depreciated by 4.31% (in 2017: was appreciated by 15.38%), and RSD was appreciated to RUB by 13.75% (in 2017 was appreciated by 10.95%).

19.2. Financial Expense

Structure of financial expense	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Financial expenses from transactions with other related company	2,364	54,344
Financial expense from the losses of affiliated companies and joint ventures	9,748	5,846
Other financial expenditure	56	2
<i>Total financial expenses from related parties and other financial expenses</i>	<i>12,168</i>	<i>60,192</i>
Interest expenses (third party)	364,532	376,682
Exchange rate losses and negative currency clause effects (third party)	383,884	2,010,084
TOTAL	760,584	2,446,958

• **Financial expense from transactions with other related companies** in the amount of RSD 2,364 thousand predominantly relate to negative FX differences expenses incurred from the effects of FX clauses operated with Energo Nigeria Ltd., Lagos, Nigeria: RSD 1.830 thousand in Energoprojekt Oprema and Enjub: RSD 534 thousand in Energoprojekt Holding and Energoprojekt Urbanizam and Arhitektura.

- **Financial expense from the losses of affiliated companies and joint ventures** in the amount of RSD 9,748 thousand, relate to the realized net result of the reporting period of affiliated companies Enjub Ltd. in the amount of RSD 9,352 thousand (50.00%) and closed investment fund Fima See Activist Plc. – in liquidation in the amount of RSD 396 thousand (30.45%), 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 and interest costs for public charges in the country. Interest expenses in the amount of RSD 364,532 thousand relate predominantly to the companies within system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 120,088 thousand (in the country: RSD 59,496 thousand and abroad (Peru and Uganda): RSD 59,175 thousand), primarily incurred from interest on loans granted by commercial banks and interest on leasing contracts in RSD 118,671 thousand.

- Energoprojekt Visokogradnja in the amount of RSD 116,721 thousand predominantly from interest on loans taken, in the country: RSD 64,300 thousand, interest on overdrafts in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 50,163 thousand, while the remaining amount relate to accrued default interest;

- Energoprojekt Oprema in the amount of RSD 67,900 thousand, primary based on interest on loans granted by commercial banks: RSD 65,079 thousand (predominantly for the project Energocenter Minsk, Belarus: RSD 62,687 thousand); and

- Energoprojekt Holding in the amount of RSD 30,564 thousand comprise of expenses from interest on loans granted by commercial banks in the country.

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

Structure of income from value adjustment of other assets disclosed at fair value through income statement	<i>In RSD thousand</i>	
	<i>01.01.- 31.12. 2018</i>	<i>01.01.- 31.12. 2017</i>
Income from value adjustment of long-term financial investments and securities available for sale	671	6,986
Income from value adjustment of receivables and short-term financial investments	9,191	8,494
TOTAL	9,862	15,480

- **Income from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 671 thousand relate, mostly, to Energoprojekt Garant in the amount of RSD 642 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 9,191 mostly relate to Energoprojekt Niskogradnja in the amount of RSD 9,190 thousand, primary, on the basis of collected receivables from the bankruptcy debtor Inter - most Plc. according to the decision of the Commercial Court in Belgrade. The receivables were priority written off in the amount of RSD 8,315 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. 2018</i>	<i>01.01.- 31.12. 2017</i>
Expenses from value adjustment of long-term financial investments and securities available for sale	588	16,664
Expenses from value adjustment of receivables and short-term financial investments	45,532	132,592
TOTAL	46,120	149,256

- **Expenses from value adjustment of long-term financial investments and securities available for sale** in the amount of RSD 588 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 45,532 thousand relate mostly to the following companies of system Energoprojekt:

- Energoprojekt Hidroinženjering in the amount of RSD 33,379 thousand based on adjustment of receivables on project Yarasay, Peru in the amount of RSD 30,512 thousand (due to the length of the court dispute, adjustments of receivables from previous years invoices was made, although according to Arbitration Dispute with Client PET, Tacna it may be expected to collect the amount. After collection, the adjusted amount will be recorded as income) and on projects in Jordan in the amount of RSD 2,867 thousand (Wala Dam: RSD 1,847 thousand and Kufranja: RSD 1,020 thousand due to large delay in payment by investors); and

- Energoprojekt Niskogradnja in the amount of RSD 12,135 thousand based on adjustment of receivables in the country: RSD 8,454 thousand and abroad (Peru): RSD 3,681 thousand in accordance with Director decision (within the regular annual physical inventory count), due the amount is overdue more than 60 days and the dispute in this regard is in process to be filed (these receivables related to confirmed receivables. The clients that receivables originated are in process of bankruptcy).

21. OTHER INCOME AND OTHER EXPENSE

21.1. Other Income

Structure of other income	<i>In RSD thousand</i>	
	<i>01.01.- 31.12. 2018</i>	<i>01.01.- 31.12. 2017</i>
Income from disposal of intangible assets, property, plant and equipment	100,019	5,991
Income from disposal of shares and securities	354,523	
Income from disposal of materials	6,103	6,042
Surpluses	3,407	5,065
Collected written-off receivables	142,383	166,760
Income from the effects of agreed risk protection that cannot be posted in other comprehensive result	333	580
Income from reduction of liabilities	50,241	13,212
Income from release of long-term and short-term provisions	559,551	8,376
Other income not posted elsewhere	61,865	164,316
Income from value adjustment of property, plant and equipment	89,338	15,299
TOTAL	1,367,763	385,641

• **Income from disposal of intangibles assets, property, plant and equipment** in the amount of RSD 100,019 thousand relate mostly to the following companies of Energoprojekt:

- Energoprojekt Holding in the amount of RSD 95,262 thousand, from land valued at market value and transfer as a non-cash participation, according to decision of the Supervisory Board; and
- Energoprojekt Visokogradnja in the amount of RSD 3,597 thousand, primarily based on the sale of equipment - bulkheads abroad.

• **Gains from the sale of shares and securities** in the amount of 354,523 thousand dinars were recorded in the following companies in the system Energoprojekt (Note 27):

- Energoprojekt Holding in the amount of RSD 178,452 thousand (sales of equity shares with Beogradsko mešovito preduzeće Plc., Belgrade: RSD 32,441 thousand and Energoprojekt Garant dd: RSD 146,011 thousand); and
- Energoprojekt Oprema in the amount of RSD 176,071 thousand (sales of shares with Beogradsko mešovito preduzeće Plc., Belgrade).

• **Income from disposal of materials** in the amount of RSD 6,103 thousand mostly refer to Energoprojekt Visokogradnja in the amount of RSD 3,974 thousand, primarily abroad: RSD 3,512 thousand (mostly on the project Z-088 Hotel Hyatt, Rostov, Russia: RSD 2,817 thousand).

- **Surpluses** in the amount of RSD 3,407 thousand mostly relate to Energoprojekt Energodata in the amount of RSD 2,737 thousand.
- **Collected written-off receivables** in the amount of RSD 142,383 thousand predominantly relate to:
 - Energoprojekt Oprema in the amount of RSD 120,195 thousand based on collection of previously written-off receivables from International Project Services Ltd. - branch on the RTB Bor Project acc. to agreement in RSD 75,810 thousand, and on dispute against Klinički Centar Srbije, where value adjustment is cancelled for priory impaired receivables in the amount of RSD 44,385 thousand; and
 - Energoprojekt Hidroinženjering in the amount of RSD 20,245 thousand based on dispute against the company Riko Ltd., Ljubljana for preparation the project and supervision of the construction of the St. Petka dam in Macedonia.
- **Income from reduction of liabilities** in the amount of RSD 50,241 thousand predominantly were recorded in the following companies in the system Energoprojekt:
 - Energoprojekt Visokogradnja in the amount of RSD 40,328 thousand, primarily from write-off of liabilities due to obsolescence of the project Z-088 Hotel Hyatt Rostov, Russia: RSD 23,605 thousand and in the company Energoprojekt Ghana Ltd., Ghana: RSD 11,516 thousand;
 - Energoprojekt Niskogradnja in the amount of RSD 7,451 thousand related to subsequently approved rebates to suppliers in the country; and
 - Energoprojekt Oprema in the amount of RSD 1,514 thousand based on out-of-court settlement agreement with supplier 3B Inženjering Ltd. on the RTB Bor project.
- **Income from release of long-term and short-term provisions** in the amount of RSD 559,551 (Note 38) thousand mostly to:
 - income from release of other long-term provisions created in 2017 and related to estimation of probable amount of overstated accruals in the financial statements of Energoprojekt Oprema for the project Energocenter Minsk, Belarus in the amount of RSD 496,125 thousand. Release of these provisions was made in accordance with the decision of Executive Board of Energoprojekt Holding Plc., which was made according to arbitration award in favour of Energoprojekt Oprema; and
 - income release of provision for warranty period costs within the Energoprojekt Entel in the amount of RSD 62,107 thousand (for the project GTC 385, Qatar completed in 2018) and within Energoprojekt Visokogradnja in the amount of RSD 1,319 thousand (for the project Z-096 Forte Bank, Astana).
- **Other income not posted elsewhere** in the amount of RSD 61,865 thousand relate mostly to the following companies of system Energoprojekt:
 - Energoprojekt Visokogradnja in the amount of RSD 34,492 thousand, in the country: RSD 19,135 thousand (primary, based on damages compensation from insurance company Energoprojekt Garant, on fire in the project Belgrade Waterfront: RSD 15,727 thousand) and abroad: RSD 15,357 thousand (primary, based on the gift of materials that investor made on the project Z-085 Business Unit Uhta, Russia: RSD 13,657 thousand); and
 - Energoprojekt Niskogradnja in the amount of RSD 18,353 thousand, mostly based on compensation for damages arising from destruction of the equipment in the amount of RSD 14,839 thousand (in the country: RSD 6,258 thousand and abroad: RSD 8,581 thousand mainly in Uganda) and on sale of secondary raw materials (scrap) in the country in the amount of RSD 2,432 thousand.

• **Income from value adjustment of, property, plant and equipment** in the amount of RSD 89,338 thousand relate to settlement of investment property value on its fair value at the balance sheet date in accordance with IAS 40, Investment Property in the following companies in the Energoprojekt system:

- Zambia Engineering and Contracting Company Limited, Zambia, in the amount of RSD 69,999 thousand (property in Zambia);
- Energoprojekt Niskogradnja in the amount of RSD 14,186 thousand, from value adjustment of investment property at fair value on the balance sheet date (part of the residential complex Cruz del Sur in Peru);
- Energoprojekt Holding in the amount of RSD 3,304 thousand (part of complex "Samački hotel" in Zemun); and
- Energoprojekt Visokogradnja in the amount of RSD 2,119 thousand (property in Ub and Visnjicka Banja).

21.2. Other Expense

Structure of other expense	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Losses incurred from decommissioning and disposal of intangibles assets, property, plant and equipment	120,099	20,215
Losses incurred from disposal of equity investments and securities		
Losses incurred from the sales of materials	16,296	3,493
Shortages	3,018	3,196
Expenses from direct write-off of receivables	40,670	11,029
Expenses from decommissioning of inventories	10,739	8,595
Other expenses not otherwise mentioned	74,130	127,751
Impairment of property, plant and equipment	68,459	127,519
Impairment of inventory of material and goods		12,428
TOTAL	333,411	314,226

• **Losses from decommissioning and disposal of intangibles assets, property, plant and equipment** in the amount of RSD 120,099 thousand relate to the following companies in the Energoprojekt system:

- derecognition of investment properties (barracks in New Belgrade) in the amount of RSD 48,320 thousand, due to lost right for their further use, and therefore the inability to obtain future economic benefits within the following companies: Energoprojekt Visokogradnja, Energoprojekt Urbanizam i arhitektura, Energoprojekt Entel, Energoprojekt Industrija and Energoprojekt Energodata;
- realized capital loss from sale of land and hall at Ševino polje, Novi Beograd at Energoprojekt Oprema in the amount of RSD 43,827 thousand;
- loss from disposals of PPE acc. physical inventory count performed in Energoprojekt Niskogradnja: RSD 17,618 thousand (abroad: RSD 17,143 thousand and in the country: RSD 475 thousand); and

- loss from sale of equipment abroad in Energoprojekt Visokogradnja in the amount of RSD 3,706 thousand (crane).

• **Losses incurred from the sales of materials** in the amount of RSD 16,296 thousand entirely relate to Energoprojekt Visokogradnja, predominantly, on the project Z-088 Hotel Hyatt Rostov, Russia: RSD 13,829 thousand.

• **Expenses from direct write-off of receivables** in the amount of RSD 40,670 thousand (primarily for the outcome of assessment of reality balance sheet items in accordance with the provisions of IAS 39 and prudence principle), relate, mostly, to the following companies of system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 15,139 thousand, relate entirely abroad, mostly in the company Energoprojekt Entel LTD, Doha, Qatar, in RSD 12,140 thousand from written-off receivables from companies from UAE generated in 2013 which, due to imposed sanctions on Qatar, had to close their companies in Qatar;

- Energoprojekt Niskogradnja in the amount of RSD 11,711 thousand, predominately relate to written off receivables, mostly abroad: RSD 11,176 thousand (dominant in Uganda: RSD 10,966 thousand – confirmation of final payment certificates, primary on projects Z- 032 Nakasangola Airport: RSD 5,286 thousand, Z-028 Lugoba, Bahai, Kyebando: RSD 3,449 thousand and Z-026 Jinja Road: RSD 2,064 thousand dinars); and

- Energoprojekt Visokogradnja in the amount of RSD 5,076 thousand relate to written off receivables from customers and receivables from advances paid due to obsolescence and impossibility of collection, abroad: RSD 3,918 thousand (primary, project Z-088 Hotel Hyatt Rostov, Russia in RSD 3,802 thousand) and in the country: RSD 1,158 thousand.

• **Other expenses not otherwise mentioned** in the amount of RSD 74,130 thousand predominantly relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 25,007 thousand, primarily for scholarships and donations abroad;

- Energoprojekt Hidroinženjering in the amount of RSD 21,934 thousand, primarily for penalties for delays in preparation of study project for Securitization, Algeria: RSD 14,105 thousand and repayment of undue advance for the project Alto Piura, Peru: RSD 2,479 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 9,490 thousand, mostly for costs of fines: RSD 6,190 thousand (project Z-034 Road Puerto Bermudez, Peru) and damages compensation costs: RSD 1,865 thousand;

- Energoprojekt Holding in the amount of RSD 7,151 thousand mostly for cost of donations: RSD 6,819 thousand;

- Energoprojekt Oprema in the amount of RSD 4,380 thousand mostly for payment of agricultural damages for project Dalekovod Pančevo-Romanian border: RSD 4,295 thousand; and

- Energoprojekt Visokogradnja in the amount of RSD 4,193 thousand, mostly for compensation for out-of-court settlements in the country: 2,473 thousand dinars and donations for the project Z-103 Talan Towers, Astana, Kazakstan: RSD 1,547 thousand.

- **Impairment of property, plant and equipment** in the amount of RSD 68,459 thousand relate to adjustment of the fair value of investment property, primarily in Energoprojekt Garant in the amount of RSD 59,701 thousand (investment properties in New Belgrade) and Dom 12 S.A.L. in the amount of RSD 5,853 thousand (business building in Moscow).

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. 2018</i>	<i>01.01.- 31.12. 2017</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	56,176	6,808
TOTAL	(56,176)	(6,808)

- **Net loss from discontinued operations effects of change in accounting policy and adjustment of errors from previous year** in the amount of RSD 56,176 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 in RSD 48,132 thousand (mostly on the project Lajkovac-Ljig as net effect of adjusted overcalculated income from performed works in December 2017: RSD 145,241 thousand and overcalculated expenses from subcontracted works performed in December 2017: RSD 105,047 thousand).

23. PROFIT BEFORE TAX

Structure of gross result	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Operating income	23,122,123	32,989,557
Operating expenses	23,059,457	31,986,221
<i>Operating result</i>	62,666	1,003,336
Financial income	770,753	2,242,994
Financial expenses	760,584	2,446,958
<i>Financial result</i>	10,169	(203,964)
Income from value adjustment of other assets disclosed at fair value through income statement	9,862	15,480
Other revenues	1,367,763	385,641
Expenses from value adjustment of other assets disclosed at fair value through income statement	46,120	149,256
Other expenses	333,411	314,226
<i>Result of other revenues and expenses</i>	998,094	(62,361)
<i>Result from regular operations before tax</i>	1,070,929	737,011
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	56,176	6,808
TOTAL INCOME	25,270,501	35,633,672
TOTAL EXPENSES	24,255,748	34,903,469
PROFIT/LOSS BEFORE TAX	1,014,753	730,203

24. EARNINGS PER SHARE

Indicator	In RSD thousand	
	01.01.- 31.12. 2018	01.01.- 31.12. 2017
Net-profit pertaining to parent company shareholders	471,412	569,472
Weighted average number of regular shares in the period	10,833,592	10.833.592
Profit per share (RSD)	43.51	52.57

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.

BALANCE SHEET

25. INTANGIBLES ASSETS

in RSD thousand

Structure of intangible assets	Development investments	Software and other rights	Intangible assets in progress	Total
<u>Purchase value</u>				
Balance as at 01 January 2018	4,945	198,476		203,421
New purchases			25,870	25,870
Increase by transfer from investments in progress		25,870	(25,870)	
Other transfers (from)/to	(4,945)	4,945		
Disposal and decommissioning		(2,509)		(2,509)
FX gains and losses		1,707		1,707
Other increase/(decrease)		(5,847)		(5,847)
Balance as at 31 December 2018		222,642		222,642
<u>Valuation adjustment</u>				
Balance as at 01 January 2018	1,896	154,228		156,124
Depreciation		20,178		20,178
Disposal and decommissioning		(1,441)		(1,441)
Other transfers (from)/to	(1,896)	1,896		
FX gains and losses		1,574		1,574
Other increase/(decrease)		(3,942)		(3,942)
Balance as at 31 December 2018		172,493		172,493
<i>Net book value</i>				
Balance as at 31 December 2017	3,049	44,248		47,297
Balance as 31 December 2018		50,149		50,149

Software and other rights as at 31 December 2018 relate to various software used by the system Energoprojekt for own purposes, which are depreciated in compliance with the relevant accounting policy.

Investments in software and other rights in the amount of RSD 25,870 thousand, primarily refer to Energoprojekt Hidroinženjering in the amount of RSD 13,553 thousand, Energoprojekt Visokogradnja in the amount of RSD 5,537 thousand, Energoprojekt Entel in the amount of RSD 2,780 thousand and Energoprojekt Niskogradnja in the amount of RSD 2,356 thousand.

26. PROPERTY, PLANT AND EQUIPMENT

in RSD thousand

Structure of property, plant and equipment	Land	Buildings	Plant and equipment	Investment property and investment property in progress	Other property, plant and equipment	Property, plant and equipment in progress	Investments in other property, plant and equipment	Advances for property, plant and equipment	Total
<i>Purchase value</i>									
Balance as at 01 January 2018	707,917	6,971,953	10,310,553	3,330,495	231,150	332,034	107,175	44,664	22,035,941
Purchase during the year						115,367		19,170	134,537
Increase by transfer from investments in progress		18,207	109,075	1,892	3,136	(132,310)			
Transfer to inventories – non-current assets held for sale and work in progress			(22,165)	(112,810)		(375,660)			(510,635)
Other transfers from / (to) – from advances and etc.			(2,481)		2,490	18,935		(18,935)	9
Disposal and decommissioning	(74,782)		(653,521)	(48,320)	(16,950)	(52,092)			(845,665)
Profit/(loss) included in Report on Other Result (group 330)		42,951			(25,901)		5,566		22,616
Profit/(loss) included in Income Statement		3,034		18,186					21,220
Impairment									
FX gains and losses	337	21,419	65,609	(59,875)	(1)				27,489
Other increases / (decreases)		(143,881)	(8,656)	(232,626)	(10,641)	95,262	(11,073)		(311,615)
Balance as at 31 December 2018	633,472	6,913,683	9,798,414	2,896,942	183,283	1,536	101,668	44,899	20,573,897
<i>Valuation adjustment</i>									
Balance as at 01 January 2018		140,707	7,219,331		113,130		62,295		7,535,463
Depreciation		84,751	520,118		13,639		44,880		663,388
Disposal and decommissioning			(618,666)		(12,987)				(631,653)
Transfer to inventories – non-current assets held for sale			(22,074)						(22,074)
Other transfers from / (to)			(747)		747				
Disposal and decommissioning			341						341
FX gains and losses		2,396	43,491						45,887
Other increases / (decreases)		(143,881)	(5,042)		(10,650)		(11,073)		(170,646)
Balance as at 31 December 2018		83,973	7,136,752		103,879		96,102		7,420,706
<i>Net book value</i>									
Balance as at 31 December 2017	707,917	6,831,246	3,091,222	3,330,495	118,020	332,034	44,880	44,664	14,500,478
Balance as 31 December 2018	633,472	6,829,710	2,661,662	2,896,942	79,404	1,536	5,566	44,899	13,153,191

• **Land**

Value of land of the system Energoprojekt amounting to RSD 633,472 thousand primarily relate to the Energoprojekt Visokogradnja in the amount of RSD 517,450 (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) and Energoprojekt Niskogradnja in the amount of RSD 97,292 (land in Peru and in the country – in Stara Pazova).

In 2018, the land at the location Ševino polje - Novi Beograd owned by Energoprojekt Oprema in the amount of RSD 74,782 thousand, was sold.

• **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.

As of 31 December 2018, the residual value and remaining useful life of buildings was appraised, which resulted in change of depreciation costs for the year 2018.

Buildings stated at revalued value as at 31 December 2018 amount to RSD 6,829,710 thousand. Appraisal of fair value of buildings in the country and abroad, where the changes were significant, is carried out by professionally trained assessors as of 31 December 2018.

Entering of appraisal outcomes (adjustments of buildings value at fair value estimated as of 31 December 2018) was done through reversal of previously established value adjustment, shown in the table above within the item Other reductions (purchase value and valuation adjustment) in the amount of RSD 143,881 thousand.

Outcome of adjustments of buildings value at fair value as of 31 December 2018, was entered through item of equity - Revaluation reserve of property (shown in the table above through Profits included in Report on Other Result: RSD 42,951 thousand) and profit and loss account - Income from value adjustment of property (shown in the above table, up to levels of previous years reported expenses, through Profits included in profit or loss: RSD 3,034 thousand).

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 facility in the amount of RSD 18,207 thousand mainly relate to Energoprojekt Visokogradnja in the amount of RSD 17,834 thousand for acquiring facility for the accommodation of workers and material assets in Siktivkar, Russia

• **Plant and Equipment**

As at 31 December 2018, 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 2018, and, consequently, the carrying value of assets as of 31 December 2018.

Of the total items in the reporting period, the amount of RSD 4,105 thousand relates to equipment regulated by the Financial Lease Agreement, which is entirely related to Energoprojekt Niskogradnja.

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

The table below shows the figure RSD 109,075 thousand, out of which new purchases during the year amounted to RSD 107,095 thousand and RSD 2,016 thousand refer to transfer from the item - property, plant and equipment in preparation under the opening balance. Purchases of plant and equipment in the reporting period amounted to RSD 107,059 thousand, largely incurred with following companies:

- Energoprojekt Niskogradnja in the amount of RSD 47,553 thousand (in the country: RSD 13,882 thousand and abroad: RSD 33,671 thousand - Peru and Uganda);
- Energoprojekt Entel in the amount of RSD 24,615 thousand (primary, in the country: RSD 19,032 thousand and abroad with Energoprojekt Entel L.L.C., Muscat, Sultanate of Oman: RSD 3,264 thousand);
- Energoprojekt Visokogradnja in the amount of RSD 10,394 thousand (primary, in the country: 9,395 thousand);
- Energoprojekt Hidroinženjering in the amount of RSD 5,730 thousand;
- Energoprojekt Oprema in the amount of RSD 5,690 thousand; and
- Energoplast in the amount of RSD 5,655 thousand.

• **Investment property**

According to adopted accounting policies, after initial recognition, an item of investment property is measured at fair value (Note 7.12.).

Investment property is stated at fair value as at 31 December 2018 in the amount of RSD 2,896,942 thousand. Valuation of the fair value of investment property as at 31 December 2018 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 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;
- Part of the building "Samački hotel" complex of the Energoprojekt Holding in Zemun.

Investments in investment property in the year of 2018 amounted to RSD 1,892 thousand and in entire amount relate to investments in part of the complex "Samački hotel", Zemun.

Decrease in figure of investment property compared to the previous year by RSD 433,553 thousand, predominantly related to booked-off figure of investment property arose from:

- sale of equity shares in Energoprojekt Garant (Note 2): RSD 232,626 thousand (business premises in Goce Delcev Street, New Belgrade, residential building in Zoran Djindjic Boulevard, New Belgrade and office space in YU Business Center in New Belgrade);
- transfer from item of investment property to the inventory item – non-current assets held for sale in Energoprojekt Energodat: RSD 112,810 thousand (business premise in Palmira Toljatija Street (BSC Stari Merkator) in New Belgrade); and
- derecognition of figure related to barracks in New Belgrade: RSD 48,320 thousand (the company lost the using right and thus inability to generate future economic benefits) in Energoprojekt Visokogradnja, Energoprojekt Urbanizam and Arhitektura, Energoprojekt Entel, Energoprojekt Industrija and Energoprojekt Energodata.

In the reporting period, the system Energoprojekt generated income from the rent of investment property in the amount of RSD 93,171 thousand as follows: rent of the office building in Moscow (within Dom 12 S.A.L, Lebanon), in the amount of RSD 26,795 thousand, from the rent of a number of properties in Lusaka, Zambia, in the amount of RSD 22,491 thousand (in company Zambia Engineering and Contracting Company Limited, Zambia), property in Ub and Visnjicka Banja: RSD 11,301 thousand (Energoprojekt Visokogradnja), part of the business building "Cruz del Sur" in Peru (Energoprojekt Niskogradnja): RSD 7,941 thousand, business buildings in London (INEC Engineering Company Limited, Great Britain): RSD 7,832 thousand, part of the complex Samaki hotel (Energoprojekt Holding): RSD 7,737 thousand, several properties in New Belgrade (Energoprojekt Garant): RSD 4,748 thousand and office premise "Stari Merkator" in New Belgrade (Energoprojekt Energodata): RSD 4,326 thousand.

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

- **Property, plant and equipment in progress** amounted to RSD 1,536 thousand and compared to previous year they are decreased due to transfer of construction land in preparation to the item if inventories of unfinished production. The aim of this transaction was construction of business-residential complex "Park 11" in Block 11a in New Belgrade
- **Advances paid for property, plant and equipment** in the amount of RSD 44,899 thousand predominately relate to advance payment to the Republic of Serbia for the property purchase in Uganda, Peru and Nigeria in RSD 44,664 thousand.

27. LONG-TERM FINANCIAL INVESTMENTS

Structure of long-term financial investments	<i>In RSD thousand</i>	
	<i>31.12. 2018</i>	<i>31.12. 2017</i>
Shares in affiliated companies and joint ventures	729,159	785,393
Shares in other companies and other available for sale securities	44,346	118,527
Other long-term financial investments	256,712	193,069
TOTAL	1,030,217	1,096,989

• **Shares in affiliated companies and joint ventures** in the amount of RSD 729,159 thousand are presented in the following table.

Equity investments in affiliated legal entities and joint ventures	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Energoprojekt Nigeria Ltd., Lagos, Nigeria	152,968	249,411
Energoprojekt Ltd., Belgrade	524,625	474,965
Fima See Activist Plc., Belgrade	34,128	34,228
Enjub Ltd., Belgrade	17,438	26,789
TOTAL	729,159	785,393

Financial data pertaining to affiliate Energoprojekt Nigeria Ltd., Lagos, Nigeria on the 24,92% (31 December 2017: RSD 40.00% - Note 2) 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>31.12.2018</i>	<i>31.12.2017</i>
Capital	152,968	249,411
Income		936,578
Net profit of the current period		9,939

The affiliated company Energoprojekt Nigeria Ltd., Lagos, Nigeria is included into consolidation financial statements of Energoprojekt Oprema (Note 2) by equity method through the first consolidation level, based on its financial statements for 2017. The consolidation was done as regard, due no financial statements were received from Energoprojekt Nigeria Ltd., Lagos, Nigeria for the year 2018, until consolidation of Energoprojekt Holding for the year 2018.

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.

Energopet Ltd., Beograd	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Non-current assets	400,695	404,341
Operating assets	546,617	459,820
Assets	947,312	864,161
Liabilities	422,687	389,196
Capital	524,625	474,965
Income	1,298,849	1,182,041
Net profit of the current period	67,382	56,723

Financial data pertaining to affiliate Fima See Activist, Plc. Belgrade on the 30.45% (31 December 2017: 30.16%) equity share of Energoprojekt Holding in the affiliate is presented in the following table.

Fima See Activist Plc., Belgrade	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Non-current assets		
Operating assets	34,261	34,377
Assets	34,261	34,377
Liabilities	133	149
Capital	34,128	34,228
Income	6,228	10,192
Net (loss) of the current period	(396)	(762)

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.

Enjub Ltd., Belgrade	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Non-current assets	128,927	128,927
Operating assets	138,994	139,102
Assets	267,921	268,029
Liabilities	250,483	241,240
Capital	17,438	26,789
Income	3,784	10,226
Net profit / (loss) of the current period	(9,352)	(5,084)

- **Shares in other companies and available for sale securities** in the amount of RSD 197,314 thousand are presented in the following table.

Shares in other companies and available for sale securities	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
a) Banks, financial organisations and other legal entities	44,329	118,514
b) Other securities available for sale	17	13
TOTAL	44,346	118,527

Share in banks, financial organizations and other legal entities in the amount of RSD 44,329 thousand relate, mostly, to Energoprojekt Holding, in the amount of RSD 43,347 thousand (Jubmes Banka Plc., Dunav Osiguranje Plc., Belgrade, Beogradska Berza Plc., and other).

Shares in banks, financial organisation and other legal entities and other securities available for sale are measured at their market (fair) value, if it is possible to determine it.

Decrease in share in banks, financial organizations and other legal entities compared to the end of previous year by RSD 74,185 thousand primarily originated from:

- sale of 441 shares of Beogradsko Mesovito Preduzece Plc., Belgrade (on 14 March 2018): RSD 88,988 thousand in Energoprojekt Holding and Energoprojekt Oprema (Note 21.1); and
- positive outcome of value adjustments of securities from portfolio and their fair value on the secondary securities market as of the preparation the financial statements date occur in Energoprojekt Holding: RSD 14,673 thousand (Jubmes Bank Plc. and Dunav osiguranje Plc.).

- **Other long-term financial investments** in the amount of RSD 256,712 thousand are presented in the following table.

Other long-term financial investments	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Housing loans granted to employees	33,709	36,432
Deposits for bank guarantees	109,394	43,961
Other	113,609	112,676
TOTAL	256,712	193,069

- **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 33,709 thousand, the largest portion relates to Energoprojekt Visokogradnja in the amount of RSD 21,165 thousand, Energoprojekt Oprema in the amount of RSD 8,245 thousand, Energoprojekt Niskogradnja in the amount of RSD 2,516 thousand and Energoprojekt Holding in the amount of RSD 1,217 thousand.

- **Deposits for bank guarantees** in the amount of RSD 109,394 thousand entirely relate to Energoprojekt Entel (within Energoprojekt Entel LTD, Doha, Qatar: RSD 22,864 thousand and Energoconsult L.L.C., Abu Dhabi, UAE: RSD 86,530 thousand).

Increase in deposits for bank guarantees compared to prior period by RSD 65,433 thousand refers to Energoprojekt Entel primary to the company Energoconsult L.L.C., Abu Dhabi, UAE, in the amount of RSD 64,488 thousand.

- **Other long-term financial investments** in the amount of RSD 113,609 thousand mainly relate to the following Companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 91,497 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 19,711 thousand, relate to deposits for working visas in the amount of RSD 13,682 thousand (within Energoconsult L.L.C., Abu Dhabi, UAE) and the deposits for apartments abroad in the amount of RSD 6,029 thousand (mainly within Energoconsult L.L.C., Abu Dhabi, UAE: RSD 3,058 thousand and Energoprojekt Entel LTD, Doha, Qatar: RSD 2,360 thousand).

28. LONG-TERM RECEIVABLES

Structure of long-term receivables	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Receivables from other related companies	-	112,493
Other long-term receivables	1,316,965	917,268
TOTAL	1,316,965	1,029,761

- **Other long-term receivables** in the amount of RSD 1,316,965 thousand comprise of the receivables of the Energoprojekt Entel in RSD 1,197,656 thousand 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 948,859 thousand (for projects re. Qatar General Electricity & Water Corporation "Kahramaa"), Energoprojekt Entel LLC, Muscat, Sultanate of Oman: RSD 108,309 thousand and Energoconsult LLC, Abu Dhabi, UAE: RSD 140,488 thousand) and within Energoprojekt Visokogradnja: RSD 119,309 thousand based on: retained guarantee deposit for the year 2018, retained by investor GP Seven on the project Navigator 2 Bussines Center: RSD 58,728 thousand and collateral placed to investor for project Z-107 Radiology Clinic Siktivkar, Russia: RSD 60,581 thousand.

Increase in other long-term receivables compared to the previous year by RSD 399,667 thousand refers to receivables for: guarantee deposit of Energoprojekt Entel in the amount of RSD 280,388 thousand (primarily within Energoprojekt Entel LTD, Doha, Qatar: RSD 176,173 thousand and Energoconsult LLC, Abu Dhabi, UAE: RSD 75,707 thousand), guarantee deposit in the country and collateral placed to the investor in Russia (as stated above) by Energoprojekt Visokogradnja in the amount of RSD 119,309 thousand.

29. INVENTORIES

Structure of inventories	In RSD thousand	
	31.12.2018	31.12.2017
Material, parts, tools and small inventories	1,047,453	1,176,893
Work and services in progress	1,643,413	2,539,578
Finished products	137,180	193,644
Goods	23,513	17,515
Non-current assets held for sale	1,360,609	50,688
Advances paid for inventories and services:		
a) Advances paid for inventories and services to other related companies	121,904	121,904
b) Advances paid for material, parts and inventory	146,475	154,448
c) Advances paid for goods	65	1,068
d) Advances paid for services	502,407	318,927
<i>Total</i>	<i>770,851</i>	<i>596,347</i>
TOTAL	4,983,019	4,574,665

• **Material, parts, tools and small inventories** in the amount of RSD 1,047,453 thousand relate predominantly to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 457,819 thousand, out of which inventories abroad amount to RSD 336,708 thousand (Uganda: RSD 241,045 thousand, Peru: RSD 95,663 thousand), and inventories in the country amount to RSD 121,111 thousand. Stock levels, primarily those of the materials and parts, are determined by the work schedule and timely supply in the relevant regions;
- Energoprojekt Oprema in the amount of RSD 254,466 thousand, out of which mainly relate to the project Ada Mall: RSD 200,167 thousand and warehouse for energy projects: RSD 20,711 thousand;
- Energoprojekt Visokogradnja in the amount of RSD 168,585 thousand, out of which inventories in the country amount to RSD 120,082 thousand (primarily on the projects Chinese Cultural Center: RSD 31,036 thousand and Navigator 2 Bussines Center: RSD 21,280 thousand and inventories of spare parts on Vozdovac: RSD 22,451 thousand), meanwhile the inventories abroad amount to RSD 48,503 thousand (mainly, in Z-103 Talan Tower, Astana, Kazakhstan: RSD 21,198 thousand and Z-096 Forte Bank, Kazakhstan: RSD 15,832 thousand); and
- Energoplast in the amount of RSD 156,745 thousand, out of which material inventories amount to RSD 132,226 thousand, parts inventories amount to RSD 23,761 thousand and tools inventories amount to RSD 758 thousand.

Decrease in inventory of materials, spare parts, tools and small inventory compared to the previous year by RSD 129,440 thousand, on the one hand, originated from decrease in Energoprojekt Niskogradnja: RSD 165,680 thousand (primarily based on inventory of material, in the country: RSD 79,941 thousand and abroad: RSD 40,795 thousand) and in Energoprojekt Visokogradnja: RSD 99,105 thousand (primary due to completion of projects Belgrade Waterfront, Z-103 Talan Towers Astana, Kazakhstan and Z-105 Residential building Tokyo Siktivkar, Russia) and, on the other hand, from increase in Energoprojekt

Oprema: RSD 68,916 thousand (primary the new project Ada Mall) and in Energoplast: RSD 67,243 thousand (primary, inventories of material: RSD 63,030 thousand).

• **Work and services in progress** in the amount of RSD 1,643,413 thousand primarily relate to following companies of the system Energoprojekt:

- Energoprojekt Park 11 in the amount of RSD 852,778 thousand, relate to production in progress based on construction of business and residential complex "Park 11" in Block 11a, New 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 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 29,766 thousand relate to production of crashed stone and concrete aggregate in projects abroad (Peru).

Decrease in inventories of work and service in progress compared to the previous year, by RSD 896,165 thousand, on the one hand, mostly originated from decrease in Energoprojekt Sunnyvill in the amount of RSD 1,612,778 thousand based on completion of construction of residential and business complex "Sunnyville" in Belgrade (and transfer to the item – Non-current assets held for sale) and, on the other hand, from increase in Energoprojekt Park 11 in the amount of RSD 852,778 thousand from construction of business-residential complex "Park 11" in Block 11a, New Belgrade.

• **Finished products** in the amount of RSD 137,180 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 78,420 thousand mostly relate to constructed and sold property: in Car Nikolaj street: RSD 60,818 thousand and in Bezanijska Kosa in the amount of RSD 17,602 thousand; and

- Energoplast in the amount of RSD 58,760 thousand that relate to the finished plastic stoppers.

Increase / (decrease) in inventories of work in progress and finished products is entered within operating expenses in the income statement.

• The total value of **goods** in the amount of RSD 23,513 thousand primarily relate to: Energoprojekt Niskogradnja in the amount of RSD 13,578 thousand (invoiced purchase of materials and spare parts, which were not received as of 31 December 2018 and thus the figure was entered within item - Goods on road. The inventories were purchased for projects in the country: RSD RSD 12,704 thousand), Energoprojekt Visokogradnja in the amount of RSD 7,233 thousand (mainly goods in transit warehouse in Stara Pazova: RSD 2,880 thousand, stocks of stones for further processing (intended for the project Z-103 Talan Towers, Astana, Kazakhstan): RSD 2,428 thousand and goods on road in the company Energoprojekt Ghana Ltd. , Akra, Ghana: RSD 1,720 thousand) and Energoplast in the amount of RSD 2,426 thousand (purchased of finished stoppers for further sale).

• **Non-current assets held for sale** amount to RSD 1,360,609 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Sunnyville in the amount of RSD 1,197,021 thousand - properties in residential and business complex "Sunnyville" in Belgrade recorded in acc. with completion of construction (transfer from the item - Inventories of work in progress).
- - Energoprojekt Energodata in the amount of RSD 112,900 thousand - business premise in Palmira Toljatija Street, New Belgrade. The amount was entered in acc. with decision of Board of Directors (and transfer from the item - Investment property); and
- - Energoprojekt Niskogradnja in the amount of RSD 50,668 thousand - property and land held for sale, as shown in the following table.

Description	Location	<i>Surface Area in sq.m</i>	<i>Present Value In RSD thousand</i>
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
TOTAL			50,688

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.

Increase in non-current assets held for sale compared to the previous year by RSD 1,309,921 thousand relate to Energoprojekt Sunnyville in the amount of RSD 1,197,021 thousand and Energoprojekt Energodat in the amount of RSD 112,900 thousand, based on the above mentioned properties.

• **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 146,475 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 67,466 thousand out of which for advances paid for projects in the country amount to RSD 53,968 thousand (primary Ada Mall project: RSD 51.861 thousand) while those paid abroad amount to RSD 13,498 thousand (primary Ihiala, Nigeria project: RSD 12,609 thousand); and

- Energoprojekt Visokogradnja in the amount of RSD 65,187 thousand, out of which advances paid abroad amount to RSD 54,163 thousand (primarily in Energoprojekt Ghana Ltd., Akra, Ghana: RSD 34,277 thousand), and those paid in the country RSD 11,024 thousand.

• **Advances paid for services** in the amount of RSD 502,407 thousand, relate, mostly, to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 370,948 thousand relate, mainly, to advances paid to suppliers for projects in the country: RSD 339,547 thousand (primary, Streetcar line over the bridge on the Ada: RSD 139,852 thousand and Reconstruction of Karadjordjeva Street: RSD 127,000 thousand) and on projects abroad in the amount of RSD 31,401 thousand (Uganda and Peru);

- Energoprojekt Oprema in the amount of RSD 71,443 thousand, relate to advances paid to suppliers on projects in the country: RSD 49,080 thousand (primary, on the projects Ada Mall: RSD 35,056 thousand and Dalekovod Leskovac - Macedonia: RSD 15,484 thousand) and abroad: RSD 22,263 thousand (primary on the project Energo center Minsk, Belarus: RSD 21,880 thousand);

- Energoprojekt Visokogradnja in the amount of RSD 36,233 thousand relate to advances paid abroad: RSD 35,035 thousand (primary in Energoprojekt Ghana Ltd, Akra, Ghana: RSD 34,220 thousand) and in the country: RSD 1,198 thousand; and

- Energoprojekt Entel in the amount of RSD 10,216 thousand out of which advances paid abroad are RSD 5,538 thousand and in the country: RSD 4,678 thousand.

Increase in advances paid for services compared to previous year, by RSD 183,225 thousand, on one hand originated from increase in Energoprojekt Niskogradnja: RSD 221,454 thousand (primary, increase in paid advances to subcontractors for new projects in the country) and, on the other from decrease in Energoprojekt Visokogradnja: RSD 51,384 thousand (primary due to completion of projects: Z-103 Talan Towers, Astana, Kazakhstan, Z-105 Residential building Tokyo, Siktivkar, Russia and Belgrade Waterfront).

30. RECEIVABLES FROM SALES

Structure of receivables from sales	In RSD thousand	
	31.12.2018	31.12.2017
Local buyers - other related companies	3,580	3,542
Foreign buyers - other related companies	693,084	703,171
Local buyers	3,331,261	3,781,621
Foreign buyers	5,006,108	5,187,704
Other receivables from sale	-	3,017
TOTAL	9,034,033	9,679,055

- **Local buyers - other related companies** in the amount of RSD 3,580 thousand relate to the receivables from joint venture Enjub Ltd., mostly to Energoprojekt Visokogradnja in the amount of RSD 2,165 thousand.
- **Foreign buyers– other related companies** in the amount of RSD 693,084 thousand relate to receivables from the affiliate company Energo Nigeria Ltd., Lagos, Nigeria, in Energoprojekt Oprema.
- **Local buyers** amounting to RSD 3,331,261 thousand and relate primarily to receivables of Energoprojekt Niskogradnja: RSD 1,805,433 thousand, Energoprojekt Visokogradnja: RSD 695,185 thousand, Energoprojekt Oprema: RSD 494,411 thousand, Energoprojekt Entel: RSD 149,533 thousand and to those to Energoplast in the amount of RSD 93,325 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>31.12.2018</i>	<i>31.12.2017</i>
<i>Energoprojekt Niskogradnja:</i>		
China Shandong Intern.E&T org. Beograd (project Lajkovac - Ljig)	1,769,418	1,898,091
Hydro-Tan Ltd. (River Regulation Project Peštan I phase)	7,334	-
Other	28,681	288,925
Total	1,805,433	2,187,016
<i>Energoprojekt Visokogradnja:</i>		
Beograd na vodi Ltd. (Belgrade Waterfront project)	368,351	910,246
GP Seven Ltd. (project Navigator 2 Business Center)	195,168	-
Empiret Ltd. (project Chinese Cultural Center)	115,406	-
Other	16,260	28,112
Total	695,185	938,358
<i>Energoprojekt Oprema:</i>		
Gradina Ltd. (project Ada Mall)	328,531	-
Klinički centar Srbije (Power plant Clinical Center of Serbia)	42,661	
Legas Group Ltd.	40,282	
PE Elektroprivreda Srbije (Kolubara Landfill project)	33,925	123,067
Other	49,012	100,520
Total	494,411	223,587
<i>Energoprojekt Entel:</i>		
PE Elektroprivreda Srbije	129,430	171,797
Other	20,103	29,072
Total	149,533	200,869
<i>Energoprojekt Energoplast:</i>		
Knjaz Miloš Plc.	20,926	13,815
Imlek Plc.	13,571	22,292
Heba Ltd.	9,578	-
Voda Vrnjci Plc.	9,228	9,969
Other	40,022	41,085
Total	93,325	87,161

Decrease in receivables of local buyers compared to previous year by RSD 450,360 thousand mainly originated, on one hand, from decrease in Energoprojekt Visokogradnja: RSD 243,173 thousand (primarily decrease in receivables from Beograd na Vodi Ltd. and increase in receivables from GP Seven Ltd. and Empiret Ltd.) and in Energoprojekt Niskogradnja: RSD 381,583 thousand (primarily decrease in receivables from AzVirt and China Shandong Intern.E & T og. Belgrade) and, on the other, from increase in Energoprojekt Oprema: RSD 270,824 thousand (primary, Gradina Ltd.).

- **Foreign buyers** in the amount of RSD 5,006 thousand relate predominantly to Energoprojekt Niskogradnja, in the amount of RSD 2,967,332 thousand, Energoprojekt Entel in the amount of RSD 1,252,792 thousand, Energoprojekt Hidroinženjering in the amount of RSD 380,798 thousand and Energoprojekt Visokogradnja in the amount of RSD 288,239 thousand.

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

Structure of foreign buyers	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
<i>Energoprojekt Niskogradnja:</i>		
<i>Uganda:</i>		
Uganda National Roads Authority	1,889,169	1,801,203
Ministry of Works and Transport	445,680	431,268
Kampala Capital City Authority	272,407	134,797
The Civil Aviation Authority	-	30,020
<i>Total Uganda</i>	<i>2,607,256</i>	<i>2,397,288</i>
<i>Peru:</i>		
Conorcio Vial San Alejandro	183,910	48,958
Conorcio Chira	79,020	127,840
Sindicato Energetico SA	30,204	28,955
Conorcio Pericos San Ignacio, Peru	23,772	23,667
Conorcio Energopeojekt - CCEQO	22,565	
Other	20,605	67,837
<i>Total Peru</i>	<i>360,076</i>	<i>297,257</i>
TOTAL	<i>2,967,332</i>	<i>2,694,545</i>
<i>Energoprojekt Entel:</i>		
Within company Energoprojekt Entel L.L.C., Doha, Qatar	569,506	907,904
Within company Energoconsult L.L.C., Abu Dhabi, UAE	486,101	210,681
Within company Energoprojekt Entel L.L.C., Muscat, Sultanate Oman	170,124	204,707
Other	27,061	53,370
UKUPNO	<i>1,252,792</i>	<i>1,376,662</i>
<i>Energoprojekt Hidroinženjering:</i>		
Agence Nationale des Barrages et Transferts, Alger (Z-08 Sekfala)	87,867	77,128
Agence Nationale des Barrages et Transferts, Alger (Z-09 Beni Slimane)	64,027	42,937
Agence Nationale des Barrages et Transferts, Alger (Z-12 Soubella)	57,895	70,616
Agence Nationale des Barrages et Transferts, Alger (Z-14 Dëdra)	47,438	6,484
Other	123,571	200,973
TOTAL	<i>380,798</i>	<i>398,138</i>
<i>Energoprojekt Visokogradnja:</i>		
Cargo Centar Ghana	95,589	194,827
Ecobank Ghana	68,022	14,867
Ernest Chemist Ghana	52,429	50,928
Ziloi Property Management (Z-105 Siktivkar, Russia)	40,714	35,873
Astana Property Management (Z-103 Talan Towers, Astana, Kazakhstan)	5,597	60,685
GazEnergoServis (Z-085 Uhta, Russia)		87,231
Other	25,888	167,236
TOTAL	<i>288,239</i>	<i>611,647</i>

Decrease in receivables from foreign buyers respecting the last year comparative period, by RSD 181,596 thousand mainly came as result, on the one hand, from decrease within Energoprojekt Visokogradnja: RSD 323,408 thousand (mainly on projects Z-085 Business facility Ukhta, Russia, Z-103 Talan Towers, Kazakhstan, Z-096 Forte Bank, Kazakhstan and Energoprojekt Ghana Ltd., Akra, Ghana) and within Energoprojekt Entel: RSD 123,870 thousand (mainly in Energoprojekt Entel LTD, Doha, Qatar) and, on the other hand, from increase in Energoprojekt Niskogradnja: 272.787 thousand dinars (in Uganda and Peru).

31. RECEIVABLES FROM SPECIFIC TRANSACTIONS

Structure of receivables from special transactions	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Receivables from special transactions from other related companies	50,892	30,256
Receivables from special transactions from other companies	55,607	4,081
TOTAL	106,499	34,337

- **Receivables from special transactions from other related companies** in the amount of RSD 50,892 thousand relate to Energoprojekt Oprema in the amount of RSD 48,821 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 2,071 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 55,607 thousand mostly relate to Energoprojekt Entel in the amount of RSD 55,605 thousand for receivables originated from 2018 within Energoprojekt Entel LTD, Doha, Qatar.

32. OTHER RECEIVABLES

Structure of other receivables	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Interest and dividend receivables:		
a) Interest and dividend receivable from other affiliated companies	74,413	64,819
b) Interest agreed and default interest receivable from other companies	50	109
<i>Total</i>	<i>74,463</i>	<i>64,928</i>
Receivables from employees	132,040	95,885
Receivables from state institutions		
Receivables for overpaid income tax	107,939	59,669
Receivables in respect of prepaid other taxes and contributions	8,854	14,990
Receivables for fringe benefits' returns	18,906	12,998
Receivables for damage compensation	1,937	1,954
Other short-term receivables	275,052	315,585
TOTAL	619,191	566,009

- **Interest and dividend receivables from other affiliated companies** in the amount of RSD 74,413 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 132,040 thousand relate predominantly to Energoprojekt Entel in the amount of RSD 113,108 thousand (mainly from pre-paid severance payments in Energoprojekt Entel LTD, Doha, Qatar in accordance with local legal regulations. It is also the main reason for increase in the balance sheet item in relation to 31 December last year), 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 Niskogradnja, in the amount of RSD 6,706 thousand (mainly abroad), Energoprojekt Vosokogradnja in the amount of RSD 5,292 thousand (mainly within Energoprojekt Ghana Ltd, Akra, Ghana: RSD 3,431 thousand), in Energoprojekt Energodata in the amount of RSD 3,318 thousand and in Zambia Engineering and Contracting Company Limited in the amount of RSD 1,614 thousand.
- **Receivables for overpaid income tax** in the amount of RSD 107,939 thousand, mainly relate to Energoprojekt Visokogradnja in the amount of RSD 47,876 thousand (abroad, predominantly on the project Z-103 Talan Towers, Astana, Kazakhstan: RSD 47,867 thousand. It is also the main reason for increase in the balance sheet item in relation to 31 December last year), Energoprojekt Niskogradnja in the amount of RSD 37,913 thousand and Energoprojekt Holding in the amount of RSD 16,173 thousand.
- **Receivables in respect of prepaid other taxes and contributions** amount to RSD 8,854 thousand and predominantly refer to Zambia Engineering and Contracting Company Limited, in the amount of RSD 7,585 thousand and Energoprojekt Hidroinženjering in the amount of RSD 752 thousand.
- **Receivables for fringe benefits' returns** (sick leaves longer exceeding 30 days, maternity leave, etc.) in the amount of RSD 18,906 thousand relate primarily to Energoprojekt Energodata in the amount of RSD 4,478 thousand, Energoprojekt Visokogradnja in the amount of RSD 4,282 thousand, Energoprojekt Niskogradnja in the amount of RSD 2,904 thousand, Energoprojekt Entel in the amount of RSD 1,783 thousand and Energoplast RSD 1,732 thousand.
- **Receivables for damage compensation** in the amount of RSD 1,937 thousand entirely relate to Energoprojekt Visokogradnja, based on damage compensation from Eurologistic - project Z-089 Hospital Aktau, Kazakhstan: RSD 1,611 thousand.
- **Other short-term receivables** amounting to RSD 275,052 thousand relate, mainly, to the following companies of the system Energoprojekt:
 - Energoprojekt Niskogradnja in the amount of RSD 204,359 thousand mainly based on the receivables from Tax Administration for overpaid income tax in Peru: RSD 147,179 thousand and in Uganda: RSD 9,662 thousand (will be utilised in the future period for paying income taxes in Peru and Uganda), receivables from the tax administration for overpaid value added tax in Uganda: RSD 25,419 thousand and receivables from loans granted to partners in the consortium in Peru for payment of joint obligations (insurance costs, bank guarantees, lawyers' services, etc.): RSD 21,153 thousand; and
 - Energoprojekt Hidroinženjering, in the amount of RSD 61,535 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 (at the beginning of 2018, the Arbitration Panel made decision and it is expected positive outcome from disputes).

Decrease in other short-term receivables in reported period in comparison to the previous period as of 31 December, by RSD 40,533 thousand mainly came as result within Energoprojekt Niskogradnja, in the amount of RSD 27,641 thousand, based on decreased receivables for overpaid income tax in Peru and receivables for overpaid VAT in Uganda.

33. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Structure of financial assets at fair value through profit or loss	In RSD thousand	
	31.12.2018	31.12.2017
Shares	-	1,359
Bonds	-	326,940
TOTAL		328,299

Decrease in **financial assets at fair value through profit or loss** compared to the previous period was entered due to sale of the entire equity shares of Energoprojekt Garant (92.94%) by Energoprojekt Holding.

34. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short-term financial investments	In RSD thousand	
	31.12.2018	31.12.2017
Short-term loans and investments - other related companies	157,836	158,208
Short-term domestic credits and loans	17,807	48
Short-term international credits and loans		8,662
Portion of long-term financial investments with maturity date up to one year:	281	1,034
Other short-term financial investments:		
a) Short term deposits	1,198,255	1,479,390
b) Other short-term financial investments	63,517	2,872
<i>Total</i>	<i>1,261,772</i>	<i>1,482,262</i>
TOTAL	1,437,696	1,650,214

- **Short-term loans and investments - other related companies** in the amount of RSD 157,836 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 17,807 thousand relate predominantly to Energoprojekt Niskogradnja in RSD 17,729 thousand, based on the loan granted to the business partner for projects in Serbia. The loan was granted due to overcoming difficulties in current illiquidity. Principal and interest mature in 2019.

- **Short term deposits** in the amount of RSD 1,198,255 thousand mostly relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 1,189,127 thousand - deposits with foreign banks, within the companies: Energoprojekt Entel Qatar: RSD 996,168 thousand at interest rate from 1.25% to 1.75% p.a. (in QAR- Qatar Riyal), exclusively if a court dispute over unrecognized Head Office costs is settled in favor of Tax Administration in Qatar (Note 44.2 and Note 47) and Energo Consult LLC Abu Dhabi, UAE: RSD 192,959 thousand at interest rate from 0.80 % to 1.35% p.a (AED - Dirham), which are related to the Doha Bank Guarantee Framework, whereby the separation is only possible after the completion of work on the projects for which the guarantees were issued;

- Dom 12 S.A.L, Lebanon in the amount of RSD 8,163 thousand relate to the foreign currencies deposits in RUB with foreign commercial banks, at interest rate from 5.30% to 6.12%.

Decrease in short term deposits compared to previous year by RSD 281,135 thousand predominantly related to (Note 2).

- **Other short term financial investments** in the amount of RSD 63,517 thousand, relate, mainly, to Energoprojekt Niskogradnja in the amount of RSD 63,332 thousand, out of which the biggest share is placed deposit in the Bank of Peru (2,000 PEN) for issue of a bid guarantee for participation in tender in Peru: RSD 61,359 thousand and placed deposits for issuing licenses to persons who are not nationals of the Republic of Uganda in accordance with local regulations: RSD 1,937 thousand.

Decrease in short-term financial investments compared to previous year, by RSD 212,518 thousand, originated, on the one hand, from short-term time deposits due to sale of share equity of Energoprojekt Garant in the amount of RSD 295,094 thousand and, on the other hand, from increase in other long-term investments within Energoprojekt Niskogradnja in the amount of RSD 60,664 thousand for placed deposit in the bank in Peru for obtaining a performance guarantee.

35. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Securities-cash equivalents	-	41,970
Current (business) account	396,818	137,360
Earmarked cash and letters of credit	35	-
Petty cash	986	212
Foreign currency account	950,357	1,584,560
Letters of credit in foreign currencies		
Foreign currency petty cash	29,024	28,358
Other cash:		
a) Short term deposits	265,967	590,912
b) Other cash	1,031	34,395
<i>Total</i>	<i>266,998</i>	<i>625,307</i>
Value-impaired or restricted cash	432,703	535,991
TOTAL	<i>2,076,921</i>	<i>2,953,758</i>

- **Current (business) account** of the system Energoprojekt in the amount of RSD 396,818 thousand predominantly refer to the current accounts of the following companies of the Energoprojekt: Energoprojekt Oprema in the amount of RSD 137,757 thousand, Energoprojekt Niskogradnja in the amount of RSD 86,747 thousand, Energoprojekt Visokogradnja in the amount of RSD 45,860 thousand, Energoprojekt Holding in the amount of RSD 41,049 thousand and Energoprojekt Sunnyville in the amount of RSD 36,540 thousand.

- **Foreign currency account** in the amount of RSD 950,357 thousand predominantly refer to the foreign currency accounts of the following companies in the system Energoprojekt: Energoprojekt Entel in the amount of RSD 393,280 thousand, Energoprojekt Park 11 in the amount of RSD 202,563 thousand, Energoprojekt Hidroinženjering in the amount of RSD 109,798 thousand, Energoprojekt Visokogradnja in the amount of RSD 95,520 thousand and Energoprojekt Niskogradnja in the amount of RSD 48,128 thousand.

- **Foreign currency petty cash** in the amount of RSD 29,024 thousand primarily refer to Energoprojekt Visokogradnja in the amount of RSD 19,775 thousand, Energoprojekt Guinea in the amount of RSD 2,780 thousand, Energoprojekt Entel in the amount of RSD 2,770 thousand and Energoprojekt Hidroinženjering in the amount of RSD 1,440 thousand.

- **Short term deposits** in the amount of RSD 265,967 thousand predominantly recorded in Energoprojekt Holding in the amount of RSD 154,661 thousand (in the country, at Societe Generale Bank, Addiko Bank and Unicredit Bank), Energoprojekt Visokogradnji in the amount of RSD 68,120 thousand (abroad, project Z-107 Radiology Clinic Siktivkar, Russia) and Energoprojekt Industrija in the amount of RSD 43,186 thousand (in the country, at Unicredit Bank).

- **Value-impaired or restricted cash** in the amount of RSD 432,703 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 428,921 thousand (based on bank deposits serving as collaterals for obtaining overdraft loans for foreign company Energoprojekt Ghana Ltd., Akra, Ghana at Zenith Bank Ghana: RSD 351,062 thousand (USD 3,396 thousand), and UBA Bank of Ghana: RSD 77,859 thousand (USD 753 thousand); and

- - Energoprojekt Hidroinženjering in the amount of RSD 3,782 thousand, based on bank deposits serving as collateral for issuing guarantees for the project Ourkiss, Algeria. Funds will be available upon expiration of the overdraft agreement and upon release of bank guarantees.

Decrease in cash equivalents and cash in relation to the previous year by RSD 876,837 thousand is primarily the result of difficulties in collection of receivables and maintenance of current liquidity whereby the funds on foreign currency accounts were decreased by RSD 634,203 thousand (mostly in Energoprojekt Entel: RSD 472,752 thousand and in Energoprojekt Niskogradnja: RSD 206,972 thousand) and of short-term time deposits in the amount of RSD 324,945 thousand (mainly in Energoprojekt Visokogradnja: RSD 242,612 thousand and Energoprojekt Holding: RSD 86,643 thousand).

36. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME

36.1. Value Added Tax

Structure of VAT	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Value added tax	360,314	408,336
TOTAL	360,314	408,336

- **Value added tax** in the amount of RSD 360,314 thousand refer to the difference between calculated tax and input tax, and primarily in Energoprojekt Niskogradnja in the amount of RSD 171,202 thousand (mainly on the project Lajkovac -Ljig), in Energoprojekt Oprema in the amount of RSD 85,970 thousand (in the country: RSD 79,957 thousand; Belarus: RSD 5,911 thousand and Montenegro: RSD 102 thousand) and in Energoprojekt Visokogradnja in in the amount of RSD 57,830 thousand (in the country: 54,239 thousand and abroad: RSD 3,591 thousand).

Decrease in VAT compared to previous year by RSD 48,022 thousand is mainly the result of decrease in Energoprojekt Oprema in the amount of RSD 224,086 thousand (primarily, based on VAT collection in Belarus in the amount of RSD 256,728 thousand) and, of increase in Energoprojekt Niskogradnja in the amount of RSD 165,723 thousand (mainly on the project Lajkovac -Ljig).

36.2. Prepayments and Accrued Income and Deferred Expenses

Breakdown of prepayments and accrued income and deferred expenses	In RSD thousand	
	31.12.2018	31.12.2017
Prepayments:		
a) Prepaid subscriptions for professional publications	1,822	3,570
b) Prepaid rent	84,652	102,579
c) Prepaid insurance premiums	73,247	39,369
d) Prepaid advertizing and marketing expenses	15	15
e) Other prepaid expenses	173,701	36,419
<i>Total</i>	<i>333,437</i>	<i>181,952</i>
Receivables for accrued non-invoiced income:		
a) Receivables for accrued non-invoiced income - other related entities		
b) Receivables for accrued non-invoiced income - other legal entities	3,952,093	4,321,797
<i>Total</i>	<i>3,952,093</i>	<i>4,321,797</i>
Deferred costs from liabilities		
Other accruals		
a) Accrued value added tax	43,264	98,602
b) Other deferred expenses	535,396	555,130
<i>Total</i>	<i>578,660</i>	<i>653,732</i>
TOTAL	4,864,190	5,157,481

• **Prepaid rent** in the amount of RSD 84,652 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 71,553 thousand based on leasing of business premises and apartments for workers in companies abroad in Qatar: RSD 36,117 thousand, in UAE: RSD 30,826 thousand and in Oman: RSD 4,610 thousand (only leasing of apartments). Contractual agreements are multi-year lease agreements with payment of a full year rent in advance., payable on three-months base;
- Energoprojekt Niskogradnja in the amount of RSD 6,801 thousand, based on leasing quarries in Uganda: RSD 2,748 thousand and leasing of apartments for accommodation of workers in Uganda: RSD 3,632 thousand (multi-year lease agreements, for example, lease of quarry is on 5 years with payment of a full year rent in advance); and
- Energoprojekt Visokogradnja in the amount of RSD 6,298 thousand, based on leasing apartments for accommodation of workers, primarily in the company Energoprojekt Ghana Ltd., Accra, Ghana in the amount of RSD 6,116 thousand (one-year to two-years lease agreements with advance payment).

• **Other prepaid expenses** in the amount of RSD 173,701 thousand refer primarily to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 73,995 thousand, mainly for legal advisory and consultancy service costs incurred on the arbitration procedure filed against Gazprom Transgas, Belarus for the Energocenter Minsk project, Belarus: RSD 73,963 thousand;

- Energoprojekt Entel in the amount of RSD 47,082 thousand, mainly in the company Energoprojekt Entel LTD, Doha, Qatar: RSD 41,791 thousand for pre-paid rent-a-car costs;

- Energoprojekt Niskogradnja in the amount of RSD 41,737 thousand, mainly on pre-paid fees for arbitrator and lawyers engaged on arbitration: project Z-023 Pericos, Peru: RSD 14,013 thousand; costs for issuing bank guarantees: RSD 19,082 thousand (projects abroad: RSD 17,893 thousand and in the country: RSD 1,909 thousand) and bank charges for maintenance of the annual credit line in Uganda: RSD 3,786 thousand.

Increase in other prepaid expenses compared to the previous year by RSD 137,282 thousand, mostly relate to Energoprojekt Oprema in the amount of RSD 73,625 thousand (lawyers and consultants fees engaged on the project Energoconta Minsk, Belarus) and to Energoprojekt Entel in the amount RSD 46,942 thousand (mainly for pre-paid rent-a-cars in Qatar).

• **Receivables for accrued non-invoiced income – other legal entities** in the amount of RSD 3,952,093 thousand refer primarily to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 1,405,922 thousand, refer to:

– accrued non-invoiced income - project Energocontar Minsk, Belarus: RSD 1,375,896 thousand (Note 47) and;

– invoices issued in 2016, not certified by investor (while measurement book is certified by supervisor), for works carried out in 2015 on the project RTB Bor: RSD 30,026 thousand (arbitration proceeding is on-going with SNC Lavalin and International Project Services Ltd. - branch, Note 47).

Non-invoices income for project Energocontar Minsk, Belarus is the amount of equipment procurement costs (supplier's invoices) and direct attributable purchase costs from customs declaration following the import (transport), custom and freight costs.

For a long time, the investor of the project Construction of the Energocentre (multifunctional complex in Minsk), OAO "Gazprom Transgas Belarusia" (GTB), Minsk, disabled, by various activities, Energoprojekt Oprema, as the main contractor, to perform its works. Such behavior, in any way, was not connected with inadequate work of Energoprojekt Oprema, but it was the matter of Investor. Namely, works on the entire complex were suspended, including investment activities that were not contractual agreement of Energoprojekt Oprema. During August 2017, the GTB demanded for payment under guarantee the amount of USD 10.6 million.

The negotiation with the Investor, were conducted to find the outcome in that very difficult situation in Minsk. First of all, it was about, the payments for equipment that Energoprojekt Oprema, pursuant to the Contract and prior Investor approval, already acquired and delivered on the construction site. In the process of mediation, the final solution was not found, and therefore GTB terminated the contract and demanded for payment under guarantee the amount of USD 5.05 million. At the end of 2017, the Energoprojekt Oprema filed the arbitration request.

In April 2018, an arbitral award in favour of Energoprojekt Oprema was passed. Consequently, the Executive Board of Energoprojekt Holding made a decision to reverse the provision in the consolidated financial statements of Energoprojekt Holding for 2018. The provision had been entered in accordance with estimation of possible amount of accruals in the financial statements of Energoprojekt Oprema re. project Energocenter Minsk, Belarus in the amount of RSD 496,125 thousand (Note 21.1 and Note 38).

- Energoprojekt Niskogradnja in the amount of RSD 1,234,684 thousand, primarily in the country of RSD 929,319 thousand and in Uganda of RSD 164,880 thousand refer to the receivables from interim payment certificates for work completed in 2018 for the following projects:

- Lajkovac-Ljig: RSD 777,300 thousand;
- Landfill in Vinca: RSD 75,165 thousand;
- Ub - Lajkovac: RSD 67,617 thousand;
- Reconstruction of Karadjordjeva Street: RSD 9,027 thousand; and
- Z-027 Mpigi Kanoni Uganda: RSD 161,979 thousand.

- Energoprojekt Entel in the amount of RSD 513,011 thousand for works completed in 2018 and invoiced in 2019, abroad: RSD 393,193 thousand (in companies: Energoprojekt Entel LTD, Doha, Qatar: RSD 350,993 thousand and Energoconsult LLC, Abu UAE Dhabi: RSD 42,200 thousand) and in the country: RSD 119,818 thousand;

- Energoprojekt Holding in the amount of RSD 374,943 thousand relate to 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 311,915 thousand relate to the receivables for payment certificates submitted to the Investor for verification, but not verified before the balance sheet submission date:

- in the country: RSD 140,634 thousand on the project Prokop Railway Station: RSD 73,055 thousand and Chinese Cultural Center (works performed in December 2018): RSD 67,579 thousand and

- abroad: RSD 171,218 thousand, predominantly in the company Energoprojekt Ghana Ltd., Accra, Ghana: RSD 160,190 thousand for works from 2018, mostly on Law House Ghana projects: RSD 112,262 thousand, Ecobanka: RSD 15,721 thousand and Ernest Bediako: RSD 13,550 thousand.

- Mentionig other companies of system Energoprojekt, receivables for accrued non-invoiced income were recorded at Energoprojekt Hidroinženjering, in the amount of RSD 51,627 thousand, Energoprojekt Urbanizam i arhitektura in the amount of RSD 47,737 thousand, Energoprojekt Energodata in the amount of RSD 11,087 thousand and Energoprojekt Industrija in the amount of RSD 1,167 thousand.

Decrease in receivables for accrued non-invoiced income – other legal entities in relation to the previous year by RSD 369,704 thousand is primarily the result of decrease in Energoprojekt Niskogradnja in the amount of RSD 945,365 thousand (mostly on the projects: Z-027 Mpigi - Kanoni, Uganda, Z-034 Road Puerto Bermudez, Peru, Z-036 Streets in Kampala Kawempe-Lubaga, Uganda and Lajkovac - Ljig) and increase in Energoprojekt Entel in the amount of RSD 513,011 thousand (works performed in 2018 and invoiced in 2019).

- **Accrued Value Added Tax (VAT)** in the amount of RSD 43,264 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 Oprema in the amount of RSD 15,268 thousand (in the country), Energoprojekt Holding in the amount of RSD 11,429 thousand, Energoprojekt Visokogradnja in the amount of RSD 8,275 thousand and Energoprojekt Niskogradnja in the amount of RSD 8,088 thousand.

- **Other deferred expenses** in the amount of RSD 535,396 thousand predominantly refer to the following companies within system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 517,518 thousand. The investor Gazprom Transgas, Belarus of the project Energoentar Minsk, Belarus (Note 38) demanded for payment under guarantee the amount of USD 5.06 million at 10 November 2017; and

- Energoprojekt Holding in the amount of RSD 15,078 thousand, mainly for receivables from disputed works performed in 2017 by the company Ringier Axel Springer Ltd. in the amount of RSD 13,200 thousand (in April 2018 a claim was filed) (Note 47).

37. CAPITAL

Structure of capital	In RSD thousand	
	31.12.2018	31.12.2017
Equity capital – reduced for non-controlling interest in equity capital	5,818,025	5,818,157
Purchased own shares – <i>negative item of equity</i>	49,827	49,827
Reserves	453,585	454,450
Revaluation reserves from revaluation of intangibles and PPE	6,019,554	6,110,601
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>	266,806	114,424
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>	3,824	18,631
Retained earnings	7,176,001	6,881,068
Non-controlling interest - in equity capital	119,051	164,365
TOTAL	19,799,371	19,474,607

37.1. Equity Capital

Structure of equity capital where non-controlling interest is defined for equity capital items	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Share capital - total	5,675,177	5,724,580
Non-controlling interest - in share capital	(100,218)	(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	13,385	9,289
Non-controlling interest - in limited liability companies	(13,385)	(9,289)
<i>Total stakes in limited liability companies</i>		
Issuing premium	162,693	162,693
Other share capital - total	85,821	85,960
Other non-controlling interest	(5,448)	(5,455)
<i>Total other share capital</i>	<i>80,373</i>	<i>80,505</i>
TOTAL	5,818,025	5,818,157

- **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	<i>in RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Purchased own shares	49,827	49,827
TOTAL	49,827	49,827

Pursuant to the Decision by the Supervisory Board of Energoprojekt Holding to acquire own shares on a regulated market, made on 13 February 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	
	31.12.2018	31.12.2017
Legal reserves	217,943	218,856
Statutory and other reserves	235,642	235,594
TOTAL	453,585	454,450

- **Legal reserves** were formed in compliance with the Law on Enterprises that was in force until 30 November 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	
	31.12.2018	31.12.2017
Revaluation reserves from revaluation of property:		
a) Revaluation reserves from revaluation of property - Energoprojekt office building	3,052,146	3,043,172
b) Revaluation reserves from revaluation of other property	1,009,427	986,333
<i>Total</i>	<i>4,061,573</i>	<i>4,029,505</i>
Revaluation reserves from revaluation of investment property	1,809,053	1,927,920
Revaluation reserves from revaluation of plant and equipment	148,928	153,176
TOTAL	6,019,554	6,110,601

- **Revaluation reserves from revaluation of property** in the amount of RSD 4,061,573 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).

The revaluation reserves based on revaluation of property - Energoprojekt office building in the amount of RSD 3,052,146 thousand, relate to:

- the fair value booking effects of Energoprojekt office building as at 31 December 2018, in the amount of RSD 2,918,532 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 538,614 thousand.

The most significant amounts of revaluation reserves based on revaluation of other property in the amount of RSD 1,009,427 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja: RSD 346,077 thousand (a part of the “Cruz del Sur“ office building in Lima, Peru, business premises, Lima, Peru, residential building in Kampala, Uganda and other facilities in Serbia and Peru);
- Energoprojekt Visokogradnja: RSD 331,555 thousand (hotel Spintex in Akra, Ghana and buildings in Belgrade - in Vozdovac and in Stara Pazova);
- Energoprojekt Industrija: RSD 92,442 thousand (real estate of the affiliated company Energopet Ltd. (33.33%): RSD 80,231 thousand and solidarity apartments in Belgrade: RSD 12,211 thousand),
- Energo (Private) Limited, Zimbabwe: RSD 75,268 thousand (business and residential buildings in Harare, Zimbabwe); and
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 66,856 thousand (business and residential buildings in Lusaka, Zambia).

• **Revaluation reserves from revaluation of investment property** in the amount of RSD 1,809,053 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 789,320 thousand (business and residential facility in Zambia);
- Dom 12 S.A.L, Liban: RSD 540,422 thousand (office building in Moscow);
- I.N.E.C. Engineering Company Limited, Great Britain: RSD 159,854 thousand (office building in London);
- Energoprojekt Niskogradnja: RSD 144,624 (a part of the “Cruz del Sur“ office building in Peru); and
- Energoprojekt Visokogradnja: RSD 96,695 thousand (property in the country: in Belgrade and in Ub).

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

Structure of unrealized gains from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Unrealized gains on transaction of financial statements for international operations	266,806	114,424
TOTAL	266,806	114,424

• **Unrealized gains on transaction of financial statements for international operations** in the amount of RSD 266,806 thousand relate primarily to: Dom 12 S.A.L., Lebanon, Energoprojekt Entel, Energoprojekt Visokogradnja and Energoprojekt Oprema.

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>31.12.2018</i>	<i>31.12.2017</i>
Unrealized losses on securities available for sale	3,824	18,631
TOTAL	3,824	18,631

- **Unrealized losses on securities available for sale** in the amount of RSD 3,824 thousand, which predominantly relate to Energoprojekt Holding, 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>31.12.2018</i>	<i>31.12.2017</i>
Retained earnings from previous years:		
a) Balance as at 01 January	6,881,068	7,470,703
b) Changes	(480,992)	(1,113,636)
<i>Total</i>	6,400,076	6,357,067
Retained earnings from the current year	775,925	524,001
TOTAL	7,176,001	6,881,068

- Total change of **retained earnings** of the current year in the amount of RSD 294,933 thousand mainly came as a result of the net profit of the system Energoprojekt in the reporting period, in the amount of RSD 775,925 thousand, decreases based on: distribution of retained earnings (dividend payments in Energoprojekt Holding and Energoprojekt Entel) in the amount of RSD 285,451 thousand and sale of equity shares with Energoprojekt Garant in the amount of RSD 183,327 thousand.

37.8. Non-Controlling Interest

Non-controlling interest	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Non-controlling interest - in equity capital	119,051	164,365
TOTAL	119,051	164,365

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

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

Structure of non-controlling interest for total capital of the Companies with shares of minority shareholders	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Equity capital	5,937,076	5,982,522
Non-controlling interest - in equity capital	(119,051)	(164,365)
<i>Total equity capital</i>	<i>5,818,025</i>	<i>5,818,157</i>
Purchased own shares	49,827	49,827
Non-controlling interest - purchased own shares		
<i>Total purchased own shares</i>	<i>49,827</i>	<i>49,827</i>
Reserves	453,585	454,450
Non-controlling interest - in reserves	(21,284)	(21,277)
<i>Total reserves</i>	<i>432,301</i>	<i>433,173</i>
Revaluation reserves from revaluation of intangibles, property, plant and equipment	6,019,554	6,110,601
Non-controlling interest - in revaluation reserves	(299,555)	(291,606)
<i>Total revaluation reserves from revaluation of intangibles, property, plant and equipment</i>	<i>5,719,999</i>	<i>5,818,995</i>
Unrealized gains from securities and other components of other comprehensive result (credit balances under account class 33 except 330)	266,806	114,424
Non-controlling interest - in unrealized gains	(8,516)	(4,016)
<i>Total unrealized gains from securities and other components of other comprehensive result</i>	<i>258,290</i>	<i>110,408</i>
Unrealized losses from securities and other components of other comprehensive result (debit balances under account class 33 except 330)	3,824	18,631
Non-controlling interest - in unrealized losses	(28)	(8,650)
<i>Total unrealized losses from securities and other components of other comprehensive result</i>	<i>3,796</i>	<i>9,981</i>
Retained earnings from previous year	6,400,076	6,357,067
Non-controlling interest - in retained earnings from previous year	(630,838)	(748,959)
<i>Total retained earnings from previous year</i>	<i>5,769,238</i>	<i>5,608,108</i>
Retained earnings from current year	775,925	524,001
Non-controlling interest - in retained earnings from current year	(270,773)	45,471
<i>Total retained earnings from current year</i>	<i>505,152</i>	<i>569,472</i>
Total capital of the companies with shares of majority shareholders	18,449,382	18,298,505
Non-controlling interest - in total capital	(1,349,989)	(1,176,102)
TOTAL CAPITAL	19,799,371	19,474,607

The structure of participation without the right to control - in the retained earning of the current year by the companies in the Energoprojekt system is given in the following table.

The structure of participation without the right to control - in the retained earning (net result) of the current year by the companies	<i>% share of minority shareholders</i>	<i>in RSD thousand</i>	
		<i>31.12.2018</i>	<i>31.12.2017</i>
Energoprojekt Garant Plc	7.06%		1,517
Energoprojekt Entet Plc	13.74%	62,922	81,453
Energoprojekt Industrija Plc	37.23%	28,241	11,117
Energoprojekt Oprema Plc	32.13%	159,511	(153,263)
Energoplast Ltd	57.64%	20,099	13,705
TOTAL		270,773	(45,471)

38. LONG-TERM PROVISIONS

Structure of long-term provisions	<i>in RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Provisions for wages and other employee benefits	283,647	261,347
Provisions for warranty period costs	501,487	593,828
Other long-term provisions		535,331
TOTAL	785,134	1,390,506

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

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.

Decrease of the provision amount based on current retirement bonus values (by 4.31%) in the balance sheet as at 31 December 2018 in comparison to the retirement bonus values in the balance sheet as at 31 December 2017, 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 5.19%); 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 5.74% and reduction of average years spent with the Company by 3.06%).

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 long-term government bonds issued by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia, which were achieved in the relevant period. Annual yield on 10-years RSD securities issued on 10 July 2018 was 4.85%; while the annual yield on five-years RSD securities issued on 11 September 2018 was 3.74%. By extrapolating the yield curve for a longer period (since the maturity of the reference securities is shorter 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 2021, adopted by the Executive Board of the National Bank of Serbia, determines the target inflation rate (with permissible deviation) measured by annual percentage changes in the consumer price index, for the period from January 2019 to December 2021, in the amount of 3% with permissible deviation (positive and negative) of 1.5 percentage points.

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 501,487 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 487,888 thousand disclosed based on the provisions within Energoprojekt Entel LTD, Qatar based on project Phase 11, Phase 12 and Mega Reservoirs performed for Qatar General Electricity and Water Corporation KAHRAMAA: RSD 434,575 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 decrease in the said provisions in the amount of RSD 43,474 thousand, on the one hand came as result of abolishing of provision booked in the company Energoprojekt Entel LTD, Qatar for the project GTC 385, which was completed in the amount of RSD 62,107 thousand (Note 21.1) and on the other by the increase in relation to recording of FX loss, in the amount of RSD 18,633 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 11,826 thousand, based on remaining amount of

provision from 2017, for the project Power line Pančevo - Romanian border: RSD 9,794 thousand and from 2015 for projects Power line Beograd - Pančevo: RSD 1,104 thousand, Power line over the Danube: RSD 668 thousand and Prokop: RSD 260 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.

Compared to the previous year, a decrease in related provisions by RSD 5,477 thousand is the result of utilised provisions booked for projects: Power line Pančevo - Romanian border: RSD 3,166 thousand, Prokop: RSD 1,368 thousand, Power line Beograd - Pančevo: RSD 619 thousand and Power line over the Danube: RSD 324 thousand dinars.

- Energoprojekt Visokogradnja in the amount of RSD 1,773 thousand, based on the provision booked in 2018 for projects Z-105 Residential Building Tokio Siktivkar, Russia.

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.

Compared to the previous year, decrease in related provision by RSD 43,390 thousand is, on the one hand, the result of decrease from utilised provision in the amount of RSD 43,844 thousand (projects: Z-103 Talan Towers, Astana, Kazakhstan: RSD 30,925 thousand, Sunnyville: RSD 12,191 thousand and Z-096 Forte Bank, Astana: RSD 728 thousand) and abolishing of provisions for project Z-096 Forte Bank, Astana in the amount of RSD 1,319 thousand (Note 21.1) and, on the other hand, the result of increase in provision made for project Z-105 Residential Building Tokyo Siktivkar, Russia in the amount of RSD 1,773 thousand (Note 17).

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

Structure of provisions for warranty period costs	<i>In RSD thousand</i>
As of 01 January 2017	400,624
Additional provision booked	283,538
Utilized in the year	(7,544)
Abolishing of unused provision	(8,372)
FX differences	(74,418)
As of 01 January 2018	593,828
Additional provision booked (Note 17)	1,773
Utilized in the year	(49,321)
Abolishing of unused provision (Note 21.1)	(63,426)
FX differences	18,633
As of 31 December 2018	501,487

• Decrease in **other long-term provision**, compared to the previous year by RSD 535,311 thousand, related to:

- abolishing of the provision from 2017 due to estimate of possible amount of overestimated item of accruals shown in the financial statements of Energoprojekt Oprema in relation to the project Energocenter Minsk, Belarus of RSD 496,125 thousand. Related provision was abolished in accordance with the decision made by the Executive Board of Energoprojekt Holding in accordance with arbitration award in favour of Energoprojekt Oprema (Note 21.1); and

- decrease of other provisions of Energoprojekt Garant by RSD 39,206 thousand recorded in accordance with sale of Energoprojekt Garant equity shares (Note 2).

39. LONG-TERM LIABILITIES

Structure of long-term liabilities	<i>in RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Long-term credits and loans domestic	17,729	293,895
Long-term credits and loans foreign countries	200,062	191,792
Long term liabilities from financial leasing	10,498	28,310
Other long-term liabilities	18,164	11,724
TOTAL	246,453	525,721
Part of long-term liabilities with maturity date up to one year (Note 40.3.)	643,584	1,346,835

39.1. Long-Term Credits and Loans

Structure of long-term credits and loans	<i>in RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
In the country:		
a) Long-term loans granted by banks in the country:		
Jubmes banka	-	72,647
Eurobanka	17,729	221,248
<i>Total</i>	<i>17,729</i>	<i>293,895</i>
b) Long-term loans granted by other entities in the country		
<i>Total - loans domestic</i>	<i>17,729</i>	<i>293,895</i>
Abroad:		
Long-term loans granted by other entities abroad	200,062	191,792
<i>Total - loans abroad</i>	<i>200,062</i>	<i>191,792</i>
TOTAL	217,791	485,687

- **Long-term loans granted by banks in the country** in the amount of RSD 17,729 thousand entirely relate to Energoprojekt Visokogradnja (Eurobank).

Long-term loans granted by the domestic banks as at 31 December 2018 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.

Creditor	Interest rate	in RSD thousand			
		31.12.2018		31.12.2017	
		Long-term liability	Short-term liability	Long-term liability	Short-term liability
Energoprojekt Sunnyville:					
Erste banka	3m Euribor + 3.5% p.a.				800,219
<i>Total</i>		-	-	-	800,219
Energoprojekt Visokogradnja:					
Eurobanka	3M Euribor + 2.95% p.a.	17,729	202,999	221,248	95,667
Jubmes banka	3.5% p.a.		72,477	72,647	134,774
<i>Total</i>		17,729	275,476	293,895	230,441
Energoprojekt Niskogradnja:					
Komercijalna banka	1M Belibor + 1.20% p.a.				94,300
<i>Total</i>		-	-	-	94,300
TOTAL		17,729	275,476	293,895	1,124,960

Structure of long-term loans' maturity dates	in RSD thousand	
	31.12.2018	31.12.2017
1 to 2 years	17,729	293,895
2 to 5 years		
TOTAL	17,729	293,895

Structure of accounting liabilities for long-term loans granted to Company as per denomination currency	in RSD thousand	
	31.12.2018	31.12.2017
RSD		
EUR	17,729	293,895
TOTAL	17,729	293,895

- **Long-term loans granted by other entities abroad** in the amount of RSD 200,062 thousand relate to Energoprojekt Niskogradnja, based on liabilities towards associates engaged on the former SFRY Republics on the HPP Baniya 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	In RSD thousand	
	31.12.2018	31.12.2017
Financial leasing liabilities	10,498	28,310
TOTAL	10,498	28,310

- **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 10,498 thousand, the largest share in the amount of RSD 6,066 thousand relate to Energoprojekt Oprema and in the amount of RSD 2,663 thousand relate to Energoprojekt Niskogradnja.

Detailed information on total financial lease (long-term as well as short-term) liabilities of the companies to which related liability relate is presented in the following table.

Creditor	Currency	Outstanding debt in currency	Outstanding debt in RSD thousand	Repayment and maturity date	Annual interest rate
<i>Lease liabilities in the country:</i>					
Energoprojekt Oprema Plc.					
Sogelease Srbija Ltd.	EUR	52,022	6,149	Monthly until 15.05.2019, 15.05.2020 and 15.06.2022	from 2.27% to 5.07%
UKUPNO		52,022	6,149		
Energoprojekt Niskogradnja Plc					
Sogelease Srbija Ltd.	EUR	134,380	15,883	Monthly until 15.06.2020	6m Euribor + margin from 2.99% to 3.49%
UniCredit Leasing Srbija Ltd.	EUR	20,724	2,449	Monthly until 15.06.2020	Interest paid by supplier
TOTAL		155,104	18,332		

Financial lease liabilities by companies on which related liabilities mainly refer (Energoprojekt Oprema and Energoprojekt Niskogradnja) denominated in RSD as at 31 December 2018 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).

Creditor	<i>In RSD thousand</i>	
	<i>Long-term liability</i>	<i>Short-term liability</i>
Energoprojekt Oprema Plc.:		
Sogelease Srbija Ltd.	6,066	83
TOTAL	6,066	83
Energoprojekt Niskogradnja Plc.:		
Sogelease Srbija Ltd.	1,847	14,036
UniCredit Leasing Srbija Ltd.	816	1,633
TOTAL	2,663	15,669

39.3. Other Long-Term Liabilities

Structure of other long-term liabilities	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Other long-term liabilities	18,164	11,724
TOTAL	18,164	11,724

• **Other long-term liabilities** in the amount of RSD 18,164 thousand, mostly 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 liability for retained guarantee deposited money issued by the company Gemax Ltd in respect of project Railroad Pančevo;
- Energoprojekt Hidroinženjering in the amount of RSD 5,738 thousand entirely relates to acquired software (a three-years contract made with Microsoft where licenses become the property of the company at the end of repayment period), and
- Energoprojekt Visokogradnja in the amount of RSD 1,594 thousand relate to liability for retained guarantee deposited money issued by the company Laser Lux Ltd.: RSD 1,434 thousand on the project Navigator 2 Bussines Center and by companies Aning Ltd.: RSD 102 thousand and De Compani Ltd.: RSD 58 thousand on the project Chinese Cultural Center.

40. SHORT-TERM FINANCIAL LIABILITIES

Structure of short-term financial liabilities	In RSD thousand	
	31.12.2018	31.12.2017
Short-term credits and loans in the country	5,946,760	6,877,337
Short-term credits and loans abroad	757,440	1,134,797
Other short-term financial liabilities:		
a) Portion of long-term liabilities with maturity dates up to one year	643,584	1,346,835
b) Other short-term financial liabilities	286	216
Total	643,870	1,347,051
TOTAL	7,348,070	9,359,185

40.1. Short-Term Credits and Loans Domestic

Structure of short-term credits and loans in the country	In RSD thousand	
	31.12.2018	31.12.2017
Short-term loans granted by banks in the country:		
a) Loans in RSD	1,179,111	1,947,316
b) Loans with foreign currency clause	4,767,649	4,930,021
TOTAL	5,946,760	6,877,337

• **Short-term loans granted by banks in the country** in the amount of RSD 5,946,760 thousand relate to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 1,836,611 thousand, and specifically:

• Loans with foreign currency clause (in EUR) granted by Societe Generale Bank, Unicredit Bank, Komercijalna Banka and Addiko Bank, interest rate ranging from 3m Euribor +3.00% per annum to 2.80% per annum;

- Energoprojekt Visokogradnja in the amount of RSD 1,366,479 thousand, and specifically:

• RSD loans granted by Jubmes Banka in the amount of RSD 333,116 thousand; interest rates 6.00% per annum; and

• Loans with foreign currency clause (in EUR) granted by Unicredit bank, Addiko bank and Societe Generale Bank in the amount of RSD 1,033,363 thousand; interest rates ranging from 3m Euribor + 3% per annum to 3.10%;

- Energoprojekt Niskogradnja in the amount of RSD 1,684,056 thousand, namely:

• RSD loan granted by Societe General bank, Unicredit bank, Komercijalna banka and OTP Bank in the amount of RSD 845,995 thousand; interest rate 1m Belibor + 1,95% per annum and

- Loan with the foreign currency clause (in EUR) granted by Societe Generale Bank, UniCredit Bank, Komercijalna Bank, Halk Bank and Erste Bank in the amount of RSD 838,061 thousand, interest rate ranging from 2.5% p.a. to 3m Euribor + 3,31% per annum;

- Energoprojekt Holding in the amount of RSD 898,279 thousand, and specifically:

- Loan with foreign currency clause (in EUR) granted by Erste bank, Societe Generale Bank and Komercijalna Banka; interest rate ranging from 3m Euribor + 2.90% to 2.80% per annum;

- Energoprojekt Hidroinženjering in the amount of RSD 102,238 thousand, namely:

- Loans with FX clause (EUR) granted by the Societe Generale Bank and Addiko Bank, interest rate ranging from 3m Euribor + 3.10% to 2.80% per annum.

- Energoprojekt Energodata in the amount of RSD 59,097 thousand, namely:

- Loan with the foreign currency clause (in EUR) granted by Komercijalna Banka, 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	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
RSD	1,179,111	1,947,316
EUR	4,767,649	4,930,021
TOTAL	5,946,760	6,877,337

40.2. Short-Term Credits and Loans Foreign Countries

Structure of short-term credits and loans abroad	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Short-term loans granted by foreign banks	756,652	1,133,884
Short-term loans granted by other legal and physical persons abroad	788	913
TOTAL	757,440	1,134,797

- **Short-term loans granted by foreign banks** in the amount of RSD 756,652 thousand relate to Energoprojekt Niskogradnja in the amount of RSD 518,494 thousand (loans granted by the commercial banks in Peru and Uganda, as presented in the following table) and to Energoprojekt Visokogradnja in the amount of RSD 238,158 thousand (within Energoprojekt Ghana Ltd., Accra, Ghana, based on overdraft with banks).

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- overdraft	USD	552,947	57,169	31/03/2019	9.25%
Total Uganda		552,947	57,169		
Banco Pichincha, Peru	PEN	1,000,000	30,679	08/01/2019	6.70%
Banco Pichincha, Peru	PEN	950,000	29,145	16/01/2019	6.70%
Banco Pichincha, Peru	PEN	600,000	18,408	18/01/2019	6.70%
Banco Pichincha, Peru	PEN	1,000,000	30,679	22/01/2019	6.70%
Banco GNB, Peru	PEN	150,000	4,602	02/01/2019	6.90%
Banco GNB, Peru	PEN	300,000	9,204	04/01/2019	6.90%
Banco GNB, Peru	PEN	500,000	15,340	12/01/2019	6.90%
Banco GNB, Peru	PEN	1,200,000	36,815	14/01/2019	7.00%
Banco GNB, Peru	PEN	1,000,000	30,679	16/01/2019	6.90%
Banco GNB, Peru	PEN	500,000	15,340	16/01/2019	6.90%
Banco GNB, Peru	PEN	500,000	15,340	16/01/2019	6.90%
Banco GNB, Peru	PEN	600,000	18,407	19/01/2019	6.90%
Banco GNB, Peru	PEN	100,000	3,068	21/01/2019	7.00%
Banco GNB, Peru	PEN	500,000	15,340	23/01/2019	6.90%
Banco GNB, Peru	PEN	2,000,000	61,359	23/01/2019	6.90%
Banco GNB, Peru	PEN	700,000	21,475	23/01/2019	6.90%
Banco GNB, Peru	PEN	600,000	18,407	26/01/2019	6.90%
Banco GNB, Peru	PEN	350,000	10,738	28/01/2019	6.90%
Banco GNB, Peru	USD	75,000	7,754	10/01/2019	5.00%
Banco GNB, Peru	USD	100,000	10,339	11/01/2019	5.00%
Banco GNB, Peru	USD	30,000	3,102	12/01/2019	4.95%
Banco GNB, Peru	USD	30,000	3,102	16/01/2019	4.95%
Banco GNB, Peru	USD	30,000	3,102	16/01/2019	4.95%
Banco GNB, Peru	USD	150,000	15,508	17/01/2019	5.00%
Banco GNB, Peru	USD	50,000	5,170	19/01/2019	4.95%
Banco GNB, Peru	USD	100,000	10,339	21/01/2019	5.00%
Banco GNB, Peru	USD	80,000	8,271	21/01/2019	5.00%
Banco GNB, Peru	USD	15,000	1,551	23/01/2019	4.95%
Banco GNB, Peru	USD	28,000	2,895	26/01/2019	4.95%
Banco GNB, Peru	USD	20,000	2,068	26/01/2019	4.95%
Banco GNB, Peru	USD	30,000	3,102	28/01/2019	4.95%
Total Peru			461,325		
TOTAL			518,494		

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

40.3. Other Short-Term Financial Liabilities

Structure of other short-term financial liabilities	In RSD thousand	
	31.12.2018	31.12.2017
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	621,132	1,124,960
b) Financial lease liabilities with maturity date up to one year	18,161	55,705
c) Other long-term liabilities with maturity date up to one year	4,291	166,170
<i>Total</i>	<i>643,584</i>	<i>1,346,835</i>
Other short-term financial liabilities	286	216
TOTAL	643,870	1,347,051

• **Portion of long-term loans domestic and foreign with maturity date up to one year** in the amount of RSD 621,132 thousand relate to the following companies of the system Energoprojekt.

- Energoprojekt Sunnyville in the amount of RSD 345,656 thousand, which refers to loan with currency clause granted by Erste Bank, at the interest rate of 3m Euribor + 3.5% per annum; and

- Energoprojekt Visokogradnja in the amount of RSD 275,476 thousand, as presented in the following table.

Bank	Approval Date	Maturity Date	Currency	Approved amount in foreign currency	Outstanding balance in foreign currency	Outstanding balance in RSD thousand	Interest rate	Collateral
Jubmes banka	26.06.2016 29.06.2019	At the end of each Q	EUR	2,400,000	480,000	56,733	3.5 % p.a.	Promissory notes and securities of the companies: EP Holding, EP Niskogradnja, EP Oprema, EP Hidroinženjering, EP Energodata and EP Industrija
Jubmes banka	05.08.2016 05.08.2019	05.02.2019 05.05.2019 05.08.2019	EUR	444,000	133,200	15,744		
Eurobank	27.01.2017 27.01.2020	Monthly	EUR	3,000,000	1,717,500	202,999	3m Euribor + 2.95% p.a.	Promissory notes and securities of the companies: EP Holding, EP Niskogradnja and EP Oprema
TOTAL					2,330,700	275,476		

• **Financial lease liabilities with maturity dates up to one year** in the amount of RSD 18,161 thousand predominantly refer to Energoprojekt Niskogradnja in the amount of RSD 15,669 thousand (Note 39.2).

• **Other long-term liabilities with maturity dates up to one year** in the amount of RSD 4,291 thousand mostly refer to Energoprojekt Hidroinženjering for purchase of software in the amount of RSD 3,530 thousand (Note 39.3).

41. RECEIVED ADVANCES, DEPOSITS AND BONDS

Structure of received advances, deposits and bonds	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Advances received from other related companies	41,064	33,942
Advances received from other legal entities and physical bodies in the country	1,650,415	1,484,044
Advances received from other legal entities and physical bodies, abroad	214,692	872,408
Deposits received in the country and abroad	10,446	7,636
TOTAL	1,916,617	2,398,030

- **Advances received from other related companies** in the amount of RSD 41,064 thousand mainly relate to liabilities towards affiliated company Energo Nigeria Ltd., Lagos, Nigeria, recorded predominantly within Energoprojekt Oprema in the amount of RSD 40,060 thousand.

- **Advances received from other legal entities and physical bodies in the country** in the amount of RSD 1,650,415 thousand mostly relate to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 501,823 thousand from received advances from the investor, primarily on the following projects: Tramway on the Ada Bridge (Belgrade Land Development Public Agency): RSD 152,176 thousand, Reconstruction of Karađorđeva street (Belgrade City Administration): RSD 142,394 thousand, Landfill Vinca (Beo Clean Energy Ltd.): RSD 88,574 thousand and Ub-Lajkovac (China Shandong International E & T Branch Belgrade): RSD 75,619 thousand;

- Energoprojekt Visokogradnja in the amount of RSD 275,941 thousand, mainly for advances received from investor for the projects Chinese Cultural Center: RSD 275,747 thousand (Empiret Ltd.);

- Energoprojekt Oprema in the amount of RSD 181,809 thousand mainly for the advances received from investors for projects Ada Mall: RSD 92,393 thousand (Gradina Ltd.) and Kolubara Landfill (PC Elektroprivreda Srbije): RSD 63,959 thousand; and

- Energoprojekt Park 11 in the amount of RSD 511,961 thousand, from received advances from sale of real estate within residential-business complex "Park 11" in Block 11, New Belgrade.

Increase in liabilities arising from advances received from other legal entities and physical bodies in the country, compared to the previous year by RSD 166,371 thousand, mainly is the result, on the one hand, of increase in Energoprojekt Park 11 in the amount of RSD 511,961 thousand (received advance payments from sale of real estate) and, on the other hand, of decrease from documenting advance by performed works in current period in Energoprojekt Visokogradnja in the amount of RSD 248,097 thousand (Belgrade Waterfront and Chinese Cultural Center) and in Energoprojekt Oprema in the amount of RSD 198,445 thousand (Ada Mall and Kolubara Landfill projects).

- **Advances received from other legal entities and physical bodies, abroad** in the amount of RSD 214,692 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Visokogradnja in the amount of RSD 77,872 thousand mostly for advances received in the Energoprojekt Ghana Ltd., Accra, Ghana: RSD 64,086 thousand, mainly from investor Ernest Chemist Limited in the amount of RSD 57,913 thousand on Ernest Pharmaceutical Plant projects: RSD

49,670 thousand and Ernest Bediako Residence: RSD 8,243 thousand;

- Energoprojekt Hidroinženjering in the amount of RSD 53,084 thousand, mostly on projects in Algeria in the amount of RSD 35,120 thousand;

- Energoprojekt Niskogradnja in the amount of RSD 43,594 thousand for advances received in Peru on projects: Z-039 Channel Via Cienguillo: RSD 31,138 thousand (Consortio Primavera) and Z-034 Road Puerto Bermudez, Peru: RSD 12,456 thousand (Consortio Vial San Alejandro); and

- Energoprojekt Entel in the amount of RSD 33,552 thousand in UAE, for projects with Dubai Electricity and Water Authority "Dewa".

Decrease in liabilities arising from advances received from other legal entities and physical bodies, abroad, compared to the previous year, by RSD 657,716 thousand refers, on the one hand, to documented advances for works performed in the current period in Energoprojekt Niskogradnja in the amount of RSD 697,977 thousand dinars (primarily on projects: Z-034 Road Puerto Bermudez, Peru: RSD 529,980 thousand and Z-036 Streets in Kampala Kawempe Lubaga, Uganda: RSD 108.540 thousand) and, on the other hand, to increase in received advances in Energoprojekt Visokogradnja in the amount of RSD 40,913 thousand (mostly in Ghana on project Z-108 Narhoz, Kazakhstan) and in Energoprojekt Entel in the amount of RSD 32,636 thousand.

- **Deposits received in the country and abroad** in the amount of RSD 10,446 thousand relate to Zambia Engineering and Constructing Company Limited, Zambia, for rental deposits received (for office and residential space) in the amount of RSD 4,401 thousand, Energoprojekt Niskogradnja for rental deposits received for apartments in the building Cruz del Sur in Peru in the amount of RSD 2,586 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 2,007 thousand.

42. OPERATING LIABILITIES

Structure of operating liabilities	In RSD thousand	
	31.12.2018	31.12.2017
Suppliers - other related parties, in the country	151,071	
Suppliers - other related parties, abroad	5,807	5,820
Suppliers in the country	3,360,287	2,721,775
Suppliers, abroad	1,446,832	1,516,640
Other operating liabilities	8,567	13,302
TOTAL	4,972,564	4,257,537

- **Suppliers – other related parties, in the country** in the amount of RSD 151,071 thousand entirely relate to the liabilities of the Energoprojekt Visokogradnja towards company Napred Plc., Belgrade.

- **Suppliers – other affiliated companies, abroad** in the amount of RSD 5,807 thousand entirely relate to the liabilities of the Energoprojekt Oprema towards affiliated company Energo Nigeria Ltd., Lagos, Nigeria.

- **Suppliers, in the country** in the amount of RSD 3,360,287 thousand relate mainly to Energoprojekt Niskogradnja in the amount of RSD 1,860,531 thousand, to Energoprojekt Visokogradnja in the amount of RSD 698,354 thousand and to Energoprojekt Oprema in the amount of RSD 663,321 thousand.

Suppliers, in the country - 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>31.12.2018</i>	<i>31.12.2017</i>
<i>Energoprojekt Niskogradnja:</i>		
Nukleus Ltd.	952,474	820,878
Geosonda Fundiranje Plc.	163,027	73,830
Lafarge Ltd.	107,683	128,766
Ogranak Colas Rail SA Beograd	43,278	-
Evrogradnja Ltd.	37,419	49,134
Metalfer Ltd.	31,192	19,410
NIS Gasprom Neft	28,747	7,177
OMV Srbija Ltd.	27,634	-
Other	469,077	439,575
Total	1,860,531	1,538,770
<i>Energoprojekt Visokogradnja:</i>		
Metalfer Steel Mill Ltd.	113,115	357
Euro Bravo Ltd.	108,773	120,701
DOO Gradnja Radosavljević Ćuprija	29,005	1,533
Artinvest Ltd.	22,503	42,470
Crna Trava Gradnja Ltd.	15,614	30,061
Normativ MR Ltd.	14,693	17,398
Nukleus Ltd.	10,925	32,299
Opreming Ltd.	7,158	35,766
Other	376,568	332,156
Total	698,354	612,741
<i>Energoprojekt Oprema:</i>		
GP Planum Plc.	138,298	39,670
Grappa Ltd.	56,492	-
ABB Ltd.	46,252	-
Termo TIM Ltd.	31,976	-
Energotehnika - Južna Bačka, Novi Sad Ltd.	27,676	89,379
Selbi Lighting Ltd.	27,258	-
Legas Group Ltd.	26,451	54,313
Other	308,918	313,996
Total	663,321	497,358

Increase in liabilities to suppliers in the country compared to the previous year by RSD 638,512 thousand mainly refers to Energoprojekt Niskogradnja: RSD 321,761 thousand (to subcontractors, primarily based on increase in retained guarantee deposit from invoiced works performed by suppliers in 2018 on projects: Lajkovac - Ljig, Ub - Lajkovac, Bridge at Ada and Brana Stubno Rovni), to Energoprojekt Oprema: RSD 165,963 thousand (primarily on projects: Ada Mall and Kolubara Landfill) and to Energoprojekt Visokogradnja: RSD 85,613 thousand (mainly on projects: Navigator 2 Bussines Center and Chinese Cultural Center).

• **Suppliers, abroad** in the amount of RSD 1,446,832 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 589,638 thousand (primary within company Energoprojekt Entel LTD, Doha, Qatar: RSD 464,716 thousand, Energoprojekt Entel LLC Oman, Oman: RSD 56,784 thousand and Energo Consult LLC Abu Dhabi, UAE: RSD 52,136 thousand);

- Energoprojekt Niskogradnja in the amount of RSD 403,987 thousand (mainly in Uganda: RSD 240,136 thousand and in Peru: RSD 160,922 thousand);

- Energoprojekt Visokogradnja in the amount of RSD 204,396 thousand (mainly, in Energoprojekt Ghana Ltd., Accra, Ghana: RSD 150,277 thousand and on projects Z-105 Residential Building Tokyo Siktivkar; Russia: RSD 23,097 thousand, Topionica Bor, Serbia: RSD 6,004 thousand, Navigator 2 Bussines Center, Serbia: RSD 5,400 thousand and Z-107 Radiology Clinic Siktivkar; Russia: RSD 5,404 thousand); and

- Energoprojekt Oprema in the amount of RSD 130,945 thousand (on projects abroad: RSD 71,461 thousand and in the country: RSD 59,484 thousand).

Decrease in liabilities to suppliers abroad, compared to the previous year, by RSD 69,808 thousand is the result of, primary of decrease in Energoprojekt Visokogradnja: RSD 166,642 thousand (completion of works on projects: Z-103 Talan Towers Astana, Kazakhstan and Z-085 Business Building Uhta, Russia) and in Energoprojekt Niskogradnja: RSD 75,357 thousand (primary, in Peru: RSD 64,131 thousand) and, of increase in Energoplast: RSD 96,423 thousand (it was agreed with the largest buyer to purchase material for his needs for entire 2019) and in Energoprojekt Oprema: RSD 64,184 thousand (projects in country and abroad).

• **Other operating liabilities** in the amount of RSD 8,567 thousand primarily refer to Energoprojekt Niskogradnja in the amount of RSD 7,519 thousand, from issued checks to suppliers in Peru in behalf of settlement of liabilities, which ended on 31 December 2018 were not realized.

43. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Liabilities from special transactions - other legal entities		
Liabilities for wages, fringe benefits and compensations	810,849	823,230
Other liabilities:		
a) Liabilities for interest and financing costs	8,894	17,023
b) Liabilities for dividends	135,375	147,452
c) Liabilities to employees	47,531	39,407
d) Liabilities to General Manager, or to management and Supervisory Board members	3,181	3,882
e) Liabilities to physical persons for contractual compensations	5,140	4,682
f) Liabilities for short-term provisions		
g) Other various liabilities	31,282	35,158
<i>Total</i>	<i>231,403</i>	<i>247,604</i>
TOTAL	<i>1,042,252</i>	<i>1,070,834</i>

- **Liabilities for wages, fringe benefits and compensations** in the amount of RSD 810,849 thousand (liabilities for net salaries and fringe benefits, taxes and contributions, etc.) relate predominantly to Energoprojekt Entel in the amount of RSD 409,591 thousand (abroad: RSD 368,507 thousand, in the country: RSD 41,084 thousand), Energoprojekt Visokogradnja in the amount of RSD 105,720 thousand (abroad: RSD 39,972 thousand, in the country: RSD 65,748 thousand), Energoprojekt Niskogradnja in the amount of RSD 115,918 thousand (abroad: RSD 62,773 thousand, in the country: RSD 53,145 thousand), Energoprojekt Hidroinženjering in the amount of RSD 69,698 thousand (abroad: RSD 50,308 thousand, in the country: RSD 19,390 thousand), Energoprojekt Oprema in the amount of RSD 32,756 thousand (in the country: RSD 32,010 thousand, abroad: RSD 746 thousand) and to Energoprojekt Energodata in the amount of RSD 20,536 thousand (in the country).

- **Liabilities for dividends** in the amount of RSD 135,375 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoplast in the amount of RSD 91,639 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 73,639 thousand and from 2017 (retained earnings as of 2016 year) in the amount of RSD 18,000 thousand; and

- Energoprojekt Holding in the amount of RSD 27,439 thousand, Energoprojekt Entel in the amount of RSD 9,738 thousand and Energoprojekt Opremu in the amount of RSD 6,269 thousand due to unresolved property-legal relations (probate proceedings, etc.) and unopened accounts (by shareholders).

- **Other various liabilities** in the amount of RSD 31,282 thousand relate primarily to Energoprojekt Niskogradnja in the amount of RSD 14,293 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 12,485 thousand (withholding from salaries for Union fee, 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

Liabilities for value added tax	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Liabilities for value added tax	198,398	471,582
TOTAL	198,398	471,582

• **Liabilities for value added tax** in the amount of RSD 198,398 thousand relate to the difference between the calculated tax and input tax, primarily in Energoprojekt Visokogradnja in the amount of RSD 123,667 thousand (mainly within Energoprojekt Ghana Ltd., Accra: RSD 110,640 thousand), Energoprojekt Park 11 in the amount of RSD 21,217 thousand and in Energoprojekt Entel in the amount of RSD 17,051 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>31.12.2018</i>	<i>31.12.2017</i>
Liabilities for income tax	680,961	614,501
Liabilities for other taxes, contributions and fees payable	55,567	54,774
TOTAL	736,528	669,275

• **Liabilities for income tax** in the amount of RSD 680,961 thousand primarily refer to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 613,436 thousand primary relate to Energoprojekt Entel LTD, Doha, Qatar, based on the liabilities disclosed in 2011 for the expenses of the Head Office or for the Energoprojekt Entel for the period of 3 years (for 2008, 2009 and 2010) by the local Tax Administration in the amount of RSD 593,914 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 (Note 34 and Note 47); and

- Energoprojekt Holding in the amount of RSD 45,113 thousand - estimated income tax liability for 2018 (not real duty from the tax return), which is not bring into balance with overpaid income tax shown within the item- Receivables for overpaid income tax.

• **Liabilities for other taxes, contributions and fees payable** in the amount of RSD 55,567 thousand relate primarily to the Energoprojekt Niskogradnja in the amount of RSD 41,383 thousand, mostly for income tax based on tax return for December 2018 in Peru: RSD 36,889 thousand (liabilities were settled in due time, in January 2019).

44.3. Accrued Expenses and Deferred Income

Liabilities for accrued expenses and deferred income	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Accrued expenses:		
a) Accrued expenses - other related companies	-	15,749
b) Accrued expenses - other legal entities	647,191	1,147,192
<i>Total</i>	<i>647,191</i>	<i>1,162,941</i>
Deferred income - other legal entities	439,796	145,606
Other accruals	139,893	316,780
TOTAL	<i>1,226,880</i>	<i>1,625,327</i>

• **Accrued expenses - other legal entities** in the amount of RSD 647,191 thousand relate, mainly, to the following companies of the system Energoprojekt:

- Energoprojekt Niskogradnja in the amount of RSD 531,548 thousand, with no invoices received as at 31 December 2018 (cost calculation performed, mainly, based on invoices received in 2019 (for 2018), as well as valuation costs by experts for projects in the country and abroad, based on appropriate records: construction log, surveying, subcontractors demands for interim (payment) certificate verification, etc.), mostly related to:

- Calculated costs in the country: RSD 387,329 thousand entirely related to costs computed in 2018, mostly on projects: Lajkovac - Ljig: RSD 313,483 thousand (primary, subcontracting services: RSD 312,382 thousand), Ub -Lajkovac (Section IV): 62,324 thousand (subcontracting services: RSD 60,481 thousand and insurance of works: RSD 1,843 thousand) and Reconstruction of Karađorđeva Street: RSD 8,395 thousand (subcontracting services);
- Calculated costs in Peru: RSD 56,210 thousand, mainly on projects: Z-034 Road Puerto - Bermudez, Peru: RSD 40,526 thousand (subcontracting services for 2018: RSD 27,012 thousand and administrative costs of the consortium - part of the contractual obligation: RSD 9,081 thousand), Z-023 Pericos, Peru: RSD 11,751 thousand dinars (insurance of works and property) and Z-014 Yanacocha, Peru: RSD 2,049 thousand dinars (lawyer fees);
- Calculated costs in Uganda: RSD 37,743 thousand, on projects Z-027 Mpigi - Kanoni, Uganda: RSD 22,816 thousand (mainly subcontracting services for 2018: RSD 22,533 thousand) and Z-036 Streets in Kampala, Uganda: RSD 14,927 thousand (mainly lease of machinery: RSD 13,966 thousand); and
- Calculated costs for long-term liabilities interests towards other legal entities for project HE Baniya II, Guinea: RSD 53,266 thousand (Note 39.1);

- Energoprojekt Hidroinženjering in the amount of RSD 51,732 thousand relating to calculated costs of subcontracting services: RSD 43,626 thousand (primarily on projects: Rekouche, Algeria: RSD 8,123 thousand, Yaraskay, Peru: RSD 8,302 thousand, 65 dams Algeria: RSD 6,811 thousand, Sidi Naser, Algeria: RSD 2,867 thousand and Mačva: RSD 3,040 thousand) and provisions for penalties on the Tabeggart project, Algeria: RSD 8,106 thousand;

- Energoprojekt Visokogradnja in the amount of RSD 26,020 thousand relating to calculated costs abroad: RSD 22,820 thousand, mainly for the projects: Z-096 Forte Bank, Astana, Kazakhstan: RSD 17,605 thousand and Z-105 Residential building Tokyo Siktivkar, Russia: RSD 2,451 thousand, in the company Energoprojekt Ghana Ltd., Akra, Ghana: RSD 2,314 thousand, and calculated costs in the country: RSD 3,200 thousand.

- Energoprojekt Oprema in the amount of RSD 19,851 thousand, for calculated costs for project RTB Bor: RSD 15,761 thousand and interest costs accrued on loans: RSD 4,090 thousand.

Decrease in accrued expenses - other legal entities, compared to the previous year, by RSD 500,001 thousand, primarily relate to Energoprojekt Niskogradnja in the amount of RSD 205,106 thousand (primarily on the project Lajkovac-Ljig), Energoprojekt Oprema in the amount of RSD 152,787 thousand (primarily on projects Belgrade Waterfront and Kolubara Landfill) and to Energoprojekt Visokogradnja in the amount of RSD 125,684 thousand (primarily on the project Z-103 Talan Towers, Astana, Kazakhstan and in the company Energoprojekt Ghana Ltd., Akra, Ghana).

• **Deferred income - other legal entities** in the amount of RSD 439,796 thousand, mainly were recorded in accordance with verified in advance interim certificate by investor for works that were not completed in 2018, and mostly relate to the following companies of the system Energoprojekt:

- Energoprojekt Oprema in the amount of RSD 369,612 thousand in the country, on the project Ada Mall (predominantly increased related item in comparison with 2017); and

- Energoprojekt Visokogradnja in the amount of RSD 68,200 thousand in the country on the project Chinese Cultural Center: RSD 66,268 thousand and abroad on the project Z-107 Radiology Clinic Siktivkar, Russia: RSD 1,932 thousand.

• **Other accruals** in the amount of RSD 139,893 thousand relate predominantly to the following companies of the system Energoprojekt:

- Energoprojekt Entel in the amount of RSD 71,370 thousand, mainly for liability to the subcontractor for the retention - Project Mega Reservoir at Energoprojekt Entel LTD, Doha, Qatar: RSD 71,053 thousand. The retention will be closed after collection of receivable for guaranteed deposit issued by investor Qatar General Electricity & Water Corporation "Kahramaa";

- Energoprojekt Niskogradnja in the amount of RSD 48,605 thousand, primarily based on accrued liabilities for VAT in Uganda: RSD 43,228 thousand and in the country: RSD 5,123 thousand (settled in the legal frae terms); and

- Energoprojekt Oprema in the amount of RSD 10,605 thousand, based on accrued liabilities for VAT, which is settled in January 2019.

Decrease in other accruals compared to the previous year by RSD 176,887 thousand mainly refers to Energoprojekt Garant: RSD 114,384 thousand (the company was sold in 2018) and to less deferred amount of VAT within system Energoprojekt.

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.

Structure of off balance sheet assets and liabilities	<i>In RSD thousand</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>
Issued and received guarantees and letters of credits	13,274,316	13,822,084
Construction land use rights	2,950,032	4,511,541
Other off balance sheet assets/liabilities	229,890	229,194
TOTAL	16,454,238	18,562,819

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 m2, located on cadastral parcels number 65582, 65583, 65584, 65585, 65586, 65587, 65588, 65589 and 65590 with area of 10,736 m2, in Doha - Qatar, Zone 44, East Al Naija, Al Mumtaza Street Doha Qatar, registered owner is a local private individual. The owner has mortgaged the property in the "Doha Bank" as collateral for performance guarantees for Energoprojekt Entel LTD., 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 1,446,223 thousand (USD 13,988,134), 112% of the total appraised value of property mortgaged. The registration of mortgage in excess of estimated property value was proposed by the Bank explaining the need to achieve greater coverage in the financial system which allows the bank to reduce the required reserves, placing funds in a higher amount and offering more favorable conditions. The Bank's proposal is based on a projection of increase in value of real estate in 2019. Appraisal for which the mortgage was constituted in favor of Scotiabank was made by the appraiser "PROVALUA S.A." (authorized by the competent authority of the Superintendencia de Banca y Seguros of the Republic of Peru, according to Confirmation No. 1079-99), which was hired by the company.
- in order to secure a credit line granted by the Banco Pichincha Peru (former Banco Financiero Peru), property was mortgaged for the amount of RSD 258,473 thousand which is 23% of the total appraised value of the property mortgaged which guarantees a credit line in the amount of USD 2.500.000. The value assessment was performed by an external independent qualified appraiser "PROVALUA S.A".

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
Mortgage 1- Sotiabank, Peru				
Land - Camp Primavera, Sullana, Peru	95,907.47	29,479	5,090,022	526,254
Office space 16-18 th floors, Lima, Peru	427.73	85,265	824,704	85,266
Building Cruz Del Sur, Lima, Peru	4,295.38	685,107	6,626,483	685,107
<i>Total (100%)</i>		799,851	12,541,209	1,296,627
Total (112%)			13,988,134	1,446,223
Mortgage 2 -Banco Financiero, Peru				
Land - Santa Clara, Peru	23,009.70	40,874	10,676,862	1,103,873
<i>Total (100%)</i>		40,874	10,676,862	1,103,873
Total (23%)			2,500,000	258,473

- 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. 11 of the Loan Agreement No. 367, in the amount of RSD 16,252 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 Juriša 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. 7 of the Agreement on Rescheduling of Approved Loan pursuant to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 141,584 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 Juriša 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 31 December 2018, 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 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	2019	Unfounded, according to the Decision of the Court of first instance, the application was rejected; Court Decision on Plaintiffs' appeal is pending. Second instance proceeding
3.	Rajko Ljubojević	EP Holding Plc.	Land expropriation from 1957	RSD 32.370.000,00	High court in Belgrade	2019	The first instance court accepted the claim. Against the judgment we appealed. The second instance
4.	Kovacevic Pavle, Radmila and Milan	EP Holding Plc. and others	Compensation for expropriated land (in Block 26)	Uncertain	Municipality of Novi Beograd	Uncertain	The first instance decision of the administrative authority rejected the applicants' request, The second instance
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	2019	Claim is grounded; first-instance court accepted the claim; in appeal Respondents Second instance proceeding
6.	Goran Rakic	EP Holding Plc. and Kompresor automobili Ltd.	Ownership title to be determined	Ungrounded	Higher court in Belgrade	2019	Decision was adopted bringing the claim to be revoked. First instance proceedings
7.	Radovanac Aleksandar and Nenad	EP Holding Plc. and others	Eviction from barracks in Visnjicka Banja	Ungrounded	Higher court in Belgrade	2019	Ungrounded in relation to EP Holding First instance proceedings

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
8.	Marko Martinoli, Activist Ltd. Activeast ltd.	Montinvest properties Ltd., Napred razvoj Plc., Dobroslav Bojović, EP Holding Plc.	Forced purchase of EP Entel shares	RSD 176,744,730.15	Commercial Court in Belgrade	2019	Ungrounded for EP Holding First instance proceedings
9.	Nikola Malbaša, Marko Martinoli and 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 First instance proceedings
10.	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	Ungrounded	Court of City of Budapest, Commercial Department	2019	Our revision against lower court verdicts has been adopted, earlier decisions were abolished and the case was returned for re-trial. First instance procedure.
11.	Republic of Serbia	EP Holding Plc.	Denouncing the decision of the Shareholders Assembly dated 12.12.2017, with a proposal for provisional measure	Without any value	Commercial Court in Belgrade	2019	First instance court refused the claim. Second instance proceedings.

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
12.	EP Holding Plc.	RS Securities Commission	Annulment of the Commission's temporary decision whereby to the company is denied right to vote in Energoprojekt Oprema Plc.	Without any value	Administrative court	2019	Uncertain. Administrative proceeding.
13.	EP Holding Plc.	RS Securities Commission	Annulment of the Commission's temporary decision whereby to the company is denied right to vote in Energoprojekt Industrija Plc.	Without any value	Administrative court	2019	Uncertain. Administrative proceeding.
14.	EP Holding Plc.	RS Securities Commission	Annulment of the Commission's final decision whereby to the company is denied right to vote in Energoprojekt Oprema Plc.	Without any value	Administrative court	2019	Uncertain. Administrative proceeding.
15.	EP Holding Plc.	RS Securities Commission	Annulment of the Commission's final decision whereby to the company is denied right to vote in Energoprojekt Industrija Plc.	Without any value	Administrative court	2019	Uncertain. Administrative proceeding.
16.	Edmond Gašpar Gojko Babić Petar Rajačić	EP Holding Plc. Napred razvoj Plc.	Forced purchase of shares of Energoprojekt Industrija Plc.	RSD 9,193,106.10	Commercial Court in Belgrade	2019	Ungrounded in relation to EP Holding Plc. First instance procedure.
17.	Ep Oprema Plc.	EP Holding Plc.	Determining ownership rights on 261 shares of Beogradsko Mesovito Preduzece Plc.	RSD 188,509,809.00	Commercial Court in Belgrade	2019	In the meantime, out-of-court settlement was concluded, and it is expected that prosecutor withdraw lawsuit.

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
18.	Ep Holding Plc.	RS Securities Commission	Annulment of the Commission's final decision, whereby it was interrupted proceedings to decide on the request for publication of the takeover bid Energoprojekt Entel Plc.	Without any value	Administrative court	2019	Uncertain. Administrative proceeding.
19.	Zoran Petrović	Ep Holding Plc.	Annulment of the decision on termination of employment service contract	Ungrounded	3rd Basic Court in Belgrade	2019	Uncertain First instance proceedings.
20.	Zoran Petrović	Ep Holding Plc.	Compensation for damages	RSD 900,000.00	Higher court in Belgrade	2019	Uncertain First instance proceedings.
21.	Ep Holding Plc.	Ringier Axel Springer Ltd. Belgrade	Determination of nullity of the contract and return of paid advance	RSD 18,000,000.00	Commercial Court in Belgrade	Uncertain	Uncertain First instance proceedings.
22.	Alco Investment Holding LTD, Cyprus	Genesis capital, GP Napred Plc. and EP Holding Plc.	Nullification of Annex no. 1a of the Agreement on joint construction (block 26)	Without any value	Commercial Court in Belgrade	Uncertain	Ungrounded in relation to EP Holding Plc. First instance proceedings
23.	Ep Visokogradnja Plc.	Promex TV Zvornik	Debt	RSD 667,104.25	Commercial Court in Belgrade	Completed court case	Final judgment approved the claim. The forced collection must be carried out in Bosnia and Herzegovina
24.	Milan Branković	EP Visokogradnja Plc.	Annulment of a temporary employment contract		1st Basic Court in Belgrade	Uncertain	Ungrounded, proceedings suspended until completion of lawsuit no, 17.P1.11640/10 of the same prosecutor against Enjub Ltd.
25.	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

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
26.	Đorđe Mikša	EP Visokogradnja Plc.	Contractual fine payment	RSD 512,000.00	3rd Basic Court in Belgrade	2019	Uncertain. Adopted our appeal and the case was returned to first instance procedure
27.	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
28.	EP Visokogradnja Plc.	Beton gradnja Ltd.	Debt	RSD 271,813.90	Commercial Court in Belgrade	2019	Grounded First-instance proceeding
29.	EP Visokogradnja Plc.	Veso Romić	Unfounded acquisition	RSD 35,301,780.00	Commercial Court in Belgrade	Completed	Grounded In the process of forced execution
30.	EP Visokogradnja Plc.	JP Železnice, Beočvor	Debt (Prokop)	RSD 290,385,390.00	Commercial Court in Belgrade	2019	Grounded; proceedings suspended.
31.	EP Visokogradnja Plc.	Grad Beograd, BG Hala Ltd.	Debt (Arena)	RSD 208,000,245.40 Adopted in court: RSD 34,115,606.10 in behalf of principal debt	Commercial Court in Belgrade	2019	The claim of Hala BG Ltd was adopted by final judgment Our revision was adopted and the case for remaining amount of debt was returned for re-trial. First instance proceedings
32.	EP Visokogradnja Plc.	JP Železnice, Beočvor	Debt (Prokop)	RSD 153,674,990.16	Commercial Court in Belgrade	2019	Justified; proceedings suspended.
33.	Božo Tomašević	EP Visokogradnja Plc.	Annulment of employment contract termination	RSD 140,000.00	1st Basic Court in Belgrade	2019	The first instance court accepted the claim. In the process on our appeal. Second instance proceedings
34.	Aleksandar Petrović	EP Visokogradnja Plc.	Agreement termination and damage compensation	RSD 3,500,000.00	3rd Basic Court in Belgrade	2019	The court issued a decision declaring it incompetent for acting in this proceeding.

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
35.	Sava Krajinović	EP Visokogradnja Plc.	Unfounded acquisition	RSD 269,000.00	3rd Basic Court in Belgrade	2018	The first instance verdict partially approved the claim, appealed Second instance proceedings
36.	Ljiljana Damyano	EP Visokogradnja Plc.	Performance and damage compensation	RSD 350,000.00	3rd Basic Court in Belgrade	2019	Ungrounded First instance proceeding
37.	Nenad Dautović	EP Visokogradnja Plc.	Annulment of employment contract termination		3rd Basic Court in Belgrade	2019	Ungrounded
38.	SIEN Ltd.	EP Visokogradnja Plc.	Debt, SMIP	RSD 438,530.00	Commercial Court in Belgrade	Uncertain	Partly grounded, lawsuit stopped due to plaintiffs' bankruptcy.
39.	Residence building, B.M.Pupina 10e	EP Visokogradnja Plc.	Unfounded acquisition	RSD 2,000,000.00	3rd Basic Court in Belgrade	Uncertain	Ungrounded, procedure stopped. First instance proceeding
40.	EP Visokogradnja Plc.	Siniša and Dragan Romić	Contesting of share transfer agreement		Higher court in Belgrade	2019	Justified First instance proceeding
41.	Kojić Milan	EP Visokogradnja Plc.	Debt - salaries	EUR 1,130.00	1st Basic Court in Belgrade	2019	First instance proceeding
42.	EP Visokogradnja Plc.	Farmakom MB Ltd. in bankruptcy	Debt	RSD 1,340,520.00	Commercial Court in Valjevo	Uncertain	Receivables recognized through bankruptcy procedure.
43.	EP Visokogradnja Plc.	LP Gas Ltd.	Debt	RSD 1,098,898.15	Commercial Court in Belgrade	2019	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. First instance proceeding

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
44.	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	2019	A decision was adopted bringing the claim to be revoked. The prosecutor appealed against this decision. Second instance proceedings.
45.	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	2019	Ungrounded First instance proceeding
46.	EP Visokogradnja Plc.	PIK Zemun in bankruptcy	Debt	RSD 33,705.46	Commercial Court in Belgrade	Uncertain	Presented receivables in bankruptcy.
47.	EP Visokogradnja Plc.	GZR Krstic, with Krstic Radimir as owner	Debt	RSD 115,776.00	Commercial Court in Belgrade	2019	Justified. Compulsory payment on the way.
48.	EP Visokogradnja Plc.	SZR Kvirin, with Tanaskovic Milan as owner	Debt	RSD 31,642.40	Commercial Court in Belgrade	2019	Justified. Compulsory payment on the way.
49.	Dragan Petrović	EP Visokogradnja Plc.	Annulment of employment contract termination		3rd Basic Court in Belgrade	2019	The claim was dismissed by the first instance verdict Second instance proceeding
50.	Milić Janković	Direkcija za građevinsko zemljište, EP Visokogradnja Plc. and Aleksić Ružica	Ownership title to be determined		1st Basic Court in Belgrade	2019	Justified First-instance proceeding

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
51.	Residence building 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	2019	Uncertain First-instance proceeding
52.	Residence building 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	2019	Uncertain First-instance proceeding
53.	Dević Ljubinko	EP Visokogradnja Plc.	Salary payment	EUR 5,774.42 The main debt was paid, requirements for interest remained in the lower amount than specified	3rd Basic Court in Belgrade	2019	Grounded First-instance proceeding
54.	Milorad Vasić	EP Visokogradnja Plc.	Damage compensation (Block 12)	RSD 25,732,877.55	Higher court in Belgrade	2019	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
55.	JP ViK Stara Pazova	EP Visokogradnja	Debt	RSD 167,162.40 RSD 33,558.94	Commercial Court in Sremska Mitrovica	2019	Uncertain; First instance proceedings
56.	EP Visokogradnja Plc.	Utva silosi Plc. Kovin in restructuring	Debt		Commercial Court in Pančevo	Uncertain	Receivables grounded but payment depending on restructuring plan.
57.	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.
58.	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
59.	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

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
60.	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
61.	Radoš Nenad	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2019	Uncertain; arrears of salary paid in their entirety First-instance proceeding
62.	Vidojević Vladan	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2019	Uncertain; arrears of salary paid in their entirety First-instance proceeding
63.	Paunović Ljubiša	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2019	The first instance court accepted the claim Arrears of salary paid in full Second-instance proceeding
64.	Alen Vasić	EP Visokogradnja Plc.	Damage compensation for injury at work	RSD 600,000.00	3rd Basic Court in Belgrade	2019	Uncertain First-instance proceeding
65.	Topalović Igor	EP Visokogradnja Plc.	Annulment of employment termination		3rd Basic Court in Belgrade	Completed	The first instance court accepted the claim. In the proceedings on our appeals. Third-instance proceeding
66.	Predrag Radeka	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries and differences from overtime and performance		3rd Basic Court in Belgrade	2019	Uncertain; arrears of salary paid in their entirety First-instance proceeding

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
67.	Danijel Šalipur	EP Visokogradnja Plc.	Fortification existence of an employment and Damage compensation	RSD 1,320,000.00	3rd Basic Court in Belgrade	2019	Uncertain The first instance court accepted the prosecutor's request in terms of compensation and refused to establish the existence of an employment relationship. The second instance
68.	Miloje Živanović	EP Visokogradnja Plc.	Damage compensation due to unpaid salaries	RSD 39,000.00	3rd Basic Court in Belgrade	2019	By a final judgment, a claim in respect of the main debt and interest has been adopted. It remains that the court decides on the costs of the proceedings, in accordance with our complaint that was adopted The principal debt and interest paid in full.
69.	Rajko Vasiljević	EP Visokogradnja	Damage compensation on behalf of less paid overtime	EUR 2,500.00	3rd Basic Court in Belgrade	2019	Uncertain First-instance proceeding
70.	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	2019	Uncertain First-instance proceeding
71.	Miloje Živanović	EP Visokogradnja	Damage compensation on behalf of less severance paid and payment of interest on delayed payment of salaries	EUR 2,487.94 and RSD 137,478.00	3rd Basic Court in Belgrade	2019	Uncertain First-instance proceeding

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
72.	Miloje Živanović	EP Visokogradnja	Damage compensation based on excess of overtime and individual performance	RSD 420,000.00	3rd Basic Court in Belgrade	2019	Uncertain First-instance proceeding
73.	Šerbedžija Đorđe	EP Visokogradnja	Damage compensation based on excess of overtime and individual performance	EUR 1,500.00	3rd Basic Court in Belgrade	2019	Uncertain First-instance proceeding
74.	Pavlović Vladimir	EP Visokogradnja	Damage compensation due to delays in construction	RSD 2,628,897.70	3rd Basic Court in Belgrade	2019	Ungrounded First-instance proceeding
75.	Stanković Nenad	EP Visokogradnja	Annulment of the decision on termination of employment contract		3rd Basic Court in Belgrade	Completed	Final judgment approved the claim. In the proceedings on our appeals. Third instance proceedings.
76.	Jovičić Dejan	EP Visokogradnja	Damage compensation based on excess of overtime	EUR 1,300.00	3rd Basic Court in Belgrade	2019	The first instance verdict approved the claim. In the proceedings on our appeals. Second instance.
77.	Dević Ljubinko	EP Visokogradnja	Protection against harassment at work and compensation for damages	RSD 200,000.00	Higher Court in Belgrade	2019	Ungrounded Decision was adopted whereby the claim is withdrawn. The prosecutor appealed. Second-instance procedure.
78.	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	2019	Uncertain First-instance proceeding

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
79.	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	2019	Uncertain First-instance proceeding
80.	EP Visokogradnja	Mikom Ltd.	Debt Settlement	EUR 31,641.47	Commercial Court in Belgrade	2019	Grounded The parties made an out-of-court settlement where the respondent compensated entire debt. This dispute was ended in 2019.
81.	Miroslav Jovičić	EP Visokogradnja	Salaries payment for period from 01 January 2009 to September 2017		3rd Basic Court in Belgrade	2019	Uncertain First-instance proceeding
82.	Miroslav Jovanović	EP Visokogradnja	Damage compensation for less overtime pay for hours worked over.	EUR 1,000.00	3rd Basic Court in Belgrade	2019	Uncertain
83.	Mihailo Obrenić	EP Visokogradnja	Damage compensation for less overtime pay for hours worked over.	EUR 470.00	3rd Basic Court in Belgrade	2019	Uncertain
84.	Dušanka Čobanović	EP Visokogradnja	Damage compensation for injury	RSD 1,050,000.00	3rd Basic Court in Belgrade	2019	Ungrounded
85.	EP Visokogradnja	FE Sekundar Ltd. Čortanovci	Debt for the accommodation services	RSD 81,960.64	Commercial Court in Sremska Mitrovica	2019	Grounded
86.	EP Visokogradnja	PD Anticor Ltd.	Debt for the accommodation services	RSD 16,732.40	Commercial Court in Belgrade	2019	Grounded
87.	EP Visokogradnja	Stroj RU Inženjering Ltd.	Debt for the accommodation services	RSD 139,239.02	Commercial Court in Belgrade	2019	Grounded
88.	EP Visokogradnja	Entrepreneur Milorad Đorđević	Debt for the accommodation services	RSD 143,187.06	Commercial Court in Belgrade	2019	Grounded

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
89.	EP Visokogradnja	IG TEL Ltd.	Debt for the accommodation services	RSD 64,752.06	Commercial Court in Belgrade	2019	Grounded
90.	EP Visokogradnja	B Gips plus Niš	Debt for the accommodation services	RSD 1,128,770.46	Commercial Court in Niš	2019	Grounded
91.	EP Visokogradnja	BankPro Ltd.	Debt for the accommodation services	RSD 47,489.89	Commercial Court in Belgrade	2019	Grounded In the process of forced collection
92.	EP Visokogradnja	Kosmaj mermer Plc.	Debt for undue advance payment	RSD 200,000.00 with legal default interest starting from 29 December 1997, RSD 200,000.00 with legal default interest starting from 29 January 1998 and RSD 94,500.00 cost of the procedure	Commercial Court in Belgrade	2019	EP Visokogradnja activated mortgage due to collection, but the bankruptcy proceedings against the debtor was initiated and thus activation of mortgage was terminated. In the meantime, the Reorganization Plan was adopted and its application expired so the conditions for repeated activation were met. Therefore, EP Visokogradnja continues the procedure of collection.
93.	Vesa Romić	EP Visokogradnja	Determination of the nullity of the settlement agreement		3rd Basic Court in Belgrade	2019	Ungrounded
94.	Miroslav Jovičić	EP Visokogradnja	Compensation for damages arising from differences in earnings for the period from 01 January 2015 to 31 December 2015	The amount is not defined	3rd Basic Court in Belgrade	2019	Ungrounded
95.	Dobergard Ltd.	EP Visokogradnja	Debt for services provided	RSD 1,944,367.51	Commercial Court in Belgrade	2019	Ungrounded Debt is paid off in entire amount

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
96.	Dobergard Ltd.	EP Visokogradnja	Debt for services provided	RSD 3,833,875.40	Commercial Court in Belgrade	2019	Ungrounded Debt is paid off in entire amount
97.	Dragoljub Milanović	NIP Politika Plc. EP Visokogradnja	Determination of ownership rights on the apartment		3rd Basic Court in Belgrade	2019	Ungrounded
98.	Tigar Plc.	EP Visokogradnja	Debt on invoice	RSD 18,856.80	Commercial Court in Belgrade	2019	Uncertain. In the meantime, the decision was made whereby the lawsuit is considered withdrawn.
99.	Hansa Flex Hidraulika	EP Visokogradnja	Debt from issued invoices for services rendered	RSD 24,106.08	Commercial Court in Belgrade	2019	Ungrounded Main debt is paid off in entire amount
100.	Slavoljub Kodžopeljić	Maht Savabien Ltd. EP Visokogradnja	Compensation for injury at work	RSD 999,000.00	Basic Court in Ivanjica	2019	Uncertain
101.	Nenad Stanković	EP Visokogradnja	Compensation for lost earning	RSD 810,000.00	3rd Basic Court in Belgrade	2019	Uncertain
102.	Gras Garden Ltd.	EP Visokogradnja	Debt for performed works	EUR 11,513.25	Commercial Court in Belgrade	2019	Ungrounded Main debt is paid off in entire amount
103.	Gras Garden Ltd.	EP Visokogradnja	Debt for performed works	RSD 2,161,171.46	Commercial Court in Belgrade	2019	Ungrounded Main debt is paid off in entire amount
104.	EP Oprema Plc. and EP Holding Plc.	Municipality Medveđa	Return	RSD 120,000,000.00	Commercial Court in Leskovac	Uncertain; proceeding terminated	Uncertain First-instance proceeding
105.	EP Oprema Plc.	Clinical Center of Serbia	Debt for works	EUR 240,752.13, RSD 292,335.46 and RSD 2,328,204.00	Commercial Court in Belgrade	2019	The claim was approved by final judgment. In the meantime, the Supreme Court of Cassation, after the defendant's revision, reversed judgments of the lower courts and brought the case back for re-trial. First-instance proceeding

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
106.	EP Oprema Plc.	Clinical Center of Serbia	Damage compensation	EUR 1,559,000.00	Commercial Court in Belgrade	2019	First instance decision adopted the claim; KCS appealed In the meantime, the appeal was adopted and the case was returned for re-opening. In February, the court closed the main hearing and the court's decision is waited. First instance proceedings
107.	Staniša Marinković	EP Oprema Plc.-intervener	Damage compensation	RSD 304.000.00	Basic Court in Vranje	2019	Partly justified First-instance proceeding is in progress - expertise
108.	Čedomir Ristić	EP Oprema Plc.-intervener	Damage compensation	RSD 63.000.00	Basic Court in Vranje	2019	Partly justified; by appeal EP Oprema Second-instance proceedings in process
109.	Novica Ćirović	EP Oprema Plc.-second respondent JP EMS	Damage compensation	RSD 100.000.00	Basic Court in Leskovac	2019	First instance proceedings in process
110.	Milan Cvetković	EP Oprema Plc. and JP EMS	Damage compensation	RSD 1.381.278.00	Basic Court in Vranje	2019	First instance proceedings in process
111.	Vladan Stanković	EP Oprema Plc.	Damage compensation in monthly rent	RSD 8,000.00 monthly starting from 14 March 2016	Basic Court in Bor	Uncertain	The second instance court granted our appeal and returned the case for retrial. The first instance proceedings
112.	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
113.	Ep Oprema Plc.	DGP Zlatibor	Payment of works performed works	RSD 42,000,000.00	Commercial Court in Belgrade	Completed action	Grounded, difficult collection, debtor in bankruptcy

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
114.	Ep Oprema Plc.	Graditelj Lekovac	Works performed in accordance with contracts	RSD 71,129,042.82	Commercial Court in Leskovac	Completed action	Grounded, difficult collection, debtor in bankruptcy
115.	Blue Line Ltd.	EP Oprema	Debt for performed work in Bor	RSD 58,682,609.16	Commercial Court in Belgrade	2019	Closed court settlement with payment period up to December 2018
116.	EP Oprema	GP Rad in bankruptcy	Debt	USD 1,100,000.00	Commercial Court	Grounded	Established receivable in the bankruptcy proceedings
117.	Green Trafo Ltd.	EP Oprema	Debt for performed work	EUR 43,952.00	Commercial Court in Belgrade	2019	Uncertain
118.	EP Oprema	Green Trafo Ltd.	Damage compensation and return of advance	EUR 138,995.28	Commercial Court in Belgrade	2019	Grounded
119.	Goran Đorđević	EP Oprema	Obstructing possession		Basic Court in Kruševac	2019	Uncertain
120.	Jovan Čvokić and others	Ep Niskogradnja	Bonus payment	EUR 20,145.11	3rd Basic Court in Belgrade	2019	Ungrounded Second instance proceedings
121.	Dušan Tanić	EP Niskogradnja Plc.	Annulment of decision on amount of salary		3rd Basic Court in Belgrade	Uncertain	Ungrounded, proceeding terminated First instance proceeding
122.	EP Niskogradnja Plc.	Internacional CG in bankruptcy	Debt	RSD 474,718.82 with added interest	Commercial Court in Belgrade	Uncertain	Recognized receivable in bankruptcy proceedings
123.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Performance guarantee	KM 3,500,000.00	Municipality court in Sarajevo	Uncertain	Ungrounded. The judgment rejected the claim. Declared our revision. Third instance proceedings
124.	EP Niskogradnja Plc.	UniCredit bank Plc. Mostar	Guarantees for regular repayment of advances	KM 7,000,000.00	Municipality court in Sarajevo	Uncertain	Ungrounded. The judgment rejected the claim. By our appeal in process. Second instance proceedings
125.	EP Niskogradnja Plc.	JIK Banka Plc. in bankruptcy	Claims registration	USD 218,000.00	Commercial Court in Belgrade	Uncertain	Grounded

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
126.	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	Grounded
127.	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	Grounded
128.	Nenad Strajnić	PC Putevi Srbije and EP Niskogradnja Plc. –intervener	Damage compensation	RSD 183,928.48	Basic Court in Novi Sad	2019	Uncertain First instance proceedings
129.	Dragan Sekulić	PC Putevi Srbije; Dunav osiguranje Plc.o. and EP Niskogradnja Plc.– intervener	Damage compensation	RSD 460,000.00	Basic Court in Novi Sad	2019	Uncertain First instance proceeding
130.	DIN Ltd.	EP Niskogradnja Plc.	Debt by accounts	RSD 542,836.83 the value of the recourse request RSD 400,000.00 value of the counter claim	Commercial Court in Belgrade	2019	Ungrounded First instance proceedings
131.	Tomo Stanišić	EP Niskogradnja Plc.	Damage compensation	RSD 244,413.97	3rd Basic Court in Belgrade	2019	Uncertain First instance proceedings
132.	Ljubiša, Milostiva and Gordana Matković,	Koridori Srbije, Azvirt; EP Niskogradnja Plc.	Damage compensation	RSD 290,000.00	Basic Court in Gornji Milanovac	2019	Uncertain First instance proceedings
133.	Milan, Mirjana, Dragana and Marko Matković	Koridori Srbije, Azvirt; EP Niskogradnja Plc.	Damage compensation	RSD 380,000.00	Basic Court in Gornji Milanovac	2019	Uncertain First instance proceedings
134.	RF PIO Filijala Beograd	EP Niskogradnja Plc.	Recourse lawsuit	RSD 419,600.10	Commercial court in Belgrade	Uncertain	Uncertain; proceeding terminated First instance proceedings
135.	Aleksandar Babić and others	EP Niskogradnja Plc.	Bonus payment	EUR 40,906.00	3rd Basic Court in Belgrade	2019	Ungrounded First instance proceedings
136.	Gordana and Veselin Medenica	EP Niskogradnja Plc.	Damage compensation for injury at work	RSD 1,861,500.00	3rd Basic Court in Belgrade	2019	The first instance court accepted the claim. Second instance proceedings

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
137.	Bosna putevi Sarajevo	EP Niskogradnja Plc.	Debt arising from work carried out in Yemen Compensation protest	Legal claim: USD 17,604,299.00 Compensation protest: USD 17,390,380.06	Commercial Court in Belgrade	2019	EP Niskogradnja declared a compensation complaint. The first instance verdict established the prosecutor's claim to the EP NG in the amount of USD 4,691,598.31 and the EP NG claim against the prosecutor in the amount of USD 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. First instance procedure
138.	Vladimir Marinković	EP Niskogradnja Plc.	Overtime, Peru	USD 5,552.84	3rd Basic Court in Belgrade	2019	Ungrounded First instance proceedings
139.	EP Niskogradnja Plc.	Dejan Vujić PR Dey trade Vreoci	Unjust enrichment	RSD 275,999.90	Commercial Court in Belgrade	Dispute is finished	In the process of enforcement
140.	Vojislav, Mirjana, Dragana and Jovana Jovanović	Koridori Srbije, Azvirt and EP Niskogradnja Plc.	Damage compensation	RSD 380,000.00	Basic Court in Gornji Milanovac	2019	Uncertain First instance proceedings

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
141.	EP Niskogradnja Plc. i	Intermost Ltd.in bunkruptcy	Debt (Novi Sad)	RSD 62,505,042.00	Commercial Court in Belgrade	2019	NG lawsuit was adopted by a final judgment.
	Intermost Ltd.in bunkruptcy	EP Niskogradnja Plc.	Debt (Novi Sad)	RSD 189,827,985.00	Commercial Court in Belgrade	2019	Interstom's counter-claim rejected by a final verdict. In the process of Intermost revision.
142.	Dunav osiguranje Plc.	PC Putevi Srbije EP and Niskogradnja Plc.- intervener	Damage compensation	RSD 170,536.00	Commercial Court in Belgrade	2019	Uncertain First instance proceedings
143.	Radislav Živković	Evro gradnja 2000 and EP Niskogradnja Plc.	Compensation for injury at work	RSD 560,000.00	3rd Basic Court in Belgrade	2019	Uncertain First instance proceedings
144.	Dragan Savić	EP Niskogradnja, Koridori Srbije	Damage compensation	RSD 300,000.00	Basic court in Gornji Milanovac	2019	Uncertain First instance proceedings
145.	EP Niskogradnja Plc.	GP Gemax Ltd. in bankruptcy	Secured claims arising from guarantee deposit retained	RSD 10,431,209.72	Commercial Court in Belgrade	Completed	Grounded. Recognized secured claims
146.	EP Niskogradnja Plc.	Radislva Nestorović	Debt from housing loan granted	RSD 342,567.62	Basic Court in Pancevo	2019	Grounded First instance proceedings
147.	EP Niskogradnja Plc.	Jovanka Kunarac-Prelić	Debt from housing loan granted	RSD 188,253.07	2nd Basic Court in Belgrade	2019	Grounded. The first instance judgment approved the claim.
148.	EP Niskogradnja Plc.	Republic of Serbia Ministry of Agriculture and Environmental Protection. - Republic Water Directorate	Receivable for completed works on Tisa embankment	RSD 91,891,979.51	Mediation	Uncertain	Grounded

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
149.	Prima AFP	Consortium Energoprojekt NG SA - Bartos	Compensation for unfulfilled obligations	PEN 121,397.30			The judgment against EP has dipped to a higher instance as unfounded, and returned to baseline. A positive EP outcome is expected. The first instance proceedings
150.	AFP Horizonte	Consortium Energoprojekt NG SA - Bartos	Compensation for unfulfilled obligations	PEN 8,790.20			Partially acknowledged request of AFP, and fee of Sola 1,289.40 was determined. First instance proceedings.
151.	AFP Profuturo	Consortium Energoprojekt NG SA - Bartos	Compensation for unfulfilled obligations	PEN 4,774.10			Partially acknowledged request of AFP, and fee of Sola 1,289.40 was determined. First instance proceedings.
152.	Prima AFP	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 207,635.74			The AFP's request was declared as unfounded, after the appeal to the higher instance. Confirmed the first instance verdict
153.	AFP Integra	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 1,203.41			Final judgment in favor of EP NG.
154.	AFP Habitat	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 2,206.53			The AFP's request was declared grounded, our appeal to higher instance is in process. Second instance proceedings
155.	Prima AFP	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 10,469.12			The process is ongoing, the outcome is unknown Fourth instance proceedings

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
156.	AFP Integra	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 14,674.85			The process is ongoing, the outcome is unknown Fourth instance proceedings
157.	AFP Integra	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 545.31			The AFP request was declared as grounded. Third instance proceedings
158.	Jorge Luis Garcia Roque	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 400,000.00			<p>On 4 May 2018, a judgment was pronounced, declaring demand as ungrounded, ie, in behalf of company, employee may not charge the amount. However, according to this judgment it is possible to lodge an appeal, and the higher instance may decide otherwise or confirm the decision under the same conditions, which is very certain. On 11 May 2018, the judgment was disputed and on 16 May 2018, and Resolution 04, the appeal was declared inadmissible and the employee was given a period of 03 days to pay a court fee of S / 249.00. which has not been fulfilled to date, if the payment is made, the files will be sent to the appropriate work chamber in order to be able to consider the appeal.</p> <p>Four instance proceedings</p>

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
159.	Wilder Enrique Castillo Tapia	EP Niskogradnja Plc.	Injury at work				A criminal investigation issued a favorable report for EP NG. Second instance proceedings
160.	Reinaldo Romero Infante	EP Niskogradnja Plc.	Compensation for unfulfilled obligations	PEN 191,693.95			EP NG did not accept a direct settlement considering that claim is ungrounded. A positive outcome for EP NG is expected. Four instance proceedings
161.	Miriam Elsa Gambini Jaramillo	EP Niskogradnja Plc.	Refund of personal loss	USD 100,000.00			EP NG did not accept a direct settlement considering it is not responsible for personal loss. Exemption verdict is expected. Second instance proceedings
162.	Hilario Chinini Criollo	EP Niskogradnja Plc.	Criminal acts of extortion				The investigation process completed Second instance proceedings
163.	Abamwe Transporters Ltd	Energog Uganda	Claim for compensation due to damage to the truck	USX 150,942,500			Appealed to the first instance verdict Second instance proceedings
164.	Foreman Kasirye Gwanga	Energog Uganda	Possession of ownership over the quarry Kung	USX 35,015,000			The first instance decision from 2013 was made in our favour. Second instance proceedings
165.	Kawooya Livingstone	Energog Uganda	Land degradation lawsuit	USX 35,015,000			Annulled the judgment of the High Court and the Prosecutor requests confirmation of verdict. First instance proceedings

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
166.	Kitimbo Thomas	Energoprojekt Uganda	Compensation for destruction of crops	USX 3,949,500			First instance proceedings
167.	Mary Kiggundu	Energoprojekt Uganda	Unauthorized use of land for road construction	USX 209,822,560			It is highly probable that the Prosecutor will get a dispute and the settlement is advisable. The first instance proceedings
168.	Lukyamuzi Godfrey	Energoprojekt Uganda	Labour dispute due to termination of employment	USX 5,844,400			First instance proceedings
169.	Kalyesubula Brian Kigongo	Energoprojekt Uganda	House damage due to activities in the quarry	USX 37,600,000			First instance proceedings
170.	Atna Technologies Ltd	Energoprojekt Uganda	Payment according to contract	USX 10,514,493			The debt is paid out. First instance procedure
171.	Kasaliko Herman	Energoprojekt Uganda	Ponds damage due to works	USX 87,902,500			First instance proceedings
172.	Ereemye Jumire James Mawanda	Energoprojekt Uganda	Civil lawsuit	USX 20,000,000			First instance proceedings
173.	Busulwa Monday	Energoprojekt Uganda	Destruction of house due to works performed	USX 19,347,000			First instance proceedings
174.	Denis Rwentungamo	Energoprojekt Uganda	Claim for compensation for wall damage during construction	USX 20,000,000			First instance proceedings

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
175.	Baseke Tendo Christina	Energoprojekt Uganda	Unpaid rentals and associate costs	USX 1,000,000 – up to 10,000,000			First instance proceedings
176.	Turyatunga Wahab&7 Others	Energoprojekt Uganda	Labour dispute due to termination of employment				First instance proceedings
177.	Kasule David	Energoprojekt Uganda	Claim for compensation for house damage	USD 84,702,000			First instance proceedings
178.	Salvatori Odinga And Others	Energoprojekt Uganda	Compensation for damages to property caused by quarrying				First instance proceedings
179.	Joy Asimwe	Energoprojekt Uganda	Compensation for damages to property caused by quarrying				First instance proceedings
180.	Rehemwa Ssemwanga Nasimbwa	Energoprojekt Uganda	Compensation for damages to property				First instance proceedings
181.	Yiga Richard	Energoprojekt Uganda	Injury at work	USX 11,150,400			Not scheduled hearing - case was referred to the insurance company. First instance proceedings
182.	Moses Semuli	Energoprojekt Uganda	Labour dispute due to termination of employment and injury at work	USX 23,270,000			Not scheduled hearing - case was referred to the insurance company. First instance proceedings
183.	Ep Niskogradnja Plc.	Jasmina Marinković	Damage compensation	RSD 249,572.17	Basic Court in Milanovac	2019	The first instance verdict approved the claim.

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
184.	Ep Niskogradnja Plc.	MBA Miljkovic Ltd.	Debt per invoices	RSD 142,474.17	Commercial Court in Belgrade	2019	Grounded. First instance proceedings
185.	Ep Niskogradnja Plc.	GP Planum Plc.	Debt per invoices	RSD 100,000.00	Commercial Court in Belgrade	2019	Grounded. First instance proceedings
186.	Ep Niskogradnja Plc.	Borovica Transport in bankruptcy	Debt per invoices	RSD 570,013.06	Commercial Court in Sremska Mitrovica	Uncertain	Grounded. Recognized claim in bankruptcy proceedings.
187.	Ep Niskogradnja Plc.	Water Authority of Jordan	Debt for works performed, damage compensation due to extension of period, additional and unforeseen works	JD 377,012.00 USD 122,955.00	Major felonies court in Amman, Jordan	Uncertain	First and second instance court accepted the claim of EP NG in the stated amounts
188.	Ivan Kovačević	Ep Niskogradnja Plc.	Reimbursement of costs for commuting to and from work			Uncertain	Uncertain. First instance proceedings
189.	Miloš, Radoslav, Biljana and Nataša Jovanović	Ep Niskogradnja Plc.	Damage compensation	RSD 250,000.00		Uncertain	Uncertain. First instance proceedings
190.	Dragomir, Ljiljana, Jelena, Milica and Ilija Matković	Ep Niskogradnja Plc.	Damage compensation	RSD 250,000.00		Uncertain	Uncertain. First instance proceedings
191.	Dragan Prole	Ep Niskogradnja Plc.	Annulment of the decision on termination of employment			Uncertain	Uncertain. First instance proceedings
192.	Stanoje Markeljić	Ep Niskogradnja Plc.	Protection of property right and elimination of damage emergency			Uncertain	Uncertain. First instance proceedings

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
193.	P. Stanišić and J. Blagojević	EP Hidroinženjering Plc.	Annulment of Decision of Housing Committee	Not a pecuniary claim	3rd Basic Court in Belgrade	2019	The first instance verdict dismissed the claim. In the proceedings on the appeal of the second-degree. Second instance proceedings.
194.	M.Bojić	EP Hidroinženjering Plc.	Claims for unpaid salaries and food allowance earned abroad	USD 5,816.00	3rd Basic Court in Belgrade	2019	Favourable The first instance verdict dismissed the claim. In the proceedings on the prosecutor's appeal. Second instance proceedings.
195.	EP Hidroinženjering Plc.	RIKO Ljubljana Slovenija	Unpaid invoices	EUR 159,425.89	Municipal Court in Ljubljana Slovenia	Uncertain	Final judgment approved the claim. In the process of enforcement.
196.	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	3rd Basic Court in Belgrade	2019	Favourable First-instance proceeding

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
197.	Técnica y Proyectos S.A.; Energoprojekt Hidroinženjering S.A. and 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	The Arbitration Dispute was completed and on 19 March 2018 a decision we received. Period for submitting a request for possible clarification at each point of the decision is going-on. Thereafter, a new term for the response of the Arbitral Tribunal arises. However, acc.to the situation, it is very likely that P.E.T. will file a complaint to the Higher Court for the foreclosure of the decision. This issue does not prevent us from simultaneous initiation an execution of the arbitral decision. Finally, it is estimated that this final stage of arbitration decision enforcement and the appeal to the High Court will last until the end of 2018.	A very favorable outcome is achieved taking into account the complexity of dispute. The Contract for Yarascay is valid and recognisable. Client's request for nullity of the contract is rejected. Order is issued - payment of the last invoice in the amount of 30% of the contract value to be made to consortium Yarascay.

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
198.	Lahmeyer Agua y Energía S.A.; Energoprojekt Hidroinženjering S.A. and Técnica y Proyectos S.A.	Proyecto Especial de Irrigación e Hidroenergético del Alto PIURA - PEIHAP	Final liquidation and our request for damage compensation	USD 36,000 (FL us) USD 2,277,471.61 (FL client) and USD 1,319.18 (damage)	Arbitration Court in PIURA, Peru	The Arbitration Dispute was ended on 01 September 2017, the Arbitral Tribunal passed unanimous decisions on 25 September 2017. PEIHAP objected to the decision and its execution and also filed a complaint with the High Court for the destruction of an arbitral decision. Based on the current situation, it is estimated that this final phase of the Arbitration ruling will last until July 2018.	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 litigations costs and arbitration costs, therefore each party shall bear its own.
199.	EP Energodata Plc.	Šipad komerc in 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.
200.	EP Energodata Montenegro Ltd.	SOGE Banka Milan Grbić	Determination of the nullity of the security	EUR 43,000.00	Commercial Court of Montenegro, Podgorica	2019	A decision was adopted bringing the claim to be revoked.
201.	EP Energodata Montenegro Ltd.	SOGE Banka Milan Grbić	Determination of the nullity of the security	EUR 10,000.00	Commercial Court of Montenegro, Podgorica	2019	A decision was adopted bringing the claim to be revoked.
202.	EP Energodata Montenegro Ltd.	Milan Grbić	Damage compensation	EUR 34,035.00	Basic Court Podgorica	2019	A decision was adopted bringing the claim to be revoked.
203.	EP Entel Plc.	JP EPS	Debt payment on different accounts	RSD 1,375,200.00	Commercial Court in Belgrade	2019	Grounded First instance proceeding
204.	EP Entel Plc.	JP EPS	Debt payment on different accounts	RSD 580,800.00	Commercial Court in Belgrade	2019	Grounded First instance proceeding

Energoprojekt Holding Plc. Belgrade

No.	Plaintiff	Defendant	Legal grounds	Claim amount	Court of relevant jurisdiction	Expected date of closure	Expected outcome
205.	EP Entel Plc.	JP EPS (RB Kolubara)	Debt payment on different accounts	RSD 48,937,500.00	Commercial Court in Belgrade	2019	Grounded First instance proceeding
206.	Duško Paripović	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 First-instance proceeding
207.	Marko Martinoli, Đurović and Siniša Kisić	EP Entel Plc.	Denouncing the Assembly's decision		Commercial Court in Belgrade	2019	Uncertain. The first instance court rejected the claim.
208.	Ep Entel Plc.	GSP Belgrade	Debt for service provided	RSD 4,200,000.00	Commercial Court in Belgrade	2019	Grounded First instance proceeding
209.	Ep Industrija Plc.	Jugoremedija Plc. in bankruptcy	Claims registration	EUR 321,146.18	Commercial Court in Zrenjanin	Uncertain	RSD 28.884.312,77 – accepted following conclusion on correction
210.	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
211.	Tamara Vukadinović	EP Urbanizam. i arhitektura Plc.	Annulment of dismissal	RSD 1,137,530.29	3rd Basic Court in Belgrade	Uncertain	Uncertain First-instance proceedings
212.	Jelena Davidović	EP Urbanizam i arhitektura Plc.	Annulment of dismissal	RSD 1,028,129.00	3rd Basic Court in Belgrade	Uncertain	Uncertain. Returned to first-instance proceedings
213.	Novica Veljković	EP Urbanizam i arhitektura Plc.	Annulment of Annex 3		3rd Basic Court in Belgrade	Uncertain	First-instance proceeding terminated

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 of the presented court cases in which the Energoprojekt Entel acts as respondent party, there is a dispute with the Ministry of Finance in Qatar. It is about liabilities recorded by the local Tax Administration in the year 2011 within the item unrecognized expenses of the Head Office for the period of 3 years (2008, 2009 and 2010) (Note 44.2 and Note 34).

In addition of the above listed court cases, Energoprojekt Oprema has filed the following international arbitrations:

- with SNC Lavalin International Project Services Ltd.- Branch in the amount of EUR 1,270 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 Energocentar Minsk, Belarus in the amount of USD 32,500 thousand, mostly comprises: value of equipment: USD 22,700 thousand (alternative USD 17,400 thousand), unfounded collection of performance guarantee: USD 5,000 thousand, project works: USD 1,500,000 and indirect costs: USD 2,600 thousand (alternative USD 3,000 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.

48. POST BALANCE SHEET EVENTS

Arbitration process in Stockholm, with Gazprom Transgaz Belarus for the project Energocentar Minsk, Belarus, was finished in April 2019 in favour of Energoprojekt Oprema. Following the relevant accounting regulations, all entering regarding the above-mentioned arbitral award will be recorded in 2019 in the books of Energoprojekt Oprema.

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 non-adjusting event after the reporting period.

In Belgrade,
On 25 April 2019

Legal Representative


Stojan Čolakov
M.Sc.C.E.



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE OF THE ANNUAL BUSINESS REPORT
WITH FINANCIAL STATEMENTS**

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 ended 31 December 2018, on which we issued our audit opinion on 07 March 2019 and 30 April 2019, respectively.

Pursuant to Article 30 of the Law on Audit (Official Gazette of the Republic of Serbia, No. 62/2013) and Article 11 of the Rulebook on the Conditions for Auditing Financial Statements of Public Companies (Official Gazette of the Republic of Serbia, No. 114/2013), we checked the consistency of the Company's annual business report with the financial statements.

Management of the Company is responsible for the preparation and accuracy of the annual business report (which includes information about both standalone and consolidated financial statements) in accordance with the current regulations in effect.

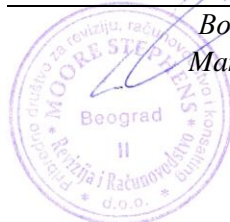
Our responsibility is to make conclusion on the consistency of the Company's annual business report for the year 2018 with the standalone and consolidated financial statements for the same year. Our procedures in this regard were performed in accordance with International Standard on Auditing 720 "The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements".

In connection with our performed audit procedures, nothing came to our attention that caused us to believe that the Company failed to comply its annual business report for the year 2018 with the financial statements for the same year.

Belgrade, 30 April 2019

*„MOORE STEPHENS
Revizija i Računovodstvo“ d.o.o., Beograd*

*Bogoljub Aleksić
Managing Partner*



3. ANNUAL BUSINESS REPORT OF ENERGOPROJEKT HOLDING PLC. FOR 2018

- 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.
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Note:

Annual Business Report and Consolidated Annual Business Report of Energoprojekt Holding plc. for 2018 were presented as a single report and these contain information of significance for the economic entity.

Company Background

Business name: Energoprojekt Holding Plc.

Head office and address: Beograd, Bulevar Mihaila Pupina 12

Registration number: 07023014

TIN: 100001513

Web site and e-mail address: www.energoprojekt.rs ; ep@energoprojekt.rs

Number and date of the Decision on Company Registration with the Companies Register: BD 8020/2005

Registered business activity (code and description): 06420 - Holding Company

Number of employees (average number of employees in 2018): 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, 2018): 3.812

Ten principal Company's shareholders (as at December 31, 2018):

No.	Name and family name (business name)	No. of shares	% of share capital
1.	Napred Razvoj Plc. New Belgrade	4.530.034	41,44%
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.	228.196	2,09%
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	66.850	0,61%
10.	Raiffeisen banka Plc. – custody acc.	61.995	0,57%

Basic capital: Share capital RSD 5.574.958.920

Number of shares: 10,931,292 ordinary shares

Nominal value of share is RSD 510

ISIN number: RSHOLDE58279

CIF with: ESVUFR

Price of shares over the reported period:

- Last price (as at December 31, 2018): RSD 668/share
- Highest price (as at January 5, 2018): RSD 1,000/share
- Lowest price (as at December 14, 2018): RSD 600/share

Market capitalization (as at December 31, 2018): RSD 7,302,103,056

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 (Energoprojekt Oprema).

Overview of Company's Business Activities and Organizational Structure

Energoprojekt Group comprises of the Energoprojekt Holding Plc. as the controlling - parent company and its subsidiaries (in the country and abroad), joint and associated company (in the country). Based on equity investments, companies of the Energoprojekt Group are related companies.

Energoprojekt Holding Plc. is the controlling – parent company pursuing 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 (Uganda, Ghana, Algeria, Nigeria, Zambia), Kazakhstan, Russia, Middle East (Qatar, UAE, Oman) and South America (Peru).

Information about Company management:

Supervisory Board members (as at December 31, 2018):

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, M.Sc.C.E.	1,000
6. Marko Milojević, member	VII-2 MA in European Business Law	0

Executive Board members (as at December 31, 2018):

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, Executive Manager for Finance, Accounting and Plan	VII-1 degree, B.Sc.Ecc.	0
3. Milan Mamula, Executive Manager for Legal Issues	VII-1 degree, M.Sc.Law	0
4. Bogdan Uzelac,	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:

- 11 subsidiary companies in the country, out of which 10 are directly subsidiaries (8 as Plc. and 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 (87 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.

Based on its business activities, companies within Energoprojekt Group, in reported period, are organized as follows:

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 e	4	39	5
Construction and Equipping	6	48	13
Holding	1		
Other	4		4
Total	15	87	22

The average number of employees in Consolidation Group of the Energoprojekt Holding (hereinafter: Energoprojekt Group) in 2018, as of the end of each month, not including local workers abroad, is 2,129 (2,243 in 2017).

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 Hidroinzenjering Plc.	100.00
<i>Other</i>		
10.	Energoprojekt Energodata Plc.	100.00
11.	Energoplast Ltd.	60.00
	(Energoprojekt Industrija Plc. 40.00% and Energoprojekt Entel Plc. 20.00%)	

Joint Ventures

Construction and Equipping

12.	Enjub Ltd.	50.00
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Affiliated companies

Other

13. Fima See Activist Plc. Belgrade – in liquidation process 30.45

According to Contract for acquiring of shares (signed on 15/11/2017 between Energoprojekt Holding Plc. and Sava Re Pozarovalnica Sava Co.), Energoprojekt Holding has sold its total share in capital of Energoprojekt Garant, i.e. 92.94%, by block transaction made through Belgrade Stock Exchange, on 09/03/2018. This selling was following the disclosure of announcement on inexistence of intention for realization of offer for overtaking, where the intention for disposal of 146,155 shares of issuer Energoprojekt Garant owned by Energoprojekt Holding. This transaction was ballanced on 13/03/2018. This trade was following the approval of National Bank of Serbia, given to the buyer to acquire mentioned share. Since the selling day, income and expenses created from relationship with Energoprojekt Garant are recorded as income and expenses related to *other legal entities* (up to 13/03/2018 they were recorded as income and expenses related to *subsidiaries*).

Energoprojekt Promet Ltd. was excluded from the Consolidation group for 2018, since it was inactive from 2010 (in dormant status), having no business activities since then, having no property at all, and having in mind that the Business Registers Agency, starting from 2019, has started the forced liquidation procedure for all companies which did not presented their financial statements, pursuant to the accounting legislation, for last two years precedent to the year related to financial statement. Energoprojekt Promet Ltd. did not presented its financial statements to the Business Registers Agency since 2017 financial statements.

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. However, Energoprojekt Holding has a equity share in mentioned company (indirectly) of 42.36%, but it is included in consolidated financial statement by the method of total consolidation, since Energoprojekt Holding, indirectly, has controllling rights in Energoplast (althoug without the majority of shares).

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
<i>Subsidiary Companies</i>		
<i>Construction and Equipping</i>		
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
<i>Other</i>		
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, 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
<i>Abroad</i>		
<i>Subsidiary companies abroad - international companies</i>		
<i>Construction and Equipping</i>		
1.	Energoprojekt Ghana Ltd., Accra, Ghana	EP Visokogradnja Plc.
2.	Energoprojekt Montenegro d.o.o., Montenegro	EP Visokogradnja Plc.
3.	Energoprojekt Rus d.o.o., 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 Belgorod, Belarus	EP Oprema Plc.
8.	Energoprojekt Zambia Limited, Zambia	Zambia Engineering and Contracting Company Limited, Zambia
<i>Design and Research</i>		
9.	Energoprojekt Entel L.L.C., Muscat, Sultanate Oman	EP Entel Plc.
10.	Energoprojekt Entel LTD, Doha, Qatar	EP Entel Plc.
11.	Energococonsult L.L.C., Abu Dhabi, UAE	EP Entel Plc.
12.	Energoprojekt Entel kompanija, Bahrein	EP Entel Plc.
13.	Enhisa S.A., Lima, Peru	EP Hidroinzenjering Plc.
<i>Other</i>		
14.	Energoprojekt Energodata Montenegro d.o.o., Montenegro	EP Energodata Plc.
<i>Affiliated Companies abroad</i>		
<i>Construction and Equipping</i>		
15.	Energo Nigeria Ltd., Lagos, Nigeria (24,92%)	EP Oprema Plc.

In the Country

Affiliated Companies in the Country

Other

16. Energopet Ltd. (33.33 %) EP Industrija Plc.

Based on realized and registered recapitalization of Energo Nigeria Ltd., Lagos, Nigeria, (verified in July 2018 by auditing company from Nigeria), there has been a change in equity share of Energoprojekt Oprema in Energo Nigeria Ltd., Lagos, Nigeria, from 40.00% to 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 2018".

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 2018

Structure of gross result	In RSD thousand	
	01/01-31/12/2018	01/01-31/12/2017
Operating income	341,959	440,253
Operating expenses	362,247	431,736
Operating result	(20,288)	8,517
Financial revenues	628,645	608,855
Financial expenses	37,209	147,024
Financial result	591,436	461,831
Revenues from valuation adjustment of other assets disclosed at fair value through Profit or Loss		
Other revenues	274,396	410
Expenses from valuation adjustment of other assets disclosed at fair value through Profit or Loss		
Other expenses	37,582	31,883
Result of other revenues and expenses	236,814	(31,473)
Net income from discontinuing operations, changes in accounting policy and correction of errors from previous period	2,232	
Net expense from discontinuing operations, changes in accounting policy and correction of errors from previous period		112
TOTAL INCOME	1,247,232	1,049,518
TOTAL EXPENSE	437,038	610,755
PROFIT/LOSS BEFORE TAX	810,194	438,763

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	
	01/01-31/12/2018	01/01-31/12/2017
Net profit	763,473	438,933
Average number of shares per year	10,833,592	10,833,592
Earnings per share (in RSD)	70.47	40.52

The most important liquidity indicators for the Company's business in 2018 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	2018	2017
Current liquidity ratio	2:1	3,06:1	1,21:1
Quick ratio	1:1	3,06:1	1,20:1
Operating cash flow ratio		0,19:1	0,18:1
Net working capital (in RSD thousand)	Positive Value	2,229,903	291,408

The results of the ratio analysis indicate that the Company was liquid during 2018, meaning that it had no difficulties to meet its due liabilities or to maintain the necessary scope and structure of the working capital and to preserve its good creditworthiness.

The best **profitability** indicator is the *return on average own capital employed* that indicates the average return on own assets per dinar invested. In the calculation of this profitability indicator, average own capital is defined as an arithmetic average value at the beginning and at the end of a year.

Profitability indicators	<i>In RSD thousand</i>	
	2018	2017
Net profit	763,473	438,933
Average capital:		
a) Capital at the beginning of the year	8,529,997	8,421,896
b) Capital at the end of the year	9,094,008	8,529,997
Total	8,812,003	8,475,947
Average return rate on own capital at the end of the year	8.66%	5.18%

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>	
	31/12/2018	31/12/2017
Liabilities	1,081,887	1,415,346
Total assets	10,332,844	10,100,160
Ratio of borrowed funds to total assets	0.10 : 1	0.14 : 1
Long-term assets:		
a) Capital	9,094,008	8,529,997
b) Long-term provisions and long-term liabilities	156,949	154,817
Total	9,250,957	8,684,814
Total assets	10,332,844	10,100,160
Ratio of long-term to total assets	0.90 : 1	0.86 : 1

The net debt ratio indicates the Company's capital coverage against Company's net debt.

Net debt means the difference between:

- Total (long-term and short-term) financial liabilities of the Company (total liabilities reduced by the capital, long-term provisions and deferred tax liabilities of the Company plus Loss Above Equity)
and
- Cash and cash equivalents

Parameters for the net debt to capital ratio	<i>In RSD thousand</i>	
	<i>31/12/2018</i>	<i>31/12/2017</i>
Net debt:		
a) Liabilities	1,081,887	1,415,346
b) Cash and cash equivalents	200,519	251,917
<i>Total</i>	<i>881,368</i>	<i>1,163,429</i>
Capital	9,094,008	8,529,997
Net debt to capital ratio	1 : 10.32	1 : 7.33

Energoprojekt Group operating income structure for 2018

Structure of gross operating income	<i>In RSD thousand</i>	
	<i>01/01-31/12/18</i>	<i>01/01-31/12/17</i>
Operating income	23,122,123	32,989,557
Operating expense	23,059,457	31,986,221
<i>Operating income</i>	<i>62,666</i>	<i>1,003,336</i>
Financial income	770,753	2,242,994
Financial expenses	760,584	2,446,958
<i>Financial income</i>	<i>10,169</i>	<i>(203,964)</i>
Revenues from valuation adjustment of other assets disclosed at fair value through Profit or Loss	9,862	15,480
Other income	1,367,763	385,641
Expenses from valuation adjustment of other assets disclosed at fair value through Profit or Loss	46,120	149,256
Other expense	333,411	314,226
<i>Result of other revenues and expenses</i>	<i>998,094</i>	<i>(62,361)</i>
<i>Result from regular operations before tax</i>	<i>1,070,929</i>	<i>737,011</i>
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	56,176	6,808
<i>TOTAL INCOME</i>	<i>25,270,501</i>	<i>35,633,672</i>
<i>TOTAL EXPENSE</i>	<i>24,255,748</i>	<i>34,903,469</i>
<i>PROFIT/LOSS BEFORE TAX</i>	<i>1,014,753</i>	<i>730,203</i>

Earnings per Share

Indicator	01/01-31/12/18	01/01-31/12/17
Net earnings belonging to parent company's shareholders (in RSD thousand)	471,412	569,472
Average weighted number of ordinary shares in the reporting period	10,833,592	10,833,592
Earnings per share (in RSD)	43.51	52.57

Net 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.

Reached trading price (as at the last day of calculated period – December 31, 2018) of the parent company Energoprojekt Holding Plc. amounts RSD 668.00 per share (during 2018, the price of a share was between RSD 600.00 to 1,000.00), which was equivalent to the capital market of the company in the amount of RSD 7,302,103,056. Ratio between the market and the accounting (calculated) value (P/B) was 0.80. Total share trade of Energoprojekt Holding Plc. in 2018 was RSD 78,137,048, with average of RSD 311,303. The average achieved trading price was RSD 722.00 per share.

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 2019:

Priority tasks:

- Contracting of new business and providing conditions for continued working activities within Energoprojekt Group;
- 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;
- Monitoring of procedures started for finalization of ownership transformation process.

Other business-related tasks:

- Realization of all business activities, followed by suitable completing of contracts and relevant contract issues, with an imperative goal of reaching satisfactory profit level on every single project;
- 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 corporative 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. 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 2019.

Significant events after the end of the year for which the reports are prepared

Arbitration proceedings in Stockholm, with Gazprom Transgaz Belarus, realting the project Energocentar Minsk, Belarus was completed in April 2019, in favour of Energoprojekt Oprema. Pursuant to accounting legislation, Energoprojekt Oprema will record all relevant accounting issues related to the mentioned arbitration, in 2019.

Aside of the above mentioned incorrective events occured 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 related parties	In RSD thousand	
	2018	2017
<i>Receivables:</i>	.	
a) EP Garant Plc.	865	52,610
b) EP Visokogradnja Plc.	102,495	135,091
c) EP Niskogradnja Plc.	234,245	193,472
d) EP Hidroinženjering Plc.	12,783	15,321
e) EP Entel Plc.	472,985	340,186
f) EP Energodata Plc.	8,144	6,116
g) EP Industrija Plc.	6,143	6,512
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.	4,133	4,585
j) EP Oprema Plc.	46,757	181,984
k) EP Sunnyville Ltd.	25,785	29,465
l) EP Park 11 Ltd.	21,681	379
m) I.N.E.C. Engineering Company Limited, UK		
n) Encom GmbH Consulting, Engineering & Trading	10	125
o) Dom 12 S.A.L.		
p) Enjub Ltd.	9,752	9,945
<i>Total</i>	<i>945,778</i>	<i>975,791</i>
<i>Expenses:</i>		
a) EP Garant Plc.	491	1,840
b) EP Visokogradnja Plc.	10,719	39,767
c) EP Niskogradnja Plc.	5,661	15,496
d) EP Hidroinženjering Plc.	43	950
e) EP Entel Plc.	237	199
f) EP Energodata Plc.	15,762	20,750
g) EP Industrija Plc.	50	998
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.	27,926	2,000
j) EP Oprema Plc.	14,502	14,749
k) EP Sunnyville Ltd.	1,496	24,272
l) EP Park 11 Ltd.	24	120
m) I.N.E.C. Engineering Company Limited, UK		
n) Encom GmbH Consulting, Engineering & Trading		
o) Dom 12 S.A.L.		
p) Enjub Ltd.	529	9,178
<i>Total</i>	<i>77,440</i>	<i>130,319</i>

Receivables and liabilities from related parties	In RSD thousand	
	31/12/2018	31/12/2017
<i>Receivables:</i>		
a) EP Garant Plc.		699
b) EP Visokogradnja Plc.	1,183,045	740,125
c) EP Niskogradnja Plc.	770	254,155
d) EP Hidroinženjering Plc.	19,186	24,904
e) EP Entel Plc.	686	30,512
f) EP Energodata Plc.	130,929	16,078
g) EP Industrija Plc.	637	20,887
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.	16,252	48,077
j) EP Oprema Plc.	269,173	
k) EP Sunnyville Ltd.	796,141	605,102
l) EP Park 11 Ltd.	191,856	25,317
m) I.N.E.C. Engineering Company Limited, UK	359	
n) Encom GmbH Consulting, Engineering & Trading		
o) Dom 12 S.A.L.		
p) Enjub Ltd.	235,025	225,779
r) Zambia Engineering and Contracting Company Limited, Zambia	836	
Total	2,844,895	1,991,635
<i>Liabilities:</i>		
a) EP Garant Plc.		591
b) EP Visokogradnja Plc.	683	23,525
c) EP Niskogradnja Plc.	2,471	
d) EP Hidroinženjering Plc.		
e) EP Entel Plc.		17
f) EP Energodata Plc.		954
g) EP Industrija Plc.	14	
h) EP Promet Ltd.		
i) EP Urbanizam i arhitektura Plc.	693	98
j) EP Oprema Plc.		2,412
k) EP Sunnyville Ltd.		
l) EP Park 11 Ltd.		
m) I.N.E.C. Engineering Company Limited, UK		
n) Encom GmbH Consulting, Engineering & Trading		2,962
o) Dom 12 S.A.L.		
p) Enjub Plc.		
r) Zambia Engineering and Contracting Company Limited, Zambia		
Total	3,861	30,559

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, as well as activities related to implementation of integrated Document Management System (DMS) in Energoprojekt Group.

Information on investments aimed at environmental protection

In period from January to September 2018, Energoprojekt Holding Plc has finished all the activities in harmonizing the adopted management systems with new versions of two standards – Quality Management Standard and Environment Protection Standard (ISO 9001:2015 and ISO 14001:2015).

The external auditing by „Lloyd's Register“ was successfully finished on June 26, 2018.

Pursuant to official terms and conditions for adopting new version of standards, the mentined harmonization was also ejecuted by all other subsidiary companies within Energoprojekt Group.

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.

During 2018, there were no redemption nor selling of own shares.

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.e.g. 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 extremely 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).

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

To the best of our knowledge, Consolidated Annual Financial Statements of the Energoprojekt Holding Plc. for 2018 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:

Executive Director for Finance, Accounting and Planning

Energoprojekt Holding Plc.



Vladimir Višnjić, B.Sc.Ecc.

Legal Representative:

Chief Executive Officer

Energoprojekt Holding Plc.



Stojan Čolakov, M.Sc.C.E

5. DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF COMPANY'S ANNUAL CONSOLIDATED FINANCIAL STATEMENTS *

Note *:

- Consolidated Financial Statements of Energoprojekt Holding Plc. for the year 2018 were approved on April 25, 2019, in the 51st 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 *

Note *:

- Decisions on distribution of profit of the Energoprojekt Holding Plc. and all its subsidiaries in the Energoprojekt Group for 2018 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 2019

Person responsible for preparation of Annual Report:

Executive Director for Finance, Accounting and Planning

Energoprojekt Holding Plc.



Vladimir Višnjić, B.Sc.Ecc.

Legal Representative:

Chief Executive Officer

Energoprojekt Holding Plc.



Stojan Čolakov, M.Sc.C.E