

Energoprojekt Holding Plc. Quarterly Report for Q1 2017

Belgrade, May 2017

Pursuant to Article 53 of the Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015 and 108/2016) and pursuant to Article 5 of the Rulebook on the Content, Form and Method of Publication of Annual, Semi-Annual and Quarterly Reports of Public Companies (RS Official Gazette, No. 14/2012, 5/2015 and 24/2017), **Energoprojekt Holding Plc. from Belgrade, registration No.: 07023014 hereby publishes the following:**

QUARTERLY REPORT FOR Q1 2017

C O N T E N T S

1. FINANCIAL STATEMENTS OF THE ENERGOPROJEKT HOLDING PLC. FOR Q1 2017

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

2. BUSINESS REPORT

3. STATEMENT BY PERSONS RESPONSIBLE FOR PREPARATION OF REPORT

4. DECISION OF COMPETENT CORPORATE BODY TO ADOPT THE Q1 2017 QUARTERLY REPORT * (Note)

1. FINANCIAL STATEMENTS OF ENERGOPROJEKT HOLDING PLC. FOR Q1 2017 (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement on Changes in Equity, Notes to Financial Statements)

Reporting period:

from

1.1.2017

until

31.3.2017

Quarterly Financial Statement for Businesses KFI-PD

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

Reg. No.: **07023014**

Postal code, city: **11070**

NOVI BEOGRAD

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

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Consolidated/individual: **INDIVIDUAL**

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

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

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Name and surname: **VLADIMIR MILOVANOVIC**

(authorized officer)

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

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

M.P.




(Signature of legal representative)

BALANCE SHEET

at day 31.03.2017.

RSD thousand

DESCRIPTION	EDP	Total	
		End of quarter current year	31.12. previous year
1	2	3	4
ASSETS			
A. SUBSCRIBED CAPITAL UNPAID	0001		
B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)	0002	7,968,467	7,676,924
I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003	10,264	9,210
1. Investments in development	0004		
2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	10,264	9,203
3. Goodwill	0006		
4. Other intangible assets	0007		
5. Intangible assets in progress	0008		7
6. Advances paid on intangible assets	0009		
II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010	2,274,890	1,995,000
1. Land	0011	274,978	
2. Buildings	0012	1,322,462	1,325,585
3. Plant and equipment	0013	40,095	32,185
4. Investment property	0014	590,198	590,198
5. Other property, plant and equipment	0015	283	283
6. Property, plant and equipment in progress	0016		
7. Investments in property, plant and equipment, not owned	0017		
8. Advances paid on property, plant and equipment	0018	46,874	46,749
III. NATURAL ASSETS (0020+0021+0022+0023)	0019		
1. Forests and growing crops	0020		
2. Livestock	0021		
3. Natural assets in progress	0022		
4. Advances paid for natural assets	0023		
IV. LONG TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024	5,683,313	5,672,714
1. Shares in subsidiaries	0025	5,049,566	5,049,398
2. Shares in affiliated companies and joint ventures	0026	29,550	29,550
3. Shares in other companies and other available for sale securities	0027	23,141	18,686
4. Long term investments in parent companies and subsidiaries	0028	579,704	573,708
5. Long term investments in other affiliated companies	0029		
6. Long term investments, domestic	0030		
7. Long term investments, foreign countries	0031		
8. Securities held to maturity	0032		
9. Other long term financial investments	0033	1,352	1,372
V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		
1. Receivables from parent company and subsidiaries	0035		
2. Receivables from other affiliated companies	0036		
3. Receivables from credit sales	0037		
4. Receivables from financial leasing contracts	0038		
5. Receivables from pledged assets	0039		
6. Bad debts and uncollectible claims	0040		
7. Other long term receivables	0041		
C. DEFERRED TAX ASSETS	0042		

DESCRIPTION	EDP	Total	
		End of quarter current year	31.12. previous year
1	2	3	4
D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043	1,888,354	1,869,124
I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044	2,800	2,614
1. Material ,parts, tools and small inventories	0045		
2. Work and services in progress	0046		
3. Finished products	0047		
4. Goods	0048		
5. Fixed assets for sale	0049		
6. Advances paid for inventories and services	0050	2,800	2,614
II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051	550,608	523,437
1. Local buyers - parent company and subsidiaries	0052	549,483	522,680
2. Foreign buyers - parent company and subsidiaries	0053		
3. Local buyers - other affiliated companies	0054	705	705
4. Foreign buyers - other affiliated companies	0055		
5. Local buyers	0056	420	52
6. Foreign buyers	0057		
7. Other receivables from sales	0058		
III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059	286,538	357,037
IV. OTHER RECEIVABLES	0060	66,560	67,845
V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061		
VI. SHORT TERM FINANCIAL INVESTMENTS(0063+0064+0065+0066+0067)	0062	395,996	394,411
1. Short term loans and investments - parent company and subsidiaries	0063	230,370	229,448
2. Short term loans and investments - other affiliated companies	0064	165,546	164,884
3. Short term credits and loans, domestic	0065		
4. Short term credits and loans, foreign countries	0066		
5. Other short term financial investments	0067	80	79
VII. CASH AND CASH EQUIVALENTS	0068	166,314	128,791
VIII. VALUE ADDED TAX	0069		
IX. PREPAYMENTS AND ACCRUED INCOME	0070	419,538	394,989
E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071	9,856,821	9,546,048
F. OFF-BALANCE SHEET ASSETS	0072	26,083,398	25,008,084

DESCRIPTION	EDP	Total	
		End of quarter current year	31.12. previous year
1	2	3	4
LIABILITIES			
A. CAPITAL (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401	8,315,156	8,421,896
I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402	7,128,301	7,202,622
1. Share capital	0403	5,574,959	5,574,959
2. Shares of limited liability companies	0404		
3. Investments	0405		
4. State owned capital	0406		
5. Socially owned capital	0407		
6. Shares of cooperatives	0408		
7. Issuing premium	0409	1,526,164	1,600,485
8. Other share capital	0410	27,178	27,178
II. SUBSCRIBED CAPITAL UNPAID	0411		
III. TREASURY SHARES REPURCHASED	0412	49,827	
IV. RESERVES	0413	134,881	134,881
V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	782,098	782,098
VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415		
VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416	24,415	28,869
VIII. RETAINED EARNINGS (0418+0419)	0417	344,118	331,164
1. Retained earnings from previous years	0418	331,164	99,050
2. Retained earnings from current year	0419	12,954	232,114
IX. NON-CONTROLLING INTEREST	0420		
X. LOSSES (0422+0423)	0421		
1. Losses from previous years	0422		
2. Losses from current year	0423		
B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)	0424	2,217	2,347
I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425	2,217	2,347
1. Provisions for warranty costs	0426		
2. Provisions for recovery of natural resources	0427		
3. Provisions for restructuring costs	0428		
4. Provisions for wages and other employee benefits	0429	2,217	2,347
5. Provisions for legal expenses	0430		
6. Other long term provisions	0431		
II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		
1. Liabilities convertible into capital	0433		
2. Liabilities to parent company and subsidiaries	0434		
3. Liabilities to other affiliated companies	0435		
4. Liabilities for issued securities for more than one year	0436		
5. Long term credits and loans, domestic	0437		
6. Long term credits and loans, foreign countries	0438		
7. Long term liabilities from financial leasing	0439		
8. Other long term liabilities	0440		
C. DEFERRED TAX LIABILITIES	0441	152,252	152,252
D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442	1,387,196	969,553
I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443	1,267,133	638,498
1. Short term loans from parent company and subsidiaries	0444		
2. Short term loans from other affiliated companies	0445		
3. Short term credits and loans, domestic	0446	1,266,786	638,307
4. Short term credits and loans, foreign countries	0447		
5. Liabilities from fixed assets and assets from discontinued operations available for sale	0448		
6. Other short term financial liabilities	0449	347	191

DESCRIPTION	EDP	Total	
		End of quarter current year	31.12. previous year
1	2	3	4
II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450		14,153
III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451	14,639	12,562
1. Suppliers - parent company and subsidiaries, local	0452	1,982	1,020
2. Suppliers - parent company and subsidiaries, foreign countries	0453	3,099	3,087
3. Suppliers - other affiliated companies, local	0454		
4. Suppliers - other affiliated companies, foreign countries	0455		
5. Suppliers, local	0456	6,292	6,227
6. Suppliers, foreign countries	0457	3,266	2,228
7. Other operating liabilities	0458		
IV. OTHER SHORT TERM LIABILITIES	0459	52,849	272,319
V. VALUE ADDED TAX	0460	5,355	4,366
VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	20,289	735
VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	26,931	26,920
D. LOSSES EXCEEDING CAPITAL (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)≥0 = (0441+0424+0442-0071) ≥0	0463		
E. TOTAL LIABILITIES (0424+0442+0441+0401-0463) ≥ 0	0464	9,856,821	9,546,048
F. OFF-BALANCE LIABILITIES	0465	26,083,398	25,008,084

INCOME STATEMENT

from 01.01.2017. until 31.03.2017.

RSD thousand

DESCRIPTION	EDP	Total			
		current period		previous period	
		quarter	cumulative	quarter	cumulative
1	2	3	4	5	6
INCOME FROM NORMAL ACTIVITIES					
A. OPERATING INCOME (1002+1009+1016+1017)	1001	111,984	111,984	111,296	111,296
I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002				
1. Income from sale of goods to parent company and subsidiaries on local market	1003				
2. Income from sale of goods to parent company and subsidiaries on foreign markets	1004				
3. Income from sale of goods to other affiliated companies on local market	1005				
4. Income from sale of goods to other affiliated companies on foreign markets	1006				
5. Income from sale of goods on local market	1007				
6. Income from sale of goods on foreign markets	1008				
II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009	106,641	106,641	104,244	104,244
1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010	106,625	106,625	104,224	104,224
2. Income from sale of finished products and services to parent company and subsidiaries on foreign markets	1011				
3. Income from sale of finished products and services to other affiliated companies on local market	1012				
4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013				
5. Income from sale of finished products and services on local market	1014	16	16	20	20
6. Income from sale of finished products and services on foreign markets	1015				
III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016				
IV. OTHER OPERATING INCOME	1017	5,343	5,343	7,052	7,052
EXPENSES FROM NORMAL ACTIVITIES					
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029) ≥ 0	1018	103,744	103,744	89,931	89,931
I. COST PRICE OF GOODS SOLD	1019				
II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020			84	84
III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021				
IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022				
V. MATERIAL COSTS	1023	2,310	2,310	1,234	1,234
VI. FUEL AND ENERGY COSTS	1024	5,606	5,606	4,933	4,933
VII. EMPLOYEE EXPENSES AND BENEFITS	1025	53,249	53,249	50,612	50,612
VIII. PRODUCTION SERVICE COSTS	1026	18,732	18,732	14,996	14,996
IX. DEPRECIATION EXPENSES	1027	5,663	5,663	4,833	4,833
X. PROVISION EXPENSES	1028				
XI. INTANGIBLE EXPENSES	1029	18,184	18,184	13,407	13,407
C. OPERATING INCOME (1001-1018) ≥ 0	1030	8,240	8,240	21,365	21,365
D. OPERATING LOSSES (1018-1001) ≥ 0	1031				
E. FINANCIAL REVENUES (1033+1038+1039)	1032	16,966	16,966	35,065	35,065
I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033	14,240	14,240	28,915	28,915
1. Financial income from parent company and subsidiaries	1034	10,825	10,825	21,594	21,594
2. Financial income from other affiliated companies	1035	3,415	3,415	4,815	4,815
3. Share of profits in associated companies and joint ventures	1036				
4. Other financial revenues	1037			2,506	2,506
II. INTEREST INCOME (THIRD PARTY)	1038	717	717	873	873
III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039	2,009	2,009	5,277	5,277
F. FINANCIAL EXPENSES (1041+1046+1047)	1040	9,467	9,467	10,809	10,809
I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041	187	187	466	466
1. Financial expenses from transactions with parent company and subsidiaries	1042	187	187	466	466
2. Financial expenses from transactions with other affiliated companies	1043				
3. Share of losses in affiliated companies and joint ventures	1044				
4. Other financial expenditure	1045				
II. INTEREST EXPENSES (THIRD PARTY)	1046	6,392	6,392	4,724	4,724
III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047	2,888	2,888	5,619	5,619
G. FINANCIAL GAINS (1032-1040)	1048	7,499	7,499	24,256	24,256
H. FINANCIAL LOSSES (1040-1032)	1049				
I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1050				
J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT	1051				
K. OTHER INCOME	1052	318	318	142	142
L. OTHER EXPENSES	1053	705	705	4,895	4,895
M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054	15,352	15,352	40,868	40,868
N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055				
O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1056				
P. NET LOSSES FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS	1057	112	112	66	66
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058	15,240	15,240	40,802	40,802
R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059				

DESCRIPTION	EDP	Total			
		current period		previous period	
		quarter	cumulative	quarter	cumulative
1	2	3	4	5	6
S. INCOME TAX					
I. TAXABLE EXPENSES FOR THE PERIOD	1060	2,286	2,286	6,121	6,121
II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061				
III. DEFERRED TAX INCOME FOR THE PERIOD	1062				
T. MANAGEMENT EARNINGS	1063				
U. NET PROFIT (1058-1059-1060-1061+1062-1063)	1064	12,954	12,954	34,681	34,681
V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065				
I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066				
II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067				
III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS	1068				
IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER	1069				
V. EARNINGS PER SHARE					
1. Basic earnings per share	1070				
2. Reduced (diluted) earnings per share	1071				

CASH FLOW STATEMENT

from 01.01.2017. until 31.03.2017.

RSD thousand

DESCRIPTION	EDP	Total	
		cumulative for current year quarter	cumulative for previous year quarter
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)	3001	181,532	104,238
1. Sales and prepayments	3002	180,025	102,566
2. Interests from operating activities	3003		
3. Other inflow from normal operations	3004	1,507	1,672
II. Cash outflow from operating activities (1 to 5)	3005	361,308	126,216
1. Payments to suppliers and prepayments	3006	281,979	59,599
2. Employee expenses and benefits	3007	49,215	44,158
3. Interests paid	3008	6,512	3,782
4. Income tax	3009		6,498
5. Payments based on other public revenues	3010	23,602	12,179
III. Net cash inflow from operating activities (I-II)	3011		
IV. Net cash outflow from operating activities (II-I)	3012	179,776	21,978
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3013	4,155	8,601
1. Sale of shares and stocks (net inflow)	3014		5,445
2. Sale of intangible investments, property, plant, equipment and natural assets	3015	1,402	
3. Other financial investments (net inflow)	3016	18	
4. Interest received from investment activities	3017	2,735	958
5. Dividends received	3018		2,198
II. Cash outflow from investing activities (1 to 3)	3019	288,597	402,823
1. Purchase of shares and stocks (net outflow)	3020		
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	288,597	900
3. Other financial investments (net outflow)	3022		401,923
III. Net cash inflow from investing activities (I-II)	3023		
IV. Net cash outflow from investing activities (II-I)	3024	284,442	394,222
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)	3025	626,025	59,905
1. Equity increase	3026		
2. Long term loans (net inflow)	3027		
3. Short term loans (net inflow)	3028	626,025	59,905
4. Other long term liabilities	3029		
5. Other short term liabilities	3030		
II. Cash outflow from financing activities (1 to 6)	3031	124,415	
1. Repurchase of own shares and stocks	3032	124,148	
2. Long term loans (net outflow)	3033		
3. Short term loans (net outflow)	3034		
4. Other liabilities	3035		
5. Financial leasing	3036		
6. Dividends paid	3037	267	
III. Net cash inflow from financing activities (I -II)	3038	501,610	59,905
D. Net cash outflow from financing activities (II-I)	3039		
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	811,712	172,744
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	774,320	529,039
G. NET CASH INFLOW (3040-3041)	3042	37,392	
H. NET CASH OUTFLOW (3041-3040)	3043		356,295
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	124,726	463,343
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	4,196	
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046		153
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	166,314	106,895

STATEMENT OF OTHER RESULTS

from 01.01.2017. until 31.03.2017.

RSD thousand

DESCRIPTION	EDP	Total			
		current period		previous period	
		quarter	cumulative	quarter	cumulative
1	2	3	4	5	6
A. NET OPERATING RESULTS					
I. NET PROFIT (EDP 1064)	2001	12,954	12,954	34,681	34,681
II. NET LOSSES (EDP 1065)	2002				
B. OTHER COMPERHENSIVE GAINS OR LOSSES					
a) Items not reclassifiable in the balance sheet in future periods					
1. Change of revaluation of intangibles, property, plant and equipment					
a) increase in revaluation reserves	2003				
b) decrease in revaluation reserves	2004				
2. Actuarial gains or losses from defined income plans					
a) gains	2005				
b) losses	2006				
3. Gains and losses from equity instrument investments					
a) gains	2007				
b) losses	2008				
4. Gains and losses from share of other comprehensive profits and losses of affiliates					
a) gains	2009				
b) losses	2010				
b) Items that may be reclassified in the balance sheet in future periods					
1. Gains and losses from translation of financial statements for foreign operations					
a) gains	2011				
b) losses	2012				
2. Gains and losses from hedging of net investments in foreign operations					
a) gains	2013				
b) losses	2014				
3. Gains and losses from cash flow hedging					
a) gains	2015				
b) losses	2016				
4. Gains and losses from available for sale securities					
a) gains	2017	4,470	4,470	3	3
b) losses	2018	16	16	333	333
I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019	4,454	4,454		
II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020			330	330
III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021				
IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022	4,454	4,454		
V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023			330	330
C. TOTAL COMPERHENSIVE NET RESULTS FOR THE PERIOD					
I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024	17,408	17,408	34,351	34,351
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				
1. Payable to majority shareholders	2027				
2. Payable to non-controlling shareholders	2028				

STATEMENT OF CHANGES IN EQUITY

from 01.01.2017. until 31.03.2017.

RSD thousand

DESCRIPTION	Equity component															Total capital [Σ (row 1b col.3 to col.15) - Σ(row 1a col.3 to col.15)] ≥ 0	Losses exceeding capital [Σ(row 1b col.3 to col.15)] ≥ 0													
	EDP	30 Equity capital	EDP	31 Subscribed capital unpaid	EDP	32 Provisions	EDP	35 Losses	EDP	047 n 237 Treasury shares repurchased	EDP	34 Retained earnings	EDP	330 Revaluation reserves	EDP			331 Actuarial gains or losses	EDP	332 Gains and losses from equity instrument investments	EDP	333 Gains and losses from share of other profits and losses of affiliates	EDP	334 n 335 Gains and losses from foreign operations and translation of financial statements	EDP	336 Gains and losses from cash flow hedging	EDP	337 Gains and losses from available for sale securities		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16															
Opening balance 01.01.2016.																														
a) debit balance	4001		4,019		4,037		4,055		4,073		4,091		4,109		4,127		4,145		4,163		4,181		4,199		4,217	28,433		4,235	8,450,766	4,244
b) credit balance	4002	7,202,622	4,020		4,038	134,881	4,056		4,074		4,092	324,105	4,110	817,591	4,128		4,146		4,164		4,182		4,200		4,218					
Adjustment for materially significant errors and changes in accounting policies																														
a) adjustment of debit balance	4003		4,021		4,039		4,057		4,075		4,093		4,111		4,129		4,147		4,165		4,183		4,201		4,219			4,236		4,245
b) adjustment of credit balance	4004		4,022		4,040		4,058		4,076		4,094		4,112		4,130		4,148		4,166		4,184		4,202		4,220					
Adjustment of opening balance on 01.01.2016.																														
a) adjustment of debit balance (1a+2a-2b) ≥ 0	4005		4,023		4,041		4,059		4,077		4,095		4,113		4,131		4,149		4,167		4,185		4,203		4,221	28,433		4,237	8,450,766	4,246
b) adjustment of credit balance (1b-2a+2b) ≥ 0	4006	7,202,622	4,024		4,042	134,881	4,060		4,078		4,096	324,105	4,114	817,591	4,132		4,150		4,168		4,186		4,204		4,222					
Changes in previous 2016 year																														
a) debit balance activity	4007		4,025		4,043		4,061		4,079		4,097	218,626	4,115	41,756	4,133		4,151		4,169		4,187		4,205		4,223	747		4,238		4,247
b) credit balance activity	4008		4,026		4,044		4,062		4,080		4,098	225,685	4,116	6,263	4,134		4,152		4,170		4,188		4,206		4,224	311				
Closing balance previous year at 31.12.2016.																														
a) debit balance (3a+4a-4b) ≥ 0	4009		4,027		4,045		4,063		4,081		4,099		4,117		4,135		4,153		4,171		4,189		4,207		4,225	28,869		4,239	8,421,896	4,248
b) credit balance (3b-4a+4b) ≥ 0	4010	7,202,622	4,028		4,046	134,881	4,064		4,082		4,100	331,164	4,118	782,098	4,136		4,154		4,172		4,190		4,208		4,226					
Adjustment for materially significant errors and changes in accounting policies																														
a) adjustment of debit balance	4011		4,029		4,047		4,065		4,083		4,101		4,119		4,137		4,155		4,173		4,191		4,209		4,227			4,240		4,249
b) adjustment of credit balance	4012		4,030		4,048		4,066		4,084		4,102		4,120		4,138		4,156		4,174		4,192		4,210		4,228					
Adjustment of opening balance current year at 01.01.2017.																														
a) adjustment of debit balance (5a+6a-6b) ≥ 0	4013		4,031		4,049		4,067		4,085		4,103		4,121		4,139		4,157		4,175		4,193		4,211		4,229	28,869		4,241	8,421,896	4,250
b) adjustment of credit balance (5b-6a+6b) ≥ 0	4014	7,202,622	4,032		4,050	134,881	4,068		4,086		4,104	331,164	4,122	782,098	4,140		4,158		4,176		4,194		4,212		4,230					
Changes in current 2017 year																														
a) debit balance activity	4015	74,321	4,033		4,051		4,069		4,087	49,827	4,105		4,123		4,141		4,159		4,177		4,195		4,213		4,231	16		4,242		4,251
b) credit balance activity	4016		4,034		4,052		4,070		4,088		4,106	12,954	4,124		4,142		4,160		4,178		4,196		4,214		4,232	4,470				
Closing balance at end quarter current year 2017																														
a) debit balance (7a+8a-8b) ≥ 0	4017		4,035		4,053		4,071		4,089	49,827	4,107		4,125		4,143		4,161		4,179		4,197		4,215		4,233	24,415		4,243	8,315,156	4,252
b) credit balance (7b-8a+8b) ≥ 0	4018	7,128,301	4,036		4,054	134,881	4,072		4,090		4,108	344,118	4,126	782,098	4,144		4,162		4,180		4,198		4,216		4,234					



**NOTES TO THE FINANCIAL STATEMENTS
FOR Q1 2017**

Belgrade, 2017

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1. COMPANY BACKGROUND

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

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

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

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

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

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

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

General Company Data

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

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

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

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

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

Subsidiary companies abroad – international companies are as follows:

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

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

- Enjub Ltd.

The affiliated company in the country is:

- Fima SEE Activist Plc.

Energoprojekt Holding Plc.

The following table contains data on the ownership share in subsidiaries as at March 3, 2017.

<i>Equity investments in subsidiary legal entities</i>	
<i>Name of subsidiary company</i>	<i>% ownership</i>
<i>In the country:</i>	
Energoprojekt Visokogradnja Plc.	100.00
Energoprojekt Niskogradnja Plc.	100.00
Energoprojekt Oprema Plc.	67.87
Energoprojekt Hidroinzenjering Plc.	100.00
Energoprojekt Urbanizam i arhitektura Plc.	100.00
Energoprojekt Energodata Plc.	100.00
Energoprojekt Industrija Plc.	62.77
Energoprojekt Entel Plc.	86.26
Energoprojekt Garant Ltd.	92.94
Energoprojekt Promet Ltd.	100.00
Energoprojekt Sunnyville Ltd.	100.00
<i>Abroad:</i>	
Zambia Engineering and Contracting Company Limited, Zambia	100.00
Energoprojekt Holding Guinee S.A, Guinea	100.00
I.N.E.C. Engineering Company Limited, UK	100.00
Encom GmbH Consulting, Engineering & Trading, Germany	100.00
Dom 12 S.A.L, Lebanon	100.00
Energo (private) Limited, Zimbabwe	100.00
Energo Kaz Ltd., Kazakhstan	100.00

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

<i>Equity share in other related legal entities in the country</i>	
<i>Name of the joint company</i>	<i>% ownership</i>
Enjub Ltd.	50.00
<i>Name of the affiliated company</i>	<i>% ownership</i>
Fima SEE Activist Ltd.	30.16%

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

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

The average number of employees with the Company in the reporting period, based on the actual number of employees at the end of each month, is 72 (as at December 31, 2016: 69).

The company's shares are listed on the Belgrade Stock Exchange and these are traded in a regulated stock market – "Prime listing".

The financial statements that are subject of these Notes are the **financial statements of the Company for the period from January 1 till March 31, 2017** that were approved by the Executive Board of the Company on May 12, 2017, at 67th meeting of the Company and are not subject to an audit by an external auditor.

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

2. MANAGEMENT STRUCTURE

Key management of the Company in 2017 reporting period included the following persons:

- Vladimir Milovanovic - General Manager;
- Dr Dimitraki Zipovski - Executive Manager for finances, accounting and plan;
- Dr Jovan Nikcevic - Executive Manager for legal affairs;
- Filip Filipovic - Executive Manager for administrative operations; and
- Vesna Prodanovic - Executive manager for operational projects.

3. OWNERSHIP STRUCTURE

According to records of the Central Securities Depository, the registered ownership structure of the Company as at March 31, 2017 is presented in the Note 28.1.

4. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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

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

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

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

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

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

- Law on Corporate Income Tax (RS Official Gazette, No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 –other law, 142/2014,91/2015/ – authentic interpretation and 112/2015);
- Law on Added Value Tax (RS Official Gazette, No. 84/2004, 6/2014 – adjusted RSD amounts, 86/2004 - corrigendum, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 - other law, 142/2014, 83/2015 and 5/2016 – adjusted RSD amounts, 108/2016 and 7/2017 – adjusted RSD amounts);
- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax (RS Official Gazette, No. 99/2010, 8/2011, 13/2012, 8/2013 and 20/2014 – other Rules);
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax (RS Official Gazette, No. 24/2014, 30/2015, 101/2016);
- Rules on Method of Classification of Non-Current Assets and on Method of Calculation of Depreciation for Taxing Purposes (RS Official Gazette, No. 116/2004 and 99/2010);
- Rules on Transfer Prices and Methods Applied in compliance with the “at arm’s length” principle in determining the price of transactions among related parties (RS Official Gazette, No. 61/2013 and 8/2014).

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

The Law on Capital Market (RS Official Gazette, No. 31/2011, 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 Company financial statements, which has been explained in detail further in this text.

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

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

In addition to the above stated, some deviations were due to the different publishing dates of the Standards and the relevant Interpretations thereof, which are subject to continuous modifications, and the effective dates when these Standards and relevant Interpretations thereof come into force in the Republic of Serbia. Thus, for example, the deviations from the Standards came as the consequence of the fact that the published Standards and relevant Interpretations, which came into force, have not yet been officially translated or adopted in the Republic of Serbia; as the consequence of the fact that the published Standards and relevant Interpretations have not yet come into force; or as the consequence of some other reasons beyond effective control or influence of the Company, with no significant effect on financial position of the Company or on its business result.

Functional currency and currency used for data presentation

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

Transactions in foreign currency, upon initial recognition, are registered in dinar counter value by applying the official middle exchange rate on the 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 transaction of foreign currency (apart from those related to monetary items as part of net investments of the Company in foreign business, included pursuant to IAS 21) are recognized as revenues or expenses of the Company for the period in which they occurred.

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

Currency	March 31, 2017	December 31, 2016	March 31, 2016	December 31, 2015
	<i>Amount in RSD</i>			
EUR 1	123.9679	123.4723	122.9245	121.6261
USD 1	116.1292	117.1353	108.6001	111.2468
GBP 1	145.0256	143.8065	155.7978	164.9391

5. MANAGEMENT EVALUATION AND JUDGEMENTS

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

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

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

6. OVERVIEW OF PRINCIPAL ACCOUNTING POLICIES

The basic accounting policies applied in preparation of these financial statements, which were primarily based on the Rulebook on Accounting and Accounting Policies of the Company, are in line with the accounting policies applied in preparation of the financial statements for the year that ended on December 31, 2016, and were applied consistently to all the presented years, unless specified otherwise.

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

INCOME STATEMENT

7. OPERATING INCOME

7.1. Income from Sale of Products and Services

Revenues structure from the sales of products and services is presented in the following table.

Structure of income from sale of products and services	<i>In RSD thousand</i>	
	<i>01/01- 31/03/ 2017</i>	<i>01/01 - 31/03/2016</i>
Income from sale of finished products and services to parent company and subsidiaries on local market	106.625	104.224
Income from sale of finished products and services on local market	16	20
Income from sale of finished products and services on foreign markets		
TOTAL	106.641	104.244

Income from the sale of finished products and services to parent companies and subsidiaries on local market are based on services rendered by the Company to its subsidiaries, in accordance with agreements approved and adopted by the competent management bodies of the Company and of the subsidiaries, in compliance with the relevant legal acts and these amounted to RSD 106,625 thousand (last year comparison period: RSD 104,224 thousand).

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

Structure of income from the sale of finished products and services to subsidiaries on local market	<i>In RSD thousand</i>	
	<i>01/01-31/03/2017</i>	<i>01/01-31/03/2016</i>
Energoprojekt Garant Ltd	682	461
Energoprojekt Visokogradnja Plc.	28.384	18.430
Energoprojekt Niskogradnja Plc.	37.122	25.803
Energoprojekt Hidroinzenjering Plc.	3.842	7.741
Energoprojekt Entel Plc.	12.519	21.379
Energoprojekt Energodata Plc.	1.642	2.027
Energoprojekt Industrija Plc.	1.735	4.792
Energoprojekt Urbanizam i arhitektura Plc.	1.054	1.474
Energoprojekt Oprema Plc.	17.600	22.117
Energoprojekt Sunnyville Ltd.	2.045	
TOTAL	106.625	104.224

Income from the sale of finished products and services on local market in the amount of RSD 16 thousand (last year comparison period: RSD 20 thousand) were generated from the sales of flight tickets.

7.2. Other Operating Income

Structure of other operating income	<i>In RSD thousand</i>	
	<i>01/01-31/03/2017</i>	<i>01/01-31/03/2016</i>
Incomes from the rent collected from parent, subsidiary and other related companies	5.247	5.288
Incomes from the rent collected from other legal entities on local market	68	74
Other operating income (externally)	28	1.690
TOTAL	5.343	7.052

Incomes from the rent collected from parent, subsidiary and other related companies amounting to RSD 5,247 thousand (last year comparison period: RSD 5,288 thousand), were generated based on renting of the “Samacki Hotel” complex in 24 Batajnicki Drum, which has been rented since 2011 to the Energoprojekt Visokogradnja for RSD 3,812 thousand (last year comparison period: RSD 3,861 thousand), and from the rent of a portion of the Energoprojekt building, which has been rented since 2013 to the Energoprojekt Garant for RSD 1,121 thousand (last year comparison period: RSD 1,115 thousand) and from the rent of another portion of Energoprojekt building, which has been rented since 2016 to the Energoprojekt Sunnyville, for RSD 314 thousand (last year comparison period: RSD 312 thousand).

Incomes from the rent collected from other legal entities on local market amounting to RSD 68 thousand (last year comparison period: RSD 74 thousand) were generated from renting of the ground floor space of the Energoprojekt building to Telekom Srbija.

Other operating income amounting to RSD 28 thousand (last year comparison period: RSD 1,690 thousand) was generated based on bonus award of Aeroflot airline company for the sales of flight tickets.

8. MATERIAL COSTS AND FUEL AND ENERGY COST

Structure of material cost and fuel and energy costs	<i>In RSD thousand</i>	
	<i>01/01 - 31/03 2017</i>	<i>01/01 - 31/03 2016</i>
Material costs:		
a) Costs of other materials (overheads)	2.310	1.219
b) Costs of one-off write-off of tools and inventory		15
<i>Total</i>	<i>2.310</i>	<i>1.234</i>
Fuels and energy costs:		
a) Costs of fuel	603	436
b) Costs of electrical energy and heating	5.003	4.497
<i>Total</i>	<i>5.606</i>	<i>4.933</i>
TOTAL	7.916	6.167

Costs of other material (overheads) amounting to RSD 2,310 thousand (last year comparison period: RSD 1,219 thousand) refer to the costs of office supplies amounting to RSD 551 thousand (last year comparison period: RSD 408 thousand), professional and expert literature, magazines, etc. amounting to RSD 304 thousand (last year comparison period: RSD 300 thousand) and other material costs amounting to RSD 1.455 thousand (last year comparison period: RSD 511 thousand).

9. EMPLOYEE EXPENSES AND BENEFITS

Structure of employee expenses and benefits	<i>In RSD thousand</i>	
	<i>01/01 - 31/03 2017</i>	<i>01/01 - 31/03 2016</i>
Expenses of wages and fringe benefits (gross)	39.491	40.218
Taxes and contributions on wages and contributions on wages payable by employer	5.816	4.999
Service agreements contributions	1.295	989
Copyright agreements contributions	90	17
Costs of contributions for contract fees for temporary and periodical engagement	311	313
Considerations to General Manager and/or Management and Supervisory Board members	2.945	2.698
Other personnel expenses and fringe benefits	3.301	1.378
TOTAL	53.249	50.612
Average number of employees	72	68

Other personnel expenses and fringe benefits amounting to RSD 3,301 thousand (last year comparison period: RSD 1,378 thousand) refer to the business trips' expenses amounting to RSD 2,691 thousand (last year comparison period: RSD 773 thousand), Company expenses for employee commuting reimbursements amounting to RSD 585 thousand (last year comparison period: RSD 581 thousand), solidarity fund allowances and other employee compensations amounting to RSD 25 thousand (last year comparison period: RSD 24 thousand).

10. PRODUCTION SERVICE COSTS

Structure of production service cost	In RSD thousand	
	01/01 - 31/03 2017	01/01 - 31/03 2016
Service of outputs		
Transportation services cost	1.011	906
Repairs and maintenance services' costs	8.391	8.308
Rental costs	137	125
Fair participation costs		
Advertising costs	5.439	1.887
Costs of other services	3.754	3.770
TOTAL	18.732	14.996

Transportation services' costs in the amount of RSD 1,011 thousand (last year comparison period: RSD 906 thousand), refer to the landline costs and mobile phone costs, Internet services, taxi services, parking services, cars, toad tolls, etc.

Repairs and maintenance services costs amounting to RSD 8,391 thousand (last year comparison period: RSD 8,308 thousand) pertain primarily to investment maintenance of the Energoprojekt building amounting to RSD 7,831 thousand (last year comparison period: RSD 7,825 thousand) and to the ongoing maintenance of equipment amounting to RSD 540 thousand (last year comparison period: RSD 479 thousand).

Advertising costs amounting to RSD 5,439 thousand refers to sponsorship expenses, media presentations, etc. (last year comparison period: RSD 1,887 thousand).

Costs of other services amounting to RSD 3,754 thousand (last year comparison period: RSD 3,770 thousand) refer to the photocopying costs and costs of technical and operational support provided by the Energoprojekt Energodata in multimedia presentations, updating and preparation of advertising and promo materials for info-board, graphic design services and other: RSD 1,873 thousand (last year comparison period: RSD 1,677 thousand), licenses' costs: RSD 1,099 thousand (last year comparison period: RSD 1,382 thousand), utility services: RSD 565 thousand (last year comparison period: RSD 527 thousand) and safety at work and car registration expenses: RSD 217 thousand (last year comparison period: RSD 184 thousand).

11. DEPRECIATION EXPENSES AND PROVISION EXPENSE

Structure of depreciation expenses and provision expenses	<i>In RSD thousand</i>	
	<i>01/01 - 31/03 2017</i>	<i>01/01 - 31/03 2016</i>
Depreciation expenses:		
a) Depreciation of intangible assets (Note 18)	782	746
b) Depreciation of property, plant and equipment (Note 19.1)	4.881	4.087
<i>Total</i>	<i>5.663</i>	<i>4.833</i>
Provisions expenses		
Provisions for contributions and other personnel benefits		
<i>Total</i>		
TOTAL	<i>5.663</i>	<i>4.833</i>

Depreciation expenses for the first quarter of 2017 were calculated based on the appraisal of residual values and the remaining useful life as at December 31, 2016 for property and equipment with significant booking value, since there were no changes of relevance that would require additional appraisal as at the balance date as well.

12. INTANGIBLE EXPENSES

Structure of intangible expenses	<i>In RSD thousand</i>	
	<i>01.01.- 31.03. 2017.</i>	<i>01.01. - 31.03. 2016.</i>
Intangible expenses	3.913	4.347
Expense account	1.762	1.382
Insurance premiums expenses	457	221
Payment operations' expenses	1.593	218
Membership fee expenses	1.556	215
Tax duties	6.476	6.529
Other non-operating expenses	2.427	495
TOTAL	<i>18.184</i>	<i>13.407</i>

Intangible expenses amounting to RSD 3,913 thousand (last year comparison period: RSD 4,347 thousand) pertain to the costs of attorney fees, consulting and intellectual services, professional training, financial statements' audit costs, education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other costs.

Expense accounts amounting to RSD 1,762 thousand (last year comparison period: RSD 1,382 thousand) include primarily the catering services.

Insurance premium expenses amounting to RSD 457 thousand (last year comparison period: RSD 221 thousand) refer to the insurance of property and persons.

Payment operations expenses amounting to RSD 1,593 thousand pertain to the local payment operations costs (last year comparison period: RSD 218 thousand, predominantly in country), refer mainly to credit approving fees and bank warranties.

Membership fee expenses amounting to RSD 1,556 thousand (last year comparison period: RSD 215 thousand) include membership fees to Chambers (Serbian Chamber of Commerce) representing a salary expense liability of RSD 1 thousand (last year comparison period: RSD 54 thousand) and other Chambers' membership fees and Associations' fees in the amount of RSD 1,555 thousand (last year comparison period: RSD 161 thousand).

Tax duties in the amount of RSD 6,476 thousand (last year comparison period: RSD 6,529 thousand) refer predominantly to the property tax amounting to RSD 6,307 thousand (last year comparison period: RSD 6,359 thousand).

Other non-operating expenses amounting to RSD 2,427 thousand (last year comparison period: RSD 495 thousand) refer to duties and lawsuit expenses, in the amount of RSD 1,096 thousand).

13. FINANCIAL INCOME AND FINANCIAL EXPENSE

13.1. Financial Income

Structure of financial income	In RSD thousand	
	01/01 - 31/03 2017	01/01 - 31/03 2016
Financial income from transactions with parent companies and subsidiaries	10.825	21.594
Financial income from other related companies	3.415	4.815
Income from dividends		2.506
<i>Total financial income from the related parties and other financial income</i>	<i>14.240</i>	<i>28.915</i>
Interest income (third party)	717	873
Exchange rate gains and positive currency clause effects (third party)	2.009	5.277
TOTAL	16.966	35.065

Financial income from transactions with parent companies and subsidiaries amounting to RSD 10,825 thousand (last year comparison period: RSD 21,594 thousand) refer to interest income from subsidiaries amounting to RSD 5,184 thousand (last year comparison period: RSD 8,632 thousand) and income from the effects of foreign exchange clauses from subsidiaries amounting to RSD 5,641 thousand (last year comparison period: RSD 12,962 thousand).

Financial income from other related companies in the amount of RSD 3,415 thousand (last year comparison period: RSD 4,815 thousand) relates to the interest income: RSD 2,523 thousand (last year comparison period: RSD 2,586 thousand) and to the effects of the foreign exchange clauses: RSD 892 thousand from the joint venture Enjub Ltd. (last year comparison period: RSD 2,229 thousand).

Interest income (third party) in the amount of RSD 717 thousand refers to the interest calculated on the term deposits (last year comparison period: RSD 873 thousand).

Exchange rate gains and positive currency clause effects (third party) in the amount of RSD 2,009 thousand (last year comparison period: RSD 5,277 thousand), refer to gains in FX exchange: RSD 241 thousand (last year comparison period: RSD 173 thousand) and income from the effects of foreign currency clause in the amount of RSD 1,768 thousand (last year comparison period: RSD 5,104 thousand), the largest portion of which pertains to the effects of foreign currency clause based on the receivables for income from the construction of Embassy building in Abuja: RSD 1,572 thousand.

13.2. Financial Expense

Structure of financial expense	<i>In RSD thousand</i>	
	<i>01/01 - 31/03 2017</i>	<i>01/01 - 31/03 2016</i>
Financial expenses from transactions with parent company and subsidiaries	187	466
Financial expenses from transactions with other related companies		
<i>Total financial expense incurred from related parties and other financial expense</i>	<i>187</i>	<i>466</i>
Interest expenses (third party)	6.392	4.724
Exchange rate losses and negative currency clause effects (third party)	2.888	5.619
TOTAL	9.467	10.809

Financial expenses from transactions with parent companies and subsidiaries amounting to RSD 187 thousand (last year comparison period: RSD 466 thousand) pertain to the expenses incurred from the effects of foreign currency clauses and negative effects of foreign exchange rates from transactions with subsidiaries.

Interest expense (third party) in the amount of RSD 6,392 thousand (last year comparison period: RSD 4,724 thousand) relate predominantly to the interest expense from domestic current liquidity loans, in the amount of RSD 6,385 thousand granted by Erste bank, Eurobank, Alpha bank, Addiko bank and Societe Generale bank.

Negative foreign exchange rates and expenses based on the effects of foreign currency clauses in the amount of RSD 2,888 thousand (last year comparison period: RSD 5,619 thousand), refer to the negative foreign exchange rates in the amount of RSD 427 thousand (last year comparison period: RSD 151 thousand) and expenses based on effects of foreign currency clauses, in the amount of RSD 2,461 thousand (last year comparison period: RSD 5,468 thousand).

14. OTHER INCOME AND OTHER EXPENSES

14.1. Other Income

Structure of other income	<i>In RSD thousand</i>	
	<i>01/01 - 31/03 2017</i>	<i>01/01 - 31/03 2016</i>
Income from selling intangible assets, real estate, plant and equipment	221	
Other income	97	142
TOTAL	318	142

Income from selling intangible assets, real estate, plant and equipment in the amount of RSD 221 thousand refer primarily to the selling of cars.

Other income in the amount of RSD 97 thousand refer primarily to the income from the sales of used paper (last year comparison period: RSD 142 thousand).

14.2. Other Expenses

Structure of other expenses	<i>In RSD thousand</i>	
	<i>01/01 - 31/03 2017</i>	<i>01/01 - 31/03 2016</i>
Expense from selling intangible assets, real estate, plant and equipment	64	
Other expense	641	4.895
TOTAL	705	4.895

Expense from selling intangible assets, real estate, plant and equipment in the amount of RSD 64 thousand relate to expenses from selling cars.

Other expense in the amount of RSD 641 thousand relate to donations granted in the amount of RSD 600 thousand, expenses for sport activities in the amount of RSD 36 thousand and fines and penalties amounting to RSD 5 thousand (last year comparison period: RSD 4,895 thousand relate to donations granted: RSD 4,892).

15. 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>01/01-31/03/2017</i>	<i>01/01- 31/03/2016</i>
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	112	66
TOTAL	112	66

Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year in the amount of RSD 112 thousand mainly came as a result of subsequently defined expenses and income from previous period, that are not of any material significance, but were recognized as liabilities or receivables in current period.

16. PROFIT / LOSS BEFORE TAX

Structure of gross result	<i>In RSD thousand</i>	
	<i>01/01 - 31/03 2017</i>	<i>01/01 - 31/03 2016</i>
Operating income	111.984	111.296
Operating expenses	103.744	89.931
Operating result	8.240	21.365
Financial income	16.966	35.065
Financial expenses	9.467	10.809
Financial result	7.499	24.256
Other revenues	318	142
Other expenses	705	4.895
Result of other revenues and expenses	(387)	(4.753)
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	24	61
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	136	127
TOTAL INCOME	129.292	146.564
TOTAL EXPENSE	114.052	105.762
PROFIT/LOSS BEFORE TAX	15.240	40.802

17. PROFIT TAX AND NET PROFIT

Structure of calculation of profit tax and net profit	<i>In RSD thousand</i>	
	<i>01/01 - 31/03 2017</i>	<i>01/01 - 31/03 2016</i>
Profit before tax	15.240	40.802
Profit/(losses) in Income Statement		
Adjustment and net correction of revenues/(expenses) in tax balance		
Taxable profit	15.240	40.802
Amount of loss in tax balance from previous years up to the amount of taxable profit		
Other taxable profit	15.240	40.802
Capital gains/(losses) calculated in compliance with the law		
Capital losses carried from previous years up the amount of capital profit calculated in compliance with the law		
Other capital gains		
Tax basis	15.240	40.802
Calculated tax (15% of tax base)	2.286	6.121
Total deductions from the calculated tax		
Calculated tax after deductions	2.286	6.121
Profit/(loss) before tax	15.240	40.802
Tax loss of the period	2.286	6.121
Net profit	12.954	34.681

BALANCE SHEET

18. INTANGIBLES ASSETS

In RSD thousand

Structure of intangible assets	Software and other rights	Intangible assets in preparation	Advance payments for intangible assets	Total
<i>Purchase Value</i>				
Balance as at January 1, 2016	15.825			15.825
Correction of opening balance				
Transfer from one form to another				
New purchases	345	7		352
Disposal and decommissioning				
Balance as at December 31, 2016	16.170	7		16.177
Correction of opening balance				
Transfer from one form to another				
New purchases	1.843	(7)		1.836
Disposal and decommissioning				
Balance as at March 31, 2017	18.013			18.013
<i>Impairment</i>				
Balance as at January 1, 2016	3.942			3.942
Correction of opening balance				
Depreciation				
Disposal and decommissioning	3.025			3.025
Impairment				
Balance as at December 31, 2016	6.967			6.967
Correction of opening balance				
Depreciation	782			782
Disposal and decommissioning				
Impairment				
Balance as at March 31, 2017	7.749			7.749
<i>Net Book Value</i>				
December 31, 2016	9.203	7		9.210
March 31, 2017	10.264			10.264

19. PROPERTY, PLANT AND EQUIPMENT

19.1. Property, Plant and Equipment Exclusive of Investment Property

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Structure of property, plant and equipment	Buildings	Plant and equipment	Other property, plant and equipment	Property, plant and equipment in progress	Advance payments for property, plant and equipment	Total
<i>Purchase value</i>						
Balance as at January 01, 2016		1.393.710	91.609	283	45.853	1.531.455
Correction of opening balance						
New purchases during the year			24.257		200	24.457
Disposal and decommissioning			(1.651)			(1.651)
Profit/(los) included in Report as "Other result" (330)		(41.757)				(41.757)
FX gains and losses					696	696
Other increases/(decreases)		(26.368)				(26.368)
Balance as at December 31, 2016		1.325.585	114.215	283	46.749	1.486.832
Correction of opening balance						
New purchases during the year	274.978		11.050		138	286.166
Other transfers from / (to)			200		(200)	
Disposal and decommissioning			(8.558)			(8.558)
Profit/(los) included in Report as "Other result" (330)						
FX gains and losses					187	187
Other increases/(decreases)						
Balance as at March 31, 2017	274.978	1.325.585	116.907	283	46.874	1.764.627
<i>Impairment</i>						
Balance as at January 01, 2016		13.039	79.615			92.654
Correction of opening balance						
Depreciation		13.329	4.062			17.391
Disposal and decommissioning			(1.647)			(1.647)
Other increases/(decreases)		(26.368)				(26.368)
Balance as at December 31, 2016			82.030			82.030
Correction of opening balance						
Depreciation		3.123	1.758			4.881
Disposal and decommissioning			(6.976)			(6.976)
Other increases/(decreases)						
Balance as at March 31, 2017		3.123	76.812			79.935
<i>Net Book Value</i>						
Balance as at December 31, 2016		1.325.585	32.185	283	46.749	1.404.802
Balance as at March 31, 2017	274.978	1.322.462	40.095	283	46.874	1.684.692

The contract with Republic of Serbia, Directorate for Property, was signed on February 7, 2017 on **purchasing of construction land** owned by Republic of Serbia, with area of 59a 91m², located on cadastral parcel No. 1005/28 registered in Cadastral Register 6400 KO New Belgrade, in the amount of RSD 274,609 thousand.

On December 31, 2016 the residual value and the remaining useful lifetime for the property and equipment with significant accounting value were evaluated, based on which depreciation costs were calculated for the reporting period.

Assessment of Fair Value of Buildings

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

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

The Company in its business books registered "Office building Energoprojekt" carried at revalued amount at the assessment date.

The Energoprojekt building was booked at the revalorized value as at March 31, 2017 in the amount of RSD 1,322,462 thousand, i.e, it was performed by reducing the last assessment of the fair value for depreciation accumulated. The ultimate valuation was performed on December 31, 2016 by an external independent qualified valuer by using the comparative method.

Starting from the appraised fair value of the building in question as at December 31, 2016, residual value as at December 31, 2016 and established remaining useful lifetime (100 years; remaining useful life as at March 31, 2017: 65 years), the depreciation cost for this building in the reporting period, due to the residual value that is lower than its fair value, amounts to RSD 3,123 thousand.

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

In RSD thousand

No.	Building	Opening balance	Residual value as at balance sheet date	Remaining useful life	Depreciation	Profit / (losses) included in report on "Other Income"	Closing balance
1	Energoprojekt building	1.325.585	503.743	65	3.123		1.322.462
	TOTAL	1.325.585	503.743	65	3.123		1.322.462

If the revaluated items had been presented by using the cost value method, their current value would amount to RSD 529,704 thousand.

As at March 31, 2017, the Company has no property or equipment mortgaged or taken as lien to be used as collateral for financial obligations.

Advances for property, plant and equipment in the amount of RSD 46,874 thousand, refer primarily to the advance paid to the Republic of Serbia for the purchase of properties in Uganda, Peru and Nigeria in the amount of RSD 46,736 thousand.

19.2. Investment Property

Investment property	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Balance as at January 1	590.198	588.890
Profit/(losses) included in Income Statement		1.308
Closing balance	590.198	590.198

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

Profit and loss related to investment property included in Profit and Loss	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Rental income (Note 7.2.)	3.812	15.440
Direct operating expenses incurred from investment property that generated rental income during the year	(620)	(2.556)
Direct operating expenses incurred from investment property that did not generate rental income during the year	(103)	(2.414)
TOTAL	3.089	10.470

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

				<i>In RSD thousand</i>
No.	Investment property	Opening balance	Profit / (losses) included in Income Statement	Closing balance
1	Samacki hotel complex	506.237		506.237
2	Stari merkator office space	83.961		83.961
	TOTAL	590.198		590.198

In its books, the Company posted the fair value of its investment property according to its value determined by means of its fair value assessment as at December 31, 2016.

Valuation of the fair value of investment property as at December 31, 2016 was performed by independent valuers holding recognized and relevant professional qualifications and recent relevant work experience with relevant locations and categories of investment property appraised. Due to the current situation on the property market at the time when the assessment was performed and the reduced number of sales transactions compared with previous years due to the economic crisis, the

valuators mostly relied on their knowledge of the market and professional judgment and less on the results of comparable transactions in the past.

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

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

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

Investment property in the amount of RSD 590,198 thousand refers to the following facilities:

- The "Samacki Hotel" complex, with the total area of 8,034.00 m², with the municipal construction land use rights for the total area of 18,598.00 m², in 24 Batajnicki Put Street in Zemun in the amount of RSD 506,237 thousand. Income amounting to RSD 3,812 thousand was generated from the rent of the property in question to Energoprojekt Visokogradnja Company in the reporting period (Note 7.2.).
- The "Stari Merkator" office space with the total area of 643 m², in 5 Palmira Toljatija Street in New Belgrade in the amount of RSD 83,961 thousand. In the reporting period, this property was not rented. Due to the present inauspicious situation for the rent of property in the Republic of Serbia, it has been quite difficult to find adequate tenant for this property.

20. LONG-TERM FINANCIAL INVESTMENTS

Structure of long-term financial investments	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Shares in subsidiaries	5.764.631	5.764.462
Shares in affiliated companies and joint ventures	30.613	30.613
Shares in other companies and other available for sale securities	126.099	126.099
Long-term investments in parent companies and subsidiaries	579.704	573.708
Other long-term financial investments	1.352	1.372
<i>Total</i>	<i>6.502.399</i>	<i>6.496.254</i>
<i>Value adjustment</i>	<i>(819.086)</i>	<i>(823.540)</i>
TOTAL	5.683.313	5.672.714

20.1. Share Investments

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

Structure of share investments	Share %	In RSD thousand	
		31/03/2017	31/12/2016
Share in subsidiaries			
Energoprojekt Visokogradnja Plc.	100,00%	1.826.137	1.826.137
Energoprojekt Niskogradnja Plc.	100,00%	1.103.929	1.103.760
Energoprojekt Oprema Plc.	67,87%	121.316	121.316
Energoprojekt Hidroinženjering Plc.	100,00%	427.626	427.626
Energoprojekt Urbanizam i arhitektura Plc.	100,00%	192.642	192.642
Energoprojekt Energodata Plc.	100,00%	194.862	194.862
Energoprojekt Industrija Plc.	62,77%	61.209	61.209
Energoprojekt Entel Plc.	86,26%	216.422	216.422
Energoprojekt Garant Plc.	92,94%	597.545	597.545
Energoprojekt Sunnyville Ltd.	100,00%	2.500	2.500
I.N.E.C. Engineering Company Limited, UK	100,00%	70.311	70.311
Encom GmbH Consulting, Engineering & Trading, Germany	100,00%	3.493	3.493
Dom 12 S.A.L., Lebanon	100,00%	924.749	924.749
Enrgo Kaz Ltd. Kazakhstan	100,00%	101	101
Zambia Engineering and Contracting Company Limited, Zambia	100,00%	587	587
Energoprojekt Holding Guinee S.A., Guinea	100,00%	1.628	1.628
Energoprojekt (Malesia) Sdn. Bhd., Kuala Lumpur	100,00%	19.574	19.574
<i>Value adjustment</i>		<i>(715.065)</i>	<i>(715.064)</i>
Total		5.049.566	5.049.398
Share in affiliated companies and joint ventures			
Necco Nigerian Engeneering and Construction CO LTD, Kano, Nigeria	40,00%	1.063	1.063
Fima see Activist Plc.	30,16%	16.000	16.000
Enjub Ltd.	50,00%	13.550	13.550
<i>Value adjustment</i>		<i>(1.063)</i>	<i>(1.063)</i>
Total		29.550	29.550
Share in other companies and other available for sale securities			
Banks and financial organizations			
Dunav osiguranje Plc.	0,01%	5.814	5.814
Jubmes banka Plc.	1,41%	120.176	120.176
Beogradska berza Plc.	0,12%	100	100
Intel Computers Plc. - Belgrade, in bankruptcy	0,04%	1	1
Poljoprivredna banka Agrobanka Plc. - Belgrade, in bankruptcy	0,36%	7	7
Beogradska industrija piva, slada i bezalkoholnih piva, Plc. - Belgrade, in bankruptcy	-	1	1
<i>Value adjustment</i>		<i>(102.958)</i>	<i>(107.413)</i>
Total		23.141	18.686
TOTAL		5.102.257	5.097.634

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

Share investments - adjustment value	<i>In RSD thousand</i>		
	<i>Gross investment amount</i>	<i>Adjustment value</i>	<i>Net investment amount</i>
Share in subsidiaries			
Energoprojekt Visokogradnja Plc.	1.826.137	(641.633)	1.184.504
Energoprojekt Urbanizam i arhitektura Plc.	192.642	(44.277)	148.365
I.N.E.C. Engineering Company Limited, Great Britain	70.311	(7.953)	62.358
Energoprojekt Holding Guinee S.A., Guinea	1.628	(1.628)	-
Energoprojekt (Malesia) Sdn. Bhd., Kuala Lumpur	19.574	(19.574)	-
<i>Total</i>	2.110.292	(715.065)	1.395.227
Share in affiliated companies and joint ventures			
Necco Nigerian Engeneering and Construction CO LTD, Kano, Nigeria	1.063	(1.063)	-
<i>Total</i>	1.063	(1.063)	0
Share in other companies and other available for sale securities			
Banks and financial organizations and other legal entities:			
Dunav Plc.	5.814	(5.081)	733
Jubmes banka Plc.	120.176	(97.868)	22.308
Intel Computers Plc. - Belgrade, in bankruptcy	1	(1)	-
Agrobanka Plc. - Belgrade, in bankruptcy	7	(7)	-
Beogradska industrija piva, slada i bezalkoholnih pica Plc. - Belgrade, in bankruptcy	1	(1)	-
<i>Total</i>	125.999	(102.958)	23.041
TOTAL	2.237.354	(819.086)	1.418.268

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

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

Increase in share investment in Energoprojekt Niskogradnja Plc. in 2017 compared with the reference year came as the result of the Decision of the Commercial Court of Appeal, according to which the Company paid to the minority shareholders the total of RSD 169 thousand. as the difference in share price, with accrued interest. Namely, based on the shareholder's decision passed on the General Meeting of the Energoprojekt Niskogradnja Plc. on December 6, 2013, the Company as the majority shareholder of the Energoprojekt Niskogradnja Plc. conducted the compulsory redemption of shares of this Issuer, in compliance with the procedure laid down in the Law on Companies. The minority

shareholders were paid the price of RSD 1,563.08 per share, in compliance with the valuation performed by a certified appraiser. A number of minority shareholders of the Energoprojekt Niskogradnja Plc. Company contested the price per share paid and asked the Court to determine the value of shares in an out-of-court procedure. The Commercial Court in Belgrade, before which the out-of-court procedure was conducted, ordered expert valuation and determined that the price per individual share of the Energoprojekt Niskogradnja Plc. is to amount to RSD 2,769.55. Upon appeal submitted by the Company, the Commercial Court of Appeal confirmed the Decision of the Commercial Court in Belgrade on March 20, 2015. Based on the said Court Decision, the Company is obliged to pay to the shareholders who require the difference in the prices of shares to be paid to them the differences in share price, together with the legally prescribed default interest.

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

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

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

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

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

The Company has made equity investments in the following banks, financial institutions and other legal entities with listed shares in the Belgrade Stock Exchange and their fair value was determined based on their current market value as at March 31, 2017:

- Dunav Insurance Plc.: 527 shares, with the market value as at the balance sheet day of RSD 1,390.00 per share and
- Jubmes Banka Plc.: 4.056 shares, with the market value of RSD 5,500.00 per share.

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

Financial assets available for sale are presented in RSD.

20.2. Long-Term Financial Investments

Structure of long-term financial investments	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Long-term investments in parent companies and subsidiaries	579.704	573.708
<i>Impairment provision</i>		
<i>Total</i>	<i>579.704</i>	<i>573.708</i>
Other long-term financial investments:		
Housing loans granted to employees	1.352	1.372
<i>Impairment provision</i>		
<i>Total</i>	<i>1.352</i>	<i>1.372</i>
TOTAL	<i>581.056</i>	<i>575.080</i>

Long-term financial investments in parent companies and subsidiaries in the amount of RSD 579,704 thousand refer to the long-term loans granted to subsidiary Energoprojekt Sunnyville Ltd. under the contract on loan rescheduling no. 375/184 with an interest rate of 2.6% per annum and with maturity period on 12.31.2018.

The above Companies provided 2 (two) signed solo promissory notes to be filled out by beneficiary and for the entire amount of their loans, as collaterals for loan repayment.

The long-term housing loans granted to employees that are presented among other long-term financial investments refer to four interest-free housing credits granted to employees, two of which were granted on June 10, 1992 for the repayment period of 38.5 years, and the remaining two loans were granted on November 28, 1995 for the repayment period of 40 years. In compliance with the terms and provisions of the loan agreements and in compliance with the provisions of the Law on Amendments and Addenda to the Law on Housing, the Company performs revalorisation of loan instalments twice a year based on the trends in consumer prices in the Republic of Serbia for the given accounting period. A portion of the long-term financial investments made on this basis with maturity dates up to one year that is being regularly repaid/collected amounts to RSD 80 thousand (Note 25).

21. INVENTORIES

Structure of inventories	In RSD thousand	
	31/03/2017	31/12/2016
Advances paid for inventories and services:		
a) Advances paid inventories and services to parent companies and subsidiaries		
c) Advances paid for material, spare parts and inventory	544	556
e) Advances paid for services	2.256	2.058
<i>Total</i>	<i>2.800</i>	<i>2.614</i>
<i>Impairment provision</i>		
TOTAL	2.800	2.614

Advances paid for materials, spare parts and inventory in the amount of RSD 544 thousand relate to advance payments to suppliers for purchase of materials (fuel, official uniforms, etc.).

Advance payments paid for services in the amount of RSD 2,256 thousand primarily pertain to advance payment to Moore Stephens Auditing and Accounting Ltd. in the amount of RSD 1,116 thousand (for auditing of financial statements for 2016) and Belgrade Stock Exchange Plc. in the amount of RSD 665 thousand (as annual fee for organized share trading in 2017).

22. RECEIVABLES FROM SALES

Structure of receivables from sales	In RSD thousand	
	31/03/2017	31/12/2016
Local buyers - parent company and subsidiaries	549.483	522.680
Local buyers - other related companies	705	705
Local buyers	420	52
<i>Impairment provision</i>		
TOTAL	550.608	523.437

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

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

Structure of local buyers - parent company and subsidiaries	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
<i>Trade receivables domestic - subsidiaries</i>		
Energoprojekt Visokogradnja Plc.	414.549	380.426
Energoprojekt Niskogradnja Plc.	32.723	20.359
Energoprojekt Hidroinzenjering Plc.	20.632	23.032
Energoprojekt Entel Plc.	5.008	20.193
Energoprojekt Energodata Plc.	20.697	21.809
Energoprojekt Industrija Plc.	26.464	29.424
Energoprojekt Urbanizam i Arhitektura Plc.	16.065	16.406
Energoprojekt Oprema Plc.		0
Energoprojekt Garant Ltd.	273	456
Energoprojekt Sunnyville Ltd.	13.072	10.575
Total	549.483	522.680
<i>Trade receivables domestic - other related parties</i>		
Enjub Ltd.	705	705
Total	705	705
<i>Trade receivables domestic (externally)</i>	420	52
Total	420	52
TOTAL	550.608	523.437

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

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

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

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

Aging receivables structure based on sales	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
<i>Local buyers - parent companies and subsidiaries:</i>		
a) Current	35.616	64.585
b) Up to 30 days	27.682	11.140
c) 30 - 60 days	23.665	11.047
d) 60 - 90 days	10.620	11.047
e) 90 - 365 days	94.006	76.940
f) 365 days +	357.894	347.921
Total	549.483	522.680
<i>Local buyers - other related legal entities:</i>		
a) Current		
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +	705	705
Total	705	705
<i>Local buyers - external</i>		
a) Current	95	52
b) Up to 30 days		
c) 30 - 60 days	325	
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +		
Total	420	52
TOTAL	550.608	523.437

23. RECEIVABLES FROM SPECIAL TRANSACTIONS

Structure of receivables from special transactions	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Receivables from special transactions from parent companies and subsidiaries	284.533	355.062
Receivables from special transactions from other related companies	1.941	1.902
Receivables from special transactions from other companies	936	941
<i>Impairment provision</i>	(872)	(868)
TOTAL	286.538	357.037

Detailed information on receivables from special transactions are presented in the following tables.

Structure of receivables from special transactions	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
<i>Receivables from special transactions from parent companies and subsidiaries</i>		
Energoprojekt Visokogradnja Plc.	281.236	352.444
Energoprojekt Niskogradnja Plc.	500	36
Energoprojekt Hidroinzenjering Plc.	413	912
Energoprojekt Entel Plc.	95	16
Energoprojekt Energodata Plc.	69	2
Energoprojekt Industrija Plc.	314	18
Energoprojekt Urbanizam i arhitektura Plc.	179	275
Energoprojekt Oprema Plc.	135	150
Energoprojekt Garant Ltd.	460	457
Energoprojekt Sunnyville Ltd.	1.132	752
Total	284.533	355.062
<i>Receivables from special transactions from other related companies:</i>		
Enjub Ltd.	1.941	1.902
Total	1.941	1.902
<i>Receivables from special transactions from other legal entities:</i>		
Music School S.Binicki	32	41
Zekstra Group-Zekstra Ltd.	872	868
Music Ivan	31	31
Energoprojekt Union	1	1
Napred razvoj Plc.		
Total	936	941
<i>Impairment provision from receivables from special transactions:</i>		
Zekstra Group-Zekstra Ltd.	872	868
Total	872	868
TOTAL	286.538	357.037

Receivables from special transactions from parent companies and subsidiaries in the amount of RSD 284,533 thousand refer, predominantly, to the rest of receivables from Energoprojekt Visokogradnja in the amount of RSD 281,236 owed in accordance with Protocol no. 40/64 made between Energoprojekt Visokogradnja and Energoprojekt Holding in the amount of RSD 156,589 thousand (Note 33), receivables from leasing the building complex "Samački hotel" in the amount of RSD 95,524 thousand and receivables for airline tickets in the amount of RSD 28,721 thousand.

Impairment provision changes for receivables from special transaction are presented in the following table.

Impairment provision changes for receivables from special transactions	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Balance as at January 1	868	3.736
Additional impairment provision		
Direct write-off of the previously impaired receivables		(2.881)
FX gains and losses	4	13
TOTAL	872	868

Impairment provision for receivables from special transactions in the amount of RSD 872 thousand refers to impairment provision for receivables based on inventory as at December 31, 2014 from company Zekstra Group – Zekstra Ltd., Belgrade in the amount of RSD 872 thousand (EUR 7 thousand) which is subject of a lawsuit (Note 43).

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

Aging structure of receivables based on special transactions	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
<i>Receivables from special transactions from parent companies and subsidiaries</i>		
a) Current	162.886	242.496
b) Up to 30 days	3.538	2.867
c) 30 - 60 days	1.894	1.821
d) 60 - 90 days	3.288	2.060
e) 90 - 365 days	17.540	16.665
f) 365 days +	95.387	89.153
<i>Total</i>	<i>284.533</i>	<i>355.062</i>
<i>Receivables from special transactions from other related companies</i>		
a) Current		7
b) Up to 30 days		
c) 30 - 60 days	39	
d) 60 - 90 days		
e) 90 - 365 days	36	116
f) 365 days +	1.866	1.779
<i>Total</i>	<i>1.941</i>	<i>1.902</i>
<i>Receivables from special transactions from other legal entities</i>		
a) Current	33	42
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +	31	31
<i>Total</i>	<i>64</i>	<i>73</i>
TOTAL	286.538	357.037

24. OTHER RECEIVABLES

Structure of other receivables	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Interest and dividend receivables		
a) Interest and dividend receivable from parent companies and subsidiaries	1.477	2.307
b) Interest and dividend receivable from related companies	60.130	57.377
<i>Total</i>	<i>61.607</i>	<i>59.684</i>
Receivables from employees	92	
Receivables for overpaid profit tax	3.485	5.773
Receivables for fringe benefits' returns	1.376	2.388
<i>Impairment provision</i>		
TOTAL	<i>66.560</i>	<i>67.845</i>

Structure of interest and dividend receivables in the amount of RSD 61,607 thousand is presented in the following table.

Structure of interest and dividend receivables	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
<i>Interest and dividend receivables from parent companies and subsidiaries:</i>		
Energoprojekt Niskogradnja Plc.	1.260	2.307
Energoprojekt Urbanizam i arhitektura Plc.	206	
Energoprojekt Energodata Plc.	11	
<i>Total</i>	<i>1.477</i>	<i>2.307</i>
<i>Interest receivables from other related companies:</i>		
Enjub Ltd.	60.130	57.377
<i>Total</i>	<i>60.130</i>	<i>57.377</i>
TOTAL	<i>61.607</i>	<i>59.684</i>

Receivables for fringe benefits' returns in the amount of RSD 1,376 thousand relate to the receivables for sick leave longer than 30 days and maternity leaves.

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

Aging structure of other receivables	In RSD thousand	
	31/03/2017	31/12/2016
<i>Other receivables from parent companies and subsidiaries:</i>		
a) Current	1.477	2.307
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +		
Total	1.477	2.307
<i>Other receivables from other related companies:</i>		
a) Current	2.753	3.292
b) Up to 30 days		
c) 30 - 60 days		
d) 60 - 90 days		2.569
e) 90 - 365 days	11.005	5.144
f) 365 days +	46.372	46.372
Total	60.130	57.377
<i>Other receivables - other:</i>		
a) Current	3.791	6.035
b) Up to 30 days	214	260
c) 30 - 60 days	488	32
d) 60 - 90 days		491
e) 90 - 365 days	248	1.240
f) 365 days +	212	103
Total	4.953	8.161
TOTAL	66.560	67.845

25. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short-term financial investments	In RSD thousand	
	31/03/2017	31/12/2016
Short-term loans and investments - parent companies and subsidiaries	230.370	229.448
Short-term credits and loans domestic - other affiliated companies	165.546	164.884
Portion of other long-term financial investments with maturity date up to one year (Note 25.2)	80	79
<i>Impairment provision</i>		
TOTAL	395.996	394.411

Short-term loans and investments – subsidiaries and other affiliated companies pertain to the loans approved with maturity dates up to 12 months and with interest rate ranging from 2.6% annually to 3M Euribor + 6.5 % annually, as presented in the table below.

No.	Borrower and Agreement No.	Loan amount in EUR thousand	Remaining receivables from loan in EUR thousand	Remaining receivables from loan in RSD thousand	Maturity date	Loan terms and conditions
1	EP Energodata Plc.					
	Loan Rescheduling Agreement No. 21	364	14	1.703	31/12/2017	2,6 % annually
2	EP Urbaizam i arhitektura Plc.					
	Loan Rescheduling Agreement No.374/783	259	259	32.169	31/12/2017	2,6 % annually
3	EP Urbanizam Niskogradnja Plc.					
	Annex of Loan of Agreement No. 20/151	1.585	1.585	196.498	31/12/2017	2,64 % annually
Total for subsidiaries		623	273	230.370		
4	Enjub Ltd.					
	Annex No. 9 of Loan of Agreement No. 367	137	137	17.046	31/12/2017	3M Euribor + 6,5% annually
	Annex No. 5 of Loan Rescheduling Agreement No. 115	1.198	1.198	148.500	31/12/2017	3M Euribor + 6,5% annually
Total for other related companies		1.335	1.335	165.546		
TOTAL		1.958	1.608	395.916		

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

As collaterals for loan repayment pursuant to:

- Annex No. 9 of the Loan Agreement No. 367 concluded with Enjub Ltd. in the amount of RSD 17,046 thousand (EUR 137 thousand), the Company (in addition to bills of exchange) has an extrajudicial mortgage for the entire loan amount for apartments in 91A Jurija Gagarina Street in New Belgrade, as collateral for loan repayment; and
- Annex No. 5 of the Loan Rescheduling Agreement No. 115 concluded with Enjub Ltd. in the amount of RSD 148,500 thousand (EUR 1.198 thousand), a mortgage bond was issued (mortgage has not been registered) for real estate (apartments and office space) in 93, 93A and 91A Jurija Gagarina (Note 37).

Portion of other long-term financial investments with maturity of up to one year in the amount of RSD 80 thousand relate to the long-term housing loans granted to employees with maturity of up to one year (Note 20.2.).

26. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Current (business) account	9.866	26.867
Foreign currency account	245	248
Foreign currency petty cash		
<i>Other cash</i>		
a) Short-term term deposits	151.523	101.390
b) Other cash	4.680	286
<i>Total</i>	<i>156.203</i>	<i>101.676</i>
TOTAL	<i>166.314</i>	<i>128.791</i>

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

Short term deposits in the amount of RSD 151,523 thousand refer to the short term deposits held with business banks in the country (Unicredit Bank and Eurobank, Societe Generale Bank and Sberbank) with 1 to 3 months' terms, with interest rate ranging from 0.70% to 2.85% annually and with the option to terminate the term deposit contract at any given moment. The term deposits are in EUR, USD and RSD, namely: EUR 486 thousand, USD 356 thousand and RSD 50,000 thousand.

Other cash in the amount of RSD 4,680 thousand refer to the overnight deposits with Addiko Bank and Alpha Bank.

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

Structure of repayments and accrued income	In RSD thousand	
	31/03/2017	31/12/2016
<i>Prepayments:</i>		
a) Prepaid expenses - parent companies and subsidiaries	5.068	1.908
b) Prepaid subscriptions for expert and professional publications	591	480
c) Prepaid insurance premiums	130	80
Total	5.789	2.468
<i>Receivables for accrued non-invoiced income</i>		
a) Receivables for accrued non-invoiced income - parent company and subsidiaries		
b) Receivables for accrued non-invoiced income - other legal entities	393.257	391.685
Total	393.257	391.685
<i>Other prepayments and accrued expenses:</i>		
a) Prepaid value added tax	163	367
b) Other prepayments and deferred income	20.329	469
Total	20.492	836
TOTAL	419.538	394.989

Prepaid expenses - parent companies and subsidiaries in the amount of RSD 5,068 thousand refer to prepayments for licensing costs (Energoprojekt Energodata) and to the costs of property and personal insurance (Energoprojekt Garant).

Receivables for accrued non-invoiced income – other legal entities in the amount of RSD 393,257 thousand refer to the realization of the Agreement on Construction of the Republic of Serbia Embassy Building in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the Real Estate Registry, Cadastral Zone A00.

Prepaid value added tax includes added value tax from prepared invoices for the reporting period; the right to deduction of the previous tax can be exercised in the following calculation period, since the invoices arrived after the tax return for March 2017 was filled.

Other prepayments and deferred income in the amount of RSD 20,329 thousand relate primarily to the pre-calculated property tax for 2017 in the amount of RSD 19,651 thousand, and the rest to prepaid membership, antivirus licences, etc.

28. CAPITAL

In RSD thousand

DESCRIPTION	Share capital	Other share capital	Issuing premium	Purchased own shares	Reserves	Revaluation reserves	Unrealized gains/losses on securities	Retained earnings	Total
Balance as at January 1, 2016	5.574.959	27.178	1.600.485		134.881	817.591	(28.433)	324.105	8.450.766
Net profit for the year								232.114	232.114
Other comprehensive result:									
a) Changes in fair value of financial assets available for sale							(436)		(436)
b) Revaluation						(41.757)			(41.757)
c) Other - levelling of present value, IAS 12 et al.						6.264			6.264
Total - other comprehensive result						(35.493)	(436)		(35.929)
Total comprehensive result for 2016						(35.493)	(436)	232.114	196.185
Corrections								(6.429)	(6.429)
Increase in share capital									
Profit distribution								(218.626)	(218.626)
Other - own shares									
Balance as at December 31, 2016	5.574.959	27.178	1.600.485		134.881	782.098	(28.869)	331.164	8.421.896
Net profit for the year								12.954	12.954
Other comprehensive result:									
a) Changes in fair value of financial assets available for sale							4.454		4.454
b) Revaluation									
c) Other - levelling of present value, IAS 12 et al.									
Total - other comprehensive result							4.454		4.454
Total comprehensive result 31/03/2017							4.454	12.954	17.408
Corrections									
Pincrease in share capital									
Profit distribution									
Other - own shares			(74.321)	(49.827)					(124.148)
Balance as at March 31, 2017	5.574.959	27.178	1.526.164	(49.827)	134.881	782.098	(24.415)	344.118	8.315.156

28.1. Equity Capital

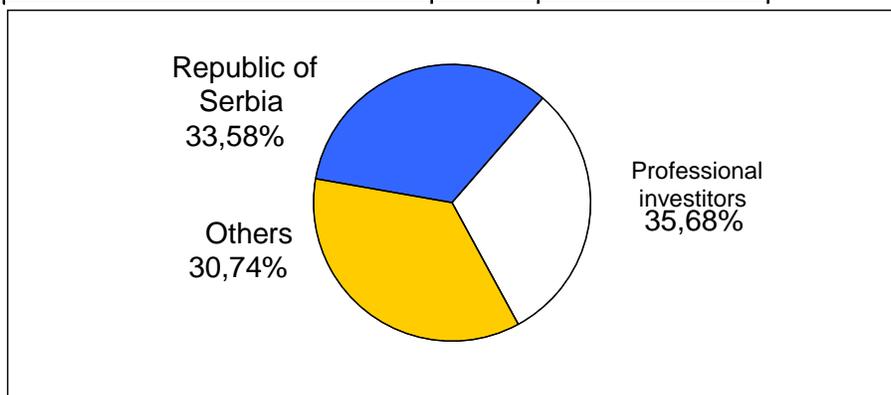
According to the Central Securities, Depository and Clearing House Register, the Company's present ownership structure as at March 31, 2017 is as follows:

	No of	% in total issue
Shares held by private shareholders	2.697.539	24,68%
Shares held by legal entities	6.839.719	62,57
- Republic of Serbia	3.671.205	33,58%
- Other legal entities	3.168.514	28,99%
Aggregate (custody) account	1.394.034	12,75%
Total No. of shares	10.931.292	100%

No. Of shareholders with equity shares	Number of entities			Number of shares			% in total issue		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
Up to 5%	6.676	191	6.867	4.548.325	252.226	4.800.551	41,61%	2,31%	43,92%
5% to 10%	0	0	0	0	0	0	0,00%	0,00%	0,00%
10% to 25%	1	0	1	2.459.536	0	2.459.536	22,50%	0%	22,50%
25% to 33%	0	0	0	0	0	0	0,00%	0,00%	0,00%
33% to 50%	1	0	1	3.671.205	0	3.671.205	33,58%	0,00%	33,58%
50% to 66%	0	0	0	0	0	0	0,00%	0,00%	0,00%
66% to 75%	0	0	0	0	0	0	0,00%	0,00%	0,00%
Over 75%	0	0	0	0	0	0	0,00%	0,00%	0,00%
Total No.	6.678	191	6.869	10.679.066	252.226	10.931.292	97,69%	2,31%	100,00%

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

Shareholder	No. of shares	% in total issue
Republic of Serbia	3.671.205	33,58%
Napred Razvoj Plc Novi Beograd	2.459.536	22,50%
Erste bank ad Novi Sad - collective	485.669	4,44%
Vojvodjanska bank Plc. Novi Sad - collective	447.456	4,09%
Vojvodjanska bank Plc. Novi Sad - collective	117.381	1,07%
Energoprojekt Holding Plc	97.700	0,89%
Montinvest Properties d.o.o.	80.000	0,73%
Raiffeisen bank Plc. custody	80.000	0,73%
Gustavia Fonder Aktiebolag	70.000	0,64%
Global Macro Capital Opportuni	62.500	0,57%



Structure of equity capital is presented in the following table.

Structure of equity capital	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
<i>Share capital</i>		
a) Share capital in parent companies, subsidiaries and other related companies		
b) Share capital (externally)	5.574.959	5.574.959
<i>Total</i>	<i>5.574.959</i>	<i>5.574.959</i>
Issuing premiums	1.526.164	1.600.485
Other share capital	27.178	27.178
TOTAL	7.128.301	7.202.622

Share capital consists of 10,931,292 ordinary shares with nominal value of RSD 510.00 (RSD 5,574,959 thousand) and nominal book value of RSD 760.67.

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

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

Issuing premium of RSD 1,526,164 is positive difference between the achieved selling price per share and the nominal value of such shares, which is the result of the conversion of shares of the Energoprojekt Group subsidiaries into Company shares at the par value of 1:1 in 2006, in the amount of RSD 1,363,471 thousand, based on repurchase and sale of own shares at a value above the nominal value in the period from 2006 to 2011 in the amount of RSD 237,014 thousand, and based on repurchase of own shares at a value above the nominal value in 2017 in the amount of RSD 74,321 thousand (Note 28.2).

Other share capital was created by the reposting of non-business assets sources in 2005 in the total of RSD 27,178 thousand.

28.2. Repurchase of own shares

Structure of repurchased own shares	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Repurchased own shares	49.827	
TOTAL	49.827	0

Pursuant to Decision on Acquiring own shares on regulated market, made by Supervisorz Board, on February 13, 2017, being active on Belgrade Stock exchange the Company has acquired 97,700 own shares (representing 0.89376% of total shares with the right to vote), with nominal value of RSD 49,827 thousand.

28.3. Reserves

Structure of reserves	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Legal reserves	23.185	23.185
Statutory and other reserves	111.696	111.696
TOTAL	134.881	134.881

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

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

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

Structure of revaluation reserves from revaluation of intangibles, property, plant and equipment	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Revaluation reserves based on revaluation of property - Energoprojekt building	782.098	782.098
TOTAL	782.098	782.098

The following was disclosed in the Revaluation reserves from revaluation of property - Energoprojekt building position, in the amount of RSD 782,098 thousand:

- Effects of posting of the fair value of the Energoprojekt building as at December 31, 2016 in the amount of RSD 821,572 thousand;
- Levelling of the present value per m² of the Energoprojekt building in the amount of RSD 98,543 thousand; and
- Posting of 15% profit tax (negative aspect of revaluation reserves) for the amount of deferred tax on the basis of revaluation reserves, in compliance with IAS 12 - Income Taxes, in the amount of RSD 138,017 thousand.

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

Structure of unrealized losses from securities and other components of other comprehensive results (debit balances under account class 33, excl. 330)	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Unrealized losses on securities available for sale	24.415	28.869
TOTAL	24.415	28.869

Changes in the position of **Unrealized losses on securities available for sale** in the amount of RSD 4,454 thousand, relate to adjustments of value of securities in Company portfolio (Jubmes banka Plc. and Dunav osiguranje Plc.), with their fair value in the secondary securities market as at the financial statements date (Note 20.1.).

28.6. Retained Earnings

Structure of retained earnings	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
<i>Retained earnings from previous years</i>		
a) Balance as at January 1 of reported period	331.164	324.105
b) Correction of profit based on income tax		(6.429)
c) Profit distribution		(218.626)
<i>Total</i>	331.164	99.050
Retained earnings from current year	12.954	232.114
TOTAL	344.118	331.164

Undistributed profit from the current year in the amount of RSD 12,954 thousand relates to Company's net income generated in the reporting period.

29. LONG-TERM PROVISIONS

Long-term provisions are recognized in the following cases:

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

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

In RSD thousand

Structure of long-term provisions	Provisions for wages and other employee benefits	Other long-term provisions	TOTAL
Balance as at January 1, 2016	2.210	260.000	262.210
Additional provisions	764		764
Used during the year	(627)		(627)
Cancelling of unused amounts		(260.000)	(260.000)
Balance as at December 31, 2016	2.347		2.347
Additional provisions			
Used during the year	(130)		(130)
Cancelling of unused amounts			
Balance as at March 31, 2017	2.217		2.217

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

30. SHORT-TERM FINANCIAL LIABILITIES

Structure of short-term financial liabilities	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Short-term credits and loans domestic	1.266.786	638.307
<i>Other short-term financial liabilities:</i>		
a) Portion of long-term liabilities with maturity date up to one year		
b) Other short-term financial liabilities	347	191
Total	347	191
TOTAL	1.267.133	638.498

30.1. Short-Term Credits and Loans Domestic

Structure of short-term credits and loans domestic	Interest rate	In RSD thousand	
		31.03.2017	31/12/2016
Short-term loans granted by banks domestically:			
a) Dinar loans	1M Belibor + 1.10% annually	30.000	30.000
b) Loans with foreign currency clause	2.80% annualy, 3m Euribor + 2.90% annualy, from 2.49% to 3m Euribor + 3.25% annualy, 3M Euribor + 3.70% annualy	1.236.786	608.307
TOTAL		1.266.786	638.307

Short-term loans granted by domestic banks in the amount of RSD 30,000 thousand pertain to the loans with currency clause (EUR) granted by Alpha Bank Plc. with the interest rate of 1M Belibor + 1.10% per annum. Company's bills of exchange and sureties of the Energoprojekt Oprema, Energoprojekt Visokogradnja and Energoprojekt Niskogradnja companies were provided as collaterals for loan repayment.

Short-term loans from banks in the country with a currency clause (EUR) in the amount of RSD 1,236,786 thousand relate to loans granted by:

- Erste Bank ad in the amount of RSD 552,897 thousand with the interest rate of 3M Euribor + 2.90% per annum. 6 blank promissory notes of the Company were provided as collateral for loan repayment,
- Societe Generale Bank ad in the amount of RSD 365,705 thousand with the interest rate of 2.80% per annum. 5 blank promissory notes of the Company were provided as collateral for loan repayment,
- Addiko Bank ad in the amount of RSD 313,019 thousand with interest rate of 2.49% to 3M Euribor + 3.25% per annum. 10 blank promissory notes of the Company and guarantees of Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema were provided as collateral for loan repayment and
- Eurobank ad in the amount of RSD 5,165 thousand with interest rate of 3M Euribor + 3.70% per annum. Promissory notes of the Company and guarantees of Energoprojekt Niskogradnja and Energoprojekt Oprema were provided as collateral for loan repayment.

30.2. Other Short-Term Financial Liabilities

Structure of long-term liabilities with maturity dates up to one year	In RSD thousand	
	31/03/2017	31/12/2016
Portion of long-term loans domestic with maturity up to one year		
Other short-term financial liabilities	347	191
TOTAL	347	191

Other short-term financial liabilities amounting to RSD 347 thousand pertain to the liabilities incurred based on the expenses paid by using the business Visa cards, which were settled in April 2017.

31. RECEIVED ADVANCES, DEPOSITS AND BONDS

Structure of received advances, deposits and bonds	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Advance payments from parent companies and subsidiaries		14.153
UKUPNO	0	14.153

32. OPERATING LIABILITIES

Structure of operating liabilities	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Suppliers - parent company and subsidiaries, local	1.982	1.020
Suppliers - parent company and subsidiaries, abroad	3.099	3.087
Suppliers, local	6.292	6.227
Suppliers, abroad	3.266	2.228
TOTAL	14.639	12.562

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

Structure of operating liabilities per currencies	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
RSD	10.796	9.157
EUR	3.843	3.405
GBP		
TOTAL	14.639	12.562

Geographic distribution of suppliers is as follows:

Geographic distribution of suppliers	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Local suppliers (subsidiaries and other legal entities)	8.274	7.247
Foreign suppliers (subsidiaries):		
Europe	3.099	3.087
<i>Total</i>	3.099	3.087
Foreign suppliers (other legal entities):		
Europe	3.266	2.228
<i>Total</i>	3.266	2.228
<i>Impairment provision</i>		
TOTAL	14.639	12.562

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

Structure of suppliers	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
<i>local suppliers (related and other legal entities):</i>		
PUC „Beogradske elektrane“	1.075	846
Energoprojekt Visokogradnja Plc.	872	
Elektroprivreda Srbije	767	932
Vesna Info Ltd.	744	
Energoprojekt Oprema Plc.	619	
Energoprojekt Niskogradnja Plc.	474	
Tax Office Tatic	446	
Dedinje Ltd.	408	408
Algotech Ltd.	353	352
Other	2.516	4.709
<i>Total</i>	8.274	7.247
<i>Foreign suppliers (related and other legal entities):</i>		
IATA	3.266	2.228
Encom GmbH Consulting, Engineering&Trading, Germany	3.099	3.087
Other		
<i>Total</i>	6.365	5.315
TOTAL	14.639	12.562

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

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

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

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

Aging suppliers' liabilities structure	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
<i>Related legal entities:</i>		
a) Current	1.946	1.020
b) Up to 30 days	36	
c) 30 - 60 days		
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +	3.099	3.087
<i>Svega</i>	<i>5.081</i>	<i>4.107</i>
<i>Local suppliers:</i>		
a) Current	5.229	4.814
b) Up to 30 days	786	
c) 30 - 60 days	231	
d) 60 - 90 days	46	
e) 90 - 365 days		
f) 365 days +		
<i>Total</i>	<i>6.292</i>	<i>4.814</i>
<i>Foreign suppliers:</i>		
a) Current	3.266	2.228
b) Up to 30 days		1.367
c) 30 - 60 days		46
d) 60 - 90 days		
e) 90 - 365 days		
f) 365 days +		
<i>Total</i>	<i>3.266</i>	<i>3.641</i>
TOTAL	<i>14.639</i>	<i>12.562</i>

33. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	In RSD thousand	
	31/03/2017	31/12/2016
Liabilities from specific operations:		
b) Liabilities from specific operations - other legal entities	17.582	238.432
<i>Total</i>	<i>17.582</i>	<i>238.432</i>
Liabilities for wages, fringe benefits and compensations	15.059	13.556
<i>Other liabilities:</i>		
a) Liabilities for interest and financing costs		
b) Liabilities for dividends	17.926	18.192
c) Liabilities to employees	375	334
d) Liabilities to General Manager, or to management and Supervisory Board members	639	684
e) Liabilities to physical persons on contractual obligations	365	349
f) Other various liabilities	903	772
<i>Total</i>	<i>20.208</i>	<i>20.331</i>
TOTAL	52.849	272.319

Liabilities from specific operations - other legal entities in the amount of RSD 17,582 thousand relate to the rest of liability towards Belim ad, according to court ruling issued by the Commercial Court of Appeal on December 29, 2016. Given that the obligation is substantially liability of the Energoprojekt Visokogradnja, a Protocol no. 40/64 between the Company and Energoprojekt Visokogradnja was made according to which the Company recorded receivable from Energoprojekt Visokogradnja (Note 23) in the amount of initial liability towards Belim ad.

Liabilities for wages, fringe benefits and compensations in the amount of RSD 15,059 thousand pertain to the liabilities (net, taxes and contributions) that the Company paid in April 2017.

Liabilities for dividends in the amount of RSD 17,926 thousand pertain primarily to the liabilities based on the decision of the Assembly of Shareholders from 2016 on profit distribution in the amount of RSD 12 thousand and for dividends' payment from previous years in the amount of RSD 17,914 thousand, which have not yet been paid to date (probate proceedings, etc.).

Other various liabilities in the amount of RSD 903 thousand refer predominantly to withholding from net wages (based mostly on loans granted by employees, union fees, etc.).

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

34. LIABILITIES FOR VALUE ADDED TAX, LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE AND ACCRUED EXPENSES AND DEFERRED INCOME

34.1. Liabilities for Value Added Tax

Liabilities for value added tax	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Liabilities for value added tax	5.335	4.366
TOTAL	5.335	4.366

Liabilities for value added tax refer to the difference between calculated tax and input tax. This liability was settled by the Company within the legally prescribed deadline, in April 2017.

34.2. Liabilities for Other Taxes, Contributions and Fees Payable

Liabilities for other taxes, contributions and fees payable	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Liabilities for other taxes, contributions and fees payable	20.289	735
TOTAL	20.289	735

Liabilities for other taxes, contributions and fees payable in the amount of RSD 20,289 thousand refer primarily to the liabilities for property tax in the amount of RSD 19,529 thousand; contributions for considerations to Supervisory Board members: RSD 372 thousand, taxes and contributions for authorship agreements on temporary and periodical engagements: RSD 175 thousand and liabilities for income tax on dividends: RSD 97 thousand.

34.3. Accrued Expenses and Deferred Income

Accrued expenses and deferred income	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Precalculated expenses:		
a) Precalculated expenses - parent company, subsidiaries and other related companies	25.626	25.523
b) Precalculated expenses - other legal entities	43	8
<i>Total</i>	<i>25.669</i>	<i>25.531</i>
Other accruals	1.262	1.389
TOTAL	26.931	26.920

Precalculated expenses – parent company, subsidiaries and other related companies in the amount of RSD 25,626 thousand refer to the liability owed to Energoprojekt Oprema company for calculated expenses for the period till March 31, 2017, based on the Agreement on Construction of the Embassy

of the Republic of Serbia in Abuja, Federal Republic of Nigeria, “a turnkey project”, in the cadastre lot No. 313, registered in the Real Estate Cadastre of the Cadastre Zone A00.

Other accruals in the amount of RSD 1,262 thousand pertain to the calculated interest on term deposits with domestic banks.

35. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Deferred tax assets	3.036	3.036
Deferred tax liabilities	155.288	155.288
Net effect of deferred tax assets (liabilities)	(152.252)	(152.252)

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

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

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

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

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

36. OFF-BALANCE SHEET ASSETS AND LIABILITIES

In compliance with the relevant statutory provisions (Rules on Content and Form of Financial Statements Forms for Companies, Cooperatives and Entrepreneurs), disclosed off-balance sheet items in its financial statements. Items disclosed under off-balance sheet assets and liabilities, presented in the following Table, are neither assets nor liabilities of the Company, but are primarily presented for information purposes.

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

Structure of off-balance sheet assets and liabilities	<i>In RSD thousand</i>	
	<i>31/03/2017</i>	<i>31/12/2016</i>
Provided sureties and guarantees	21.734.689	20.659.444
Provided mortgages and other rights	2.500	2.500
Received mortgages and other rights	17.046	16.977
Other off-balance sheet asset/liabilities	4.329.163	4.329.163
TOTAL	26.083.398	25.008.084

Provided sureties and guarantees amounting to RSD 21,734,689 thousand refer to the following:

- Sureties issued for credits and guarantees for subsidiaries amounting to RSD 18,944,489 thousand; and
- Corporate guarantees issued to Energoprojekt Niskogradnja amounting to RSD 2,781,101 thousand (BBVA - PERU amounting to RSD 1,625,809 thousand and Banco Financier – Peru amounting to RSD 1,161,292 thousand) for the project in Peru, and
- Guarantee provided by Alpha Bank in favour of IATA (International Air Transport Association) for the proper settlement of liabilities for airline tickets in the amount of RSD 3,099 thousand, which expires on April 20, 2017 and renewed annually.

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

Provided mortgages and other rights in the amount of RSD 2,500 thousand relate to the pledge on 100% stake in the share capital of Energoprojekt Sunnyville Ltd. (Note 37).

Received mortgages and other rights amounting to RSD 17,046 thousand pertain to the mortgage on Enjub Ltd. apartments, arising from the Loan Agreement regulating the loan approved to Enjub Ltd. (Note 37).

Other off-balance sheet assets/liabilities amounting to RSD 4,329,163 thousand include the following:

- The right to use the municipal construction land – in Block 25 and Block 26 in New Belgrade, amounting to RSD 4,298,721 thousand;
- Dividends receivables from Enjub Ltd., which were directly written-off in the previous accounting period in the amount of RSD 30,442 thousand; and
- Unused construction facilities in Budva that were directly written-off in the inventory count as at December 31, 2014 and presented in the off-balance records without any value.

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

Mortgages registered against the Company relating to the pledge given to the 100% stake in the share capital of Energoprojekt Sunnyville Ltd., for securing receivable from Erste Bank Plc, Novi Sad on the basis of long-term construction loan granted to Energoprojekt Sunnyville Ltd.

Mortgages registered in favour of the Company are as follows:

- As collateral to secure the repayment of loan pursuant to the Annex No. 9 of the Loan Agreement No. 367, in the amount of RSD 17,046 thousand (EUR 137 thousand), granted by the Company to Enjub Ltd, the extrajudicial mortgage for the entire loan amount was registered for apartments in 91A Jurija Gagarina Street, on the second and third floors, Cadastre lot No. 5089/9, Cadastral Municipality of New Belgrade, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality New Belgrade, in favour of the Company, and
- As collateral to secure the repayment of the loan pursuant to the Annex No. 5 of the Agreement on Rescheduling of Approved Loan pursuant to the Loan Agreement No. 115, approved to Enjub Ltd. in the amount of RSD 148,500 thousand (EUR 1,198 thousand), there is a lien statement (mortgage was not registered) provided for the real property (apartments and business premises) in 93, 93A and 91A Jurija Gagarina Street.

38. COMMITMENT AND CONTINGENCIES

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

The number and estimated values of lawsuits with the Company as the defendant and not very small probability for the Company to lose the case are presented in the following Table. The disclosed lawsuits' amounts with the contingent liability as at March 31, 2017 include only the principal amount per case.

Plaintiff	First instance procedure	Second instance procedure	Total
<i>No. of lawsuits</i>			
Physical person	4	3	7
Legal entity	1		1
TOTAL	5	3	8
<i>In RSD thousand</i>			
Physical person		444	444
Legal entity	88.987		88.987
TOTAL	88.987	444	89.431

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

Plaintiff	Basis for legal action	Contingent liability in RSD thousand
Raonic Milan	Damage compensation for copyright infringement	Uncertain
Land development public agency	Debt and compensation for land (Hotel Hyatt Regency Beograd)	88.987
Sreta Ivanisevic	Compensation for expropriated property (Bezanija)	Uncertain
Vladan and Tomislav Krdzic	Damage compensation (for the value of free shares that they did not acquire)	444
Goran Rakic	Establishment of ownership right on the land under building for legalization purposes	Ungrounded
Pavle, Radmila and Milan Kovacevic	Compensation for expropriated land (Block 26)	Uncertain
Rajko Ljubojevic	Expropriation of land from 1957	Uncertain
Radovanac Aleksandar i Nenad	Moving out from barracks	Ungrounded
TOTAL		89.431

On April 28, 2017 the Company has, according to agreement, paid the amount of RSD 88,988 thousand to the Land Development Public Agency, as the debt owed for construction land arrangement fee, in the amount of RSD 88,832 thousand and RSD 155 thousand for court expenses. The shares value effect for Hotel Hyatt Regency Belgrade will be presented in the forthcoming reporting period.

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

In addition to the above mentioned, the first instance procedure is also in progress in which a small number of minority shareholders of the Energoprojekt Visokogradnja Company called into question the price paid to them in the procedure initiated at their request for compulsory sale of shares.

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

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

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

Defendant	First instance procedure	Second instance procedure	Total
<i>No. of lawsuits</i>			
Physical person	1		1
Legal entity	1	3	4
TOTAL	2	3	5
<i>In RSD thousand</i>			
Physical person	31		31
Legal entity		868	868
TOTAL	31	868	899

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

Defendant	Basis for legal action	Contingency amount in RSD thousand
Beogradsko mesovito preduzeće Plc. (BMP)	Determining of BMP shares' value	Uncertain
Zekstra group Ltd.	Damage compensation (roof repair works in 38 Goce Delceva Street)	868
Republic of Serbia, EPS Serbia, Epsturs Ltd and Republic of Montenegro	Determining of the ideal ownership share in the Park hotel in Budva	Acquiring of 13% of the total hotel surface area is legally founded, but the value thereof has not been determined
Trinity Capital, GP Napred Plc.	Annul the contract for Block 26	grounded
Music Ivan	Damage compensation (roof repair works in 38 Goce Delceva Street)	31
TOTAL		899

In addition to the presented legal actions in which the Company is involved as the plaintiff, there is a legal proceeding against the City of Belgrade, Republic of Serbia, Belgrade Land Development Public Agency and BG Hall Ltd. for debt from work carried out by Energoprojekt Visokogradnja on the facility "Arena", which was contracted by the Energoprojekt Holding Corporations. According to the above litigation a final judgment has obtained to BG Hall Ltd., while the claim against the City of Belgrade, Republic of Serbia and the Directorate for Building Land and Construction of Belgrade refused. The Company has declared against this decision Audit.

39. POST BALANCE SHEET EVENTS

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

In Belgrade,
On May 12, 2017

Legal representative

Vladimir Milovanović dipl. ing.

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2. BUSINESS REPORT

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

An authentic overview of the Energoprojekt Holding Plc. (parent Company) and Energoprojekt Group growth and business results, financial position and information of significance for the valuation of corporate assets is presented and explained in detail within the "Notes to the Financial Statements for Q1 2017" (see Chapter 1 of the said Statements).

Plans for 2017 include contracting of new business deals for the Energoprojekt Group in the country and abroad in the total amount of EUR 296.6 million, namely: EUR 127.5 million (43%) in the country and EUR 169.1 million (57%) abroad. During the first quarter of 2017, contracts for new business deals worth total of EUR 32.0 million were concluded: EUR 2.9 million (9%) in the country and EUR 29.1 million (91%) abroad, which makes 11% of the total targeted annual contracting plan.

As at the last day of the reporting period, business deals worth approximately EUR 383.7 million remained on the level of the Energoprojekt Group to be completed over the following periods (in Serbia: EUR 150.0 million; abroad EUR 233.7 million).

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

Starting from the strategic determination to achieve lasting and sustainable development of the Energoprojekt Group oriented towards continuous profitability growth, conducting business in its traditional markets (in the country and abroad), economically viable employment of resources and global macroeconomic trends, the following business tasks were planned to be achieved in 2017:

Prioritetni zadaci:

Priority tasks:

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

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

Other business-related tasks:

- Achieving mission and vision of Energoprojekt Group;
- Providing conditions for realization of medium-term business planed income and profit, with financial solvency preserved, as well as constant supervising, cost optimization and structure assets, all in function of income and profit growth;
- Making developing and market projects more intensive using own assets, as well as assets of other financial institutions, public and private partners in energy, ecology and real estate market, and public service and traffic infrastructures;
- Improving marketing and new business contracting on local, but dominantly on foreign markets, with persistant analysis of new market-opening possibilities;
- Maintaining and developing of the existing human resources, making conditions for the new and young employees, with their significant role in realization of business plans and adopting new technologies to be applied in everyday business activities. Directing the employees to achieve the supreme results level, with the pre-arranged scheme for experts and managers at all levels, as well as team-building activities, with planned and analysed further steps;
- Developing corporative culture and managing code of behaviour in Energoprojekt Group;
- Implementing „Balance Score Card“ methodology and „Key performance Index“, together with developing and applying the software based upon „Business Inteligence“;
- Further developing of risk management methodology and Integrated Management System, introducing and strict applying of Code of Ethics, corporative integrity standards and socially responsible business activities;
- Developing company shares concept, providing share value growth and increased dividend distribution policy to shareholders;
- Transparency of business operations and public presentation of Energoprojekt, by means of supplying relevant information through the Stock Exchange and regular communication with investors, partners and experts, in the country and abroad.

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

It is necessary to establish a system for timely risks' identification and management for the business operations of the Energoprojekt in the country and in the foreign markets as a constituent part of all its executive functions and as one of the principal functions of the Company's internal audit. Efforts on risk management development strategy are intensive and according to the plans, in compliance with the established annual plan of the Energoprojekt Holding Plc. internal audit for 2017.

Significant events after the end of the year for which the reports are prepared

The contract with Republic of Serbia, Directorate for Property, was signed on February 7, 2017 on purchasing of construction land owned by Republic of Serbia, with area of 59a 91m², located on cadastral parcel No. 1005/28 registered in Cadastral Register 6400 KO New Belgrade, in the amount of RSD 274,609 thousand, paid on February 14, 2017.

Pursuant to the Resolution on Acquiring 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.

Aside of the above mentioned incorrective events occurred after the reported period, there were no significant business events from the balance date to the date of publication of the said statements, which would require disclosure or 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.

Značajniji poslovi sa povezanim licima

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.

Payment securities for liabilities to related legal entities were not provided by the Company.

Detailed explanations are provided in the "Notes to the Financial Statements".

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.

The implementation activities of approved strategic document "Basic Elements of the Company's Medium-Term Business Plan for 2016-2020" will be prepared in the following period.

3. STATEMENT BY PERSONS RESPONSIBLE FOR PREPARATION OF REPORT

To the best of our knowledge, the Quarterly Financial Statements for the first quarter of 2017 were prepared in compliance with the relevant International Financial Reporting Standards and they present authentic and objective information about assets, liabilities, financial position and operations, profit and losses, cash flows and changes in equity of the Public Company, including those of the Companies included in the Statements.

In compliance with the Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015 and 108/2016) we hereby declare that the financial statements in question have not been audited.

Person responsible for preparation of the Report:

Legal Representative:

Energoprojekt Holding Plc.

Energoprojekt Holding Plc.

Executive Director for Finance, Accounting and Planning

Chief Executive Officer



Dr. Dimitraki Zipovski

Dr. Dimitraki Zipovski, D.Sc. Ecc.



Vladimir Milovanovic

Vladimir Milovanovic, B.Sc. Mech. Eng.

4. DECISION OF COMPETENT CORPORATE BODY TO ADOPT THE Q1 2017 QUARTERLY REPORT *

Note *:

- Q1 2017 Quarterly Report of the Energoprojekt Holding Plc. was approved and adopted on May 12, 2017, in the 67th meeting of the Executive Board of the Issuer.

In Belgrade, May 2017

Person responsible for preparation of the Report:

Energoprojekt Holding Plc.

Executive Director for Finance, Accounting and Planning



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

Legal Representative:

Energoprojekt Holding Plc.

Chief Executive Officer



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