

**PUBLIC ENTERPRISE ELEKTROPRIVREDA SRBIJE
BEOGRAD**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
AND INDEPENDENT AUDITOR'S REPORT**

CONTENTS

Auditor's report

Consolidated Income statement

Consolidated Statement of other comprehensive income

Consolidated Balance sheet

Consolidated Statement of changes in equity

Consolidated Cash flow statement

Notes to the financial statements



Independent Auditor's Report

To the Owners and management of Javno preduzeće Elektroprivreda Srbije Beograd:

Our qualified opinion

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Javno preduzeće Elektroprivreda Srbije, Beograd (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Law on Accounting in the Republic of Serbia.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

As at 31 December 2019, assets under construction in the amount of RSD 5,037,334 thousand related to projects which are in progress for more than 3 years and for which the Group did not assess the recoverability as required by IAS 36 - Impairment of assets. Out of total amount of RSD 5,037,334 thousand, the amount of RSD 4,812,225 thousand relates to assets under construction in the subsidiary Operator distributivnog sistema EPS distribucija d.o.o. In the absence of information of the recoverable amount of these assets, we were unable to satisfy ourselves as to the carrying amount of those assets as at 31 December 2019. The audit report for 2018 consolidated financial statements was qualified with this respect.

As at 31 December 2019, the Group did not recognize a provision for decommissioning of landfills and dumps for ash and slag in Thermal Power Plants Kostolac, Kolubara, Morava, Nikola Tesla A and Nikola Tesla B, as required by IAS 37 – "Provisions, contingent liabilities and contingent assets". In the absence of information to assess the amount of provision for decommissioning, we were unable to satisfy ourselves as to the value of provisions, related assets and expenses in the financial statements. The audit report for the year ended 31 December 2018 was qualified with this respect.

We conducted our audit in accordance with the Law on Auditing in the Republic of Serbia. Our responsibilities under this regulation are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

PricewaterhouseCoopers d.o.o., Omladinskih brigada 88a, 11070 Belgrade, Republic of Serbia
T: +381 11 3302 100, F:+381 11 3302 101, www.pwc.rs

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



Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the Law on auditing in the Republic of Serbia that are relevant to our audit of the consolidated financial statements in the Republic of Serbia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on auditing in the Republic of Serbia.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Law on Accounting in the Republic of Serbia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law on Auditing in the Republic of Serbia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law on Auditing in the Republic of Serbia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Refer to the original signed
Serbian version

Milivoje Nešović
Licensed Auditor

Belgrade, 24 August 2020

Refer to the original signed
Serbian version

PricewaterhouseCoopers d.o.o., Beograd

To be filled in by the legal entity – entrepreneur

Registration number	2	0	0	5	3	6	5	8	Activity code	3	5	1	4	TIN – Tax identification number	1	0	3	9	2	0	3	2	7
Company Public Enterprise Elektroprivreda Srbije Beograd																							
Head office Belgrade, 13 Balkanska Street																							

CONSOLIDATED INCOME STATEMENT
for the period from 1 January 2019 to 31 December 2019

- in thousands of Dinars -

Account group, account	ITEM	AOP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	REVENUES FROM REGULAR OPERATIONS				
60 to 65, except 62 and 63	A. OPERATING REVENUES (1002+1009+1016+1017)	1001	5,7,9	243,769,846	231,622,815
60	I. INCOME FROM THE SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002	5	3,987,461	2,885,466
600	1. Sales of merchandise to parent companies and subsidiaries - domestic market	1003		-	-
601	2. Sales of merchandise to parent companies and subsidiaries - foreign market	1004		-	-
602	3. Sales of merchandise to other associated companies - Domestic	1005		-	-
603	4. Sales of merchandise to other associated companies – foreign	1006		-	-
604	5. Sales of merchandise to domestic customers	1007	5	3,707	3,724
605	6. Sales of merchandise to foreign customers	1008	5	3,983,754	2,881,742
61	II. INCOME FROM SALES OF PRODUCTS AND SERVICE RENDERED (1010+1011+1012+1013+1014+1015)	1009	5	234,693,070	225,047,765
610	1. Sales of merchandise to parent companies and subsidiaries - domestic market	1010		-	-
611	2. Sales of merchandise to parent companies and subsidiaries - foreign market	1011		-	-
612	3. Sales of finished goods and services rendered to other associated entities - domestic	1012	5	1,048,787	865,568
613	4. Sales of finished goods and services rendered to other associated entities - foreign	1013		-	-
614	5. Sales of merchandise to domestic customers	1014	5	233,291,352	223,757,576
615	6. Sales of merchandise to foreign customers	1015	5	352,931	424,621
64	III. INCOME FROM PREMIUMS, SUBVENTIONS, DONATIONS, ETC.	1016	7	2,236,009	1,906,806
65	IV. OTHER OPERATING INCOME	1017	8	2,853,306	1,782,778
Account	ITEM	AOP	Note no.	Amount	

group, account				Current year	Previous year
1	2	3	4	5	6
	COSTS FROM REGULAR OPERATIONS				
50 to 55, 62 and 63	B. OPERATING EXPENSES (1019-1020-1021+1022+ 1023+1024+1025+1026+1027+1028+1029) ≥ 0	1018	6,9,10,11,12,13,14,15	233,573,987	224,997,952
50	I. COST OF GOODS SOLD - COGS	1019		727,833	778,089
62	II. INCOME FROM THE OWN USE OF PRODUCTS, SERVICES AND MERCHANDISE	1020	6	4,240,222	3,823,736
630	III. INCREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS	1021		941,306	23,084
631	IV. DECREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS	1022		70,246	747,089
51 except 513	V. COST OF MATERIAL	1023	9	13,684,850	13,658,059
513	VI. COST OF FUEL AND ENERGY	1024	10	51,252,120	43,590,104
52	VII. COSTS OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025	11	65,427,277	65,494,316
53	VIII. COSTS OF PRODUCTION SERVICES	1026	12	27,805,504	24,896,778
540	IX. DEPRECIATION COSTS	1027	13	47,850,404	46,573,082
541 to 549	X. LONG-TERM PROVISIONS COSTS	1028	14	7,184,612	6,771,083
55	XI. NON-PRODUCTION COSTS	1029	15	24,752,669	26,336,172
	C. OPERATING PROFIT (1001-1018) ≥ 0	1030		10,195,859	6,624,863
	D. OPERATING LOSS (1018-1001) ≥ 0	1031		-	-
66	E. FINANCIAL INCOME (1033+1038+1039)	1032	16	8,098,254	10,831,845
66, except 662, 663 and 664	I. FINANCIAL INCOME INCURRED WITH ASSOCIATED COMPANIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033	16	1,157,881	1,058,440
660	1. Financial income incurred with parent companies and Subsidiaries	1034		-	-
661	2. Financial income incurred with other associated companies	1035	16	791,505	711,689
665	3. Income from share in associated entities and joint ventures	1036		-	-
669	4. Other financial income	1037	16	366,376	346,751
662	II. INCOME FROM INTEREST (FROM THIRD PARTIES)	1038	16	6,171,843	8,942,083
663 and 664	III. FX GAINS AND INCOME FOR THE EFFECTS OF CURRENCY CLAUSE	1039	16	768,530	831,322
56	F. FINANCIAL EXPENSES (1041+1046+1047)	1040	17	3,198,064	3,935,446

Account group, account	ITEM	АОП	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
56, except 562, 563 and 564	I. FINANCIAL EXPENSES INCURRED WITH ASSOCIATED COMPANIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041	17	272,017	307,915
560	1. Financial expenses incurred with parent companies and Subsidiaries	1042		-	-
561	2. Financial expenses incurred with other associated companies	1043		-	-
565	3. Losses for share in loss of associated companies and joint ventures	1044		-	-
566 and 569	4. Other financial expenses	1045	17	272,017	307,915
562	II. COSTS OF INTERESTS (TO THIRD PARTIES)	1046	17	1,367,771	1,408,559
563 and 564	III. FX LOSSES AND LOSSES FOR CURRENCY CLAUSE EFFECTS	1047	17	1,558,276	2,218,972
	G. FINANCIAL PROFIT (1032-1040)	1048		4,900,190	6,896,399
	H. FINANCIAL LOSS (1040-1032)	1049		-	-
683 and 685	I. INCOME FROM OTHER ASSETS VALUATION ADJUSTMENTS VALUED AT FAIR VALUE	1050	18	1,302,689	3,445,045
583 and 585	J. EXPENSES FROM OTHER ASSETS VALUATION ADJUSTMENTS VALUED AT FAIR VALUE	1051	19	10,507,241	9,801,468
67 and 68, except 683 and 685	K. OTHER INCOME	1052	20	1,489,406	2,312,078
57 and 58, except 583 and 585	L. OTHER EXPENSES	1053	21	12,123,659	8,831,424
	M. PROFIT FROM OPERATIONS BEFORE TAXATION (1030-1031+1048-1049+1050-1051+1052-1053)	1054		-	645,493
	N. LOSS FROM OPERATIONS BEFORE TAXATION (1031-1030+1049-1048+1051-1050+1053-1052)	1055		4,742,756	-
69 minus 59	O. NET OPERATING PROFIT FROM DISCONTINUED OPERATIONS	1056		-	-
59 minus 69	P. NET OPERATING LOSS FROM DISCONTINUED OPERATIONS	1057		-	-
	Q. PROFIT BEFORE TAXATION (1054-1055+1056-1057)	1058		-	645,493
	R. LOSS BEFORE TAXATION (1055-1054+1057-1056)	1059		4,742,756	-
	S. CORPORATE INCOME TAX			-	-
721	I. TAX EXPENSES FOR THE PERIOD	1060	22	4,571,926	4,060,758
p.o. 722	II. DEFERRED TAX COSTS FOR THE PERIOD	1061		-	-
p.o. 722	III. DEFERRED TAX INCOME FOR THE PERIOD	1062	22	3,527,759	2,372,656
723	T. EMPLOYER'S EARNINGS PAID OUT	1063		-	-

Account group, account	ITEM	AOP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	U. NET PROFIT (1058-1059-1060-1061+1062-1063)	1064		-	-
	V. NET LOSS (1059-1058+1060+1061-1062+1063)	1065		5,786,923	1,042,609
	I. NET PROFIT ATTRIBUTABLE TO MINORITY INVESTORS	1066			
	II. NET PROFIT ATTRIBUTABLE TO MAJORITY INVESTORS	1067		-	-
	III. NET LOSS ATTRIBUTABLE TO MINORITY INVESTORS	1068		69,017	98,688
	IV. NET LOSS ATTRIBUTABLE TO MAJORITY INVESTORS	1069		5,717,906	943,921
	V. EARNINGS PER SHARE				
	1. Basic earnings per share	1070		-	-
	2. Diluted earnings per share	1071		-	-

In _____

Legal representative

Stamp

Date _____ 20 _____

To be filled in by the legal entity - entrepreneur

Registration number	2	0	0	5	3	6	5	8	Activity code	3	5	1	4	TIN – Tax identification number	1	0	3	9	2	0	3	2	7
Company Public Enterprise Elektroprivreda Srbije Beograd																							
Head office Belgrade, 13 Balkanska Street																							

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the period from 1 January 2019 to 31 December 2019

- in thousands of Dinars -

Account group, Account	ITEM	AOP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A, NET RESULT FROM OPERATIONS				
	I, NET PROFIT (AOP 1064)	2001		0	0
	II, NET LOSS (AOP 1065)	2002		5,786,923	1,042,609
	B, OTHER COMPREHENSIVE PROFIT OR LOSS				
	a) Items that will not be reclassified subsequently to profit or loss				
	1, Revaluation of intangibles and PPE				
330	a) increase in revaluation reserves	2003	33	0	4,704
	b) decrease in revaluation reserves	2004	33	29,296	0
	2, Actuarial gains (losses) on defined benefit plans				
331	a) gains	2005		0	0
	b) losses	2006		1,374,797	276,135
	3, Gains or losses on investments in equity instruments				
332	a) gains	2007		0	0
	b) losses	2008		0	0
	4, Share of other comprehensive income of associates				
333	a) gains	2009		0	0
	b) losses	2010		0	0
	b) Items that may be reclassified subsequently to profit or loss				
	1, Foreign currency translation differences for foreign Operations				
334	a) gains	2011		0	0
	b) losses	2012		2,565	2,700

Account group, Account	ITEM	AOP	Note no,	Amount	
				Current year	Previous year
1	2	3	4	5	6
335	2, Gains and losses on hedge of investment in foreign operations				
	a) gains	2013		0	0
	b) losses	2014		0	0
336	3, Cash flow hedges				
	a) gains	2015		0	0
	b) losses	2016		0	0
337	4, Gains and losses on available for sale financial assets				
	a) gains	2017			6,500
	b) losses	2018		136,157	0
	I, OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019		0	0
	II, OTHER COMPREHENSIVE GROSS LOSS (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020		1,542,815	267,631
	III, TAXES ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021		0	0
	IV, OTHER COMPREHENSIVE NET PROFIT (2019-2020-2021) ≥ 0	2022		0	0
	V, OTHER COMPREHENSIVE NET LOSS (2020-2019+2021) ≥ 0	2023		1,542,815	267,631
	C, TOTAL COMPREHENSIVE NET RESULT FOR THE PERIOD				
	I, TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024		0	0
	II, TOTAL COMPREHENSIVE NET LOSS (2002-2001+2023-2022) ≥ 0	2025		7,329,738	1,310,240
	D, TOTAL COMPREHENSIVE NET PROFIT OR LOSS (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026		7,329,738	1,310,240
	1, Attributable to owners	2027		7,260,721	1,211,552
	2, Attributable to non-controlling interest	2028		69,017	98,688

In _____

Legal representative

Stamp

Date _____ 20 _____

To be filled in by the legal entity - entrepreneur

Registration number	2	0	0	5	3	6	5	8	Activity code	3	5	1	4	TIN – Tax identification number	1	0	3	9	2	0	3	2	7
---------------------	---	---	---	---	---	---	---	---	---------------	---	---	---	---	---------------------------------	---	---	---	---	---	---	---	---	---

Company Public Enterprise Elektroprivreda Srbije Beograd

Head office Belgrade, 13 Balkanska Street

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

- in thousands of Dinars -

Account group, account	ITEM	AOP	Note no.	Amount		
				Current year	Previous year	
					Closing balance as at 31 December 2018	Opening balance as at 1 January 2018
1	2	3	4	5	6	7
	ASSETS					
00	A UNPAID SUBSCRIBED CAPITAL	0001		-	-	-
	B FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	0002	23,24,25	1,043,272,480	1,049,273,436	1,046,336,111
01	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	0003	23	12,930,876	9,079,979	6,914,340
010, p.o. 019	1. Investment in development	0004		-	-	-
011, p.o. 019	2. Concessions, patents, licenses, similar rights, software and other rights	0005	23	7,512,486	3,438,137	1,329,719
013, p.o. 019	3. Goodwill	0006		-	-	-
014, p.o. 019	4. Other intangible assets	0007	23	65,206	91,591	118,945
015, p.o. 019	5. Intangible assets in development	0008	23	5,353,184	5,550,251	5,465,676
016, p.o. 019	6. Advance payments for acquisition of intangible assets	0009		-	-	-
02	II. PROPERTY, PLANT AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	0010	23	1,024,740,516	1,031,297,812	1,025,498,994
020, p.o. 029	1. Land	0011	23	56,002,095	59,217,196	59,051,477
022, p.o. 029	2. Buildings	0012	23	333,925,759	337,400,014	342,432,887
023, p.o. 029	3. Machinery and equipment	0013	23	497,567,563	503,867,104	513,817,849
024, p.o. 029	4. Investment property	0014	23	520,592	536,554	522,451
025, p.o. 029	5. Other property, plant and equipment	0015	23	135,331	140,504	143,535

026, p.o. 029	6. Property, plant and equipment under construction	0016	23	117,273,245	109,396,448	86,108,097
------------------	--	------	----	-------------	-------------	------------

Account group, account	ITEM	AOP	Note no.	Amount		
				Current year	Previous year	
					Closing balance as at 31 December 2018	Opening balance as at 1 January 2018
1	2	3	4	5	6	7
027, p.o. 029	7. Investment in PPE owned by third parties	0017	23	965	979	993
028, p.o. 029	8. Advance payments for property, plant and equipment	0018	23	19,314,966	20,739,013	23,421,705
03	III. BIOLOGICAL ASSETS (0020 + 0021 + 0022 + 0023)	0019	23	442,343	437,519	438,332
030, 031, p.o. 039	1. Forests and plantations	0020	23	442,343	437,519	438,332
032, p.o. 039	2. Livestock	0021		-	-	-
037, p.o. 039	3. Biological assets under construction	0022		-	-	-
038, p.o. 039	4. Advance payments for biological assets	0023		-	-	-
04, except 047	IV. LONG TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	0024	24	4,606,390	7,996,247	12,791,500
040, p.o. 049	1. Investments in subsidiaries	0025		-	-	-
041, p.o. 049	2. Investments in associates and joint ventures	0026	24	406,180	406,457	406,457
042, p.o. 049	3. Investments in other legal entities and other securities available for sale	0027	24	522,002	526,414	5,240,308
p.o. 043, p.o. 044, p.o. 049	4. Long-term loans to parent companies and to subsidiaries	0028		-	-	-
p.o. 043, p.o. 044, p.o. 049	5. Long-term loans to other associated companies	0029	24	-	306	972
p.o. 045, p.o. 049	6. Long-term loans to domestic entities	0030	24	-	181,581	195,388
p.o. 045, p.o. 049	7. Long-term loans to foreign entities	0031		-	-	-
046, p.o. 049	8. Securities held to maturity	0032		-	-	-
048, p.o. 049	9. Other long term investment	0033	24	3,678,208	6,881,489	6,948,375
05	V. LONG TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	0034	25	552,355	461,879	692,945
050, p.o. 059	1. Long term receivables – parent companies and subsidiaries	0035		-	-	-
051, p.o. 059	2. Long term receivables – other associated entities	0036		-	-	-
052, p.o. 059	3. Long term trade receivables	0037		-	-	-
053, p.o. 059	4. Trade receivables for financial lease sales	0038		-	-	-

Account group, account	ITEM	AOP	Note no.	Amount		
				Current year	Previous year	
					Closing balance as at 31 December 2018	Opening balance as at 1 January 2018
1	2	3	4	5	6	7
054, p.o. 059	5. Long term receivables for guarantees	0039		-	-	-
055, p.o. 059	6. Doubtful long term receivables	0040		-	-	-
056, p.o. 059	7. Other long term receivables	0041	25	552,355	461,879	692,945
288	C. DEFERRED TAX ASSETS	0042		-	-	-
	D. CURRENT ASSETS (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	0043	26,27,28,29,30,31,32	118,283,412	124,833,738	132,797,222
1	I. INVENTORIES (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	0044	26	38,234,004	33,262,242	33,584,534
10	1. Material	0045	26	31,979,127	28,466,731	26,956,565
11	2. Work in progress	0046	26	149,115	202,339	174,442
12	3. Finished products	0047	26	2,470,365	1,628,824	2,313,178
13	4. Merchandise (goods, purchase for sale)	0048	26	4,549	3,230	2,017
14	5. Non-current assets held for trading	0049	26	1,825	4,812	1,825
15	6. Advance payments	0050	26	3,629,023	2,956,306	4,136,507
20	II. TRADE RECEIVABLES (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	0051	27	46,153,499	42,679,278	43,148,444
200, p.o. 209	1. Trade receivables - domestic parent companies and Subsidiaries	0052		-	-	-
201, p.o. 209	2. Trade receivables - foreign parent companies and subsidiaries	0053		-	-	-
202, p.o. 209	3. Trade receivables - domestic other associated entities	0054	27	-	152	-
203, p.o. 209	4. Trade receivables - foreign other related parties	0055		-	-	-
204, p.o. 209	5. Trade receivables - domestic third party	0056	27	45,980,922	42,477,895	42,777,702
205, p.o. 209	6. Trade receivables - foreign third party	0057	27	41,733	53,010	241,384
206, p.o. 209	7. Other trade receivables	0058	27	130,844	148,221	129,358
21	III. RECEIVABLES FROM SPECIFIC BUSINESS OPERATIONS	0059	28	2,388,114	2,946,975	2,826,832
22	IV. OTHER RECEIVABLES	0060	29	5,787,395	11,747,042	9,962,431

Account group, account	ITEM	AOP	Note no.	Amount		
				Current year	Previous year	
					Closing balance as at 31 December 2018	Opening balance as at 1 January 2018
1	2	3	4	5	6	7
236	V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061		-	-	-
23 except 236 and 237	VI. SHORT-TERM FINANCIAL INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	0062	30	459,376	3,376,899	1,893,483
230, p.o. 239	1. Short-term loans and investments in parent companies and Subsidiaries	0063		-	-	-
231, p.o. 239	2. Short-term loans and investments in other related parties	0064		-	-	-
232, p.o. 239	3. Short term loans - domestic	0065	30	954	1,256	1,728
233, p.o. 239	4. Short term loans – foreign	0066		-	-	-
234, 235, 238, p.o. 239	5. Other short term investments	0067	30	458,422	3,375,643	1,891,755
24	VII. CASH AND CASH EQUIVALENTS	0068	31	20,706,070	27,281,100	39,699,986
27	VIII. RECEIVABLES FOR VAT	0069		-	-	-
28 except 288	IX. PREPAYMENTS AND ACCRUED INCOME	0070	32	4,554,954	3,540,202	1,681,512
	E. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0042 + 0043)	0071		1,161,555,892	1,174,107,174	1,179,133,333
88	F. OFF BALANCE ASSETS	0072	43	261,513,717	230,969,097	150,617,359
	EQUITY AND LIABILITIES					
	A. EQUITY (0402 + 0411 - 0412 + 0413 + 0414 + 0415 - 0416 + 0417 + 0420 - 0421) ≥ 0 = (0071 - 0424 - 0441 - 0442)	0401	33	827,689,859	840,621,795	849,324,345
30	I. BASIC CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	0402	33	360,141,927	360,141,927	360,141,927
300	1. Share capital	0403		-	-	-
301	2. Stakes in limited liability companies	0404		-	-	-
302	3. Participating interests	0405		-	-	-
303	4. State owned capital	0406	33	359,939,739	359,939,739	359,939,739
304	5. Socially owned capital	0407		-	-	-
305	6. Stakes in co-operatives	0408		-	-	-
306	7. Share premiums	0409		-	-	-
309	8. Other capital	0410	33	202,188	202,188	202,188

Account group, account	ITEM	AOP	Note no.	Amount		
				Current year	Previous year	
					Closing balance as at 31 December 2018	Opening balance as at 1 January 2018
1	2	3	4	5	6	7
31	II. UNPAID SUBSCRIBED CAPITAL	0411		-	-	-
047 and 237	III. OWN SHARES PURCHASED	0412		-	-	-
32	IV. RESERVES	0413	33	43,934	44,158	12,638
330	V. REVALUATION RESERVES FOR REVALUATION OF INTANGIBLES AND PPE	0414	33	600,273,199	607,983,020	611,318,630
33 except 330	VI. NON REALIZED PROFIT FROM SECURITIES (debit saldo of account group 33 except 330)	0415		-	-	-
33 except 330	VII. NON REALIZED LOSSES FROM SECURITIES (credit saldo of account group 33 except 330)	0416	33	3,191,548	1,683,159	1,410,824
34	VIII. RETAINED EARNINGS (0418+0419)	0417		-	-	-
340	1. Retained earnings from previous years	0418		-	-	-
341	2. Retained earnings from current year	0419		-	-	-
	IX. NON-CONTROLLING INTEREST	0420		-	-	-
35	X. ACCUMULATED LOSS (0422+0423)	0421	33	129,577,653	125,864,151	120,738,026
350	1. Previous year's losses	0422	33	123,790,730	125,864,151	120,738,026
351	2. Current year loss	0423	33	5,786,923	-	-
	B. LONG - TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		136,345,481	135,834,731	133,267,300
40	I. LONG - TERM PROVISIONS (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	0425	34	27,241,601	21,925,123	17,946,724
400	1. Provisions for costs incurred during the warranty period	0426		-	-	-

401	2. Provisions for the recovery of natural resources	0427	34	3,585,154	3,229,148	2,962,777
403	3. Provisions for restructuring costs	0428		-	-	-
404	4. Provisions for employees benefits	0429	34	18,979,073	14,965,799	10,908,782
405	5. Provisions for litigations	0430	34	4,677,350	3,730,152	4,015,140
402 and 409	6. Other long-term provisions	0431	34	24	24	60,025
41	II. LONG - TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	0432	35	109,103,880	113,909,608	115,320,576
410	1. Liabilities that can be converted into capital	0433	35	80,543	80,543	80,543
411	2. Liabilities to parent companies and subsidiaries	0434		-	-	-
412	3. Liabilities to other associated companies	0435		-	-	-
413	4. Liabilities for long-term securities	0436		-	-	-
414	5. Long-term loans - domestic	0437	35	20,959,506	24,472,929	27,191,409
Account group, account	ITEM	AOP	Note no.	Amount		
				Current year	Previous year	
					Closing balance as at 31 December 2018	Opening balance as at 1 January 2018
1	2	3	4	5	6	7
415	6. Long-term loans - foreign	0438	35	88,035,161	89,259,891	87,524,019
416	7. Liabilities for financial lease	0439	35	-	215	10
419	8. Other long-term liabilities	0440	35	28,670	96,030	524,595
498	C. DEFERRED TAX LIABILITIES	0441	22	90,006,062	93,533,821	95,826,800
42 to 49 (except 498)	D. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	0442	36	107,514,490	104,116,827	100,714,888
42	I. SHORT-TERM FINANCIAL LIABILITIES (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	0443	36	13,569,273	13,854,685	11,940,390
420	1. Short-term loans from parent companies and subsidiaries	0444		-	-	-
421	2. Short-term loans from other associated companies	0445	36	3,070	2,000	-
422	3. Short- term loans - domestic	0446		-	-	-
423	4. Short-term loans - foreign	0447		-	-	-
427	5. Liabilities for fixed assets and assets of discounting operations held for sale	0448		-	-	-
424, 425, 426 and 429	6. Other short-term financial liabilities	0449	36	13,566,203	13,852,685	11,940,390
430	II. RECEIVED ADVANCES PAYMENTS, DEPOSITS AND	0450	37			

	BAILS			5,432,804	4,754,973	4,982,077
43 except 430	III. LIABILITIES FROM BUSINESS OPERATIONS (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	0451	38	34,344,187	30,627,752	21,972,841
431	1. Trade payables - parent companies and subsidiaries - domestic	0452		-	-	-
432	2. Trade payables - parent companies and subsidiaries - foreign	0453		-	-	-
433	3. Trade payables - other associated companies - domestic	0454	38	131,316	89,560	48,418
434	4. Trade payables - other associated companies - foreign	0455		-	-	-
435	5. Trade payables – domestic	0456	38	25,940,365	21,364,258	16,233,007
436	6. Trade payables – foreign	0457	38	6,429,262	7,637,311	4,757,144
439	7. Other liabilities from business operations	0458	38	1,843,244	1,536,623	934,272
44, 45 and 46	IV. OTHER SHORT-TERM LIABILITIES	0459	39	13,978,279	15,199,688	25,440,679
47	V. LIABILITIES FOR VALUE ADDED TAX	0460	40	4,880,484	4,677,845	4,039,292
48	VI. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES	0461	41	5,980,140	8,515,241	7,826,438

Account group, account	ITEM	AOP	Note no.	Amount		
				Current year	Previous year	
					Closing balance as at 31 December 2018	Opening balance as at 1 January 2018
1	2	3	4	5	6	7
49 except 498	VII. ACCRUALS AND DEFERRED INCOME	0462	42	29,329,323	26,486,643	24,513,171
	E. LOSS OVER CAPITAL (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402) ≥ 0 = (0441+0424+0442-0071) ≥ 0	0463		-	-	-
	F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463) ≥ 0	0464		1,161,555,892	1,174,107,174	1,179,133,333
89	G. OFF BALANCE LIABILITIES	0465	43	513,717	230,969,097	150,617,359

In _____

Legal representative

date _____ 20 _____

Stamp

Financial statements forms prescribed by the Rulebook on the Content and Form of Financial Statements Forms for Companies, Cooperatives and Entrepreneurs (Official Gazette of RS. no. 95/2014 and 144/2014).

To be filled in by legal entity – entrepreneur

Registration number	2	0	0	5	3	6	5	8	Activity code	3	5	1	4	TIN – Tax identification number	1	0	3	9	2	0	3	2	7
---------------------	---	---	---	---	---	---	---	---	---------------	---	---	---	---	---------------------------------	---	---	---	---	---	---	---	---	---

Company Public Enterprise Elektroprivreda Srbije Beograd

Head office Belgrade, 13 Balkanska Street

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period from 01 January 2019 to 31 December 2019

- In thousands of Dinars -

No.	Description	Components of Equity					
		30		31		32	
		AOP	Core equity	AOP	Unpaid subscribed equity	AOP	Reserves
1	2	3	4	5			
	Balance as at 01.01. of the previous year						
1.	a) debit balance account	4001	-	4019	-	4037	-
	b) credit balance account	4002	360,141,927	4020	-	4038	12,638
	Correction of material errors and changes in accounting policies						
2.	a) corrections on the debit side of the account	4003	-	4021	-	4039	-
	b) corrections to the credit side of the account	4004	-	4022	-	4040	-
	Adjusted opening balance as at 01.01. of the previous year						
3.	a) corrected debit balance account (1a + 2a - 2b) ≥ 0	4005		4023	-	4041	-
	b) corrected credit balance accounts (1b - 2a + 2b) ≥ 0	4006	360,141,927	4024	-	4042	12,638
	Changes in the previous year _____						
4.	a) turnover on the debit side of the account	4007	-	4025	-	4043	-
	b) turnover on the credit side of the account	4008	-	4026	-	4044	31,520
	Balance at the end of the previous year 31.12 . _____						
5.	a) debit account balance (3a + 4a - 4b) ≥ 0	4009	-	4027	-	4045	-
	b) credit balance accounts (3b - 4a + 4b) ≥ 0	4010	360,141,927	4028	-	4046	44,158
	Correction of material errors and changes in accounting policies						
6.	a) corrections on the debit side of the account	4011	-	4029	-	4047	-
	b) corrections to the credit side of the account	4012	-	4030	-	4048	-
	Corrected opening balance of the current year 01.01. _____						
7.	a) corrected debit balance accounts (5a + 6a - 6b) ≥ 0	4013	-	4031	-	4049	-
	b) corrected credit balance accounts (5b - 6a + 6b) ≥ 0	4014	360,141,927	4032	-	4050	44,158
	Changes in the current year _____						
8.	a) turnover on the debit side of the account	4015	-	4033	-	4051	224
	b) turnover on the credit side of the account	4016	-	4034	-	4052	-
	Balance at end of the year 31.12 . _____						
9.	a) debit balance account (7a + 8a - 8b) ≥ 0	4017	-	4035	-	4053	-
	b) credit balance accounts (7b - 8a + 8b) ≥ 0	4018	360,141,927	4036	-	4054	43,934

No.	DESCRIPTION	Components of Equity					
		AOP	35	АОП	047 и 237	АОП	34
			Accumulated Loss		Treasury shares		Retained Earnings
	2		6		7		8
1.	Balance as at 01.01. of the previous year						
	a) debit balance account	4055	117,890,490	4073	-	4091	-
	b) credit balance account	4056	-	4074	-	4092	-
2.	Correction of material errors and changes in accounting policies						
	a) corrections on the debit side of the account	4057	2,847,536	4075	-	4093	-
	b) corrections to the credit side of the account	4058	-	4076	-	4094	-
3.	Adjusted opening balance as at 01.01. of the previous year						
	a) corrected debit balance account (1a + 2a - 2b) ≥ 0	4059	120,738,026	4077	-	4095	-
	b) corrected credit balance accounts (1b - 2a + 2b) ≥ 0	4060	-	4078	-	4096	-
4.	Changes in the previous year _____						
	a) turnover on the debit side of the account	4061	5,126,125	4079	-	4097	-
	b) turnover on the credit side of the account	4062	-	4080	-	4098	-
5.	Balance at the end of the previous year 31.12 . _____						
	a) debit account balance (3a + 4a - 4b) ≥ 0	4063	125,864,151	4081	-	4099	-
	b) credit balance accounts (3b - 4a + 4b) ≥ 0	4064	-	4082	-	4100	-
6.	Correction of material errors and changes in accounting policies						
	a) corrections on the debit side of the account	4065	-	4083	-	4101	-
	b) corrections to the credit side of the account	4066	-	4084	-	4102	-
7.	Corrected opening balance of the current year 01.01. _____						
	a) corrected debit balance accounts (5a + 6a - 6b) ≥ 0	4067	125,864,151	4085	-	4103	-
	b) corrected credit balance accounts (5b - 6a + 6b) ≥ 0	4068	-	4086	-	4104	-
8.	Changes in the current year _____						
	a) turnover on the debit side of the account	4069	3,713,502	4087	-	4105	-
	b) turnover on the credit side of the account	4070	-	4088	-	4106	-
9.	Balance at end of the year 31.12 . _____						
	a) debit balance account (7a + 8a - 8b) ≥ 0	4071	129,577,653	4089	-	4107	-
	b) credit balance accounts (7b - 8a + 8b) ≥ 0	4072	-	4090	-	4108	-

No.	DESCRIPTION	Components of Other Comprehensive Income					
		AOP	330	AOP	331	AOP	332
			Revaluation Reserves		Actuarial gains or losses		Gains or losses on investment in equity instruments
1	2		9		10		11
	Balance as at 01.01. of the previous year						
1.	a) debit balance account	4109	-	4127	-	4145	-
	b) credit balance account	4110	611,318,630	4128	-	4146	-
	Correction of material errors and changes in accounting policies						
2.	a) corrections on the debit side of the account	4111	-	4129	1,103,578	4147	-
	b) corrections to the credit side of the account	4112	-	4130	-	4148	-
	Adjusted opening balance as at 01.01. of the previous year						
3.	a) corrected debit balance account (1a + 2a - 2b) ≥ 0	4113	-	4131	1,103,578	4149	-
	b) corrected credit balance accounts (1b - 2a + 2b) ≥ 0	4114	611,318,630	4132	-	4150	-
	Changes in the previous year _____						
4.	a) turnover on the debit side of the account	4115	3,335,610	4133	276,135	4151	-
	b) turnover on the credit side of the account	4116	-	4134	-	4152	-
	Balance at the end of the previous year 31.12. _____						
5.	a) debit account balance (3a + 4a - 4b) ≥ 0	4117	-	4135	1,379,713	4153	-
	b) credit balance accounts (3b - 4a + 4b) ≥ 0	4118	607,983,020	4136	-	4154	-
	Correction of material errors and changes in accounting policies						
6.	a) corrections on the debit side of the account	4119	-	4137	-	4155	-
	b) corrections to the credit side of the account	4120	-	4138	-	4156	-
	Corrected opening balance of the current year 01.01. _____						
7.	a) corrected debit balance accounts (5a + 6a - 6b) ≥ 0	4121	-	4139	1,379,713	4157	-
	b) corrected credit balance accounts (5b - 6a + 6b) ≥ 0	4122	607,983,020	4140	-	4158	-
	Changes in the current year _____						
8.	a) turnover on the debit side of the account	4123	7,709,821	4141	1,374,797	4159	-
	b) turnover on the credit side of the account	4124	-	4142	-	4160	-
	Balance at end of the year 31.12. _____						
9.	a) debit balance account (7a + 8a - 8b) ≥ 0	4125	-	4143	2,754,510	4161	-
	b) credit balance accounts (7b - 8a + 8b) ≥ 0	4126	600,273,199	4144	-	4162	-

No.	DESCRIPTION	Components of Other Comprehensive Income					
		AOP	333	AOP	334 и 335	AOP	336
			Gains or losses on share in OCI of associated entities		Gains or losses on foreign operations and translation of financial statements		Gains or losses on cash flow hedges
1	2		12		13		14
	Balance as at 01.01. of the previous year						
1.	a) debit balance account	4163	-	4181	-	4199	-
	b) credit balance account	4164	-	4182	-	4200	-
	Correction of material errors and changes in accounting policies						
2.	a) corrections on the debit side of the account	4165	-	4183	-	4201	-
	b) corrections to the credit side of the account	4166	-	4184	-	4202	-
	Adjusted opening balance as at 01.01. of the previous year						
3.	a) corrected debit balance account (1a + 2a - 2b) ≥ 0	4167	-	4185	-	4203	-
	b) corrected credit balance accounts (1b - 2a + 2b) ≥ 0	4168	-	4186	-	4204	-
	Changes in the previous year _____						
4.	a) turnover on the debit side of the account	4169	-	4187	-	4205	-
	b) turnover on the credit side of the account	4170	-	4188	-	4206	-
	Balance at the end of the previous year 31.12. _____						
5.	a) debit account balance (3a + 4a - 4b) ≥ 0	4171	-	4189	-	4207	-
	b) credit balance accounts (3b - 4a + 4b) ≥ 0	4172	-	4190	-	4208	-
	Correction of material errors and changes in accounting policies						
6.	a) corrections on the debit side of the account	4173	-	4191	-	4209	-
	b) corrections to the credit side of the account	4174	-	4192	-	4210	-
	Corrected opening balance of the current year 01.01. _____						
7.	a) corrected debit balance accounts (5a + 6a - 6b) ≥ 0	4175	-	4193	-	4211	-
	b) corrected credit balance accounts (5b - 6a + 6b) ≥ 0	4176	-	4194	-	4212	-
	Changes in the current year _____						
8.	a) turnover on the debit side of the account	4177	-	4195	-	4213	-
	b) turnover on the credit side of the account	4178	-	4196	-	4214	-
	Balance at end of the year 31.12. _____						
9.	a) debit balance account (7a + 8a - 8b) ≥ 0	4179	-	4197	-	4215	-
	b) credit balance accounts (7b - 8a + 8b) ≥ 0	4180	-	4198	-	4216	-

No.	DESCRIPTION	Components of Other Comprehensive Income		AOP	Total equity [Σ(row 16 col 3 to col 15)]≥0	AOP	Loss above the value of equity [Σ(row 1a col 3 to col 15) - Σ(row 16 col 3 to col 15)] ≥ 0
		AOP	337				
			Gains or losses on AFS securities				
1	2		15		16		17
	Balance as at 01.01. of the previous year						
1.	a) debit balance account	4217	307,246	4235	853,275,459	4244	-
	b) credit balance account	4218	-				
	Correction of material errors and changes in accounting policies						
2.	a) corrections on the debit side of the account	4219	-	4236	3,951,114	4245	-
	b) corrections to the credit side of the account	4220	-				
	Adjusted opening balance as at 01.01. of the previous year						
3.	a) corrected debit balance account (1a + 2a - 2b) ≥ 0	4221	307,246	4237	849,324,345	4246	-
	b) corrected credit balance accounts (1b - 2a + 2b) ≥ 0	4222	-				
	Changes in the previous year _____						
4.	a) turnover on the debit side of the account	4223	-	4238	8,702,550	4247	-
	b) turnover on the credit side of the account	4224	3,800				
	Balance at the end of the previous year 31.12. _____						
5.	a) debit account balance (3a + 4a - 4b) ≥ 0	4225	303,446	4239	840,621,795	4248	-
	b) credit balance accounts (3b - 4a + 4b) ≥ 0	4226	-				
	Correction of material errors and changes in accounting policies						
6.	a) corrections on the debit side of the account	4227	-	4240	-	4249	-
	b) corrections to the credit side of the account	4228	-				
	Corrected opening balance of the current year 01.01. _____						
7.	a) corrected debit balance accounts (5a + 6a - 6b) ≥ 0	4229	303,446	4241	840,621,795	4250	-
	b) corrected credit balance accounts (5b - 6a + 6b) ≥ 0	4230	-				
	Changes in the current year _____						
8.	a) turnover on the debit side of the account	4231	133,592	4242	12,931,936	4251	-
	b) turnover on the credit side of the account	4232	-				
	Balance at end of the year 31.12. _____						
9.	a) debit balance account (7a + 8a - 8b) ≥ 0	4233	437,038	4243	827,689,859	4252	-
	b) credit balance accounts (7b - 8a + 8b) ≥ 0	4234	-				

In _____

Legal representative

Date _____ 20 _____

Stamp

To be filled in by legal entity – entrepreneur

Registration number	2	0	0	5	3	6	5	8	Activity code	3	5	1	4	TIN – Tax identification number	1	0	3	9	2	0	3
Company Public Enterprise Elektroprivreda Srbije Beograd																					
Head office Belgrade, 13 Balkanska Street																					

CONSOLIDATED CASH FLOW STATEMENT
for the period from 01 January 2019 to 31 December 2019

- in thousands of Dinars -

Item	AOP	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOW FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)	3001	191,907,085	223,357,473
1. Sales and advance payments received	3002	184,769,152	221,554,086
2. Received interests from operating activities	3003	4,504,982	1,478,570
3. Other inflows from operating activities	3004	2,632,951	324,817
II. Cash outflows from operating activities (1 to 5)	3005	146,466,994	169,016,324
1. Payments to suppliers and advance prepayments	3006	13,003,284	35,329,057
2. Wages, salaries and other personal costs	3007	69,032,125	67,626,974
3. Paid interests	3008	3,099,932	3,159,726
4. Corporate income tax	3009	376,226	5,015,051
5. Other payments to tax authorities	3010	60,955,427	57,885,516
III. Net cash inflow from operating activities (I-II)	3011	45,440,091	54,341,149
IV. Net cash outflow from operating activities (II-I)	3012		
B. CASH FLOW FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 till 5)	3013	6,575,681	3,124,024
1. Sale of shares and stakes (net inflows)	3014	-	-
2. Sale of intangible assets, property, plant, equipment and biological assets	3015	19,046	-
3. Other financial investments (net inflows)	3016	5,759,207	770,829
4. Interests received from investing activities	3017	797,428	2,353,195
5. Dividends received	3018	-	-
II. Cash outflow from investing activities (1 till 3)	3019	46,565,087	47,066,749
1. Purchase of shares and stakes (net outflows)	3020	-	-
2. Purchase of intangible investments, property, plant, equipment and biological assets	3021	46,565,000	47,066,749
3. Other financial investments (net outflows)	3022	87	-

III. Net cash inflow from investing activities (I-II)	3023	-	-
IV. Net cash outflow from investing activities (II-I)	3024	39,989,406	43,942,725
C. CASH INFLOW FROM FINANCING ACTIVITIES			
I. Cash inflows from financing activities (1 till 5)	3025	1,070	2,000
ITEM	AOP	Amount	
		Current year	Previous year
1	2	3	4
1. Increase of basic capital	3026		
2. Long-term loans (net inflows)	3027		
3. Short-term loans (net inflows)	3028	1,070	2,000
4. Other long-term liabilities	3029		
5. Other short-term liabilities	3030		
II. Cash outflows from financing activities (1 till 6)	3031	12,020,827	22,867,836
1. Purchase of own shares and stakes	3032	-	-
2. Long-term loans (net outflows)	3033	12,009,950	8,990,679
3. Short-term loans (net outflows)	3034	-	-
4. Other liabilities (net outflows)	3035	1,190	269
5. Financial lease	3036		860
6. Paid dividends	3037	9,687	13,876,028
III. Net cash inflows from financing activities (I-II)	3038	-	-
IV. Net cash outflows from financing activities (II-I)	3039	12,019,757	22,865,836
D. TOTAL CASH INFLOWS (3001 + 3013 + 3025)	3040	198,483,836	226,483,497
E. TOTAL CASH OUTFLOWS (3005 + 3019 + 3031)	3041	205,052,908	238,950,909
F. NET CASH INFLOWS (3040 - 3041)	3042	-	-
G. NET CASH OUTFLOWS (3041 - 3040)	3043	6,569,072	12,467,412
H. CASH AT THE BEGINNING OF THE CALCULATION PERIOD	3044	27,281,100	39,699,986
I. POSITIVE EXCHANGE RATE DIFFERENCES DUE TO CALCULATION OF CASH	3045	11,514	90,203
J. NEGATIVE EXCHANGE RATE DIFFERENCES DUE TO CALCULATION OF CASH	3046	17,472	41,677
K. CASH AT THE END OF REPORTING PERIOD (3042 - 3043 + 3044 + 3045 - 3046)	3047	20,706,070	27,281,100

In _____

Legal representative

Stamp

Date _____ 20 _____

**Public Enterprise ELEKTROPRIVREDA SRBIJE,
BEOGRAD**

**Consolidated Financial Statements
31 December 2019**

CONTENTS

	Page
Consolidated Financial statements:	
Consolidated Income statement	1 – 2
Consolidated Statement of other comprehensive income	3
Consolidated Balance sheet	4 – 6
Consolidated Statement of changes in equity	7
Consolidated Cash flow statement	8
Consolidated Notes to the financial statements	9 – 97

CONSOLIDATED INCOME STATEMENT
For the period 1 January - 31 December 2019
In RSD thousand

	<u>Note</u>	<u>2019</u>	<u>2018</u> <i>Corrected</i>
Operating income			
Income from sales of goods and services to other related parties – on domestic market	5	1,048,787	865,568
Income from sales of goods and services – on domestic market	5	233,295,059	223,761,300
Income from sales of goods and services – on foreign market	5	4,336,685	3,306,363
		<u>238,680,531</u>	<u>227,933,231</u>
Income from premiums, subventions, grants and donation	7	2,236,009	1,906,806
Other operating income	8	2,853,306	1,782,778
		<u>243,769,846</u>	<u>231,622,815</u>
Income from operating activities			
Expenses from operating activities			
Operating expenses			
Cost of goods sold		(727,833)	(778,089)
Work performed by the entity and capitalized (Decrease)/increase in inventories of unfinished goods and services	6	4,240,222	3,823,736
		871,060	(724,005)
Cost of material	9	(13,684,850)	(13,658,059)
Cost of fuel and energy	10	(51,252,120)	(43,590,104)
Wages and salaries and other personal expenses	11	(65,427,277)	(65,494,316)
Cost of production services	12	(27,805,504)	(24,896,778)
Amortization/Depreciation	13	(47,850,404)	(46,573,082)
Cost of long-term provisioning	14	(7,184,612)	(6,771,083)
Other operating expenses	15	(24,752,669)	(26,336,172)
		<u>(233,573,987)</u>	<u>(224,997,952)</u>
		<u>10,195,859</u>	<u>6,624,863</u>
Operating profit/(loss)			
Financial income			
Financial income from other related parties	16	791,505	711,689
Other financial income	16	366,376	346,751
Interest income (third parties)	16	6,171,843	8,942,083
Foreign exchange gains and gains on currency clause effect (third parties)	16	768,530	831,322
		<u>8,098,254</u>	<u>10,831,845</u>
Financial expenses			
Other financial expenses	17	(272,017)	(307,915)
Interest expense (third parties)	17	(1,367,771)	(1,408,559)
Foreign exchange losses and loss on currency clause effect (third parties)	17	(1,558,276)	(2,218,972)
		<u>(3,198,064)</u>	<u>(3,935,446)</u>
		<u>4,900,190</u>	<u>6,896,399</u>
Gain/(loss) on financing activities			
Income from adjustments of other assets carried at fair value through profit and loss	18	1,302,689	3,445,045
Expenses from adjustments of other assets carried at fair value through profit and loss	19	(10,507,241)	(9,801,468)
Other income	20	1,489,406	2,312,078
Other expenses	21	(12,123,659)	(8,831,424)
		<u>(19,838,805)</u>	<u>(12,875,769)</u>

CONSOLIDATED INCOME STATEMENT (continue)
For the period 1 January - 31 December 2019
In RSD thousand

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Profit/(loss) before tax	22	<u>(4,742,756)</u>	<u><i>Corrected</i> 645,493</u>
Income tax			
Tax expense for the period	22	(4,571,926)	(4,060,758)
Deferred tax income /(expense) for the period	22	<u>3,527,759</u>	<u>2,372,656</u>
Net profit		<u>(5,786,923)</u>	<u>(1,042,609)</u>
Attributable to owners		<u>(5,717,906)</u>	<u>943,921</u>
Attributable to non-controlling interest		<u>(69,017)</u>	<u>(98,688)</u>

The notes on the following pages
form an integral part of these financial statements.

On behalf of the Company:

Milorad Grčić
Acting General Manager

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the period 1 January – 31 December 2019
In RSD thousand

	<u>Note</u>	<u>2019</u>	<u>2018</u> <i>Corrected</i>
Net operating result			
Net profit / (loss)		<u>(5,786,923)</u>	<u>(1,042,609)</u>
Items that will not be reclassified to profit or loss			
Increase (decrease) in revaluation reserves	33	(29,296)	4,704
Actuarial gains (losses) based on defined benefit plans		<u>(1,374,797)</u>	<u>(276,135)</u>
		<u>(1,404,093)</u>	<u>(271,431)</u>
Items that will be reclassified to profit or loss in future periods			
Gains/(losses) on translating the results in the consolidated financial statements of foreign operations	33	(2,565)	(2,700)
Gains/(losses) on available-for-sale securities	33	<u>(136,157)</u>	<u>6,500</u>
		<u>(138,722)</u>	<u>3,800</u>
Other Comprehensive gain / (loss), gross		<u>(1,542,815)</u>	<u>(267,631)</u>
Tax on other comprehensive gain or loss		-	-
Other Comprehensive gain / (loss), net		<u>(1,542,815)</u>	<u>(267,631)</u>
Total comprehensive gain / (loss), net		<u>(7,329,738)</u>	<u>(1,310,240)</u>
Total comprehensive gain / (loss), net attributed to majority owner		(7,260,721)	(1,211,551)
Total comprehensive gain / (loss), net attributed to minority investors		(69,017)	(98,688)

The notes on the following pages
form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 December 2019
In RSD thousand

	Note	31 December 2019	31 December 2018	01 January 2018
			<i>Corrected</i>	<i>Corrected</i>
Assets				
Non-current assets				
Intangible Assets				
Concessions, patents, licences, trademarks, software and similar rights	23	7,512,486	3,438,137	1,329,719
Other intangibles	23	65,206	91,591	118,945
Intangible Assets under construction	23	5,353,184	5,550,251	5,465,676
		<u>12,930,876</u>	<u>9,079,979</u>	<u>6,914,340</u>
Property, plant and equipment				
Land	23	56,002,095	59,217,196	59,051,477
Buildings	23	333,925,759	337,400,014	342,432,887
Machinery and equipment	23	497,567,563	503,867,104	513,817,849
Investment property	23	520,592	536,554	522,451
Other Property, Plant and Equipment	23	135,331	140,504	143,535
Construction in progress (CIP)	23	117,273,245	109,396,448	86,108,097
Investments in third party property, plant and equipment		965	979	993
Prepayments for property, plant and equipment	23	19,314,966	20,739,013	23,421,705
		<u>1,024,740,516</u>	<u>1,031,297,812</u>	<u>1,025,498,994</u>
Biological assets				
Forest farming	23	442,343	437,519	438,332
Long-term financial investments				
Investments in associates and joint ventures	24	406,180	406,457	406,457
Investments in other legal entities and other available for sale securities	24	522,002	526,414	5,240,308
Long-term financial investments in other related parties	24	-	306	972
Long term investments – domestic	24	-	181,581	195,388
Other long-term financial investments	24	3,678,208	6,881,489	6,948,375
		<u>4,606,390</u>	<u>7,996,247</u>	<u>12,791,500</u>
Long-term receivables				
Other long term receivables	25	552,355	461,879	692,945
Current assets				
Inventory				
Material, spare parts, tools and inventory	26	31,979,127	28,466,731	26,956,565
Work in progress and ongoing services	26	149,115	202,339	174,442
Finished goods	26	2,470,365	1,628,824	2,313,178
Merchandise	26	4,549	3,230	2,017
Non-current assets held for sale	26	1,825	4,812	1,825
Prepaid inventory and services	26	3,629,023	2,956,306	4,136,507
		<u>38,234,004</u>	<u>33,262,242</u>	<u>33,584,534</u>
Trade receivables				
Trade receivables – domestic	27	45,980,922	42,477,895	42,777,702
Trade receivables – foreign	27	41,733	53,010	241,384
Trade receivables – domestic – other related parties	27	-	152	-
Other trade receivables	27	130,844	148,221	129,358
		<u>46,153,499</u>	<u>42,679,278</u>	<u>43,148,444</u>
Receivables from specific operations				
Other receivables	28	2,388,114	2,946,975	2,826,832
Assets	29	5,787,395	11,747,042	9,962,431

(continued)

CONSOLIDATED BALANCE SHEET (continued)
As at 31 December 2019
In RSD thousand

	Note	31 December 2019	31 December 2018 <i>Corrected</i>	01 January 2018 <i>Corrected</i>
Short-term financial investments				
Short-term loans and borrowings - domestic	30	954	1,256	1,728
Other short term financial investments	30	<u>458,422</u>	<u>3,375,643</u>	<u>1,891,755</u>
		<u>459,376</u>	<u>3,376,899</u>	<u>1,893,483</u>
Cash and cash equivalents	31	20,706,070	27,281,100	39,699,986
Value added tax		-	-	-
Prepaid expenses and other accruals	32	<u>4,554,954</u>	<u>3,540,202</u>	<u>1,681,512</u>
Total assets		<u>1,161,555,892</u>	<u>1,174,107,174</u>	<u>1,179,133,333</u>
Off-balance sheet assets	43	<u>261,513,717</u>	<u>230,969,097</u>	<u>150,617,359</u>
Equity and Liabilities				
Equity				
Basic capital	33	360,141,927	360,141,927	360,141,927
Other equity	33	43,934	44,158	12,638
Revaluation reserves based on revaluation of intangible assets, property, plant and equipment	33	600,273,199	607,983,020	611,318,630
Unrealised gain/(loss) from securities and other comprehensive income items	33	(3,191,548)	(1,683,159)	(1,410,824)
Previous years' retained earnings	33	(123,790,730)	(125,864,151)	(120,738,026)
Current year retained earnings	33	<u>(5,786,923)</u>	<u>-</u>	<u>-</u>
		<u>827,689,859</u>	<u>840,621,795</u>	<u>849,324,345</u>
Long-term provisions and liabilities				
Long-term provisions				
Provisions for environmental rehabilitation	34	3,585,154	3,229,148	2,962,777
Provisions for employee benefits	34	18,979,073	14,965,799	10,908,782
Provisions for litigations	34	4,677,350	3,730,152	4,015,140
Other long-term provisions	34	<u>24</u>	<u>24</u>	<u>60,025</u>
		<u>27,241,601</u>	<u>21,925,123</u>	<u>17,946,724</u>
Long-term liabilities				
Liabilities convertible to equity	35	80,543	80,543	80,543
Long term loans and borrowings - domestic	35	20,959,506	24,472,929	27,191,409
Long-term loans and borrowings - foreign	35	88,035,161	89,259,891	87,524,019
Finance lease liabilities	35	-	215	10
Other long-term liabilities	35	<u>28,670</u>	<u>96,030</u>	<u>524,595</u>
		<u>109,103,880</u>	<u>113,909,608</u>	<u>115,320,576</u>
Deferred tax liabilities	22	<u>90,006,062</u>	<u>93,533,821</u>	<u>95,826,800</u>
Short-term liabilities				
Short-term financial liabilities				
Other short-term financial liabilities	36	<u>13,569,273</u>	<u>13,854,685</u>	<u>11,940,390</u>

(continued)

CONSOLIDATED BALANCE SHEET (continued)
As at 31 December 2019
In RSD thousand

	Note	31 December 2019	31 December 2018 <i>Corrected</i>	01 January 2018 <i>Corrected</i>
Customer prepayments, deposits and caution money	37	5,432,804	4,754,973	4,982,077
Operating liabilities				
Trade payables – domestic	38	25,940,365	21,364,258	16,233,007
Trade payables – foreign	38	6,429,262	7,637,311	4,757,144
Other operating liabilities	38	1,974,560	1,626,183	982,690
		<u>34,344,187</u>	<u>30,627,752</u>	<u>21,972,841</u>
Other current liabilities	39	13,978,279	15,199,688	25,440,679
Liabilities for VAT	40	4,880,484	4,677,845	4,039,292
Liabilities for other taxes, contributions and duties	41	5,980,140	8,515,241	7,826,438
Accrued expenses	42	29,329,323	26,486,643	24,513,171
		<u>54,168,226</u>	<u>54,879,417</u>	<u>61,819,580</u>
Total liabilities		<u>1,161,555,892</u>	<u>1,174,107,174</u>	<u>1,179,133,333</u>
Off-balance sheet liabilities	43	<u>261,513,717</u>	<u>230,969,097</u>	<u>150,617,359</u>

The notes on the following pages
form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

During the period from 1 January - 31 December 2019

In RSD thousand

	Items of equity			Items of other comprehensive income			Total equity
	Basic capital	Loss	Retained earnings	Revaluation reserves	Actuarial gains or losses	Gains/(losses) on available-for-sale securities	
Opening balance as at 1 January 2018							
a) debit balance	-	-	117,890,490	-	-	307,246	118,197,736
b) credit balance	360,141,927	12,638	-	611,318,630	-	-	971,473,195
Opening balance as at 1 January 2018	360,141,927	12,638	(117,890,490)	611,318,630	-	(307,246)	853,275,459
Restatement of opening balance							
a) debit balance	-	-	2,847,536	-	1,103,578	-	3,951,114
b) credit balance	-	-	-	-	-	-	-
Restated opening balance as at 1 January 2018	360,141,927	12,638	(120,738,026)	611,318,630	(1,103,578)	(307,246)	849,324,345
Movements in 2018							
a) debit turnover	-	-	6,460,559	4,485,023	276,135	2,700	11,224,417
b) credit turnover	-	31,520	1,334,434	1,149,413	-	6,500	2,521,867
Closing balance as at 31 December 2018							
a) debit balance	-	-	125,864,151	-	1,379,713	303,446	127,547,310
b) credit balance	360,141,927	44,158	-	607,983,020	-	-	968,169,105
	360,141,927	44,158	(125,864,151)	607,983,020	(1,379,713)	(303,446)	840,621,795
Movements in 2019							
a) debit turnover	-	1,059	5,787,758	7,716,162	1,374,797	136,157	15,015,933
b) credit turnover	-	835	2,074,256	6,341	-	2,565	2,083,997
Closing balance as at 31 December 2019							
a) debit balance	-	-	129,577,653	-	2,754,510	437,038	132,769,201
b) credit balance	360,141,927	43,934	-	600,273,199	-	-	960,459,060
	360,141,927	43,934	(129,577,653)	600,273,199	(2,754,510)	(437,038)	827,689,859

The notes on the following pages
form an integral part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
During the period from 1 January - 31 December 2019
In RSD thousand

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Cash inflows from operating activities	191,907,085	223,357,473
Sales and advances received	184,769,152	221,554,086
Interests from operating activities	4,504,982	1,478,570
Other proceeds from operating activities	2,632,951	324,817
Cash outflows from operating activities	146,466,994	169,016,324
Payments and prepayments to suppliers	13,003,284	35,329,057
Salaries, fringe benefits and other personal expenses	69,032,125	67,626,974
Interests paid	3,099,932	3,159,726
Income tax	376,226	5,015,051
Charges for services that qualify as public revenues	60,955,427	57,885,516
Cash inflows/(outflow) from operating activities, Net	45,440,091	54,341,149
Cash flows from investing activities		
Cash inflows from investing activities	6,575,681	3,124,024
Sale of intangible assets, property, plant, equipment and biological assets	19,046	-
Other financial investments (net inflows)	5,759,207	770,829
Interests received from investing activities	797,428	2,353,195
Cash outflows from investing activities	46,565,087	47,066,749
Purchase of intangible assets, property, plant, equipment and biological assets	46,565,000	47,066,749
Other financial outflows, Net	87	-
Cash inflow/(outflow) from investing activities, Net	(39,989,406)	(43,942,725)
Cash flows from financing activities		
Cash inflows from financing activities	1,070	2,000
Short-term loans (inflows)	1,070	2,000
Cash outflows from financing activities	12,020,827	22,867,836
Long-term loans (outflows)	12,009,950	8,990,679
Other liabilities	1,190	269
Finance lease	-	860
Dividends paid	9,687	13,876,028
Inflows/(outflows) from financing activities, Net	(12,019,757)	(22,865,836)
Total cash inflow	198,483,836	226,483,497
Total cash outflow	205,052,908	238,950,909
Net cash inflow/(outflow)	(6,569,072)	(12,467,412)
Cash at the beginning of the accounting period	27,281,100	39,699,986
Foreign exchange gains on translation of cash	11,514	90,203
Foreign exchange losses on translation of cash	(17,472)	(41,677)
Cash at the end of the accounting period	20,706,070	27,281,100

The notes on the following pages
form an integral part of these financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

1. GROUP ORGANISATION AND OPERATIONS

The Government of the Republic of Serbia, at its session held on 27 January 2005 (RS Official Gazette, No. 12/2005), passed Decision 05 No.023-396/2005 1 to establish Public Enterprise Elektroprivreda Srbije to be involved in the production, distribution and trade of electricity (the Company). Based on the Decision on Harmonising the Operations of PE Elektroprivreda Srbije with the Law on Public Enterprises (Official Gazette of RS, number 105/16), the Serbian Government harmonized the Articles of Association of PE Enterprise Elektroprivreda Srbije with the Law on Public Enterprises (RS Official Gazette No 15/16).

The address of the Company's registered office is in Belgrade, at 13 Balkanska Street. The Company's ID No. is: 20053658. The Company's tax identification number is 103920327. The Company began operations on 1 July 2005 based on Business Registers Agency Decision No. BD 80380/2005.

Public Enterprise Elektroprivreda Srbije, Beograd (the Company), as controlling company (i.e. parent company) and its subsidiaries constitute EPS Group (together: the Group).

The Company operates under the name: Public Enterprise Elektroprivreda Srbije, Beograd. The Company's abbreviated name is JP EPS, Beograd.

The Group's principal activity is energy supply - Code of Activity 3514. In addition to its principal activity, the Group is engaged in other operating activities such as electricity production, coal production, processing and transportation, steam and hot water production in combined processes, as well as in other activities.

Furthermore, on the Group level, the Group's principal activity includes electricity distribution and distribution system management. As of 1 July 2015, the distribution of electricity and the management of distribution systems have been performed by a Distribution System Operator, EPS Distribucija d.o.o., the Company's subsidiary.

The Decision on Harmonising the Operations of PE Elektroprivreda Srbije with the Law on Public Enterprises, specifies that the management of the Public Enterprise the governing bodies of the Company are the Supervisory Board and the General Manager. Their competencies are prescribed by The Law on Public Enterprises, The Company's Articles of Association, and The Company's Statute.

Assets controlled by the Group are public property other than: Land, over which ownership rights have been established in accordance with the 2010 Government Decision to Amend the Decision on establishing the Group („RS Official Gazette" No. 54/10), Buildings, and Construction Land on which the buildings have been constructed, other than facilities legally designated either as a property of general interest or property that, by virtue of their nature, is intended for the use of all, and has been legally defined as such. The ownership rights of the Republic of Serbia, the autonomous province and the local self-government units over public property, and some other property rights are governed by Law on Public Property (RS Official Gazette Nos. 72/11,...113/17).

As at 31 December 2019, the Group had 28,083 employees (31 December 2018: 29,060).

Organisational structure

Besides the Company, there are four subsidiary companies operating within the Group:

- "EPS Distribucija" d.o.o., a distribution system operator engaged in the distribution of electricity and management of distribution systems,. The company was registered with the Business Registers Agency based on Decision BD 57192/2015 dated 1 July 2015.
- "EPS Trgovanje" d.o.o., engaged in the trade of electricity, headquartered in Ljubljana, the Republic of Slovenia, was established on 1 July 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

1. GROUP ORGANISATION AND OPERATIONS (continued)

Organisational structure (continued)

- "Elektrosever" d.o.o., the electricity trading company headquartered in Severna Mitrovica, Kosovo and Metohija, was established based on the Company's Supervisory Board Decision No 12.01.19169/3-2016 of 20 January 2016, which was in line with the Government Decision 05 No. 023-923/2016 dated 11 February 2016. The Company was registered on 7 November 2018.
- "Kolubara - Građevinar" d.o.o., Lazarevac, a company engaged in construction projects within the mining infrastructure, and in the exploitation of non-metallic substances. On 14 December 2017, the Company acquired a 71.90% stake. The stake has been acquired through a conversion of company receivables into basic capital that was in line with an already prepared plan for the reorganisation of „Kolubara - Građevinar" d.o.o. Effective control over the said subsidiary was acquired during January 2018.

The Company is the founder of three public companies situated in Kosovo and Metohija, namely:

- Public Enterprise for the production of thermoelectric energy Thermal Power Plants "Kosovo", *Obilic*,
- Public Enterprise for the production, processing and transportation of coal, PK "Kosovo" *Obilic* and
- Public Enterprise for electricity distribution "*Elektrokosmet*", *Pristina*.

The company has control over all of its subsidiaries, except the public enterprises from Kosovo. Since 1999, Kosovo has been under control of international community, therefore PE EPS has lost administrative and governing control over abovementioned companies.

In addition to the above, the Company has a significant share in the following companies:

- Company for combined production of thermoelectric and thermal energy "*Energija Novi Sad*", *a.d. Novi Sad (ENS)*, established together with the City of Novi Sad – a 50% stake in the company's share capital.
- "*Ibarske hidroelektrane*" *d.o.o. Kraljevo*, established together with SECI ENERGIA S.p.A., Italy, Bologna, 6 Via Degli Agresti – a 49% share in the capital amounting to EUR 2,450,000. The Company began operations in order to establish ten cascade type hydro power plants with a total capacity 103 MW, as a facility for the production and sale of electricity from renewable sources.
- "*Moravske hidroelektrane*" *d.o.o., Beograd* established together with RWE Innogy GmbH, Germany (RWE AG) – a 49 % share in the capital amounting to EUR 1,960,000. The Company was established with a view to building hydro power plants on the river Morava, comprising no less than five hydro power plants with a total capacity of 150 MW.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS
ACCOUNTING PRINCIPLES

2.1. Consolidation scope and basics

Consolidated financial statements include statements of the parent company JP "Elektroprivreda Srbije" Belgrade and other subsidiaries in Serbia and abroad:

	% stake	
	2019	2018
ODS "EPS Distribucija" d.o.o. Belgrade	100%	100%
"EPS Trgovanje" d.o.o. Ljubljana, Republic of Slovenia	100%	100%
"Elektroserver" d.o.o. Severna Mitrovica, Kosovo and Metohija	100%	100%
"Kolubara – Gradjevinar" d.o.o. Lazarevac	71,90%	71,90%

Consolidated financial statements were prepared based on the full consolidation principle, including the consolidated financial statements' minority interest which concerns subsidiaries in whose equity the parent company participates with less than 100 percent.

All material transactions and balances which resulted from business relationships between the parent company and subsidiaries were eliminated during consolidation.

In consolidated financial statements, financial statements of the subsidiary "EPS Trgovanje" d.o.o. Ljubljana reported in subsidiary's functional currency (EUR) are expressed in parent company's reporting currency (Dinar). While assets and liabilities are calculated using the official exchange rate on the balance sheet day, revenue and expenses are calculated based on the average exchange rate during the year. Foreign exchange differences are recognized as a separate component of equity as reserves based on financial statements foreign currency recalculation.

2.2. Basis of preparation and presentation of financial statements

The Group's consolidated financial statements include its Consolidated balance sheet as of 31 December 2019, and the Consolidated income statement, Consolidated statement of other comprehensive income, Consolidated statement of changes in equity and Consolidated cash flow statement for year then ended, and a summary of the significant accounting policies and the notes to the consolidated financial statements.

The Group's consolidated financial statements for the period from 1 January to 31 December 2019 are presented in a form pursuant to the Law on Accounting (Official Gazette of the Republic of Serbia no. 62/2013) and "Guidelines on the Prescribed Form and Content of the Financial Statements of Enterprises, Cooperatives and Entrepreneurial Ventures" (Official Gazette of the Republic of Serbia, no. 95/2014, 144/2014).

Recognition and estimate of the line items included in the consolidated financial statements have been performed in accordance with the provisions of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as determined in the Decision enacted by the Ministry of Finance no. 401-00-896/2014-16 on 13 March 2014 (Official Gazette of the Republic of Serbia no.35/2014) officially issued in the Republic of Serbia, Rulebook on the Chart of Accounts and the Contents of Accounts in the Chart of Accounts (Official Gazette of RS number 95/2014), and other applicable Serbian regulation.

The decision of the Ministry of Finance No. 401-00-4980 / 2019-16 of 21 November 2019 established a new translation of International Accounting Standards and International Financial Reporting Standards ("Official Gazette of RS" No. 92/2019). These translations will be applied from the financial statements prepared as of December 31, 2020, while they can be applied on a voluntary basis and when preparing financial statements as of December 31, 2019 (with the disclosure of relevant information in the notes to financial statements). The Company did not apply the new translated standards when preparing the financial statements for 2019, except for IFRIC Interpretation 22, as disclosed in Note 2.5.

The consolidated financial statements were prepared based on the historical cost principle, unless otherwise stipulated in the accounting policies presented hereunder.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

**2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS
ACCOUNTING PRINCIPLES (continued)**

2.2. Basis of preparation and presentation of financial statements (continued)

In the preparation of the accompanying consolidated financial statements, the Group adhered to the accounting policies described in Note 3.

The Group's consolidated financial statements are stated in RSD thousand. The dinar is the official reporting currency in the Republic of Serbia.

2.3. Standards and interpretations issued and effective in the past and current periods, which have not yet been officially translated

At the date of these financial statements, the standards and their amendments presented in the text below were issued by the International Accounting Standards Board (IASB), and the interpretations presented below were issued by the International Financial Reporting Interpretations Committee, but have not been officially approved in the Republic of Serbia:

- IFRS 16 "Leasing" - issued during January 2016 (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRIC 23 "Uncertainties Related to Income Tax Treatment", issued in June 2017, effective for annual periods beginning on or after 1 January 2019;
- Annual Improvement Cycle of IFRS 2015-2017 - Amendments to IFRS 3 "Business Combinations", IFRS 11 "Joint Arrangements", IAS 12 "Income Taxes", IAS 23 "Borrowing Costs" (issued in December 2017, effective for annual periods beginning on or after 1 January 2019);
-
- Amendments to IAS 19, "Employee Benefits - Amendments, Reductions or Payments Based on Plans" (issued in December 2018, effective for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 28 "Investments in Associates and Joint Ventures - Long-Term Interests in Associates and Joint Ventures" (issued in December 2017, effective for annual periods beginning on or after 1 January 2019).

2.4. Standards and interpretations issued but not yet effective

At the date of these financial statements, the standards below, their amendments and interpretations have been issued but are not yet effective:

- IFRS 17 "Insurance Contracts" - revised and issued during 2017 as a complete standard (effective for annual periods beginning on or after 1 January 2021 - amendments are expected by the end of June 2020, The International Accounting Standards Board has made a preliminary decision to postpone the application of this standard for annual periods beginning on or after 1 January 2023);
- Amendments to the conceptual framework in IFRS standards (issued in March 2018, effective for annual periods beginning on or after 1 January 2020);
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - definition of materiality (issued in October 2018, effective for annual periods beginning on or after 1 January 2020 . years);
- Amendments to IFRS 3 "Business Combinations" - definition of business (business) issued in October 2018, effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or transfer of assets free of charge between an investor and its associate or joint venture (amended in September 2014, effective postponed indefinitely);

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS
ACCOUNTING PRINCIPLES (continued)

2.5. Standards and interpretations issued and effective in the past and current periods, that have been officially translated and adopted and that are applied on the consolidated financial statements for 2020

At the date of these consolidated financial statements, the standards and their amendments presented in the text below were issued by the International Accounting Standards Board (IASB), and the interpretations presented below were issued by the International Financial Reporting Interpretations Committee, but they were translated and officially adopted in the Republic of Serbia in November 2019 and will be applied from the consolidated financial statements prepared as of December 31, 2020:

- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of interests in other entities" and IAS 27 "Separate Financial Statements" – Investment entities (effective for annual periods beginning on or after 1 January 2016);
- IAS-32 (Amended): "Financial Instruments: Presentation" - Offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014);
- IAS 36 (Amended) – "Impairment of assets"- Recoverable amount disclosures for non-financial assets (effective for annual periods beginning on or after 1 January 2014);
- IAS 39 (Amended) – "Financial instruments: Recognition and measurement" Novation of derivatives and continuation of hedge accounting (effective for annual periods beginning on or after 1 January 2014);
- Amendments to IFRS 11 "Joint Arrangements" – Accounting for acquisitions of interests in joint operations (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16: "Property, Plant and Equipment", IAS 38: "Intangible Assets" and IFRIC 12: "Service Concession Arrangements" - amended by Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture – Industrial crop (effective for annual periods beginning on or after 1 January 2016);
- IAS 19 "Employee Benefits" (Amended): Defined Benefit Plans: Contribution for employees (effective for annual periods beginning on or after 1 July 2014);
- IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014);
- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 1 "Presentation of Financial Statements" – Initiative for change of disclosures (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Application of equity methods in individual financial statements (effective for annual periods beginning on or after 1 January 2016);

Annual improvements to IFRSs (IFRS 5, IFRS 7, IAS 19, IAS 34), arising as a result of the project Cycle of standard improvements for the period from 2012 to 2014, issued in December 2014 (effective for annual periods beginning on or after 1 January 2016);

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS
ACCOUNTING PRINCIPLES (continued)

2.5. Standards and interpretations issued and effective in the past and current periods, that have been officially translated and adopted and that are applied on the consolidated financial statements for 2020 (continued)

- Annual improvements to IFRSs (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38, IAS 24) resulting from Annual improvements for the period 2010 - 2012 issued in December 2013 (effective for annual periods beginning on or after 1 July 2014);
- Annual improvements for the period 2011 - 2013, resulting from Annual improvements to IFRS (IFRS 1, IFRS 3, IFRS 13, and IAS 40), issued in December 2013 (effective for annual periods beginning on or after 1 July 2014);
- Amendments to IAS 7 "Statement of Cash Flows" – Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 12 "Income Taxes" – Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017).
- IFRS 9 "Financial instruments" – Revised and issued during 2014 as complete (effective for annual periods beginning on or after 1 January 2018);
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018);
- IFRIC 22 "Foreign currency transactions and advance consideration" – Issued in December 2016 (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 2 "Share-based payment" – Classification and measurement of share-based payment transactions (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IAS 40 "Investment Property – Transfers of Investment Property" (issued in December 2016 and effective for annual periods beginning on or after 1 January 2018);
- Annual Improvements to IFRSs 2014-2016 cycle – Amendments to IFRS 1" (issued in December 2016 and effective for annual periods beginning on or after 1 January 2018);
- Annual Improvements to IFRSs 2014-2016 cycle – Amendments to IFRS 12" (issued in December 2016).

2.6. Impact of Standards and interpretations issued and effective from the consolidated financial statements for 2020

The key new standards and interpretations that have been translated by the Decision of the Ministry of Finance No. 401-00-4980 / 2019-16 of 21 November 2019 and which officially enter into force on 1 January 2020 are the following:

- **IFRS 9 Financial Instruments**

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted, while in Republic of Serbia it is applied from 1 January 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS
ACCOUNTING PRINCIPLES (continued)

2.6. Impact of Standards and interpretations issued and effective from the consolidated financial statements for 2020 (continued)

• IFRS 9 Financial Instruments (continued)

Classification

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 includes three principal categories for financial assets:

1. Financial assets measured at amortised cost (AC),
2. Financial assets measured at fair value through other comprehensive income (FVOCI), and
3. Financial assets measured at fair value through profit and loss (FVTPL).

The standard eliminates the existing IAS 39 categories of held to maturity, held for trading and available for sale.

Based on the assessment, the Group does not believe that the new classification requirements will have material impact on its accounting of financial assets. IFRS 9 affects the classification and measurement of financial assets held as at 1 January 2020 of the Group as follows:

- Trade and other receivables from domestic and foreign customers that are classified as trade and other receivables measured at amortized cost under IAS 39 are in general also be measured at amortized cost under IFRS 9.
- Held to maturity financial assets measured at amortized cost under IAS 39 are in general also be measured at amortized cost under IFRS 9. These receivables mostly relate to receivables from banks and other financial institutions based on term deposits and cash and cash equivalents.
- Available for sale debt (AFS) instruments measured under IAS 39 are measured at FVOCI under IFRS 9.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Group's assessment did not indicate any material impact regarding the classification of financial liabilities at 1 January 2020.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS
ACCOUNTING PRINCIPLES (continued)

2.6. Impact of Standards and interpretations issued and effective from the consolidated financial statements for 2020 (continued)

• IFRS 9 Financial Instruments (continued)

Impairment (continued)

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The impairment requirements of IFRS 9 are complex and require management judgments, estimates and assumptions, as well as developing a new model of expected credit losses. The development of the model of expected credit losses is ongoing and will be based on the real experience of credit losses during the representative period in the past. At the date of approval of these financial statements, the Company does not yet have the estimated potential effects of change in the policy of impairment of financial instruments and the impact they may have on the financial statements of the Company in the period of their initial application.

Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs. The Group's assessment included an analysis to identify data gaps against current processes and the Group is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively. The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognized in retained earnings and reserves as at 1 January 2020.

• IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 was issued on 28 May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted, while in the Republic of Serbia it is effective on or after January 1, 2020.

By new standard, revenue is determined and recognized according to a model that involves the implementation of the following five steps:

Step 1 – Identify contract with the customer

Step 2 – Identify the performance obligations in the contract

Step 3 – Determine the transaction price

Step 4 – Allocate the transaction price

Step 5 – Recognise revenue when (or as) a performance obligation is satisfied

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

**2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS
ACCOUNTING PRINCIPLES (continued)**

2.6. Impact of Standards and interpretations issued and effective from the consolidated financial statements for 2020 (continued)

• **IFRS 15 – Revenue from Contracts with Customers**

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Company will adopt the standard using a modified retrospective approach, which means that the cumulative effect of the first application will be recognized in retained earnings on January 1, 2020, with comparative amounts not being restated.

Impact on revenue recognition

The Group analyzed impact of IFRS 15 adoption on its major categories of revenues stream as follows:

- Revenues from contracts with customers - sale of electricity to consumers;
- Income from contracts with Elektromreza Srbije a.d., Beograd
- Revenues from contracts with customers – access and use of the distribution system;
- Revenues from contracts with cable distribution system operators on the basis of leasing the poles of the electricity distribution network;
- Revenues from contracts with customers – execution of works on buildings and civil engineering;
- Revenues from contracts with customers – leasing of means of transport and mining and construction machinery;
- Revenues from contracts with customers – leasing of business premises;
- Revenues from contracts with customers - sale of coal, heat energy, products, technological steam and gas;

The Group does not expect material effects on the consolidated financial statements as the result of these contracts.

2.7. Going concern principle

The consolidated financial statements have been prepared in accordance with the going concern principle, which implies that the Company will continue to operate in the foreseeable future.

2.8. Comparative figures

2.8.1. Corrections of the opening balance

Corrections of the opening balance are presented in Note 4. For the effects of error correction, the Company has adjusted and reconciled comparative data in the consolidated financial statement for 2019.

Certain comparative data in Notes to financial statements have been reclassified in the current year in order to be harmonized with the current year presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with the generally accepted accounting principles, under the historical convention, with subsequent valuation of all relevant events affecting assets and liabilities as at the date of these consolidated financial statements.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1. Income and expenses

Income from sales of goods and services

Income and expenses are recognised on accrual basis, meaning that transactions and other events are recognised when incurred, regardless of when the money is actually received or paid.

Income from the sale of electricity is recognised when electricity is delivered

Income arising from the sale of goods is recognised when all the significant risks and rewards of ownership are transferred, which is as at the date when goods are delivered to the buyer.

Revenue is stated at fair value of the goods received or that will be received, net of rebates, excise and VAT.

Income from agreed services is recognised under the percentage of completion method.

Income from connections of new customers

Income from connection of new customers to distribution network are recognized in the amount of money received from the customers, when incurred – when customer is connected to distribution network or when the customer is provided with the ongoing access to a supply of services.

Donations received from customers are initially recognized as deferred income in the amount of fair value of received funds.

Deferred income on the basis of received grants is recognized in favour of income in the income statement in proportion to the estimated useful lives of the related assets.

Income from usage of finished goods and merchandises

Income from usage of finished goods and merchandises includes usage of finished goods, merchandises and services for intangible assets, property plant and equipment, material and for internal transportation services.

Expenses are recognized in income statement on accrual basis and are determined for the period when occurred.

3.2. Effects of Foreign Exchange Translation

Monetary and non-monetary items of assets and liabilities denominated in foreign currencies are translated at the official exchange rates published by the central bank, at the date of each transaction. As at the date of these financial statements, monetary items were presented at the middle exchange rate of the central bank, while adjustments were recognized in the income statement.

3.3. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are measured at fair value and take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the period in which they are incurred.

3.4. Employee benefits

Employee benefits, as well as all types of remuneration that the Group provides to employees pursuant to internal regulations and employment contract, are expensed in the period in which the employee worked and the respective liabilities are also recognized, upon the deduction of each amount that has already been paid.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4. Income and expenses (continued)

The Group provides jubilee, retirement and other employee benefits in accordance with the Group's General Act, and the obligation to pay:

- retirement benefits to employees, amounting to three monthly salaries that would be earned in the month preceding the month in which retirement benefits are paid, or three average salaries paid by the entity, or in the amount prescribed by the law (if more favourable for the employee), and
- jubilee awards for 10, 20, 30, 35 and 40 years of service within the Group amounting to 1, 2, 3 and 4 average salaries in the previous three months preceding the month of payment, respectively.

The expected costs of the above benefits are accrued over the period of employment. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and treasury bills that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

3.5. Provisions

Provisions are recognised when the Company has an obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations; and when the amount of the obligation can be reliably measured. Provisions are created based on the management's best estimate of the expenditures required to satisfy the obligation at the balance sheet date. Where the effect of the time value of money is material, the provisions are discounted using a pre-tax rate that reflects the risks specific to the liability.

Litigations

Provisions for legal claims and other provisions are recognized when: a) the Group has a present legal or constructive obligation as a result of past events; b) it is probable that an outflow of resources will be required to settle the obligation, and; c) the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Management believes that there will not be any significant adjustments to current provisions for litigations.

Environmental restoration and environmental protection

The Management has established provisions for future costs of dismantling and removing the plant and restoring the site on which it is located, using the best estimate of the production asset's future cost and useful life. The Management has recognized provisions using the best estimate of cash outflow necessary to settle present obligation of future events at the balance sheet date. In accordance with applicable regulations, changes in provisions are subject to an amendments of regulations and their interpretation.

3.6. Donations

Funds received as grant money are initially recorded as deferred income within liabilities in the balance sheet over in the period when donation money is expensed the income statement.

Cash grants covering one accounting period intended to cover the Company's expenses incurred in that period, in other words intended or to increase the Company's income, are recognized as income upon their receipt.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7. Taxes and contributions

Current income tax

Current income tax is calculated and paid in accordance with the Law on Income Tax applicable in the Republic of Serbia. Current income tax is paid at the rate of 15% on the tax base defined in the Group's tax return. The tax base presented in the tax return comprises profit as presented in the Group's income statement and any adjustments as defined by Serbian tax regulations.

The right to reduce the profit tax on the basis of investments in property, plant and equipment was withdrawn as of 1 January 2014, with the exception that a taxpayer who by 31 December 2013 realized the right to a tax incentive under Article 48 of the Corporate Income Tax Law (RS Official Gazette Nos. 25/01, 80/02, 80/02 – other law, 43/03, 84/04, 18/10, 101/11, 119/12 and 47/13) and declared it in its 2013 tax balance and tax return, may carry forward the unused portion of the tax credit to a future tax period, but not to exceed the limit of 33% of the tax liability calculated for that tax period, up to 10 years.

Serbian tax regulations do not envisage the possibility of using the current period tax loss as basis for the recovery of taxes paid in prior periods. However, current period losses may be used to reduce the future tax base for up to five years, starting from 2010 or, alternatively, 10 years for losses incurred by 2010.

Deferred income tax

Deferred tax liabilities are recognized in the amount of future income taxes payable based on the difference between the carrying value of property, plant and equipment and their values recorded in the tax balance sheet.

A deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Taxes and contributions not related to performance

Taxes and contributions not related to performance comprise property tax and other taxes and contributions under national and municipal regulations.

3.8. Property, plant and equipment

Property, plant and equipment is initially measured at cost. Cost comprises: Invoice value less any rebates, import duties and other non-refundable taxes, as well as all other directly attributable costs of bringing to asset to working condition for their intended use.

Spare parts intended as replacements of a specific part of a limited number of recognized assets, and where costs of replacement of such part are significant compared to the carrying value of such asset, are recognized as separate items of equipment if they meet the definition of property, plant and equipment.

After initial recognition, property, plant and equipment used in energy related activities is stated at fair value established by applying the market approach for land, administrative and other buildings used in performing office jobs, hospitality and tourism related activities, or by applying the cost approach (present replacement cost) for other assets. For subsidiaries of which registered activity is not energy-related, following the initial recognition, property, plant, and equipment is reported based on the revalued amount if and only if property, plant, and equipment are used for activities stated in subsidiaries' constitutional documents.

Vehicles, office equipment and equipment used in other premises, other equipment and tools and fixtures the useful life of which is longer than one year are stated at cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8. Property, plant and equipment (continued)

Self-constructed assets are stated at cost if it does not exceed their market value, and such assets are subsequently measured in accordance with the class to which assets belong.

Subsequent investments in the asset increase the asset's carrying value, where the investment is made: to upgrade the asset, to replace its part or service other than within the framework of regular maintenance, where it is probable that future economic benefits associated with such investment will flow into the company, and where the cost of the investment can be measured reliably.

Gains or losses on disposal of property, plant and equipment are determined as the difference between the expected net proceeds from sale and the carrying amount of an item adjusted for revaluation reserves, if they have been previously created for a particular asset, and are recognized in the income statement.

3.9. Investment property

Investment property is property (land or a building or part of a building or both) held by the Group to earn rentals or for capital appreciation or both.

Investment property is initially measured at cost, which comprises its purchase price and any directly attributable expenditures. The carrying value of current investment property includes all replacement costs, provided that it is probable that the entity will obtain future economic benefits from the asset and that the cost of an asset can be reliably measured.

Subsequent to initial recognition, investment property is measured at cost, less total amortisation and total impairment.

Investment property is amortised over its useful life on a straight-line-basis or on an annual quota share basis for every item within investment property.

3.10. Depreciation

Property, plant and equipment are amortised over their useful lives on a straight-line-basis or on an annual quota share basis over their estimated useful lives. Exceptionally, land inclusive of costs of dismantling, removal and renewal are depreciated using the functional method, in other words expenses are recognized when costs are based on expected use or performance (over the period in which benefits are acquired through such costs).

Depreciation rates for major classes of property, plant and equipment are as presented below:

	Rate (%)
Thermal power plants buildings	1.30% - 4.00%
Hydro power plants buildings	1.30% - 4.00%
Coal mine buildings	0.68% - 16.67%
Electricity distribution buildings	1.25% - 5.00%
Commercial buildings	1.18% - 1.43%
Other buildings including investment properties	1.30% - 2.50%
Thermal power plants equipment	4.00% - 20.00%
Hydro power plants equipment	4.00% - 20.00%
Coal mine equipment	1.63% - 13.57%
Equipment for electricity distribution	2.00% - 20.00%
Transportation vehicles	6.67% - 20.00%
Equipment for decoration and maintenance of office and other premises	10.00% - 20.00%
Other equipment not mentioned	12.50% - 20.00%

The depreciation period is reviewed at the end of each accounting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11. Leases

A lease is classified as finance lease where all the risks and rewards of ownership are transferred substantially to the Group. Any other lease is classified as operating lease.

3.12. Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are stated at cost less accumulated amortization and any impairment losses.

The amortization of intangible assets is computed on a straight-line basis in order to fully write off the cost of the assets over their estimated useful lives. The estimated useful lives and amortization rates in for major classes of intangible assets, unless otherwise indicated in the contract, are as summarized below:

	Years	rate %
R&D Investments	5	20%
Patents, licenses and similar rights	5	20%
Other intangible assets	5	20%

Useful life is reviewed at the end of each reporting period.

3.13. Impairment of assets

At each balance sheet date, the Group's management assesses whether there are any indications of impairment of its tangible and intangible assets, based on the review and consideration of internal and external sources of information.

If there is any indication of impairment, the recoverable amount of the asset is estimated. If the recoverable amount of an asset cannot be estimated, the recoverable amount of the cash generating unit is estimated.

3.14. Inventory

Inventories are stated at the lower of cost and net realizable value. Cost includes purchase value, import duties and other non-refundable taxes, transport, handling and other expenses directly attributable to inventory acquisition, as decreased for trading discounts, rebates and similar items.

The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is computed using the weighted-average method. Tools and fixtures are fully written off when brought to use.

Provisions charged to other expenses are made where appropriate, and when the management estimates that the value of inventories needs to be adjusted to the net realizable value, i.e., based on the documented reduction of the inventories value in use.

3.15. Financial instruments

Each contractual right resulting in financial assets, financial liabilities or equity instruments is recognized in the Group's balance sheet as a financial instrument on the settlement date.

Financial assets and liabilities not designated at fair value through profit and loss are initially recognised at fair value plus transaction costs, which are directly attributable to the acquisition or issue of a financial asset or financial liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15. Financial instruments (continued)

Investments in related parties

Investments in related parties are stated at cost.

Other long-term investments

Investments in other legal entities and other long-term investments are initially measured at cost; Subsequently, they are measured at:

- Fair value, if they are held for trading or available for sale, and have a quoted market price in an active market;
- Cost, if they are held for trading or available for sale, and do not have a quoted market price in an active market;
- Amortised cost, if they have fixed maturities;
- Cost, if they do not have fixed maturities.

Any difference (increase or decrease) arising between the carrying value and the value of subsequent measurements is recognized as a separate item within equity – revaluation reserves, for instruments available for sale with quoted prices in an active market, except when there is an objective evidence of impairment, in which case any difference is recognised in the income statement. Any difference between the carrying value of other financial instruments and their subsequent measurements is recognised in profit or loss of the period in which it is incurred.

Short-term investments and accounts receivable

Short-term investments and accounts receivable comprise trade and other receivables, short-term investments in unconsolidated subsidiaries, short-term deposits held with banks and other short-term investments..

Receivables arising from the sale of electricity and other output are measured at the original invoice amount. The invoiced interest on goods and services is recognized within other receivables as income of the accounting periods to which it relates.

Other receivables and assets are measured at amortized cost.

Any difference between the carrying value and their subsequent measurements is recognised in profit or loss of the period in which it is incurred.

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is an objective evidence of impairment by analysing the expected net cash flows in the following manner:

- Individually, for financial assets that are individually significant, or
- Collectively, for a group of similar financial assets that are not individually significant.

Impairment of receivables

Except for claims on the basis of turnover of electricity, receivables from households and legal entities for which the payment period has expired for at least 60 days, an allowance adjustment is made.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15. Financial instruments (continued)

Impairment of receivables from the sales of electricity

Collection of receivables for electricity is assessed based on the following categories:

- Commercial supply
- Reserve supply
- Guaranteed supply including subcategories:
 1. Receivables from third parties ("companies")
 2. Receivables from households ("individuals")

Collection of receivables is assessed based on turnover (electricity sales), except for the receivables / customers that are assessed individually. Assessment is done for each group and sub-group of customers by applying collection rate on the total amount of receivables (invoiced receivables) in the reporting period:

- Collection rate is calculated as a difference between number 1 and collection ratio. Collection ratio is calculated as ratio between unpaid receivables and total receivables for current and previous reporting period,
- the Group is assessing all events after balance sheet date up to 31 January of the year after the reporting year.

Receivables from all customers with balances above RSD 200 million are assessed individually.

Receivables that are overdue for more than one year are impaired in the full amount.

Exceptionally, receivables from customers undergoing reconstruction, bankruptcy or liquidation, irrespective of their amount, may be assessed on an individual basis.

A direct write off of receivables is performed upon the conclusion of legal proceedings, or upon the decision adopted by competent authorities, in accordance with the Law and the Company's General Act.

Other receivables for interest, debt collection expenses and for other expenses that are related to the amount of main receivables are assessed as the main related receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits with banks..

Financial liabilities

Financial liabilities comprise long-term financial liabilities (long-term borrowings, long-term securities and other long-term liabilities), short-term financial liabilities (short-term borrowings and other short-term financial liabilities), short-term operating liabilities, liabilities from specific operations and other liabilities.

Financial liabilities are initially recognized at the value of the consideration received. Upon initial recognition, financial liabilities are measured at the initially recognized amount, less repayments of principal, increased for interest capitalized and decreased for any write-off approved by the creditor. Liabilities based on interest on financial liabilities are recorded at the expense of financial expenses in the period in which they relate and are presented within other short-term liabilities and accruals.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16. Significant accounting estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the balance sheet items within the next financial year are presented below.

Depreciation and depreciation rates

The assessment of the useful lives of intangible assets and property and equipment is based on historical experience with similar assets, as well as on any anticipation of technological development and change in economic or industry factors.

The adequacy of the estimated useful lives of fixed assets is analysed once a year based on current forecasts.

Additionally, due to a great portion of fixed assets found within the Company's total assets, any change in the assumptions may have a material effect on the the financial position of the Company and its financial results.

Provision for litigations

Generally, provisions are to a great degree subject to estimations. The Company assesses the probability of adverse events developing as a result of past events, and makes an assessment of the expenditure required to settle the obligations. Although the Company complies with the prudence principle when making estimates, in certain cases, due to significant uncertainties, the actual results may differ from these estimates.

Employee benefits

The present value of the obligation for retirement benefits, jubilee awards and accrued unused holidays is determined based on an actuarial valuation. The actuarial valuation involves assumptions relating to the discount rate, a forecaste salary increase, mortality rates and employee turnover. In determining the appropriate discount rate, Management considers interest rates equivalent to those applied to the Republic of Serbia bonds. The mortality rate is based on publicly available mortality tables. The future salary increase is based on expected inflation rates.

Fair value

The fair value of the financial instruments for which there is no active market is determined by applying appropriate evaluation methods. The Company uses its professional judgement to select appropriate methods and make assumptions.

It is the Company's policy to disclose the fair value information on those components of assets and liabilities for which the published market information is readily and reliably available, and the fair value of which is materially different from the asset's carrying value. In the Republic of Serbia, there is a lack of sufficient market experience, stability and liquidity regarding the purchase and sale of loans and other financial assets or liabilities since published market information is not readily available. As a result, the fair value cannot be determined reliably in the absence of an active market. The management of the Company assesses its overall risk exposure, and where it estimates that the value of assets stated in its books may not be realized, it recognizes a provision. In the opinion of the Company's Management, the amounts disclosed in these financial statements represent the most valid and useful reporting values, given the existing market conditions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

4. ADJUSTMENTS OF COMPARATIVE DATA

a) Adjustment effects on the balance sheet

Adjustment effects on the balance sheet on December 31, 2018, as well as December 31, 2017 are as following:

	1 January 2019 Before corrections	Correction	1 January 2019 After corrections	1 January 2018 Before corrections	Correction	1 January 2018 After corrections
ASSETS						
Non-current assets						
Intangible assets	9,389,744	(309,765)	9,079,979	6,914,340	-	6,914,340
Property, plant and equipment	1,031,584,314	(286,502)	1,031,297,812	1,025,501,981	(2,987)	1,025,498,994
Biological assets	437,519	-	437,519	438,332	-	438,332
Long term financial placements	11,094,071	(3,097,824)	7,996,247	12,791,500	-	12,791,500
Long term receivables	461,879	-	461,879	692,945	-	692,945
	<u>1,052,967,527</u>	<u>(3,694,091)</u>	<u>1,049,273,436</u>	<u>1,046,339,098</u>	<u>(2,987)</u>	<u>1,046,336,111</u>
Current assets						
Inventory	33,432,355	(170,113)	33,262,242	33,754,647	(170,113)	33,584,534
Trade receivables	41,743,836	935,442	42,679,278	43,148,444	-	43,148,444
Receivables from specific operations	2,946,975	-	2,946,975	2,826,832	-	2,826,832
Other receivables	11,831,663	(84,621)	11,747,042	9,962,431	-	9,962,431
Short term financial placements	290,475	3,086,424	3,376,899	1,893,483	-	1,893,483
Cash and cash equivalents	27,281,100	-	27,281,100	39,699,986	-	39,699,986
VAT	3,589,393	(49,191)	3,540,202	1,730,703	(49,191)	1,681,512
	<u>121,115,797</u>	<u>3,717,941</u>	<u>124,833,738</u>	<u>133,016,526</u>	<u>(219,304)</u>	<u>132,797,222</u>
Total assets	<u>1,174,083,324</u>	<u>23,850</u>	<u>1,174,107,174</u>	<u>1,179,355,624</u>	<u>(222,291)</u>	<u>1,179,133,333</u>
LIABILITIES						
Equity						
Issued capital	360,186,085	-	360,186,085	360,154,565	-	360,154,565
Revaluation reserves	607,983,020	-	607,983,020	611,318,630	-	611,318,630
Unrealized gains and losses	(303,446)	(1,379,713)	(1,683,159)	(307,246)	(1,103,578)	(1,410,824)
Accumulated gain/(loss)	(123,074,763)	(2,789,388)	(125,864,151)	(117,890,490)	(2,847,536)	(120,738,026)
	<u>844,790,896</u>	<u>(4,169,101)</u>	<u>840,621,795</u>	<u>853,275,459</u>	<u>(3,951,114)</u>	<u>849,324,345</u>
Long-term liabilities and provisions						
Long-term provisions	19,822,011	2,103,112	21,925,123	15,234,083	2,712,641	17,946,724
Long-term liabilities	114,131,699	(222,091)	113,909,608	115,562,195	(241,619)	115,320,576
	<u>133,953,710</u>	<u>1,881,021</u>	<u>135,834,731</u>	<u>130,796,278</u>	<u>2,471,022</u>	<u>133,267,300</u>
Deferred tax liabilities	<u>93,544,386</u>	<u>(10,565)</u>	<u>93,533,821</u>	<u>95,825,375</u>	<u>1,425</u>	<u>95,826,800</u>
Short-term liabilities						
Short-term loans and borrowings	14,103,724	(249,039)	13,854,685	12,171,010	(230,620)	11,940,390
Advances received	4,754,973	-	4,754,973	4,982,077	-	4,982,077
Trade payables	29,651,866	975,886	30,627,752	21,972,841	-	21,972,841
Other short-term liabilities	13,660,635	1,539,053	15,199,688	24,040,941	1,399,738	25,440,679
VAT liabilities	4,677,845	-	4,677,845	4,039,292	-	4,039,292
Liabilities for other taxes and charges	8,457,174	58,067	8,515,241	7,737,521	88,917	7,826,438
Accruals	26,488,115	(1,472)	26,486,643	24,514,830	(1,659)	24,513,171
	<u>101,794,332</u>	<u>2,322,495</u>	<u>104,116,827</u>	<u>99,458,512</u>	<u>1,256,376</u>	<u>100,714,888</u>
Total liabilities	<u>1,174,083,324</u>	<u>23,850</u>	<u>1,174,107,174</u>	<u>1,179,355,624</u>	<u>(222,291)</u>	<u>1,179,133,333</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

4. ADJUSTMENTS OF COMPARATIVE DATA (continued)

b) Adjustment effects on the income statement

Adjustment effects on the income statement for the period from 1 January to 31 December 2018 are as following:

	Year ended on 31 December 2018 Before corrections	Correction	In RSD thousand Year ended on 31 December 2018 After corrections
OPERATING REVENUES			
Revenue from sales	227,933,231	-	227,933,231
Other operating revenues	3,689,584	-	3,689,584
	<u>231,622,815</u>	<u>-</u>	<u>231,622,815</u>
OPERATING EXPENSES			
Cost of goods sold	(778,089)	-	(778,089)
Revenues from activating goods and services	3,823,736	-	3,823,736
(Increase)/ decrease in inventory value	(724,005)	-	(724,005)
Cost of material	(13,658,059)	-	(13,658,059)
Cost of fuel and energy	(43,590,104)	-	(43,590,104)
Wages, salaries and other personnel expenses	(65,603,699)	109,383	(65,494,316)
Cost of production services	(24,896,778)	-	(24,896,778)
Depreciation and amortization	(46,573,082)	-	(46,573,082)
Long term provisions expense	(7,656,747)	885,664	(6,771,083)
Other operating expenses	(26,310,814)	(25,358)	(26,336,172)
	<u>(225,967,641)</u>	<u>969,689</u>	<u>(224,997,952)</u>
OPERATING INCOME	<u>5,655,174</u>	<u>969,689</u>	<u>6,624,863</u>
Finance income	13,863,220	(3,031,375)	10,831,845
Finance costs	(6,970,264)	3,034,818	(3,935,446)
Income from adjusting the value of other assets at fair value through profit or loss	3,445,045	-	3,445,045
Expenses from adjusting the value of other assets at fair value through profit or loss	(9,767,184)	(34,284)	(9,801,468)
Other income	2,312,078	-	2,312,078
Other expenses	(8,238,144)	(593,280)	(8,831,424)
INCOME BEFORE TAX	<u>299,925</u>	<u>345,568</u>	<u>645,493</u>
Tax expense	(3,983,935)	(76,823)	(4,060,758)
Deferred tax income	2,360,666	11,990	2,372,656
NET INCOME / (LOSS)	<u>(1,323,344)</u>	<u>280,735</u>	<u>(1,042,609)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

4. ADJUSTMENTS OF COMPARATIVE DATA (continued)

c) Impact of corrections on accumulated loss

Description	In RSD thousand	
	1 January 2019	1 January 2018
Balance of accumulated loss, previously disclosed	(123,074,763)	(117,890,490)
Effects of corrections based on the recommendations received from the State audit		
- recognition of actuarial gains and losses based on actuarial assumptions that are developed based on relevant estimates of employees benefits in accordance with IAS 19	1,379,713	1,103,578
- recognition of long-term provisions in accordance with IAS 19	(2,103,112)	(2,712,641)
	(723,399)	(1,609,063)
- recognition of liabilities for employees that work in difficult conditions	(2,006,720)	(1,900,969)
- de-recognition of liabilities for IBRD loan	722,585	719,142
- Impairment of assets in accordance with IAS 36	(596,267)	(2,987)
Decrease in value of work in progress – correction of error in accordance with IAS 8	(170,113)	(170,113)
Derecognition of liabilities for voluntary leave – correction of error in accordance with IAS 8	161,555	161,555
Adjustment of income tax liability for 2018	(76,823)	-
Other	(100,206)	(45,101)
Balance of accumulated loss, corrected	(125,864,151)	(120,738,026)

In relation to the items presented in the consolidated financial statements for 2018, adjustments were made based on:

- Calculation of long-term provisions for retirement benefits and jubilee awards for years 2018 and 2017, due to changes in actuarial assumptions and experiential projections (2018: RSD 2,103,112 thousand, 2017: RSD 2,712,641 thousand);
- Equity items within the other comprehensive income (2018: RSD 1,379,713 thousand, 2017: RSD 1,103,578 thousand) as a consequence of re-measuring the present value of the liability based on retirement benefits;
- Subsequently recognized right based on beneficial length of service to employees in the amount of RSD 2,006,720 thousand, or in the amount of RSD 1.900.969 thousand,
- Impairment of intangible assets and property, plant and equipment in progress or re-assessing of the recoverable amount of those items in the amount of RSD 596,267 thousand. These items are not in the condition or on location as per the initial intention,
- Write off of the liability towards the Deposit insurance agency (AOD) based on the statement received from AOD that IBRD has written off consolidated loan "C" number 23386, thus the Company doesn't have a liability to repay that loan in the amount RSD 722,585 thousand,
- Elimination of errors in determining the calculation of inventory work in progress costs and recording employee benefits,
- Reclassification of part of long-term financial placements in government bonds in the amount of RSD 3,097,824 thousand, matured on January 12, 2019, to short-term,
- In relation to the items presented in the consolidated financial statements for 2018, in order to increase the comparability of information in the interim periods, reclassification of items in the income statement was performed, namely reclassification of financial income and expenses based on exchange rate differences in the amount of 3,031,375 thousand dinars,
- Prepaid receivables from customers based on turnover of electricity as of January 1, 2019 in the amount of RSD 950,528 thousands, were reclassified as liabilities.
- Corrections of the tax balance and tax return for 2018 in the amount of RSD 76,823 thousand.

d) Effects of corrections on the statement on cash flows

Above stated corrections did not have an impact on the reporting of cash flows from operations, investments and financing activities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

5. OPERATING INCOME

	In RSD thousand For year ended 31 December	
	2019	2018
Income from sales of goods and services RE "Elektrokosmet", Pristina	1,048,787	865,568
Income from sales of goods and services to other legal entities – on domestic market:		
- Sale of electricity to households	91,336,161	91,356,085
- Sale of electricity to third parties	12,193,899	13,367,420
- Sale of electricity to licensed customers	2,195,035	2,573,189
Sale of electricity to qualified customers	106,684,828	95,821,816
- Sale to PE Elektromreža Srbije	11,623,671	11,853,765
- Income from sales of coal	3,092,166	3,652,736
- Sale of technological steam and gas	113,738	90,343
- Sale of electricity on commodity exchange	1,483,842	992,882
- Sale of heat energy	2,236,686	1,914,709
- Income from accessing and using the distribution system	1,216,915	991,604
- Income from sales of services	352,818	396,229
- Income from sales of products	489,428	562,128
- Income from Public Media Service tax	272,165	184,670
- Income from sales on domestic market	3,707	3,724
	233,295,059	223,761,300
Income from sales of goods and services – on foreign market	4,336,685	3,306,363
	238,680,531	227,933,231

Revenue from the sale of electricity to PE „Elektrokosmet“, Pristina

In line with the Conclusion of the Government of the Republic of Serbia No: 021-6624/2009-002 of 30 November 2009, the Group engaged resources to provide electricity to the northern part of Kosovo and Metohija, on the basis of which revenue of RSD 1,048,787 thousand was recognised in 2019 (2018: RSD 865,568 thousand).

Income from the sale of electricity in domestic market

Income from the sale of electricity in domestic market was recognised based on the sale of electricity to end customers: individuals, small customers or customers who have the right to freely choose a supplier after fulfilling the conditions in accordance with the Law on Energy.

The Energy Law (RS Official Gazette No 145/14) prescribes that households and small clients have the right to a guaranteed supply, as a public service.

A household is an end customer who buys electricity for own household's consumption, exclusive of consumption for commercial or professional operations. Small clients are end customers (legal entities and entrepreneurs) who have no more than 50 employees, whose total annual revenue amounts to EUR 10 million in RSD equivalent, whose facilities are connected to the electricity distribution system with voltage level lower than 1 kV, and whose electricity consumption in the previous calendar year did not exceed 30,000 kWh. Under the Energy Law, a guaranteed supply at regulated rates is regarded as a public service. Energy supply is regarded as a market activity based on which the Group generates income to customers, which is based on the concept of lowest cost and principle to maximise income.

All end customers of electricity have the opportunity to choose a supplier and conclude a contract for commercial supply. Customers in commercial supply are mainly legal entities and entrepreneurs who meet one or more of the following conditions: (1) have a consumption of over 30,000 kWh per year, (2) have more than 50 employees, (3) have a total annual revenue of over 10 million euros in dinar counter value and (4) have a measuring point at medium or high voltage.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

5. OPERATING INCOME (continued)

By its Decision to assign an energy supplier to serve end customers with no right to a guaranteed supply, No: 312-11118 / 2016-1, dated 29 November 2016, the Serbian Government appointed the Company to be substitute suppliers over a two-year period, starting from the Decision's date, at a rate of 55,84 EUR / MWh, exclusive of excise and VAT. This Decision was applicable by 22 November 2018, when the Government of the Republic of Serbia passed a new Decision 05 No.: 312-11180/2018, appointing the Company to perform the last resort supply over a two year period starting from the Date of the New Decision through to 22 November 2020, at a rate of 70.33 EUR/MWh, exclusive of excise and VAT. The substitute supply price is the price that comprises the price of active energy and of balancing amounts to EUR/MWh. The price is exclusive of distribution use-of-system charges (access to the network) and the charge for privileged power producers.

Sales includes income from delivering energy to customers receiving substitute supplies, amounting to RSD 1,183,831 thousand (2018: RSD 1,470,756 thousand). End customers not entitled to a guaranteed supply (public supply) under the Energy Law shall be entitled to a substitute supply of energy (last resort supply of energy) in the event of: bankruptcy or liquidation of the supplier that had supplied the customer until then; termination or revocation of the license held by the supplier that had supplied the customer until then; where the customer has not found a new supplier upon termination of the agreement on supply with the previous one, except if the termination of the agreement is a consequence of non-performance of the customer's payment obligations; where the customer has not found a new supplier upon termination of the agreement on supply with the previous one, and falls within the category of customers for which electricity delivery may not be suspended in the event of non-performance of obligations under the Law. Under the Energy Law, an uninterrupted back-up supply of energy (last resort supply of energy) may not exceed 60 days.

Furthermore, the Group is involved in trading electricity at the commodity exchange, which started operations on 17 February 2016 in Belgrade. In 2019, Income from trading electricity at the commodity exchange amounted to RSD 1,483,842 thousand (2018 – RSD 992,882 thousand).

Based on the Law on Energy and the Rulebook on the operation of the transmission system, the Company, in its own name and on its own account, concluded contracts with EMS AD, Belgrade, the energy entity responsible for electricity transmission and transmission system management. The mentioned agreements regulate the manner of providing system services so that the transmission system operator has the possibility to provide all conditions for normal operation of the power system and mutual delivery, in order to supply power systems, which are separated from the rest of the interconnection, as well as compensation for excessive power losses energies that are not a consequence of the consumption of power, ie energy, on the heating of the elements in the transmission network due to the existence of active resistance in these elements. In addition to the above, in order to balance the regulatory area of the Republic of Serbia or to provide a sufficient amount of tertiary reserves, with EMS AD Belgrade has agreed on the method of mutual deliveries of emergency electricity

Income from the sale of coal for the year ended 31 December 2019 in the amount of RSD 3,092,166 thousand relate to the delivery of coal to third parties (Branch "RB Kolubara", Lazarevac in the amount of RSD 2,643,148 thousand and Branch "Termoelektrane i kopovi Kostolac" in the amount of RSD 449,018 thousand).

The Law on the Temporary Manner of Public Media Service Tax Collection, which was passed by the National Assembly of the Republic of Serbia on 29 December 2015 (RS Official Gazette No. 112/2015 and 108/2016), stipulates that the Public Media Service Tax of RSD 150, payable on a monthly basis per household over the period from 1 January 2018 through to 31 December 2018, is charged together with electricity charges, and collected by the Company and entities engaged in the supply of electricity to end customers. Users of electricity meters are charged with the tax along with their electricity bills, which are delivered by the electricity supplier. The supplier, the public broadcaster Radio Television of Serbia (RTS) and the public broadcaster Radio Television of Vojvodina (RTV) pay a monthly fee for Invoicing and Charges Collecting Services, amounting to 3% of the value of the charges collected and transferred to RTS and RTV. For this reason, on 28 January 2016, the Company, RTS and RTV concluded an Agreement governing their rights and obligations and the manner of tax collection. At 2018 year end, the Law on the Amendment of the Law on the Temporary Manner of Public Media Service Tax Collection (The RS Official Gazette, No 95/2018) was passed, by which Public Media Service Tax Collection is extended to reach its end of service on 31 December 2020, and the monthly tax payable is defined to be RSD 220. These amendments have been effective since 16 December 2018. The Law on the Amendment of the Law on the Temporary Manner of Public Media Service Tax Collection ("Official Gazette of RS", No. 86/2019), published on December 6, 2019, increased the amount of the tax to the amount of RSD 255 and applies from 1 January 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

5. OPERATING INCOME (continued)

Income from accessing and using the distribution system is measured at regulated rates. Regulated prices are determined based on the methodology adopted by the Energy Agency, which specifies:

1. The terms and conditions for and the manner of establishing the maximum revenue for energy companies;
2. The criteria and the rules for revenue allocation between customer categories and groups;
3. The calculation elements, and the method of calculating the electricity or natural gas received and the services rendered.

The cap on income is determined in a manner to secure coverage for reasonable operating costs, adequate return on capital employed, and return on investment during the performance of regulated energy activities. The methodology may be used to set up different tariffs, based on, inter alia, the volume of the energy collected and the terms and conditions for energy collection, the electrical power or capacity, the seasonal and daily delivery dynamics, the points of collection and the ways of measuring energy.

In 2019, there was a change in the price of access to the electricity distribution system. The decision to change the price for users of the Company's electricity distribution system was made on October 30, 2019 (No. 05.000-0801-171623 / 10-19) and the Council of the Energy Agency of the Republic of Serbia on October 31, 2019 gave its consent to this decision (Decision on giving consent to the Decision on changing the price of access to the electricity distribution system Number: 628/2019-D-02/1). The new tariffs for access to the electricity distribution system have been in force since November 8, 2019.

Revenues from access and use of the distribution system from suppliers and third parties amount to RSD 1,204,712 thousand (2018: RSD 979,265 thousand). In 2019, a higher delivery to external suppliers was realized by 131 MWh compared to 2018, which, together with the increase in the price of access to the electricity distribution system, resulted in the growth of this category of income.

Income from the sale of goods and services on foreign market

Income from the sale of goods and services to legal entities on foreign market in 2019, disclosed in the amount of RSD 4,336,685 thousand, relate to income from the sale of electricity and income from services in the amount of RSD 4,294,971 thousand and RSD 41,714 thousand, respectively.

Income from the sale of electricity relate to the sale of electricity to "Mješoviti holding Elektroprivreda Republike Srpske" amounting to RSD 311.217 thousand (2018 – RSD 403,448 thousand), and to income from the sale of electricity on foreign market through a subsidiary „EPS Trgovanje" d.o.o. Ljubljana, the Republic of Slovenia, amounting to RSD 3,983,754 thousand (2018 - RSD 2,881,742 thousand).

Income from the sale of services abroad primarily relates to income from services such as installations, production of spare parts and other metal structures in Kolubara Metal branch "Rudarski basen Kolubara", Lazarevac.

6. WORK PERFORMED BY THE ENTITY AND CAPITALISED

	In RSD thousand For year ended 31 December	
	2019	2018
Income from activation and consumption of products for own use	4,137,323	3,649,699
Income from activation of services for own use	102,899	174,037
	4,240,222	3,823,736

Income from work performed by the entity and capitalised is recognised based on the goods and services used for the purpose of plant and equipment revitalisation, and spare parts and material development.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

7. INCOME FROM PREMIUMS, SUBVENTIONS, GRANTS, DONATIONS AND OTHER OPERATING INCOME

	2019	In RSD thousand For year ended 31 December 2018
Income from premiums, subventions, grants and donations	652,973	610,378
Income from connections of new customers	1,583,036	1,296,428
	2,236,009	1,906,806

In 2019, Income from donations, premiums subventions and grants amounted to RSD 652,973 thousand, of which RSD 53,486 thousand is relative to funds for environmental protection and the reconstruction of electrostatic precipitators TENT A4, B2, TEK A5 received from the Ministry of Environmental Protection; RSD 235,546 thousand was recognised based on the refund of excise duties paid on oil derivatives and bioliquids used in the production process; whereas the remaining RSD 363,923 thousand is relative to income recognised in the amount of the cost associated with the use of donations.

Revenue from new grid connections consists of revenue calculated based on issued approvals for first-time customers of the electric power distribution system. The Entity charges system and connection costs to these new customers. Connection cost (determined in accordance with Energy Agency of the Republic of Serbia methodology) bears the applicant (be it company or an individual). Following construction, the connection becomes a part of the distribution system. New customer connection revenue also includes revenue from previously-connected customers whose used electricity power increased and is above the previously negotiated, revenue from previously-connected customers to whom power grid separation was approved, et cetera.

8. OTHER OPERATING INCOME

	2019	In RSD thousand For year ended 31 December 2018
Income from compensations from insurance for damages	185,051	262,985
Income from rents	735,695	404,538
Other operating income	1,932,560	1,115,255
	2,853,306	1,782,778

Rental income, reported in 2019 amounting to RSD 735,695 thousands, primarily concerns rental income from cable operators' utility poles leasing. During the reporting year 2019, the lease price was increased and set at a minimum of 25 euros for an individual electricity distribution pole, while for 2018 the minimum price was 10 euros.

Other operating income for 2019 mostly includes: revenues from recharged costs to end customers for engaging private executors in the process of forced collection in the amount of RSD 727,937 thousand (2018 – RSD 389,363 thousand) and; income from sales of secondary raw materials, ashes and waste iron, resulting from the revitalization of the plant and equipment and technological process in the amount of RSD 492,101 thousand (2018 – RSD 376,657 thousand).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

8. OTHER OPERATING INCOME (continued)

Other operating income includes the amount of RSD 330,180 thousand, recognized on the basis of the return of funds from the Commission for Protection of Competition. Namely, by the Decision of the Commission for Protection of Competition no. 5 / 0-02-563 / 2016-60 of 23 December 2016, the subsidiary ODS "EPS Distribucija" d.o.o., Belgrade was imposed a measure of protection of competition, and on 19 June 2017 the subsidiary based on the aforementioned Decision, paid the amount of RSD 330,180 thousand to the account of the budget of the Republic of Serbia Judgment of the Administrative Court No. 2 U.13201 / 18 of 10 January 2019 annulled the Decision of the Commission for Protection of Competition issued in the repeated procedure no. 5 / 0-02-336 / 2018-30 dated 18 June 2018, and the case was returned to the Commission for Protection of Competition for reconsideration within the repeated, third in a row first instance procedure. On July 18, 2019, the Council of the Commission for Protection of Competition adopted Conclusion No. 5 / 0-02-42 / 2019-6 which terminates the procedure for examining the violation of competition and envisages certain measures that the subsidiary should take in the period of 2 years in order to eliminate possible violations of competition.

9. COST OF MATERIAL

	In RSD thousand Year ended 31 December	
	2019	2018
Costs of basic materials	1,152,357	803,763
Cost of material for the maintenance and spare parts	9,688,767	9,827,878
Cost of small inventories and tyres	639,436	669,300
Materials for coal production	356,470	394,931
Cost of oil and lubricants	205,787	189,544
H&S equipment	684,378	582,696
Cost of office and other overheads material	479,932	434,745
Other	477,723	755,202
	13,684,850	13,658,059

10. COST OF FUEL AND ENERGY

	In RSD thousand Year ended 31 December	
	2019	2018
Cost of electricity:		
- on domestic market	18,997,058	13,366,587
- on foreign market	220,371	314,367
Cost of transmission of electricity		
PE EMS, Beograd	20,408,428	20,653,660
Cost of other energy	81,559	79,395
Cost of coal purchased from third parties	1,426,961	1,032,923
Cost of oil and oil derivatives	4,734,264	4,558,732
Cost of gas used in production	5,383,479	3,584,440
	51,252,120	43,590,104

For the purpose of securing conditions for regular and safe supply of energy to tariff customers in the Republic of Serbia, the Group purchased electricity from entities operating in Serbia, and recorded an expense in the amount of RSD 18,997,058 thousand (2018 – RSD 13,366,587 thousand), out of which the amount of RSD 4,239,238 thousand relate to the purchase of electricity from third parties with a licence for electricity trading; amount of RSD 13,296,776 thousand relate to the purchase of electricity from privileged power producers; and the remaining amount of RSD 1,461,044 thousand relates to purchase of power via the commodity exchange SEEPEX.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

10. COST OF FUEL AND ENERGY (continued)

In the reporting period, the Energy Agency approved licenses for energy activities - production of electricity from renewable sources (wind farms) to companies that have met the prescribed requirements, which gave companies the right to operate in the domestic energy market and the right to incentives. In accordance with this Law on Energy, which resulted in an increase in expenditures based on the purchase of electricity from eligible producers.

The status of a privileged power producer, a temporarily privileged power producer, and a renewable energy producer is governed in by the Energy Law. Namely, the Law stipulates the following: incentive measures for privileged power producers inclusive of the obligation to purchase power from a privileged power producer; the price at which such power is purchased; the validity period of the obligation to purchase such power; the undertaking of the Balance Responsibility; and of other incentive measures prescribed by an enactment of this Law and of other regulations governing areas such as tax, customs and other dues, environmental protection and energy efficiency. Incentive measures may be used by a power company that has received the status of a Privileged Power Producer in the spirit of this law. In view of this, the Company, as a guaranteed supplier, has concluded power purchase agreements by which it has, inter alia, undertaken to:

- Purchase energy at purchase incentive prices depending on the type and the installed capacity of the power plant, and on the maximum effective working time that applies to the power plant type (form of a government grant provided to privileged power producers, and to temporarily privileged power producers);
- Give payment guarantees to a privileged power producer under the Power Purchase Agreement.

All energy end-customers are charged with incentive fees for privileged power producers, except in cases stipulated by this law. The fees are collected by the Company, as it is a selected/guaranteed supplier.

The purchase of electricity from non-residents in 2019 recognised in the amount of RSD 220,371 thousand (2018: RSD 314,367 thousand) entirely relate to the purchase of electricity from the company Mjesoviti holding Elektroprivreda Republike Srpske.

The Group concluded with PE Elektromreža Srbije, Beograd a contract on accessing and using the power transmission system by customers, as well as by power plants and pump-accumulating facilities. On such basis, the cost incurred in the reporting period, relate to the above mentioned transmission and purchase of energy, amounted to RSD 20,408,428 thousand (2018 – RSD 20,653,660 thousand). Prices for accessing the power transmission system are established by Elektromreža Srbije a.d., Beograd, the transmission system operator, with the consent of the Energy Agency of the Republic of Serbia.

The fee for access to the electricity transmission system was determined by the Decision on Determining Prices for Access to the Electricity Transmission System ("Official Gazette of RS" No. 10/17), which was approved by the Council of the Energy Agency on February 14, 2017 by letter No. 47/2017-D-02/1, and which has been in force since March 1, 2017. The decision on determining the prices for access to the electricity transmission system ("Official Gazette of RS" No. 77/19) determined a new, increased fee for access to the electricity transmission system, which is in force from November 1, 2019 and on which was approved by the Council of the Energy Agency on October 31, 2019 by letter no. 626/2019-D-02/1.

The cost of coal in 2019 amounting to RSD 1,426,961 thousand (2018 – RSD 1,032,923 thousand) mostly relates to the coal used by a TENT branch in in the production of energy purchased from PE PEU Resavica.

The cost of oil derivatives amounting to RSD 4,734,264 thousand is predominantly related to oil used in the production and operation of propulsion engines and machinery, largely at production branches.

The cost of natural gas in 2019 amounting to RSD 5,383,479 thousand relates to purchases for combined production of energy and heating.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

11. WAGES AND SALARIES AND OTHER PERSONAL EXPENSES

	2019	In RSD thousand Year ended 31 December 2018
Cost of gross salaries and salary compensation	47,428,058	44,984,458
Taxes and contributions on wages and salaries paid by employer	11,270,717	13,248,446
Cost of special service and temporary service Agreements	731,619	913,801
Fees paid based on other agreements	6,160	11,033
Fees paid to Supervisory and Managing Board members and other managing bodies	8,929	9,302
Cost of transportation of employees	1,508,847	1,505,279
Cost of per diem allowances and compensation of expenses on business trips	190,416	170,756
Cost of scholarship and loans	362,539	356,566
Cost of providing assistance to employees	374,875	325,686
Other personal expenses	3,545,117	3,968,989
	65,427,277	65,494,316

The companies within the Group belong to the public sector of the Republic of Serbia, and according to the regulatory requirement, the maximum salary of employees, including key executives, cannot exceed the amount obtained by multiplying the maximum coefficient for position, determined by the law governing salaries of civil servants and employees, determined by the budget law for the current year. The maximum salary during 2018 was 153,911.61 dinars, while in 2019 the maximum salary was 172,919.61 dinars (January - October 2019) or 186,753.15 dinars (November - December 2019).

The Law on Temporary Regulation of Bases for Calculation and Payment of Salaries and Wages and Other Permanent Earnings Among Beneficiaries of Public Funds (Official Gazette of RS number 116/14 - in application dated 28 October 2014) specifies a 10% decrease in the base for calculation and payment of salaries of beneficiaries of public funds, defined by law, other regulation or other general and individual act which is in force at the time of adoption of this law. The beneficiary of public funds is required to pay the difference between the total amount of salaries calculated using the base which is not decreased in accordance with this law, with calculated contributions charged to the employer and the total amount of salaries calculated using the decreased base according to this law, with included contributions which are charged to the employer. By the Law on the Amendments to the Law on the Provisional Base for Calculating and Paying Wages, Salaries and Other Employee Benefits with the Users of Public Funds (RS Official Gazette No. 95/2018) the base for calculating and paying wages and salaries with the users of public funds has been reduced by 5%, starting from 1 January 2019. In December 2019, the Law on Temporary Regulation of Bases for Calculation and Payment of Salaries and Wages and Other Permanent Earnings Among Beneficiaries of Public Funds (Official Gazette of RS, No. 86/19) was passed, which enters into force 1 January 2020.

Other personal expenses include the amount of RSD 2,627,248 thousand (2018: RSD 2,063,635 thousand) based on the Group's commitments for the payment of incentive severance pay for voluntary termination of employment (a total of 1,019 employees in 2019 and 812 employees in 2018) in accordance with the Plan for optimization of the number of employees in the EPS Group, while the remaining amount refers to the obligations of the Group under the Collective Agreement (prevention of occupational disability, cultural and sports activities of employees, expenditures for medical assistance, loans, etc.) which, in terms of tax regulations, are considered to belong to employees on whom public revenues are paid, as well as to liabilities in the name of taxes and contributions calculated on income based on the participation of employees in the distribution of profits from 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

12. COST OF PRODUCTION SERVICES

	2019	In RSD thousand For Year ended 31 December 2018
PTT services	1,452,838	1,388,248
Transportation services	97,803	111,851
Maintenance services	16,905,462	14,996,427
Cost of information system maintenance	1,803,469	1,179,918
Rental cost	231,201	261,807
Advertising, fairs and marketing costs	119,278	108,677
Cost of services for various tests, analysis, preparing technical and project documentation, reports and projects	502,787	1,050,079
Work safety cost	202,541	141,691
Cost of production services and assistance	363,382	298,957
Costs of meter reading services	1,604,515	1,577,719
Cost of services provided by student and youth organizations	2,125,396	1,904,150
Utility costs	588,347	581,555
Costs of other production services	1,304,347	829,767
Costs of environmental protection and site restoration from mining operation	504,138	465,932
	27,805,504	24,896,778

Cost of maintenance in the amount of RSD 16,905,462 thousand (2018: RSD 14,996,427 thousand) primarily relate to maintenance services of the Group's production facilities, as well as costs of services for the construction of connections to the electricity distribution system.

PTT services include cost of preparation and sending electricity bills to end customers in the amount of RSD 954,353 thousand (2018: RSD 905,547 thousand) in branch EPS Snabdevanje.

13. DEPRECIATION/AMORTISATION EXPENSE

	2019	In RSD thousand For Year ended 31 December 2018
Depreciation/amortization expense:		
- Intangible assets (note 23)	1,153,121	620,461
- Property, plant and equipment (note 23)	46,697,283	45,952,621
	47,850,404	46,573,082

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

14. COST OF LONG-TERM PROVISIONING

	In RSD thousand For Year ended 31 December	
	2019	2018
Environmental restoration	383,515	268,624
Retirement benefits and jubilee awards	4,786,070	5,460,968
Cost of other long-term provisioning:		
- Litigations	2,001,043	1,038,422
- Other provisioning	13,984	3,069
	7,184,612	6,771,083

Cost of long-term provisions for retirement benefits and jubilee awards refers to provisions upon termination of employment and jubilee awards which the Group is obliged to pay in accordance with labour Law and General Acts of the Group.

Cost of long-term provisions for retirement benefits and jubilee awards in the amount of RSD 4,786,070 thousand relate to provisions upon termination of employment which will be paid upon termination of employment and remuneration for employees that include fees based on jubilee awards in the amount of current obligation based on past events, and which arise from the provisions of the Labour Law and General Acts of each company (Note 3.4 and 34).

Provisions for litigation are formed according to the best estimate of expenses required to settle the current liability based on current litigation against the Group (Note 34), which in 2019 is estimated at RSD 2,001,043 thousand (2018: RSD 1,038,422 thousand).

15. OTHER OPERATING EXPENSES

	In RSD thousand Year ended 31 December	
	2019	2018
Water use charges	2,079,094	2,162,922
Use of public interest resources fee	187,095	143,610
Environmental fee	3,630,570	6,563,106
Property Tax	1,298,684	1,196,194
Other indirect taxes and contributions	3,438,077	4,285,638
Utilization of mineral resources	2,121,446	1,873,479
Entertainment expense	50,475	30,758
Cost of payment operations and banking services	210,145	241,584
Subscription cost	32,349	28,605
Legal and advocacy services	1,351,962	1,108,708
Other non-material services	1,653,745	1,676,679
Intellectual services	685,036	448,720
Other non-production services	2,966,918	1,975,130
Insurance costs	1,545,163	1,608,387
Costs of professional education	34,481	31,208
Health Service costs	332,544	211,624
Costs of VAT calculated on electricity losses	511,826	284,670
Membership fees and contributions to the trade union	607,491	509,607
Security services, protection of buildings and work health and safety	2,015,568	1,955,543
	24,752,669	26,336,172

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

15. OTHER OPERATING EXPENSES (continued)

Starting from 1 January 2019, the Law on Fees for the Use of Public Goods (Official Gazette of the RS "No. 95/18, 86 / 19) is in force, which regulates fees for the use of public goods, as follows: payer, basis, amount, manner of determination and payment, affiliation of revenues from fees, as well as other issues of importance for determining and payment of fees for the use of public goods. This law introduces fees for the use of public goods, as follows:

- 1) fees for geological research;
- 2) fees for the use of resources and reserves of mineral resources;
- 3) fees for the use of energy and energy products;
- 4) fee for changing the purpose of agricultural land;
- 5) fees for change of purpose and use of forests and forest land;
- 6) fee for the use of game-protected game species
- 7) water fees;
- 8) fees for environmental protection;
- 9) fees for navigation and use of ports, piers and navigation safety facilities on the state waterway
- 10) fees for the use of public roads;
- 11) fees for the use of public railway infrastructure;
- 12) fee for the use of public space;
- 13) fee for the use of natural healing factor;
- 14) fee for the use of tourist space;
- 15) fees for electronic communications.

On the day of application of the Law on Fees for the Use of Public Goods, certain provisions of the Law on Mining and Geological Research (Official Gazette of RS, No. 101/15), the Law on Energy (Official Gazette of RS, No. 145/14) ceased to apply. Law on Agricultural Land ("Official Gazette of RS", No. 62/06, 65/08 - other law, 41/09, 112/15 and 80/17), Law on Commodity Reserves ("Official Gazette of RS", No. 104/13 and 145/14 - other law), Law on Forests ("Official Gazette of RS", no. 30/10, 93/12 and 89/15), Law on Waters ("Official Gazette of RS", no. 30/10, 93/12 and 101/16), Law on Nature Protection ("Official Gazette of RS", No. 36/09, 88/10, 91/10 - correction and 14/16), Law on Environmental Protection ("Official Gazette of RS", No. 135/04, 36/09, 36/09 - other law, 72/09 - other law, 43/11 - US, 14/16 and 76 / 18), the Law on National Parks ("Official Gazette of RS", No. 84/15), the Law on Waste Management ("Official Gazette of RS", No. 36/09, 88/10 and 14/16), the Law on Packaging and packaging waste ("Official Gazette of RS", No. 36/09), Law on Navigation and Ports on Inland Waters ("Official Gazette of RS", No. 73/10, 121/12, 18/15, 96/15 - dr. law, 92/16, 104/16 - other law, 113/17 - other law and 41/18), Law on Roads ("Official Gazette of RS", No. 41/18), Law on Financing of Local Self-Government ("Official Gazette of RS", No. 62/06, 47/11, 93/12, 83/16 and 104/16 - other law), Law on Spas ("Official Gazette of RS", No. 80/92), the Law on Electronic Communications ("Official Gazette of RS", No. 44/10, 60/13 - US and 62/14) and bylaws adopted on the basis thereof.

The Law on Fees for the Use of Public Goods introduced fees for environmental pollution, which include the following fees:

Number	Subject of compensation	Basis	Fee amount in RSD / t
I	emissions of pollutants		
1.	SO2 emissions	t	9,095,05
2.	NO2 emissions	t	7,276,04
3.	powdery matter		
3.1.	emissions of particulate matter	t	14,554,10
3.2.	emissions of powdery substances from asphalt bases	t	140,844,50
4.	generated or disposed waste		
4.1.	emissions of generated or disposed hazardous industrial waste	t	1,547,32
II	imported ozone depleting substance		
1.	imported ozone depleting substance	kg	52,52
III	plastic bags placed on the market of the Republic of Serbia		
1.	plastic bags without additives	t	26,173,14

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

15. OTHER OPERATING EXPENSES (continued)

In relation to the previous reporting periods, the fee based on the emission of produced and disposed non-hazardous waste was abolished (determined in the amount of RSD 306 / t), which resulted in a reduction of liabilities on this basis in the reporting year 2019.

Also, in the part of the fee for the use of public space, it is regulated that the use of public space for business and other purposes, in terms of Article 236 of the Law, refers to temporary use of public space and does not include permanent use of infrastructure, which implicates the reduction of liabilities on this basis in the reporting year 2019.

Within the fee for the use of energy and energy products, the Law on Fees for the Use of Public Goods introduced a fee for improving energy efficiency (with delayed implementation after the adoption of bylaws, ie from 1 July 2019) in the amount of RSD 0.015 / kWh. Determining the fee for energy efficiency improvement for delivered energy and / or energy to the end customer / consumer is performed by the Company, as an energy entity that performs energy supply activities and has a license to perform these activities in accordance with the law governing energy, when issuing invoices for delivered energy and / or energy to the end customer / consumer. The obligation on the basis of compensation is determined on the basis of the quantity of delivered electricity, determined on the basis of reading consumption through metering devices at the place of handover, in accordance with the law governing energy and on reduction of electricity purchased from producers who have the status of eligible producer.

16. FINANCIAL INCOME

	2019	In RSD thousand Year end 31 December 2018
Financial income arising from related parties	791,505	711,689
Other financial income	366,376	346,751
Interest income:		
Trade receivables for electricity sold	4,929,901	7,338,207
- Short-term financial investments	661,562	845,156
- Public Media Service tax	291,097	248,022
Other interest income	289,283	510,698
	6,171,843	8,942,083
Foreign exchange gains and gains on currency clause effect		
- Foreign exchange gains	727,326	775,551
- Gains on currency clause effects	41,204	55,771
	768,530	831,322
	8,098,254	10,831,845

Interest income is recognized in the amount of statutory default interest calculated on unpaid debt obligations of the debtor.

Interest income recognized in the previous reporting year includes interest income calculated to the debtor "Zelezara Smederevo" d.o.o., in the amount of RSD 1,378,527 thousand, which went bankrupt.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

16. FINANCIAL INCOME (continued)

Other interest income for 2019 in the amount of RSD 289,283 thousand, mostly relates to accrued interest in the branch of the parent company - RB Kolubara in the amount of RSD 97,348 thousand on unpaid invoices of customers for delivered coal, heat, products and services.

17. FINANCIAL EXPENSES

	2019	In RSD thousand Year ended 31 December 2018
Other financial expenses	272,017	307,915
Interest expense		
on liabilities toward PE EMS	3,616	6,148
- Paris and London clubs of creditors	425,533	576,642
on renegotiated liability for loan from National Republic of China – Deposit Insurance Agency	26,544	30,538
- other interest expenses (on all other items)	830,518	618,130
Interest expense related to late payment of public duties	81,560	177,101
	1,367,771	1,408,559
Foreign exchange losses and losses on currency clause effect:		
- Costs of effects of foreign currency clause	12,249	25,007
- Losses on currency clause effect	1,546,027	2,193,965
	1,558,276	2,218,972
	3,198,064	3,935,446

Financial expenses are recognized in the amount of interest agreed with creditors – financial institutions.

Other financial expenses in the amount of RSD 272,017 thousand (2018 – RSD 307,915 thousand) mostly in the amount of RSD 268,648 thousand, refer to Commitment fee and Management fee based on a loan arrangement with the foreign creditors.

For all monetary items for which settlement is required in foreign currency, the effects of changes in foreign exchange rates on the maturity date or on the date of balance sheet are recognized as income and/or expense, as well as by monetary items under which the contract defines the protection of receivables/liabilities with a currency clause, or collection/settlement in RSD equivalent of foreign currency.

18. INCOME FROM ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS

	2019	In RSD thousand Year ended 31 December 2018
Income from adjustment in value of long-term investments	3,009	1,427
Collection and reduction in allowances for impairment of accounts receivable	1,299,680	3,443,618
	1,302,689	3,445,045

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

18. INCOME FROM ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS (continued)

Revenues from adjustment of receivables from customers stated in the amount of RSD 1,299,680 thousand for 2019 (2018: RSD 3,443,618 thousand) primarily relate to collected receivables for delivered electricity in the amount of RSD 1,120,833 thousand, receivables for services rendered in the amount of RSD 130,285 thousand, receivables for delivered coal, thermal energy and technological steam in the amount of RSD 8,267 thousand and receivables from customers abroad in the amount of RSD 1,028 thousand, for which impairment was recognized in the previous reporting period.

In 2018, the largest part of collected receivables from customers based on electricity turnover refers to the fulfillment of conditions provided by the adopted pre-prepared reorganization plans, namely: from members of RTB Bor Group in the amount of 1,437,535 thousand dinars and from members of PKB Corporation in the amount of 426,569 thousand dinars.

19. EXPENSES FROM ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS

	In RSD thousand Year end 31 December	
	2019	2018
Expenses from value adjustments of:		
- Trade receivables for electricity	8,243,911	9,035,335
- Other receivables	2,263,330	766,133
	10,507,241	9,801,468

Trade receivables for electricity that are overdue for a longer period of time are impaired and expensed in the amount of RSD 8,243,911 thousand (2018 – RSD 9,035,335 thousand), as disclosed in note 3.15

As disclosed in notes 24 and 28, expenses on the basis of adjustment of other receivables include recognized losses on the basis of impairment of long-term financial investments in the construction of the dam and multipurpose accumulation "Rovni" in the amount of RSD 637,205 thousand and receivables based on the tax for the Public Media Service in the amount of RSD 1,117,455 thousand.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

20. OTHER INCOME

	2019	In RSD thousand Year ended 31 December 2018
Gains on disposal of materials, investment in equity, intangible assets, properties and equipment	81,188	29,331
Income from reversal of provision for employee benefits (Note 34)	25,017	88,778
Income from collected written-off receivables and reversal of impairment of receivables and short-term financial placements	47,145	474,654
Income from the diminution of liabilities (Note 18)	29,661	141,071
Income from reversal of long-term provisions for the protection of the environment (Note 34)	-	40,054
Income from reversal of long-term provisions of litigations (Note 34)	406,841	559,959
Income from the contracted risk protection	14,515	102,295
Income from the diminution of liabilities for the protection of the environment	188,976	169,933
Surpluses	122,328	30,634
Income from the value adjustment of property, plant and equipment	262	72,140
Other income	573,473	603,229
	1,489,406	2,312,078

Revenue from collected written-off receivables and reversal of receivable impairment and short-term financial placement impairment in 2018 amounted to RSD 474,654 thousands of which RSD 466,998 thousand refer to collected, previously-impaired receivables from subsidiary "ODS EPS Distribucija" d.o.o. Belgrade. The receivable arose from delivered electricity to direct customers of Zijin Bor Copper (RTB Bor Group) basin for the period until 1 July 2013. In accordance with the individual Pre-prepared reorganization plans, a conditional release in the amount of 90% of the claims covered by the UPPR was envisaged. Collection of 10% of receivables was a precondition for this release.

Bankruptcy debtor RTB Bor Group settled the entire payment obligation in the amount of RSD 466,998 thousand (10% of receivables) as of December 31, 2018, thus fulfilling the condition for writing off 90% of receivables in the amount of RSD 4,202,987 thousand, which was also executed in 2018.

The revenues from the decrease in liabilities for the environmental protection in the amount of RSD 188,976 thousand relate to diminution of liability to Environmental Protection Fund of the Republic of Serbia for environmental fee, resulting from a difference between advance payments in 2018 and final calculation amount established based on the environmental protection fee calculated under the administrative act of a competent body following the financial statements approval date for the previous reporting period.

Other income are mostly related to income based on the guarantee from suppliers in the amount of RSD 455,356 thousand in the branch of TE-KO Kostolac.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

21. OTHER EXPENSES

	In RSD thousand Year ended 31 December	
	2019	2018
Losses on disposal of materials, intangible assets, property, plant and equipment and investments	3,893,419	599,657
Losses on disposal of inventory	192,615	101,814
Impairment losses from materials, intangible assets, property, plant and equipment and investments	193,326	593,280
Impairment losses from inventory	390,947	276,413
Shortages	5,861	22,541
Losses on write off of short-term receivables and rescheduled accounts receivable and:	620,176	22,040
Expenses for contributions paid to employees from public enterprises from Kosovo and Metohija	5,577,079	5,601,628
Sponsorships and donations	163,609	147,069
Other expenses	1,086,627	1,466,982
	12,123,659	8,831,424

Expense in the amount of RSD 5,577,079 thousand (2018: RSD 5,601,628 thousand) is recognized for salaries and salaries contribution for employees in public enterprises from Kosovo and Metohija.

In 2019, the Company recognized losses in the amount of RSD 2,741,642 thousand based on the termination of the right to use undeveloped construction land, water land, agricultural land, forests and forest land, as well as the termination of the right to use part of the business facility under construction, and registration public ownership over the same, based on the acts of the Owner on resolving the property status of the assets of the companies that make up the EPS Group in accordance with the Law on Public Property and other regulations.

Other expenses in the amount of RSD 1,086,627 thousand mostly relate to the costs of providing food to employees in surface mines in the amount of RSD 560,627 thousand, the costs of archaeological research in the amount of RSD 187,887 thousand, as well as the costs recognized by the Group undertaken under binding contracts, which arose as a result of the expansion of surface mines and / or construction of reservoirs and dams, in the amount of RSD 252,791 thousand .

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

22. INCOME TAX

a) Components of income tax

	2019	In RSD thousand Year end 31 December 2018
Tax expense for the period	4,571,926	4,060,758
Deferred tax income for the period	(3,527,759)	(2,372,656)
	1,044,167	1,688,102

b) Harmonization of taxes and products of business results before taxation and prescribed tax rates

	2019	In RSD thousand 2018
Profit / (loss) before tax	(4,742,756)	645,493
Tax on profit calculated at statutory tax rate - 15%	(711,413)	96,824
Tax effect on unrecognized expenses	3,470,311	2,742,811
Tax effect on expenses recognized on cash basis	(1,176,068)	(1,078,729)
Tax effect on unrecognized revenues	(344,566)	(109,260)
Effect of transfer prices	99,934	151,433
Effects of different tax rate for non-residents	827	632
Tax effects of adjustments made in process of consolidation	519,710	2,524
Other	(814,568)	(118,133)
	1,044,167	1,688,102

c) Components of deferred tax liability

Deferred tax liabilities presented as at 31 December 2019 in the amount of RSD 90,006,062 thousand (2018: RSD 93,533,821 thousand) relates to temporary differences between the carrying amount of property, plant and equipment are recognized in the tax balance and the amounts at which these assets are stated in the financial statements of the Company.

Movements on the deferred tax liabilities were as follows:

	2019	2018
Balance as at 1 January	93,533,821	95,825,375
Correction of the opening balance, assessment of previous years	-	1,425
	93,533,821	95,826,800
Effects on income statement	(3,527,759)	(2,372,656)
Acquisition of a dependent legal entity	-	79,677
	90,006,062	93,533,821

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

23. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets

	<u>In RSD thousand</u>
Cost	
Cost amount at 1 January 2018	9,667,973
Additions	3,120,546
Stockcount shortage	(545)
Impairment (Note 4)	(309,765)
Disposals	(189,055)
Other changes	(74,071)
Cost amount at 31 Decembar 2018	<u>12,215,083</u>
Additions	5,114,408
Impairment in accordance with IAS 36	(49,781)
Disposals	(114,695)
Other changes	(15,108)
Closing cost amount at year ended 2019	<u>17,149,907</u>
Accumulated amortization	
Accumulated amortization amount at 1 January 2018	2,753,633
Amortization expense (Note 13)	620,461
Stockcount shortage	(545)
Disposals	(163,487)
Other changes	(74,958)
Accumulated amortization amount at year ended 2018	<u>3,135,104</u>
Amortization expense (Note 13)	1,153,121
Disposals	(114,696)
Other changes	45,502
Accumulated amortization amount at year ended 2019	<u>4,219,031</u>
Net book value	
At 31 December 2018	<u>9,079,979</u>
At 31 December 2019	<u><u>12,930,876</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

23. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (continued)

Intangible assets

	In RSD thousands									
	Land	Buildings	Machinery and equipment	Investment property	Biological assets	Other property, plant and equipment	Construction in progress	Prepayments for PP&E	Investments in third party PP&E	Total
Cost										
Cost amount at 1 January 2018	77,791,184	666,136,515	1,427,433,951	759,898	438,332	269,996	87,238,384	24,282,178	1,396	2,284,351,834
<i>Correction of beginning balance</i>	-	-	-	-	-	-	(2,987)	-	-	(2,987)
Corrected balance at 1 January 2018	77,791,184	666,136,515	1,427,433,951	759,898	438,332	269,996	87,235,397	24,282,178	1,396	2,284,348,847
Acquisition of a subsidiary	471,525	399,115	680,949	24,037	-	-	-	-	-	1,575,626
Additions	2,384,358	97,693	2,805,187	-	-	-	47,972,160	23,184,274	-	76,443,672
Transfer from other accounts	13,427	49,333	(28,496)	-	2,170	-	(78,537)	-	-	(42,103)
Transfer from construction in progress (activation)	261,971	2,633,456	24,235,999	-	-	-	(27,131,426)	-	-	-
Investments conducted in own held	376	52,989	-	-	-	-	3,097,503	-	-	3,150,868
Transfer of funds with third parties (assignments without compensation)	986	7,618	35,555	-	-	-	-	-	-	44,159
Transfer of funds with third parties	-	(67,235)	(85,102)	-	-	-	-	-	-	(152,337)
Stockcount surpluses	-	22,812	30,785	-	-	-	-	-	-	53,597
Stockcount shortages	-	(207,829)	(252,799)	-	(84)	(2,302)	(129)	-	-	(463,143)
Derecognition of Property, Plant and Equipment	(339,444)	(656,331)	(13,258,881)	-	(288)	(394)	(251,490)	-	-	(14,506,828)
Impairment in accordance with IAS 36 (Note 4)	-	-	-	-	-	-	(286,502)	-	-	(286,502)
Other changes	(582,709)	(2,615)	(5,076)	-	(2,611)	2,252	(24,046)	(25,866,966)	-	(26,481,771)
Cost amount at 31 December 2018	80,001,674	668,465,521	1,441,592,072	783,935	437,519	269,552	110,532,930	21,599,486	1,396	2,323,684,085
Additions	3,147,294	113,625	6,824,519	838	-	308	36,673,606	793,571	-	47,553,761
Transfer from other accounts	360,318	6,182	114,841	(6,484)	6,739	900	257,185	-	-	739,681
Transfer from construction in progress (activation)	1,381,829	5,852,931	24,392,413	-	-	-	(31,627,173)	-	-	-
Investments conducted in own held	-	-	377	-	-	-	4,097,989	-	-	4,098,366
Transfer of funds with third parties (assignments without compensation)	-	-	6,603	-	-	-	-	-	-	6,603
Transfer of funds with third parties	-	(8,784)	(547)	-	-	-	(6,602)	-	-	(15,933)
Stockcount surpluses	-	-	61	-	-	-	-	-	-	61
Stockcount shortages	-	-	(2,317)	-	-	-	(530)	-	-	(2,847)
Sales of PP&E	-	-	(617,578)	-	-	-	-	-	-	(617,578)
Assignment of PP&E according to the Conclusions of the Government	(6,051,858)	(805,872)	-	-	-	-	(1,100,168)	-	-	(7,957,898)
Derecognition of Property, Plant and Equipment	(913)	(1,701,134)	(9,269,376)	-	(1,915)	(5,758)	(201,651)	-	-	(11,180,747)
Impairment in accordance with IAS 36	-	-	-	-	-	-	(182,731)	-	-	(182,731)
Other changes	1,603	2,446	26,926	-	-	(5,091)	(481,988)	(2,268,257)	-	(2,724,361)
Cost amount at 31 December 2019	78,839,947	671,924,915	1,463,067,994	778,289	442,343	259,911	117,960,867	20,124,800	1,396	2,353,400,462

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

23. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (continued)

Intangible assets

	In RSD thousands									
	Land	Buildings	Machinery and equipment	Investment property	Biological assets	Other property, plant and equipment	Construction in progress	Prepayments for PP&E	Investments in third party PP&E	Total
<i>Allowance</i>										
Cost amount at 1 January 2018	18,739,707	323,703,628	913,616,102	237,447	-	126,461	1,127,300	860,473	403	1,258,411,521
Acquisition of a subsidiary	-	25,230	91,590	867	-	-	-	-	-	117,687
Depreciation expense (Note 13)	2,939,883	7,900,176	35,103,482	9,066	-	-	-	-	14	45,952,621
Transfer from other accounts within the group 02 or from other group accounts	-	563	1,638	-	-	-	-	-	-	2,201
Transfer of assets to other companies (donations)	-	(43,254)	(50,478)	-	-	-	-	-	-	(93,732)
Stockcount surplus	-	14,747	23,562	-	-	-	-	-	-	38,309
Stockcount shortage	-	(120,731)	(10,190)	-	-	-	-	-	-	(130,921)
Derecognition of Property, Plant and Equipment	(304,848)	(365,540)	(11,003,022)	-	-	(2,357)	(425)	-	-	(11,676,192)
Other changes	(590,264)	(49,312)	(47,716)	1	-	4,944	9,607	-	-	(672,740)
Cost amount at 31 December 2018	20,784,478	331,065,507	937,724,968	247,381	-	129,048	1,136,482	860,473	417	1,291,948,754
Depreciation expense (Note 13)	2,403,674	7,969,361	36,313,418	10,816	-	-	-	-	14	46,697,283
Transfer from other accounts within the group 02 or from other group accounts	-	190	309	(499)	-	-	-	-	-	-
Transfer of assets to other companies (donations)	-	(5,089)	(499)	-	-	-	-	-	-	(5,588)
Stockcount shortage	-	-	(1,879)	-	-	-	-	-	-	(1,879)
Sales of PP&E	-	-	(580,652)	-	-	-	-	-	-	(580,652)
Assignment of PP&E according to the Conclusions of the Government	(350,225)	(422,094)	-	-	-	-	-	-	-	(772,319)
Derecognition of Property, Plant and Equipment	-	(608,719)	(7,951,608)	-	-	(4,468)	(1)	-	-	(8,564,796)
Impairment in accordance with IAS 36	-	-	-	-	-	-	(90,235)	-	-	(90,235)
Other changes	(75)	-	(3,626)	(1)	-	-	(358,624)	(50,639)	-	(412,965)
Cost amount at 31 December 2019	22,837,852	337,999,156	965,500,431	257,697	-	124,580	687,622	809,834	431	1,328,217,603
<i>Net book value</i>										
At 31 December 2018	59,217,196	337,400,014	503,867,104	536,554	437,519	140,504	109,396,448	20,739,013	979	1,031,735,331
At 31 December 2019	56,002,095	333,925,759	497,567,563	520,592	442,343	135,331	117,273,245	19,314,966	965	1,025,182,859

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

23. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2019 and 31 December 2018, the Group has no pledges and mortgages established on property, plant and equipment.

During 2019, the amount of capitalized borrowing costs amounted to RSD 1,146,796 thousand (2018: RSD 1,581,114 thousand).

As disclosed in Note 1, the Law on Public Property regulates the right of public property and determines other property rights of the Republic of Serbia, the autonomous province and local self-government units. In the process of resolving the issue of rights over real estate, the Founder passed several acts for production facilities, parts of production facilities and land intended for regular use, except for facilities that according to the Law on Public Property belong to goods in general use, as well as for real estate serving general purpose, and which the Group has recognized as the holder of the right of use, holder or actual user of the facilities, that the Group may be registered as the owner in the public books. In the following periods, the procedure for resolving the property and legal issue over real estate continues.

On the above basis, during 2019, the Group's right to use on undeveloped construction land, water land, agricultural land, forests and forest land ceased. The public property of the Republic of Serbia is registered on the mentioned land. The present value of land on which the Company's right to use has ceased amount to RSD 6,085,411 thousand (Note 21)

Also, the Law on Planning and Construction of the RS stipulates that legal entities founded by the Republic of Serbia and registered as holders of the right to use undeveloped and constructed construction land in state ownership, on the day the law enters into force lose the right to use those properties which pass into the right of public ownership of the Founder without compensation. On this basis, and in accordance with the act of the Founder (Conclusion of the Government of the Republic of Serbia) in 2019, the Group's right to use on part of the business facility under construction in block 20 in New Belgrade, which is acquired in public ownership, ceased, on the basis of which the expense in the income statement in the amount of 1,100,168 thousand dinars was recognized (note 21).

Advances given for property, plant and equipment, as at 31 December 2019 in the amount of RSD 19,314,966 thousand (2018 – RSD 20,739,013 thousand) mostly relate to the implementation of the second phase of the project "Kostolac B" implemented under an agreement concluded between the Group and the China Machinery Engineering Corporation ("CMEC") on 20 November 2013. The project is financed from loan agreement concluded, on 17 December 2014, between the Government of the Republic of Serbia, as a borrower, and Chinese Export-Import Bank, as the lender (note 35). As at 31 December 2019, the total amount of advances given on this basis amounts to RSD 15,830,520 thousand (2018: RSD 16,153,027 thousand).

Additionally, part of the advances given, in the amount of RSD 2,507,743 thousand, relates to construction of desulphurisation of the exhaust gases facility for the Power Plant Nikola Tesla A, under an agreement concluded between the Company and Mitsubishi Hitachi Power Systems Ltd. and „Jedinstvo“ a.d. Sevojno consortium on 8 September 2017.

The fair value of investment property as at 31 December 2019 amounts to RSD 1,407,685 thousand (as at 31 December 2018: RSD 1,309,443 thousand).

Impairment of assets in accordance with IAS 36

For recognized intangible assets in progress (RSD 49,781 thousand) and property, plant and equipment in progress (RSD 92,496 thousand), which are not at the location and in the condition necessary for the asset to function, in the manner expected at the initial recognition, the Company performed impairment testing and recognized losses on the stated basis in the amount of RSD 142,277 thousand. The calculation of the recoverable amount for each individual asset is based on an analysis of events and circumstances, primarily significant changes, with a negative effect in the technological environment in which the entity operates, evidence of obsolescence or physical damage to the asset, a report indicating that the economic performance of the asset is worse, etc.

As at 31 December 2019, the Company performed impairment testing at the Company level, whereby it determined that the use value of assets is higher than the book value, ie that there is no impairment loss of an individual asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

23. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (continued)

Revaluation of property, plant and equipment

The Group uses a revaluation model to measure items of property, plant and equipment used in performing energy activities. The assessment was performed by an independent appraiser as of January 31, 2016 for the parent company and the subsidiary ODS "EPS Distribucija" d.o.o., and the effects of the assessment were recorded in the financial statements of the mentioned companies for 2016, while for the subsidiary "Kolubara - Građevinar" d.o.o. Lazarevac assessment was performed as of January 1, 2017, and the effects of the assessment were recorded in the financial statements of the subsidiary for 2017.

Fair value is determined using market approach (land and real estate for administrative and other use) and cost approach (assets used in energy and all other assets measured at fair value in accordance with the adopted accounting policy).

24. LONG-TERM FINANCIAL INVESTMENTS

	In RSD thousand	
	31 December 2019	31 December 2018
Investments in associates and joint ventures	406,740	406,457
<i>Less: Allowance for impairment of investments in associates and joint ventures</i>	<i>(560)</i>	<i>-</i>
	<u>406,180</u>	<u>406,457</u>
Investments in other legal entities and other available for sale securities	6,900,544	6,007,359
<i>Less: Allowance for impairment of investments in other legal entities and other available for sale securities</i>	<i>(6,378,542)</i>	<i>(5,480,945)</i>
	<u>522,002</u>	<u>526,414</u>
Long-term financial investments in other related parties	-	306
Long-term loans	-	181,581
Other long-term financial investments	4,458,614	7,024,690
<i>Less: Allowance for impairment of other long-term financial investments</i>	<i>(780,406)</i>	<i>(143,201)</i>
	<u>3,678,208</u>	<u>6,881,489</u>
	<u>4,606,390</u>	<u>7,996,247</u>

Share in capital of joined legal entities and joint ventures

Share in capital of joined legal entities and joint ventures disclosed at 31 December 2019 and 31 December 2018 in the amount of RSD 406,740 thousand relate to investment in equity of the following entities:

		In RSD thousand	
	% ownership	31 December 2019	31 December 2018
„Ibarske hidroelektrane" d.o.o., Kraljevo	49%	379,630	379,630
„Moravske hidroelektrane" d.o.o., Beograd	49%	26,550	26,267
„Energija Novi Sad" a.d., Novi Sad	50%	560	560
		<u>406,740</u>	<u>406,457</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

24. LONG-TERM FINANCIAL INVESTMENTS (continued)

Share in capital of joined legal entities and joint ventures (continued)

Based on the closed international agreements, the Company and "SECI" from Italy entered into contractual arrangements on the establishment of the entity "Ibarske hidroelektrane" d.o.o., Kraljevo with the following equity interests:

- "SECI", Italy invested EUR 2,550,000 which gives it 51% equity share,
- JP EPS invested EUR 2,450,000 which gives it 49% equity share.

The founders undertook the obligation to pay in additional equity contributions totalling 25% of the investment value, in accordance with the investment and technical documentation for the construction of hydro power plants within the deadline set in the Company's management decisions. The work of the entity from the commencement of its registered activity will be financed from the equity and if it proves insufficient, the funds will be used from the borrowing that is to be approved by the Company and by "SECI". This does not apply to the construction of hydro power plants. 75% of investments into the hydro power plant construction will be funded from borrowings from a bank or another financial institution.

The objective of establishing this company is the construction of hydro power plants on the Ibar river, which will comprise ten hydro power plants with a total power of around 102 MW. The business entity "Ibarske hidroelektrane" d.o.o. was registered in the register with the competent authority on 3 December 2010.

In accordance with the Decision on additional capital dated 22 April 2014, the share capital has been increased in the amount of RSD 242,500 thousand, as follows:

- "SECI" Italy's share increased in the amount of RSD 123,675 thousand
- Company's share increased in the amount of RSD 118,825 thousand.

In addition, according to the Memorandum of Understanding concluded with RWE Innogy GmbH, Germany, (RWE AG), upon the RS Government approval (Conclusion 05 no. 018-7493/2009 dated 13 November 2009), JP EPS and RWE AG entered into an agreement on establishment of the company "Moravske hidroelektrane" d.o.o. with the following equity interests:

- RWE AG, Germany invested EUR 2,040,000 which gives it 51% equity share,
- JP EPS invested EUR 1,960,000 that gives it 49% equity share.

Once the arrangement was signed, the founders paid in their contributions as follows: RWE AG paid a RSD counter value of EUR 102,000 and JP EPS paid the RSD counter value of EUR 98,000. During the 2014 monetary capital was paid in as follows: JP EPS paid the RSD counter value of EUR 142,100, and RWE AG paid a RSD counter value of EUR 147,900. During the 2019 JP EPS paid the RSD counter value of EUR 2,401.96 and RWE AG paid a RSD counter value of EUR 2,500 in accordance with Article 8.3.4 of the contractual arrangements on the establishment of the entity "Moravske hidroelektrane" d.o.o. Beograd and Board of Directors' Decision on 7 August 2019. The balance of subscribed not paid capital will be paid in the respective amounts determined by the Board of Directors' Decision thereon and within terms set in accordance with the prevailing legislation.

The goal of company establishment is the construction of the hydro power plant system on the Velika Morava River comprised of at least five hydro power plants with the total power of about 150 MW. The Public Company "Moravske hidroelektrane" d.o.o. was entered into the registry maintained by the competent body as 23 August 2011.

Pursuant to Article 15 of the Agreement on Company Establishment of the Entity for Combined Thermal and Heat Energy "Energija Novi Sad" a.d. Novi Sad closed between JP EPS and the City of Novi Sad, in 2009 the Company paid in EUR 6,000 which at the payment date totalled RSD 560 thousand and was recognized as an equity investment into a newly-founded entity. "Energija Novi Sad" a.d., Novi Sad was established for the purpose of realizing the tender procedure for attracting a strategic partner for the project of modernization and expansion of TE-TO Novi Sad. Since the negotiations with the Consortium of Bidders were not successfully completed and the tender procedure was suspended, the Supervisory Board of the Company at its 61st regular session on September 30, 2019 adopted the initiative with the proposal to terminate the business of "Energija Novi Sad" a.d. Novi Sad.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

24. LONG-TERM FINANCIAL INVESTMENTS (continued)

Starting from July 2019, the company "Energija Novi Sad" a.d., was left without a legal representative. On December 5, 2019, the Business Registers Agency published a notice on the website of the Register of Business Entities that in accordance with Article 571, paragraph 1 of the Companies Act, the grounds for compulsory liquidation of the company were acquired, with an invitation to within 90 days, ie until March 4, 2020, eliminate the reasons for compulsory liquidation and to register changes in the relevant data in accordance with the legal regulations in the field of registration. Having in mind the above, the Company has depreciated its share in the capital of "Energija Novi Sad" a.d. in the amount of RSD 560 thousand in the financial statements for 2019. The compulsory liquidation procedure against the said company was initiated in 2020 (Note 47).

Share in capital in other legal entities

Shares in the capital of other legal entities as at 31 December 2019 amount to RSD 6,900,544 thousand (31 December 2018: RSD 9,011,367 thousand) and include shares in the capital of legal entities of "HIP Azotara" d.o.o. , Pancevo and "HIP - Petrohemija" a.d., Pancevo in the amount of 982,401 thousand dinars and in the amount of 2,716,906 thousand dinars, which relate to the conversion of receivables for electricity into capital. For these participations, the Group has formed a full impairment.

In 2019, in accordance with the Reorganization Plan prepared in advance, the Company's receivables were converted into participations in the capital of other legal entities (with their simultaneous impairment), of which the following are more significant:

- Trayal Corporation "a.d. Kruševac in the amount of RSD 419,002 thousand (final UPPR by the Decision of the Commercial Court in Kraljevo, No. 4 Reo.2 / 2017);
- Simpo JSC Vranje in the amount of RSD 245,342 thousand (final UPPR by Decision No. 10.St.8 / 2018);
- Novkabel a.d. Novi Sad, in the amount of RSD 90,306 thousand (final UPPR by the Decision of the Commercial Court in Novi Sad, No. 1.Reo.6 / 2017);
- "Toza Markovic" d.o.o. Kikinda in the amount of RSD RSD 17,080 thousand (remaining 35% of creditors' claims - Decision of the General Meeting, No. 11/2018)

In addition to the above, equity investments in other legal entities and other available-for-sale securities include the following:

- On 3 December 2018, Rudnik Kovin" a.d. performed an increase in capital through issues of new shares. In accordance with the Conclusion of the Government of Serbia, the Company acquired on that occasion 86,376 ordinary shares with par value of RSD 1,000.00 per share, through a conversion of its receivables into capital. As at December 2018, total investments in „Rudnik Kovin“ a.d. amounted to RSD 86,376 thousand. These investments are fully impaired.
- Additionally, in 2018, the Company's receivables were converted into the capital of Car Factory Priboj a.d., the adjudicated bankrupt, in accordance with the Pre-Prepared Plan for the Reorganization of the adjudicated bankrupt, which became effective as at 25 October 2017. On 22 March 2018, at the Central Register for Securities, the shares of Car Factory Priboj.a.d. amounting to RSD 261,910 thousand (261,910 shares with par value of RSD 1,000.00 per share) were transferred to the Company's Proprietary account. The Company recognised this investment within the books, and at the same time showed it as impaired.
- The amount of RSD 245,666 thousand, which refers to investments in capital based on the agreement on joint financing of previous works on the HPP "Komarnica" project with Elektroprivreda Crne Gore in order to make a decision on possible joint construction of a hydropower plant, which has been underway since 1992. years. The provisions of the contract regulate property relations so that the invested funds form the founding roles of the contracting parties, if both parties decide to continue joint activity on the construction of the hydroelectric power plant, or intangible assets if both parties give up joint realization. The Company also concluded annexes to the agreement on joint financing of the implementation of previous works of HPP "Komarnica" from 1992, as follows: Annex No. 1 of 13 August 2007, Annex No. 2 of 13 July 2011, Annex No. 3 of 5 February 2014 and Annex No. 4 of 13 March 2017. After the reporting period, an increase in deposits in the amount of EUR 13,132 was recognized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

24. LONG-TERM FINANCIAL INVESTMENTS (continued)

Long-term loans

As at 31 December 2018 long-term loans in the amount of RSD 181,581 thousand entirely relate to receivables from EMS a.d. Beograd based on to the loan from the International Bank for Reconstruction and Development (2338-6). Receivables from a.d. "Elektromreža Srbije" on the mentioned loan was completely written off in 2019 in accordance with the Decision of the Supervisory Board No. 12.01.109179/31-20 of February 20, 2020.

Other long-term financial investments

Other long-term financial investments disclosed as at 31 December 2019 in the amount of RSD 3,671,787 thousand (December 31, 2018: RSD 6,119,645 thousand) mostly relate to a guarantee deposit in the name of securing settlement of the obligation under the access service to the distribution system which is the Group, as a supplier of electricity, is obliged to deposit with the authorized bank in accordance with the signed agreement on access and use of the electricity distribution system. Those funds were deposited for period of 24 months with the annual interest rate of 4.10%.

Also, other long-term financial placements include investment in the accumulation of water "Rovni", in the amount of RSD 637,205 thousand. The mentioned investment refers to the joint investment in the Public Company "Kolubara", Valjevo, and on the basis of the construction of the dam body and the accumulation "Rovni" whose purpose is water supply of the population and industry, flood defense in the surrounding municipalities and for the needs of the Group. Based on the Decree of the Government of the Republic of Serbia on determining the program of construction, reconstruction and maintenance of water management facilities for 2006 (Official Gazette of RS No. 117 of December 30, 2005) during 2006, further works on construction of dams and reservoirs „Rovni” are planned, with the participation of the Government of the Republic of Serbia in the amount of 100%. The investment in question was made in order to provide the necessary conditions for the operation of the TPP Kolubara B. Due to significant changes in regulatory requirements, which primarily relate to the manner of recognition of originally associated funds, the issue of ownership of water resources, etc., the Group recognized impairment losses on this basis.

25. LONG-TERM RECEIVABLES

	31 December 2019	In RSD thousand 31 December 2018
Rescheduled trade receivables for electricity and services:		
- households	184,396	1,036,266
- legal entities	2,964,511	2,858,006
Loans to employees:		
- sold apartments	359,227	405,519
- housing loans	52,812	58,559
Receivables from the Privatization Agency of RS	57,391	57,391
Less: Allowance for impairment		
rescheduled trade receivables for electricity and services from households	(184,396)	(1,036,266)
rescheduled trade receivables for electricity and services from legal entities	(2,821,976)	(2,857,900)
- receivables from the Privatization Agency of RS	(57,391)	(57,391)
- sold apartments and housing loans	(2,219)	(2,305)
	552,355	461,879

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

25. LONG-TERM RECEIVABLES (continued)

Rescheduled trade receivables for electricity relate to receivables from households and legal entities for which an agreement on rescheduled receivables was concluded in line with the decisions by the Supervisory Board (number 860/4-13 dated 22 February 2013, number 1151/3-30 dated 2 April 2013 and number 2233/9-13 dated 25 July 2013). Namely, according to the aforementioned decisions, electricity customers with overdue liabilities as at 31 May 2013, and qualified customers who lost the right to public supply of electricity as at 31 December 2012, are allowed to repay the total debt in 120 instalments depending on the amount of the receivable and conditional write-off depending on the number of rescheduled instalments (up to 40% if one-off settlement of outstanding debt is paid, with no decrease if payment is in 60-120 instalments). In addition, no interest is charged on the outstanding amount owed during the duration of agreement, and in the event of two consecutive unpaid instalments, in spite of notice sent, the agreement shall be considered terminated.

Rescheduled receivables include also receivables from other legal entities (operators) based on the usage of distribution network for the telecommunication services in the amount of RSD 116,065 thousand. Rescheduled receivables that are due within one year are reclassified to short term receivables (note 30).

Loans to employees that relate to the sale of apartments in the amount of RSD 359,227 thousand as at 31 December 2019 (2018: RSD 405,519 thousand) refer to the solidarity apartments purchased by the employees of the Group. The Group has sold the solidarity apartments to employees for a period of 40 years and repayment is done through monthly instalments that are adjusted with the corresponding indices of retail prices, up to a rate of growth of average earnings in the Republic of Serbia.

Loans to employees for housing loans at 31 December 2019 in the amount of RSD 52,812 thousand (2018: RSD 58,559 thousand) relate to loans for the housing needs of employees which are approved for a period of 20 or 40 years. Repayment of housing loans is linked to the EUR exchange rate and they were approved without interest or at a fixed interest rate of 1% per annum.

26. INVENTORY

	31 December 2019	In RSD thousand 31 December 2018
Materials	18,032,419	15,302,194
<i>Less: Allowance for impairment</i>	<u>(3,117,891)</u>	<u>(3,066,496)</u>
	<u>14,914,528</u>	<u>12,235,698</u>
Spare parts	17,167,763	16,147,564
<i>Less: Allowance for impairment</i>	<u>(2,004,613)</u>	<u>(1,718,542)</u>
	<u>15,163,150</u>	<u>14,429,022</u>
Tools and inventory	2,000,911	1,866,749
<i>Less: Allowance for impairment</i>	<u>(99,462)</u>	<u>(64,738)</u>
	<u>1,901,449</u>	<u>1,802,011</u>
Total materials, spare parts, tools and inventory	<u>31,979,127</u>	<u>28,466,731</u>
Work in progress and ongoing services	195,119	277,984
Coal	2,424,361	1,553,179
Merchandise	<u>4,549</u>	<u>3,230</u>
	<u>2,624,029</u>	<u>1,834,393</u>
Fixed assets available for sale	1,825	4,812
Advances given for inventories and services	3,939,021	3,465,195
<i>Less: Allowance for impairment</i>	<u>(309,998)</u>	<u>(508,889)</u>
	<u>3,629,023</u>	<u>2,956,306</u>

54

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

38,234,004 33,262,242

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

26. INVENTORY (continued)

Advances given for inventories and services as at 31 December 2019 in the amount of RSD 3,939,021 thousand include advances given to domestic legal entities in the amount of RSD 3,586,552 thousand and advances given to foreign suppliers in the amount of RSD 352,469 thousand. Of total advances as at that date, the major portion amounting to RSD 691,147 thousand is relative to advances for motor fuel (natural gas) given to PC "Srbijagas" under their Agreement for the gas year October 2019 - September 2020.

27. TRADE RECEIVABLES

	31 December 2019	In RSD thousand 31 December 2018
Customers – other related parties (PE "Elektrokosmet")	13,523,416	11,683,472
<i>Less: allowance for impairment</i>	<u>(13,523,416)</u>	<u>(11,683,320)</u>
	-	152
Customers on domestic market:		
- sale of electricity – households	79,956,093	76,940,039
- sale of electricity – legal entities	43,744,825	43,913,222
sale of electricity - companies in restructuring	16,811,446	10,980,764
- other – companies under restructuring and in bankruptcy	1,287,455	1,289,245
sale of electricity – licenced customers	19,240	22,719
sale of electricity – qualified customers	29,145,252	31,152,670
- PE "Elektromreža Srbije"	1,539,222	1,442,293
- sale of coal	2,763,688	2,531,230
- sale of heat and process steam	556,707	541,560
- sale of heat energy	719,746	699,094
- trade receivables for services	1,505,615	1,204,166
	<u>178,049,289</u>	<u>170,717,002</u>
<i>Less: allowances for impairment</i>		
- sale of electricity – households	(63,505,877)	(59,462,744)
- sale of electricity – legal entities	(38,804,922)	(38,732,097)
sale of electricity - companies in restructuring	(16,811,446)	(10,980,764)
- other – companies under restructuring and in bankruptcy	(1,287,455)	(1,289,245)
sale of electricity – licenced customers	(7,072)	(7,072)
sale of electricity – qualified customers	(7,970,910)	(14,253,795)
- sale of coal	(2,411,083)	(2,279,668)
- sale of heat and process steam	-	(360)
- sale of heat energy	(598,443)	(563,430)
- trade receivables for services	(671,159)	(669,932)
	<u>(132,068,367)</u>	<u>(128,239,107)</u>
Customers on domestic market, net	<u>45,980,922</u>	<u>42,477,895</u>
Customers – foreign	4,814,839	4,756,712
<i>Less: allowances for impairment</i>	<u>(4,773,106)</u>	<u>(4,703,702)</u>
	41,733	53,010
Other trade receivables	596,026	602,077
<i>Less: Allowances for impairment</i>	<u>(465,182)</u>	<u>(453,856)</u>
	<u>130,844</u>	<u>148,221</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

46,153,499	42,679,278
-------------------	-------------------

27. TRADE RECEIVABLES (continued)

In accordance with the Conclusion of the Government of the Republic of Serbia, number 021-6624 / 2009-002, adopted at the Government session on 30 November 2009, the Group uses its available production capacity in order to provide with electricity to the majority Serb area in the north of AP of Kosovo and Metohija. On the above basis, the receivables from the delivered electricity to the Public Company "Elektrokosmet" Pristina were recognized, in the amount of RSD 13,523,416 thousand (2018: RSD 11,683,472 thousand). At the same time, the unpaid amount is recognized as an expense by indirect write-off

Receivables from companies undergoing restructuring are receivables from industry customers for which public companies implemented write-off based on regulation on ownership transformation. Considering these are old claims for which settlement is uncertain, these receivables have been fully impaired.

By the decision of the Commercial Court in Pozarevac No. 2.St.18/2018 of 31 January 2019, bankruptcy proceedings were opened against the buyer „Zelezara Smederevo" d.o.o., Smederevo, on the basis of which the receivables from this buyer were reclassified from regular receivables from qualified customers on receivables from legal entities in restructuring and bankruptcy in the amount of RSD 6,263,611 thousand, with simultaneous reclassification of write-offs recognized by the indirect method.

28. RECEIVABLES FROM SPECIFIC OPERATIONS

	In RSD thousand	
	31 December 2019	31. децембар 2018.
Other receivables from specific operations	52,506	43,523
Receivables for Public Media Service charge	3,484,033	2,946,975
<i>Less: Allowances for impairment</i>	<i>(1,148,425)</i>	<i>(43,523)</i>
	2,388,114	2,946,975

Receivables for Public Media Service charge as of 31 December 2019 in the amount of RSD 3,484,033 thousand (2018: RSD 2,946,975 thousand) relate to receivables from end customers for the purpose of financing the public media service in accordance with the Law on the Temporary Regulation of the Method of Tax Collection for the Public Media Service (Note 5). The Group has assessed the possibility of collecting receivables based on the fee for the Public Media Service, on the basis of which the value adjustment of these receivables was recognized as at 31 December 2019 in the amount of 1,117,455 thousand dinars.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

29. OTHER RECEIVABLES

	31 December 2019	In RSD thousand 31 December 2018
Receivables for interest:		
- for electricity – households	1,862,978	2,069,956
- for electricity – legal entities	5,346,395	6,891,883
for electricity - companies in restructuring	2,864,063	2,864,063
other legal entities (banks and sale of heat and process steam)	167,707	324,297
- for Public Service Media	413,048	304,985
Receivables from insurance companies	6,834	3,900
Receivables from billing	148,735	151,428
Receivables from employees	304,149	165,934
Receivables from customers financed from the budget and overpaid taxes and contributions	2,227,992	6,322,205
Other receivables	773,221	1,219,285
	<u>14,115,122</u>	<u>20,317,936</u>
<i>Less: allowance for impairment</i>		
- <i>Receivables from interest</i> for electricity – households	(303,743)	(362,176)
- <i>Receivables from interest</i> for electricity – legal entities	(4,430,666)	(4,800,824)
- <i>Receivables from interest</i> for electricity - companies in restructuring	(2,864,063)	(2,864,063)
- <i>Receivables from interest</i> for other receivables	(670,233)	(481,376)
Receivables from employees	(19,663)	(23,099)
Receivables for overpaid taxes and contributions	(39,359)	(39,356)
	<u>(8,327,727)</u>	<u>(8,570,894)</u>
	<u>5,787,395</u>	<u>11,747,042</u>

Receivables from customers financed from the budget and overpaid taxes and contributions as at 31 December 2019 in the amount of RSD 2,227,992 thousand mostly, in the amount of RSD 1,423,686 thousand, relate to receivables for overpaid income tax which are recognized as the difference between the finally determined income tax liability for the reporting period and the advance payments paid during the reporting period in accordance with tax regulations.

30. SHORT-TERM FINANCIAL INVESTMENTS

	31 December 2019	In RSD thousand 31 December 2018
Short-term loans and borrowings – domestic	112,570	112,872
Short-term rescheduled receivables for electricity	1,188,637	1,386,493
Current maturities of rescheduled trade receivables for electricity and services	81,857	-
Current maturities of other long-term financial investments	583,071	3,717,302
Short-term deposits in domestic banks	212,508	12,421
Other short-term financial investments	33,025	34,781
<i>Less: allowance for impairment</i>	(1,752,292)	(1,886,970)
	<u>459,376</u>	<u>3,376,899</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

30. SHORT-TERM FINANCIAL INVESTMENTS (continued)

Current maturities of other long-term financial investments as at 31 December 2018 in the amount of RSD 3,717,302 thousand in a significant part, in the amount of RSD 3,097,824 thousand, relate to investments in 300,000 government bonds with a nominal value of RSD 10,000 and with an interest rate of 3.5%. The bonds matured in full on January 12, 2019, when they were fully collected.

In accordance with the contract number 12.01.413476 /1-2019, on July 25, 2019, the Company deposited the amount of RSD 200,000 thousand with Jubmes banka a.d., Belgrade, for a period of 6 months, with a fixed annual interest rate of 3.70%. After the expiration of the term deposit period, on January 27, 2020, the bank paid the deposited funds to the Company.

31. CASH AND CASH EQUIVALENTS

	31 December 2019	In RSD thousand 31 December 2018
Current accounts:		
- in RSD	19,863,833	26,010,529
- in foreign currency	764,710	1,216,662
	20,628,543	27,227,191
Deposits for letters of credit coverage in RSD	26,613	-
Cash desk	14,413	13,376
Special purpose cash funds	16,294	19,057
Securities – cash equivalents	16,447	16,376
Dinar cash funds with limited use	681,117	682,457
Foreign currency cash funds with limited use	16,518	16,026
<i>Less: Allowance for impairment of dinar cash funds with limited use</i>	(677,357)	(677,357)
<i>Allowance for impairment of foreign currency cash funds with limited use</i>	(16,518)	(16,026)
	20,706,070	27,281,100

An impairment of the value of cash assets refers to cash assets deposited with banks that have been subject to bankruptcy proceedings.

32. PREPAID EXPENSES AND OTHER ACCRUALS

	31 December 2019	In RSD thousand 31 December 2018
Prepaid expenses	127,555	131,953
Deferred expenses	1,497,156	1,378,863
Other accruals	2,930,243	2,029,386
	4,554,954	3,540,202

Deferred expenses stated in 2019 amounting to RSD 1,497,156 thousands mostly refer to property insurance costs and employee compensation for the period after the balance sheet date.

Other accruals include calculated and paid value added tax in cases when the Group is a service recipient as a tax debtor.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

33. EQUITY

Non-controlling interest

As at 31 December 2019 non-controlling interest amounted to RSD 286,264 thousand, entirely relating to the net assets of the subsidiary "Kolubara - Građevinar" d.o.o., Lazarevac. It belongs to the minority owner Republic of Serbia, with the stake of 28.10%.

Profit distribution

At the meeting held on November 28, 2019, the Supervisory Board decided that the profit determined by the financial statements for the year ending on December 31, 2018 be allocated to cover the loss carried forward from previous years in the amount of 1,588,784 thousand dinars, to which the Owner gave his consent by Decision 05 number 41-13113 / 2019 of December 26, 2019

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

33. EQUITY (continued)

Changes in equity

Changes in equity in 2019 and 2018 are disclosed below

	In RSD thousand									
	Basic capital	Legal reserves	Revaluation reserves	Translation reserves	Actuarial earnings / (losses)	Profit/ (losses) on securities available for sale	Retained earnings / (accumulated loss)	Capital belonging to the majority owner	Participation without the right of control	Total
Balance at 1 January 2018	360,141,927	12,638	611,318,630	(1,531)	-	(305,715)	(117,890,490)	853,275,459	-	853,275,459
Correction of beginning balance (Note 4)	-	-	-	-	(1,103,578)	-	(2,847,536)	(3,951,114)	-	(3,951,114)
Corrected balance at 1 January 2018	360,141,927	12,638	611,318,630	(1,531)	(1,103,578)	(305,715)	(120,738,026)	849,324,345	-	849,324,345
Acquisition of a subsidiary	-	54	1,144,235	-	-	-	(2,018,623)	(874,334)	(118,559)	(992,893)
Net loss	-	-	-	-	-	-	(943,921)	(943,921)	(98,688)	(1,042,609)
Allocation of profit to the founder	-	-	-	-	-	-	(2,899,204)	(2,899,204)	-	(2,899,204)
Allocation of profit to the employees	-	-	-	-	-	-	(1,392,707)	(1,392,707)	-	(1,392,707)
Disposal of fixed assets	-	-	(4,485,023)	-	-	-	2,105,824	(2,379,199)	-	(2,379,199)
Effects of fair value change in financial Instruments	-	-	-	-	-	6,500	-	6,500	-	6,500
Effects of exchange rate differences on the basis recalculation of foreign business	-	-	-	(2,700)	-	-	-	(2,700)	-	(2,700)
Allocation of profit to reserves	-	31,466	-	-	-	-	(31,466)	-	-	-
Actuarial losses, provisions for employee benefits	-	-	-	-	(276,135)	-	-	(276,135)	-	(276,135)
Other	-	-	5,178	-	-	-	271,219	276,397	-	276,397
Balance at 31 December 2018	360,141,927	44,158	607,983,020	(4,231)	(1,379,713)	(299,215)	(125,646,904)	840,839,042	(217,247)	840,621,795
Net loss	-	-	-	-	-	-	(5,717,906)	(5,717,906)	(69,017)	(5,786,923)
Disposal of fixed assets	-	-	(7,716,162)	-	-	-	1,855,850	(5,860,312)	-	(5,860,312)
Effects of fair value change in financial Instruments	-	-	-	-	-	(136,157)	-	(136,157)	-	(136,157)
Effects of exchange rate differences on the basis recalculation of foreign business	-	-	-	2,565	-	-	-	2,565	-	2,565
Allocation of profit to reserves	-	835	-	-	-	-	(835)	-	-	-
Actuarial losses, provisions for employee benefits	-	-	-	-	(1,374,797)	-	-	(1,374,797)	-	(1,374,797)
Other	-	(1,059)	6,341	-	-	-	218,406	223,688	-	223,688

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

Balance at 31 December 2019	<u>360,141,927</u>	<u>43,934</u>	<u>600,273,199</u>	<u>(1,666)</u>	<u>(2,754,510)</u>	<u>(435,372)</u>	<u>(129,291,389)</u>	<u>827,976,123</u>	<u>(286,264)</u>	<u>827,689,859</u>
-----------------------------	--------------------	---------------	--------------------	----------------	--------------------	------------------	----------------------	--------------------	------------------	--------------------

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

34. LONG-TERM PROVISIONS

	31 December 2019	In RSD thousand 31 December 2018
Long-term provision for environmental restoration	3,585,154	3,229,148
Long-term provision for retirement benefits and jubilee rewards	18,979,073	14,965,799
Long-term provision for litigations	4,677,350	3,730,152
Other long-term provisions	24	24
	27,241,601	21,925,123

As at 31 December 2019, Long term provisions for employee benefits amounting to RSD 18,979,073 thousand (31 December 2018: RSD 14,965,799 thousand), relate to provisions for retirement benefits and jubilee awards for 10, 20, 30, 35 and 40 years of service with the Group, recorded at the present value of estimated future payments. In determining the present value of estimated future payments to employees, the Group used discount rate ranging from 1,941% to 3,880%, assuming that the annual fluctuation rate ranges from 0% to 1.66%, while the wage growth rate is kept at zero. Mortality tables of the Republic of Serbia for the period 2012-2020 were used to calculate the present value of future expected discharges. Guidelines on actuarial assumptions for the calculation of provisions for employee benefits with the Methodology of calculation and general acts of the Group which regulate the rights of employees, in the manner disclosed in Note 3.4. each difference, as a consequence of re-measuring the present value of the liability based on severance pay, and due to changes in actuarial assumptions and experiential projections, in the reporting year 2019 was recognized as a separate item of equity within the total other result of RSD 1,374,797 thousand which is not a consequence of changes in actuarial assumptions and experiential projections, is recognized in the income statement.

The increase in long-term provisions for employee benefits as at 31 December 2019 compared to the balance as at 31 December 2018 is due to changes in the actuarial assumptions used for the calculation in 2019 compared to the adjusted calculation as at the date December 31, 2018.

Long-term provision for environmental restoration in 2019 in the amount of RSD 3,585,154 thousand were formed for the recultivation of the land or the bringing of the property in their original condition after the end of the exploitation.

The Group formed a long-term provisions for estimated negative effects of litigation in the amount of RSD 4,677,350 thousand (31 December 2018: RSD 3,730,152 thousand) which was initiated against the Group and which were active at the reporting period. This assessment was based on an assessment of the outcome of disputes made by the Group's legal department.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

34. LONG-TERM PROVISIONS (continued)

Changes on the long-term provisions in 2019 and 2018 are disclosed in the table below:

In RSD thousand

	Provision for retirement benefits and jubilee awards	Provision for litigations	Provision for environmental restoration	Provision for protection of natural environment	Other provision	Total
Balance at 1 January 2018	8,196,141	4,015,140	2,962,777	60,001	24	15,234,083
Correction of beginning balance (Note 4)	2,712,641	-	-	-	-	2,712,641
Corrected balance at 1 January 2018	10,908,782	4,015,140	2,962,777	60,001	24	17,946,724
New provisions (Note 14)	5,460,968	1,038,422	268,624	-	3,069	6,771,083
New provisions recognized within the total result (Note 33)	276,135	-	-	-	-	276,135
Used long-term provision	(1,591,309)	(763,451)	(2,253)	(19,947)	(3,069)	(2,380,029)
Reversal of provision (Note 20)	(88,778)	(559,959)	-	(40,054)	-	(688,791)
Balance at 31 December 2018	14,965,799	3,730,152	3,229,148	-	24	21,925,123
New provisions (Note 14)	4,786,070	2,001,043	383,515	-	13,984	7,184,612
New provisions recognized within the total result (Note 33)	1,374,797	-	-	-	-	1,374,797
Used long-term provision	(2,122,576)	(647,004)	(27,509)	-	(13,984)	(2,811,073)
Reversal of provision (Note 20)	(25,017)	(406,841)	-	-	-	(431,858)
Balance at 31 December 2019	18,979,073	4,677,350	3,585,154	-	24	27,241,601

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

35. LONG-TERM LIABILITIES

	31 December 2019	In RSD thousand 31 December 2018
Liabilities convertible to equity	80,543	80,543
Long-term borrowings: domestic	24,815,480	27,963,144
<i>Less: Current portion of long-term borrowings: domestic</i>	<u>(3,855,974)</u>	<u>(3,490,215)</u>
	<u>20,959,506</u>	<u>24,472,929</u>
Long-term borrowings – foreign	97,669,466	99,547,030
<i>Less: Current portion of long-term borrowings: foreign</i>	<u>(9,634,305)</u>	<u>(10,287,139)</u>
	<u>88,035,161</u>	<u>89,259,891</u>
Financial leasing liabilities	-	215
Rescheduled public revenues liabilities:	39	39
<i>Less: Current portion</i>	<u>(39)</u>	<u>(39)</u>
	-	-
Other long-term liabilities		
- Rescheduled liabilities toward suppliers	28,076	95,481
- Other	68,408	68,819
<i>Less: Current portion of other long-term liabilities (Note 36)</i>	<u>(67,814)</u>	<u>(68,270)</u>
	<u>28,670</u>	<u>96,030</u>
	<u>109,103,880</u>	<u>113,909,608</u>

Long-term liabilities arising from domestic long-term borrowings, with maturity over 1 year, in amount of RSD 20,959,506 thousand comprise: loans granted by Paris club creditors in the amount of RSD 15,774,751 thousand; liabilities regarding other refinancing loans in the amount of RSD 5,182,670 thousand, and RSD 2,085 thousand regarding other liabilities.

Long-term liabilities arising from foreign long-term borrowings, with maturity over 1 year, in amount of RSD 88,035,161 thousand comprise: loans from international financial organisations in amount of RSD 47,022,648 thousand; loans granted by State Governments in amount of RSD 41,012,513 thousand.

I Refinanced borrowings realised prior to 1990 from the funds of:

1. Paris Club of Creditors

The repayment of liabilities arising from the refinanced long-term borrowings from the Paris Club of Creditors realised through domestic banks was frozen upon the introduction of the United Nations' Sanctions in May 1992.

The liabilities arising from the debt to the Paris Creditor Club members were recognized, in accordance with the Reconciled Minutes of the FRY Debt Consolidation and the Law Governing the Relations between the Federal Republic of Yugoslavia and Legal Entities and Banks within the Territory of the Federal Republic of Yugoslavia (FRY Official Gazette No. 36/2002), who are the Original Debtors or Guarantors toward the Paris Club Creditors and the balance reconciled with the National bank of Serbia, in the amount of 49% of the relevant principal, based on the concluded bilateral agreements. The Law provided for the possibility of the additional write-off of liabilities in three years to the maximum amount of 66.67%.

In the course of 2006, with the Deposit Insurance Agency acting on behalf and for the account of the Republic of Serbia, and with Panonska banka a.d., Novi Sad, whose legal successor is Banca Intesa a.d. Beograd, the Company closed annexes to the original contracts approving an additional discount in the amount of 15% of the relevant principal.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

35. LONG-TERM LIABILITIES (continued)

1 Refinanced borrowings realised prior to 1990 from the funds of: (continued)

2. London Club of Creditors

In 2005 The Company wrote off 62% of new principal of the debt to the London Club of Creditors on 30 September 2004 and reconciled the amount of new principal based on the communication and annuity plans provided by the National Bank of Serbia. During 2006, an agreement regulating the liabilities to the Republic of Serbia was signed with the Deposit Insurance Agency. The newly determined principal is to be repaid in semi-annual annuities where the first and the last one are due on 1 May 2010 and 1 November 2024, respectively. The interest of 3.75% has been calculated to the newly determined principal as of 1 November 2005 until 1 November 2009, and as of 1 November 2009 until 1 November 2024 the interest charged to this principal will total 6.75% annually, and will be settled in semi-annual annuities.

3. International Banks for Reconstruction and Development

In accordance with the Agreement entered into between the Government of the Federal Republic of Yugoslavia and the IBRD dated 17 December 2001, the total amount of liabilities for principal, interest and other expenses accrued up to the end of 2001, represents the principal of a new loan which is to be repaid to the Government of the Republic of Serbia in semi-annual instalments in the period from 15 June 2005 to 15 December 2031 and carries a variable interest rate. On 17 May 2006, the Company entered into an agreement on rescheduled liabilities with the Deposit Insurance Agency governing the Company's liabilities to the Republic of Serbia arising from the rescheduled loans from the aforementioned creditor.

The Company had in its business books recorded liabilities under the Loan Agreement from the International Bank for Reconstruction and Development (IBRD 2338-6) in the total amount of EUR 3,986,057.16. Since the IBRD write off the debt to the Republic of Serbia on the basis of loans from IBRD covered by Consolidation Loan C, the Republic of Serbia disbursed liabilities under Consolidation Loan C as of September 15, 2009, the Company is in accordance with the Decision of the Supervisory Board no. 12.01.109179/31-20 from February 20, 2020, and the documentation obtained from the Deposit Insurance Agency performed the derecognition of the above obligations to the IBRD on December 31, 2019.

Borrowings realised in the period 1990 – 2001

4. Borrowings from the People's Republic of China through domestic

JP EPS recognized the liability arising from the borrowing facility used by JP EPS and PE EMS pursuant to the sub agreements no. 99012D, 99012E, 99012F and 99012G, as enacted with Beogradska banka a.d. Beograd and in accordance with the General Agreement dated 23 December 1999 signed between the borrower – Beogradska banka a.d., Beograd, and the lender, EXIM Bank of China, and endorsed by the state guarantee issued by SRY.

The Government of the Republic of Serbia, in its capacity of a guarantor, assumed the debt towards EXIM Bank of China from the People's Republic of China on 20 February 2009, by signing a Debt Restructuring Agreement. It has been agreed therein that 40% of debt be written off, so the new debt shall be determined as 60% of the total value of the sum of unpaid principal, accrued but unpaid interest and accrued penalty interest aggregated in the period ended 25 March 2009. Interest rate is contractually agreed as a six-month LIBOR further increased by 1.3%, shall be accrued as an actual number of days/360, and it shall be discharged semi-annually on 21 January and 21 July .

In case of delay in settling liabilities matured, a penalty interest rate of 1% above the regular interest has been agreed.

Pursuant to Article 6 of the Law Governing Relations between the Republic of Serbia and Banks in Bankruptcy regarding foreign loans and borrowings (Official Gazette of RS number 45 as of 31 May 2005) on 28 June 2010, JP EPS closed with the Deposit Insurance Agency an Agreement regulating the liabilities thereof towards the Republic of Serbia under same terms as those applied to the agreement signed between the Republic of Serbia and Chinese party relevant to the portion used by the Company and its subsidiaries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

35. LONG-TERM LIABILITIES (continued)

II Borrowings from foreign governments

1. Borrowings from the government of the Republic of Poland

The borrowing from the government of the Republic of Poland was approved during 2003 in the amount of USD 49,996,617 and was used in full by 31 December 2005. The agent is Vojvođanska banka a.d. Novi Sad. The borrowing is repaid in semi-annual instalments starting from 2005 and is to be completed in 2024. Interest is accrued semi-annually by applying the annual rate of 0.75 %.

2. Borrowings from the People's Republic of China through Export-Import Bank (EXIM Bank of China)

In accordance with the Agreement on Economic and Technical Cooperation in Infrastructure, signed on 20 August 2009 by and between the Government of the Republic of Serbia and the People's Republic of China, following Agreements have been concluded:

- Borrowing Agreement for subsidized buyer for stage I of the Kostolac-B Power Plant Projects Package, concluded on 26 December 2011 between the Government of the Republic of Serbia, as the Borrower, and Chinese Export-Import Bank, as the Creditor, in accordance with the Contractual Agreement as of 8 December 2010 for implementation of stage I of the Kostolac-B Power Plant Projects Package.

The borrowing was agreed in the amount of USD 293 million, for a period of 180 months, including grace period of 60 months, after coming into effect of Borrowing Agreement for subsidized buyer. The period of using the borrowing funds is 60 months after coming into effect of Borrowing Agreement for subsidized buyer, with possibility of extending with the consent of EXIM Bank from 31.05.2017. year, the term of use was extended to 31.12.2018. years. After the expiration of the term of use, and in accordance with Article 3.3 of the Agreement, part of the borrowing for the amount of USD 6,361 million was automatically canceled. The instalments mature for repayment semi-annually, on 21 January and 21 July each calendar year. The amount of the withdrawn borrowing until June 4, 2017 will be repaid in 20 equal consecutive semi-annual instalments starting from July 21, 2017 until January 21, 2027. The amount of the withdrawn borrowing between June 5, 2017 and December 31, 2018 will be repaid in 17 equal consecutive semi-annual instalments starting from January 21, 2019 to January 21, 2027. The agreed interest rate equals 3% annually, with the one-off loan origination fee of 1% of the agreed loan amount and the cost of financing of 0.75% annually.

- Borrowing Agreement for subsidized buyer for stage II of the Kostolac-B Power Plant Projects Package, concluded on 17 December 2014 between the Government of the Republic of Serbia, as the Borrower, and Chinese Export-Import Bank, as the Creditor, in accordance with the Contractual Agreement as of 20 November 2013 for implementation of stage II of the Kostolac-B Power Plant Projects Package.

The borrowing was agreed in amount of USD 608.26 million, for a period of 240 months, including grace period of 84 months. Usage period of loan funds is 25 May 2022, with possibility of extending. The instalments mature for repayment semi-annually, on 21 January and 21 July each calendar year. Repayment of the principals starts 21 July 2022, in 26 equal semi-annual instalments, ending 21 January 2035. The agreed interest rate equals 2.5% annually, with the one-off loan origination fee of 0.25% of the agreed borrowing amount and commission for the unused part of borrowing of 0.25% annually.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

35. LONG-TERM LIABILITIES (*continued*)

II Borrowings from foreign governments (continued)

3. *Borrowing from the Japanese Government through Japanese International Cooperation Agency (JICA)*

The Government of Japan, is financing the project of flue gas desulphurization plant construction at "Nikola Tesla" Thermal Power Plant. Financing is done through the Japan International Cooperation Agency (JICA). The borrowing of JPY 28,252 billion was agree on 24 November 2011. Agreement is concluded for the period of 15 years and repayment period is 10 years following the five-year grace period. Utilization period of loan funds is 10 years after the Borrowing Agreement effectiveness, with possibility of extension. The interest rate is 0.6% annually, except for the borrowing portion used for payment of consultant services, where the interest is accrued at the rate of 0.01% annually. The commitment fee, amounting to 0.10% per annum, is capitalized, ie paid from borrowing funds until December 20, 2021, after which it will be paid from the parent company's funds. Maturity dates are 20 May and 20 November, whereby the repayment of the principal, according to the amortization plan in Appendix 3 and Annex 1 of the Loan Agreement, commences on 20 November, 2016 and completes on 20 November 2026. In November 2016 due principal I amounted to JPY 5,572,856 and principal II due amounted to JPY 50,340,000. From 20 May 2017 to 20 May 2022 due principal I and II will amount to JPY 5,562,000 and JPY 50,333,000 respectively. On 20 November 2022 due principal I and II will amount to JPY 3,014,253,144 and JPY 50,333,000 respectively. From May 2023 to the end of repayment period, 20 November 2026, due principal I and II will amount to JPY 3,014,249,000 and JPY 50,333,000 respectively.

III Borrowings from International Financial Organizations

1. *KfW*

With the German financial organization KfW financial agreements were executed in the period from 2001 through 2017 as follows:

- EUR 30 million was borrowed on 9 September 2005. The final date for the availability of funds borrowed was extended to 31 March 2014, up to when all funds have been used in full. Pursuant to the provisions contained in the Agreement, the principal repayment has commenced on 30 December 2010 in 20 equal instalments of EUR 1,500,000. The final maturity date is 30 June 2020. The borrowing was agreed interest-free. Guarantee costs, which are calculated on the unpaid portion of the principal, amount to 0.75% annually, while commision for unused funds of borrowing amount to 0.25% annually.

EUR 36 million (with the additional amount of EUR 10 million not to be repaid) was borrowed on 2 January 2008. Deadline for usage of borrowing funds is extended until 31 December 2019. According to the Agreement, repayment of principal commences on 30 June 2013, to be completed on 30 December 2019. With the consent of the creditor, borrowing funds that have not been withdrawn by 31.12.2019. year, in the amount of EUR 1,258,701.37, will be available until 30.12.2020. year, and it will be repaid in two equal consecutive semi-annual installments, on June 30, 2020 and December 30, 2020. The interest rate is determined two days prior to usage of each individual tranche and is fixed at that level until KfW informs the Company on the consolidated interest rate for the entire borrowing which will be determined upon the execution of the last disbursement of the subject borrowing and will remain constant throughout the entire repayment period. Interest rate of each tranche is defined as the rate determined by KfW two days prior to date of repayment of appropriate portion of the borrowing based on effective financing costs of KfW on EURO capital market in moment of payment for maturities which, as close as possible, match maturities of borrowing portions on which payments should be made plus mark-up of 1.75% annually. Commision on unused portion of borrowing amounts to 0.25% annually. Management fee amounts to 1% of total borrowing amount, and is paid once out of Borrowers own funds.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

35. LONG-TERM LIABILITIES *(continued)*

III Borrowings from International Financial Organizations (continued)

1. *KfW (continued)*

- EUR 70 million was agreed on 29 October 2010. As the final deadline for the use of borrowed funds has been set 31 December 2015 with the option of deadline extension. This deadline has been extended to 31 December 2020. According to the provisions of the Borrowing Agreement, the principal repayment should have commenced on 30 December 2015 in 20 equal semi-annual instalments. According to Amendment I to the Borrowing Agreement loan principal repayment terms have been changed such that principal is to be repaid in 14 equal semi-annual instalments starting on 30 December 2018. A fixed interest rate has been agreed and is to be determined by KfW annually two days before the disbursement for each portion of the borrowing received based on the expenses incurred by KfW on the EUR capital market under terms that best correspond to the fixed interest rate period decreased by 0.5% mark-up annually, given that the rate calculated in this manner cannot be below 1% annually. After each payment, KfW consolidates these rates into a uniform rate for the total borrowing. Commission for unused portion of the borrowing amounts to 0.25% annually, with the Company being freed from this expense in 2014. Management fee amounts to 1% of total loan amount and is paid once out of Borrowers own funds.
- EUR 65 million (with additional EUR 9 million of non-repayable funds) was agreed on 12 October 2012. As the final date for utilization of borrowing funds was set 30 December 2015, which has been extended to 30 June 2020. According to the provisions of the Borrowing Agreement, the principal repayment commenced on 30 December 2015 in 19 equal semi-annual instalments, where in the event of extension of date for utilization of borrowing funds, repayment would commence 3 years later, on 30 December 2018, in 13 equal semi-annual instalments. A fixed interest rate has been agreed and is to be determined by KfW annually two days before the disbursement for each portion of the borrowing received based on the expenses incurred by KfW on the EUR capital market under terms that best correspond to the fixed interest rate period increased by 0.40% for the portion of the loan of EUR 25 million, and by 1.15% for the portion of the borrowing of EUR 40 million. After each payment, KfW consolidates these rates into a uniform rate for the total borrowing amount, which is fixed to the end of the repayment period. Commission for unused portion of the borrowing amounts to 0.25% annually. Management fee amounts to 1% of total loan amount and is paid once out of Borrowers own funds.
- EUR 45 million was agreed on 28 February 2017. As the final deadline for the use of borrowed funds is set 30 June 2022 with the option of deadline extension. According to the Borrowing Agreement loan principal repayment is to be repaid in 14 equal semi-annual instalments starting on 30 June 2022, ending to 30 December 2028. A Fixed interest rate has been agreed and amounts to 0.80% annually, with the Parent Company being exempted from this cost in the period from March 30, 2019 to June 30, 2019. Commission for unused portion of the borrowing amounts to 0.25% annually. Management fee amounts to 0.75% of total borrowing amount, and is paid once out of Borrowers own funds.
- EUR 80 million (with additional EUR 1 million of non-repayable funds) was agreed on 29 November 2017. As the final deadline for the use of borrowed funds is set 30 December 2021 with the option of deadline extension. According to the Borrowing Agreement loan principal repayment is to be repaid in 23 equal semi-annual instalments starting on 30 December 2021, ending to 30 December 2032. A Fixed interest rate has been agreed and amounts to 0.85% annually. Commission for unused portion of the borrowing amounts to 0.25% annually, with the Company being exempted from this cost in the period from March 30, 2019 to June 30, 2019. Management fee amounts to 0.75% of total borrowing amount, and is paid once out of Borrowers own funds.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

35. LONG-TERM LIABILITIES *(continued)*

III *Borrowings from International Financial Organizations (continued)*

2. *Borrowings from the European Bank for Reconstruction and Development (EBRD)*

Financial agreements were concluded with the European Bank for Reconstruction and Development (EBRD) in period from 2001 to 2015 for the following amounts:

- EUR 40 million was agreed on 2 September 2010. On 22 December 2016 The Bank extended the ultimate date until which funds are available up to 2 September 2018. After the expiration of the term of use, in accordance with the provisions of Section 7.02.(a) of the Standard Provisions of 1 October 2007, on 2 September 2018, part of the loan in the amount of EUR 35,101,334 was canceled, so that the agreed loan amount amounts to 4,898,666. According to the provisions of the relevant Agreement, the principal repayment commenced on 2 September 2013 and is to be executed in 18 semi-annual instalments by 2 March 2022. The borrowing accrues variable interest rate, which consists of EURIBOR and mark-up of 1% annually, with the option to choose a fixed interest rate. Commission on unused portion of the loan amounts to 0.5% annually. Management fee amounts to 1% of total loan amount and is paid once out of borrowed funds.
- EUR 80 million was agreed on 28 July 2011. The ultimate date until which funds are available is set at 28 January 2015, where the bank extended the drawdown period up to 31 January 2017, when the undrawn part of the borrowing in the amount of EUR 1,472,316.67 was canceled. According to the provisions of the relevant Agreement, the principal repayment commences as of 31 January 2015 and is to be executed in 17 equal semi-annual instalments by 31 January 2023. The borrowing accrues variable interest rate, which consists of EURBOR and mark-up of 1% annually, with the option to choose a fixed interest rate. Commission on unused portion of borrowing amounts to 0.5% annually. Management fee amounts to 1% of total borrowing amount, and is paid once out of borrowed funds.
- EUR 45 million was agreed on 7 December 2011. The ultimate date until which funds are available is set on 7 December 2014, where the drawdown period has been extended to 31 December 2020. The amount of EUR 12.3 million has been cancelled on 31 October 2014. According to the provisions of the relevant Agreement, the principal repayment commenced on 30 April 2015 and is to be executed in 18 equal semi-annual instalments until 31 October 2023. The borrowing accrues variable interest rate, which consists of EURBOR and mark-up in amount of 1% annually, with the option to choose a fixed interest rate. Commission on unused portion of borrowing amounts to 0.5% annually. Management fee amounts to 1% of total borrowing amount, and is paid once out of borrowing funds.
- EUR 200 million was agreed on 30 October 2015, for a period of 15 years, including grace period of 18 months. The ultimate date for usage of borrowing funds is to be determined as a date upon expiry of one year from date of effectiveness of borrowing funds, with the option of extension. Defined date of effectiveness of borrowing funds is 29 September 2016. The loan funds were withdrawn in full by October 18, 2016. According to the terms of the Agreement, repayment of the principal will commence on 15 June 2017, in 27 equal semi-annual instalments, until 15 June 2030. The borrowing accrues variable interest rate, which consists of EURIBOR and mark-up in amount of 1% annually, with the option to choose a fixed interest rate. Commission on unused portion of borrowing amounts to 0.5% annually. Management fee amounts to 1% of total borrowing amount, and is paid once out of borrowing funds. The Company used granted funds for early repayment of loans with banks.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

35. LONG-TERM LIABILITIES *(continued)*

III *Borrowings from International Financial Organizations (continued)*

3. *Borrowings from the European Investment Bank (EIB)*

Financial agreements concluded with the European Investment Bank (EIB) are as follows:

- Based on the borrowing on financing the project of managing the electric power system of Serbia and Montenegro entered by and between Serbia and Montenegro on one side and European Investment Bank on 30 October 2003, a loan of EUR 22 million was extended to the Company. The borrowing was fully drawn in 10 tranches in the period until 31 December 2008. The borrowing is repaid in semi-annual instalments, partly maturing on 25 May and 25 November, and in part these instalments fall due on 9 June and 9 December in the period from 2010 through 2027. The first instalment is due on 25 November 2010 and the last instalment is due on 9 December 2027. The applicable interest rate is set for each tranche individually and is fixed until the end of repayment period.
- Based on the Financial Agreement on financing the EPS Project – electricity meters, closed on 29 November 2010 between the Company and the European Investment Bank, the Company was approved a loan of EUR 40 million. The borrowing will be drawn in 10 tranches in the period ending 30 June 2015, with a commenced procedure to extend the borrowing usage deadline until 30 June 2020. The interest rate is defined as fixed or variable rate, of which the EIB will inform the Company within 10 days after the commencement of any referent period for variable interest rate. There is a possibility to convert variable into fixed interest rate.
- The tranches will be repaid in equal annual, semi-annual and quarterly instalments or one-off. The date of maturity for the first instalment will be set at the date which immediately follows the expiry of three years from drawing the first tranche and the last date of tranche repayment will be set at the date that falls no earlier than four years and no later than twelve years from the tranche drawing date. If the tranche is repaid one-off and in full, the maturity date will be the date falling no earlier than three and no later than seven years from the tranche drawing date. The interest rate and terms of tranche repayment are determined for each tranche separately at the tranche disbursement date.

4. *Borrowings from the World Bank (WB)*

International Development Association (IDA)

Pursuant to the Agreement on a development borrowing (Serbia and Montenegro Component of the Program of Energy Community of South East Europe – Serbia Project - ECSEE) contracted on 8 September 2005 between the State Union of Serbia and Montenegro on one side and the International Development Association on the other, in the amount of SDR 13.9 million and a Borrowing Sub agreement signed between the Republic of Serbia and the State Union of Serbia and Montenegro and the Borrowing Sub agreement concluded between the Republic of Serbia and the Company, the Company can use the loan funds of SDR 12.24 million. Funds were drawn down up to 30 June 2012, with the exception that the amount of SDR 441,151.20 was cancelled. The borrowing is to be repaid in instalments maturing on 15 March and 15 September in the period from 2015 to 2025, free of interest. Service charge amounts to 0.75% annually, and is calculated on the unpaid portion of the principal. Fee for the commitment of funds on the principal amount of the principal amount which is not withdrawn amounts to no more than 0.5% annually.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

35. LONG-TERM LIABILITIES *(continued)*

III *Borrowings from International Financial Organizations (continued)*

Borrowings from the World Bank (WB) (continued)

International Bank for Reconstruction and Development (IBRD)

Based on Borrowing Agreement (Project of urgent recovery from floods) concluded on 9 October 2014, between the Republic of Serbia, as the Borrower, and the IBRD, as the Creditor, in amount of EUR 227.48 million, the Republic of Serbia has via Loan Subagreement, agreed on 19 February 2015, transferred to the Company rights to use a portion of the loan funds, in amount of EUR 157.11 million. By amending the sub-agreement on the loan from October 4, 2017, the amount of the loan that the Republic of Serbia transferred to the Company was reduced, so that it now amounts to EUR 139.74 million. By amending the sub-agreement on the loan, the Republic of Serbia canceled part of the loan in the amount of EUR 3.2 million on October 5 2018, so that now the loan amounts to EUR 224.28 million. After the expiration of the deadline for disbursement of loan funds, which was until February 29, 2020, on March 10, 2020, the Company returned to the creditor the previously withdrawn and unjustified amount of the loan, in the amount of EUR 364.8 thousand. The loan period is 30 years, which includes a grace period of 9 years. The loan is repaid in 42 consecutive semi-annual installments, every May 1 and November 1, starting from November 1, 2023 to May 1, 2044. The interest rate is the sum of the six-month EURIBOR and the variable margin, which currently stands at 0.99% per annum. The fee for non-withdrawn funds is 0.25% per annum, and is calculated on the amount of undrawn funds of the Loan.

IV *Liabilities and receivables based on Agreement between Republic of Serbia Government and Russian Federation Government*

Based on the Conclusion of the Government of the Republic of Serbia 05 No. 312-11997 / 2016 from 15 December 2016 part of the debt in the amount of RSD 5,113,300 thousand, was released, on the basis of the Agreement between the Government of the Republic of Serbia and the Government of the Russian Federation on settling the obligations of the former USSR for calculations related to goods trading between the former USSR and the former SFRY, and on the basis of agreement on mutual settlement of liabilities and receivables arising from the agreement between the Government of the Republic of Serbia and the Government of the Russian Federation on regulating the obligations of the former USSR and the former SFRY dated 27 April 2007, No. 12.01.141486 / 7-17 from 16 May 2017. Remaining part of the debt, in the amount of RSD 5,406,534 thousand, was reclassified into domestic long-term borrowings.

The company is obligated to repay the remaining part of debt in amount of USD 54,547,812.55 to Republic of Serbia in dinar payments, using own funds, according to Annuity plan contained in Appendix 1 of the Agreement. The debt must be settled within 10 years including 2 years grace period. Interest will be calculated during the grace period and payments will be made on maturity date of first installment, precisely on 30 March 2019. Principal is to be repaid in 16 equal semi-annual instalments, every March 30 and September 30, and nominal annual interest rate represents a sum of 6M LIBOR for American dollar and fixed mark-up of 1%.

V Commercial banks

1. Komercijalna banka a.d. Belgrade

EUR 15 million was contracted on December 12, 2019. Loan funds are available in the period from January 1, 2020 until December 31, 2023. The loan repayment period is up to 10 years, with a grace period of up to 4 years. The repayment of the principal is in 12 equal consecutive semi-annual installments, with the first installment of the principal due on October 15, 2023, and the last on April 15, 2029. Payment dates are April 15 and October 15. The loan is subject to a variable interest rate, which consists of 6M EURIBOR and a margin of 1.95% per annum. As the value of 6M EURIBOR, the actual value of 6M EURIBOR is used. The commission on undrawn funds amounts to 0.25% per annum, and is calculated from January 1, 2020. A one-time management fee has not been agreed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

35. LONG-TERM LIABILITIES (*continued*)

V Commercial banks (*continue*)

2. *Banca Intesa a.d. Beograd*

- EUR 45 million was contracted on December 9, 2019. Loan funds are available in the period from January 1, 2020 until December 31, 2023. The loan repayment period is up to 10 years, with a grace period of up to 4 years. The repayment of the principal is in 12 equal consecutive semi-annual installments, with the first installment of the principal due on October 15, 2023, and the last on April 15, 2029. Payment dates are April 15 and October 15. The loan is subject to a variable interest rate, which consists of 6M EURIBOR and a margin of 3.50% per annum. As the value of 6M EURIBOR, the actual value of 6M EURIBOR is used. The commission on undrawn funds amounts to 0.25% per annum, and is calculated from January 1, 2020. A one-time management fee has not been agreed.
- EUR 30 million was contracted on December 9, 2019. Loan funds are available in the period from January 1, 2020 until December 31, 2023. The loan repayment period is up to 10 years, with a grace period of up to 4 years. The repayment of the principal is in 12 equal consecutive semi-annual installments, with the first installment of the principal due on October 15, 2023, and the last on April 15, 2029. Payment dates are April 15 and October 15. The loan is subject to a variable interest rate, which consists of 6M EURIBOR and a margin of 3.75% per annum. As the value of 6M EURIBOR, the actual value of 6M EURIBOR is used. The commission on undrawn funds amounts to 0.25% per annum, and is calculated from January 1, 2020. A one-time management fee has not been agreed.

3. *Vojvodjanska banka a.d. Novi Sad*

EUR 30 million was contracted on December 9, 2019. Loan funds are available in the period from January 1, 2020 until December 31, 2023. The loan repayment period is up to 10 years, with a grace period of up to 4 years. The repayment of the principal is in 12 equal consecutive semi-annual installments, with the first installment of the principal due on October 15, 2023, and the last on April 15, 2029. Payment dates are April 15 and October 15. The loan is subject to a variable interest rate, which consists of 6M EURIBOR and a margin of 3.75% per annum. As the value of 6M EURIBOR, the actual value of 6M EURIBOR is used. The commission on undrawn funds amounts to 0.25% per annum, and is calculated from January 1, 2020. A one-time management fee has not been agreed.

4. *OTP banka*

EUR 15 million was contracted on December 9, 2019. Loan funds are available in the period from January 1, 2020 until December 31, 2023. The loan repayment period is up to 10 years, with a grace period of up to 4 years. The repayment of the principal is in 12 equal consecutive semi-annual installments, with the first installment of the principal due on October 15, 2023, and the last on April 15, 2029. Payment dates are April 15 and October 15. The loan is subject to a variable interest rate, which consists of 6M EURIBOR and a margin of 3.75% per annum. As the value of 6M EURIBOR, the actual value of 6M EURIBOR is used. The commission on undrawn funds amounts to 0.25% per annum, and is calculated from January 1, 2020. A one-time management fee has not been agreed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

35. LONG-TERM LIABILITIES (continued)

An overview of all borrowings as at 31 December 2019 nad 2018 is presented in the table below:

No	BORROWING	Currency	ORIGINAL CURRENCY				Means of security	Equivalent value in thousands of RSD	
			Principal	Maturity date	Repayment schedule	Interest rate		31.12.2019.	01.01.2019.
	TOTAL LONG-TERM BORROWINGS (A+B)							122,484,946	127,510,174
A	FOREIGN CURRENCY BORROWINGS (I+II+III+IV)							122,484,946	127,510,174
I	REFINANCED BORROWINGS REALIZED FROM THE FUNDS OF: (1+2+3+4+5+6)							24,813,208	27,960,672
1	PARIS CLUB OF CREDITORS							18,384,521	20,440,186
1.1	AUSTRIA	EUR	1,879,291,26	30.09.2008.- 31.03.2024.	30.03. and 30.09.	Amarketrate/EUR+0, 6	Promissory notes	220,992	255,671
1.2	FRANCE	EUR	21,671,634,52	22.09.2008.- 22.03.2024.	22.03. and 22.09.	5,90	Promissory notes	2,548,428	2,948,352
1.3	GERMANY	EUR	14,375,694,59	22.09.2008.- 22.03.2024.	22.03. and 22.09.	5,50	Promissory notes	1,690,478	1,955,764
1.4	CANADA	EUR	31,465,571,48	22.09.2008.- 22.03.2024.	22.03. and 22.09.	Euribor/EUR +0,5%	Promissory notes	3,700,125	4,280,782
1.5	SWITZERLAND	CHF	43,501,535,64	22.09.2008.- 22.03.2024.	22.03. and 22.09.	6m Libor/CHF+0,5%	Promissory notes	4,715,584	5,256,448
1.6	USA	USD	3,525,155,69	22.09.2008.- 22.03.2024.	22.03. and 22.09.	5,375	Promissory notes	369,854	419,511
1.7	RUSSIA	USD	37,918,445,68	22.03.2006.- 22.03.2034.	22.03. and 22.09.	0,5517	Promissory notes	3,978,350	4,027,405
1.8	JAPAN	JPY	1,202,434,774,53	22.09.2008.- 22.03.2024.	22.03. and 22.09.	2,8390	Promissory notes	1,160,710	1,296,253
2	LONDON CLUB OF CREDITORS	USD	5,441,099,74	01.05.2010.- 01.11.2024.	01.05. and 01.11.	3,75 till 11/09 6,75 till 11/24	Promissory notes	570,873	675,062
3	IBRD	EUR	2,430,202,61	15.03.2005.- 15.12.2031.	15.03. and 15.09.15.06. and 15.12.	6,75% p,a, till 11/24	Promissory notes	285,774	310,867
4	EZ	EUR	426,596,43	17.10.2012.- 17.10.2016.	17.04. and 17.10.	6mEuribor		50,165	50,421
5	Chinese borrowing	USD	4,900,754,72	21.07.2010.- 21.01.2021.	21.01. and 21.07.	LIBOR6M+1,3	Promissory notes	514,180	844,476
6	Russian borrowing	USD	47,729,336,55	18.05.2017. 30.09.2026.	01.01. 30.03. and 30.09	LIBOR6M+1,3	Promissory notes	5,007,695	5,639,660

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

35. LONG-TERM LIABILITIES (continue)

No	BORROWING	Currency	ORIGINAL CURRENCY				Means of security	Equivalent value in thousands of RSD	
			Principal	Maturity date	Repayment schedule	Interest rate		31.12.2019.	01.01.2019.
II LOANS GRANTED BY STATE GOVERNMENTS							44,355,236	42,935,239	
1	Polish borrowing	USD	4,623,223,10	802.138	15.06. and 15.12.	0.75% p.a.	Guarantee RS	485,062	802,137
2	Japanese – JICA	JPY	6,669,547,084,00	3.765.535	20.05 and 20.11	0.6% 0.01%	Guarantee RS	6,438,114	3,765,535
3	Export-Import Bank of China	USD	219,390,025,42	25.706.925	21.01. and 21.07.	3% p.a.	Promissory notes	23,018,094	25,706,925
4	Export-Import Bank of China	USD	137,382,370,60	12.660.641	21.01. and 21.07.	2.5% p.a.	Promissory notes	14,413,966	12,660,642
III LOANS FROM INTERNATIONAL FINANCIAL ORGANIZATIONS							53,241,092	56,539,719	
1	KfW III (EUR 30 mil.)	EUR	1,500,000,00	30.12.2010.-30.06.2020	30.06. and 30.12.	0.75% and 2.50% for environmental fund	Guarantee RS	176,389	531,876
2	KfW IV (EUR 36 mil.)	EUR	-	30.06.2013.-30.12.2019	30.06. and 30.12.	variable rate + mark-up of 1.75% p.a.	Guarantee RS	-	489,918
3	KfW V (EUR 70 mil.)	EUR	46,634,430,21	31.12.2018.-30.06.2025	30.06. and 30.12.	variable rate + 0.5% p.a.	Guarantee RS	5,483,873	5,203,714
4	KfW VI (EUR 65 mil.)	EUR	47,498,252,25	30.12.2017.-30.12.2024.	30.06. and 30.12.	variable rate + 0.4% p.a. for EUR 25 million and variable + 1.15% p.a. for EUR 40 million.	Guarantee RS	5,585,452	5,499,695
5	KfW VII (EUR 45 mil.)	EUR	146,748,16	30.06.2022.-30.12.2028.	30.06. and 30.12.	0.80% p.a.		17,257	-
6	KfW VIII (EUR 80 mil.)	EUR	104,994,40	30.12.2021.-30.12.2032.	30.06. and 30.12.	0.85% p.a.		12,347	-
9	EBRD III (EUR 40 mil.)	EUR	1,744,921,13	02.09.2013.-02.03.2022.	02.03. and 02.09	EURIBOR + 1%p.a.	Guarantee RS	205,190	288,736
10	EBRD IV(EUR 78,5 mil.)	EUR	36,256,258,94	31.01.2015.-31.01.2023.	31.01. and 31.07	EURIBOR + 1%p.a.	Guarantee RS	4,263,475	5,509,664
11	EBRD V (EUR 32,7 mil.)	EUR	10,348,242,27	30.04.2015.-31.10.2023.	30.04. and 31.10	EURIBOR + 1%p.a.	Guarantee RS	1,216,879	762,882
12	EBRD VI (EUR 200 mil.)	EUR	155,555,555,54	15.06.2017.-15.06.2030.	15.06. and 15.12.	EURIBOR + 1% p.a.	Guarantee RS	18,292,213	20,136,858
13	EIB II (EUR 22 mil.)	EUR	9,559,999,54	09.12.2010.-09.06.2027.	09.06. and 09.12; 25.05. and 25.11.	fixed for each tranche from 3.879% p.a. to 5.248% p.a.	Guarantee RS	1,124,187	1,303,292
14	Wb IDA (SDR 12,24 mil.)	XDR	6,489,366,84	15.09.2015.-15.03.2025.	15.03. and 15.09	-	Guarantee RS	941,507	1,102,784
15	WB IBRD (EUR 139 mil.)	EUR	135,402,191,35	01.11.2023. 01.05.2044.	01.05. and 01.11.	6M EURIBOR + variable mark-up which is currently 0.91%	Promissory notes	15,922,323	15,710,300
IV COMMERCIAL BANKS									
1	Komercijalna banka 15m	EUR	-	15.10.2023. 15.04.2029.	15.04. and 15.10.	6M EURIBOR + 1.95%	Promissory notes	-	-
2	Banca Intesa 45m	EUR	-	15.10.2023. 15.04.2029.	15.04. and 15.10.	6M EURIBOR + 3.50%	Promissory notes	-	-
3	Banca Intesa 30m	EUR	-	15.10.2023. 15.04.2029.	15.04. and 15.10.	6M EURIBOR + 3.75%	Promissory notes	-	-
4	Vojvodjanska banka 30m	EUR	-	15.10.2023. 15.04.2029.	15.04. and 15.10.	6M EURIBOR + 3.75%	Promissory notes	-	-
5	OTP banka 15m	EUR	-	15.10.2023. 15.04.2029.	15.04. and 15.10.	6M EURIBOR + 3.75%	Promissory notes	-	-
V OTHER							75,410	74,544	
1	EMS a.d. – IBRD	EUR	19,323,63	15.03.2005.-15.12.2031.	15.03. and 15.09.15.06. and 15.12.	1/3-5.44i 2/3-euribor	Promissory notes	2,272	2,472
2	Tehnoexport	USD	697,086,00			-		73,138	72,072
CURRENT PORTION OF LONG TERM LOANS							13,490,279	13,777,354	
A Foreign currency loans							13,490,279	13,777,354	
B Loans in RSD							-	-	
TOTAL LONG TERM PORTION							108,994,667	113,732,820	
A Foreign currency loans							108,994,667	113,732,820	
B Loans in RSD							-	-	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

35. LONG-TERM LIABILITIES (continued)

Analysis of approved loans withdrawals

In order to finance the specific projects to increase production capacities in thermo and hydro power plants, in the period from 2003 to 2019 the Group executed various loan agreements with international financial institutions, to which the Federal Republic of Yugoslavia and the State Union of Serbia and Montenegro or Republic of Serbia served as guarantors:

<u>Creditor</u>	<u>Currency</u>	<u>Contracted Amount</u>	<u>Draw Down</u>
EBRD III	EUR	4,898,666	4,898,666
EBRD IV	EUR	78,527,683	78,527,683
EBRD V	EUR	32,700,000	13,800,696
EBRD VI	EUR	200,000,000	200,000,000
EIB II	EUR	22,000,000	22,000,000
EIB III	EUR	40,000,000	-
KfW III	EUR	30,000,000	30,000,000
KfW IV	EUR	36,000,000	34,741,299
KfW V	EUR	70,000,000	61,634,430
KfW VI	EUR	65,000,000	62,498,258
KfW VII	EUR	45,000,000	146,748
KfW VIII	EUR	80,000,000	104,994
IDA	SDR	11,798,849	11,798,849
JICA	JPY	28,252,000,000	7,060,829,940
EXIM Bank of China I	USD	286,639,231	286,639,231
EXIM Bank of China II	USD	608,260,000	137,382,371
Borrowing from the Republic of Poland	USD	49,996,617	49,996,617
WB IBRD	EUR	139,743,296	135,402,191

Analysis of long term loans maturities

	In RSD thousand		
	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>Index</u>
Up to one year	13,490,280	13,777,354	97,92
From one to five years	59,751,447	56,025,052	106,65
Over five years	49,243,219	57,707,768	85,33
Total	<u>122,484,946</u>	<u>127,510,174</u>	<u>96,06</u>

Analysis of borrowings per requested discharging currency

Currency	<u>31 December 2019</u>		<u>31 December 2018</u>	
	Amount in Currency	In RSD thousand	Amount in Currency	In RSD thousand
EUR	517,019,908	60,797,819	551,981,739	65,241,265
USD	461,607,498	48,431,212	491,809,986	50,847,890
CHF	43,501,536	4,715,584	50,071,948	5,256,448
YPU	7,871,981,859	7,598,824	5,404,625,252	5,061,788
XDR	6,489,367	941,507	7,669,252	1,102,783
Total		<u>122,484,946</u>		<u>127,510,174</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

36. SHORT-TERM FINANCIAL LIABILITIES

	31 December 2019	In RSD thousand 31 December 2018
<i>Liabilities in foreign currency</i>		
Current portion of long-term loans – foreign (Note 35)	9,634,305	10,287,139
Current portion of long term-loans – domestic (Note 35)	-	1,562,639
Other short-term financial liabilities	3,016	3,016
	9,637,321	11,852,794
<i>Обавезе у динарима</i>		
Current portion of rescheduled liabilities	39	39
Current portion of long term-loans	3,855,974	1,927,576
Current portion of other long-term liabilities(note 35)	67,814	68,270
Other short-term financial liabilities in RSD	8,125	6,006
	3,931,952	2,001,891
	13,569,273	13,854,685

Short-term liabilities arising from current portion of foreign long-term loans in amount of RSD 9,634,305 thousand comprise: loans from international financial organisations in amount of RSD 6,218,445 thousand; loans granted by State Governments in amount of RSD 3,415,860 thousand.

Short-term liabilities arising from current portion of domestic long-term loans in foreign currency in amount of RSD 3,855,974 thousand comprise: loans granted by Paris club creditors in amount of RSD 2,609,770 thousand and liabilities regarding other refinancing loans in amount of RSD 1,246,017 thousand, while the amount of RSD 187 thousand relates to other liabilities.

37. CUSTOMER PREPAYMENTS, DEPOSITS AND CAUTION MONEY

	31 December 2019	In RSD thousand 31 December 2018
Customer prepayments:		
- In RSD	4,424,794	3,774,723
- In foreign currency	6,749	116
Received deposits and down payments	90,272	91,133
Received prepayments from individuals in RSD	910,989	889,001
	5,432,804	4,754,973

Liabilities based on received advance payments include the amount of RSD 3,776,684 thousand (31 December 2018: RSD 3,350,027 thousand), based on the previously received fee for the services of construction of connections to the electricity distribution system, which are/will be realized after the balance sheet date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

38. OPERATING LIABILITIES

	31 December 2019	In RSD thousand 31 December 2018
Trade payables - domestic	25,940,365	21,364,258
Trade payables - foreign	6,429,262	7,637,311
Other trade payables:		
- expropriation liabilities	47,984	7,633
- liabilities for compensation for damages from operations	7,254	8,201
- other	1,919,322	1,610,349
	1,974,560	1,626,183
	34,344,187	30,627,752

39. OTHER CURRENT LIABILITIES

	31 December 2019	In RSD thousand 31 December 2018
Liabilities for fees for Public Media Service	1,362,058	948,554
Liabilities for unpaid wages and salaries, net	1,582,369	2,138,074
Liabilities for taxes and contributions:		
- charged to employee	646,415	885,254
- charged to employer	1,426,522	2,503,584
Other liabilities for wages and salaries	51,803	52,392
Liabilities for interests and financing costs	122,983	124,731
Liabilities for dividends and profit share	5,403,166	5,410,263
Other liabilities towards employees	2,590,609	2,037,154
Liabilities towards members of Executive and Supervisory board	456	737
Liabilities towards individuals	52,104	85,473
Liabilities for matured loans from Ministry of Finance of the Republic of Serbia	397,223	397,223
Other liabilities	342,571	616,249
	13,978,279	15,199,688

Liabilities from specific business relations disclosed as at 31 December 2019 in the amount of RSD 1,362,058 thousand (31 December 2018: RSD 948,554 thousand) include fee liabilities for Public Media Service in accordance with the Law on the Temporary Regulation of the Method of Tax Collection for the Public Media Service (Note 5).

Liabilities for dividends and profit sharing stated as at 31 December 2019 in the amount of RSD 5,403,166 thousand (31 December 2018: RSD 5,410,263 thousand) relate to liabilities to the founder recognized in previous years on the basis of decision of the Supervisory Board of the Group on the distribution of profits in favor of the founders, and in accordance with the Law on Budget of the Republic of Serbia, on liabilities to employees and former employees for participation in profits determined by financial statements for the year ended 31 December 2015. year, in accordance with the decision of the Supervisory Board of December 6, 2018. During 2019, the Group made arrears to employees and former employees based on profit sharing in the total amount of RSD 9,687 thousand.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

39. OTHER CURRENT LIABILITIES (continued)

Other liabilities towards employees as at 31 December 2019 in the amount of RSD 2,590,609 thousand relate to liabilities towards employees based on the voluntarily termination programed (note 11) in the amount of RSD 2,274,272 thousand, liabilities for retirement benefits and jubilee awards in the amount of RSD 272,492 thousand and other liabilities in the amount of RSD 43,845 thousand, which were settled after the balance sheet date.

40. LIABILITIES FOR VAT

	31 December 2019	In RSD thousand 31 December 2018
Deferred VAT	2,361,703	1,414,587
Liabilities for calculated VAT	2,518,781	3,263,258
	4,880,484	4,677,845

Deferred VAT liabilities correspond to liabilities for the following tax period, paid after the deduction of previous VAT after the balance sheet date.

41. LIABILITIES FOR TAXES, CONTRIBUTIONS AND OTHER DUTIES

	31 December 2019	In RSD thousand 31 December 2018
Liabilities for taxes, customs and other duties charged to expenses	3,614,454	3,598,560
Charges for water and other public goods use	710,130	719,144
Charge for energy efficiency	82,730	-
Charge for environment protection(note 15)	780,286	3,265,378
Other liabilities for taxes, customs and other duties charged to expenses	792,540	932,159
	5,980,140	8,515,241

As stated in Note 15, the Law on Fees for the Use of Public Goods comprehensively regulates fees for the use of public goods, namely the issues of taxpayers, bases, amounts, method of determination and payment, affiliation of revenues from fees, as well as other issues of importance for determining and paying fees for the use of public goods, and, in connection with that, a significant change in the amount of the subject obligations, as well as the introduction of new fees, for the Group a significant fee for improving energy efficiency.

Liabilities for taxes, customs and other duties charged to expenses as at 31 December 2019 in the amount of RSD 3,614,454 thousand (31 December 2018: RSD 3,598,560 thousand), includes excise duty liabilities in the amount of RSD 3,224,997 thousand (31 December 2018: RSD 3,143,774 thousand), which were paid after balance sheet date. Amendments to the Law on Excise Tax from 1 August 2015, introduced the obligation to calculate and pay excise tax on delivered and billed electricity intended for final consumption.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

41. LIABILITIES FOR TAXES, CONTRIBUTIONS AND OTHER DUTIES (continued)

Other liabilities for taxes, customs and other duties include liabilities for taxes and contributions related to the voluntarily termination programme initiated by the management of the Group in order to optimize the number of employee on a Group level (note 11). These liabilities disclosed at 31 December 2019 in the amount of RSD 349,050 thousand (31 December 2018: RSD 320,619 thousand) have been settled in accordance with tax regulations.

Obligations for environmental protection fees are calculated on the basis of the Law on Environmental Protection (Note 15).

42. ACCRUED EXPENSES

	31 December 2019	In RSD thousand 31 December 2018
Received donations:		
- from the Government of RS and other state authority	1,391,726	1,530,713
- foreign	9,093,183	8,502,953
- domestic	17,408,872	14,987,707
	27,893,781	25,021,373
Other accruals	675,793	488,791
Accrued expenses	755,955	972,685
Accrued procurement costs	3,794	3,794
	29,329,323	26,486,643

The Group received funds for financial and technical support from agencies and similar authorities on an international level which were initially recognized as deferred revenue. All contracts and agreements are ratified by the National Assembly of the Republic of Serbia.

Deferred revenues from received donations in the country for the most part, in the amount of RSD 17,260,584 thousand (31 December 2018: RSD 14,774,064 thousand), relate to funds based on received connections to the electricity distribution system.

Accrued expenses as at 31 December 2019 in the amount of RSD 755,955 thousand (31 December 2018: RSD 972,685 thousand), in a significant part, in the amount of RSD 676,719 thousand (31 December 2018: RSD 894,921), refer to interest on loans, which are payable after the balance sheet date.

Changes in deferred revenue which pertain to received donations during 2019 and 2018 are as follows:

	31 December 2019	In RSD thousand 31 December 2018
Opening balance	25,021,373	22,786,852
Current year donations	5,102,423	3,842,659
Transfer to revenues	(1,946,964)	(1,906,806)
FX rate differences	5,999	-
Other	(289,050)	298,668
	27,893,781	25,021,373

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

43. OFF BALANCE SHEET ASSETS AND LIABILITIES

	31 December 2019	In RSD thousand 31 December 2018
Liabilities for issued guarantees and other types of collateral for liabilities of the Group	208,148,680	178,798,975
Material for processing	597	17,743
Receivables for received guarantees and other types of collateral for receivables	52,979,103	51,767,042
Written off equity investments	385,337	385,337
	261,513,717	230,969,097

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management

Debt indicators of the Group for the year then ended are the following:

	31 December 2019	In RSD thousand 31 December 2018
Indebtedness a)	122,673,153	127,764,293
Cash and cash equivalents	20,706,070	27,281,100
Net indebtedness	101,967,083	100,483,193
Capital b)	827,689,859	840,621,795
Total debt to equity ratio	0,12	0,12

a) Indebtedness pertains to long term and short-term liabilities from borrowings and other long term and short term financial liabilities.

b) Capital includes share capital, revaluation reserves, unrealized gains and losses from securities for sale, retained earnings and accumulated loss.

Significant accounting policies that pertain to financial instruments

Details of significant accounting policies, as well as the criteria and basis for recognizing revenue and expenses for all types of financial assets and liabilities are disclosed in Note 3 to these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial instruments categories

	31 December 2019	In RSD thousand 31 December 2018
Financial assets		
Equity investments	928,182	932,871
Long-term financial investments	3,678,208	7,063,376
Long-term receivables	552,355	461,879
Trade receivables	46,153,499	42,679,278
Short-term financial assets	459,376	3,376,899
Other receivables	5,702,390	8,268,333
Cash and cash equivalents	20,706,070	27,281,100
	<u>78,180,080</u>	<u>90,063,736</u>
Financial liabilities		
Long-term borrowings	109,075,210	113,813,578
Other long-term liabilities	28,670	96,030
Trade payables	34,344,187	30,627,752
Current portion of long-term borrowings	13,558,132	13,845,663
Short-term financial liabilities	11,141	9,022
Other liabilities	7,680,105	7,582,493
	<u>164,697,445</u>	<u>165,974,538</u>

Primary financial instruments of the Group are cash and cash equivalents, trade receivables, interest receivables and trade payables, whose primary purpose is financing current operations of the Group. In regular business conditions, the Group is exposed to risks stated below.

Financial risk management

Financial risks include market risk (foreign exchange risk and interest risk) and liquidity risk. Financial risks are reviewed on a timely basis and are primarily avoided by lowering the exposure of the Group to these risks. The Group does not use any financial instruments to avoid effects of financial risks on operations as such instruments are not widely used, nor are there organized markets for such instruments in the Republic of Serbia.

Market risk

In its regular business operations, the Group is exposed to financial risks from changes in exchange rates and changes in interest rates.

Exposure to market risk is reviewed with sensitivity analysis. There were no significant changes to Group's exposure to market risk, nor in the Group's approach to measure and manage aforementioned risk.

Currency risk

The Group is exposed to currency risk primarily through cash and cash equivalents and trade payables which are denominated in foreign currency. The Group does not use special financial instruments as a protection from risk, as such instruments are not common in the Republic of Serbia.

Stability of the Group's economic environment largely depends on government commerce measures, including establishing appropriate legal and regulatory framework.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

Currency risk (continued)

Net book amount of Group's monetary assets and liabilities disclosed in foreign currency on reporting date were the following:

	Assets		Liabilities	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
EUR	7,629,986	6,987,251	63,612,294	73,861,990
JPY	248,549	348,455	7,657,232	5,436,043
SEK	-	6	-	-
CHF	1	9,419	4,722,199	5,263,776
GBP	-	249	193	177
USD	24,784,767	26,803,600	52,603,373	53,308,341
XDR	941,507	-	943,586	1,105,218

The Group is sensitive to changes in foreign exchange rates of currencies Euro and American dollar. The table below represents details of sensitivity analysis of the Group to increase and decrease of 10% in exchange rates of Serbian dinar to foreign currencies. The sensitivity rate of 10% is used for internal review of currency risk and represents an estimate of the Management of reasonably expected changes in foreign exchange rates. Sensitivity analysis includes only unsettled receivables and liabilities disclosed in foreign currency and harmonizes their translation at period end for change of 10% in foreign exchange rates. Positive number in the table below suggest a decrease in current year profit, when the Serbian dinar depreciates compared to foreign currency. In case of appreciation of Serbian dinar of 10% compared to foreign currency, the effect on the current year profit would be opposite of the result stated above, in the previous case.

	In RSD thousand	
	31 December 2019	31 December 2018
EUR	5,598,231	6,687,474
JPY	740,868	508,759
SEK	-	(1)
CHF	472,220	525,436
GBP	19	(7)
USD	2,781,861	2,650,474
XDR	208	110,522
Резултат текућег периода	9,593,407	10,482,657

The Group's sensitivity to changes in foreign currencies has increased in the current period, mainly due to the effects of the nominal increase in liabilities presented in Euro.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk

The Group is exposed to risk from changes in interest rates in assets and liabilities with variable interest rates. This risk depends on the financial market and the Group has no available instruments to lessen the effects of the risk.

Net book amount of financial assets at reporting date is grouped according to level of interest rate risk, and is presented in the following table:

	In RSD thousand	
	31 December 2019	31 December 2018
Financial assets		
<i>Interest-free</i>		
- Equity-investments	928,182	932,871
- Long-term financial assets	3,673,504	6,758,567
- Trade receivables	46,153,499	42,679,278
- Other receivables	435,959	655,248
- Cash and cash equivalents	263,617	204,206
	51,454,761	51,230,170
<i>Fixed interest-rate</i>		
- Long-term receivables	313,215	200,469
- Long-term financial investments	4,704	122,922
- Short-term financial investments	200,000	12,421
- Cash and cash equivalents	20,442,453	27,076,894
	20,960,372	27,412,706
<i>Variable interest-rate:</i>		
- Long-term financial investments	-	181,887
- Long-term receivables	239,140	261,410
- Short-term financial investments	259,376	3,364,478
- Other receivables	5,266,431	7,613,085
	5,764,947	11,420,860
	78,180,080	90,063,736

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

Net book amount of financial liabilities at reporting date is grouped according to level of interest rate risk, and is presented in the following table:

	In RSD thousand	
	31 December 2019	31 December 2018
Financial liabilities		
<i>Interest-free</i>		
- Trade payables	34,344,187	30,627,752
- Other liabilities	113,340	124,482
	<u>34,457,527</u>	<u>30,752,234</u>
<i>Fixed interest rate</i>		
- Long-term borrowings	21,040,049	18,794,026
- Current portion of long-term borrowings	3,855,974	2,561,493
- Short-term financial liabilities	471	927
	<u>24,896,494</u>	<u>21,356,446</u>
<i>Variable interest rate</i>		
- Long-term borrowings	88,035,161	95,019,552
- Other long-term liabilities	28,670	96,030
- Other liabilities	7,566,765	7,458,011
- Current portion of long-term borrowings	9,702,158	11,284,170
- Short-term financial liabilities	10,670	8,095
	<u>105,343,424</u>	<u>113,865,858</u>
	<u>164,697,445</u>	<u>165,974,538</u>

Sensitivity analysis presented is established based on exposure to changes in interest rates for non-derivative instruments at the balance sheet date. For liabilities with variable interest rate, analysis has been compiled under the assumption that the remaining amount of assets and liabilities on the balance sheet date remained the same during the business year. Increase or decrease of 1% represents, according to the Management, is an estimation of a realistically plausible change in interest rates. If the interest rates are 1% higher/lower, with all other variables unchanged, the Group would have sustained operating loss/realized profit for the year then ended 31 December 2019 in amount of RSD 995,785 thousand (31 December 2018: RSD 1,024,450 thousand). This situation is attributed to Group's exposure to interest rate risk, which is based on variable interest rates that are calculated on short-term borrowings.

Exposure of the Group to changes in interest rates is increased in the current period primarily due to nominal increase of liabilities from short-term borrowings.

Credit risk

Trade receivables management

The Group is exposed to credit risk which represents risk that debtors will not be able to settle their debts to the Group completely and timely, which would in turn result in financial losses for the Group. Group's exposure to this risk is limited to the amount of trade receivables at balance sheet date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables management (continued)

Structure of trade receivables as at 31 December 2019 is presented in the following table:

	Gross exposure	Provided amount	In RSD thousand Net exposure
Not due trade receivables	21,223,913	-	21,223,913
Overdue, provided trade receivables	150,830,071	(150,830,071)	-
Overdue, not provided trade receivables	24,929,586	-	24,929,586
	196,983,570	150,830,071	46,153,499

Structure of trade receivables as at 31 December 2018 is presented in the following table:

	Gross exposure	Provided amount	In RSD thousand Net exposure
Not due trade receivables	23,599,125	(521,162)	23,077,963
Overdue, provided trade receivables	144,558,823	(144,558,823)	-
Overdue, not provided trade receivables	19,601,315	-	19,601,315
	187,759,263	(145,079,985)	42,679,278

Not due trade receivables

Not due trade receivables disclosed as at 31 December 2019 in amount of RSD 21,223,913 thousand (31 December 2018: RSD 23,077,963 thousand).

Overdue, provided trade receivables

In previous periods, the Group has provided for receivables impairment for overdue receivables in amount of RSD 150,830,071 thousand (31 December 2018: RSD 144,558,823 thousand), for which the Group has determined that there was a change in creditworthiness of the customers and that receivables will not be collected in original amounts.

Overdue, not provided trade receivables

Ageing structure of overdue, not provided receivables is presented in the table below:

	31 December 2019	In RSD thousand 31 December 2018
Less than 30 days	6,681,583	5,083,563
31 - 90 days	17,003,065	14,256,693
91 - 180 days	251,406	24,162
181-365 days	242,154	22,832
Over 365 days	751,378	214,065
	24,929,586	19,601,315

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables management (continued)

In RSD thousand

	Long-term investments	Lon-term receivables	Trade receivables	Receivables from specific operations	Other receivables	Short-term financial investments	Total
Balance at 1 January 2018	5,452,772	19,499,483	145,196,596	37,086	5,762,586	1,719,085	177,667,608
Acquisition of a subsidiary	14,143	3,953	15,464	6,420	7,889	111,616	159,485
Allowances through Statement of profit and loss	111,967	-	6,348,827	17	2,948,024	251,251	9,660,086
Write-off of receivables and investments	-	(388,367)	(499,627)	-	(127,358)	(335,824)	(1,351,176)
Income regarding to adjustment of allowance balance	(1,427)	-	-	-	-	-	(1,427)
Foreign exchange differencies	-	-	68,573	-	-	-	68,573
Collection of previously impaired receivables	-	(1,864,104)	(1,982,101)	-	-	(69,168)	(3,915,373)
Transfers	49,371	-	(300,145)	-	(20,247)	271,021	-
Write-off of receivables - RTB Bor Group	-	(13,297,103)	(3,782,688)	-	-	(61,011)	(17,140,802)
Other	(2,680)	-	15,086	-	-	-	12,406
Balance at 31 December 2018	5,624,146	3,953,862	145,079,985	43,523	8,570,894	1,886,970	165,159,380
Allowances through Statement of profit and loss	567,196	2,065	9,661,969	285,900	346,487	(359,322)	10,504,295
Write-off of receivables and investments	(48)	(493,333)	(1,650,532)	(971)	(647,794)	(50,172)	(2,842,850)
Income regarding to adjustment of allowance balance	(3,009)	(15,685)	(626,989)	-	(19,467)	(637,539)	(1,302,689)
Foreign exchange differencies	-	6,709	742	-	-	-	7,451
Collection of previously impaired receivables	-	(79)	(47,066)	-	-	-	(47,145)
Transfers	169,889	(387,565)	(1,595,257)	819,973	81,161	911,799	-
Correction postings based on UPPR	819,599	-	-	-	-	30	819,629
Decrease based on valuation of securities	(1,035)	-	-	-	-	-	(1,035)
Other	(17,230)	8	7,219	-	(3,554)	526	(13,031)
Balance at 31 December 2019	7,159,508	3,065,982	150,830,071	1,148,425	8,327,727	1,752,292	172,284,005

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

Trade payables management

Trade payables as at 31 December 2019 are disclosed in amount of RSD 34,344,187 thousand (31 December 2018: RSD 30,627,752 thousand). Suppliers do not calculate penalty interest on overdue, unsettled liabilities, whereby the Group due trade payables, according to financial risks management policy, settles in agreed period.

Liquidity risk

Ultimate responsibility for liquidity risk management is on the Group's Management, which has established an appropriate managing system for utilization of short term, medium term and long term financing of the Group, as well as liquidity management. The Group manages liquidity risk maintaining appropriate monetary reserves continuously monitoring planned and actual cash flow, as well as maintaining appropriate ratio of maturity of financial assets and liabilities

Liquidity risk and credit risk tables

Presented in the following tables are details on remaining agreed maturities of Group's financial assets. Presented amounts are based on non-discounted cash flows which occurred from financial assets based on the earliest date on which the Group could collect funds.

Financial assets maturity

	In RSD thousand 31 December 2019					
	Less than one month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Interest-free	39,690,167	6,739,368	423,539	-	4,601,687	51,454,761
Fixed interest rate	20,442,453	200,000	4,704	-	313,215	20,960,372
Variable interest rate	5,266,431	-	259,376	-	239,140	5,764,947
	65,399,051	6,939,368	687,619	-	5,154,042	78,180,080

	In RSD thousand 31 December 2018					
	Less than one month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Interest-free	42,883,484	-	655,248	-	7,691,438	51,230,170
Fixed interest rate	27,076,894	12,421	122,922	-	200,469	27,412,706
Variable interest rate	7,613,085	34,781	3,329,697	181,887	261,410	11,420,860
	77,573,463	47,202	4,107,867	181,887	8,153,317	90,063,736

Presented in the following tables are details on remaining agreed maturities of Group's financial liabilities. Presented amounts are based on non-discounted cash flows that occurred from financial liabilities based on the earliest date on which the Group should settle liabilities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

Liquidity risk and credit risk tables (continued)

Financial liabilities maturity

	In RSD thousand					Total
	31 December 2019					
	Less than one month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Interest-free	7,778,224	25,836,572	842,731	-	-	34,457,527
Fixed interest rate	-	-	3,856,445	-	21,040,049	24,896,494
Variable interest rate	7,566,765	-	9,712,828	88,035,755	28,076	105,343,424
	15,344,989	25,836,572	14,412,004	88,035,755	21,068,125	164,697,445

	In RSD thousand					Total
	31 December 2018					
	Less than one month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Interest-free	7,439,830	23,152,398	160,006	-	-	30,752,234
Fixed interest rate	-	-	2,562,420	-	18,794,026	21,356,446
Variable interest rate	7,458,011	-	11,292,265	89,260,679	5,854,903	113,865,858
	14,897,841	23,152,398	14,014,691	89,260,679	24,648,929	165,974,538

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair value of financial instruments

Presented in the following table are present values of financial assets and financial liabilities and their fair value as at 31 December 2019 and 31 December 2018

	31 December 2019		In RSD thousand 31 December 2018	
	Net book value	Fair value	Net book value	Fair value
Financial assets				
Equity investments	928,182	928,182	932,871	932,871
Long-term financial assets	3,678,208	3,678,208	7,063,376	7,063,376
Long-term receivables	552,355	552,355	461,879	461,879
Trade receivables	46,153,499	46,153,499	42,679,278	42,679,278
Short-term financial assets	459,376	459,376	3,376,899	3,376,899
Other receivables	5,702,390	5,702,390	8,268,333	8,268,333
Cash and cash equivalents	20,706,070	20,706,070	27,281,100	27,281,100
	78,180,080	78,180,080	90,063,736	90,063,736
Financial liabilities				
Long-term borrowings	109,075,210	109,075,210	113,813,578	113,813,578
Other long-term liabilities	28,670	28,670	96,030	96,030
Trade payables	34,344,187	34,344,187	30,627,752	30,627,752
Current portion of long-term loans	13,558,132	13,558,132	13,845,663	13,845,663
Short-term financial liabilities	11,141	11,141	9,022	9,022
Other liabilities	7,680,105	7,680,105	7,582,493	7,582,493
	164,697,445	164,697,445	165,974,538	165,974,538

Assumptions for estimation of fair value of financial instruments

Given the fact that there is insufficient market experience, stability and liquidity in purchase and sales of financial assets and liabilities, as well as the fact that there are no available market information which could be used for purposes of disclosure of fair value of financial assets and liabilities, method of discounting cash flows was utilized. Utilizing this value method, interest rates of similar financial instruments are applied, with the objective to acquire a relevant estimate of market value of financial instruments at reporting date.

45. CONTINGENCIES AND COMMITMENTS

Litigations

As at 31 December 2019, total estimated value of litigations against the Group amounted to RSD 5,353,653 thousand (31 December 2018: RSD 5,611,214 thousand). The final outcome of these litigations is uncertain. As disclosed in Note 34, as at 31 December 2019, the Group made provision for potential losses that may arise out of those litigations in the total amount of RSD 4,677,350 thousand (31 December 2018: RSD 3,730,152 thousand), based on the management's assessment. As for the remaining amount of legal disputes that are being conducted against the Group and for which no provision for potential losses has been made, the Group's management considers that there is no risk of material losses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

45. CONTINGENCIES AND COMMITMENTS (continued)

Commitments based on contracted investments

For the purpose of acquiring property, plant and equipment, as at 31 December 2019, The Group has assumed a contractual obligation with the following suppliers in relation to production branches and the Group Management:

Supplier	Contractual amount	Realised as of 31.12.2019.	Branch
China Machinery Engineering Corporation (CMEC)	75,079,750	14,380,731	TE KO Kostolac
ABB Automation GmbH	596,800	578,111	RB Kolubara
Konzorcijum Elnos BL Koessler GmbH & Co KG	975,356	878,044	Renewables
FAM Magdeburger Forderanlagen und Baumaschinen GmbH	3,621,726	3,615,481	RB Kolubara
Hidro-Tan	893,527	150,765	Renewables
Nari Group Corporation	1,548,021	441,906	Renewables
Konzorcijum Mitsubishi Hitachi Power Systems Ltd., Itochu Corporation, Mitsubishi Hitachi Power Systems Europe GmbH i Jedinstvo AD Sevojno	22,714,774	3,077,969	TE Nikola Tesla
	105,429,954	23,123,007	

The total amount of commitments based on contractual investments in real estate, plant and equipment as at 31 December 2018 amounted to RSD 93,657,492 thousand.

Also, as at 31 December 2019, the Group has commitments based on concluded contracts for the purchase and reconstruction of real estate, plant and equipment in the estimated amount of RSD 142,218 thousand (31 December 2018: RSD 172,306 thousand) for the subsidiary "ODS EPS Distribucija" d.o.o. „Belgrade. The stated amount refers to the contracted unrealized amount of procurements as of December 31 2019, based on concluded contracts that have not yet been completed on the specified day.

Contingent liabilities under agreements with local governments

Based on the financing of infrastructure projects, the Group has potential liabilities to local governments as disclosed in the following table:

Serial No.	Agreement name	In RSD thousand Total recorded under agreements until 31.12.2019
1.	Program basis for relocation of Vreoci settlement	2,147,513
2.	Agreement on the implementation of the resettlement program for parts of the settlements of Baroševac and Zeoke	1,138,765
3.	Agreement regulating mutual relations related to relocation of facilities with public functions from the area of KO Mali Borak and KO Skobalj	387,845
4.	Agreement on financing the relocation of cultural monuments located in the zone of influence of mining work	32,200
5.	Agreement on the regulation of mutual relations on the occasion of the opening of the surface mine "Radljevo" - Phase I (part relating to the first phase 6,242,448,002 RSD)	1,005,591
6.	Agreement on the regulation of mutual relations on the financing of repair and improvement of infrastructure facilities on the territory of the City of Požarevac	204,222
7.	Self-governing Agreement on Rights and Obligations in Execution of Real Estate Expropriation of Relocation of Settlements and Development of the Zone of the Main Facility in Relation to the Construction of HEPS Đerdap 2	327,817

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

45. CONTINGENCIES AND COMMITMENTS (continued)

Liabilities to the Deposit Insurance Agency

The Group has not reconciled its liabilities to the Deposit Insurance Agency, which manages assets and liabilities transferred in the bank restructuring process and performs other tasks related to the bank restructuring process, in accordance with the Law on the Deposit Insurance Agency. The disputed amount refers to liabilities to creditors of the London Club and for basic debt in the amount of 42,148,080.27 USD and interest in the amount of 36,484,432.51 USD, which in RSD equivalent on the balance sheet date amounts to RSD 8,250,014 thousand.

Namely, the disputed amount refers to borrowed funds of public companies from the territory of AP KiM and are directly related to the assets of the same companies, over which the Group, despite capital relations, has no control as stated in note 1. End User, according to binding borrowing agreements funds, are companies from the territory of AP KiM.

As stated in Note 36, the Group, in accordance with the provisions of the Law on Regulation of Relations between the Republic of Serbia and Banks in Bankruptcy on the Basis of Taking Foreign Loans, ie Loans ("Official Gazette of RS" No. 45/05), in the case when The Republic of Serbia undertook these obligations under the Law on the Regulation of Relations between the Federal Republic of Yugoslavia and Legal Entities and Banks from the Territory of the Federal Republic of Yugoslavia which are the original debtors or guarantors to the creditors of the Paris and London Club (Official Gazette of the FRY, Nos. 36/02 and 7 / 03), concluded agreements with the Agency by which it regulated its obligations towards the Republic of Serbia, and in legal transactions in which the ultimate debtor.

46. TAX RISKS

The tax laws of the Republic of Serbia are often interpreted differently and are subject to frequent changes, The interpretation of tax laws by the tax authorities in relation to the Group's transactions and activities may differ from management's interpretation. The statute of limitations for the tax liability is five years. This practically means that the tax authorities have the right to order the payment of outstanding liabilities within five years from the time the obligation arose.

47. EVENTS AFTER THE BALANCE SHEET DATE

Impact of the COVID-19 pandemic

On March 11, 2020, the World Health Organization announced that the spread of the corona virus was a pandemic, as a result of which the Government of the Republic of Serbia ("the Government") declared a state of emergency on March 15, 2020, In response to the potentially serious threat posed by COVID-19 to the health of the population, government authorities took measures to combat the pandemic, including the introduction of restrictions on cross-border movement of people, restrictions on foreign visitors and the "closure" of certain industrial sectors affected by the then development of the pandemic situation. Some companies have instructed their employees to stay at home and have restricted or suspended their operations, After 53 days from the introduction of the state of emergency, the Assembly of Serbia lifted the state of emergency on May 7, 2020.

The consequences that arise as a result of the COVID-19 crisis are treated as a significant non-corrective event after the balance sheet date for the purposes of preparing financial statements for 2019.

During the state of emergency, the Group's electricity and coal production capacities continued to operate stably and to ensure a reliable supply of electricity to all consumers. However, the new situation, the introduction of the state of emergency and the consequences of the pandemic had in the past period in 2020 and will have significant effects on the Group's operations by the end of the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

47. EVENTS AFTER THE BALANCE SHEET DATE (continued)

Impact of the COVID-19 pandemic(continued)

The key effects of these changes relate to the following:

1. Sales revenue

- Due to reduced economic activity in Serbia and Europe, the demand for electricity has fallen, so there has been a decrease in sales, as well as a decline in market prices of electricity, which will cause a decline in the Group's revenue in 2020. Estimates of further developments are as follows:
 - In the period I-V 2020, the sale of electricity in Serbia to consumers on guaranteed and commercial supply was realized at the level of the plan, but it is expected that by the end of 2020 the sale to consumers on commercial supply will be lower by about 226 GWh. It is also expected that the price for electricity deliveries to these consumers, due to the fall in market prices, will decrease from RSD 6.2 / kWh to RSD 5.9 / kWh. Based on smaller quantities of delivered energy and reduced prices, it is expected that the revenues from the sale of the Group in 2020 on this basis will be lower by about RSD 4.3 billion.
 - It is estimated that during 2020, the supply of electricity on the market will decrease from the originally planned 3,248 GWh to 1,667 GWh.
 - During the pandemic, there was a significant reduction in market prices of electricity, due to falling demand for electricity. For the period I-V 2020, the average market price is planned in the amount of RSD 6.72 / kWh, while the average market price for the period I-V 2020 was RSD 4.88 / kWh.
 - Sale of electricity through the subsidiary "EPS Trgovanje" d.o.o., Ljubljana was realized in December 2019 at an average price of RSD 5,578 / kWh, in February 2020 at a price of RSD 5,167 / kWh, and the average the selling price for March 2020 was RSD 4,052 / kWh, which is also a consequence of the fall in market prices. In April and May, there was no sale of electricity through the subsidiary "EPS Trgovanje" d.o.o.
 - Prices on the market are expected to increase by the end of the year, but it is estimated that prices will not return to the level before the pandemic.
 - The plan for 2020 projects revenue from the sale of electricity on the market in the amount of RSD 22.3 billion, and projections after the pandemic, due to reduced quantities of electricity and prices, are expected to be revenue on this basis will be RSD 9.3 billion.

2. Collection of receivables from the sales of electricity

- During the state of emergency, there was a significant decrease in the level of collection of receivables from electricity sales in the first quarter of 2020, while starting from the second half of April, the negative trend was reversed, so that the level of collection in January-May 2020 was 97.3%, and the plan envisages a collection of 96.8%. Eventual future reduction of the collection rate puts the Group in liquidity risk, because each percentage of the lower collection rate of receivables reduces the inflow of financial resources by about RSD 2 billion. per year.
- The average collection rate for 2019 was 98.65%.

3. Procurement of electricity

- In the period IV 2020, the Group realized a smaller external supply of electricity compared to the plan by 80 GWh and realized a lower cost of RSD 0,9 billion, and on an annual level, a smaller supply of electricity is expected (excluding procurement from privileged producers)) for 265 GWh and lower cost for RSD 2,4 billion.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

47. EVENTS AFTER THE BALANCE SHEET DATE (continued)

Impact of the COVID-19 pandemic(continued)

- During the state of emergency, the Government Conclusion changed the price conditions for the purchase of electricity from privileged and temporarily privileged producers. Purchase of electricity from privileged and temporarily privileged producers during the state of emergency is performed at the price recognized by the Energy Agency as the purchase price of electricity for guaranteed supply in the amount of RSD 3.302 / kWh. The plan for 2020 envisages an average purchase price of RSD 12.817 / kWh, and it is estimated that the realized price (due to a lower purchase price during the state of emergency) will amount to RSD 10.754 / kWh and on that basis savings of RSD 3,1 billion.

4. Revenues from access and use of the distribution system

- The electricity distribution system functioned stably even during the state of emergency, in order to maintain quality and reliable supply of electricity to all users of the electricity distribution system on the territory of the Republic of Serbia.
- The new situation, the introduction of the state of emergency and the consequences of the pandemic will not have material effects on this aspect of the Group's operations during 2020 because the price of access and use of the distribution system is regulated.

5. Charging for access to the distribution system

- During the state of emergency, there was no significant reduction in the level of collection of receivables from access to the distribution system. Receivables based on income from access to the distribution system are secured by means of payment security, bank guarantees / deposits. All receivables based on the obligations assumed by concluding the contract on access to the distribution system, the user of the distribution system secures by means of financial security of payment..

6. Overhaul

- During the state of emergency, it was difficult to carry out repairs of the plant, so certain overhaul works were postponed and they will be performed in a shorter period of time and in a reduced volume.

In the opinion of the Group's management, the above indicators indicate that the Group has adequate resources to continue to operate in accordance with the principle of business continuity for a period of at least 12 months after the reporting date. Accordingly, the Group's management has concluded that within the range of probable outcomes under consideration, there is no material uncertainty regarding the events and conditions that may cast significant doubt on the Group's going concern assumption. On the other hand, the Group's management cannot rule out the possibility that the prolonged period of "closure" and possible escalation of the severity of such measures or the consequent negative impact of such measures on the economic environment in which the Group operates will have a negative impact on the Group's operations. , in the medium and long term. The management of the Group continues carefully monitors the development of the situation and will strive to reduce the impact of such events and circumstances if they occur.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

47. EVENTS AFTER THE BALANCE SHEET DATE (continued)

Other events after the reporting period

Withdrawn liquidity loans

In 2020, contracts were concluded with the following commercial banks:

Number	Loans	Currency	Loan amount	Withdrawn loan amount	Interest rate
1	Komercijalna banka a.d. Beograd	RSD	580,000,000	580,000,000	1M BELIBOR + 2,7% r.a.
2	Komercijalna banka a.d. Beograd	RSD	580,000,000	580,000,000	1M BELIBOR + 2,9% r.a.
3	Komercijalna banka a.d. Beograd	RSD	580,000,000	580,000,000	1M BELIBOR + 2,9% r.a.
4	Erste bank a.d.Novi Sad	RSD	580,000,000	580,000,000	1M BELIBOR + 2,93% r.a.
5	Erste bank a.d.Novi Sad	RSD	580,000,000	580,000,000	1M BELIBOR + 2,99% r.a.
6	Erste bank a.d.Novi Sad	RSD	580,000,000	580,000,000	1M BELIBOR + 2,99% r.a.
7	Banka Postanska stedionica a.d. Beograd	RSD	580,000,000	580,000,000	1M BELIBOR + 2,97% r.a.
8	„AIK BANKA“ a.d. Nis	RSD	1,160,000,000	1,160,000,000	1M BELIBOR + 3% r.a.
9	OTP banka Srbija a.d. Beograd	RSD	1,160,000,000	580,000,000	1M BELIBOR + 3,01% r.a.
10	OTP banka Srbija a.d. Beograd	RSD	1,160,000,000	-	1M BELIBOR + 3,02% r.a.
11	Vojvodjanska banka a.d. Novi Sad	RSD	580,000,000	-	1M BELIBOR + 3,01% r.a.
12	Vojvodjanska banka a.d. Novi Sad	RSD	580,000,000	-	1M BELIBOR + 3,01% r.a.
13	Vojvodjanska banka a.d. Novi Sad	RSD	1,160,000,000	-	1M BELIBOR + 3,02% r.a.

Renewal of water transport capacity

In February 2020, the Company signed an agreement with the Ministry of Construction, Transport and Infrastructure on the adaptation of the ship lock on the Hydropower Navigation System 'Djerdap 2'. The total value of the project is estimated at EUR 27.5m. The investor of the project is the Ministry of Construction, Transport and Infrastructure, and the Company will be in charge of the project documentation. Upon completion of the project, all rights will be transferred to the Company. Reconstruction of the lock will provide an efficient system of translation of vessels with a significantly smaller number and duration of unforeseen delays and interruptions of navigation. Maintenance costs will be 30 percent lower than the existing ones and greater safety of the ship's lock will be established. Also, the energy efficiency of the equipment will increase by 50%.

Thermal Power Plant project "Kolubara B"

In March 2020, the Company signed a preliminary agreement on cooperation with the company "Power China" at the completion of the construction of the Thermal Power Plant "Kolubara B" in Kalenic, near Ub. The company plans to, in cooperation with the mentioned company, and on the basis of the interstate agreement between the Republic of Serbia and China, complete the construction of the started thermal power plant with one block of about 350 megawatts. According to the current plan, the completion of construction by the end of 2024 is being considered.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

47. EVENTS AFTER THE BALANCE SHEET DATE (continued)

Completion of revitalization of Hydroelectric Power Plant "Zvornik"

At the end of January 2020, the fourth, last phase of the revitalization of HE "Zvornik" was completed. The value of the performed work amounted to EUR 63 million. Revitalization contributes to higher electricity production, lower maintenance costs and extends the life of this hydropower plant for another 40 years. The expected increase in electricity production of this hydroelectric power plant on an annual level will amount to up to 15 percent, depending on hydrological conditions or about 70 million kilowatt-hours. After the revitalization, the total installed power of the unit was 125.6 megawatts, which is 30% more than the power before the revitalization.

Transfer of shares in the company HIP Petrohemija

The Government of the Republic of Serbia adopted Conclusion 05 No. 023-2590 / 2020 of March 19, 2020, by which it agreed that the Group would transfer to the Republic of Serbia free of charge 4,716,265 shares owned by the company HIP Petrohemija a.d., Pancevo, nominal value RSD 830.00 per share.

Compulsory liquidation of the Company "Energija Novi Sad" a.d., Novi Sad

Based on Decision No. BDSL 2605/2020 of 8 June 2020, the Business Registers Agency compulsory liquidation proceedings against the company Energija Novi Sad a.d., Novi Sad, whose business name was renamed Energija Novi Sad. a.d. - in compulsory liquidation. On 5 December 2019, the Registrar of the Register of business entities published a notice on the website of the Register of business entities that the company had obtained a reason for compulsory liquidation under Article 546 of the Company Law with notice to the Company to eliminate the stated reasons within 90 days from the day of publishing that notice, which can be eliminated in accordance with this law, and in that regard register the change of the data in the register (Note 24). After the expiration of 90 days from the date of publication of notice, the Registrar determined that the reason for initiating the compulsory liquidation procedure under Article 546 of the Company law was not eliminated within the prescribed period, ie that reason, in accordance with the law, cannot be eliminated, pa je based on Article 547. paragraph 2 of the same law, initiated a procedure of compulsory liquidation.

Consent of the Government of the RS to the investment of capital in the company "Moravske hidroelektrane" d.o.o., Belgrade

On 21 May 2020, the Government of the Republic of Serbia adopted Decision 05 No. 023-4052-2020, which gave its prior consent to the decision of the Supervisory Board of the Company, adopted at the meeting held on August 28, 2019, on capital investment in the company of Electricity "Moravske hidroelektrane" d.o.o., Belgrade. As disclosed in Note 24, in 2019 the Group paid part of the cash contribution in the mentioned company in the dinar equivalent of EUR 2,401.96, ie in the amount of RSD 283,037.36.

Sale of shares in the company Novokabel a.d. Novi Sad

On 22 May 2020, the Agency for Business Registers registered a change in the legal form of the company "Novosadska fabrika kabela" d.o.o. („Novokabel“ d.o.o.) from the legal form of LLP to stock company. After that, at the session held on 11 June 2020, a decision was made on the forced purchase of the remaining shares of 'Novokabel' a.d. by the majority shareholder 'Altova real estate' d.o.o. Belgrade.

In accordance with the above-mentioned decision on forced repurchase of shares, on 25 June 2020, the Group sold 903,910 of its shares in "Novokabel" a.d. at a price of RSD 24.70 per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

48. FOREIGN EXCHANGE RATES

Foreign exchange rates determined in the interbank foreign exchange market, which have been used to translate FX items presented in the Consolidated Balance sheet into RSD, were as follows:

	31 December 2019	In RSD 31 December 2018
EUR	117,5928	118,1946
USD	104,9186	103,3893
CHF	108,4004	104,9779
JPY	0,9653	0,9366
XDR	145,0846	143,7928