



Naftna industrija Srbije A.D.

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

30 September 2017

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

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NIS Group
Interim Condensed Consolidated Statement of Financial Position

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

Assets	Note	30 September 2017	31 December 2016
		<i>(unaudited)</i>	
Current assets			
Cash and cash equivalents	6	22,984,295	22,899,342
Short-term financial assets	7	4,127,506	247,882
Trade and other receivables	8	30,882,751	37,445,000
Inventories	9	30,156,479	26,836,064
Current income tax prepayments		-	126,103
Other current assets	10	6,638,722	5,946,829
Non-current assets held for sale		101,798	-
Total current assets		94,891,551	93,501,220
Non-current assets			
Property, plant and equipment	11	258,034,121	253,760,267
Investment property		1,581,182	1,549,663
Goodwill and other intangible assets		5,739,013	6,457,971
Investments in joint venture		2,047,021	2,047,021
Trade and other non-current receivables	12	74,589	9,369,158
Long-term financial assets	13	4,160,311	163,565
Deferred tax assets		2,536,443	3,771,354
Other non-current assets	14	3,969,906	3,680,642
Total non-current assets		278,142,586	280,799,641
Total assets		373,034,137	374,300,861
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	15	8,923,197	21,976,571
Trade and other payables	16	23,453,124	29,579,165
Other current liabilities	17	4,765,992	5,234,250
Current income tax payable		3,459,561	-
Other taxes payable	18	10,304,562	10,136,560
Provisions for liabilities and charges		2,714,149	1,979,312
Total current liabilities		53,620,585	68,905,858
Non-current liabilities			
Long-term debt	19	92,148,112	94,294,661
Long-term trade and other payables		-	1,859
Provisions for liabilities and charges		9,219,562	9,617,973
Total non-current liabilities		101,367,674	103,914,493
Equity			
Share capital		81,530,200	81,530,200
Reserves		(104,412)	(567,083)
Retained earnings		136,841,382	120,731,166
Equity attributable to the Company's owners		218,267,170	201,694,283
Non-controlling interest		(221,292)	(213,773)
Total equity		218,045,878	201,480,510
Total liabilities and shareholder's equity		373,034,137	374,300,861

Kirill Tyurdenev
Chief Executive Officer
26 October 2017

Anton Fyodorov
Chief Financial Officer

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

NIS Group
Interim Condensed Consolidated Statement of Profit and Loss and Other
Comprehensive Income

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

	Note	Nine month period ended	
		30 September	
		2017	2016
		(unaudited)	(unaudited)
Sales of petroleum products, oil and gas		152,482,858	120,862,239
Other revenues		15,295,658	13,221,667
Total revenue from sales	5	167,778,516	134,083,906
Purchases of oil, gas and petroleum products		(90,399,231)	(69,670,479)
Production and manufacturing expenses	20	(21,676,685)	(20,513,650)
Selling, general and administrative expenses	21	(16,527,886)	(16,845,192)
Transportation expenses		(796,620)	(754,999)
Depreciation, depletion and amortization		(12,209,378)	(11,793,435)
Taxes other than income tax		(3,560,012)	(3,592,618)
Exploration expenses		(10,790)	-
Total operating expenses		(145,180,602)	(123,170,373)
Other (expenses) income, net		(590,994)	(37,433)
Operating profit		22,006,920	10,876,100
Net foreign exchange gain	22	6,081,472	422,245
Finance income	23	386,530	176,821
Finance expenses	24	(2,132,338)	(2,316,985)
Total other expense		4,335,664	(1,717,919)
Profit before income tax		26,342,584	9,158,181
Current income tax expense		(5,005,146)	(1,037,117)
Deferred tax expense		(1,221,552)	(446,724)
Total income tax expense		(6,226,698)	(1,483,841)
Profit for the period		20,115,886	7,674,340
Other comprehensive profit (loss):			
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax			
Revaluation of property, plant and equipment transferred to investment property		1,399	-
		1,399	-
Items that may be subsequently reclassified to profit or loss			
Change in value of available-for-sale financial assets		3,049	540
Currency translation differences		466,103	(205,593)
		469,152	(205,053)
Other comprehensive profit (loss) for the period		470,551	(205,053)
Total comprehensive income for the period		20,586,437	7,469,287
Profit attributable to:			
- Shareholders of Naftna Industrija Srbije		20,131,285	7,693,883
- Non-controlling interest		(15,399)	(19,543)
Profit for the period		20,115,886	7,674,340
Total comprehensive income (loss) attributable to:			
- Shareholders of Naftna Industrija Srbije		20,593,956	7,491,592
- Non-controlling interest		(7,519)	(22,305)
Total comprehensive income for the period		20,586,437	7,469,287
Earnings per share attributable to shareholders of Naftna Industrija Srbije			
Basic earnings (RSD per share)		123.46	47.18
Weighted average number of ordinary shares in issue (in millions)		163	163

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

NIS Group

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

Nine month period ended 30 September 2017 and 2016

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

	Equity attributable to the Company's owners				Non-controlling interest	Total equity
	Share capital	Reserves	Retained earnings	Total		
<i>(unaudited)</i>						
Balance as at 1 January 2016	81,530,200	(530,528)	109,698,142	190,697,814	(186,134)	190,511,680
Profit (loss) for the period	-	-	7,693,883	7,693,883	(19,543)	7,674,340
Other comprehensive income (loss)						
Change in value of available-for-sale financial assets	-	540	-	540	-	540
Currency translation differences	-	(202,831)	-	(202,831)	(2,762)	(205,593)
Total comprehensive income (loss) for the period	-	(202,291)	7,693,883	7,491,592	(22,305)	7,469,287
Dividend distribution	-	-	(4,025,961)	(4,025,961)	-	(4,025,961)
Total transaction with owners, recorded in equity	-	-	(4,025,961)	(4,025,961)	-	(4,025,961)
Balance as at 30 September 2016	81,530,200	(732,819)	113,366,064	194,163,445	(208,439)	193,955,006

	Equity attributable to the Company's owners				Non-controlling interest	Total equity
	Share capital	Reserves	Retained earnings	Total		
<i>(unaudited)</i>						
Balance as at 1 January 2017	81,530,200	(567,083)	120,731,166	201,694,283	(213,773)	201,480,510
Profit (loss) for the period	-	-	20,131,285	20,131,285	(15,399)	20,115,886
Other comprehensive income (loss)						
Change in value of available-for-sale financial assets	-	3,049	-	3,049	-	3,049
Revaluation of property, plant and equipment transferred to investment property	-	1,399	-	1,399	-	1,399
Currency translation differences	-	458,223	-	458,223	7,880	466,103
Total comprehensive income (loss) for the period	-	462,671	20,131,285	20,593,956	(7,519)	20,586,437
Dividend distribution	-	-	(4,021,069)	(4,021,069)	-	(4,021,069)
Total transaction with owners, recorded in equity	-	-	(4,021,069)	(4,021,069)	-	(4,021,069)
Balance as at 30 September 2017	81,530,200	(104,412)	136,841,382	218,267,170	(221,292)	218,045,878

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

NIS Group
Interim Condensed Consolidated Statement of Cash Flows

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

	Note	Nine month period ended	
		30 September 2017	2016
		(unaudited)	(unaudited)
Cash flows from operating activities			
Profit before income tax		26,342,584	9,158,181
Adjustments for:			
Finance expenses	24	2,132,338	2,316,985
Finance income	23	(386,530)	(176,821)
Net unrealised foreign exchange (gain)losses		(6,229,993)	857,387
Depreciation, depletion and amortization		12,209,378	11,793,435
Adjustments for other provisions		335,027	387,722
Allowance for doubtful accounts		219,210	300,791
Payables write-off		(3,040)	(34,981)
Other non-cash items		242,716	(217,712)
Operating cash flow before changes in working capital		8,519,106	15,226,806
Changes in working capital:			
Trade and other receivables		15,954,800	1,725,516
Inventories		(3,435,738)	1,936,116
Other current assets		(1,410,312)	808,134
Trade payables and other current liabilities		(4,204,264)	(7,784,658)
Other taxes payable		182,148	(425,518)
Total effect on working capital changes		7,086,634	(3,740,410)
Income taxes paid		(1,236,163)	(560,632)
Interest paid		(2,161,896)	(2,260,963)
Interest received		382,314	332,506
Net cash generated from operating activities		38,932,579	18,155,488
Cash flows from investing activities			
Acquisition of equity-accounted investments		-	(858,362)
Loans issued		-	(67,549)
Loan proceeds received		129,779	121,923
Capital expenditures		(18,872,419)	(15,501,064)
Proceeds from sale of property, plant and equipment		116,766	395,389
Bank deposits placements		(7,982,453)	-
Other (outflow) inflow		(49,321)	218
Net cash used in investing activities		(26,657,648)	(15,909,445)
Cash flows from financing activities			
Proceeds from borrowings	19	28,733,261	14,737,364
Repayment of borrowings	19	(36,491,816)	(15,619,787)
Repayments of finance lease liabilities	19	(74,859)	-
Dividends paid		(4,021,069)	(4,025,961)
Net cash used in financing activities		(11,854,483)	(4,908,384)
Net increase (decrease) in cash and cash equivalents		420,448	(2,662,341)
Effect of foreign exchange on cash and cash equivalents		(335,495)	(24,087)
Cash and cash equivalents as of the beginning of the period		22,899,342	19,271,435
Cash and cash equivalents as of the end of the period		22,984,295	16,585,007

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

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017

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

1. GENERAL INFORMATION

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

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

Other activities primarily include sales of other goods, works and services.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

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

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

The Group does not disclose information which would substantially duplicate the disclosures contained in its audited Consolidated Financial Statements for 2016, such as significant accounting policies, significant estimates and judgements, financial risk disclosures or disclosures of financial line items, which have not changed significantly in amount or composition. Management of the Group believes that the disclosures in these Interim Condensed Consolidated Financial Statements are adequate to make the information presented not misleading if these Interim Condensed Consolidated Financial Statements are read in conjunction with the Group's Consolidated Financial Statements for 2016.

At the date of signing consolidated financial statements, crude oil price has increased since 31 December 2016 to 58.305 \$/barrel. Management is monitoring situation on the market and in parallel preparing different scenarios to respond to any major fluctuation of crude oil prices.

Subsequent events occurring after 30 September 2017 were evaluated through 26 October 2017, the date these Interim Condensed Consolidated Financial Statements were authorised for issue.

The results for the nine month period ended 30 September 2017 are not necessarily indicative of the results expected for the full year.

The Group as a whole is not subject to significant seasonal fluctuations.

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017

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

2.2. Changes in significant accounting policies

Significant accounting policies, judgements and estimates applied while preparing these Interim Condensed Consolidated Financial Statements are consistent with those applied during the preparation of Consolidated Financial Statements as of and for the year ended 31 December 2016, except for those described in the Application of new IFRS paragraph.

3. APPLICATION OF NEW IFRS

The following standards or amended standards became effective for the Group from 1 January 2017:

- **The amendments to IAS 7 – Statement of Cash Flow** (issued in January 2016 effective for annual periods beginning on or after 1 January 2017) require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The Group made disclosure in the Interim Condensed Consolidated Financial Statements (note 19).

The following standards or amended standards that became effective for the Group from 1 January 2017 did not have any material impact on the Group:

- **The amendments to IAS 12 – Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses** (issued in January 2016 effective for annual periods beginning on or after 1 January 2017).

4. NEW ACCOUNTING STANDARDS

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on 1 January 2018 or later, and that the Group has not early adopted.

IFRS 9 – Financial Instruments: Classification and Measurement (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value (either through profit and loss or other comprehensive income), and at amortised cost. The decision is to be made at initial recognition.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent payments of principal and interest only. All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is no recycling of fair value gains and losses to profit or loss.

The Group is currently assessing the impact of the new standard on its Consolidated Financial Statements.

IFRS 15 – Revenue from Contracts with Customers (issued in May 2014 and effective for annual periods beginning on or after 1 January 2018) and Amendments to IFRS 15 (issued in April 2016 and effective for annual periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods and services are transferred to the customer, at the transaction price. Any bundled goods and services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of the new standard on its Consolidated Financial Statements.

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Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017

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

IFRS 16 – Leases (issued in January 2016 and replaces the previous IAS 17 Leases, effective for annual periods beginning on or after 1 January 2019 with early adoption permitted in case of implementation of IFRS 15 Revenue from Contracts with Customers). Key features of the standard are:

- IFRS 16 changes the lessees accounting requirements given in IAS 17 and eliminates the classification of leases as either operating leases or finance leases. Instead, introduces a single lessee accounting model where a lessee is required to recognise:
 - (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
 - (b) depreciation of lease assets separately from interest on lease liabilities in the income statement.
- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.
- IFRS 16 does not change the accounting for services.

The Group is currently assessing the impact of the new standard on its Consolidated Financial Statements.

IFRIC 23 – Uncertainty over Income Tax Treatments (issued in June 2017 and effective for annual periods beginning on or after 1 January 2019). IFRIC 23 clarifies the accounting for uncertainties in income taxes. The Group is currently assessing the impact of the new interpretation on its Consolidated Financial Statements.

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

5. SEGMENT INFORMATION

Presented below is information about the Group's operating segments for the nine month periods ended 30 September 2017 and 2016. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available.

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

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

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

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

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017***(All amounts are in 000 RSD, unless otherwise stated)*

Reportable segment results for the nine month period ended 30 September 2017 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	31,433,942	169,103,459	(32,758,885)	167,778,516
Intersegment	30,439,235	2,319,650	(32,758,885)	-
External	994,707	166,783,809	-	167,778,516
EBITDA (Segment results)	22,709,283	11,549,299	-	34,258,582
Depreciation, depletion and amortization	(5,035,652)	(7,173,726)	-	(12,209,378)
Impairment of non-financial assets	-	(23,506)	-	(23,506)
Net foreign exchange gain	315,538	5,765,934	-	6,081,472
Finance expenses, net	(89,487)	(1,656,321)	-	(1,745,808)
Income tax	(2,136,528)	(4,090,170)	-	(6,226,698)
Segment profit	15,639,263	4,476,623	-	20,115,886

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

	Upstream	Downstream	Eliminations	Total
Segment revenue	26,378,732	134,915,607	(27,210,433)	134,083,906
Intersegment	24,858,820	2,351,613	(27,210,433)	-
External	1,519,912	132,563,994	-	134,083,906
EBITDA (Segment results)	16,108,425	6,354,959	-	22,463,384
Depreciation, depletion and amortization	(4,691,002)	(7,102,433)	-	(11,793,435)
Reversal surpluses	-	158,073	-	158,073
Net foreign exchange gain	52,948	369,297	-	422,245
Finance expenses, net	(94,870)	(2,045,294)	-	(2,140,164)
Income tax	(233,300)	(1,250,541)	-	(1,483,841)
Segment profit (loss)	11,054,283	(3,379,943)	-	7,674,340

Income tax in Upstream segment increased due to Global agreement with the Ministry of finance and General Tax administration of the Republic of Angola signed in June 2017 by which Group agreed to pay tax contingencies for the fiscal years 2002 – 2016.

EBITDA for the nine month period ended 30 September 2017 and 2016 is reconciled below:

	Nine month period ended 30 September	
	2017	2016
Profit for the period	20,115,886	7,674,340
Income tax expenses	6,226,698	1,483,841
Finance expenses	2,132,338	2,316,985
Finance income	(386,530)	(176,821)
Depreciation, depletion and amortization	12,209,378	11,793,435
Net foreign exchange (gain) loss	(6,081,472)	(422,245)
Other expense (income), net	590,994	37,433
Other non-operating (income) expense, net	(548,710)	(243,584)
EBITDA	34,258,582	22,463,384

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017***(All amounts are in 000 RSD, unless otherwise stated)*

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

	Nine month period ended 30 September 2017		
	Domestic market	Export and international sales	Total
Sale of crude oil	-	891,183	891,183
Sale of gas	1,906,477	-	1,906,477
<i>Through a retail network</i>	-	-	-
<i>Wholesale activities</i>	1,906,477	-	1,906,477
Sale of petroleum products	113,816,619	35,868,579	149,685,198
<i>Through a retail network</i>	40,667,665	11,951,100	52,618,765
<i>Wholesale activities</i>	73,148,954	23,917,479	97,066,433
Sale of electricity	343,791	7,545,629	7,889,420
Other sales	4,869,878	2,536,360	7,406,238
Total sales	120,936,765	46,841,751	167,778,516
	Nine month period ended 30 September 2016		
	Domestic market	Export and international sales	Total
Sale of crude oil	-	1,305,751	1,305,751
Sale of gas	2,305,199	-	2,305,199
<i>Through a retail network</i>	-	-	-
<i>Wholesale activities</i>	2,305,199	-	2,305,199
Sale of petroleum products	91,494,273	25,757,016	117,251,289
<i>Through a retail network</i>	32,867,316	-	32,867,316
<i>Wholesale activities</i>	58,626,957	25,757,016	84,383,973
Sale of electricity	381,762	5,701,314	6,083,076
Other sales	4,635,624	2,502,967	7,138,591
Total sales	98,816,858	35,267,048	134,083,906

In 2016 export and international sales through own retail network within foreign subsidiaries were presented within wholesale activities in the amount of 9,247,673 RSD. Starting from 2017 these sales activities are separated.

Out of the amount of 97,066,434 RSD (2016: 84,383,973 RSD) revenue from sale of petroleum products (wholesale), the amount of 15,198,024 RSD (2016: 9,416,348 RSD) are derived from a single domestic customer HIP Petrohemija. These revenue are attributable to wholesale activities within Downstream segment.

Sales of electricity mainly relates to trading with Gazprom Marketing & Trading Co., Ltd. in the amount of 7,022,733 RSD (2016: 5,509,850 RSD). These sales are presented within Downstream segment.

Other sales mainly relate to sales of non-fuel products at petrol stations in the amount of 5,799,782 RSD (2016: 5,334,701 RSD).

The Group is domiciled in the Republic of Serbia. The revenue from external customers in the Republic of Serbia is 120,936,765 RSD (2016: 98,816,858 RSD), and the total revenue from external customer from other countries is 46,841,751 RSD (2016: 35,267,048 RSD).

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Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017

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

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

	Nine month period ended 30 September	
	2017	2016
Sale of crude oil	891,183	1,305,751
Sale of petroleum products (retail and wholesale)		
Bulgaria	9,761,132	7,332,712
Bosnia and Herzegovina	8,897,726	5,350,840
Romania	7,606,850	6,401,921
All other markets	9,602,871	6,671,543
	35,868,579	25,757,016
Sale of electricity	7,545,629	5,701,314
Other sales	2,536,360	2,502,967
	46,841,751	35,267,048

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

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

	30 September 2017	31 December 2016
Serbia	243,365,721	238,780,068
Bulgaria	7,546,034	7,966,581
Bosnia and Herzegovina	7,477,950	8,052,241
Romania	6,964,570	6,968,931
Hungary	41	80
	265,354,316	261,767,901

6. CASH AND CASH EQUIVALENTS

	30 September 2017	31 December 2016
Cash in bank and in hand	7,375,311	14,110,111
Deposits with original maturity of less than three months	13,860,727	7,188,962
Cash held on escrow account	1,505,909	1,599,285
Cash equivalents	242,348	984
	22,984,295	22,899,342

Cash held on escrow accounts as of 30 September 2017 amounting to 1,505,909 RSD (31 December 2016: 1,599,285 RSD) mostly relates to deposited funds in accordance with the interest in a joint venture through which the operation of future wind farm "Plandiste" will be managed.

Deposits with original maturity of less than three months as of 30 September 2017 amounting to 13,860,727 (31 December 2016: 7,188,962 RSD) relates to term deposits up to 90 days with commercial banks.

7. SHORT-TERM FINANCIAL ASSETS

	30 September 2017	31 December 2016
Short-term loans	2,210	21,103
Deposits with original maturity more than 3 months less than 1 year	3,996,786	-
Current portion of long-term investments (note 13)	102,071	179,596
Other short-term financial assets	28,695	49,439
Less impairment loss provision	(2,256)	(2,256)
	4,127,506	247,882

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017***(All amounts are in 000 RSD, unless otherwise stated)***8. TRADE AND OTHER RECEIVABLES**

	30 September 2017	31 December 2016
Trade receivables:		
- related parties	1,062,560	1,047,541
- third parties	29,174,577	31,723,648
- state and state owned companies	11,815,231	15,815,559
	42,052,368	48,586,748
Other receivables:		
- related parties	269,242	220,242
- third parties	13,528	13,986
- state and state owned companies	9,352,806	9,865,845
	9,635,576	10,100,073
Accrued assets	311,431	50,243
	51,999,375	58,737,064
<i>Less impairment provision for trade and other receivables:</i>		
- <i>third parties</i>	(9,768,356)	(9,728,531)
- <i>state and state owned companies</i>	(11,348,268)	(11,563,533)
	(21,116,624)	(21,292,064)
Total trade and other receivables	30,882,751	37,445,000

The ageing of trade and other receivables is as follows:

	30 September 2017	31 December 2016
Neither impaired nor past due	28,075,544	33,563,122
Past due but not impaired:		
within 30 days	2,191,006	1,725,053
1 to 3 months	31,665	1,283,108
3 months to 1 year	136,392	277,304
over 1 year	448,144	596,413
Total	30,882,751	37,445,000

Group management believes that net receivables included in the ageing table above are fully recoverable.

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

	30 September 2017	31 December 2016
RSD	21,627,356	24,499,017
EUR	6,765,891	11,090,173
USD	936,905	691,575
Other	1,552,599	1,164,235
	30,882,751	37,445,000

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Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017

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

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

	Trade & other receivables		
	Third parties	State and state owned companies	Total
As at 1 January 2016	9,862,727	15,777,436	25,640,163
Provision for receivables impairment	73,186	67,696	140,882
Release of provision	(42,776)	(46,348)	(89,124)
Receivables written off during the year as uncollectible	(20,860)	(7,871)	(28,731)
Exchange differences	-	112,340	112,340
Other	1,235	-	1,235
As at 30 September 2016	9,873,512	15,903,253	25,776,765
As at 1 January 2017	9,728,531	11,563,533	21,292,064
Provision for receivables impairment	264,701	19,907	284,608
Release of provision	(147,255)	(19,983)	(167,238)
Receivables written off during the year as uncollectible	(24,074)	-	(24,074)
Exchange differences	(449)	(323,771)	(324,220)
Unwinding of discount (note 24)	-	(100,225)	(100,225)
Transfer from non-current part (note 12)	-	208,808	208,808
Other	(53,098)	(1)	(53,099)
As at 30 September 2017	9,768,356	11,348,268	21,116,624

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

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

9. INVENTORIES

	30 September 2017	31 December 2016
Crude oil	16,207,711	15,067,495
Petroleum products	12,271,825	10,113,916
Materials and supplies	5,925,235	5,970,968
Other	927,030	1,009,762
Less impairment provision	(5,175,322)	(5,326,077)
	30,156,479	26,836,064

10. OTHER CURRENT ASSETS

	30 September 2017	31 December 2016
Advances paid	462,408	437,325
VAT receivables	353,469	274,292
Deferred VAT	1,436,482	1,251,278
Prepaid expenses	308,147	115,146
Prepaid custom duties	32,746	31,117
Prepaid excise	1,546,782	1,538,828
Other current assets	14,596,951	14,297,606
Less impairment provision	(12,098,263)	(11,998,763)
	6,638,722	5,946,829

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017

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

Deferred VAT as at 30 September 2017 amounting to 1,436,482 RSD (31 December 2016: 1,251,278 RSD) represents VAT inputs claimed on invoices received and accounted for in the current period, while the inputs will be allowed in the following accounting period.

Prepaid excise as at 30 September 2017 amounting to 1,546,782 RSD (31 December 2016: 1,538,828 RSD) relates to the excise paid for finished products stored in non-excise warehouse.

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

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

	Advances paid	Other current assets	Total
As at 1 January 2016	270,296	13,772,415	14,042,711
Increase of provision during the year	5,360	262,456	267,816
Release of provision	(6,425)	(12,974)	(19,399)
Other	(475)	(10,083)	(10,558)
As at 30 September 2016	268,756	14,011,814	14,280,570
As at 1 January 2017	261,983	11,736,780	11,998,763
Increase of provision during the year	5,253	135,855	141,108
Release of provision	(340)	(55,253)	(55,593)
Receivables written off during the year as uncollectible	-	(36,339)	(36,339)
Other	-	50,324	50,324
As at 30 September 2017	266,896	11,831,367	12,098,263

The ageing of other current assets is as follows:

	30 September 2017	31 December 2016
Neither impaired nor past due	6,296,012	5,834,710
Not impaired and past due in the following periods:		
Less than 1 month	10,175	23,019
1 - 3 months	11,788	26,895
3 month - 1 year	52,592	21,598
Over 1 year	268,155	40,607
Total	6,638,722	5,946,829

NIS Group
Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017
(All amounts are in 000 RSD, unless otherwise stated)
11. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2016						
Cost	108,928,420	120,288,250	51,644,542	20,010,602	38,640,748	339,512,562
Depreciation and impairment	(25,345,752)	(38,800,866)	(16,727,934)	(9,024,312)	(2,400,275)	(92,299,139)
Net book value	83,582,668	81,487,384	34,916,608	10,986,290	36,240,473	247,213,423
Period ended 30 September 2016						
Additions	634,193	-	-	117	14,427,556	15,061,866
Transfer from assets under construction	11,950,134	787,045	1,554,699	215,038	(14,506,916)	-
Impairment	-	-	-	-	(21,135)	(21,135)
Depreciation	(4,375,145)	(4,196,547)	(1,735,860)	(587,561)	(3,796)	(10,898,909)
Disposals and write-off	(128,586)	(13,088)	(89,813)	(49,588)	(174,514)	(455,589)
Other transfers	(19,744)	(2,974,908)	2,960,677	20,803	(115,298)	(128,470)
Translation differences	999	-	276,957	(67)	106,885	384,774
	91,644,519	75,089,886	37,883,268	10,585,032	35,953,255	251,155,960
As at 30 September 2016						
Cost	121,224,108	108,882,883	65,248,047	20,045,103	38,340,620	353,740,761
Depreciation and impairment	(29,579,589)	(33,792,997)	(27,364,779)	(9,460,071)	(2,387,365)	(102,584,801)
Net book value	91,644,519	75,089,886	37,883,268	10,585,032	35,953,255	251,155,960
As at 1 January 2017						
Cost	127,806,623	110,525,127	65,310,661	20,170,463	34,864,554	358,677,428
Depreciation and impairment	(30,936,760)	(35,174,792)	(27,816,298)	(9,600,428)	(1,388,883)	(104,917,161)
Net book value	96,869,863	75,350,335	37,494,363	10,570,035	33,475,671	253,760,267
Period ended 30 September 2017						
Additions	134,606	-	405	626	16,666,535	16,802,172
Transfer from assets under construction	13,995,221	2,106,526	1,138,318	266,715	(17,506,780)	-
Transfer to investment property	-	-	(22,698)	(2,313)	-	(25,011)
Transfer to non-current assets held for sale	-	(14,361)	-	(101,798)	-	(116,159)
Impairment	-	-	(20,874)	-	(8,059)	(28,933)
Depreciation	(4,724,287)	(4,255,052)	(1,750,299)	(593,011)	(3,689)	(11,326,338)
Disposals and write-off	(19,258)	(7,610)	(139,870)	(4,561)	(93,706)	(265,005)
Other transfers	(41,023)	(141,282)	(37,370)	178,313	43,149	1,787
Translation differences	18	-	(539,176)	2,317	(231,818)	(768,659)
	106,215,140	73,038,556	36,122,799	10,316,323	32,341,303	258,034,121
As at 30 September 2017						
Cost	141,743,684	112,400,575	65,304,481	20,356,786	34,461,379	374,266,905
Depreciation and impairment	(35,528,544)	(39,362,019)	(29,181,682)	(10,040,463)	(2,120,076)	(116,232,784)
Net book value	106,215,140	73,038,556	36,122,799	10,316,323	32,341,303	258,034,121

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Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017

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

Oil and gas production assets

	Capitalised exploration and evaluation expenditure	Capitalised development expenditure	Total - asset under construction (exploration and development expenditure)	Production assets	Other business and corporate assets	Total
As at 1 January 2016						
Cost	19,971,794	7,942,643	27,914,437	108,928,420	33,408	136,876,265
Depreciation and impairment	(21,185)	(248,771)	(269,956)	(25,345,752)	(22,292)	(25,638,000)
Net book amount	19,950,609	7,693,872	27,644,481	83,582,668	11,116	111,238,265
Period ended 30 September 2016						
Additions	2,078,665	9,526,572	11,605,237	634,193	-	12,239,430
Transfer from asset under construction	(220,235)	(11,729,899)	(11,950,134)	11,950,134	-	-
Other transfers	-	(101,349)	(101,349)	(19,744)	-	(121,093)
Depreciation and depletion	(3,796)	-	(3,796)	(4,375,145)	-	(4,378,941)
Disposals and write-off	(14,113)	(87,090)	(101,203)	(128,586)	-	(229,789)
Translation differences	101,701	-	101,701	999	-	102,700
	21,892,831	5,302,106	27,194,937	91,644,519	11,116	118,850,572
As at 30 September 2016						
Cost	21,914,550	5,550,499	27,465,049	121,224,108	33,408	148,722,565
Depreciation and impairment	(21,719)	(248,393)	(270,112)	(29,579,589)	(22,292)	(29,871,993)
Net book amount	21,892,831	5,302,106	27,194,937	91,644,519	11,116	118,850,572
As at 1 January 2017						
Cost	20,139,905	4,274,452	24,414,357	127,806,623	31,406	152,252,386
Depreciation and impairment	(26,494)	(876)	(27,370)	(30,936,760)	(20,312)	(30,984,442)
Net book amount	20,113,411	4,273,576	24,386,987	96,869,863	11,094	121,267,944
Period ended 30 September 2017						
Additions	3,701,099	9,228,980	12,930,079	134,606	-	13,064,685
Transfer from asset under construction	(3,089,976)	(10,904,350)	(13,994,326)	13,995,221	(895)	-
Other transfers	(856,887)	831,107	(25,780)	(41,023)	975	(65,828)
Depreciation and depletion	(3,689)	-	(3,689)	(4,724,287)	(38)	(4,728,014)
Disposals and write-off	(71,897)	(18,913)	(90,810)	(19,258)	-	(110,068)
Translation differences	(222,796)	-	(222,796)	18	(4)	(222,782)
	19,569,265	3,410,400	22,979,665	106,215,140	11,132	129,205,937
As at 30 September 2017						
Cost	19,595,020	3,411,276	23,006,296	141,743,684	32,342	164,782,322
Depreciation and impairment	(25,755)	(876)	(26,631)	(35,528,544)	(21,210)	(35,576,385)
Net book amount	19,569,265	3,410,400	22,979,665	106,215,140	11,132	129,205,937

12. TRADE AND OTHER NON-CURRENT RECEIVABLES

	30 September 2017	31 December 2016
Long-term trade receivables	-	8,969,816
Long-term other receivables	74,648	1,127,944
Less Impairment provision	(59)	(728,602)
	74,589	9,369,158

Decrease in trade and other non-current receivables mostly relates to effect of signed contract with Unicredit bank on the transfer of part of receivables for a fee without recourse. The total amount of EUR 67,200,000 transferred in accordance with the Agreement relates to receivables from the Republic of Serbia with the due dates in 2016-2019. The payment under the Agreement was made on 17 July 2017 in full.

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017***(All amounts are in 000 RSD, unless otherwise stated)*

Movements on the Group's impairment provision of long-term other receivables are as follows:

	Long-term other receivables
As at 1 January 2016	1,935,712
Receivables written off during the year as uncollectible	(1,051,522)
Exchange differences	35,191
Unwinding of discount (note 24)	(266,016)
Other	(18,722)
As at 30 September 2016	634,643
As at 1 January 2017	728,602
Release of provision	(159,155)
Receivables written off during the year as uncollectible	(132,657)
Exchange differences	(12,859)
Unwinding of discount (note 24)	(215,064)
Transfer to current part (note 8)	(208,808)
As at 30 September 2017	59

13. LONG-TERM FINANCIAL ASSETS

	30 September 2017	31 December 2016
Deposits with original maturity more than 1 year	4,009,222	-
Available for sale financial assets	2,051,204	1,897,256
LT loans issued	102,071	179,596
Other LT placements	26,700	27,648
<i>Less current portion (note 7)</i>	(102,071)	(179,596)
<i>Less provision</i>	(1,926,815)	(1,761,339)
	4,160,311	163,565

14. OTHER NON-CURRENT ASSETS

	30 September 2017	31 December 2016
Advances paid for PPE	2,260,239	1,851,425
Prepaid expenses	711,917	794,251
Other assets	1,042,531	1,076,724
<i>Less impairment provision</i>	(44,781)	(41,758)
	3,969,906	3,680,642

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

	30 September 2017	31 December 2016
Short-term loans	-	12,189,945
Interest liabilities	203,537	243,913
Current portion of long-term loans (note 19)	8,672,948	9,516,423
Current portion of finance lease liabilities (note 19)	46,712	26,290
	8,923,197	21,976,571

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017***(All amounts are in 000 RSD, unless otherwise stated)***16. TRADE AND OTHER PAYABLES**

	30 September 2017	31 December 2016
Trade payables:		
- related parties	977,272	6,898,039
- third parties	18,698,408	18,893,423
Dividends payable	3,772,308	3,772,308
Other accounts payable	5,136	15,395
	23,453,124	29,579,165

As at 30 September 2017 payables to related parties amounting to 977,272 RSD (31 December 2016: 6,898,039 RSD) mainly relate to payables to the supplier Gazprom Marketing & Trading Co., Ltd. in the amount of 961,914 RSD mostly based on electricity trade (31 December 2016: Gazprom Neft, St Petersburg in the amount of 5,818,200 RSD mostly for the purchase of crude oil).

17. OTHER CURRENT LIABILITIES

	30 September 2017	31 December 2016
Advances received	1,287,595	1,325,012
Payables to employees	3,053,543	3,551,055
Accruals and deferred income	412,018	309,194
Other current non-financial liabilities	12,836	48,989
	4,765,992	5,234,250

18. OTHER TAXES PAYABLE

	30 September 2017	31 December 2016
Mineral extraction tax	281,684	241,017
VAT	2,334,551	1,565,733
Excise tax	4,945,743	5,395,623
Contribution for buffer stocks	489,333	601,357
Custom duties	183,899	298,878
Other taxes	2,069,352	2,033,952
	10,304,562	10,136,560

19. LONG-TERM DEBT

	30 September 2017	31 December 2016
Long-term loan - Gazprom Neft	31,923,439	37,328,836
Bank and other long term loans	68,485,841	66,120,490
Finance lease liabilities	402,941	343,080
Other long-term borrowings	55,551	44,968
Less Current portion	(8,719,660)	(9,542,713)
	92,148,112	94,294,661

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017***(All amounts are in 000 RSD, unless otherwise stated)*

Movements on the Group's liabilities from finance activities are as follows:

	Long-term loans	Short-term loans (note 15)	Finance lease	Total
As at 1 January 2016	113,444,171	3,553,120	199,289	117,196,580
Proceeds	3,187,240	11,550,124	-	14,737,364
Repayment	(12,017,266)	(3,602,521)	-	(15,619,787)
Non-cash transactions	-	-	173,662	173,662
Foreign exchange difference (note 22)	420,214	69,727	5,641	495,582
As at 30 September 2016	105,034,359	11,570,450	378,592	116,983,401
As at 1 January 2017	103,449,326	12,189,945	343,080	115,982,351
Proceeds	28,733,261	-	-	28,733,261
Repayment	(24,459,383)	(12,032,433)	(74,859)	(36,566,675)
Non-cash transactions	-	-	141,992	141,992
Foreign exchange difference (note 22)	(7,313,924)	(157,512)	(7,272)	(7,478,708)
As at 30 September 2017	100,409,280	-	402,941	100,812,221

(a) Long-term loan - Gazprom Neft

As at 30 September 2017 long-term loan - Gazprom Neft amounting to 31,923,439 RSD (31 December 2016: 37,328,836 RSD), with current portion of 5,551,902 RSD (2016: 5,742,898 RSD), relate to loan from Gazprom Neft granted based on the Agreement for Sale and Purchase of shares signed on 24 December 2008. The stated liabilities shall be settled in quarterly instalments starting from December 2012 until 15 May 2023.

(b) Bank and other long-term loans

	30 September 2017	31 December 2016
Domestic	41,992,258	27,522,764
Foreign	26,493,583	38,597,726
	68,485,841	66,120,490
Current portion of long-term loans	(3,121,046)	(3,773,525)
	65,364,795	62,346,965

The maturity of bank and other long-term loans was as follows:

	30 September 2017	31 December 2016
Between 1 and 2 years	26,375,628	13,481,072
Between 2 and 5 years	35,876,354	44,609,978
Over 5 years	3,112,813	4,255,915
	65,364,795	62,346,965

The carrying amounts of bank and other long-term loans are denominated in the following currencies:

	30 September 2017	31 December 2016
USD	25,731,860	39,607,916
EUR	42,436,260	26,126,044
RSD	862	976
JPY	316,859	385,554
	68,485,841	66,120,490

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017

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

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

The loan agreements contain financial covenants that require the Group's ratio of Consolidated Indebtedness to Consolidated EBITDA. Management believes the Group is in compliance with these covenants as of 30 September 2017 and 31 December 2016, respectively.

20. PRODUCTION AND MANUFACTURING EXPENSES

	Nine month period ended 30 September	
	2017	2016
Employee costs	4,345,590	4,146,467
Materials and supplies (other than purchased oil, petroleum products and gas)	1,567,698	1,614,042
Repair and maintenance services	2,169,608	2,796,401
Electricity for resale	7,464,026	5,823,726
Electricity and utilities	1,882,701	1,800,322
Safety and security expense	235,259	255,056
Insurance services	211,900	215,782
Transportation services for production	1,505,553	1,447,797
Other	2,294,350	2,414,057
	21,676,685	20,513,650

21. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Nine month period ended 30 September	
	2017	2016
Employee costs	7,703,353	7,767,382
Legal, audit and consulting services	731,858	899,743
Rent expense	286,491	430,957
Business trips expense	227,888	235,304
Safety and security expense	398,981	397,792
Insurance expense	76,029	77,440
Transportation and storage	132,042	276,971
Allowance for doubtful accounts	78,800	(105,036)
Other	6,892,444	6,864,639
	16,527,886	16,845,192

22. NET FOREIGN EXCHANGE GAIN (LOSS)

	Nine month period ended 30 September	
	2017	2016
Foreign exchange gain (loss) on financing activities including:		
- foreign exchange gain	8,188,507	3,022,413
- foreign exchange loss	(709,799)	(3,517,995)
Net foreign exchange gain (loss) on operating activities	(1,397,236)	917,827
	6,081,472	422,245

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Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017

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

23. FINANCE INCOME

	Nine month period ended 30 September	
	2017	2016
Interest on bank deposits	374,723	159,463
Interest income on loans issued	11,651	17,293
Dividend income	156	65
	386,530	176,821

24. FINANCE EXPENSES

	Nine month period ended 30 September	
	2017	2016
Interest expense	2,396,781	2,512,411
Decommissioning provision: unwinding of the present value	103,429	87,285
Trade receivables: unwinding of discount	(315,289)	(266,016)
Less: interest expense capitalised on qualifying assets	(52,583)	(16,695)
	2,132,338	2,316,985

25. FAIR VALUE MEASUREMENT

The following assets are measured at fair value in the Interim Condensed Consolidated Financial Statements: investment properties and financial investments classified as available for sale. The valuation techniques and inputs used in fair value measurements are on the same basis as disclosed in the Consolidated Financial Statements as of 31 December 2016. There were no transfers between the levels of the fair value hierarchy during the interim period.

As of 30 September, 2017 carrying value of financial assets approximate their fair value.

26. CONTINGENCIES AND COMMITMENTS

Environmental protection

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Group's management recognised an environmental provision in the amount of 756,371 RSD (31 December 2016: 838,655 RSD).

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

Taxes

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 30 September 2017.

Capital commitments

As of 30 September 2017 the Group has entered into contracts to purchase property, plant and equipment for 8,467,278 RSD (31 December 2016: 5,324,487 RSD) and drilling and exploration works estimated to 53.09 USD million (31 December 2016: 40.17 USD million).

There were no other material contingencies and commitments of the Group.

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Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017

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

27. RELATED PARTY TRANSACTIONS

For the purpose of these Interim Condensed Consolidated Financial Statements parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operational decision as defined by IAS 24 Related Party disclosure. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

In the nine month period ended 30 September 2017 and in the same period in 2016, the Group entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to supply/delivery of crude oil, petroleum products and energy.

As at 30 September 2017 and 31 December 2016 the outstanding balances with related parties were as follows:

	Parent company	Parent's subsidiaries and associates	Joint venture
As at 30 September 2017			
Trade and other receivables	-	1,062,560	269,242
Investments in joint venture	-	-	2,047,021
Trade and other payables	-	(977,272)	-
Other current liabilities	-	(943)	-
Short-term debt and current portion of long-term debt	(5,551,902)	-	-
Long-term debt	(26,371,537)	-	-
	(31,923,439)	84,345	2,316,263
	Parent company	Parent's subsidiaries and associates	Joint venture
As at 31 December 2016			
Trade and other receivables	-	1,047,541	220,243
Investments in joint venture	-	-	2,047,021
Trade and other payables	(5,818,200)	(1,079,839)	-
Other current liabilities	-	(23,091)	-
Short-term debt and current portion of long-term debt	(5,742,898)	-	-
Long-term debt	(31,585,938)	-	-
	(43,147,036)	(55,389)	2,267,264

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

For the nine month period ended 30 September 2017 and 2016 the following transaction occurred with related parties:

Nine month period ended 30 September 2017	Parent's subsidiaries and Joint venture		
	Parent	associates	
Petroleum products and oil and gas sales	-	450,590	-
Other revenues	-	7,026,197	-
Purchases of oil, gas and petroleum products	(20,062,252)	(451,894)	-
Production and manufacturing expenses	-	(7,269,422)	-
Selling, general and administrative expenses	-	(4,776)	-
Other expenses, net	(5,002)	(175)	-
Finance expense	(489,792)	-	-
	(20,557,046)	(249,480)	-

Nine month period ended 30 September 2016	Parent's subsidiaries and Joint venture		
	Parent	associates	
Petroleum products and oil and gas sales	-	395,681	-
Other Revenues	-	5,610,682	-
Purchases of oil, gas and petroleum products	(29,566,123)	(396,618)	-
Production and manufacturing expenses	-	(5,593,596)	-
Selling, general and administrative expenses	-	(113,594)	-
Other income (expenses), net	18,455	(39)	-
Finance expense	(585,043)	-	-
	(30,132,711)	(97,484)	-

Transactions with Key Management Personnel

For the nine month period ended on 30 September 2017 and 2016 the Group recognized 743,813 RSD and 593,172 RSD, respectively, as compensation for key management personnel (Chief Executive Officer, members of the Board of Directors and Advisory Board and Corporate Secretary). Key management remuneration includes salaries, bonuses and other contributions.

28. SUBSEQUENT EVENTS

In accordance with the laws in force in the Republic of Serbia, at the beginning of October all the condition were met for the full implementation the earlier prepared plan for restructuring of the company HIP Petrohemija a.d. Pancevo. In accordance with the adopted plan, the structure of the share capital of the company HIP Petrohemija has also been changed, whereby NIS increased its equity interest in HIP Petrohemija to 20.855912% by the conversion of the remaining part of the receivables after the write-offs. This change was registered in CSD on 19 October 2017.

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Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2017

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