

ENERGOPROJEKT HOLDING CO.

BALANCE SHEET
on December 31, 2008

in 000 RSD

Group accounts account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. NON-CURRENT ASSETS (002+003+004+005+009)	001	-	4,558,463	4,441,004
00	I. UNPAID SUBSCRIBED CAPITAL	002	-	-	-
012	II. GOODWILL	003	-	-	-
01 w/out 012	III. INTANGIBLE ASSETS	004	-	5,095	288
	IV. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005	-	456,546	307,054
020,022,023, 026,027(part), 028(part),029	1. Property, plant and equipment	006	-	456,546	307,054
024,027(part) 028(part)	2. Investment property	007	-	-	-
021,025,027 (part) and 028(part)	3. Biological assets	008	-	-	-
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009	-	4,096,822	4,133,662
030 to 032, 039(part)	1. Equity share	010	-	4,093,766	4,069,372
033 to 038, 039(part) less 037	2. Other long-term financial investments	011	-	3,056	64,290
	B. CURRENT ASSETS (013+014+015)	012	-	4,806,253	3,026,579
10 to 13,15	I. INVENTORIES	013	-	2,728,182	1,305,087
14	II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS	014	-	-	-
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015	-	2,078,071	1,721,492
20, 21 and 22, except 223	1. Receivables	016	-	442,672	387,003
223	2. Receivables for overpaid income tax	017	-	15,728	33,829
23 less 237	3. Short-term financial investments	018	-	432,278	428,953
24	5. Cash equivalents and cash	019	-	746,725	629,350
27 and 28 except 288	4. VAT and accruals	020	-	440,668	242,357
288	C. DEFERRED TAX ASSETS	021	-	-	-
	D. OPERATING ASSETS (001+012+021)	022	-	9,364,716	7,467,583
29	E. LOSS OVER CAPITAL	023	-	-	-
	F. TOTAL ASSETS (022+023)	024	-	9,364,716	7,467,583
88	G. OFF-BALANCE SHEET ITEMS	025	-	16,684,978	5,977,899

Group accounts, account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	CAPITAL AND LIABILITIES				
	A. CAPITAL (102+103+104+105+106-107+108-109-110)	101	-	5,790,873	5,372,447
30	I. ISSUED AND OTHER CAPITAL	102	-	3,214,790	3,093,363
31	II. UNPAID SUBSCRIBED CAPITAL	103	-	-	-
32	III. RESERVES	104	-	1,647,019	1,636,403
330 i 331	IV. REVALUATION RESERVES	105	-	41,502	125,868
332	V. UNREALIZED GAINS BASED ON SECURITIES AVAILABLE FOR SALE	106	-	24,325	-
333	V. UNREALIZED LOSSES BASED ON SECURITIES AVAILABLE FOR SALE	107	-	162	-
34	VII. RETAINED EARNINGS	108	-	866,826	516,813
35	VIII. LOSS	109	-	-	-
037 and 237	IX. REDEEMED OWN SHARES	110	-	3,427	-
	B. NON-CURRENT PROVISIONS AND LIABILITIES (112+113+116)	111	-	3,565,304	2,087,000
40	I. NON-CURRENT PROVISIONS	112	-	262,120	262,831
41	II. NON-CURRENT LIABILITIES (114+115)	113	-	84,702	9,754
414, 415	1. Long-term credits	114	-	-	-
41 w/out 414 and 415	2. Other non-current liabilities	115	-	84,702	9,754
	III. CURRENT LIABILITIES (117+118+119+120+121+122)	116	-	3,218,482	1,814,415
42, except 427	1. Short-term financial liabilities	117	-	134,827	416,111
427	2. Liabilities from assets held for sale and assets from discontinued operations	118	-	-	-
43 and 44	3. Liabilities from business operations	119	-	3,050,428	1,360,328
45 i 46	4. Other short-term liabilities	120	-	25,173	28,707
47, 48 except 481 and 49 except 498	5. VAT and other public liabilities and accruals	121	-	6,367	4,941
481	6. Income tax liabilities	122	-	1,687	4,328
498	C. DEFERRED TAX LIABILITIES	123	-	8,539	8,136
	D. TOTAL CAPITAL AND LIABILITIES (101+111+123)	124	-	9,364,716	7,467,583
89	E. OFF-BALANCE SHEET ITEMS	125	-	16,684,978	5,977,899

In Belgrade,
date 26.02.2009.

CEO
Vladan Pirivatrić, B.Sc.Eng.

ENERGOPROJEKT HOLDING CO.

INCOME STATEMENT
for the period January 1 to December 31 , 2008

in 000 RSD

Group accounts, account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. BUSINESS REVENUE AND EXPENSES				
	I. BUSINESS REVENUE (202+203+204-205+206)	201	-	1,906,564	1,734,647
60 and 61	1. Sale revenue	202	-	589,351	444,643
62	2. Revenue from undertaking of outputs and goods for own purposes	203	-	-	-
630	3. Increase of inventories	204	-	1,315,336	1,289,303
631	4. Decrease of inventories	205	-	-	-
64 and 65	5. Other business revenue	206	-	1,877	701
	II. BUSINESS EXPENSES (208 to 212)	207	-	1,684,948	1,540,454
50	1. Cost value of sold goods	208	-	-	-
51	2. Cost of material	209	-	14,924	5,379
52	3. Staff costs	210	-	177,980	158,042
54	4. Depreciation and provisions costs	211	-	15,420	12,476
53 and 55	5. Other business expenses	212	-	1,476,624	1,364,557
	III. PROFIT FROM OPERATIONS (201 - 207)	213	-	221,616	194,193
	IV. LOSS FROM OPERATIONS (207 - 201)	214	-	-	-
	V. FINANCIAL REVENUE	215	-	741,911	181,175
56	VI. FINANCIAL EXPENSES	216	-	393,821	36,655
67, 68	VII. OTHER REVENUE	217	-	12,987	37,119
57, 58	VIII. OTHER EXPENSES	218	-	88,885	63,515
	IX. PROFIT FROM OPERATIONS BEFORE TAX (213-214+215-216+217-218)	219	-	493,808	312,317
	X. LOSS FROM OPERATIONS BEFORE TAX (214-213-215+216-217+218)	220	-	-	-
69-59	XI. NET PROFIT FROM DISCONTINUED OPERATIONS	221	-	-	-
59-69	XII. NET LOSS FROM DISCONTINUED OPERATIONS	222	-	-	-
	B. PROFIT BEFORE TAX (219-220+221-222)	223	-	493,808	312,317
	V. LOSS BEFORE TAX (220-219+222-221)	224	-	-	-
	G. INCOME TAX				
721	1. Tax expenses for the period	225	-	4,519	18,108
722	2. Deferred tax expenses for the period	226	-	403	103
722	3. Deferred tax revenues for the period	227	-	-	-
723	D. EMPLOYER'S EARNINGS PAID	228	-	-	-
	Đ. NET PROFIT (223-224-225-226+227-228)	229	-	488,886	294,106
	E. NET LOSS (224-223+225+226-227+228)	230	-	-	-
	Ž. NET PROFIT BELONGING TO MINORITY INVESTORS	231	-	-	-
	Z. NET PROFIT BELONGING TO EQUITY HOLDERS OF THE PARENT COMPANY	232	-	-	-
	I. EARNINGS PER SHARE				
	1. Basic earnings per share	233	-	-	-
	2. Deceased (diluted) earnings per share	234	-	-	-
	Total revenue (201+215+217+221)			2,661,462	1,952,941
	Total expenses (207+216+218+222)			2,167,654	1,640,624
	Gross results			493,808	312,317

In Belgrade,
date 26.02. 2009.

CEO
Vladan Pirivatrić, B.Sc.Eng.

ENERGOPROJEKT HOLDING CO.

CASH FLOW STATEMENT
for the period January 1 to December 31 , 2008

in 000 RSD

Position	EDP	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOW FROM BUSINESS ACTIVITIES			
I. Cash flow from business activities (1 to 3)	301	2,374,123	1,358,285
1. Sale and received advance payments	302	2,299,177	1,351,294
2. Received interests from business activities	303	48,952	4,801
3. Other cash flow from regular operations	304	25,994	2,190
II. Cash outflow from business activities (1 to 5)	305	2,338,647	768,136
1. Cash to suppliers and advances paid	306	1,988,483	294,061
2. Staff costs	307	185,997	148,412
3. Interests paid	308	52,175	13,623
4. Income tax	309	12,764	83,270
5. Other public duties	310	99,228	228,770
III. Net cash flow from business activities (I-II)	311	35,476	590,149
IV. Net cash outflow from business activities (II-I)	312	-	-
B. CASH FLOW FROM INVESTMENTS			
I. Cash flow from investments (1 to 5)	313	452,435	110,970
1. Sale of shares and stakes (net inflow)	314	-	36,901
2. Sale of intangible assets, property, plant, equipment and biological assets	315	3,072	-
3. Other financial investments (net inflow)	316	50,597	-
4. Interests received from investments	317	-	-
5. Dividends received	318	398,766	74,069
II. Cash outflow from investments (1 to 3)	319	174,699	417,835
1. Acquisition of shares and stakes (net outflow)	320	17,857	-
2. Acquisition of intangible assets, property, plant, equipment and biological assets	321	156,842	3,606
3. Other financial investments (net outflow)	322	-	414,229
III. Net cash flow from investments (I-II)	323	277,736	-
IV. Net cash outflow from investments (II-I)	324	-	306,865
V. CASH FLOW FROM FINANCING ACTIVITIES			
I. Cash flow from financing activities (1 to 3)	325	-	414,630
1. Increase of capital assets	326	-	-
2. Long-term and short-term credits (net inflow)	327	-	414,630
3. Other long-term and short-term liabilities	328	-	-
II. Cash outflow from financing activities (1 to 4)	329	278,264	175,194
1. Acquisition of own shares and stakes	330	3,427	-
Long and short-term credits and other liabilities (net outflow)	331	266,513	-
3. Finance leasing	332	7,655	1,899
4. Dividends paid	333	669	173,295
III. Net cash flow from financing activities (I-II)	334	-	239,436
IV. Net cash outflow from financing activities (II-I)	335	278,264	-
G. TOTAL CASH FLOW (301+313+325)	336	2,826,558	1,883,885
D. TOTAL CASH OUTFLOW (305+319+329)	337	2,791,610	1,361,165
DJ. NET CASH FLOW (336-337)	338	34,948	522,720
E. NET CASH OUTFLOW (337-336)	339	-	-
Z. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD	340	629,350	102,617
Z. GAINS ON EXCHANGE	341	99,644	28,894
I. LOSS ON EXCHANGE	342	17,217	24,881
J. CASH AT THE END OF THE ACCOUNTING PERIOD (338-339+340+341-342)	343	746,725	629,350

In Belgrade,
date 26.02.2009.

CEO
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STATEMENT OF CHANGES IN CAPITAL
for the period January 1 to December 31, 2008

in 000 RSD

No.	DESCRIPTION	EDP	Issued capital (group 30 without 309)	EDP	Other capital (account 309)	EDP	Unpaid sub-scribed capital (group 31)	EDP	Emission premium (account 320)	EDP	Reserves (account 321, 322)	EDP	Revaluation reserves (group 330,331)	EDP	Unrealized gains based on securities available for sale (account 332)	EDP	Unrealized losses based on securities available for sale (account 333)	EDP	Undis-tributed profit (group 34)	EDP	Loss to the capital value (group 35)	EDP	Redeemed own shares and stakes (account 037, 237)	EDP	Total (quant. 2+3+4+5+6+7+8-9+10-11-12)	EDP	Loss above capital (group 29)
		1	2	3	4	5	6	7	8	9	10	11	12	13	14												
1	Balance on January 1,	401	3,066,350	414	27,013	427	-	440	1,595,962	453	27,485	466	122,397	479	-	492	-	505	443,588	518	-	531	-	544	5,282,795	557	-
2	Correction of materially significant errors and changes in accounting policies in the previous year - increase	402	-	415	-	428	-	441	-	454	-	467	-	480	-	493	-	506	-	519	-	532	-	545	-	558	-
3	Correction of materially significant errors and changes in accounting policies in the previous year - decrease	403	-	416	-	429	-	442	-	455	-	468	-	481	-	494	-	507	-	520	-	533	-	546	-	559	-
4	Corrected initial balance on January 1, of the previous year (no.1+2-3)	404	3,066,350	417	27,013	430	-	443	1,595,962	456	27,485	469	122,397	482	-	495	-	508	443,588	521	-	534	-	547	5,282,795	560	-
5	Total increase in the previous year	405	-	418	165	431	-	444	-	457	12,956	470	78,882	483	-	496	-	509	294,106	522	-	535	-	548	386,109	561	-
6	Total decrease in the previous year	406	165	419	-	432	-	445	-	458	-	471	75,411	484	-	497	-	510	220,881	523	-	536	-	549	296,457	562	-
7	Balance on December 31, previous year (no.4+5-6)	407	3,066,185	420	27,178	433	-	446	1,595,962	459	40,441	472	125,868	485	-	498	-	511	516,813	524	-	537	-	550	5,372,447	563	-
8	Correction of materially significant errors and changes in accounting policies in the previous year - increase	408	-	421	-	434	-	447	-	460	-	473	-	486	-	499	-	512	-	525	-	538	-	551	-	564	-
9	Correction of materially significant errors and changes in accounting policies in the previous year - decrease	409	-	422	-	435	-	448	-	461	-	474	-	487	-	500	-	513	-	526	-	539	-	552	-	565	-
10	Corrected initial balance on January 1, of the current year (no.7+8-9)	410	3,066,185	423	27,178	436	-	449	1,595,962	462	40,441	475	125,868	488	-	501	-	514	516,813	527	-	540	-	553	5,372,447	566	-
11	Total increase in the current year	411	121,427	424	-	437	-	450	-	463	14,625	476	11,837	489	77,295	502	2,281	515	488,886	528	-	541	3,427	554	708,362	567	-
12	Total decrease in the current year	412	-	425	-	438	-	451	4,009	464	-	477	96,203	490	52,970	503	2,119	516	138,873	529	-	542	-	555	289,936	568	-
13	Balance on December 31, of the current year (no. 10+11-12)	413	3,187,612	426	27,178	439	-	452	1,591,953	465	55,066	478	41,502	491	24,325	504	162	517	866,826	530	-	543	3,427	556	5,790,873	569	-

STATISTICAL ANNEX
for the period January 1 to December 31, 2008

AND GENERAL DATA ON THE LEGAL ENTITY, I.E. ENTREPRENEUR

DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4
1. Number of business months (designation from 1 to 12)	601	12	12
2. Size designation (from 1 to 3)	602	3	3
3. Ownership designation (from 1 to 5)	603	2	2
4. Number of foreign (legal or physical) entities with equity share	604	-	-
5. Average number of employees based on the balance at the end of each month (whole number)	605	79	78

II GROSS CHANGES OF INTANGIBLE ASSETS AND REAL PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Gross	Correction of value	Net (col.4-5)
1	2	3	4	5	6
o1	1.Intangible assets				
	1.1. Balance at the beginning of the year	606	811	523	288
	1.2. Increase (acquisitions) during the year	607	4,968	-	4,968
	1.3. Decrease (sale, removal from inventory and impairment) during the year	608		-	-
	1.4.Revaluation during the year	609		-	-
	1.5.Balance at the end of the year (606+607-608+609)	610	5,779	684	5,095
o2	2. Real property, plant, equipment and biological assets			-	-
	2.1. Balance at the beginning of the year	611	603,749	296,695	307,054
	2.2. Increase (acquisitions) during the year	612	168,261	-	168,261
	2.3. Decrease (sale, removal from inventory and ensuring) during the year	613	17,428	-	18,769
	2.4. Revaluation during the year	614		-	-
	2.5. Balance at the end of the year (611+612-613+614)	615	754,582	298,036	456,546

III STRUCTURE OF INVENTORIES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4	5
10	1. Inventories	616	-	-
11	2. Unfinished production	617	2,604,638	1,289,303
12	3. Finished products	618	-	-
13	4. Goods	619	-	-
14	5. Non-current assets held for sale	620	-	-
15	6. Advances given	621	123,544	15,784
	7.TOTAL (616+617+618+619+620+621=013)	622	2,728,182	1,305,087

IV STRUCTURE OF CAPITAL ASSETS

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4	5
300	1. Share capital	623	3,187,612	3,066,185
	in it: foreign capital	624	-	-
301	2. Share of limited liability company	625	-	-
	in it: foreign capital	626	-	-
302	3. Shares of members of partnership and limited-partnership company	627	-	-
	in it: foreign capital	628	-	-
303	4. State-owned capital	629	-	-
304	5. Socially-owned capital	630	-	-
305	6. Cooperative shares	631	-	-
309	7. Other capital shares	632	27,178	27,178
30	TOTAL: (623+625+627+629+630+631+632=102)	633	3,214,790	3,093,363

V EQUITY STRUCTURE

 Number of shares as a whole number
 Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4	5
	1. Ordinary shares			
	1.1. Number of ordinary shares	634	9,107,463	8,760,529
part 300	1.2. Nominal value of ordinary shares - total	635	3,187,612	3,066,185
	2. Priority shares			
	2.1. Number of priority shares	636	-	-
part 300	2.2. Nominal value of priority shares - total	637	-	-
300	3. TOAL - nominal value of shares (635+637= 623)	638	3,187,612	3,066,185

VI RECEIVABLES AND LIABILITIES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4	5
20	1. Sale receivables (balance at the end of the year 639 ≤ 016)	639	403,588	274,810
43	2. Liabilities from operations (balance at the end of the year 640 ≤ 117)	640	3,050,347	1,160,138
part 228	3. Receivables during the year from insurance companies for damages (debt turnover without initial balance)	641	-	-
27	4. VAT paid during acquisition of goods and services (debt turnover without initial balance)	642	242,842	43,907
43	5. Business liabilities (receivables turnover without initial balance)	643	3,758,811	1,306,490
450	6. Liabilities for net income and income compensations (receivables turnover without initial balance)	644	89,076	81,438
451	7. Liabilities for salaries tax and salaries compensations paid by employees (receivables turnover without initial balance)	645	13,808	12,531
452	8. Liabilities for contributions on salaries and salaries compensations paid by employees (receivables turnover without initial balance)	646	18,957	16,247
461,462 and 723	9. Liabilities for dividends, profit share and employer's personal earnings (receivables turnover without initial balance)	647	1,191	175,211
465	10. Liabilities toward physical entities for compensations per contracts (receivables turnover without initial balance)	648	1,419	2,310
47	11. VAT collected during sale of products, goods and services (receivables turnover without initial balance)	649	364,035	222,481
	12. Control summary (from 639 to 649)	650	7,944,074	3,295,563

VII OTHER EXPENSES AND EXPENDITURES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	DEP designation	Current year	Previous year
1	2	3	4	5
513	1. Fuel and energy costs	651	7,746	2,108
520	2. Salaries and salaries compensations (gross)	652	119,037	106,667
521	3. Tax expenses and contributions on salaries and salaries compensations paid by employer	653	18,871	17,892
522,523,524 and 525	4. Expenses for compensations to physical entities (gross) based on contracts	654	2,130	3,726
526	5. Expenses of compensations to BoD & Supervision Board members (gross)	655	18,805	17,368
529	6. Other personal expenses and compensations	656	19,136	12,389
53	7. Expenses of production services	657	1,340,632	1,312,216
533, part 540 and part 525	8. Lease expenses	658	237	212
part 533, part 540 & part 525	9. Expenses of land lease	659	-	-
536,537	10. Expenses of research and development	660	-	-
540	11. Depreciation expenses	661	14,860	12,040
552	12. Expenses of insurance premiums	662	8,856	676
553	13. Payroll expenses	663	9,800	3,586
554	14. Membership fees	664	770	615
555	15. Tax expenses	665	8,471	8,298
556	16. Contributions	666	-	-
562	17. Interests	667	51,870	11,775
part 560, part 561 and 562	18. Interests expenses and a part of financial expenses	668	51,870	11,775
part 560, part 561 and part 562	19. Interests expenses per credits and banks and dfo	669	51,822	11,764
part 579	20. Expenses for humanitarian, cultural, health, educational, scientific and religious purposes, for protection of the Environment and sports	670	4,604	2,088
	21. Control summary (from 651 to 670)	671	1,729,517	1,535,195

VIII OTHER REVENUE

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4	5
60	1. Goods sale revenue	672	-	-
640	2. Revenue from premiums, subsidies, dotations, recourses, compensations and tax duties returns	673	-	-
641	3. Revenue from conditioned donations	674	-	-
part 650	4. Revenue from land lease	675	-	-
651	5. Membership revenue	676	-	-
part 660, part 661, 662	6. Interests revenue	677	58,218	4,798
part 660, part 661, and part 662	7. Revenue from interests per accounts and deposits in banks and other financial organizations	678	45,400	4,798
part 660, part 661 and part 669	8. Revenue from dividends and profit share	679	409,767	145,473
	9. Control summary (from 672 to 679)	680	513,385	155,069

IX OTHER DATA

Amounts in 000 RSD

DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4
1. Liabilities for ascises (according to annual ascises calculation)	681	-	-
2. Calculated custom duties and other import duties (total annual amount according to calculation)	682	-	-
3. Capital subsidies and other state subsidies for construction and acquisition of capital assets and intangible assets	683	-	-
4. State allocations for premiums, recourses and covering of current operating expenses	684	-	-
5. Other state allocations	685	-	-
6. Received donations from abroad and other non-returnable assets in money or nature from foreign legal and physical entities	686	8,065	-
7. Personal income of entrepreneurs from net profit (filled in by entrepreneurs only)	687	-	-
8. Control summary (from 681 to 687)	688	8,065	0

In Belgrade,
date 26.02.2009.

CEO
Vladan Pirivatrić, B.Sc.Eng.

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

ENERGOPROJEKT HOLDING CO. BELGRADE

NOTES TO THE FINANCIAL STATEMENTS

FOR 2008

1. COMPANY BACKGROUND

Energoprojekt Holding Co., Belgrade (in further text: the Company) is an open shareholding company for holding operations of joint ownership.

The Company was adjusted to the Law on Companies (Official Gazette of RS no. 125/2004) by adoption of the Decision on Adjustment to the Law on Companies and the Articles of Association at the General Shareholders` Meeting held on September 28, 2006.

The Company was registered and transferred into the Registry of the Business Registers Agency, with the Decision BD 8020/2005, from May 20, 2005, from the court registry of the Commercial Court in Belgrade, with previous registration on the registry sheet no. 1-2511-00.

With the Decision of the Commercial Court in Belgrade VIII Fi 8390/99, from June 30, 2000, the Company was adjusted to the Law on Companies (Official Gazette of FRY 29/96), the Law on Classification of Activities (Official Gazette of FRY 31/96) concerning its name, activities, capital assets and bodies, changed its name into Energoprojekt Holding Shareholding Company for Holding Operations, from Energoprojekt Holding Shareholding Company of Joint Ownership for Founding, Funding and Management of Other Companies, up till then registered with the Decision of the same court with the Decision FI 5843/91 from June 13, 1991.

Legal predecessor of Energoprojekt Holding Shareholding Company of Joint Ownership is the Energoprojekt Holding Corporation, registered in the Registry of the District Commercial Court in Belgrade, with the Decision Fi 423 from January 12, 1990, organized per the previous Law on Companies (Official Gazette of SFRY 77/88, 40/89, 46/90 and 60/91) by adoption of the Self-Management Agreement on changes in organization of the previous Complex Organization of Associated Labor Energoprojekt and the associated Work Organizations, at the referendum held on December 8, 1989.

Energoprojekt Holding Co., Belgrade, is a parent company which, with 12 (twelve) dependent companies (9 shareholding companies and 3 limited liability companies), in which its equity share is over 50%, as well as 2 (two) associated companies (1 limited liability company and 1 shareholding company), in which its equity share is 50% and less, makes a group of companies with the short name Energoprojekt Group.

	Names of dependent companies	% share of the Holding in the equity of dependent companies
1	EP-Visokogradnja a.d.	92.39
2	EP-Niskogradnja a.d.	93.32
3	EP-Oprema a.d.	67.87
4	EP-Hidroinženjering a.d.	94.84
5	EP-Urbanizam i arhitektura a.d.	94.40
6	EP-Promet d.o.o.	100.00
7	EP-Energodata a.d.	95.05
8	EP-Industrija a.d.	62.77
9	EP-Entel a.d.	86.26
10	EP-Garant a.d.o.	64.13
11	EP-Ingraf d.o.o.	100.00
12	BE Company d.o.o.	100.00

ENERGOPROJEKT HOLDING CO., BELGRADE
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	Names of associated companies	% share of the Holding in the equity of associated companies
1	Enjub d.o.o.	50.00
2	Energobroker a.d.	28.60

In accordance with provisions of Article 7 of the Law on Accounting and Auditing, the Company is classified in the business year 2008 as a large legal entity.

Seat of the Company is at the address Bulevar Mihaila Pupina 12, 11070 Beograd.

Tax identification number of the Company is: 100001513

Statistical number of the Company is: 07023014

Activity code of the Company is: 74150 (110620)

Average number of employees in the business year 2008 was: 79 employees (in 2007: 78 employees).

Shares of the Company are traded at the listing A of the Belgrade Stock Exchange.

Financial statements of the Company have been approved by the Board of Directors at the 13th meeting held on Feb. 25, 2009.

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

Financial statements which we are reporting have been prepared in accordance with the Law on Accounting and Auditing (RS Official Gazette no. 46/2006) and the regulations adopted based on that law, with implementation of accounting policies stated in Note 4 to these statements and the generally adopted practice in the Republic of Serbia.

Financial statements of the Company are presented in the format regulated by the Rules on the content and form of templates of financial statements for companies, collectives, other legal entities and entrepreneurs (RS Official Gazette no. 119/08).

2.1. Functional and reporting currency

Amounts in financial statements are stated in thousands of Dinars (RSD). RSD is the functional and the currency for presentation (reporting currency) of the Company. All transactions performed in currencies which are not the functional currency are treated as transactions in foreign currencies.

Amounts in financial statements are stated in thousands of RSD, i.e., in the functional currency, which is a domicile currency, valid on the day of the balance – Dec. 31, 2008.

ENERGOPROJEKT HOLDING CO., BELGRADE
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Comparative data are presented in thousands of RSD valid on Dec. 31, 2007.

Official medium exchange rates of the National Bank of Serbia (NBS) applied for exchange rates of monetary funds and liabilities were as follows:

	Dec 31, 2008	Dec 31, 2007
EUR	88.6010	79.2362
USD	62.9000	53.7267

3. ESTIMATES AND ASSESSMENTS BY THE MANAGEMENT

Preparation of financial statements in accordance with IAS and ISFS requires the management to make estimates, assessments and assumptions which are reflected in the reported amounts of the assets, liabilities, income and expenditures. Realized results may differ from the estimates.

The Board of Directors assessed and decided, based on the Assets & Liabilities Inventory Commission's (ALCO) report, to directly and indirectly write off the Company's non-performing claims and financial placements.

The largest items where were assessed as non-performing, and as such indirectly written off, are:

- unpaid dividend claim for 2006 and 2007 from majority owned company Enjub d.o.o., totalling 30.442 thousand RSD,
- financial placement of 27.243 thousand RSD to dependent company Promet d.o.o., which is currently in the process of restructuring, and other items totalling 316 thousand RSD (Note 14: "Impairment of claims and short-term financial placements") and Notes 24 and 25: "Claims" and "Short-term financial placements").

A total of 6.953 thousand RSD was directly written off in claims associated with the Holding's branch offices in Libya and Moscow which are now closed, and represent merely an accounting adjustment to reflect the true state of affairs, including other minor write-offs totalling 179 thousand RSD (Note 14: "Expenditure resulting from direct claims write-off" and Note 24: "Receivables")

4. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

(a) Rules for estimation – principal assumptions

Financial statements are prepared according to the principle of occurrence of a business event (principle of causality) and the principle of continuity.

According to the principle of occurrence of a business event, effects of business changes and other events are recognized at the moment of occurrence (not when cash or its equivalent is received or paid). Financial statements prepared on the principle of occurrence of a business event (except for the Report on Cash Flow) provide information not only on business changes in the previous period, which include payment and receipt of cash, but also on liabilities for payment of cash in the future period and on resources which present cash to be received in the future period.

Financial statements are prepared under the assumption that the Company shall operate in the indefinite period of time and that it shall continue to operate in the foreseeable future as well.

(b) Recognition of elements of financial statements

An asset is recognized in the balance sheet when it is probable that the Company shall have future economic benefits and when the asset has a purchase value, or cost price, or a value which can reliably be measured.

A liability is recognized in the balance sheet when it is probable that outflow of assets which contain economic benefits shall result from settling of present liabilities, and when the amount of the liability to be settled can reliably be measured.

Revenue is recognized in the balance sheet when increase of future economic benefits is linked with the increase of assets or decrease of liabilities which can reasonably be measured, i.e., recognition of revenue occurs simultaneously with recognition of increase of assets or decrease of liabilities.

Expenses are recognized in the income statement when decrease of future economic benefits, which is linked with decrease of assets or increase of liabilities, can reliably be measured, i.e., recognition of expenses occurs simultaneously with recognition of increase of liabilities or decrease of assets.

Equity is stated in accordance with the financial concept of capital as invested money or invested purchase power, and presents net assets of the Company. The concept of preserving of financial assets derives from the financial concept of equity. Preserving of financial assets is measured in nominal monetary units - RSD. According to this concept, income is earned only if financial (or monetary) amount of net assets at the end of the period exceeds the financial (or monetary) amount of net assets at the beginning of the period, after inclusion of all distributions to, or contributions from owners during the year.

(c) Calculation of foreign currencies and accounting of exchange rate differences

Monetary assets and liabilities in foreign currencies are calculated in their RSD counter value per the exchange rate valid on the day of the balance sheet. Positive and negative exchange rate differences deriving from this are expressed as revenues or expenses for the given period.

Calculation of monetary assets and liabilities with the agreed protection through currency clause is done according to the exchange rate valid on the day of the balance sheet, where the effect is accounted in the income statement as financial income, i.e. expense.

(d) Sales return

Sales return is stated in the amount of the invoiced realization, i.e., sale made until the end of the accounting period, provided that that day debtor-creditor relations occurred and such an invoice was delivered. Income is measured per fair value of the received compensation or receivables, taking into account the amount of all trade discounts and quantity rebates which the Company approved. Difference between the fair value and the nominal amount of compensation is recognized as interest income. Sales return is recognized when all requirements are satisfied:

- The Company has transferred all significant risks and benefits from ownership to the buyer;
- Management of the Company does not hold or influence the management in the degree usually linked with ownership, or control of sold products and goods;
- When it is possible to reliably measure the return on sales;

- When it is probable that a business change shall be accompanied with a flow of economic benefits for the Company, and
- When expenses which were incurred or shall be incurred in connection with the business change may be reliably measured.

Income from services is stated proportionally to the degree of completeness of the service on the date of the balance sheet.

(e) Operating expenses

Total operating expenses consist of: cost value of sold goods, expenses of materials, salaries and other personal expenses, depreciation and provisions expenses, expenses of production services and intangible expenses.

Principal elements and principles of recognition of expenses are:

- Expenses are recognized, i.e., recorded and stated when decrease of future economic benefits, linked with decrease of assets or increase of liabilities, may reliably be measured;
- Expenses are recognized based on the direct link of expenses with the income (principle of causality);
- When it is expected that economic benefits shall flow in during several accounting periods, and the link with the income may be established in a broader sense or indirectly, expenses are recognized through the procedure of systemic and reasonable allocation;
- Expenses are recognized when they do not bring about any economic benefits, or when and up to the amount up to which future economic benefits do not satisfy the requirements or have stopped satisfying the requirements for recognition in the balance sheet as an asset;
- Expenses are recognized in cases when a liability occurs without a simultaneous recognition of assets.

(f) Gain and loss

Gain presents an increase of economic benefits, and includes income which occurs in case of a sale of non-current assets per value larger than its accounting value, then unrealized gains based on sale of market securities (in case when valuation of securities is done per their market value), as well as gains occurring during increase of the accounting value of non-current assets because of cease of the effect of requirements on decrease of their value.

Loss occurs based on: sale of assets per prices lower than their accounting value; removal from inventory of unwritten-off capital assets; damages which may be compensated totally or partly from insurance companies; implementation of the principle of imparity (decrease of value of assets).

(g) Financial gain and loss

Financial gain and loss include: income and expenses from interests, income and expenses from exchange rate differences, income and expenses from the relation with the parent, dependent and other associated legal entities and other financial income and expenses.

Income from dividends is recognized as income in the year when the right is established for their payment.

(h) Profit tax

Profit tax is the amount calculated and paid in accordance with Republican regulations. Tax liability is calculated per rate of 10% of taxable income (in 2006: 10%). Taxable income is determined in the tax balance by adjustment of the income stated in the income statement, made in accordance with the accounting regulations, for certain expenses and income, in accordance with tax regulations. Accounting tax is decreased by tax easements (investments in capital assets in own registered activity and other easements in accordance with tax regulations, for which the Company satisfies requirements).

(i) Deferred income tax

Deferred income tax is reserved in full amount, using the method of liabilities, for temporary differences which occur between the tax basis for the assets and liabilities and their accounting amounts in financial statements.

The amount of deferred income tax is determined based on effective legal tax rates.

Deferred income tax assets are recognized up to the scope in which it is probable that future taxable income, in relation to which temporary differences may be applied, is available. Offsetting of deferred tax assets and liabilities is allowed.

(j) Employee wages

/i/ Contributions for pension insurance and other taxes

The Company pays contributions to the Pension Fund of the Republic of Serbia on behalf of its employees. All employees are members of the said Pension Fund. All contributions for the mandatory pension insurance are recognized as expense and liability at the moment of accounting. Companies within the Group do not have their pension plan, or a plan of compensations upon termination of employment, and, accordingly, no liabilities for pensions.

/ii/ Contributions for health insurance

The Company accounts and settles contributions for health insurance, which at the moment of accounting are recognized as expense and liability.

/iii/ Retirement bonus

The Company pays to employees severance pay for retirement in the triple amount of the salary they realized for the month preceding the month in which severance pay is paid (in accordance with provisions defined in the Individual Collective Agreement), or in the amount defined by the Labor Law, if that is more favorable for employees.

/iiii/ Severance pay for terminated employees

Severance pay is also paid in case of a mutually agreed termination of employment, i.e., in case when the employer and the employee conclude an agreement on termination of employment in

replacement for a severance pay, on which decision is previously made by the Employer's competent body.

(k) Intangible assets, property, plant, equipment, natural assets and investment property

Intangible investment is a definable non-monetary asset without a physical content, which the Company may control and from which inflow of future economic benefits is expected.

Intangible assets consist of: goodwill, licenses, concessions, logos, seals, accounting software, franchises, investment in development of new products, processes and devices, copyrights, investments in others` real property, plant and equipment, etc.

Real property, plant and equipment are tangible assets:

- Which the Company keeps for use in production, or for delivery of goods, or rendering of services, for renting to other entities, or for administrative purposes;
- For which it is expected they shall be used longer than one accounting period;

Real property, plant and equipment are recognized as assets:

- When it is probable that future economic benefits based on them shall flow into the Company; and
- When procurement or cost value of the asset may reliably be measured;

Procurement of intangible assets, plant and equipment during the year is recorded per procurement value. Procurement value consists of the invoice value of procured goods, plus all dependent expenses of procurement and all expenses of bringing into the functional condition. Cost value of the said assets in own production consists of direct expenses and the belonging indirect expenses, which relate to that investment.

Procurement value, or cost value, also includes borrowing expenses which may be directly attributed to acquisition, construction or making of assets which are brought into a condition for use in accordance with IAS and ISFS.

Later expense relating to the already recognized intangible assets, real property, plant and equipment, is attributed to the stated amount of the assets, if it is probable that inflow of future economic benefits shall be larger than the originally estimated return rates of the assets.

Later expense is treated as additional investment, if:

- Useful lifetime is extended, including increase of capacity;
- Significant promotion of the product's quality is achieved; and
- Operating expenses are significantly lower in comparison to expenses before investment.

All other later expenses (servicing expenses, technical maintenance, smaller repairs, etc.) are recognized as expenses for the period in which they occurred.

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After they are recognized as assets, real property, plant and equipment are stated per procurement or cost value, less total amount of calculated depreciation and total amount of loss because of impairment.

Intangible investment, real property, plant and equipment stop being stated in the balance sheet, after estrangement, or when assets are permanently withdrawn from use and when from their estrangement no future economic benefits are expected.

Gain or loss deriving from removal from inventory or estrangement are determined as a difference between the estimated net sale income and the stated amount of the asset, and recognized as income or expense in the income statement.

Investment real property is real property (land, construction facility, or both, which the Company, as the owner or a leaseholder, based on financial leasing (long term lease) holds for the purpose of realizing income from real property (by leasing), or for the purpose of increasing the value of the property, or both, not for production or supply of goods, or rendering of services, or for administrative operations, or sale within the framework of regular operations. Accordingly, investment property creates cash flows which are in a great degree independent from other property held by the Company.

Initial measuring of investment property during acquiring (procurement) is done per procurement value or cost value. In initial measuring, dependent expenses of procurement are included in the procurement value or cost value.

Later expenses relating to the already recognized investment property are attributed to the stated amount of that investment property if it is probable that inflow of future economic benefits shall be larger than the originally estimated return rate of that investment property. All other later expenses are recognized as expenditures for the period in which they occurred.

After initial recognition, investment property is measured per its fair value. Fair value is measured as the most probable price which can realistically be obtained at the market, on the date of the balance sheet, in accordance with the definition of fair value. That is the best price which the seller may realistically obtain.

Gain or loss because of change of fair value of investment property is included in net profit or net loss for the period in which it occurred.

(1) Depreciation

Basis for depreciation of intangible assets consists of procurement value or cost value after deduction of their remaining value.

The remaining value of intangible assets is considered equal to zero, except when:

- 1) There is a contractual obligation of a third entity to buy off that asset at the end of its remaining useful life, or
- 2) There is an active market for that asset, where the remaining value can be determined, and that market shall continue to the end of the useful life of the asset.

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For financial statements, intangible assets are written off through proportional depreciation rate within five years, except for investments whose useful life is determined with a contract, when writing off is done in deadlines deriving from the contract.

Goodwill is not depreciated, but it is mandatory before preparation of financial statements to perform the impairment test in accordance with IAS.

For intangible assets with unlimited lifetime depreciation is not accounted.

Accounting of depreciation of intangible assets is done from the beginning of the following month in relation to the month when intangible assets were put in use.

For preparing of tax balance, depreciation of intangible assets is done according to valid legal regulations.

Internally occurred goodwill is not recognized as intangible assets.

For preparing of tax balance, depreciation of intangible assets is done according to valid legal regulations.

After initial recognition, real property, plant and equipment are stated per procurement value or cost value, less total amount of accounted depreciation and total amount of loss because of impairment.

Basis for depreciation of real property, plant and equipment consists of procurement value or cost value, after deduction of the remaining value of assets.

Real property, plant and equipment are depreciated on systematic basis during useful lifetime of the assets.

For financial statements, depreciation is accounted with the proportional method during estimated useful lifetime of the asset. The estimated useful lifetime of the asset is reviewed if needed, and if expectations significantly differ from previous estimates, depreciation rates are adjusted for the current and future periods.

For preparing of tax balance, real property, plant and equipment are classified and depreciated per rates in accordance with tax laws.

Accounting of depreciation begins from the following month in relation to the month in which capital assets were put in use.

Implemented depreciation rates are as follows:

	(%)
Buildings	1.3-15.0
Drive equipment	5.0-25.0
Computers and belonging equipment	20.0
Vehicles	12.5-16.0
Intangible assets	20.0

(m) Financial investments

Financial investments present funds which are during initial recognition measured per their procurement value, which presents fair value of compensation given for them. Transaction expenses are included in initial measuring of all funds.

For measuring of a financial asset after initial recognition, funds are classified into four categories:

- (a) Funds held for trading, initially recognized per fair value through gain or loss;
- (b) Investments held until maturity;
- (c) Loans and receivables deriving from the company which are not held for trading, and
- (d) Funds available for sale.

Funds are classified as funds available for sale if they do not belong totally to either of the other three above stated categories of funds.

Funds are classified as funds held for trading, not as funds available for sale, if they are part of the portfolio of similar assets for which there is a template of trading for realization of gain from short-term fluctuation of prices of dealers` margin.

After initial recognition, the company measures funds (including derivatives which are assets) per their fair value, without any impairment for transaction expenses that may arise during sale or other estrangement, except for:

- Loans and receivables and investments which are held until due which are measured per depreciated price, by implementation of the method of effective interest rate;
- Investments in proprietary securities which are not traded on active market and whose fair value cannot reliably be measured, which are measured per procurement price.

In the Republic of Serbia there is no sufficient market experience, stability and liquidity for purchase and sale of funds, and official market information are not always available. Therefore, fair value most often is not possible to be determined reliably in conditions of nonexistence of an active market, as the ISFS require.

Recognized gain or loss deriving from a change in fair value of a fund or a liability (which is not a part of protection relations) initially recognized per fair value through gain or loss, is recognized as gain or loss in the income statement, and for financial property available for sale on revaluation reserves.

(n) Inventories

Stocks of materials, spare parts, inventories and goods are estimated per procurement value. Procurement value consists of net invoice value and dependent procurement expenses. Dependent expenses imply all direct expenses in the procedure of procurement until storing, including the belonging expenses of own transport, loading and unloading, up to the level of the market price of such a service.

Accounting of spent stocks of materials is done with the method of pondered average price.

(o) Short term receivables and investments

Short-term receivables include receivables from buyers – dependent and other associated legal entities and other buyers at home and abroad on the basis of sale of products, goods and services.

Short-term investments include credits, stocks and bonds and other short-term investments which are due, i.e., which are to be sold up to one year from the day of commitment, i.e., balance.

Short-term receivables from buyers are measured per value from the original invoice. If the value in the invoice is stated in foreign currency, translation into the reporting currency is made per medium exchange rate valid on the day of transaction. Changes in currency exchange rates from the date of transaction until the date of collection of receivables are stated as exchange rate differences in income or expenses. Receivables stated in foreign currency on the day of the balance are calculated according to the valid exchange rate, and exchange rate differences are recognized as income or expense for the period.

Short-term financial investments which are not held for trading are measured per depreciated value, not taking into account intention of the company to hold them until maturity.

If there is a probability that companies shall not be able to collect all amounts due (capital and interest) according to contracted terms for the given credits, receivables or investments which are held until maturity, which are stated per depreciated value, loss has occurred because of impairment or uncollected receivables.

Writing off of short-term receivables and investments for which there is a probability of non-collection is done with indirect writing off, while in cases when impossibility of collection is certain and documented, writing off, in total or partly, is done with direct writing off.

Probability of impossibility of collection is determined in each concrete case based on documented reasons (bankruptcy, i.e., liquidation of the debtor, over indebtedness, estrangement of property, forced settlement, out-of-court settlement, expiration, court decision, administrative body act, as well as in other cases for which the companies own credible documents on impossibility of collection.)

(p) Cash and cash equivalents

Cash and cash equivalents include: money in treasury, deposits at sight in banks, other short-term highly liquid investments which may quickly turn into known cash amounts and which are not under a significant risk of change of value and overdraft on current account. Overdrafts on current accounts are included in the balance sheet as debts for credits within current liabilities, as short-term liabilities.

(r) Leases

Leases in which the leaseholder keeps a significant part of the risk and use from ownership are classified as business leases. Payments made based on business leases are included in the income statement on a proportional basis during the period of the lease.

(s) Financial leasing obligations

Leasing is qualified as financial in case when significant risks and uses which derive from ownership of the object of lease are transferred to the buyer, where formal ownership does not have to be transferred.

Liability based on financial leasing is stated on the day of the balance in value decreased by the interest contained in the lease (present value of the lease payment minimum). Interest is allocated to accounting periods during the lease, in accordance with the plan of payment.

Liabilities based on financial leasing are not calculated as active time accruals liabilities for undue interest, per the plan of payment.

(t) Potential assets and contingencies

Contingencies are disclosed, but are not recognized, except in cases when outflow of resources is probable and when provisions are recognized in financial statements.

Existence of a potential asset is not disclosed, except if inflow of economic benefits is probable. If realization of income is almost certain, an asset may be recognized in financial statements.

(u) Borrowing expenses

Borrowing expenses are interests, commissions and other expenses occurring in the company in connection with borrowing of funds in accordance with IAS and ISFS.

Borrowing expenses which may be directly attributed to acquisition, construction or making of an asset which is brought in condition for use, are included in procurement value or cost price of the asset.

Other borrowing costs are recognized as expenses for the period in which they occurred.

(v) Impairment of assets

If during the year there is impairment of assets, Board of Directors of the company, based on explained proposal of the General Manager/C.E.O. of the company, determines if there are indicators that there was an impairment of assets in accordance with IAS, as well as if there were indicators that decrease occurred of the previously recognized impairment of the assets.

In case of existence of the indicators, the Board of Directors of the Holding makes a decision on the amount of impairment, or the amount by which previously recognized impairments should be abolished.

At the end of the year, the Board of Directors of the Holding, based on explained proposal of the General Manager and the inventory commission, makes a decision on the amount of impairment, or the amount for which previously recognized impairment should be abolished.

(w) Financial liabilities

Financial liabilities are considered long-term liabilities (liabilities toward associated legal entities and legal entities with mutual share, long-term credits, liabilities per long-term securities and other long-term liabilities), short-term financial liabilities (liabilities toward associated legal entities and legal entities with mutual share, short-term credits and other short-term liabilities), short-term liabilities from operations (suppliers and other liabilities from operations) and other short-term liabilities.

Short-term liabilities are considered liabilities which are due within a year, from the date of commitment, i.e., date of the annual balance.

Long-term liabilities are considered liabilities which are due for payment in the period longer than a year from the date of making of financial statements.

A part of long-term liabilities which are due for payment in the period shorter than a year from the date of making of financial statements are stated as short-term liabilities.

In initial recognition, the Company ensures financial liabilities per their procurement value, which presents fair value of compensation received for it. Transaction expenses are included in initial measuring of all financial liabilities.

Decrease of liabilities based on the law, out-of-court settlements and similar, is done through direct writing off.

(x) Long-term provisions

Long-term provisions are recognized when:

1. The Company has a liability (legal or real) which is a result of a past event,
2. There is a probability that outflow of resources shall be needed for settlement of liabilities, and
3. Amount of the liability may reliably be estimated.

If these terms are not fulfilled, provisions are not recognized.

Long-term provisions include provisions for expenses within the warranty period, provisions for expenses of renewal of natural resources, provisions for securities and deposits kept, provisions for restructuring of the company,

provisions for compensations and other benefits for employees and other long-term provisions for covering of liabilities (legal or real), deriving from past events, for which it is probable they shall cause outflow of resources which contain economic benefits, for their settlement and which can be reliably estimated (for example, litigations in process), as well as provisions for issued guarantees and other warranties.

Long-term provisions for expenses and risks are followed by types, and their decreasing i.e., abolishing is done in favor of income.

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Provisions are not recognized for future operating losses.

Provisions differ from other liabilities because of the uncertainty concerning the date of occurrence, or amounts of future expenses needed for settlement.

Measuring of provisions is done in the amount of expected expenses for settlement of liabilities.

Provisions are reviewed on the day of each balance sheet and corrected to reflect the best present estimate. If it is no more probable that outflow of resources shall be needed for settlement of liability, provisions are abolished.

Decision on individual provisions is made by the Board of Directors of the Holding.

(y) Effects of accounting policy changes, changes in accounting estimates and errors from previous periods

Correction of later established materially significant mistakes is the one which has such a significant impact on financial statements for one or more previous periods that those financial statements may no longer be considered reliable on the day of their issuing.

Correction of materially significant mistakes from previous periods is done through correction of initial balance of undistributed profit or loss from previous years.

Materially significant effects of changes in accounting policies and later established mistakes are corrected retroactively with adjustment of comparable data in financial statements, except if it is practically unfeasible (then a change of accounting policy is implemented prospectively). Each correction deriving from it is stated as correction of the amount of undistributed profit at the beginning of the period.

(z) Foreign currency exchange rates

Official exchange rates of currencies which are significant for operations of the Company and which were used for calculation of foreign currency positions in financial statements into RSD, were as follows:

	<u>2008</u>	<u>2007</u>
EUR	88.6010 RSD	79.2362 RSD
USD	62.9000 RSD	53.7267 RSD
GBP	90.8635 RSD	107.3080 RSD
CHF	59.4040 RSD	47.8422 RSD
RUB	2.1887 RSD	2.1933 RSD
LYD	51.8547 RSD	43.8132 RSD

- In RSD -

5. FINANCIAL RISK MANAGEMENT

5.1. Financial risk factors

Operations of the Company are exposed to various financial risks: market risk (which includes risk from changes in foreign currency exchange rates, risk of changes in fair value, risk of changes of

interest rates and risk of prices), credit risk and risk of liquidity. Risk management in the Company is oriented toward attempting, in a situation of unpredictability of financial markets, to reduce potential negative impacts to financial operations of the Company to a minimum. The Company uses derived financial instruments in order to protect itself from some forms of risks.

Risk management is performed by the Financial Department of the Company based on policies approved by the Board of Directors. Financial Department of the Company identifies and estimates financial risks and defines ways for protection from risks closely cooperating with business units of the Company.

Risk management is performed based on policies of the Board of Directors, which include fields such as: foreign currency risk, interest risk, use of financial instruments and investing of surplus of liquid assets.

(a) Market risk

/i/ Foreign currency risk

The Company operates in international framework and is exposed to a foreign currency exchange rate risk, which derives from operation with different currencies, primarily EUR and USD. The risk derives from future trade transactions, recognized assets and liabilities and net investments in operations abroad.

/ii/ Change of fair value risk

The Company in its portfolio has stocks and bonds available for sale per fair value. Bearing in mind the "shallow" market and possibilities of significant oscillations on the stock market, there is a risk from a change of fair value.

/iii/ Change of interest rates risk

The Company gets indebted at the financial market per changeable interest rates, linked with Euribor, Belibor and the Referent interest rate of NBS to repo transactions. In the aim of avoiding/limiting the risk of significant changes at financial markets, the Company gets indebted for shorter time periods, insisting on lower margin of banks with a mandatory clause on the possibility of early return of credits without additional penalties.

(b) Credit risk

The Company has no credit risk. The Company has a policy which limits exposure to credit risks toward each individual financial institution.

(c) Liquidity risk

Careful management of liquidity risk implies maintenance of a sufficient cash amount and securities intended for sale, as well as ensuring of adequate sources of funds because of the dynamic nature of operations of the Company. The Company attempts to maintain the flexibility of funding through collection from buyers and investing of free monetary assets.

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

6. SALES RETURN

<u>Domestic market</u>	2008 (RSD.000)	2007 (RSD.000)
Revenue from sale of services to dependent legal entities	395,313	247,694
Revenue from sale of services to other associated legal entities		
Revenue from sale of services at the domestic market	194,038	196,949
TOTAL	589,351	444,643

Foreign markets

Revenue from sale of services to dependent legal entities

TOTAL

TOTAL	589,351	444,643
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Revenue from sale of services to dependent legal entities at domestic market is based on rendering of Company's services based on contracts approved and adopted by the Board of Directors of the Company and Boards of Directors of dependent companies, in accordance with the Articles of Association of the Company and Articles of Association of dependent companies, and totaled 368,386 thousand RSD.

The increase in revenue from the sale of services in 2008, as compared to 2007, is partly attributable to the new posting methods for income generated from office building maintenance, according to the opinion of the Serbian Finance Ministry, which amounted to 27,627 thousand RSD.

Revenue from sale of services at the domestic market relates to the revenue from realization of the Sale Contract for the building in construction, in the amount of RSD 193,918 thousand (Note 17), and revenue from commission for sale of airline tickets, in the amount of RSD 120 thousand.

7. REVENUE FROM INCREASE/(DECREASE) OF VALUE OF INVENTORIES OF PRODUCTS AND SERVICES

	<u>2008</u> RSD 000	<u>2007</u> RSD 000
Unfinished production on Dec 31	2,604,639	1,289,303
Total	2,604,639	1,289,303
Less		
Unfinished production January 1	1,289,303	
Total	1,289,303	0
Total	<u>1,315,336</u>	<u>1,289,303</u>

Revenue from increase of value of inventories of products and services relates to realization of the Sale Contract for the building in construction (Note 17).

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

8. OTHER BUSINESS REVENUES

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
Lease income	1,729	453
Other business revenues	148	248
Total	<u>1,877</u>	<u>701</u>

9. COST OF MATERIALS

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
Expenses for materials for making	969	40
Expenses for other materials (overhead)	6,210	3,231
Expenses for fuel and energy	7,745	2,108
Total	<u>14,924</u>	<u>5,379</u>

10. EXPENSES FOR SALARIES, EMOLUMENTS AND OTHER PERSONAL EXPENSES

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
Expenses for salaries and compensations (gross)	119,037	106,667
Expenses for taxes and contributions on salaries and compensations paid by employer	18,872	17,892
Expenses for compensation per temporary service contracts	1,760	3,063
Expenses for compensations per copyright contracts	370	198
Expenses for compensations per contracts on temporary and occasional		465
Expenses for compensations to members of the BoD and Supervisory	18,805	17,368
Other personal expenses and compensations	19,136	12,389
Total	<u>177,980</u>	<u>158,042</u>

11. EXPENSES OF DEPRECIATION AND PROVISIONS

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
Expenses of depreciation of real property, plant and equipment	14,860	12,040
Provisions for compensations and other employees` benefits	560	436
Total	<u>15,420</u>	<u>12,476</u>

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

Expenses of depreciation in the current year, in the amount of RSD 14,860 thousand (in 2007: RSD 12,040 thousand) relate to Depreciation of real property, plant and equipment, in accordance with Note 4(l).

The cost of provisions for wages and other employee benefits of 560 thousand RSD relates to the implementation of IAS 19.

12. OTHER OPERATING EXPENSES

	2008	2007
	RSD 000	RSD 000
<u>Production services expenses</u>		
Expenses of services for making of products and services	1,303,074	1,289,095
Expenses of transport services	4,875	4,503
Expenses of maintenance services	23,844	12,659
Lease expenses	237	212
Expenses of advertising and propaganda	5,637	1,619
Expenses of other services	2,965	4,128
Total	1,340,632	1,312,216
<u>Intangible expenses</u>		
Expenses of non-production services	90,132	21,641
Entertainment expenses	6,946	6,134
Expenses of insurance premium	8,856	676
Expenses of payment operations	9,800	3,586
Membership expenses	770	615
Tax expenses	8,165	8,298
Other intangible expenses	11,323	11,391
Total	135,992	52,341
Grand total	1,476,624	1,364,557

The cost of production services of 1.303.074 thousand RSD, and part of the insurance premium costs of 7.294 thousand RSD, include expenses related to the performance of the Sales Contract for Building Under Construction (Note 17).

The increase in cost of maintenance services can be attributed to the new posting methods for office building maintenance expenses, according to the opinion of the Serbian Finance Ministry.

Non-production service costs increased compared to last year as a result of the hiring of consultants by decision of the General Meeting.

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

13. FINANCIAL INCOME AND EXPENDITURE

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
<u>Financial revenues</u>		
Financial revenues from the parent and dependent legal entities	520,730	125,705
Financial revenues from other associated legal entities	12,761	19,681
Revenue from interests	48,841	4,798
Positive exchange rate differences	152,030	24,387
Revenue based on effects of currency clause	4,670	4,497
Revenue from profit share in dependent legal entities and joint investments accounted by the method of share		
Other financial revenue	2,879	2,107
Total	<u>741,911</u>	<u>181,175</u>
<u>Financial expenses</u>		
Financial expenses from relations with the parent and dependent legal entities	13,931	
Expenses of interests	51,870	11,775
Negative exchange rate differences	326,334	24,290
Expenses based on effects of the currency clause	1,686	590
Total	<u>393,821</u>	<u>36,655</u>

The Company has realized financial revenue from share in profit of dependent companies (dividends) in the amount of RSD 406,888 thousand, these being:

	<u>RSD 000</u>
Energoprojekt Visokogradnja a.d.	178,376
Energoprojekt Industrija a.d.	66,634
Energoprojekt Garant a.d.o.	64,542
Energoprojekt Oprema a.d.	31,257
Energoprojekt Niskogradnja a.d.	27,868
Energoprojekt Entel a.d.	18,951
Energoprojekt Hidroinženjering a.d.	12,275
Energoprojekt Urbanizam i arhitektura a.d.	6,985
Total:	406,888

The Company also generated income based on interest from dependent companies in the total of 9,377 thousand RSD, these being: Visokogradnja (7,396 thousand RSD), Urbanizam i arhitektura (1,492 thousand RSD), Energodata (399 thousand RSD), Ingraf (90 thousand RSD).

The total income based on the effects of currency clauses included in the contracts signed with dependent companies amounted to 104,465 thousand RSD, on the basis of contracts for services provided by the Holding to dependent companies.

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

14. OTHER INCOME AND EXPENDITURE, REVENUE FROM ASSET VALUE ADJUSTMENT, AND ASSET IMPAIRMENT COSTS

<u>Other revenue and revenue from adjustment of value of assets</u>	2008 RSD 000	2007 RSD 000
Gain from sale of intangible assets, real property, plant and equipment	1,024	
Gain from sale of share and long-term securities		35,005
Collected written-off receivables	441	
Revenue from effects of contracted protection against risks	51	89
Revenue from decrease of liabilities	1,415	1,854
Other not mentioned revenues	10,056	171
Total	<u>12,987</u>	<u>37,119</u>

<u>Other expenses and expenses for impairment of assets</u>	2008 RSD 000	2007 RSD 000
Loss based on removal from inventory and sale of intangible assets, real property, plant and equipment	192	221
Loss based on sale of equity share and securities		
Loss from sale of materials		
Shortages	32	135
Expenses based on effects of contracted protection against risks		54
Expenses based on direct writing off of receivables	6,052	
Other not mentioned expenses	4,605	2,098
Impairment of intangible assets		
Impairment of real property, plant and equipment		
Impairment of long-term financial investments and other securities available for sale		11,503
Impairment of inventories of materials and goods		
Impairment of receivables and short-term financial investments	78,004	49,504
Impairment of other assets		
Total	<u>88,885</u>	<u>63,515</u>

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

15. PROFIT TAX

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
Financial results in the income statement (gain/loss before tax)	493,808	312,317
Net capital gains (loss)		35,005
Business gain (loss)	493,808	277,312
Adjustment and correction of expenses in the tax balance	10,044	19,533
Adjustment and correction of income in the tax balance	20,078	
Taxable operating profit	523,930	296,845
Capital gain	0	35,005
Reduction by the amount of capital loss from previous years		
Tax basis	523,930	331,850
Reduction by revenue from dividends and equity share in profit of resident payers	421,859	145,386
Reduced tax base (Form PB-1)	102,071	186,464
Calculated tax (10% from reduced tax basis)	10,207	18,646
Reduction of calculated tax based on tax incentives and exemption	5,688	538
INCOME TAX (Form PDP)	4,519	18,108
Tax expenses of the period	493,808	312,317
Deferred tax expenses for the period	4,519	18,108
Deferred tax revenue for the period	403	103

In May 2008, the tax report for determining profit tax liability for 2007 was changed, based on the amended tax balance sheet containing the data on transfer prices and "arm's length interest". The effects of the adjustment were reflected to undistributed profits, reducing the undistributed profits from previous years by 1.600 thousand RSD (Note 32). The new tax report established the Company's profit tax liability for 2007 to be 19.708 thousand RSD.

Profit tax is calculated at a rate of 10% according to tax regulations, and is done separately for operating and capital sub-balances. Some income and expenditure items are adjusted, and losses from previous years, dividend income and shared profits of resident companies are deducted from the tax base. The calculated tax is decreased by tax easements based on tax incentives (employment of new workers, investment in fixed assets, etc.)

Deferred tax expenditure occurs as a result of IAS 12 implementation.

16. EARNINGS PER SHARE

Basic Earnings per Share (EPS) is calculated by dividing the profit intended for ordinary shareholders by the average weighted number of ordinary shares issued during the year not including ordinary shares which the Company (and member companies) repurchased and which are held as own shares.

	<u>2008</u>	<u>2007</u>
Profit intended for ordinary shareholders (net profit)	488.885,44	292.506.000
average weighted number of ordinary shares issued	8.938.317	8.760.529
Basic Earnings per Share (RSD per share)	54,70	33,38

As a result of the change of net profit for 2007, due to the changed tax report and tax balance sheet, earnings per share for 2007 also changed, totalling 33,38 RSD per share (instead of 33,57 RSD per share).

By resolution of the General Meeting dd. 4 August 2008, the dividend for 2007 was paid out in shares (346.934 shares), and in the period between October and December 2008, own shares were repurchased on more than one occasion. The weighted average number of shares in 2008 was 8.938.317, leaving earnings per share at 54,70 RSD.

17. CONSTRUCTION CONTRACTS

Revenue from fixed price construction contracts is recognized per the method of percentages of completion, contracted activities on the balance sheet.

Degree of completion of contracts is calculated through proportion between arisen contractual expenses for executed work up to the given date according to last estimated total contracted expenses.

The Company has signed a sale contract for construction of a business building of class "A" in Block 26, Bay I, on October 12, 2007 (operative from November 09, 2007) with "Blue Center d.o.o" for the amount of EUR 61.63 mil, plus VAT, which amounts to EUR 72.72 mil. Deadline for realization of the Contract is 24 months, i.e., November 9, 2009.

Collection of the sale price is in advance in three installments: the first of EUR 12.00 mil + VAT (paid within a month from signing of the contract), the second of EUR 43.630 mil + VAT (during 19 months - period of construction in accordance with the dynamics of construction) and the third installment of EUR 6.00 mil + VAT after registering the building in the cadastre.

ENERGOPROJEKT HOLDING CO., BELGRADE
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Mortgage was registered for the building as security for payment by the Buyer in the amount of paid funds. Guarantee was issued for good completion of works in the contractor domain in the amount of EUR 2.00 mil.

	2008 <u>RSD 000</u>	2007 <u>RSD 000</u>	<u>Napomene br.</u>
Revenue from increase of value of inventories of products and services	1,315,336	1,289,303	7
Revenue recognized as revenue for the given period	193,918	196,693	6
Degree of completion of the contract	59,62%	30,43%	
Expenses arisen in the given period	1,315,336	1,289,303	12
Received advance payments	2,805,037	950,834	40
Uninvoiced contractual revenue	390,611	196,693	27
Unfinished production on na dan 31.12.2008.	2,604,639	1,289,303	23

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

18. INTANGIBLE INVESTMENTS

	Ulaganja u razvoj	Koncesije, patenti i sl	Goodwill	Ostala nematerijalna ulaganja	Nematerijalna ulaganja u pripremi	Avansi za nematerijalna ulaganja	Ukupno
				RSD 000	RSD 000	RSD 000	
Cost value							
Balance 01/01/2008				811			811
Correction of initial balance							0
New acquisitions				794	4,968		5,762
Transfer from/to					(794)		(794)
Estrangement & removal fm inventory							0
Revaluation - estimate							0
Other							0
Balance 31/12/2008	0	0	0	1,605	4,174	0	5,779
Correction of value							
Balance 01/01/2008				523			523
Correction of initial balance							0
Depreciation for 2008				161			161
Estrangement & removal from inv.							0
Impairments							0
Revaluation - estimate							0
Other							0
Balance 31/12/2008	0	0	0	684	0	0	684
Unwritten-off value							
31.12.2008	0	0	0	921	4,174	0	5,095

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

19. PROPERTY, PLANT, EQUIPMENT AND INVESTMENT PROPERTY

	Land	Property	Plant and equipment	Investment property	Capital assets in preparation	Advances on cap. assets	Total
	RSD 000	RSD 000	RSD 000	RSD 000	RSD 000	RSD 000	RSD 000
Cost value							
Balance 01/01/2008		548,530	54,395		653	171	603,749
Correction of initial balance							0
Transfer from one form into another					(46,721)	(30,563)	(77,284)
New acquisitions			46,721		168,261	30,563	245,545
Estrangement & removal fm inventory			(17,429)				(17,429)
Exchange rate differences							0
Other, estimate of values							0
Balance on 31/12/2008	0	548,530	83,687	0	122,193	171	754,581
Correction of value							
Balance 01/01/2008		258,289	38,406				296,695
Correction of initial balace							0
Depreciation for 2007		7,157	7,542				14,699
Estrangement & removal fm inventory			(13,358)				-13,358
Impairments							0
Revaluation - estimate							0
Other							0
Balance on 31/12/2008	0	265,446	32,590	0	0	0	298,036
Unwritten-off value							
31.12.2008	0	283,084	51,097	0	122,193	171	456,545
31.12.2007	0	290,241	15,989	0	653	171	307,054

20. LEASED EQUIPMENT

Leasing

Asset groups	2008		Asset groups	2007	
	Net accounting value			Net accounting value	
Cars		16,430	Automobili		6,133
Xerox machine		323	Fotokopir masina		395
Other			Ostalo		
Total		16,753			6,528

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

21. EQUITY SHARE

Equity shares present long-term financial investments in shares and equity in dependent and associated companies, banks and insurance companies (securities available for sale).

Equity share in dependent and associated companies are valued per the method per which the Company states its investment per cost value.

The Company recognizes revenue only in the degree in which it receives its part from distribution of undistributed net income of the user of investment, which occurs after the day when the Company acquired it. A part from the distribution, which is received in the amount higher than such income, is considered a return of investment and is stated as decrease of the cost value of the investment.

Equity share in other legal entities and securities available for sale are valued per their market (fair) value.

Equity share relate to shares (equity) in:

DEPENDENT LEGAL EN ENTITY		<u>0000 RSD</u>	
		2008	2007
Company	% share	Present value	Present value
EP Visokogradnja a.d.	92.39%	1,704,254	1,704,254
EP Niskogradnja a.d.	93.32%	855,506	855,506
EP Oprema a.d.	67.87%	121,316	121,316
EP Hidroinzenjering a.d.	94.84%	399,230	399,230
EP Urbanizam i arh. a.d.	94.40%	146,455	146,455
EP Promet d.o.o.	100.00%	295	295
EP Energodata a.d.	95.05%	164,016	164,016
EP Industrija a.d.	62.77%	61,209	61,209
EP Entel a.d.	86.26%	216,422	216,422
EP Garant a.d.o.	64.13%	251,109	186,567
EP Ingraf a.d.	100.00%	25,575	25,575
EP Montenegro d.o.o.	100.00%	9	
BE Company d.o.o.	100.00%	1,848	
Inec Eng. Ltd.	100.00%	58,425	68,999
Encom GmbH	100.00%	4,530	4,051
Total		4,010,199	3,953,895

OTHER ASSOCIATED LEGAL ENTITIES

Company	% share	Present value	Present value
Enjub d.o.o.	50.00%	13,550	13,550
Energobroker a.d.	26.60%	4,371	4,371
Energo Ghana Ltd.	80.00%	5,654	4,829
United Cons.Botswana	100.00%	3,689	3,152
Zecco Zambia	100.00%	676	577
Total		27,940	26,479

OTHER LEGAL ENTITIES AND SECURITIES HELD FOR SALE

Company	Present value	Present value
Dunav a.d.o	927	4,638
Jubmes banka a.d.	24,847	68,907
Hypo Alpe-Adria bank	3,366	3,564
Hipotekarna banka Podg.	10,327	11,889
FIMA SEE Activist	16,160	
Total	55,627	88,998

<u>T O T A L</u>	<u>4,093,766</u>	<u>4,069,372</u>
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ENERGOPROJEKT HOLDING CO., BELGRADE
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On 9 July 2008, Energoprojekt Holding founded a limited liability company in Montenegro, Herceg Novi, based on Decision No. 300-023-02-00790/2008-12 of the Ministry of Economy and Regional Development. The new company was established with an equity investment of 100 EUR, and its main line of business will be heavy construction and special works.

On 23 July 2008, a contract was signed between Dinara a.d. and Energoprojekt Holding a.d. for the share transfer and withdrawal from the limited liability company BE Company d.o.o. Beograd. As of the date of the contract, Dinara a.d. Beograd, as the transferor, transferred its share together with a 24.000 EUR fee to Energoprojekt Holding a.d., as the receiver, whereby EP Holding a.d. became the sole owner of BE Company d.o.o. with 100% share.

During the public invitation for the registration and payment of shares of the Closed Investment Fund – FIMA SEE Activist a.d. Beograd, Energoprojekt Holding a.d. registered and paid in 1.600 ordinary voting shares with a nominal value of 10.000 RSD (16.000.000 RSD total paid in). The transaction was posted in accounting under “Capital share in other legal entities and other securities available for sale”. Based on a fair value adjustment as at balance sheet date, the value of this investment increased by 160 thousand RSD.

22. OTHER LONG-TERM FINANCIAL INVESTMENTS

Other long-term financial investments relate to:

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
a) Given long-term credits		
at home		
abroad		
Total	-	-
b) Bonds of hard currency savings		
c) Housing credits to employees	1,536	1,543
d) Given long-term loans to dependent companies	1,520	62,747
Total	<u>3,056</u>	<u>64,290</u>

23. INVENTORIES

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
Material, spare parts, tools and inventories		
Unfinished production	2,604,639	1,289,303
Finished products		
Goods		
Non-current assets intended for sale		
Given advance payments	123,543	15,784
Total	<u>2,728,182</u>	<u>1,305,087</u>

Unfinished production in the amount of RSD 2,604,639 thousand relates to realization of the contracts on sale of the building under construction in Block 26 (Note 17).

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

24. RECEIVABLES

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
<u>Receivables based on sale</u>		
Buyers – parent and dependent legal entities	432,193	285,230
Buyers – other associated legal entities		81
Buyers at home	1,160	119
Buyers abroad		
Less: Correction of value	(29,764)	(10,620)
Total	<u>403,589</u>	<u>274,810</u>
<u>Receivables from specific projects</u>		
Receivables from exporters		
Receivables based on import for others		
Receivables from consignment and sale on commission		
Other receivables from specific projects	26,964	33,584
Less: Correction of value	(511)	(469)
Total	<u>26,453</u>	<u>33,115</u>
<u>Other receivables</u>		
Receivables for interests and dividends	40,001	73,450
Receivables from employees	719	467
Receivables from governmental bodies and organizations	1,991	1,858
Receivables for overpaid income tax	15,836	32,229
Receivables for overpaid other taxes and contributions	488	3,303
Other receivables		
Less: Correction of value	(31,795)	
Total	<u>27,240</u>	<u>111,307</u>
Total	<u>457,282</u>	<u>419,232</u>
	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
<u>Buyers at home</u>		
Beograd	414,337	268,427
Vojvodina		
Serbia proper		
Less: Correction of value	(10,748)	(10,620)
Total	<u>403,589</u>	<u>257,807</u>
<u>Buyers abroad</u>		
Former Yugoslav republics		
Europe	18,922	16,922
Africa	94	81
Less: Correction of value	(19,016)	
Total	<u>-</u>	<u>17,003</u>
Total	<u>403,589</u>	<u>274,810</u>

ENERGOPROJEKT HOLDING CO., BELGRADE
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The Company has some unresolved internal relations issues with Energoprojekt Energodata a.d., Energoprojekt Niskogradnja a.d. and Energoprojekt Visokogradnja a.d. inherited from earlier periods.

25. SHORT-TERM FINANCIAL INVESTMENTS

Short-term financial investments include:

	Currency	Interest %	2008 <u>RSD 000</u>	2007 <u>RSD 000</u>
<u>Short-term credits and investments – parent, dependent and other associated legal entities</u>				
Dependent legal entities			436,079	105,057
Other associated legal entities				
Current maturity of long-term credits				
Less: Correction of value			<u>(65,494)</u>	<u>(38,251)</u>
Total			<u>370,585</u>	<u>66,806</u>
<u>Short-term credits at home</u>				
Credits given to employees			1,023	26
Current maturity of long-term credits			60	59
Less: Correction of value				
Total			<u>1,083</u>	<u>85</u>
<u>Short-term credits abroad</u>				
Given credits				
Current maturity of long-term credits				
Less: Correction of value				
Total			<u>-</u>	<u>-</u>
<u>Securities held until due</u>				
Less: Correction of value				
Total			<u>-</u>	<u>-</u>
<u>Securities traded</u>				
Dependent legal entities - Energodata a.d.				
Other legal entities - Stankom banka				
Less: Correction of value				
Total			<u>-</u>	<u>-</u>
<u>Other short-term financial investments</u>				
Alpha bank a.d.-short fixed term foreign currency deposits				356,563
Vojvodjanska banka a.d. - earmarked term deposit			60,610	
Other				5,499
Less: Correction of value				
Total			<u>60,610</u>	<u>362,062</u>
Total			<u>432,278</u>	<u>428,953</u>

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

26. CASH AND CASH EQUIVALENTS

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
<u>In RSD</u>		
Current accounts	15,162	3,729
Treasury	123	3
Securities		
Short fixed term deposits		
Other		
Total	<u>15,285</u>	<u>3,732</u>
<u>In foreign currency</u>		
Foreign currency accounts	731,389	625,526
Treasury	51	92
Letters of credit		
Other		
Funds whose use is limited or value decreased		
Total	<u>731,440</u>	<u>625,618</u>
Total	<u>746,725</u>	<u>629,350</u>

Funds of the Company in foreign currency are short fixed deposited at varying rates between 5.2% and 6.9% p.a. for EUR, and 2% p.a. for USD.

27. VALUE ADDED TAX AND ACTIVE TIME ACCRUALS

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
<u>Value added tax</u>	39,514	27,120
<u>Active time accruals</u>		
Expenses paid in advance	1,003	465
Uninvoiced receivables for unaccounted income	390,611	196,693
Accrual expenses for liabilities		
Other active time accruals	10,766	18,079
Total	<u>402,380</u>	<u>215,237</u>
Total	<u>441,894</u>	<u>242,357</u>

Receivables for uninvoiced income in the amount of RSD 390,611 thousand relate to realization of the sale contract for the building under construction (Note 17).

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

28. CAPITAL ASSETS

Capital assets include the following capital forms:

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
Share capital		
ordinary shares	3,187,612	3,066,185
preferential shares		
Capital assets	3,187,612	3,066,185
Other capital assets	27,178	27,178
Total capital assets and other capital	<u>3,214,790</u>	<u>3,093,363</u>



According to the records of the Central Securities Registry, the registered balance of ownership of the Company's shares on December 31, 2008 was:

	no. of shares	% of total emission
Shares owned by physical entities	2,975,468	32.67%
Shares owned by legal entities	4,586,613	50.36%
- Share Fund and Pension/Disability Insurance Fund	3,056,283	33.56%
- Other legal entities	1,530,330	16.80%
Summary (custody) account	1,545,382	16.97%
Total number of shares	9,107,463	100%

Number of shareholders with equity share	number of entities			number of shares			% of total emission		
	domestic	foreign	total	domestic	foreign	total	domestic	foreign	total
to 5%	8,578	270	8,848	4,790,299	1,260,881	6,051,180	52.60%	13.84%	66.44%
from 5% to 10%	1	0	1	857,266	0	857,266	9.41%	0.00%	9.41%
over 10% to 25%	1	0	1	2,199,017	0	2,199,017	24.15%	0%	24.15%
over 25% to 33%	0	0	0	0	0	0	0%	0%	0%
over 33% to 50%	0	0	0	0	0	0	0%	0%	0%
over 50% to 66%	0	0	0	0	0	0	0%	0%	0%
over 66% to 75%	0	0	0	0	0	0	0%	0%	0%
over 75%	0	0	0	0	0	0	0%	0%	0%
Total number of shares	8,580	270	8,850	7,846,582	1,260,881	9,107,463	86.16%	13.84%	100.00%

List of top 10 shareholders according to number of shares:

Name	no. of shares	% of total emission
Share fund of the Republic of Serbia	2,199,017	24.15%
PIO fund of the Republic of Serbia	857,266	9.41%
Hypo kastodi 4	417,774	4.59%
ZB Invest d.o.o.	327,559	3.60%
East capital asset manag.	309,265	3.40%
Raiffeisen zentralbank	272,568	2.99%
Privredna banka Zagreb d.d.	234,195	2.57%
Unicredit Bank Austria AG	166,398	1.83%
Artio int. equity fund	141,839	1.56%

ENERGOPROJEKT HOLDING CO., BELGRADE
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Structure of the share capital on 31.12.2008 was:

- Share capital	6,051,180
- Share fund	2,199,017
- Pension/Disability Fund	<u>857,266</u>
<u>T o t a l</u>	<u>9,107,463</u>

Based on the decision of the Ministry of Economy number 160-023-02-00096/2006-07, made on March 9, 2007, the number of shares on the date of submitting of the report on conversion was 8,760,529 ordinary shares, with registering on December 29, 2006. The difference of 471 shares is the result of the fact that shareholders had not transferred shares from conversion to the Company, of which the Company was not aware at the moment of preparing the report for 2006.

Shareholders at the XXXII Annual General Meeting, held June 25, 2008 decided to pay out dividends in the form of shares by issuing 346,934 shares of the 5th issue, each having a nominal value 350 RSD.

Share capital consists of 9,107,463 ordinary shares, of individual nominal value of RSD 350, i.e., individual accounting value of RSD 635.85.

Share capital – ordinary shares include founding and during operations emitted shares with the right of management, right on participation in profit of the shareholding company and apart of the bankrupt's estate in accordance with the Memorandum of Association, i.e., decision on emission of shares.

Adjustment with the Central Registry of Stocks and Bonds was done.

As of 2008 shares of the Company are listed at the listing "A" of the Belgrade Stock Exchange.

29. OTHER CAPITAL ASSETS

Other capital assets were made by reposting of sources of non-operational assets in 2005 and amount to RSD 27,178 thousand.

30. PROVISIONS

Provisions include the following forms of provisions:

	2008	2007
	RSD 000	RSD 000
Emission premium	1,591,953	1,595,962
Mandatory provisions	23,185	23,185
Statutory and other provisions	31,881	17,256
Total	<u>1,647,019</u>	<u>1,636,403</u>

Emission premium presents a positive difference between the achieved sale value of shares and their nominal value.

ENERGOPROJEKT HOLDING CO., BELGRADE
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Mandatory provisions had to be formed by 2004, by bringing each year from the profit at least 5% in, until the provisions reach at least 10% of capital assets.

Memorandum of Association of the Company defines Statutory provisions whose amount is decided by the General Shareholders` Meeting at proposal of the Board of Directors, which may not be smaller than 5% of the realized net profit.

According to the decision of the General Meeting taken June 25, 2008, a total of 5% of the profits, based on the financial reports for 2007, or 14,625 thousand RSD, was allocated to provisions.

31. REVALUATION RESERVES, UNREALIZED PROFIT AND LOSSES BASED ON SECURITIES

Revaluation reserves include:

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
Revaluation reserves	41,502	125,868
Unrealized profit from available for sale securities	24,325	
Unrealized losses from available for sale securities	162	
Total	<u>65,989</u>	<u>125,868</u>

Based on the amendments of the Regulation of account framework and contents of an account within the account framework for business companies, cooperatives, other legal entities and entrepreneurs, the purpose being harmonization with the revised IAS 39, a number of new accounts were introduced, among which 332 – Unrealized profits from available for sale securities, and 333 – Unrealized losses from available for sale securities. As a result, some of the positions which in previous years were posted in the corresponding analytic records within the group 330 – Revaluation reserves, are now transferred to these new accounts. Accordingly, the sum of 75,734 thousand RSD was transferred from revaluation reserves and posted under unrealized profits from available for sale securities.

The price drop for shares listed at the Belgrade Stock Exchange of companies whose shares are kept in the Company's available for sale securities portfolio, is the main cause of reduction of this position:

- Jubmes banka 14,870 thousand RSD (2007: 61,131 thousand RSD)
- Hipotekarna banka Podgorica 6,722 thousand RSD (2007: 8,284 thousand RSD)
- Hypo Alpe Adria 2,573 thousand RSD (2007: 2,771 thousand RSD)

The revaluation reserve balance of these companies was sufficient, owing to the positive trend of share price in the previous period, and therefore the position Unrealized profits from available for sale securities was presented.

The 160 thousand RSD increase in the shares of FIMA SEE Activist is also shown under this position.

Only the shares of Dunav osiguranje (Dunav Insurance Co) fell over the accumulated amount on the revaluation reserves, and so 162 thousand RSD in losses was posted under Unrealized losses from available for sale securities.

Changes in revaluation reserves can also occur based on exchange rate differences associated with share of capital of dependent and other related legal entities operating abroad.

32. UNDISTRIBUTED PROFIT

Undistributed profit relates to:

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
Undistributed profit of earlier years	516,813	443,588
Correction of profit based on materially significant mistakes		
Correction of profit based on changes of accounting policies		
Correction of profit based on acquiring and sale of own shares		
Correction of profit based on realized revaluation reserves		
Correction of profit based on income tax	(1,600)	(25,573)
Correction of profit based on intangible assets		
Correction of profit based on revaluation of equity share in banks		
Correction of profit based on accumulated revaluation reserves		
Correction of profit based on revaluation income		
Correction of profit based on goodwill		
Correction of profit based on first implementation of IAS 19		(3,896)
Correction of profit based on first implementation of IAS 12		(3,246)
Profit distribution (dividends)	(122,648)	(175,211)
Profit distribution in statutory reserves	(14,625)	(12,955)
Next year`s profit	488,994	294,106
Total	<u>866,934</u>	<u>516,813</u>

Distribution of undistributed profit on December 31, 2007 (current profit for 2007) was done in accordance with the Decisions of the General Shareholders` meeting from the XXXII meeting within item 6 of the agenda, held on June 25, 2008; profits were distributed as follows:

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
to dividends	1,221	175,211
to share in profit of employees		
to capital assets	121,427	
to reserves	14,625	12,955
covering of losses		
other	155,233	70,943
Total	<u>292,506</u>	<u>259,109</u>

The GM decided to pay out dividends in the form of shares, in the total amount of 122,647,350 RSD. The decisions was carried out by paying out 121,426,900 RSD in shares, and by issuing 346,934 shares of the 5th issue, each having a nominal value of 350 RSD, and distributed to all shareholders of EP Holding a.d. (according to the official records of the Central Securities Registry as at June 25, 2008) according to their respective share of equity, with an obligation to pay the remaining 1,220,450 RSD in money.

33. REDEEMED OWN SHARES

In 2008 the Company repurchased 9,790 own shares with a nominal value of 3,427 RSD.

34. LONG-TERM PROVISIONS

Long-term provisions are recognized when:

- The company has an obligation (legal or real) which is the result of a past event;
- It is probable that outflow of resources which contains economic benefits shall be needed for settlement of the liability; and
- Amount of the liability may reliably be measured.

Long-term provisions include:

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
Provisions for expenses with the warranty period		
Provisions for kept securities and deposits		
Provisions for expenses of restructuring		
Provisions for compensations and other benefits for employees	2,120	2,831
Other long-term provisions	<u>260,000</u>	<u>260,000</u>
Total	<u>262,120</u>	<u>262,831</u>

Provisions for wages and other employee benefits in the sum of 2,120 thousand RSD were secured in accordance with IAS 19.

A total of 560 thousand RSD was posted under cost of reservations in 2008 (Note 11), and 1,271 thousand RSD was paid out as retirement bonus from previous reserves to retiring employees, and the same sum was closed in the provisions.

35. LONG-TERM CREDITS

Liabilities per long-term credits are due in a deadline longer than a year from the day of commitment, i.e., from the day of the annual balance sheet.

The Company does not have long-term credits.

ENERGOPROJEKT HOLDING CO., BELGRADE
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36. OTHER LONG-TERM LIABILITIES

Other long-term liabilities relate to:

	2008 RSD 000	2007 RSD 000
Liabilities which can be converted into capital		
Liabilities toward parent and dependent legal entities	73,961	7,278
Liabilities toward other associated legal entities		
Liabilities per emitted stocks in the period longer than a year		
Liabilities based on long-term financial leasing	10,741	2,476
Other long-term liabilities		
Total	84,702	9,754

Increase of liabilities toward dependent companies occurred based on the performance of the construction contract for the building in Block 26, Bay I, and relates to Energoprojekt Visokogradnja a.d. – 5% guarantee deposit per interim certificates.

37. LIABILITIES BASED ON LONG-TERM LEASE

	RSD 000		RSD 000			
	2008		2007			
	Future minimal payment of the lease	Interest	Future minimal payments of the lease	Interest	Present value of minimal payments	
Up to one year	3,075	1,042	1,481	421		
Between one and five years	10,741	1,414	2,476	350		
Longer than five years						
Total	13,816	2,456	0	3,957	771	0

ENERGOPROJEKT HOLDING CO., BELGRADE
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38. SHORT-TERM FINANCIAL LIABILITIES

Short-term financial liabilities include:

	Currency	Interest %	<u>2008</u> RSD 000	<u>2007</u> RSD 000
<u>Short-term credits at home</u>				
		<i>6 months</i>		
		<i>Belibor+</i>		
<i>Hypo Alpe-Adria Bank AD</i>		<i>1,5% p.a.</i>		34,628
		<i>Ref. int.</i>		
		<i>St.NBS.+0,8 %</i>		
<i>Alpha Bank</i>		<i>p.a.</i>		300,000
		<i>1 month</i>		
		<i>Belibor+ 2%</i>		
<i>Unicredit Bank</i>		<i>p.a.</i>		80,002
		<i>3months</i>		
		<i>Euribor+3,85</i>		
<i>Societe Generale Bank Serbia</i>		<i>%</i>	131,621	
Other				
Current maturity of long-term credits				
Total			<u>131,621</u>	<u>414,630</u>
<u>Other short-term financial liabilities</u>				
Liabilities per short-term securities				
Other short-term financial liabilities				
Liabilities for non-current assets and assets from discontinued operations intended for sale				
A part of other long-term liabilities which are due up to one year -Raiffeisen leasing			429	1,481
A part of other long-term liabilities which are due up to one year -Intesa leasing			2,646	
Other short-term financial liabilities - VISA accounts			131	
Total			<u>3,206</u>	<u>1,481</u>

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39. BUSINESS COMMITMENTS

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
<u>Operating liabilities</u>		
Received advance payments, deposits and securities	2,805,037	950,834
Suppliers-parent and dependent legal entities	235,211	396,409
Suppliers-other associated legal entities	393	151
Suppliers at home	5,258	8,790
Suppliers abroad	4,448	3,954
Other operating liabilities		
Total	<u>3,050,347</u>	<u>1,360,138</u>
<u>Liabilities from specific operations</u>		
Liabilities toward importers		
Liabilities based on export on behalf of others		
Liabilities based on consignment and sale on commission		
Other liabilities from specific operations	81	190
Total	<u>81</u>	<u>190</u>
Total	<u><u>3,050,428</u></u>	<u><u>1,360,328</u></u>

Received advance payment in the amount of RSD 2,805,037 thousand relates to the collected advance payment per the sale contract for a building in construction (Note 17).

The largest part of the amount of RSD 235,211 thousand at position Suppliers –parent and dependent companies, relates to Energoprojekt Visokogradnja a.d., the amount of RSD 226,346 thousand relates to the liability per XIII Interim Progress Certificate for December 2008 for the construction of the building in Block 26, Bay I.

Geographical distribution of suppliers is as follows:

	2008	2007
	<u>RSD 000</u>	<u>RSD 000</u>
<u>Suppliers at home</u>		
Beograd	244,704	407,826
Less: Correction of value		
Total	<u>244,704</u>	<u>407,826</u>
<u>Suppliers abroad</u>		
Europe-dependent legal entities	195	1,428
Africa-other legal entities	59	51
Asia-other related legal entities	352	
Less: Correction of value		
Subtotal	<u>606</u>	<u>1,479</u>
Total	<u><u>245,310</u></u>	<u><u>409,305</u></u>

ENERGOPROJEKT HOLDING CO., BELGRADE
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**40. VAT AND OTHER PUBLIC REVENUE LIABILITIES
AND PASSIVE TIME ACCRUALS**

	2008 RSD 000	2007 RSD 000
<u>VAT liability</u>	5,453	2,124
<u>Liability for other taxes, contributions and other duties</u>		
Excise tax		
Tax liability based on business results	1,687	4,328
Taxes, customs and other duties from purchases or charged to expenses	171	21
Other liabilities for taxes, contributions and other duties	743	2,723
Subtotal	2,601	7,072
<u>Passive time accruals</u>		
Expenses accounted in advance		28
Accounting income of future period		
Collected VAT		
Accrued income from effects of agreed risk protection		
Accrued dependent purchase costs		
Deferred income and received donations		
Accrued income based on receivables		
Other passive time accruals		45
Subtotal	0	73
Total	8,054	9,269

41. OTHER SHORT-TERM LIABILITIES

	2008 RSD 000	2007 RSD 000
<u>Liabilities for salaries and compensations</u>	13,517	13,185
<u>Other liabilities</u>		
Liabilities for interests and expenses of funding		276
Liabilities for dividends	5,068	4,500
Liabilities for share in profit	4,309	4,309
Liabilities toward employees	399	3,724
Liabilities toward members of BoD and Supervising board	1,191	1,053
Liabilities toward physical entities for compensations per contracts	53	1,264
Other liabilities	636	396
Total	25,173	28,707

42. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are amounts of income tax which may be compensated in future periods, which relate to deductible temporary differences, unused tax losses and credits transferred in advance. They are recognized in the degree in which it is probable that future taxable profit shall be realized.

Deferred tax liabilities are amounts of income tax which shall be paid in future period based on taxable temporary differences.

	2008 RSD 000	2007 RSD 000
Deferred tax assets		
Deferred tax liabilities	8,539	8136
Net tax assets/liabilities	8,539	8136

Deferred tax liability in the amount of RSD 8,539 thousand is accumulated and was calculated based on taxable temporary differences between the amount of the accounting value of real property and equipment, and their tax base. The current tax liability for 2008 is RSD 403 thousand, of which RSD 294 thousand relates to deferred tax liability from calculated temporary differences in the tax and accounting bases (amortization) for property, and RSD 109 thousand relates to equipment.

43. LAWSUITS

No	Claimant	Defendant	Basis	Litigation value	Court	Expected outcome
1.	Jovanović Vlada	EP Holding a.d.	Income payment	1,292.00 USD 27,000.00 RSD	District Court	Uncertain
2.	Office for Building Land	EP Holding a.d. & EP Oprema a.d.	Compensation for HYATT	15,459,728.80 RSD	Commercial Court	Settlement in progress
3.	EP Holding a.d. and Visokogradnja a.d.	City of Belgrade, RS, Bel.Arena, Office for Building Land	Debt	8,399,218.81 USA \$	Commercial Court	Win
4.	EP Oprema a.d. Holding a.d.	Belgrade Arena	Debt	4,817,705.05 RSD	Commercial Court	Appealed
5.	Ljiljana Bakić	EP Holding a.d. & Urbanizam i arhitektura a.d.		389,703.54 RSD	IV Municipal Court	Uncertain
6.	Dragoljub Bakić	EP Holding a.d. & Urbanizam i arhitektura a.d.	Contribs. for Pension/ Disability Insurance	389,382.87 RSD	IV Municipal Court	Uncertain
7.	EP Holding a.d. & GP Napred	Limes	Voiding of entry of change of founder		Commercial Court	Uncertain

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8.	EP Holding a.d.	Epsturs et al.	Establishment of ownership rights		Basic Court of Kotor	Founded
9.	Milan Raonić	EP Holding, Visokog. & Urb. i arh.	Copyright infringement	7,000,000.00 RSD	District Court of Belgrade	Partly founded
10.	NEW Company	GP Napred & EP Holding a.d.	Contract performance / establishment of ownership rights		Commercial Court of Belgrade	Partly founded
11.	EP Holding a.d.	MV Inženjering Čačak	Debt	5,524,202.40 RSD	Commercial Court of Čačak	Execution procedure
12.	EP Holding a.d.	Municipality of Stari Grad	Procedure for establishment		1 st Municipal Court of Belgrade	Uncertain, our appeal is in progress

44. OFF-BALANCE SHEET ASSETS AND LIABILITIES

Off-balance sheet assets and liabilities of the Company in the amount of RSD 16,684,978 thousand relate to surety from issued guarantees and approved credit lines based on credits and guarantees for dependent companies in the amount of RSD 9,750,379 thousand (based on issued guarantees the Company has concluded contracts with dependent companies for which it guarantees and from the same it has received adequate collateral), performance bonds for the building under construction in Block 26 in the amount of RSD 177,202 thousand, advance guarantees for the same facility in the amount of RSD 193,194 thousand, mortgage on the building in construction in the amount of RSD 4,690,972 thousand, and the right on use of the city construction land in the amount of RSD 1,873,231 thousand.

45. EVENTS AFTER THE BALANCE SHEET

After the balance sheet there were no events which would significantly impact the credibility of the stated financial statements.

Belgrade, February 26, 2009

Statements approved by:

C.E.O.

Vladan Pirivatic, B.Sc.Eng.