

SISTEM ENERGOPROJEKT Co.

**CONSOLIDATED
INCOME STATEMENT**
for the period January 1 to December 31 , 2009

in 000 RSD

Group accounts, account	POSITION	EDP	Amount		
			Note no.	Current year	Previous year
1	2	3	4	5	6
	A. BUSINESS REVENUE AND EXPENSES				
	I. BUSINESS REVENUE (202+203+204-205+206)	201	-	21,588,101	17,930,970
60 and 61	1. Sale revenue	202	-	20,007,949	19,421,235
62	2. Revenue from undertaking of outputs and goods for own purposes	203	-	36,998	26,419
630	3. Increase of inventories	204	-	2,440,586	2,618,940
631	4. Decrease of inventories	205	-	1,110,706	4,315,683
64 and 65	5. Other business revenue	206	-	213,274	180,059
	II. BUSINESS EXPENSES (208 to 212)	207	-	20,484,727	17,070,185
50	1. Cost value of sold goods	208	-	188,840	313,503
51	2. Cost of material	209	-	5,238,724	4,416,085
52	3. Staff costs	210	-	5,841,456	5,320,887
54	4. Depreciation and provisions costs	211	-	1,102,740	510,912
53 and 55	5. Other business expenses	212	-	8,112,967	6,508,798
	III. PROFIT FROM OPERATIONS (201 - 207)	213	-	1,103,374	860,785
	IV. LOSS FROM OPERATIONS (207 - 201)	214	-	-	-
66	V. FINANCIAL REVENUE	215	-	1,813,320	1,932,734
56	VI. FINANCIAL EXPENSES	216	-	2,137,177	2,056,287
67, 68	VII. OTHER REVENUE	217	-	1,124,699	394,071
57, 58	VIII. OTHER EXPENSES	218	-	739,649	293,491
	IX. PROFIT FROM OPERATIONS BEFORE TAX (213-214+215-216+217-218)	219	-	1,164,567	837,812
	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	-	379	565
	B. PROFIT BEFORE TAX (219-220+221-222)	223	-	1,164,188	837,247
	V. LOSS BEFORE TAX (220-219+222-221)	224	-	-	-
	G. INCOME TAX			-	-
721	1. Tax expenses for the period	225	-	92,534	49,653
722	2. Deferred tax expenses for the period	226	-	2,716	11,167
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	-	1,068,938	776,427
	E. NET LOSS (224-223+225+226-227+228)	230	-	-	-
	Ž. NET PROFIT BELONGING TO MINORITY INVESTORS	231	-	200,922	86,411
	Z. NET PROFIT BELONGING TO EQUITY HOLDERS OF THE PARENT COMPANY	232	-	868,016	690,016
	I. EARNINGS PER SHARE			-	-
	1. Basic earnings per share	233	-	-	-
	2. Decreased (diluted) earnings per share	234	-	-	-

SISTEM ENERGOPROJEKT Co.

**CONSOLIDATED
BALANCE SHEET
on December 31, 2009**

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	-	7,973,821	8,123,725
00	I. UNPAID SUBSCRIBED CAPITAL	002	-	-	-
012	II. GOODWILL	003	-	-	-
01 w/out 012	III. INTANGIBLE ASSETS	004	-	94,057	93,924
	IV. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005	-	6,193,314	5,796,586
020,022,023, 026,027(part), 028(part),029	1. Property, plant and equipment	006	-	6,004,128	5,607,367
024,027(part) 028(part)	2. Investment property	007	-	189,186	189,219
021,025,027 (part) and 028(part)	3. Biological assets	008	-	-	-
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009	-	1,686,450	2,233,215
030 to 032, 039(part)	1. Equity share	010	-	778,866	814,958
033 to 038, 039(part) less 037	2. Other long-term financial investments	011	-	907,584	1,418,257
	B. CURRENT ASSETS (013+014+015)	012	-	18,023,578	15,775,264
10 to 13,15	I. INVENTORIES	013	-	7,077,182	6,433,734
14	II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS	014	-	8,942	31,093
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015	-	10,937,454	9,310,437
20, 21 and 22, except 223	1. Receivables	016	-	5,233,076	4,314,782
223	2. Receivables for overpaid income tax	017	-	137,570	33,950
23 less 237	3. Short-term financial investments	018	-	1,185,091	542,480
24	5. Cash equivalents and cash	019	-	2,969,494	3,085,355
27 and 28 except 288	4. VAT and accruals	020	-	1,412,223	1,333,870
288	C. DEFERRED TAX ASSETS	021	-	13,383	17
	D. OPERATING ASSETS (001+012+021)	022	-	26,010,782	23,899,006
29	E. LOSS OVER CAPITAL	023	-	-	-
	F. TOTAL ASSETS (022+023)	024	-	26,010,782	23,899,006
88	G. OFF-BALANCE SHEET ITEMS	025	-	13,816,859	18,160,619

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	-	9,242,189	8,077,625
30	I. ISSUED AND OTHER CAPITAL	102	-	4,066,317	3,664,961
31	II. UNPAID SUBSCRIBED CAPITAL	103	-	-	-
32	III. RESERVES	104	-	532,332	486,455
330 i 331	IV. REVALUATION RESERVES	105	-	869,133	929,183
332	V. UNREALIZED GAINS BASED ON SECURITIES AVAILABLE FOR SALE	106	-	67,646	61,565
333	V. UNREALIZED LOSSES BASED ON SECURITIES AVAILABLE FOR SALE	107	-	17,626	11,751
34	VII. RETAINED EARNINGS	108	-	3,950,945	3,065,617
35	VIII. LOSS	109	-	222,640	114,978
037 and 237	IX. REDEEMED OWN SHARES	110	-	3,918	3,427
	B. NON-CURRENT PROVISIONS AND LIABILITIES (112+113+116)	111	-	16,708,158	15,757,015
40	I. NON-CURRENT PROVISIONS	112	-	932,350	478,551
41	II. NON-CURRENT LIABILITIES (114+115)	113	-	1,736,062	2,621,698
414, 415	1. Long-term credits	114	-	1,595,549	2,444,845
41 w/out 414 and 415	2. Other non-current liabilities	115	-	140,513	176,853
	III. CURRENT LIABILITIES (117+118+119+120+121+122)	116	-	14,039,746	12,656,766
42, except 427	1. Short-term financial liabilities	117	-	2,249,532	1,450,132
427	2. Liabilities from assets held for sale and assets from discontinued operations	118	-	-	-
43 and 44	3. Liabilities from business operations	119	-	9,643,544	9,373,300
45 i 46	4. Other short-term liabilities	120	-	787,456	658,421
47, 48 except 481 and 49 except 498	5. VAT and other public liabilities and accruals	121	-	1,316,774	1,163,149
481	6. Income tax liabilities	122	-	42,440	11,764
498	C. DEFERRED TAX LIABILITIES	123	-	60,435	64,366
	D. TOTAL CAPITAL AND LIABILITIES (101+111+123)	124	-	26,010,782	23,899,006
89	E. OFF-BALANCE SHEET ITEMS	125	-	13,816,859	18,160,619

SISTEM ENERGOPROJEKT Co.

**CONSOLIDATED
CASH FLOW STATEMENT
for the period January 1 to December 31 , 2009**

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	22,300,666	19,961,327
1. Sale and received advance payments	302	21,989,905	19,657,289
2. Received interests from business activities	303	79,061	101,165
3. Other cash flow from regular operations	304	231,700	202,873
II. Cash outflow from business activities (1 to 5)	305	21,457,439	19,626,113
1. Cash to suppliers and advances paid	306	14,542,816	13,565,909
2. Staff costs	307	5,477,383	4,900,338
3. Interests paid	308	296,135	373,637
4. Income tax	309	227,840	145,217
5. Other public duties	310	913,265	641,012
III. Net cash flow from business activities (I-II)	311	843,227	335,214
IV. Net cash outflow from business activities (II-I)	312	-	-
B. CASH FLOW FROM INVESTMENTS			
I. Cash flow from investments (1 to 5)	313	340,287	428,339
1. Sale of shares and stakes (net inflow)	314	41,860	2,924
2. Sale of intangible assets, property, plant, equipment and biological assets	315	24,418	84,591
3. Other financial investments (net inflow)	316	195,177	173,992
4. Interests received from investments	317	75,197	91,775
5. Dividends received	318	3,635	75,057
II. Cash outflow from investments (1 to 3)	319	847,617	1,297,602
1. Acquisition of shares and stakes (net outflow)	320	2,230	18,009
2. Acquisition of intangible assets, property, plant, equipment and biological assets	321	692,494	1,021,601
3. Other financial investments (net outflow)	322	152,893	257,992
III. Net cash flow from investments (I-II)	323	-	-
IV. Net cash outflow from investments (II-I)	324	507,330	869,263
V. CASH FLOW FROM FINANCING ACTIVITIES			
I. Cash flow from financing activities (1 to 3)	325	1,092,997	2,290,846
1. Increase of capital assets	326	8,612	19
2. Long-term and short-term credits (net inflow)	327	749,998	1,960,306
3. Other long-term and short-term liabilities	328	334,387	330,521
II. Cash outflow from financing activities (1 to 4)	329	1,350,116	881,446
1. Acquisition of own shares and stakes	330	4,954	3,427
Long and short-term credits and other liabilities (net outflow)	331	1,191,007	741,321
3. Finance leasing	332	57,957	54,562
4. Dividends paid	333	96,198	82,136
III. Net cash flow from financing activities (I-II)	334	-	1,409,400
IV. Net cash outflow from financing activities (II-I)	335	257,119	-
G. TOTAL CASH FLOW (301+313+325)	336	23,733,950	22,680,512
D. TOTAL CASH OUTFLOW (305+319+329)	337	23,655,172	21,805,161
DJ. NET CASH FLOW (336-337)	338	78,778	875,351
E. NET CASH OUTFLOW (337-336)	339	-	-
Z. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD	340	3,085,355	2,358,656
Z. GAINS ON EXCHANGE	341	384,203	382,407
I. LOSS ON EXCHANGE	342	578,842	531,059
J. CASH AT THE END OF THE ACCOUNTING PERIOD (338-339+340+341-342)	343	2,969,494	3,085,355

SISTEM ENERGOPROJEKT Co.

**CONSOLIDATED
STATEMENT OF CHANGES IN CAPITAL
for the period January 1 to December 31, 2009**

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	3,445,706	414	87,696	427	-	440	232,491	453	218,532	466	1,021,221	479	-	492	-	505	2,420,442	518	100,119	531	-	544	7,325,969	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	3,445,706	417	87,696	430	-	443	232,491	456	218,532	469	1,021,221	482	-	495	-	508	2,420,442	521	100,119	534	-	547	7,325,969	560	-
5	Total increase in the previous year	405	314,047	418	15,593	431	-	444	-	457	49,423	470	194,006	483	191,613	496	45,562	509	1,911,739	522	27,266	535	3,427	548	2,600,166	561	-
6	Total decrease in the previous year	406	196,112	419	1,969	432	-	445	3,987	458	10,004	471	286,044	484	130,048	497	33,811	510	1,266,564	523	12,407	536	-	549	1,848,510	562	-
7	Balance on December 31, previous year (no.4+5-6)	407	3,563,641	420	101,320	433	-	446	228,504	459	257,951	472	929,183	485	61,565	498	11,751	511	3,065,617	524	114,978	537	3,427	550	8,077,625	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	3,563,641	423	101,320	436	-	449	228,504	462	257,951	475	929,183	488	61,565	501	11,751	514	3,065,617	527	114,978	540	3,427	553	8,077,625	566	-
11	Total increase in the current year	411	461,479	424	11	437	-	450	5,736	463	44,606	476	53,161	489	13,882	502	9,258	515	1,910,399	528	129,037	541	4,647	554	2,346,332	567	-
12	Total decrease in the current year	412	57,758	425	2,376	438	-	451	1,679	464	2,786	477	113,211	490	7,801	503	3,383	516	1,025,071	529	21,375	542	4,156	555	1,181,768	568	-
13	Balance on December 31, of the current year (no.10+11-12)	413	3,967,362	426	98,955	439	-	452	232,561	465	299,771	478	869,133	491	67,646	504	17,626	517	3,950,945	530	222,640	543	3,918	556	9,242,189	569	-

**CONSOLIDATED
STATISTICAL ANNEX**
for the period January 1 to December 31, 2009

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	2,750	2,535

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	218,648	124,724	93,924
	1.2. Increase (acquisitions) during the year	607	14,166	xxxxxxxxx	14,166
	1.3. Decrease (sale, removal from inventory and impairment) during the year	608	11,768	xxxxxxxxx	14,033
	1.4.Revaluation during the year	609		xxxxxxxxx	-
	1.5.Balance at the end of the year (606+607-608+609)	610	221,046	126,989	94,057
o2	2. Real property, plant, equipment and biological assets				
	2.1. Balance at the beginning of the year	611	11,394,624	5,598,038	5,796,586
	2.2. Increase (acquisitions) during the year	612	1,148,138	xxxxxxxxx	1,148,138
	2.3. Decrease (sale, removal from inventory and ensuring) during the year	613	200,574	xxxxxxxxx	751,410
	2.4. Revaluation during the year	614		xxxxxxxxx	-
	2.5. Balance at the end of the year (611+612-613+614)	615	12,342,188	6,148,874	6,193,314

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	771,656	1,063,176
11	2. Unfinished production	617	5,409,328	3,996,279
12	3. Finished products	618	447,627	486,777
13	4. Goods	619	27,773	25,930
14	5. Non-current assets held for sale	620	8,942	31,093
15	6. Advances given	621	420,798	861,572
	7.TOTAL (616+617+618+619+620+621=013)	622	7,086,124	6,464,827

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	3,982,995	3,563,641
	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	83,322	101,320
30	TOTAL: (623+625+627+629+630+631+632=102)	633	4,066,317	3,664,961

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
	I. Ordinary shares			
	1.1. Number of ordinary shares	634	10,105,589	9,790,552
part 300	1.2. Nominal value of ordinary shares - total	635	3,982,995	3,563,641
	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	3,982,995	3,563,641

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	4,976,350	3,988,127
43	2. Liabilities from operations (balance at the end of the year 640 ≤ 117)	640	9,415,107	8,883,550
part 228	3. Receivables during the year from insurance companies for damages (debt turnover without initial balance)	641	1,659	4,671
27	4. VAT paid during acquisition of goods and services (debt turnover without initial balance)	642	1,531,634	1,101,784
43	5. Business liabilities (receivables turnover without initial balance)	643	18,615,211	14,700,837
450	6. Liabilities for net income and income compensations (receivables turnover without initial balance)	644	3,912,005	3,309,516
451	7. Liabilities for salaries tax and salaries compensations paid by employees (receivables turnover without initial balance)	645	266,740	316,215
452	8. Liabilities for contributions on salaries and salaries compensations paid by employees (receivables turnover without initial balance)	646	403,710	626,838
461,462 and 723	9. Liabilities for dividends, profit share and employer's personal earnings (receivables turnover without initial balance)	647	258,301	488,160
465	10. Liabilities toward physical entities for compensations per contracts (receivables turnover without initial balance)	648	29,017	13,290
47	11. VAT collected during sale of products, goods and services (receivables turnover without initial balance)	649	1,708,895	1,445,524
	12. Control summary (from 639 to 649)	650	41,118,629	34,878,512

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	670,544	713,311
520	2. Salaries and salaries compensations (gross)	652	4,582,455	4,148,602
521	3. Tax expenses and contributions on salaries and salaries compensations paid by employer	653	610,411	574,862
522,523,524 and 525	4. Expenses for compensations to physical entities (gross) based on contracts	654	134,999	80,150
526	5. Expenses of compensations to BoD & Supervision Board members (gross)	655	38,874	41,125
529	6. Other personal expenses and compensations	656	474,717	476,148
53	7. Expenses of production services	657	6,275,364	5,044,403
533, part 540 and part 525	8. Lease expenses	658	435,255	358,512
part 533, part 540 & part 525	9. Expenses of land lease	659	-	-
536,537	10. Expenses of research and development	660	1,747	3,664
540	11. Depreciation expenses	661	622,384	486,488
552	12. Expenses of insurance premiums	662	82,063	46,665
553	13. Payroll expenses	663	179,229	202,799
554	14. Membership fees	664	13,026	10,171
555	15. Tax expenses	665	614,285	276,209
556	16. Contributions	666	442	318
562	17. Interests	667	285,190	255,092
part 560, part 561 and 562	18. Interests expenses and a part of financial expenses	668	304,248	319,388
part 560, part 561 and part 562	19. Interests expenses per credits and banks and dfo	669	103,959	133,787
part 579	20. Expenses for humanitarian, cultural, health, educational, scientific and religious purposes, for protection of the Environment and sports	670	11,311	14,103
	21. Control summary (from 651 to 670)	671	15,440,503	13,185,797

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	249,721	506,229
640	2. Revenue from premiums, subsidies, dotations, recourses, compensations and tax duties returns	673	5,465	-
641	3. Revenue from conditioned donations	674	238	-
part 650	4. Revenue from land lease	675	10,205	23,974
651	5. Membership revenue	676	5,464	27
part 660, part 661, 662	6. Interests revenue	677	142,752	165,235
part 660, part 661, and part 662	7. Revenue from interests per accounts and deposits in banks and other financial organizations	678	60,602	78,391
part 660, part 661 and part 669	8. Revenue from dividends and profit share	679	220,157	549,553
	9. Control summary (from 672 to 679)	680	694,604	1,323,409

IX OTHER DATA

Amounts in 000 RSD

DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4
1. Liabilities for accises (according to annual accises calculation)	681	-	-
2. Calculated custom duties and other import duties (total annual amount according to calculation)	682	370	6,081
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	370	14,146

ENERGOPROJEKT GROUP, BELGRADE

**NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
2009**

ENERGOPROJEKT GROUP, BELGRADE

**CONSOLIDATED FINANCIAL STATEMENTS
FOR 2009**

C O N T E N T S

	Page
Consolidated P&L Account	3
Consolidated Balance Sheet	4-5
Consolidated Cash Flow Statement	6-7
Consolidated Statement of Changes in Equity	8
Consolidated Statistical Annex	9-12
Notes to the consolidated financial statements	13-49

CONSOLIDATED P&L ACCOUNT
for the period from January 1 to December 31 2009

(RSD thousand)

Account group, account	DESCRIPTION	ADP	Note	Total	
				Current year	Previous year
	A. BUSINESS INCOME AND EXPENDITURE				
	I. BUSINESS INCOME (202+203+204-205+206)	201		21.588.101	17.930.970
60&61	1. Return on sales	202	8	20.007.949	19.421.235
62	2. Own use of products, services and merchandise	203		36.998	26.419
630	3. Increase of finished goods, work in progress and services in progress	204	9	2.440.586	2.618.940
631	4. Decrease of finished goods, work in progress and services in progress	205	9	1.110.706	4.315.683
64&65	5. Other business revenue	206	10	213.274	180.059
	II. BUSINESS EXPENDITURE	207		20.484.727	17.070.185
50	1. Cost of merchandise sold	208	11	188.840	313.503
51	2. Cost of material	209	12	5.238.724	4.416.085
52	3. Costs of salaries, fringe benefits and other personal expenses	210	13	5.841.456	5.320.887
54	4. Costs of depreciation and provisions	211	14	1.102.740	510.912
53&55	5. Other business expenditure	212	15	8.112.967	6.508.798
	III. BUSINESS PROFIT	213		1.103.374	860.785
	IV. BUSINESS LOSSES	214			
66	V. FINANCIAL INCOME	215	16	1.813.320	1.932.734
56	VI. FINANCIAL EXPENDITURE	216	16	2.137.177	2.056.287
67,68	VII. OTHER INCOME	217	17	1.124.699	394.071
57,58	VIII. OTHER EXPENDITURE	218	17	739.649	293.491
	IX. REGULAR BUSINESS REVENUE BEFORE TAX	219		1.164.567	837.812
	X. REGULAR BUSINESS LOSSES BEFORE TAX	220			
69-59	XI. NET PROFIT FROM SUSPENDED OPERATIONS	221			
59-69	XII. NET LOSSES FROM SUSPENDED OPERATIONS	222	18	379	565
	B. PROFIT BEFORE TAX	223		1.164.188	837.247
	C. LOSSES BEFORE TAX	224			
	D. CORPORATE INCOME TAX				
721	1. Tax liabilities for the period	225		92.534	49.653
722	2. Deferred tax liabilities for the period	226		2.716	11.167
723	3. Deferred tax income for the period	227			
	E. PERSONAL WAGES PAID TO EMPLOYER	228			
	F. NET PROFIT	229		1.068.938	776.427
	G. NET LOSS	230			
	H. NET PROFIT PAYABLE TO MINORITY STAKEHOLDERS	231		200.922	86.411
	I. NET PROFIT PAYABLE TO PARENT COMPANY OWNERS	232		868.016	690.016
	J. EARNINGS PER SHARE				
	1. Basic earnings per share	233			
	2. Diluted earnings per share	234			

CONSOLIDATED BALANCE SHEET

as at December 31 2009

(RSD thousand)

Account group, account	DESCRIPTION	ADP	Note	Total	
				Current year	Previous year
	ASSETS				
	A. NON-CURRENT ASSETS	001		7.973.821	8.123.725
00	I. SUBSCRIBED CAPITAL, UNPAID	002			
012	II. GOODWILL	003			
01 without 012	III. INTANGIBLES	004		94.057	93.924
	IV. PROPERTY, PLANT, EQUIPMENT AND NATURAL ASSETS	005		6.193.314	5.796.586
020,022,023,02 6,027(part),028 (part),029	1. Property, plant & equipment	006	20	6.004.128	5.607.367
024,027(part)& 028(part)	2. Investment property	007	20	189.186	189.219
021,025,027 (part)&028(part)	3. Natural assets	008			
	V. LONG-TERM FINANCIAL INVESTMENTS	009		1.686.450	2.233.215
030 do 032,039(part)	1. Share of Capital	010	21	778.866	814.958
033 do 038,039(part) less 037	2. Other long-term financial investments	011	22	907.584	1.418.257
	B. CURRENT ASSETS	012		18.023.578	15.775.264
10 to 13,15	I. MATERIAL	013	23	7.077.182	6.433.734
14	II. ASSETS HELD FOR TRADING AND SUSPENDED BUSINESS ASSETS	014		8.942	31.093
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH	015		10.937.454	9.310.437
20,21&22, except 223	1. Receivables	016	24	5.233.076	4.314.782
223	2. Receivables from prepaid income tax	017		137.570	33.950
23 less 237	3. Short-term financial investments	018	25	1.185.091	542.480
24	4. Cash and cash equivalents	019	26	2.969.494	3.085.355
27&28 except 288	5. VAT and deferred income	020	27	1.412.223	1.333.870
288	IV. DEFERRED TAX ASSETS	021		13.383	17
	C. BUSINESS PROPERTY	022		26.010.782	23.899.006
29	D. LOSSES OVER CAPITAL	023			
	E. TOTAL ASSETS	024		26.010.782	23.899.006
88	F. OFF-BALANCE SHEET ASSETS	025	40	13.816.859	18.160.619

CONSOLIDATED BALANCE SHEET

as at December 31 2009 (cont'd)

Account group, account	DESCRIPTION	ADP	Note	(RSD thousand)	
				Total	
				Current year	Previous year
	LIABILITIES				
	A. CAPITAL	101		9.242.189	8.077.625
30	I. ORIGINAL AND OTHER CAPITAL	102	28	4.066.317	3.664.961
31	II. SUBSCRIBED CAPITAL, UNPAID	103			
32	III. RESERVES	104	29	532.332	486.455
330&331	IV. REVALUATION RESERVES	105	30	869.133	929.183
332	V. UNREALIZED PROFITS FROM SECURITIES	106	30	67.646	61.565
333	VI. UNREALIZED LOSSES FROM SECURITIES	107	30	17.626	11.751
34	VII. UNDISTRIBUTED PROFIT	108	31	3.950.945	3.065.617
35	VIII. LOSSES	109	31	222.640	114.978
037&237	IX. REDEEMED SHARES	110		3.918	3.427
	B. LONG-TERM RESERVES AND LIABILITIES	111		16.708.158	15.757.015
40	I. LONG-TERM RESERVES	112	32	932.350	478.551
41	II. LONG-TERM COMMITMENTS	113		1.736.062	2.621.698
414,415	1. Long-term loans	114	33	1.595.549	2.444.845
41 without 414&415	2. Other long-term commitments	115	34	140.513	176.853
	III. SHORT-TERM COMMITMENTS	116		14.039.746	12.656.766
42 except 427	1. Short-term financial commitments	117	35	2.249.532	1.450.132
427	2. Commitments for assets intended for sale and suspended business assets	118			
43&44	3. Business commitments	119	36	9.643.544	9.373.300
45&46	4. Other short-term commitments	120	37	787.456	658.421
47, 48 except 481&49 except 498	5. VAT and other public revenue and accruals	121	38	1.316.774	1.163.149
481	6. Corporate income tax	122		42.440	11.764
498	IV. DEFERRED TAX LIABILITIES	123		60.435	64.366
	C. TOTAL LIABILITIES	124		26.010.782	23.899.006
89	D. OFF-BALANCE LIABILITIES	125	40	13.816.859	18.160.619
	MINORITY INTEREST (EQUITY)			1.000.533	924.726

CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to December 31 2009

(RSD 000)

DESCRIPTION	ADP	Total	
		Current year	Previous year
A. CASH FLOW FROM BUSINESS OPERATIONS			
I. Cash inflow from business operations	301	22.300.666	19.961.327
1. Sales return and received advances	302	21.989.905	19.657.289
2. Received interest from business operations	303	79.061	101.165
3. Other cash inflows from regular business operations	304	231.700	202.873
II. Cash outflow from business operations	305	21.457.439	19.626.113
1. Payments to suppliers and advances given	306	14.542.816	13.565.909
2. Salaries, emoluments and other personal expenses	307	5.477.383	4.900.338
3. Paid interest	308	296.135	373.637
4. Income tax	309	227.840	145.217
5. Other public revenue expenses	310	913.265	641.012
III. Net cash inflow from business operations	311	843.227	335.214
IV. Net cash outflow from business operations	312		
B. CASH FLOW FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities	313	340.287	428.339
1. Sale of shares and equity investments (net inflow)	314	41.860	2.924
2. Sale of intangible assets, plant, property, equipment & natural assets	315	24.418	84.591
3. Other financial investments (net inflow)	316	195.177	173.992
4. Received interest	317	75.197	91.775
5. Received dividends	318	3.635	75.057
II. Cash outflow from investing activities	319	847.617	1.297.602
1. Purchase of shares and equity investments (net outflow)	320	2.230	18.009
2. Purchase of intangible assets, plant, property, equipment & natural assets	321	692.494	1.021.601
3. Other financial investments (net outflow)	322	152.893	257.992
III. Net cash inflow from investing activities	323		
IV. Net cash outflow from investing activities	324	507.330	869.263

CONSOLIDATED CASH FLOW STATEMENT – cont'd

for the period from January 1 to December 31 2009

(RSD 000)

DESCRIPTION	ADP	Total	
		Current year	Previous year
C. CASH FLOW FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities	325	1.092.997	2.290.846
1. Increase of original capital	326	8.612	19
2. Long term and short term loans (net inflow)	327	749.998	1.960.306
3. Other long term and short term liabilities	328	334.387	330.521
II. Cash outflow from financing activities	329	1.350.116	881.446
1. Repurchase of treasury shares and equity	330	4.954	3.427
2. Long term and short term loans and other liabilities (net outflow)	331	1.191.007	741.321
3. Finance leasing	332	57.957	54.562
4. Paid dividends	333	96.198	82.136
III. Net cash inflow from financing activities	334		1.409.400
IV. Net cash outflow from financing activities	335	257.119	
D. CASH INFLOW TOTAL	336	23.733.950	22.680.512
E. CASH OUTFLOW TOTAL	337	23.655.172	21.805.161
F. CASH INFLOW NET	338	78.778	875.351
G. CASH OUTFLOW NET	339		
H. OPENING CASH BALANCE	340	3.085.355	2.358.656
I. FX GAINS FROM CASH TRANSLATION	341	384.203	382.407
J. FX LOSSES FROM CASH TRANSLATION	342	578.842	531.059
K. CLOSING CASH BALANCE	343	2.969.494	3.085.355

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period from January 1 to December 31 2009

RSD 000

No.	ITEM	Original capital (group 30 w/o 309)	Other capital (a/c 309)	Registered capital unpaid (group 31)	Issuing premium (a/c 320)	Reserves (a/c 321, 322)	Revaluation reserves (group 33)	Unrealized profits from securities (332)	Unrealized losses from securities (333)	Undistributed profit (group 34)	Loss up to capital (group 35)	Repurchased shares and equity (a/c 037,237)	TOTAL	Loss over capital (group 29)
1	ADP	401	414	427	440	453	466	479	492	505	518	531	544	557
	Balance on January 1 of previous year 2008	3.445.706	87.696		232.491	218.532	1.021.221			2.420.442	100.119		7.325.969	
2	ADP	402	415	428	441	454	467	480	493	506	519	532	545	558
	Correction of significant material errors and changes in accounting policies in previous year - increase													
3	ADP	403	416	429	442	455	468	481	494	507	520	533	546	559
	Correction of significant material errors and changes in accounting policies in previous year - decrease													
4	ADP	404	417	430	443	456	469	482	495	508	521	534	547	560
	Restated opening balance on January 1 of previous year 2008 (No.1+2-3)	3.445.706	87.696		232.491	218.532	1.021.221			2.420.442	100.119		7.325.969	
5	ADP	405	418	431	444	457	470	483	496	509	522	535	548	561
	Total increase in previous year	314.047	15.593			49.423	194.006	191.613	45.562	1.911.739	27.266	3.427	2.600.166	
6	ADP	406	419	432	445	458	471	484	497	510	523	536	549	562
	Total decrease in previous year	196.112	1.969		3.987	10.004	286.044	130.048	33.811	1.266.564	12.407		1.848.510	
7	ADP	407	420	433	446	459	472	485	498	511	524	537	550	563
	Balance on December 31 of previous year 2008 (No.4+5-6)	3.563.641	101.320		228.504	257.951	929.183	61.565	11.751	3.065.617	114.978	3.427	8.077.625	
8	ADP	408	421	434	447	460	473	486	499	512	525	538	551	564
	Correction of significant material errors and changes in accounting policies in current year - increase													
9	ADP	409	422	435	448	461	474	487	500	513	526	539	552	565
	Correction of significant material errors and changes in accounting policies in current year - decrease													
10	ADP	410	423	436	449	462	475	488	501	514	527	540	553	566
	Restated opening balance on January 1 of current year 2009 (No.7+8-9)	3.563.641	101.320		228.504	257.951	929.183	61.565	11.751	3.065.617	114.978	3.427	8.077.625	
11	ADP	411	424	437	450	463	476	489	502	515	528	541	554	567
	Total increase in current year	461.479	11		5.736	44.606	53.161	13.882	9.258	1.910.399	129.037	4.647	2.346.332	
12	ADP	412	425	438	451	464	477	490	503	516	529	542	555	568
	Total decrease in current year	57.758	2.376		1.679	2.786	113.211	7.801	3.383	1.025.071	21.375	4.156	1.181.768	
13	ADP	413	426	439	452	465	478	491	504	517	530	543	556	569
	Balance on December 31 of current year 2009 (No.10+11-12)	3.967.362	98.955		232.561	299.771	869.133	67.646	17.626	3.950.945	222.640	3.918	9.242.189	

**CONSOLIDATED STATISTICAL ANNEX
FOR 2009**

I GENERAL INFORMATION ON THE LEGAL ENTITY / ENTREPRENEUR

I T E M	ADP	Current Year	Previous Year
1. Total months of operation (indicate from 1 to 12)	601	12	12
2. Size (indicate from 1 to 3)	602	3	3
3. Ownership (indicate from 1 to 5)	603	2	2
4. Number of foreign (legal or natural) parties with share of equity	604		
5. Average number of employees based on monthly account (whole number)	605	2.750	2.535

II GROSS CHANGES ON INTANGIBLE ASSETS AND PROPERTY, PLANT, EQUIPMENT & NATURAL ASSETS

Account Group, Account	I T E M	ADP	RSD 000		
			Gross	Adjusted	Net (4-5)
01	1. Intangible assets				
	1.1. Opening balance	606	218.648	124.724	93.924
	1.2. Increase (purchases) during the year	607	14.166		14.166
	1.3. Decrease (disposal, depreciation and writing off) during the year	608	11.768		14.033
	1.4. Revaluation during the year	609			
	1.5. Balance at end of year	610	221.046	126.989	94.057
02	2. Property, plant, equipment & natural assets				
	2.1. Opening balance	611	11.394.624	5.598.038	5.796.586
	2.2. Increase (purchases) during the year	612	1.148.138		1.148.138
	2.3. Decrease (disposal, depreciation and writing off) during the year	613	200.574		751.410
	2.4. Revaluation during the year	614			
	2.5. Balance at end of year	615	12.342.188	6.148.874	6.193.314

III STRUCTURE OF INVENTORIES

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
10	1. Materials	616	771.656	1.063.176
11	2. W	617	5.409.328	3.996.279
12	3. Finished products	618	447.627	486.777
13	4. Goods	619	27.773	25.930
14	5. Assets held for trading	620	8.942	31.093
15	6. Advances given	621	420.798	861.572
	7. TOTAL	622	7.086.124	6.464.827

IV STRUCTURE OF ORIGINAL CAPITAL

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
300	1. Share capital	623	3.982.995	3.563.641
	of which: foreign capital	624		
301	2. Share of limited liability companies	625		
	of which: foreign capital	626		
302	3. Investments by members of partnerships and limited partnerships	627		
	of which: foreign capital	628		
303	4. Government owned capital	629		
304	5. Socially owned capital	630		
305	6. Stakes in co-operatives	631		
309	7. Other original capital	632	83.322	101.320
30	TOTAL	633	4.066.317	3.664.961

V STRUCTURE OF SHARE CAPITAL

Account Group, Account	I T E M	ADP	Shares in whole numbers RSD 000	
			Current Year	Previous Year
	1. Ordinary shares			
	1.1 Number of ordinary shares	634	10.105.589	9.790.552
part of 300	1.2 Nominal value of ordinary shares - total	635	3.982.995	3.563.641
	2. Preferred shares			
	2.1 Number of preferred shares	636		
part of 300	2.2 Nominal value of preferred shares - total	637		
300	TOTAL	638	3.982.995	3.563.641

VI CLAIMS AND COMMITMENTS

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
20	1. Claims from sales arrangements (at end of year 639≤016)	639	4.976.350	3.988.127
43	2. Business commitments (at end of year 640≤0117)	640	9.415.107	8.883.550
part of 228	3. Damage claims during year from insurance companies (debit transactions with no opening balance)	641	1.659	4.671
27	4. VAT paid for procuring goods and services (annual according to tax reports)	642	1.531.634	1.101.784
43	5. Business commitments (debit transactions with no opening balance)	643	18.615.211	14.700.837
450	6. Net salaries and fringe benefits (debit transactions with no opening balance)	644	3.912.005	3.309.516
451	7. Salary taxes and duties paid by employee (debit transactions with no opening balance)	645	266.740	316.215
452	8. Contributions for salary and fringe benefits paid by employee (debit transactions with no opening balance)	646	403.710	626.838
461, 462 & 723	9. Dividends, share of profit and employer's remuneration (debit transactions with no opening balance)	647	258.301	488.160
465	10. Obligations to natural persons based on service contracts (debit transactions with no opening balance)	648	29.017	13.290
47	11. VAT paid on sale of products, goods and services (debit transactions with no opening balance)	649	1.708.895	1.445.524
	12. Subtotal (from 639 to 649)	650	41.118.629	34.878.512

VII OTHER EXPENDITURE

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
513	1. Cost of fuel and energy	651	670.544	713.311
520	2. Salaries and emoluments (gross)	652	4.582.455	4.148.602
521	3. Salary taxes and contributions and emoluments paid by employer	653	610.411	574.862
522,523, 524&525	4. Obligations to natural persons (gross) based on service contracts	654	134.999	80.150
526	5. Remuneration for board members and the supervisory board (gross)	655	38.874	41.125
529	6. Other personal expenses and fees	656	474.717	476.148
53	7. Production service costs	657	6.275.364	5.044.403
533, part 540 & part 525	8. Leased property	658	435.255	358.512
part 533 part 540 & part 525	9. Leased land	659		
536,537	10. Research and development	660	1.747	3.664
540	11. Depreciation	661	622.384	486.488
552	12. Insurance premiums	662	82.063	46.665
553	13. Payment transaction costs	663	179.229	202.799
554	14. Membership fees	664	13.026	10.171
555	15. Taxes	665	614.285	276.209
556	16. Contributions	666	442	318
562	17. Interest expenses	667	285.190	255.092
part 560 part 561 & 562	18. Interest expenses and partial financial expenditure	668	304.248	319.388
part 560 part 561 & part 562	19. Interest on loans from banks and other financial organizations	669	103.959	133.787
part 579	20. Expenses for humanitarian, cultural, health care, educational, scientific and religious purposes, environmental protection and sports	670	11.311	14.103
	21. Subtotal (from 651 to 670)	671	15.440.503	13.185.797

VIII OTHER INCOME

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
60	1. Sales return	672	249.721	506.229
640	2. Income premiums, subventions, subsidies, recourse, compensation and tax returns	673	5.465	
641	3. Income from conditional donations	674	238	
part 650	4. Income from lease of land	675	10.205	23.974
651	5. Income from membership fees	676	5.464	27
part 660, part 661 & part 662	6. Income from interest	677	142.752	165.235
part 660, part 661 & part 662	7. Income from interest on invoices and deposits in banks and other financial organizations	678	60.602	78.391
part 660, part 661, & part 669	8. Income from dividends and profit shares	679	220.157	549.553
	9. Subtotal (from 672 to 679)	680	694.604	1.323.409

IX OTHER INFORMATION

I T E M	ADP	RSD 000	
		Current Year	Previous Year
1. Excise duties	681		
2. Customs and other import duties (annual amount according to account)	682	370	6.081
3. Capital subventions and other government grants for construction and purchase of fixed assets and intangible investments	683		
4. Government grants for premiums, subsidies and current operating expenses coverage	684		
5. Other government grants	685		
6. Accepted donations from abroad and other nonrefundable assets from foreign legal and natural persons in money or in kind	686		8.065
7. Personal earnings of entrepreneur from net profit (entrepreneurs only)	687		
8. Subtotal (from 681 to 687)	688	370	14.146

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY BACKGROUND

Energoprojekt Group, Belgrade (hereinafter: Group) consists of the parent limited company Energoprojekt Holding ad, Beograd (hereinafter: EP Holding) and its 11 subsidiaries, 10 of which are direct subordinates (9 share-based and 1 limited company) and 1 indirectly subordinated through other subsidiaries (1 limited and 1 share-based) in which the Group holds 50% or less equity share. Operating units and legal entities have been established in Serbia and foreign countries by the parent company and its subsidiaries to engage in operations including building construction and fitting, research and investment building/systems programming, and sale of goods and services.

In 2009, Energoprojekt Group was organized as follows:

Activity	Subsidiaries	Business units for investment work abroad	Foreign companies
Planning and research	4	28	6
Building construction and fitting	3	37	7
Trade	1	-	-
Holding	1	-	8
Other	5	-	1
Total	14	65	22

The Group and its subsidiaries are seated in New Belgrade, Bulevar Mihajla Pupina 12 St.

On December 31 2009 the Energoprojekt had 2.683 employees (2008 - 2.774) excluding local staff in overseas companies.

Energoprojekt Holding a.d. shares are A-listed on the Belgrade Stock Exchange, while some subsidiary shares are traded over-the-counter on the Belgrade Stock Exchange.

2. CONSOLIDATION GROUP

The consolidation group consists of the parent company EP Holding and its local subsidiaries, affiliates and foreign subsidiaries (foreign companies listed below):

Local subsidiaries and affiliates:

No.	Name	% ownership
<i>Building construction and fitting</i>		
1.	EP Visokogradnja a.d.	92,39
2.	EP Niskogradnja a.d.	93,32
3.	EP Oprema a.d.	67,87
<i>Planning and research</i>		
4.	EP Urbanizam i arhitektura a.d.	94,40
5.	EP Industrija a.d.	62,77
6.	EP Entel a.d.	86,26
7.	EP Hidroinženjering a.d.	94,84

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	<i>Other</i>	
8.	EP Energodata a.d.	96,43
9.	EP Promet d.o.o.	100,00
10.	EP Garant a.d.o.	64,13
11.	Energoplast d.o.o.	60,00
	<i>Affiliates</i>	
12.	Enjub d.o.o.	50,00
13.	Energo Broker a.d.	28,60

The first eight local subsidiaries are themselves parent companies and are required to prepare consolidated financial statements.

Based on the General Meeting resolutions of the subsidiaries involved, on August 31 2009, the merger/absorption of EP Ingraf d.o.o. and BE Company d.o.o. by EP Energodata a.d. was completed, whereby EP Ingraf d.o.o. and Be Company d.o.o. were dissolved without entering a liquidation procedure while EP Energodata a.d. continued to operate with an equity increase.

The consolidation group was extended and now includes Energoplast d.o.o. as a subsidiary, as compared to previous years when the company was treated as an affiliate of the parent companies in first level consolidation.

Foreign subsidiaries (foreign companies):

No.	Name	% ownership
1.	Zecco LTD, Zambia	100,00
2.	Energogvineja, Guinea	100,00
3.	INEC Engineering Co.Ltd.,London, UK	100,00
4.	Energoprojekt Middle East(L.L.C.)Dubai, UAE	100,00
5.	ENCOM GmbH, Frankfurt, Germany	100,00
6.	Energoprojekt (M) Sdn. Bhd., Malaysia	100,00
7.	Nana off Shore, Lebanon	100,00
8.	Energoprojekt Montenegro d.o.o., Herceg Novi, Montenegro	100,00

Some of the foreign subsidiaries (Energoprojekt Middle East LLC Dubai, UAE, Energoprojekt (M) Sdn. Bhd., Malaysia, Energogvineja, Guinea and Zecco LTD Zambia) are registered as being owned by EP Holding but are in fact controlled by the subsidiaries.

In addition to those listed above the first level consolidation group also includes Energo Private Limited, Harare, Zimbabwe; EP Ghana-Ghana; Energo Uganda, Uganda; Enlisa Peru; ECOMEP-Dubai; Energo Nigeria - Nigeria; Zahinos-Cyprus; Enhisa S.A. Peru; EP Entel Oman; Energoprojekt Entel Qatar; Energo consult Abu Dhabi UAE; United Consulting Botswana and Energodata Montenegro, Montenegro.

In 2009, Energo Management Group d.o.o. Beograd was introduced to the first level consolidation group by full consolidation method, because on 29/12/2009, EP Oprema purchased full ownership of Energo Management Group d.o.o. from the foreign company Energo Nigeria, Lagos, Nigeria.

Energoplast d.o.o. and Energopet d.o.o., two local affiliates, were also introduced to the first level consolidation group; the Group's consolidated financial statements however did not process

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Energoplast d.o.o. by equity method, applying instead the full consolidation method because it entered the group as a subsidiary, as described earlier.

Starting from January 1 2004 the operations of the foreign units are included in the relevant financial statements, with a detailed overview of the units provided in the notes to consolidated financial reports of the relevant subsidiary.

3. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

The financial statements on which we are reporting are prepared in accordance with the Law on Accounting and Auditing (RS Official Gazette 46/2006) and the relevant regulations thereunder, applying the accounting policies set out in Note 6 of this Report and according to general practice in Serbia.

The Group's consolidated financial statements have been prepared in the form prescribed by the Regulation of the Form and Contents of Financial Statements submitted by companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette 114/06 and 119/08).

3.1. Functional and reporting currency

The figures in the consolidated financial statements are shown in thousands of RSD. The RSD represents the functional and reporting currency of the Group members. All transactions made in currencies other than the functional currency are treated as FX transactions.

Figures in the financial statements are shown in thousands of RSD (functional currency and domicile currency) as at balance sheet date - December 31, 2009.

Comparative data is shown in thousands of RSD as at December 31, 2008.

The official exchange rates for main currencies prescribed by the NBS, used in the translation of monetary assets and liabilities denominated in foreign currencies into RSD, were as follows:

	31/12/2009	31/12/2008
EUR	95,8888	88,6010
USD	66,7285	62,9000

Applied average annual exchange rates for the figures disclosed in the income statement for 2009 were as follows:

	31/12/2008	31/12/2008
EUR	93,95	81,45
USD	67,46	55,82

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. MANAGEMENT ESTIMATION AND ASSESSMENT

Preparation of the consolidated financial statements in accordance with IAS and IFRS requires that the management performs estimation, ponderation and assumption reflecting on the reporting figures of assets, liabilities revenues and expenses. The obtained results may differ from estimated.

5. CONSOLIDATION

5.1. Subsidiaries

Subsidiaries (or controlled companies) are enterprises in which EP Holding directly or indirectly holds more than half of the ownership or voting power and can therefore control their business operations. The accounting method used for subsidiaries is full consolidation. Intra group balances and intra group transactions are eliminated in full in the consolidation process. Minority interest is presented separately.

5.2. Affiliates

Affiliates are enterprises over which the Group exerts significant influence, but not control, or holds between 20% to 50% ownership or voting power. Affiliates and subsidiaries in which there are substantial restrictions in terms of control and transfer of profit, are accounted for in consolidated financial statements using the equity method. Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognize the investors share of the profits or losses of the investee after the date of acquisition. If investors share of losses of the associate exceeds the carrying amount of the investment, the investment is reported at nil value; exceptionally, if there are certain irrevocable contractual obligations for covering the losses, the difference of the greater loss against capital is recognized as an expenditure of the parent company.

5.3. Joint ventures

In its consolidated financial statements, venturer reports its interest in a jointly controlled entity using proportionate consolidation. The application of proportionate consolidation means that the consolidated financial statement of the Group includes its share of the assets and liabilities that it controls, as well as assets and liabilities from the financial reports of jointly controlled entities.

A detailed list of subsidiaries, affiliates and joint ventures which together with EP Holding comprise the Group for consolidation Energoprojekt Group is shown in Note 2.

5.4. Segment reporting

A business segment is a distinguishable component of an entity that is engaged in providing an individual product or service that is subject to risks and returns that are different from those of other business segments

A geographical segment is a distinguishable component of an entity that is engaged in providing a product or services within a particular economic environment and that is subject to risk and returns that are different from those of components operating in the other economic environments.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. PRINCIPAL ACCOUNTING POLICIES

In 2004 Energoprojekt Group adopted a unique accounting policy with an obligation to quantify and eliminate the effects of any differences in the accounting policies of member companies if they are material significant in a process of preparation consolidated financial statements. The Accounting and Accounting Policies Regulation was amended in 2006 in accordance with the new Law on Accounting and Auditing.

The significant accounting policies are shown below:

(a) Principles of valuation - assumptions

The financial statements are prepared on the accrual basis of accounting and going concern.

Under this basis, the effects of transactions and other events are recognized when they occur (and not as cash or its equivalent is received or paid). Financial statements prepared on the accrual basis (except Cash Flow Statement) inform users not only of past transactions involving the payment and receipt of cash but also of obligations to pay cash in the future and of resources that represent cash to be received in the future.

The financial statements are prepared on the assumption that a Group is a going concern and will continue in operation for the foreseeable future.

(b) Recognition of the elements of financial statements

An asset is recognized in the balance sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

A liability is recognized in the balance sheet when it is probable that outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

Income is recognized in the income statement when an increase in the future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

Expenses are recognized in the income statement when a decrease in the future economic benefits related to a decrease in an asset or an increase of liability has arisen that can be measured reliably.

Under a financial concept of capital, such as invested money or invested purchasing power, capital is synonymous with the equity of the company. The concept of capital is shown in the financial capital maintenance. Financial capital maintenance is measured into nominal monetary items-RSD. Under this concept a profit is earned only if the financial (or money) amount of the net assets at the end of period exceed the financial (or money) amount of net assets at the beginning of the period, after excluding any distributions to, and contributions from, owners during the period.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Profits/losses on translation of foreign currencies

Cash, receivables and liabilities in foreign currencies are translated into RSD at the official rate of exchange ruling at the balance sheet date. Gains and losses arising on the translation of foreign currency receivables and liabilities into RSD amounts are treated as revenues/expenses of the period.

(d) Sales revenue

Sales revenue is defined based on invoices and completed sales transactions until the end of the accounting period, provided a debtor-creditor relation was created on that date and that an invoice was issued. Revenues are measured at the fair value of the consideration received or receivables taking into account the amount of any trade discount and volume rebates allowed by the company. The difference between the fair value and the nominal amount is recognized as interest revenue.

Revenue from the sale of goods is recognized when all of the following conditions have been satisfied:

- the company has transferred to the buyer any and all significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenues from services rendered are recognized by reference to the stage of completion of the transaction at the balance sheet date.

Revenues from fixed price construction contracts are recognized according to the percentage of completion, contractual activities at the balance sheet date. The percentage of completion of the contract is calculated by the proportion between reinforcement expenses for performed work until the given date in accordance with last estimated total contractual expenses (IAS 11).

(e) Operating expenses

Operating expenses comprise of costs of purchase, material used, gross salaries and compensations for salaries, depreciation and provisions, producing costs and non material costs.

The basic elements and principles of expense recognition are:

- expenses are recognized and stated when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably;
- expenses are recognized on the basis of a direct association between the costs incurred and the earnings (going concern);
- when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognized on the basis of systematic and rational allocation procedure;
- expenses are recognized immediately when an expenditure produces no future economic benefits or when future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as asset;

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- expenses are also recognized in those cases when a liability is incurred without the recognition of an asset (as when a liability under a product warranty arises).

(f) Profit and losses

Profit represents increases in economic benefits, include those arising on sale of fixed assets for price higher than net book value, unrealized gains arising on the sale of securities (when securities measured by their market price) and those resulting from increases in the net book value of fixed assets because of stopping circumstances causing their decreasing.

Losses arising on the sale of assets by prices lower than book value, those arising on the disposal of non write off fixed assets, damages which can be refunded in whole or separately from insurances and by applying principle of decrease in assets value.

(g) Financial revenues and expenses

The financial revenues and expenses include revenue and expenses from interest, gains and losses from exchange, and other financial income and expenditure.

Revenues from dividends are recognized as income in the year when they are approved for payment.

(h) Income tax

Income tax represents the amount that is calculated in accordance with Serbian Republic Law. Tax obligation is calculated at 10% on the taxable income (in 2007: 10%). The taxable income represents gross income in the income statement (prepared in accordance with the accounting regulations) less some revenue and expenditure according to the tax regulations. Tax deductions are also applied (investments in fixed assets in the entity's registered line of business and other tax deductions according to the tax regulations).

Income tax for foreign subsidiaries is calculated in compliance with regulations of the countries in which they operate.

(i) Deferred income tax

Deferred income tax is reserved entirely, applied liability method, for temporary differences arising from tax base and accounting amounts disclosed in the consolidated financial statements.

The amount of deferred income tax is determined by the legal rates in force,

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities may also be offset against each other.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(k) Employee benefits

/i/ Pension insurance and employee benefits

The Group members make payments on behalf of their employees to the Pension Fund of the Republic of Serbia. All employees are members of this pension fund. All contributions arising from said obligation are recognized as an expense/liability at the time of the transaction. The Group members do not have their own pension funds or post-employment plans in the event of termination hence there are no pension duties.

/ii/ Health insurance

The Group members pay health insurance contributions which are recognized as an expense/liability when calculated.

/iii/ Retirement bonus

The Group members pay to their employees a retirement bonus equal to three salaries obtained in the month preceding the retirement month (according to the terms of the Particular Collective Agreement).

/iv/ Post-employment benefits

A severance wage is payable in cases of consensual termination of an employment contract when the employer and employee agree on termination of employment in exchange for a severance wage, subject to management approval.

(j) Intangible assets, property, plant and equipment

Intangible assets are identifiable non monetary assets without physical substance controlled by the company if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise.

Intangible assets comprise of: goodwill, licenses, concession, trademarks, seals, accounting software, franchises, design and implementation of new products, processes or systems, copyrights, investment in other properties, plants and equipment, etc.

Property, plant and equipment are:

- tangible assets that are held by a company for use in the production or supply of goods or services, for rental to others, or for administrative purpose;
- tangible assets that are expected to be used during more than one period;

An item of property, plant and equipment is recognized as an asset:

- if it is probable that future economic benefits associated with the item will flow to the entity; and
- if the cost of the item can be measured reliably.

An item of property, plant and equipment are initially measured at its cost – purchase price. The cost price consists of the invoiced amount plus any directly attributable costs of bringing the asset to

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

working condition for its intended use. Cost price of aforementioned assets produced in the own production comprises of direct and indirect costs relating to this investment.

The purchase cost or price cost includes borrowing costs which may be indirectly added to the purchase, construction or production the asset available for use in accordance with IAS/IFRS.

Subsequent expenses relating to an item of intangible asset, property, plant and equipment that has already been recognized is added to the carrying amount if the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the company.

Subsequent expenses are treated as subsequent investment:

- if the item's useful life is extended, including an increase in its capacity;
- if a substantial improvement in the quality of output is achieved; and
- if a substantial reduction in previously assessed operating costs is achieved.

All other later subsequent expenses (maintenance costs, technical service, minor repairs etc.) are recognized as an expense when incurred.

After initial recognition as an asset, plant and equipment is carried at its purchase cost or cost less any accumulated depreciation and any accumulated impairment losses.

An item of intangible asset, property, plant and equipment is eliminated from the balance sheet on disposal or when the asset is permanently withdraw from use and no future economic benefits are expected from its disposal.

Gains or losses arising from retirement or disposal is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the income statement.

Investment property is property (land or a building – or part of a building – or both) held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purpose or sale in the ordinary course of business. Investment property therefore generates cash flows which are largely independent from other property held by the company.

An investment property should be measured initially at its cost. Transaction costs are included in the initial measurement.

Subsequent expenditure relating to an investment property that has already been recognized is added to the carrying amount of the investments property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property will flow to the enterprise. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

After initial recognition the investment property is measured by their fair value. Fair value is usually its market value. Fair value is measured as the most probable price reasonably obtainable in the market at the balance sheet date in keeping with the fair value definition. It is the best price reasonably obtainable by the seller.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A gain or loss arising from a change in the fair value of investment property is included in net profit or loss for the period in which it arises.

(I) Depreciation

Depreciation base presents acquisition cost after determination of residual and retirement amount.

The residual value of an intangible asset is assumed to be zero unless:

1. there is a commitment by a third party to purchase the asset at the end of its useful life; or
2. there is an active market for the asset and residual value can be determined by reference to that market and it is probable that such a market will exist at the end of the asset's useful life.

For the purposes of financial statements preparation, intangible assets are written off by the proportional method of amortization over a period of five years, excluding investments used over a fixed period, which are written off in accordance with the dates agreed in the contract.

Goodwill is not amortized but is subject to an impairment test conducted before the preparation of the financial reports in accordance with IAS.

Intangible assets with unlimited lifetime are not amortized.

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

For tax balance purposes, depreciation of intangible assets is applied according to the relevant regulations.

Internally generated goodwill is not recognized as an intangible asset.

After initial recognition, property, plant & equipment is disclosed at cost value less total depreciation and impairment losses.

The basis for depreciation of property, plant & equipment consists of cost less residual value of the asset.

Property, plant & equipment is systematically depreciated over the useful life of the asset.

For financial reporting purposes, depreciation is accounted for using the proportional method over the estimated useful life of the asset. The estimated useful life 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.

For tax balance purposes, property, plant & equipment is classified and depreciated according to rates prescribed under tax laws.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The applicable depreciation rates are:

	(%)
Buildings	1,3-15,0
Plants	5,0-25,0
Computers and accessories	20,0
Vehicles	12,5-16,0
Intangible investments	20,0

(m) Financial investments

Financial investments represent financial assets initially measured at its cost, which is fair value of the consideration given for it. Transaction costs are included in the initial measurement of all financial assets.

For the purpose of measuring a financial asset subsequent to initial recognition financial assets are classified into four categories:

- (a) financial assets held for trading, initially recognized at its fair value through profit or loss;
- (b) held-to-maturity investments;
- (c) loans and receivables originated by the company and not held for trading;
- (d) available-for-sale financial assets.

A financial asset is classified as available for sale if it cannot be grouped into any of the other three categories of financial assets.

A financial asset is classified as hold to maturity, and not as available for sale, if the asset is part of portfolio of similar assets for which the trading model exists in order to obtain profit from short-term changes in price or dealer margins.

After initial recognition, the company measured financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets:

- loans and receivables, and investments held-to-maturity measured at amortized cost using the effective interest method;
- investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and it is measured at cost.

There is insufficient market stability, experience and liquidity in Serbia in the process of financial assets trading and official information from the market is not available. Therefore it is usually not possible to measure the fair value as required by IFRS.

A recognized gain or loss arising from a change in the fair value of financial asset or financial liability that is not part of a hedging relationship, initially recognized at fair value through the profit or loss, now is recognized profit or loss in the income statement and for financial asset available for sale in the revaluation reserves.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(n) Inventories

Inventories of goods and material are measured at their cost value comprising the invoiced purchase price, import duties and other taxes (other than those subsequently recoverable by the company from the taxing authorities), and transport, handling and other costs directly attributable to the cost of purchase. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase.

Subtraction of material inventories spent is performed by the benchmark treatment of weighted average cost formulas.

Inventories of material purchased from suppliers are measured by their purchase cost and inventories of material from own production measured at the lower of cost and net realizable value.

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the company from the tax authorities), and transport, handling and other costs directly attributable to the acquisition of materials. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Subtraction of material inventories spent is performed by the benchmark treatment of weighted average cost formulas.

Inventories of work in progress and finished goods arose as a result of production process. These inventories are measured at the lower of cost and net realizable value.

The cost of conversion of inventories include costs directly related to the units of production (such as direct material and direct labor). They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

The cost of conversion does not include costs of management, sale and marketing.

Borrowing costs are included in the cost of inventories in limited circumstances.

(o) Short term receivables and investments

Short term receivables comprise trade receivables from related parties, domestic and foreign buyers in the moment of sold products and performed services.

Short term investments refer to loans, securities and other short term investments with maturity date of one year from due date or balance sheet date.

Short term trade receivables are measured by the cost stated in issued invoice. If the cost on the invoice is stated in the foreign currency, translation to the reporting currency is done by applying the average exchange rate ruling on the date of transaction. Changes in exchange rate from the date of transaction to the collection date are stated as gains and losses from exchange posted in the favor of revenues or against expenses.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Receivables stated in the foreign currency as at the balance sheet date are translated by the ruling exchange rate and gains and losses arose are booked as revenue or expense for period.

Short term financial investments held for trading are measured by cumulated depreciation, notwithstanding the company's tendency to hold them to maturity.

If it is probable that the company will not be able to collect all due receivables (principal plus interest) in accordance with the contractual terms for the issued loans, receivables or investments held to maturity, stated by cumulated depreciation, loss appears caused by depreciation or uncollectible receivables.

Indirect write off is applied to short term receivables and investments where recovery is uncertain, while direct write off is applied in duly documented cases when recovery is not possible.

The probability of recovery is evaluated in each specific case based on the relevant supporting documents (e.g. bankruptcy or liquidation of the debtor, excessive debt, disposal of property, forced or out-of-court settlement, obsolescence, court order, board resolution, and other cases where non-collectability is supported by credible documents).

(p) Cash and cash equivalents

Cash and cash equivalents consist of: petty cash, demands deposits with banks, other short term highly liquidity investments which may be transferred in the known cash that are not under the influence of significant risk of value changes and bank overdrafts. Bank overdrafts are included in the Balance sheet as the figure liabilities for loans – under item current liabilities as short term financial liabilities.

(r) Rentals

Rentals, in which lesser keeps a significant part of risk and ownership profit, are classified as business rentals. Payments made from business rentals are charged against income statement on the proportional base during the rental period.

(s) Finance lease liabilities

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred.

The liability for finance lease is stated at the balance sheet date deducted for the interest comprising in the lease (net value of minimum lease repayment). The interest is allocated to the accounting periods in lease period and in accordance with the repayment schedule.

Finance lease liabilities are charged against accrued liabilities for non-due interests according to the repayment schedule.

(t) Commitment and contingencies

Contingent liability is disclosed, but not recognized, only by the occurrence or non-occurrence of one or more uncertain future events and when it is provision recognized in the financial statements.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A contingent asset is not disclosed, unless an economic benefit is probable in the future. If the inflow is certain it can be recognized in the financial statement.

(u) Borrowing costs

Other borrowing costs include interests, charges and other costs arose in the company as relate in accordance with IAS/IFRS.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset.

Borrowing costs are recognized as expenses in the period in which they are incurred.

(v) Impairment

If an asset is impaired during the year the board of directors, based on a reasoned proposal of the managing director, assesses whether there are indications of asset impairment in accordance with IAS, or if there are indications of a reduction in the earlier recognized amortization of these assets.

If the indicators are present, the board of directors issues a resolution of the impairment amount or the amount deductible from previously recognized impairments.

At the end of the year, based on a reasoned proposal from the managing director and ALCO, the board of directors issues a resolution of the impairment amount or the amount deductible from previously recognized impairments.

(w) Financial liabilities

Financial liabilities comprise long term liabilities (long term loans, liabilities from long term securities and other), short term financial liabilities (short term loans and other), short term financial liabilities (short term loans and other) liabilities from operating activities (suppliers and other) and other short term liabilities.

Short term liabilities represent those maturing one year from the maturity date, or from the balance sheet date.

Long term liabilities represent those maturing over one year from the financial statements date.

Long term liabilities maturing in up to one year from the financial statements date are disclosed as short term liabilities.

Financial liabilities are recognized initially by their purchase cost which represents their fair price paid for them. Transaction charges are included in the beginning measurement of all financial assets.

Direct write off is applied for decreasing liabilities based on legal provisions or under an out-of-court settlement etc.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(x) Long term provisions

A provision is recognized when:

1. the company has a present obligation (legal or constructive) as a result of a past event;
2. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
3. a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision is recognized.

Long term provisions consist of: provisions for costs during the warranty period, provisions for recovery of natural resources, provisions for retained deposits and caution money, provisions for restructuring costs, provisions for fees and other employee benefits and other long term provisions for liabilities covering (legal or constructive) as a result of a past event, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation which can be reliably estimated (e.g. lawsuits in progress), as well as reservations for issued guarantees.

Long term provision for expenses and risks are tracked by sorts and their reduction/cancellation is credited as income.

Provisions are not recognized for future operational losses.

Provisions are distinguished from other liabilities because there is uncertainty about the timing or amount of the future expenditure required in settlement.

The amount recognized as a provision is the estimate of the expenditure expected to be required to settle the obligation.

Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Decisions regarding individual provisions are resolved by the each member's board of directors.

(y) Effects of changes in accounting policies and correction of fundamental errors

Correction of the additionally determined material significant errors is one influence on the financial statements relating to one or several prior accounting periods whereby those financial statements may not be considered as reliable at the date of their issuing.

Correction of the prior years material significant errors is done by the restating prior years undistributed profit/loss opening balance.

Materially significant effects and correction of fundamental errors are corrected retroactively with the adoption of the comparative data disclosed in the financial statements, if it is practically impossible (than the changes in accounting policy is applied prospect). All corrections arising are disclosed as a correction in the figure of opening balance's undistributed profit item.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(z) Foreign exchange rates

Official exchange rates significant for the company's operations and translations of the figures in the financial statement into RSD were as follows:

	RSD	RSD
	<u>2009.</u>	<u>2008</u>
EUR	95,8888 RSD	88,6010 RSD
USD	66,7285 RSD	62,9000 RSD
GBP	107,2582RSD	90,8635 RSD
CHF	64,4631 RSD	59,4040 RSD
RUB	2,0865 RSD	2,1887 RSD
LYD	51,0847 RSD	51,8547 RSD

6. FINANCIAL RISK MANAGEMENT

6.1 Financial risk factors

The Group's activities expose it to variety of financial risks: market risk (including currency risk, interest risk, fair value risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group members use derivate financial instruments to hedge certain risk exposures.

Risk management is carried out by the Financial Department of the company under policies approved by that member's board of directors. The Financial Department identifies, evaluates and hedges financial risks in close co-operation with the operating units.

The Board provides basic risk management policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments, and the investment of excess liquidity.

a) Market risk

i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the EUR and USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The Group in accordance with local legalizations on the local markets on which operates, applying the financial hedging tries to minimize foreign exchange risk.

ii) Fair value risk

The Group has in its portfolio securities available for sale recognized by the fair value. Considering the fact that the market on the stock exchange is uncertain there is a possibility for fair value risk appearance.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

iii) Interest rate risk

The Group borrows assets on the financial market by the changeable interest rates, connected with Euribor, Belibor and reference interest rate issued by the NBS on the rep transactions. With an aim to avoid/limit risk of significant changes in the financial markets, the company borrows assets over short-term periods while insisting on receiving the bank's lowest margin with a mandatory clause allowing early repayment without additional penalties.

b) Credit risk

The Group has no significant concentration of credit risk. The Group has policies that limit the amount of credit exposure to any financial institution.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate sources of funding and the ability to close out market positions, due to the dynamic nature of the business. The Group aims to maintain flexibility in funding by collecting their funds from buyers and investments of available funds. Besides the aforementioned, in accordance with the Group's policy, the Group makes Back to Back Agreements with the business partners whereby the possible risk connected to a possible default is transferred/shared between contractual parties.

7. SEGMENT INFORMATION

7.1. Primary reporting formats – business segment

The Group is organized, local and abroad, in the following business segments as of 31 December 2009:

- 1) Planning and research,
- 2) Building construction and fitting and
- 3) Other.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORTABLE SEGMENTS

Business segments

	Planning and research		Building construction and fitting		Suspended operations		Other		Consolidated		Discontinued operations		Continued operations	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues														
Revenue from sale-external	4,140,197	2,679,241	17,473,720	17,087,478	-	-	1,837,194	1,425,932	20,007,576	18,760,377	-	-	20,007,576	18,760,377
Revenue from sale between segments		242,899	373	376,238	35,968	-	41,721	373	660,858	35,968	35,968	373	624,890	
Revenue from sale	4,140,197	2,922,140	17,474,093	17,463,716	-	35,968	1,837,194	1,467,653	20,007,949	19,421,235	-	35,968	20,007,949	19,385,267
SEGMENT RESULT	-	-						-	-			-	-	
Non-allocated expenses		239,715	3,169,671	1,886,640	31,854	-	-	-	3,169,671	2,126,355	31,854	31,854	3,169,671	2,094,501
Profit from operations	202,901	111,584	365,419	404,129	4,114	549,371	363,951	1,103,374	860,785	860,785	4,114	4,114	1,103,374	856,671
Interest return	24,018	21,108	65,662	91,520			33,402	56,715	123,037	165,235	-	-	123,037	165,235
Interest expenses	11,645	5,016	252,534	178,052			24,555	85,051	285,190	261,872	-	-	285,190	261,872
Share of net profit of subsidiaries		56,937					544	-	57,481	57,481	-	-	-	57,481
Income tax	19,198	4,761	26,251	21,552			47,085	23,340	92,534	49,653	-	-	92,534	49,653
Profit from regular operations	302,307	216,781	501,528	374,603	-	601,757	700,198	1,164,567	837,812	837,812	-	-	1,164,567	837,812
Losses from suspended operations	(64)	(141)	(315)	(348)				(135)	(379)	(565)	-	-	(379)	(565)
Net profit	281,909	210,129	475,382	343,630	4,114	553,951	676,379	1,068,938	776,427	776,427	4,114	4,114	1,068,938	772,313
Total assets-consolidated	4,366,729	3,782,896	13,880,900	14,979,450		36,255	16,582,038	13,001,790	26,010,782	23,899,006		36,255	26,010,782	23,862,751
Total liabilities-consolidated	4,366,729	3,782,896	13,880,900	14,979,450	-	36,255	16,582,038	13,001,790	26,010,782	23,899,006	-	36,255	26,010,782	23,862,751
Depreciation	62,121	58,771	476,510	374,146		-	83,753	53,618	622,384	486,488		-	622,384	486,488
Non-cash expenses without depreciation	1,047	21,220	27,937	19,570			24,694	84,964	53,678	125,388		-	53,678	125,388

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Geographical segments

RSD 000

	Serbia		ZND		Europe		Africa		Asia		USA		Other		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues from sales	6,154,983	6,538,644	6,629,818	4,618,897	361,131	3,122,988	3,364,433	2,349,441	2,329,773	1,537,054	1,092,345	1,229,159	75,466	25,052	20,007,949	19,421,235
Revenues from goods trading	100,559	268,496	37,576			5,396	107,076	200,874	2,913	38,022	1,597	7,415			249,721	520,203
Revenues from provision of services	6,054,424	6,270,148	6,592,242	4,618,897	361,131	3,117,592	3,257,357	2,148,567	2,326,860	1,499,032	1,090,748	1,221,744	75,466	25,052	19,758,228	18,901,032
Assets-consolidated															26,010,782	23,899,006

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. REVENUES FROM SALES

Revenues from goods, products and services sold and rendered on the local market totalled 6.154.983 thousand RSD (2008. 6.538.644 thousand RSD), on foreign markets 13.852.966 thousand RSD (2008. 12.882.591 thousand RSD), giving a grand total of 20.007.949 thousand RSD (2008. RSD 19.421.235 thousand).

9. INCREASE/(DECREASE) IN INVENTORIES

	2009. (RSD 000)	2008. (RSD 000)
Increase in work in progress	2,440,586	2,618,940
Decrease in work in progress	-1,110,706	-4,315,683
Total	1,329,880	-1,696,743

The inventories increase relates to an increase of work in progress and finished products in:

- EP Holding - Block 26, New Belgrade, increased by 1.898.751 thousand RSD,
- EP Visokogradnja - Blocks 24 and 22, Bežanijska Kosa, residential/office building “Šištet bara“, Igalo, and the Prokop Railway Station.

The inventories decrease relates to a decrease of work in progress – predominantly in EP Visokogradnja, which completed a its projects in Bežanijska Kosa Block 15, Block 6, Block 12 and Block 23, and the company’s own investment in Montenegro (Savina Building in Herceg Novi).

10. OTHER OPERATING INCOME

	2009. (RSD 000)	2008. (RSD 000)
Premiums, subventions, subsidies, refunded amounts, compensation and tax refunds	5,465	
Rents	100,482	80,322
Other	107,327	99,737
Total	213,274	180,059

Other operating income mostly relates to EP Visokogradnja (65.560 thousand RSD) and predominantly consists of rents, EP Garant (13.184 thousand RSD in rents, with 45.881 thousand RSD in deposits/ investments, or investment of technical insurance reserves) and EP Niskogradnja (20.590 thousand RSD) mainly in rents.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. PURCHASE VALUE OF GOODS SOLD

	2009. (RSD 000)	2008. (RSD 000)
Wholesale	-188,840	-313,503
Retail		
Total	-188,840	-313,503

The purchase value of goods sold (wholesale) relates to the purchase of computer equipment by EP Energodata (38.466 thousand RSD) and the purchase of granulate by EP Industrija (40.507 thousand RSD).

The amount of 72.188 thousand RSD relates to EP Garant arising as the result of the reclassification of the insurance company's balance items. The balances remaining were distributed among other Group members.

12. MATERIAL COST

	2009 (RSD 000)	2008. (RSD 000)
Raw material	-4,311,773	-3,501,538
Other material cost (overheads)	-256,407	-201,236
Fuel and energy	-670,544	-713,311
Total	-5,238,724	-4,416,085

The major part of material cost relates to raw material, specifically: EP Visokogradnja (1.958.657 thousand RSD), EP Oprema (1.153.435 thousand RSD) and EP Niskogradnja (995.120 thousand RSD). EP Niskogradnja contributed the most in the fuel and energy expenses with 503.960 thousand RSD.

13. STAFF COSTS

	2009 (RSD 000)	2008. (RSD 000)
Salaries and fringe benefits (gross)	-4,582,456	-4,148,602
Taxes and contributions on salaries and fringe benefits charged to employer	-610,411	-574,862
Remunerations according to temporary service contracts	-14,413	-9,760
Remunerations according to author's contracts	-59,071	-44,205
Remunerations according to temporary and provisional contracts	-33,475	-20,389
Remunerations to individuals according to other contracts	-28,040	-5,796
BoD and Supervisory Board	-38,874	-41,125
Other personal expenses remunerations	-474,716	-476,148
Total	-5,841,456	-5,320,887

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. DEPRECIATION AND PROVISION EXPENSES

Depreciation and provision expenses totalled 1.102.740 thousand RSD and relate to:

- Depreciation of PPE, in accordance with Note 5(l) (622.384 thousand RSD),
- Provision expenses (480.356 thousand RSD).

Long term provision expenses largely relate to EP Entel with 327.364 thousand RSD and include provisions for contractual contingencies where additional work will not be paid, mainly with respect to the foreign company in Qatar. The cost of reserves in warranty relates to EP Oprema - „Nikola Tesla“ thermal power plant project (62.919 thousand RSD), and EP Visokogradnja – construction sites in foreign countries under warranty, specifically Z-056 TRK Aktau and Z-065 House in Moscow (41.338 thousand RSD).

15. OTHER OPERATING EXPENSES

	2009 (RSD 000)	2008. (RSD 000)
<u>Costs of production services</u>		
Service costs of outputs	-4,992,148	-4,016,581
Transportation costs	-356,458	-364,005
Maintenance costs	-254,490	-108,435
Rental costs	-435,255	-358,512
Fairs exhibit costs	-1,444	-2,317
Advertising costs	-14,831	-20,350
Costs of researching activities	-1,747	-3,664
Costs of other services	-218,990	-170,539
Total	-6,275,363	-5,044,403
<u>Non-production costs</u>		
Costs of non-production services	-593,000	-645,447
Expense accounts	-64,484	-54,631
Insurance premium costs	-82,063	-46,665
Payment operation costs	-179,229	-202,799
Membership fees	-13,026	-10,171
Tax duties	-614,285	-276,209
Contribution costs	-442	-318
Other	-291,075	-228,156
Total	-1,837,604	-1,464,395
Grand total	-8,112,967	-6,508,798

The largest figure under other operating expenses involves the service costs of outputs (subcontractors) in: EP Visokogradnja (2.127.422 thousand RSD), EP Oprema (1.196.068 thousand RSD) and EP Niskogradnja (906.326 thousand RSD), while the remaining balance relates to the other Group members.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Non material costs mainly apply to costs of non-production services and tax expenses. The largest non-production expense items are those relating to EP Entel (319.314 thousand RSD) in consultant fees, EP Visokogradnja (139.807 thousand RSD) and EP Niskogradnja (55.054 thousand RSD). The tax expenses mostly relate to EP Visokogradnja for the Z-056 Aktau and Herceg Novi projects, and EP Niskogradnja for its Z-011 project in Abaya, Kazakhstan, where the income tax was calculated and paid according to local regulations.

16. REVENUES AND EXPENSES

	2009 (RSD 000)	2008. (RSD 000)
<u>Financial revenues</u>		
Income incurred with parent company and affiliates		
Financial income incurred with other associated companies	29,709	81,524
Income from interest	123,037	165,235
FX Gains	1,550,809	1,542,876
Other financial income	109,765	143,099
Total	1,813,320	1,932,734
<u>Financial expenses</u>		
Financial expenses incurred with parent company and affiliates		
Financial expenses incurred with other associated companies	-17,373	-2,139
Costs of interest	-285,190	-255,092
FX losses	-1,794,379	-1,778,789
Other	-40,235	-20,267
Total	-2,137,177	-2,056,287

The negative net financial performance came mainly as the result of foreign exchange losses due to the Dinar depreciating in 2009, as the Dinar dropped by 8,22% against the Euro and 6,09% against the USD.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. OTHER REVENUES AND EXPENSES

	2009 (RSD 000)	2008. (RSD 000)
<u>Other revenues</u>		
Gains on disposals of intangible assets and property, plant and equipment	22,106	57,264
Gains on disposals of securities	351	713
Material sold	146,631	68,005
Surpluses	481	486
Collected written-off receivables	9,471	43,888
Income from reduction of liabilities	124,800	47,386
Income from abolishing of long-term provisions		30,808
Other	241,770	71,090
Income from valuation adjustments of property, plant and equipment	67	24,970
Income from valuation adjustments LT investments and securities	26,636	45,185
Income from valuation adjustments of receivables and ST financial investm	546,309	4,276
Income from valuation adjustments of other property	6,077	
Total	1,124,699	394,071
<u>Other expenses</u>		
Losses on writing-offs and disposals of intangible assets and PPE	-13,101	-23,424
Losses on disposals of equity investments and securities	-33	
Losses on disposals of material	-995	-2,700
Shortages	-3,452	-9,329
Costs from negative hedging effects		-17,553
Writing-offs of receivables	-34,845	-39,612
Other	-283,643	-99,909
Impairment of property, plant and equipment	-12,818	
Impairment of long-term investments and other securities	-787	
Impairment of receivables and short-term financial investments	-389,765	-100,167
Impairment of other property	-210	-797
Total	-739,649	-293,491

Income from valuation adjustments and short term financial investments largely relates to EP Visokogradnja and its income from receivables valuation under the Prokop Railway Station project (543.075 thousand RSD) based on an effective court ruling.

Other income mostly relates to EP Oprema with 204.977 thousand RSD generated through a business combination for obtaining a majority stake (full ownership) of Energo Management Group d.o.o. Beograd. On 29/12/2009 EP Oprema purchased a 100% share of Energo Management Group d.o.o. from foreign company EnergoNigerija for a price of 1\$ (one USD), far below the real value of the property, and therefore, in accordance with IFRS 3 Business Combinations, recognized in its consolidated financial reports the difference between lower cost value and higher fair value of the acquired net property (as a percent value) in favor of other revenues.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Income from material sold mainly relates to EP Niskogradnja at 146.465 thousand RSD.

The largest expense items under other expenses apply to impairment of receivables and short term financial investments, particularly in relation to EP Visokogradnja – impairment of receivables from Prokop Railway Station by 48.459 thousand RSD, and impairment of loan receivables, according to court ruling, by 234.318 thousand RSD. In addition, receivables from foreign clients were reduced by 5.421 thousand RSD, as well as receivables from the investors of the Z-063 Manžerok project, on the basis of suspended work unpaid, by 48.658 thousand RSD.

The major part of other expenses relates to EP Niskogradnja – Z-0188 Chira Piura project, where reconstruction of work damaged by flooding was just completed (239.424 thousand RSD).

18. NET PROFIT/(LOSS) OF DISCONTINUED OPERATIONS

	2009 (RSD 000)	2008. (RSD 000)
Net profit from discontinued operations		
Net loss of discontinued operations	-379	-565

19. NET EARNINGS PER SHARE

Net earnings per share is calculated by dividing the profit due to shareholders by the weighted average number of ordinary shares during the year, excluding ordinary shares that are redeemed and held by the company (group members) as treasury shares.

	2009	2008
Profit due to Group shareholders (in 000 RSD)	1.068.938	776.427
Weighted average number of issued ordinary shares	9.269.122	9.269.122
Net earnings per share (RSD per share)	115.32	83.76

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. PROPERTY, PLANT AND EQUIPMENT

	Land and building	Plant and equipment	Investment property	Other plant property equipment	Equipment in construction and advances	Total
<u>Cost value</u>	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)
Balance on 01.01.2009. (Curr.y	4,782,791	6,078,468	191,544	23,746	318,075	11,394,624
Restated opening	89,167	146,982		948	61,637	298,734
Transfers	-11,378	-3,617		-14,377	-23,186	-52,558
Additions	52,447	504,160	3,317	14,484	46,100	620,508
Disposals	-11,089	-186,168	-3,317			-200,574
Exchange differences	37,318	20,495		-10		57,803
Appraisal	156,950	71,266	-12,766		8,202	223,652
At 31.12.2009. (Curr.year)	5,096,206	6,631,586	178,778	24,791	410,828	12,342,189
<u>Value adjustment</u>						
Balance on 01.01.2009.	1,932,739	3,662,306	2,325	668		5,598,038
Restated balance	-1,777	74,781		556		73,560
Depreciation	76,591	537,710	75	161		614,537
Disposals	-1,809	-166,030				-167,839
Exchange differences	983	874				1,857
Other	18,883	9,795		43		28,721
At 31.12.2009. (Curr.year)	2,025,610	4,119,436	2,400	1,428		6,148,874
<u>Current value</u>						
At 31.12.2009. (Curr.year)	3,070,596	2,512,149	176,378	23,363	410,828	6,193,314
<u>Current value</u>						
At 31.12.2008. (Prev.year)	2,850,052	2,416,162	189,219	23,078	318,075	5,796,586

The current value of intangible assets on 31/12/2009 is 94.057 thousand RSD.

Total depreciation costs comprise of:	2009.	2008.
Depreciation of intangible assets	7,847	13,550
Depreciation of property and equipment	614,537	472,930
	622,384	486,480

Expanding the Group's consolidated financial statements to include Energoplast d.o.o. by full consolidation method caused an increase in items such as land, buildings, equipment:

- building land 77 ar 29 m2 in area,
- production facility, warehouse and management offices (2.500 m2) located in Batajnički drum 6p, Upper Zemun Industrial Zone,
- technological production line for plastic stoppers and
- ancillary equipment (chillers, compressors, forklifts, dryers...).

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The 100% acquisition of Energo Management Group d.o.o. by EP Oprema also effected an increase of:

- investments in progress (60.451 thousand RSD) in connection with the construction of an 8,1 m industrial building (787,60 m²) in Bežanija, Novi Beograd and
- equipment with a cost value of 46.695 thousand RSD, including equipment used for installing transmission lines and optical cables.

In 2009 substantial amounts of fixed assets were acquired, in particular by EP Niskogradnja for ongoing projects in Uganda and Peru.

21. EQUITY INVESTMENTS

Equity investments represent long term investments in shares and parts of enterprises, banks and insurance companies.

Equity investments are disclosed:

- According to purchase cost whereby the investor states its investment by purchase cost, and recognizes revenues only in the amount received from distribution of undistributed net profit of the investment user, incurred after acquisition. Any part received which exceeds the amount of profit is recognized as investment return and reported as a decrease in the purchase value of the investment.
- According to equity investment method whereby investments are stated by their purchase cost initially, and the reported amount is adjusted by the result (profit or loss) obtained. In addition, correction is done for changes in the investment user's equity which are not the result of investment performance. These include equity changes as a result of revaluation of property, plant, equipment and investments, differences from foreign currency translation or reconciliation of differences from business deals. Corrections are performed in proportion to the user's equity share.

Equity investments pertain to shares (stakes) in:

	2009. (RSD 000)	2008. (RSD 000)
a) Banks and other financial organizations	141,816	137,303
b) Other legal entities:	637,050	677,655
-Energopet	284,031	196,332
-Enjub	151,255	169,824
-Energoplast		82,531
-Energobroker	15,985	16,382
-Energonigeria	158,038	210,577
-Other	27,741	2,009
Total	778,866	814,958

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The equity investments decrease in other legal entities reflects a change in the equity accounting methods applied in Energoplast d.o.o., whose majority owners are Group members (60% equity); starting from 2009 it is treated as a subsidiary and the full consolidation method is applied in the Group consolidated financial statements instead of equity method, as was the case in previous years.

22. OTHER LONG TERM FINANCIAL INVESTMENTS

Other long term financial investments include:

	2009. (RSD 000)	2008. (RSD 000)
a) Long term loans extended		
- in Serbia		234,318
- in other countries	163,500	162,967
Total	163,500	397,285
b) FCY savings bonds	56,990	81,701
c) Housing loans for employees	60,035	59,957
d) Other	627,059	879,314
Total	907,584	1,418,257

The 234.318 thousand RSD decrease in long term loans extended in Serbia entirely relates to EP Visokogradnja and involves a value adjustment, based a court decision, of a loan granted to the company for the construction of Prokop Railway Station.

Other financial investments include guarantee deposits of EP Entel (366.750 thousand RSD), bank guarantee deposits of EP Visokogradnja for the Z-066 Siktivkar project (67.122 thousand RSD) and EP Entel (41.984 thousand RSD), bills of exchange issued by EP Industrija for obtaining guarantees (57.193 thousand RSD), and 82.406 thousand RSD relating to EP Visokogradnja's share in the joint construction of the Crni Vrh complex.

23. INVENTORIES

	2009. (RSD 000)	2008. (RSD 000)
Raw material, spare parts and tools	773,892	1,063,176
Work in progress	5,409,328	3,996,279
Finished goods	447,627	486,777
Merchandise	25,537	25,930
Paid advances	420,798	861,572
Total	7,077,182	6,433,734

The decrease in advances paid and decreased raw material, spare parts and tools can be attributed to EP Visokogradnja and the completion of its work abroad.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The increase of work in progress relates mainly to the construction of a building in Block 26 for a known buyer, and investments in 2009 which figured at around 1.899.000 thousand RSD, while at the same time the same item for EP Visokogradnja was reduced by 506.739 thousand RSD owing to the completion of buildings in Bežanijska Kosa and in Herceg Novi, Republic of Montenegro.

24. RECEIVABLES

	2009. (RSD 000)	2008. (RSD 000)
<u>Receivables from sales</u>		
Buyers in Serbia	1,921,357	1,457,882
Buyers in other countries	3,058,827	2,530,245
Total	4,980,184	3,988,127
<u>Receivables from specific business operations</u>	136,626	135,875
<u>Other receivables</u>		
Receivables from employees	19,443	20,231
Receivables from government authorities and institutions	2,897	8,537
Receivables for other prepaid taxes and contributions	143,058	45,877
Other receivables	88,438	150,085
Total	253,836	224,730
Grand total	5,370,646	4,348,732

Increased receivables from domestic clients relate to EP Visokogradnja and its interest receivables from the railway junction construction company based on a lawsuit which ended with the court ruling in favor of EP Visokogradnja.

An increased business volume in foreign countries has likewise generated to more claims from foreign customers, especially when EP Niskogradnja and EP Oprema are concerned.

Tax and contributions prepayments predominantly apply to prepaid income tax claims for income generated by foreign business units of EP Niskogradnja (125.571 thousand RSD).

25. SHORT TERM FINANCIAL INVESTMENTS

	2009. (RSD 000)	2008. (RSD 000)
Short fixed deposits	1,123,039	542,253
Short-term loans extended	19,266	
Other	42,786	227
Total	1,185,091	542,480

Short fixed deposits with local banks relate to EP Garant (436.897 thousand RSD), EP Entel (647.714 thousand RSD) and EP Hidroinženjering (38.418 thousand RSD).

Short term loans extended consist primarily of a short term loan of 17.979 thousand RSD granted to Enjub d.o.o. by EP Holding.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. CASH AND CASH EQUIVALENTS

<u>RSD</u>	2009. (RSD 000)	2008. (RSD 000)
Current accounts	91,260	83,994
Petty cash	760	891
Securities		
Short term fixed deposits	27,000	89,500
Other	2,600	4,809
Total	121,620	179,194
<u>FCY</u>		
Foreign currency accounts	2,330,390	2,464,622
Petty cash	95,369	211,837
L/C	177,931	64,249
Other	243,931	165,221
Value-impaired or restricted pecuniary assets	253	232
Total	2,847,874	2,906,161
Grand total	2,969,494	3,085,355

Foreign currency accounts were mostly contributed to by EP Visokogradnja, EP Holding, EP Niskogradnja and EP Entel.

27. VAT AND ACCRUALS

	2009. (RSD 000)	2008. (RSD 000)
<u>Value added tax-accrued</u>	270,349	419,094
<u>Accrued income</u>		
Prepayments	203,343	176,454
Uninvoiced income receivables	869,486	650,980
Accrued exchange rate losses	46,053	55,097
Accrued commitments		
Other accruals	22,992	32,245
Subtotal	1,141,874	914,776
Total	1,412,223	1,333,870

Uninvoiced income receivables predominantly relate to EP Holding (project in Block 26 – Unit 1) in connection with IAS 11 and the accounting of profits according to the accounting period in which they are earned.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. ISSUED AND OTHER CAPITAL

Issued capital includes:

	2009.	2008.
%	(RSD 000)	(RSD 000)
Share capital	3,982,995	3,563,641
Other capital	83,322	101,320
Total	4,066,317	3,664,961

The General Meeting of EP Holding, at the XXXIII meeting held 14/07/2009, resolved to issue ordinary shares of the VI issue with no public offering for the purpose of converting undistributed profits into equity and replacing the shares and increasing their nominal value from 350 RSD to 400 RSD, as well as to issue ordinary shares of the VII issue with no public offering for the purpose of converting undistributed profits into equity, following which EP Holding now has a total of 9.467.810 ordinary shares issued.

ENERGOPROJEKT GROUP

		(total shares)
	Holding	9,467,810
minority shareholder in:	Energodata	13,930
	Visokogradnja	229,672
	Niskogradnja	99,724
	Oprema	112,939
	Hidroinž.	35,151
	Entel	58,042
	Urb. + Arh.	3,766
	Industrija	73,455
	Garant	11.100
	TOTAL:	<u>10.105.589</u>

40 % of the share capital of Energoplast d.o.o. is owned by foreign company CHARTERED OIL AND GAS LTD (minority interest).

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Nominal value of shares of Energoprojekt Group members:

- Energoprojekt Holding a.d. – 400 RSD per share.
- Energoprojekt Garant a.d.o. – 3.570 RSD per share.
- Energoprojekt Urbanizam i arhitektura a.d. – 610 RSD per share.
- Energoprojekt Energodata a.d. – 400 RSD po akciji.
- All other subsidiaries – 410 RSD per share.

Total shares (non-consolidated): 16.245.566.

As of December 31, 2009 EP Holding has redeemed a total of 9.796 treasury shares with a nominal value of 3.918 thousand RSD.

29. RESERVES

Reserves comprise of:

	2009. (RSD 000)	2008. (RSD 000)
Legal	187,426	187,426
Statutory and other	112,346	70,525
Issuing premium	232,560	228,504
Total	532,332	486,455

Issuing premium represents the positive difference between obtained selling price per share and the nominal value.

The legal reserves were formed according to the Law on Enterprises which was in force up to 30 November 2004, which was superseded by the Companies Law. Each year at least 5% was appropriated from profits until the statutory level is reached of at least 10% of the issued capital.

Statutory and other reserves are reserves formed from profit in accordance with the Articles of Association and other internal regulations of the company.

Reserves were increased in 2009 as a result of the distribution of profit generated by Group members, based on the relevant resolutions of their respective general meetings.

30. REVALUATION RESERVES, UNREALIZED PROFIT/LOSS FROM SECURITIES

	2009. (RSD 000)	2008. (RSD 000)
Revaluation reserves	869.133	929.183
Unrealized profit from available-for-sale securities	67.646	61.565
Unrealized losses from available-for-sale securities	17.626	11.751
Total	954.405	978.997

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Revaluation reserves comprise revaluation surpluses of movements in fair value of property and equipment (determined by appraisal in accordance with IAS 16 and equity investment) and amounted to 869.133 thousand RSD (2008 – RSD 929.183 thousand).

Recent changes in the Regulation of Chart of Accounts Framework and Contents of Accounts in the Chart of Accounts for business companies, cooperatives, other legal entities and entrepreneurs, intended to harmonize with the requirements of the revised IAS 39, introduced a number of new accounts, among which 332 - Unrealized profit from available-for-sale securities and 333 - Unrealized losses from available-for-sale securities. Therefore, some of the items which in past years were recorded under the respective analytical accounts in group 330- revaluation reserves, have now been moved to these new accounts.

Falling share prices on the Belgrade Stock Exchange for companies whose shares are in the portfolio of available-for-sale securities of Group members, were for the most part reflected in this item:

31. UNDISTRIBUTED PROFIT AND LOSS

Undistributed profit comprises:

	2009. (RSD 000)	2008. (RSD 000)
Consolidated net prior years profit	2,950,639	2,320,323
Changes during year	777,666	630,316
Consolidated net profit as at 31 December	3,728,305	2,950,639

Changes which occurred during the year are the result of profit generated in 2009 and the reduced profit distribution for 2008.

EP Holding profits as of December 31, 2009 were distributed according to the general meeting resolution from the XXXIII meeting held 14/07/2009, under item 5 of the agenda.

The General Meeting of EP Holding resolved to allocate the full sum of the net current profits into the Company's provisions 5% and into non-allocated profits (463.887 thousand RSD).

Based on the same resolution, the non-allocated profits from previous years and the 2008 profits were both allocated to a share capital increase through the VI and VII ordinary shares issues without a public offering (Note 28).

The general meetings of the Group members (EP Oprema, EP Industrija, EP Entel) resolved to pay dividends in cash.

In addition, the increase of non-allocated profits is due to the new consolidation method applied to Energo Plast d.o.o. (Note 2).

32. LONG TERM PROVISIONS

Long term provisions are disclosed when:

- an enterprise has a present obligation (legal or constructive) as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Long term provisions comprise:

	2009. (RSD 000)	2008. (RSD 000)
Provision for expenses in warranty	430,035	23,047
Provision for employee benefits	167,635	132,301
Other	334,680	323,203
Total	932,350	478,551

Provision for expenses in warranty relates to Note 14.

33. LONG TERM LOANS

Liabilities from long term loans are due in a period longer than one year from the performance date, or balance sheet date, and pertain to the following:

	Currency	Interest rate	2009. (RSD 000)	2008. (RSD 000)
<u>Domestic:</u>				
"Astra Banka", Beograd	RSD		40,140	40,140
Societe Generale Bank			355,863	310,793
Alpha Bank				487,336
Paris Club				652,568
Legal entities and others	USD, EUR	7,5-10,5		128,559
Total			396,003	1,619,396
<u>Foreign:</u>				
-Iraq:	USD			387,832
Others	USD, EUR		1,199,546	437,617
Total			1,199,546	825,449
Grand total			1,595,549	2,444,845

The largest figures under long term loans relate to EP Niskogradnja (1.000.748 thousand RSD), followed by EP Energodata (387.197 thousand RSD) and EP Visokogradnja (171.878 thousand RSD).

Long term loans from Societe Generale Bank relate to: EP Visokogradnja, 131.738 thousand RSD loan for equipment purchase, and a 224.125 thousand RSD loan to EP Niskogradnja.

Other long term foreign loans mainly relate to EP Energodata – 387.197 thousand RSD loan from Alpha Bank London for settling obligations for ATMs, and EP Niskogradnja – long term loan for fixed assets purchase (foreign business units) in the amount of 228.677 thousand RSD, settling long term obligations in connection with Z-0163 "Navigation Lock" (411.438 thousand RSD) and obligations to the former Yugoslav republics (134.039 thousand RSD).

Obligations of EP Visokogradnja and EP Niskogradnja to the Paris Club were partly settled in 2009, while the outstanding debt was transferred to short term financial obligations.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OTHER LONG TERM LIABILITIES

Other long term liabilities include:

	2009. (RSD 000)	2008. (RSD 000)
Finance lease liabilities - long term	53,812	95,690
Office for City Construction Land		
Other long term liabilities	86,701	81,163
Total	140,513	176,853

35. SHORT TERM FINANCIAL LIABILITIES

Short term financial liabilities include:

	Currency	2009. (RSD 000)	2008. (RSD 000)
<u>Short term RSD loans</u>		(Rsd. 000)	(Rsd. 000)
Domestic banks		975,396	943,362
Short term foreign currency loans			
	EUR, USD		
Domestic banks		652,349	131,621
Total		1,627,745	1,074,983
Other short term financial liabilities/current maturities of long term loans		446,141	122,656
Short term loans abroad	EUR, USD	175,646	252,493
Banks and legal entities			
Total		2,249,532	1,450,132

Short term RSD loans and loans with a FCY clause from local banks are predominated by EP Visokogradnja (617.538 thousand RSD), EP Niskogradnja (245.472 thousand RSD) and EP Holding (142.447 thousand RSD).

Short term FCY loans also include EP Niskogradnja's obligations of 509.902 thousand RSD to the Paris Club which are no longer kept under long term loans because the debt matures in less than one year.

The short term loans abroad and other short term financial obligations/current maturities of long term loans largely relate to EP Visokogradnja and EP Niskogradnja.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. LIABILITIES FROM OPERATIONS

Liabilities from business operations include:

	2009. (RSD 000)	2008. (RSD 000)
<u>Liabilities from business operations</u>		
Received advances, short-term deposits and caution money	7,095,100	6,381,572
Trade payables - domestic	703,202	962,532
Trade payables - foreign	1,566,135	1,517,495
Other liabilities from business operations	48,602	21,951
Total	9,413,039	8,883,550
<u>Liabilities from specific operations</u>	230,505	489,750
Grand total	9,643,544	9,373,300

An advance of 5.093.608 thousand RSD was received under the sales agreement for a building under construction by EP Holding as part of the Block 26 – Unit I project.

Most of EP Visokogradnja's obligations against advances received pertain to advance payments from foreign investors in foreign plants (358.888 thousand RSD) and in foreign companies (181.490 thousand RSD), advances for the Prokop project work (93.746 thousand RSD) and obligations in connection with unclaimed apartments in Bežanijska Kosa (38.908 thousand RSD).

EP Niskogradnja received advances through foreign business units in Peru (601.618 thousand RSD) and also as part of the project LOT 1.1. Novi Sad (271.637 thousand RSD).

Foreign suppliers mostly comprise EP Oprema (563.181 thousand RSD), EP Niskogradnja (385.032 thousand RSD), EP Visokogradnja (360.623 thousand RSD) and EP Entel (184.277 thousand RSD).

37. OTHER SHORT TERM LIABILITIES

	2009. (RSD 000)	2008. (RSD 000)
Salaries and emoluments	697,098	606,531
Dividends	46,261	10,336
Other liabilities	44,097	41,554
Total	787,456	658,421

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. VAT AND OTHER PUBLIC DUTIES AND ACCRUALS

	2009. (RSD 000)	2008. (RSD 000)
VAT and other public liabilities	498,889	487,094
Accruals	817,885	676,055
Total	1,316,774	1,163,149

Accrued costs are dominated by EP Entel with 420.660 thousand RSD in retention money (maturing in less than one year) for the Phase VI project, Qatar, and EP Garant with 207.122 thousand RSD in unearned premiums, impairment provisions and uninvoiced expenses in current period.

39. COMMITMENT AND CONTINGENCIES

There are a number of ongoing lawsuits against members of Energoprojekt Group, the most prominent being the one filed by the now bankrupt GP Rad against a number of companies from the Energoprojekt Group as the legal successors of the now defunct RO Izgradnja (Construction).

Since the final outcome of these legal proceedings is uncertain, the impact on the companies' financial position cannot be reliably predicted. Based on the opinion of the professional department, the management believes that there is no real risk of these lawsuits causing severe financial expenditure for the company, and therefore no provisions were made for potential losses in this respect.

The list of most significant lawsuits is enclosed.

40. OFF-BALANCE SHEET ITEMS

The Group's off-balance assets and liabilities totalling 13.816.859 thousand RSD mostly relate to guarantees issued and received (advances, performance bonds) and external collateral issued against borrowed loans. The building under construction in Block 26 New Belgrade is mortgaged for 6.367.010 thousand RSD, and usage rights for city building land in the total of 1.335.832 thousand RSD.

41. POST BALANCE SHEET EVENTS

There were no events subsequent to balance date that would have a material financial effect on the financial statements as presented.

Notes prepared by:

Director: