

ENERGOPROJEKT HOLDING CO.

INCOME STATEMENT
for the period January 1 to March 31 , 2010

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 | - | 1,025,021 | 931,377 |
| 60 and 61 | 1. Sale revenue | 202 | - | 5,528,125 | 214,849 |
| 62 | 2. Revenue from undertaking of outputs and goods for own purposes | 203 | - | 197 | - |
| 630 | 3. Increase of inventories | 204 | - | 182,601 | 716,397 |
| 631 | 4. Decrease of inventories | 205 | - | 4,685,991 | - |
| 64 and 65 | 5. Other business revenue | 206 | - | 89 | 131 |
| | II. BUSINESS EXPENSES (208 to 212) | 207 | - | 387,040 | 788,017 |
| 50 | 1. Cost value of sold goods | 208 | - | - | - |
| 51 | 2. Cost of material | 209 | - | 10,135 | 3,496 |
| 52 | 3. Staff costs | 210 | - | 39,964 | 40,837 |
| 54 | 4. Depreciation and provisions costs | 211 | - | 4,680 | 3,715 |
| 53 and 55 | 5. Other business expenses | 212 | - | 332,261 | 739,969 |
| | III. PROFIT FROM OPERATIONS (201 - 207) | 213 | - | 637,981 | 143,360 |
| | IV. LOSS FROM OPERATIONS (207 - 201) | 214 | - | - | - |
| 66 | V. FINANCIAL REVENUE | 215 | - | 113,613 | 245,520 |
| 56 | VI. FINANCIAL EXPENSES | 216 | - | 217,273 | 295,864 |
| 67, 68 | VII. OTHER REVENUE | 217 | - | - | 139 |
| 57, 58 | VIII. OTHER EXPENSES | 218 | - | 3,716 | 102 |
| | IX. PROFIT FROM OPERATIONS BEFORE TAX (213-214+215-216+217-218) | 219 | - | 530,605 | 93,053 |
| | X. LOSS FROM OPERATIONS BEFORE TAX (214-213-215+216-217+218) | 220 | - | - | - |
| 69-59 | XI. NET PROFIT FROM DISCONTINUED OPERATIONS | 221 | - | - | - |
| 59-69 | XII. NET LOSS FROM DISCONTINUED OPERATIONS | 222 | - | - | - |
| | B. PROFIT BEFORE TAX (219-220+221-222) | 223 | - | 530,605 | 93,053 |
| | V. LOSS BEFORE TAX (220-219+222-221) | 224 | - | - | - |
| | G. INCOME TAX | | - | - | - |
| 721 | 1. Tax expenses for the period | 225 | - | 7,652 | 2,406 |
| 722 | 2. Deferred tax expenses for the period | 226 | - | - | - |
| 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 | - | 522,953 | 90,647 |
| | E. NET LOSS (224-223+225+226-227+228) | 230 | - | - | - |
| | Z. NET PROFIT BELONGING TO MINORITY INVESTORS | 231 | - | - | - |
| | Z. NET PROFIT BELONGING TO EQUITY HOLDERS OF THE PARENT COMPANY | 232 | - | - | - |
| | I. EARNINGS PER SHARE | | - | - | - |
| | 1. Basic earnings per share | 233 | - | - | - |
| | 2. Decreased (diluted) earnings per share | 234 | - | - | - |

ENERGOPROJEKT HOLDING CO.

BALANCE SHEET
on March 31, 2010.

in 000 RSD

| Group accounts account | POSITION | EDP | Note no. | Amount | |
|---|--|-----|-------------|------------------|-------------------|
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 | 6 |
| | A. NON-CURRENT ASSETS (002+003+004+005+009) | 001 | - | 4,683,191 | 4,671,362 |
| 00 | I. UNPAID SUBSCRIBED CAPITAL | 002 | - | - | - |
| 012 | II. GOODWILL | 003 | - | - | - |
| 01 w/out 012 | III. INTANGIBLE ASSETS | 004 | - | 9,547 | 5,095 |
| | IV. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008) | 005 | - | 450,575 | 454,851 |
| 020,022,023, 026,027(part), 028(part),029 | 1. Property, plant and equipment | 006 | - | 450,575 | 454,851 |
| 024,027(part) 028(part) | 2. Investment property | 007 | - | - | - |
| 021,025,027 (part) and 028(part) | 3. Biological assets | 008 | - | - | - |
| | V. LONG-TERM FINANCIAL INVESTMENTS (010+011) | 009 | - | 4,223,069 | 4,211,416 |
| 030 to 032, 039(part) | 1. Equity share | 010 | - | 4,220,881 | 4,208,255 |
| 033 to 038, 039(part) less 037 | 2. Other long-term financial investments | 011 | - | 2,188 | 3,161 |
| | B. CURRENT ASSETS (013+014+015) | 012 | - | 2,905,855 | 5,792,791 |
| 10 to 13,15 | I. INVENTORIES | 013 | - | 74,227 | 3,474,456 |
| 14 | II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS | 014 | - | - | - |
| | III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020) | 015 | - | 2,831,628 | 2,318,335 |
| 20, 21 and 22, except 223 | 1. Receivables | 016 | - | 919,653 | 538,511 |
| 223 | 2. Receivables for overpaid income tax | 017 | - | - | 15,143 |
| 23 less 237 | 3. Short-term financial investments | 018 | - | 912,477 | 520,374 |
| 24 | 5. Cash equivalents and cash | 019 | - | 932,524 | 638,230 |
| 27 and 28 except 288 | 4. VAT and accruals | 020 | - | 66,974 | 606,077 |
| 288 | C. DEFERRED TAX ASSETS | 021 | - | - | - |
| | D. OPERATING ASSETS (001+012+021) | 022 | - | 7,589,046 | 10,464,153 |
| 29 | E. LOSS OVER CAPITAL | 023 | - | - | - |
| | F. TOTAL ASSETS (022+023) | 024 | - | 7,589,046 | 10,464,153 |
| 88 | G. OFF-BALANCE SHEET ITEMS | 025 | - | 6,969,319 | 11,635,578 |

| 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 | - | 6,800,557 | 5,878,929 |
| 30 | I. ISSUED AND OTHER CAPITAL | 102 | - | 3,814,302 | 3,214,790 |
| 31 | II. UNPAID SUBSCRIBED CAPITAL | 103 | - | - | - |
| 32 | III. RESERVES | 104 | - | 1,677,324 | 1,646,025 |
| 330 i 331 | IV. REVALUATION RESERVES | 105 | - | 57,829 | 51,238 |
| 332 | V. UNREALIZED GAINS BASED ON SECURITIES AVAILABLE FOR SALE | 106 | - | 20,859 | 15,847 |
| 333 | V. UNREALIZED LOSSES BASED ON SECURITIES AVAILABLE FOR SALE | 107 | - | - | 264 |
| 34 | VII. RETAINED EARNINGS | 108 | - | 1,232,521 | 956,889 |
| 35 | VIII. LOSS | 109 | - | - | - |
| 037 and 237 | IX. REDEEMED OWN SHARES | 110 | - | 2,278 | 5,596 |
| | B. NON-CURRENT PROVISIONS AND LIABILITIES (112+113+116) | 111 | - | 778,682 | 4,576,685 |
| 40 | I. NON-CURRENT PROVISIONS | 112 | - | 261,021 | 262,120 |
| 41 | II. NON-CURRENT LIABILITIES (114+115) | 113 | - | 8,316 | 126,044 |
| 414, 415 | 1. Long-term credits | 114 | - | - | - |
| 41 w/out 414 and 415 | 2. Other non-current liabilities | 115 | - | 8,316 | 126,044 |
| | III. CURRENT LIABILITIES (117+118+119+120+121+122) | 116 | - | 509,345 | 4,188,521 |
| 42, except 427 | 1. Short-term financial liabilities | 117 | - | 151,062 | 143,234 |
| 427 | 2. Liabilities from assets held for sale and assets from discontinued operations | 118 | - | - | - |
| 43 and 44 | 3. Liabilities from business operations | 119 | - | 323,960 | 3,967,933 |
| 45 i 46 | 4. Other short-term liabilities | 120 | - | 24,370 | 26,070 |
| 47, 48 except 481 and 49 except 498 | 5. VAT and other public liabilities and accruals | 121 | - | 7,402 | 50,566 |
| 481 | 6. Income tax liabilities | 122 | - | 2,551 | 718 |
| 498 | C. DEFERRED TAX LIABILITIES | 123 | - | 9,807 | 8,539 |
| | D. TOTAL CAPITAL AND LIABILITIES (101+111+123) | 124 | - | 7,589,046 | 10,464,153 |
| 89 | E. OFF-BALANCE SHEET ITEMS | 125 | - | 6,969,319 | 11,635,578 |

ENERGOPROJEKT HOLDING CO.

CASH FLOW STATEMENT
for the period January 1 to March 31 , 2010

in 000 RSD

| Position | EDP | Note no. | Amount | |
|---|-----|----------|----------------|------------------|
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 3 |
| A. CASH FLOW FROM BUSINESS ACTIVITIES | | | | |
| I. Cash flow from business activities (1 to 3) | 301 | | 825,876 | 804,051 |
| 1. Sale and received advance payments | 302 | | 822,241 | 801,548 |
| 2. Received interests from business activities | 303 | | - | 10 |
| 3. Other cash flow from regular operations | 304 | | 3,635 | 2,493 |
| II. Cash outflow from business activities (1 to 5) | 305 | | 325,787 | 899,430 |
| 1. Cash to suppliers and advances paid | 306 | | 250,906 | 843,753 |
| 2. Staff costs | 307 | | 40,630 | 41,584 |
| 3. Interests paid | 308 | | 1,130 | 2,612 |
| 4. Income tax | 309 | | 23,709 | 3,374 |
| 5. Other public duties | 310 | | 9,412 | 8,107 |
| III. Net cash flow from business activities (I-II) | 311 | | 500,089 | - |
| IV. Net cash outflow from business activities (II-I) | 312 | | - | 95,379 |
| B. CASH FLOW FROM INVESTMENTS | | | | |
| I. Cash flow from investments (1 to 5) | 313 | | 4,132 | 70,384 |
| 1. Sale of shares and stakes (net inflow) | 314 | | - | - |
| 2. Sale of intangible assets, property, plant, equipment and biological assets | 315 | | - | - |
| 3. Other financial investments (net inflow) | 316 | | - | - |
| 4. Interests received from investments | 317 | | 4,132 | 65,253 |
| 5. Dividends received | 318 | | - | 5,131 |
| II. Cash outflow from investments (1 to 3) | 319 | | 158,862 | - |
| 1. Acquisition of shares and stakes (net outflow) | 320 | | - | 123,734 |
| 2. Acquisition of intangible assets, property, plant, equipment and biological assets | 321 | | 2,071 | - |
| 3. Other financial investments (net outflow) | 322 | | 156,791 | 2,211 |
| III. Net cash flow from investments (I-II) | 323 | | - | 121,523 |
| IV. Net cash outflow from investments (II-I) | 324 | | 154,730 | - |
| V. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| I. Cash flow from financing activities (1 to 3) | 325 | | - | - |
| 1. Increase of capital assets | 326 | | - | - |
| 2. Long-term and short-term credits (net inflow) | 327 | | - | - |
| 3. Other long-term and short-term liabilities | 328 | | - | - |
| II. Cash outflow from financing activities (1 to 4) | 329 | | 829 | - |
| 1. Acquisition of own shares and stakes | 330 | | - | 3,950 |
| Long and short-term credits and other liabilities (net outflow) | 331 | | - | 3,165 |
| 3. Finance leasing | 332 | | 821 | - |
| 4. Dividends paid | 333 | | 8 | 783 |
| III. Net cash flow from financing activities (I-II) | 334 | | - | 2 |
| IV. Net cash outflow from financing activities (II-I) | 335 | | 829 | - |
| G. TOTAL CASH FLOW (301+313+325) | 336 | | 830,008 | 3,950 |
| D. TOTAL CASH OUTFLOW (305+319+329) | 337 | | 485,478 | 874,435 |
| DJ. NET CASH FLOW (336-337) | 338 | | 344,530 | 1,027,114 |
| E. NET CASH OUTFLOW (337-336) | 339 | | - | - |
| Z. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD | 340 | | 568,353 | 152,679 |
| Z. GAINS ON EXCHANGE | 341 | | 42,084 | 746,725 |
| I. LOSS ON EXCHANGE | 342 | | 22,443 | 44,184 |
| J. CASH AT THE END OF THE ACCOUNTING PERIOD (338-339+340+341-342) | 343 | | 932,524 | 638,230 |

ENERGOPROJEKT HOLDING CO.

STATEMENT OF CHANGES IN CAPITAL
for the period January 1 to March 31, 2010

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, of the previous year | 401 | 3,187,612 | 414 | 27,178 | 427 | - | 440 | 1,591,953 | 453 | 55,066 | 466 | 41,502 | 479 | 24,352 | 492 | 162 | 505 | 866,826 | 518 | - | 531 | 3,427 | 544 | 5,790,900 | 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 | 3,187,612 | 417 | 27,178 | 430 | - | 443 | 1,591,953 | 456 | 55,066 | 469 | 41,502 | 482 | 24,352 | 495 | 162 | 508 | 866,826 | 521 | - | 534 | 3,427 | 547 | 5,790,900 | 560 | - |
| 5 | Total increase in the previous year | 405 | 599,512 | 418 | - | 431 | - | 444 | 5,736 | 457 | 24,415 | 470 | 27,519 | 483 | 6,227 | 496 | - | 509 | 469,137 | 522 | - | 535 | 4,647 | 548 | 1,127,899 | 561 | - |
| 6 | Total decrease in the previous year | 406 | - | 419 | - | 432 | - | 445 | 1,679 | 458 | - | 471 | 15,918 | 484 | 5,206 | 497 | 162 | 510 | 626,092 | 523 | - | 536 | 4,156 | 549 | 644,577 | 562 | - |
| 7 | Balance on December 31, previous year (no.4+5-6) | 407 | 3,787,124 | 420 | 27,178 | 433 | - | 446 | 1,596,010 | 459 | 79,481 | 472 | 53,103 | 485 | 25,373 | 498 | - | 511 | 709,871 | 524 | - | 537 | 3,918 | 550 | 6,274,222 | 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 | 3,787,124 | 423 | 27,178 | 436 | - | 449 | 1,596,010 | 462 | 79,481 | 475 | 53,103 | 488 | 25,373 | 501 | - | 514 | 709,871 | 527 | - | 540 | 3,918 | 553 | 6,274,222 | 566 | - |
| 11 | Total increase in the current year | 411 | - | 424 | - | 437 | - | 450 | 1,864 | 463 | - | 476 | 7,419 | 489 | 451 | 502 | - | 515 | 522,953 | 528 | - | 541 | - | 554 | 532,687 | 567 | - |
| 12 | Total decrease in the current year | 412 | - | 425 | - | 438 | - | 451 | 31 | 464 | - | 477 | 2,693 | 490 | 4,938 | 503 | - | 516 | 303 | 529 | - | 542 | 1,640 | 555 | 6,325 | 568 | - |
| 13 | Balance on March 31, of the current year (no. 10+11-12) | 413 | 3,787,124 | 426 | 27,178 | 439 | - | 452 | 1,597,843 | 465 | 79,481 | 478 | 57,829 | 491 | 20,886 | 504 | - | 517 | 1,232,521 | 530 | - | 543 | 2,278 | 556 | 6,800,584 | 569 | - |

ENERGOPROJEKT HOLDING a. Co.

STATISTICAL ANNEX
for the period January 1 to March 31, 2010

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 | 3 | 3 |
| 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 | 73 | 75 |

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 | 10,581 | 964 | 9,617 |
| | 1.2. Increase (acquisitions) during the year | 607 | - | - | - |
| | 1.3. Decrease (sale, removal from inventory and impairment) during the year | 608 | | - | - |
| | 1.4. Revaluation during the year | 609 | | - | - |
| | 1.5. Balance at the end of the year (606+607-608+609) | 610 | 10,581 | 1,034 | 9,547 |
| o2 | 2. Real property, plant, equipment and biological assets | | | | |
| | 2.1. Balance at the beginning of the year | 611 | 767,831 | 315,281 | 452,550 |
| | 2.2. Increase (acquisitions) during the year | 612 | 2,635 | - | 2,635 |
| | 2.3. Decrease (sale, removal from inventory and ensuring) during the year | 613 | - | - | 4,610 |
| | 2.4. Revaluation during the year | 614 | | - | - |
| | 2.5. Balance at the end of the year (611+612-613+614) | 615 | 770,466 | 319,891 | 450,575 |

III STRUCTURE OF INVENTORIES

Amounts in 000 RSD

| Group accounts, account | DESCRIPTION | EDP. designation | Current year | Previous year |
|-------------------------|--|------------------|---------------|------------------|
| 1 | 2 | 3 | 4 | 5 |
| 10 | 1. Inventories | 616 | - | - |
| 11 | 2. Unfinished production | 617 | - | 3,321,035 |
| 12 | 3. Finished products | 618 | - | 153,421 |
| 13 | 4. Goods | 619 | - | - |
| 14 | 5. Non-current assets held for sale | 620 | - | - |
| 15 | 6. Advances given | 621 | 74,227 | - |
| | 7. TOTAL (616+617+618+619+620+621=013) | 622 | 74,227 | 3,474,456 |

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 | 3,787,124 | 3,187,612 |
| | 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 | - | - |
| 30 | TOTAL: (623+625+627+629+630+631+632=102) | 633 | 3,787,124 | 3,187,612 |

V EQUITY STRUCTURE

Number of shares as a whole number
Amounts in 000 RSD

| Group accounts, account | DESCRIPTION | EDP. designation | Current year | Previous year |
|-------------------------|---|------------------|------------------|------------------|
| 1 | 2 | 3 | 4 | 5 |
| | 1. Ordinary shares | | | |
| | 1.1. Number of ordinary shares | 634 | 9,467,810 | 9,107,463 |
| part 300 | 1.2. Nominal value of ordinary shares - total | 635 | 3,787,124 | 3,187,612 |
| | 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 | 3,787,124 | 3,187,612 |

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 | 856,625 | 492,358 |
| 43 | 2. Liabilities from operations (balance at the end of the year 640 ≤ 117) | 640 | 323,887 | 3,967,841 |
| part 228 | 3. Receivables during the year from insurance companies for damages (debt turnover without initial balance) | 641 | - | - |
| 27 | 4. VAT paid during acquisition of goods and services (debt turnover without initial balance) | 642 | 41,647 | 135,559 |
| 43 | 5. Business liabilities (receivables turnover without initial balance) | 643 | 657,781 | 1,848,959 |
| 450 | 6. Liabilities for net income and income compensations (receivables turnover without initial balance) | 644 | 19,732 | 22,144 |
| 451 | 7. Liabilities for salaries tax and salaries compensations paid by employees (receivables turnover without initial balance) | 645 | 3,086 | 3,315 |
| 452 | 8. Liabilities for contributions on salaries and salaries compensations paid by employees (receivables turnover without initial balance) | 646 | 4,359 | 4,709 |
| 461,462 and 723 | 9. Liabilities for dividends, profit share and employer's personal earnings (receivables turnover without initial balance) | 647 | - | - |
| 465 | 10. Liabilities toward physical entities for compensations per contracts (receivables turnover without initial balance) | 648 | 831 | 303 |
| 47 | 11. VAT collected during sale of products, goods and services (receivables turnover without initial balance) | 649 | 12,466 | - |
| | 12. Control summary (from 639 to 649) | 650 | 1,895,482 | 6,475,188 |

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 | 8,634 | 2,036 |
| 520 | 2. Salaries and salaries compensations (gross) | 652 | 26,890 | 28,820 |
| 521 | 3. Tax expenses and contributions on salaries and salaries compensations paid by employer | 653 | 4,309 | 4,445 |
| 522,523,524 and 525 | 4. Expenses for compensations to physical entities (gross) based on contracts | 654 | 1,809 | 459 |
| 526 | 5. Expenses of compensations to BoD & Supervision Board members (gross) | 655 | 5,445 | 5,170 |
| 529 | 6. Other personal expenses and compensations | 656 | 1,511 | 1,943 |
| 53 | 7. Expenses of production services | 657 | 311,505 | 725,260 |
| 533, part 540 and part 525 | 8. Lease expenses | 658 | - | 30 |
| part 533, part 540 & part 525 | 9. Expenses of land lease | 659 | - | - |
| 536,537 | 10. Expenses of research and development | 660 | - | - |
| 540 | 11. Depreciation expenses | 661 | 4,680 | 3,715 |
| 552 | 12. Expenses of insurance premiums | 662 | 3,607 | 3,453 |
| 553 | 13. Payroll expenses | 663 | 2,691 | 959 |
| 554 | 14. Membership fees | 664 | 527 | 359 |
| 555 | 15. Tax expenses | 665 | 2,156 | 1,853 |
| 556 | 16. Contributions | 666 | - | - |
| 562 | 17. Interests | 667 | 1,959 | 2,499 |
| part 560, part 561 and 562 | 18. Interests expenses and a part of financial expenses | 668 | 1,959 | 2,499 |
| part 560, part 561 and part 562 | 19. Interests expenses per credits and banks and dfo | 669 | 1,958 | 2,473 |
| part 579 | 20. Expenses for humanitarian, cultural, health, educational, scientific and religious purposes, for protection of the Environment and sports | 670 | 734 | 100 |
| | 21. Control summary (from 651 to 670) | 671 | 380,374 | 786,073 |

VIII OTHER REVENUE

Amounts in 000 RSD

| Group accounts, account | DESCRIPTION | EDP designation | Current year | Previous year |
|----------------------------------|---|-----------------|--------------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| 60 | 1. Goods sale revenue | 672 | - | - |
| 640 | 2. Revenue from premiums, subsidies, dotations, recourses, compensations and tax duties returns | 673 | - | - |
| 641 | 3. Revenue from conditioned donations | 674 | - | - |
| part 650 | 4. Revenue from land lease | 675 | - | - |
| 651 | 5. Membership revenue | 676 | - | - |
| part 660, part 661, 662 | 6. Interests revenue | 677 | 4,102 | 4,523 |
| part 660, part 661, and part 662 | 7. Revenue from interests per accounts and deposits in banks and other financial organizations | 678 | 4,102 | 4,523 |
| part 660, part 661 and part 669 | 8. Revenue from dividends and profit share | 679 | 1,283 | 113,331 |
| | 9. Control summary (from 672 to 679) | 680 | 9,487 | 122,377 |

IX OTHER DATA

Amounts in 000 RSD

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

**ENERGOPROJEKT HOLDING A.D.
BEOGRAD**

**Notes to the Financial Statements
as at March 31, 2010**

1. COMPANY BACKGROUND

Energoprojekt Holding a.d., Beograd (hereinafter: the Company) is an open joint stock company for holding operations with a mixed ownership structure.

The Company harmonized its operations with the Companies Law (RS Official Gazette No. 125/2004) based on the Resolution of Compliance with the Companies Law and the Articles of Association adopted by the General Meeting on 28/09/2006.

The Company originally registered with the Commercial Court of Belgrade in registry insert number 1-2511-00, and later re-registered with the Serbian Business Registers Agency with Decision BD 8020/2005 of 20/05/2005.

Based on Decision No. VIII Fi 8390/99 issued 30/06/2000 by the Commercial Court of Belgrade, the Company harmonized its operations with the Companies Law (FRY Official Gazette No. 29/96), the Law on Business Classification (FRY Official Gazette No. 31/96) in respect of the company name, registered business, equity and management, and changed its name from “Energoprojekt Holding share based company in mixed ownership for incorporating, financing and managing other companies”, at the time registered by Decision No. FI 5843/91 of 13/06/1991 of the same court, to “Energoprojekt Holding joint stock company for holding operations”.

The legal predecessor of Energoprojekt Holding share based company in mixed ownership is Energoprojekt Holding Korporacija, registered with the District Court of Belgrade by Decision No. Fi 423 of 12/01/1990, a company that was organized under the previous Companies Law (SFRY Official Gazette No. 77/88, 40/89, 46/90 and 60/91) through adoption of the Self-Management Agreement for Organizational Changes in the Composite Organization of Associated Labour “Energoprojekt“ and the associated workers’ organizations, as it was styled at the time, at a referendum held 08/12/1989.

Energoprojekt Group consists of the parent company Energoprojekt Holding a.d., Beograd with its 10 (ten) subsidiaries (9 joint stock companies and 1 limited company) with an equity share of 50% or more, and 2 (two) affiliated companies (1 limited company and 1 joint stock company) with an equity share of 50% or less.

| | Name of subsidiary | % Share of equity in subsidiary |
|----|---------------------------------|------------------------------------|
| 1 | EP-Visokogradnja a.d. | 92,39 |
| 2 | EP-Niskogradnja a.d. | 93,32 |
| 3 | EP-Oprema a.d. | 67,87 |
| 4 | EP-Hidroinženjering a.d. | 94,84 |
| 5 | EP-Urbanizam i arhitektura a.d. | 94,40 |
| 6 | EP-Promet d.o.o. | 100,00 |
| 7 | EP-Energodata a.d. | 96,43 |
| 8 | EP-Industrija a.d. | 62,77 |
| 9 | EP-Entel a.d. | 86,26 |
| 10 | EP-Garant a.d.o. | 64,13 |

ENERGOPROJEKT HOLDING A.D., BEOGRAD
NOTES TO THE FINANCIAL STATEMENTS

| | Name of affiliate | % Share of equity in affiliated company |
|---|-------------------|--|
| 1 | Enjub d.o.o. | 50,00 |
| 2 | Energobroker a.d. | 28,60 |

Our registered head office address is: Bulevar Mihaila Pupina 12, 11070 Beograd.

Tax registration number: 100001513.

Registration number: 07023014.

Registered business code :74150 (110620).

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

2. BASIS FOR PREPARATION OF THE 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 4 of this Report and according to general practice in Serbia.

The Company's 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 No. 119/08).

2.1. Functional and reporting currency

The figures in the financial statements are shown in thousands of RSD. The RSD represents the functional and reporting currency of the Company. 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 – 31/03/2010.

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:

| | |
|-----|------------|
| | 31/03/2010 |
| EUR | 99,7604 |
| USD | 74,3814 |

3. 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.

4. OVERVIEW OF PRINCIPAL ACCOUNTING POLICIES

(a) Principles of valuation – basic 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 the Company 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 Company 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.

(c) Profits/losses on translation of foreign currencies

Cash, receivables and liabilities in foreign currencies are translated into the functional currency 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.

Cash, receivables and liabilities secured with a currency clause are translated at the official rate of exchange ruling at the balance sheet date, and the effects are recorded in the income statement as a financial revenue or expense.

(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.

(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;
- expenses are also recognized in those cases when a liability is incurred without the recognition of an asset.

(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 weather due, paid or added to the amount of receivables or liabilities on the balance sheet date, gains and losses from exchange, as well as those arising from relation between entity, associates and subsidiaries and others.

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 for which the Company is eligible).

(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 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.

The Company applies IAS 12 which defines temporary differences and calculated deferred tax liabilities/assets. Temporary differences are the result of different tax bases for calculating depreciation for accounting and tax purposes according to the applicable regulations.

(j) Employee benefits

/i/ Pension insurance and employee benefits

The Company makes payments on behalf of its employees duties to the Pension Fund of the Republic of Serbia. All employees are the members of this pension fund. All contributions arising from said obligation are recognized as an expense/liability at the time of the transaction. Companies within the System 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 Company pays health insurance contributions which are recognized as an expense/liability when calculated.

/iii/ Retirement bonus

The Company pays to its 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) or the legal minimum if higher.

/iiii/ 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.

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

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

After initial recognition as an asset, property, 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 (long-term 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.

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

(1) 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 asset 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 tax balance purposes, property, plant and equipment are classified and depreciated according to rates prescribed under tax laws.

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.

(n) Inventories

Inventories of goods and material are measured at their cost value. The cost of inventories comprise all costs of purchase incurred in bringing the inventories to their present location and condition. These costs also include all direct costs incurred in the purchase plus storage and transport, handling and other costs directly attributable to the cost of purchase.

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

(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. 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 not 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.

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 (liabilities to the associates and legal bodies with interactive participation, long term loans, liabilities from long term securities and other), short term financial liabilities (liabilities to the associates and legal bodies with interactive participation, short term loans and other short term financial liabilities), short term liabilities from operating activities (suppliers and other commitments) 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 liabilities.

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

(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 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 Holding's board of directors.

(y) Effects of changes in accounting policies, new accounting estimates 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.

(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:

| | <u>31/03/2010</u> |
|-----|-------------------|
| EUR | 99,7604 RSD |
| USD | 74,3814 RSD |
| GBP | 112,1660 RSD |
| CHF | 69,7918 RSD |

5. FINANCIAL RISK MANAGEMENT

5.1. Financial risk factors

The Company's activities expose it to variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk and liquidity risk. The Company's overall

risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivate financial instruments to hedge certain risk exposures.

Risk management is carried out by the Financial Department of the Company under policies approved by the Board of Directors. The Financial Department identifies, evaluates and hedges financial risks in close co-operation with the operating units.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of financial instruments and the investment of excess liquidity.

(a) Market risk

/i/ Foreign exchange risk

The Company 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.

/ii/ Fair value risk

The Company 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.

/iii/ Interest rate risk

The Company 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.

The Company has policy that limit the amount of credit exposure to any financial institution.

(b) Credit risk

The Company is exposed to credit risk through trade receivables as disclosed in the balance sheet. These receivables can be reasonably viewed as non-risk claims since these are dispersed mostly across customers who are Energoprojekt Group members (subsidiaries), and are based on on-going business arrangements.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate sources of funding due to the dynamic nature of the business. The

Company aims to maintain flexibility in funding by collecting their funds from buyers and investments of available funds.

6. REVENUES FROM SALES

| | 31/03/2010 (RSD.000) |
|--|-------------------------|
| Revenues from services rendered to subsidiaries | 99.183 |
| Revenues from services rendered to other affiliates | |
| <u>Revenues from services sold on the local market</u> | <u>5.428.942</u> |
| <u>TOTAL</u> | <u>5.528.125</u> |

Revenue from services rendered to subsidiaries (99.183 thousand RSD) in the local market is generated by services rendered by the Company under contracts which were approved and endorsed by the boards of directors of the Company and the respective subsidiaries, in accordance with their respective Articles of Association.

Revenue from services sold on the local market includes income from the completed sales contract for an unfinished building (5.428.940 thousand RSD), income under Annex XIV of the Contract for the Reconstruction of the Prokop Station 5th and 6th railway tracks (126.097 thousand RSD), and commission income from airline ticket sales (2 thousand RSD).

Income from the own use of products, services and merchandise (197 thousand RSD) is attributed to automobile use for business travel.

7. INCREASE/(DECREASE) IN INVENTORIES

The posted increase of WIP (182.601 thousand RSD) relates to a sales contract for an unfinished building (Block 26, Unit I) while the WIP decrease of 4.685.991 thousand RSD results from the completion of the same contract on 31/03/2010.

8. OTHER OPERATING INCOME

| | 31.03.2010 RSD 000 |
|--------------|-------------------------|
| Rents | 89 |
| Other | |
| Total | <u><u>89</u></u> |

9. MATERIAL COST

| | 31.03.2010 |
|---------------------------------|-----------------------------|
| | <u>RSD 000</u> |
| Raw material | |
| Other material cost (overheads) | 1,501 |
| Fuel and energy | 8,634 |
| Total | <u><u>10,135</u></u> |

10. STAFF COSTS

| | 31.03.2010 |
|--|-----------------------------|
| | <u>RSD 000</u> |
| Salaries and fringe benefits (gross) | 26,890 |
| Taxes and contributions on salaries and fringe benefits charged to employer | 4,308 |
| Temporary service contracts | 1,251 |
| Copyright agreements | 559 |
| Temporary and provisional contracts | |
| Board of Directors and Supervisory Board | 5,445 |
| Other personal expenses remunerations | 1,511 |
| Total | <u><u>39,964</u></u> |

11. DEPRECIATION AND PROVISION EXPENSES

| | 31.03.2010 |
|--|----------------------------|
| | <u>RSD 000</u> |
| Depreciation of property, plant, equipment | 4,680 |
| Provision for fringe and other employee benefits | |
| Total | <u><u>4,680</u></u> |

12. OTHER OPERATING EXPENSES

| | 31.03.2010 |
|-------------------------------------|------------------------------|
| <u>Costs of production services</u> | <u>RSD 000</u> |
| Service costs of outputs | 301,059 |
| Transportation costs | 974 |
| Maintenance costs | 8,707 |
| Rental costs | |
| Advertising costs | |
| Costs of other services | 765 |
| Subtotal | <u>311,505</u> |
| <u>Non-production costs</u> | |
| Costs of non-production services | 10,138 |
| Expense accounts | 1,124 |
| Insurance premium costs | 3,607 |
| Payment operation costs | 2,691 |
| Membership fees | 526 |
| Tax duties | 2,156 |
| Other intangible expenses | 514 |
| Subtotal | <u>20,756</u> |
| Total | <u><u>332,261</u></u> |

Other operating expenses include:

- ❖ Execution of a sales contract for an unfinished building in Block 26 (180.862 thousand RSD) of which:
 - Service costs of outputs 177.483 thousand RSD,
 - Insurance premiums: 2.158 thousand RSD,
 - Payment transactions: 1.197 thousand RSD,
 - Telephone services: 24 thousand RSD,

- ❖ Execution of Annex XIV of the Contract for the Reconstruction of the Prokop Station 5th and 6th railway tracks (125.668 thousand RSD) of which:
 - Service costs of outputs 123.576 thousand RSD,
 - Insurance premiums: 1.086 thousand RSD,
 - Payment transactions: 1.006 thousand RSD,

13. FINANCIAL REVENUES AND EXPENSES

| | 31.03.2010 |
|---|-----------------------|
| <u>Financial revenues</u> | <u>RSD 000</u> |
| Financial income from transactions with parent company and subsidiaries | 56,879 |
| Financial income from other subsidiaries | 1,029 |
| Income from interest | 4,101 |
| FX gains | 50,321 |
| Gains on foreign currency clause | |
| Other financial revenues | 1,283 |
| Total | <u>113,613</u> |
| <u>Financial expenses</u> | |
| Financial expenses from transactions with parent company and subsidiaries | 4,222 |
| Costs of interest | 1,959 |
| FX losses | 210,744 |
| Losses on foreign currency clause | 348 |
| Total | <u>217,273</u> |

The largest figures under financial revenues and expenses comprise exchange rate gains of 107.200 thousand RSD (FX gains from dealings with parent company and subsidiaries totalling 56.879 thousand RSD and other FX gains of 50.321 thousand RSD) and exchange rate losses of 214.966 thousand RSD (FX losses from dealings with parent company and subsidiaries totalling 4.222 thousand RSD and other FX losses of 210.744 thousand RSD).

**14. OTHER REVENUES AND EXPENSES, ADJUSTMENT GAINS
AND IMPAIRMENT COSTS**

| | 31.03.2010 |
|--|---------------------|
| | <u>RSD 000</u> |
| <u>Other revenues and property value adjustment gains</u> | |
| Gains on disposals of intangibles and PP&E | |
| Gains on disposals of LT investments and securities | |
| Previously written-off claims recovered | |
| Income from positive hedging effects | |
| Income from reduction of liabilities | |
| Other | |
| Total | <u><u>0</u></u> |
| | |
| | 31.03.2010 |
| | <u>RSD 000</u> |
| <u>Other expenses and property impairment costs</u> | |
| Disposal and write-off of intangibles and PP&E | |
| Shortages | |
| Direct receivables write-off | |
| Other expenses | 1,937 |
| Impairment of intangible investments | |
| | |
| Impairment of LT financial investments and available for sale securities | 1,779 |
| Impairment of receivables and ST financial investments | |
| Impairment of other property | |
| Total | <u><u>3,716</u></u> |

ENERGOPROJEKT HOLDING A.D., BEOGRAD
NOTES TO THE FINANCIAL STATEMENTS

15. INTANGIBLE INVESTMENTS

| | Intangible investments in | | |
|------------------------------|---------------------------|----------|---------|
| | Other intangibles | progress | Total |
| | RSD 000 | RSD 000 | RSD 000 |
| Cost value | | | |
| Balance on 01/01/2010 | 1,600 | 8,981 | 10,581 |
| Restated opening | | | |
| Acquisitions | | | |
| Balance on 31/03/2010 | 1,600 | 8,981 | 10,581 |
| Value adjustment | | | |
| Balance on 01/01/2010 | 964 | | 964 |
| Restated balance | | | |
| Depreciation | 70 | | 70 |
| Balance on 31/03/2010 | 1,034 | | 1,034 |
| Net book value | | | |
| 31.03.2010 | 566 | 8,981 | 9,547 |

16. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Plants, equipment | Investment property | Capital assets in progress | Advances on capital assets | Total |
|------------------------------|---------|-----------|-------------------|---------------------|----------------------------|----------------------------|---------|
| | RSD 000 | RSD 000 | RSD 000 | RSD 000 | RSD 000 | RSD 000 | RSD 000 |
| Cost value | | | | | | | |
| Balance on 1/1/2010 | | 548,530 | 96,810 | | 122,160 | 331 | 767,831 |
| Restated opening | | | | | | | |
| Transfers | | | 2,373 | | (2,373) | (614) | (614) |
| Additions | | | | | 2,686 | 563 | 3,249 |
| Disposals | | | | | | | |
| Exchange differences | | | | | | | |
| Appraisal | | | | | | | |
| Balance on 31/03/2010 | | 548,530 | 99,183 | | 122,473 | 280 | 770,466 |
| Value adjustment | | | | | | | |
| Balance on 1/1/2010 | | 272,602 | 42,679 | | | | 315,281 |
| Restated balance | | | | | | | |
| Depreciation | | 1,789 | 2,821 | | | | 4,610 |
| Disposals | | | | | | | |
| Write-off | | | | | | | |
| Appraisal | | | | | | | |
| Other | | | | | | | |
| Balance on 31/03/2010 | | 274,391 | 45,500 | | | | 319,891 |
| Net book value | | | | | | | |
| 31/03/2010 | | 274,139 | 53,683 | | 122,473 | 280 | 450,575 |

17. EQUITY INVESTMENTS

Equity investments represent long term investments in shares and in subsidiaries and affiliates, banks and insurance companies (available for sale securities).

Equity investments in subsidiaries and affiliated companies are disclosed according to the method used by the Company for disclosing its investment at purchase cost. The Company recognizes revenues in the amount received from the distribution of retained earnings of the investment user incurred after the date of acquisition. Any sum received from the distribution which is higher than this profit is recognized as an investment increase and disclosed as a reduction of the investment purchase cost.

Equity investments in other companies and investments in available for sale securities are estimated at fair value.

Equity investments pertain to shares of:

ENERGOPROJEKT HOLDING A.D., BEOGRAD
NOTES TO THE FINANCIAL STATEMENTS

0000 RSD
31.03.2010

SUBSIDIARIES

| | % Share | Present value |
|--------------------------|----------------|----------------------|
| EP Visokogradnja a.d. | 92.39% | 1,704,254 |
| EP Niskogradnja a.d. | 93.32% | 855,506 |
| EP Oprema a.d. | 67.87% | 121,316 |
| EP Hidroinzenjering a.d. | 94.84% | 399,230 |
| EP Urbanizam i arh. a.d. | 94.40% | 146,455 |
| EP Promet d.o.o. | 100.00% | 295 |
| EP Energodata a.d. | 96.43% | 191,438 |
| EP Industrija a.d. | 62.77% | 61,209 |
| EP Entel a.d. | 86.26% | 216,422 |
| EP Garant a.d.o. | 64.13% | 360,024 |
| EP Montenegro d.o.o. | 100.00% | 9 |
| Inec Eng. Ltd. | 100.00% | 72,122 |
| Encom GmbH | 100.00% | 5,101 |
| Nana off shore | 100.00% | 1,488 |
| Total | | 4,134,869 |

OTHER AFFILIATES

| | % Share | Present value |
|----------------------|----------------|----------------------|
| Enjub d.o.o. | 50.00% | 13,550 |
| Energobroker a.d. | 26.60% | 4,371 |
| Energo Ghana Ltd. | 80.00% | 6,686 |
| United Cons.Botswana | 100.00% | 4,363 |
| Zecco Zambia | 100.00% | 799 |
| Total | | 29,769 |

OTHER COMPANIES AND AVAILABLE FOR SALE SECURITIES

| | Present value |
|-------------------------|----------------------|
| Dunav a.d.o | 1,344 |
| Jubmes banka a.d. | 25,684 |
| Hypo Alpe-Adria bank | 3,366 |
| Hipotekarna banka Podg. | 11,628 |
| FIMA SEE Activist | 14,221 |
| Total | 56,243 |

TOTAL

4,220,881

18. OTHER LONG TERM FINANCIAL INVESTMENTS

Other long term financial investments include:

| | 31.03.2010 |
|------------------------------------|-------------------|
| | RSD 000 |
| a) Long term loans approved | |
| - local market | |
| - foreign market | |
| Total | - |
| b) Foreign currency savings bonds | |
| c) Staff housing loans | 2,188 |
| d) Long term loans to subsidiaries | |
| Total | 2,188 |

19. INVENTORIES

| | 31.03.2010 |
|------------------|-------------------|
| | RSD 000 |
| Work in progress | |
| Paid advances | 74,227 |
| Total | 74,227 |

The Company posted reduced WIP on 31/03/2010 (4.503.390 thousand RSD less than 31/12/2009) as a result of completion of the sales contract for an unfinished building in Block 26, New Belgrade.

Paid advances mostly refer to subcontractors of Energoprojekt Visokogradnja a.d. for reconstruction work on the Prokop Station 5th and 6th railway tracks (73.735 thousand RSD).

ENERGOPROJEKT HOLDING A.D., BEOGRAD
NOTES TO THE FINANCIAL STATEMENTS

20. RECEIVABLES

| | 31.03.2010 RSD 000 |
|---|------------------------------|
| <u>Trade receivables</u> | |
| Trade receivables (parent and subsidiaries) | 814,378 |
| Trade receivables (domestic) | 42,248 |
| Less: value adjustment | |
| Subtotal | 856,626 |
| <u>Receivables from specific business operations</u> | |
| Other receivables from specific operations | 32,590 |
| Less: value adjustment | |
| Subtotal | 32,590 |
| <u>Other</u> | |
| Interest and dividends | 28,557 |
| Staff claims | 423 |
| Receivables from state institutions | |
| Prepaid income tax | |
| Other prepaid taxes and contributions | |
| Other receivables | 2,179 |
| Less: value adjustment | (722) |
| Subtotal | 30,437 |
| Total | 919,653 |

| | | 31.03.2010 |
|--|--|-------------------|
| | | RSD 000 |
| <u>Trade receivables (domestic)</u> | | |
| Belgrade | | 854,337 |
| Less: value adjustment | | |
| Subtotal | | 854,337 |
| <u>Trade receivables (foreign)</u> | | |
| Former Yugoslav republics | | 2,289 |
| Europe | | |
| Africa | | |
| Less: value adjustment | | |
| Subtotal | | 2,289 |
| Total | | 856,626 |

21. SHORT TERM FINANCIAL INVESTMENTS

Short term financial investments include:

| | 31.03.2010 |
|--|------------------------------|
| | <u>RSD 000</u> |
| <u>Short term loans and investments - parent company, subsidiaries and affiliates</u> | |
| Subsidiaries | 820,252 |
| Affiliates | 53,239 |
| Maturing obligations - long term loans | |
| Less: value adjustment | -66,389 |
| Subtotal | <u>807,102</u> |
| <u>Short term loans - domestic</u> | |
| Loans to workers | 528 |
| Maturing obligations - long term loans | 98 |
| Less: value adjustment | |
| Subtotal | <u>626</u> |
| <u>Other short term financial investments</u> | |
| Alpha Bank -special purpose term deposit | 104,749 |
| Less: value adjustment | |
| Subtotal | <u>104,749</u> |
| Total | <u><u>912,477</u></u> |

22. CASH AND CASH EQUIVALENTS

| | 31.03.2010 |
|--------------------------------|------------------------------|
| <u>RSD</u> | <u>RSD 000</u> |
| Current accounts | 4,842 |
| Treasury | 24 |
| Subtotal | <u>4,866</u> |
| <u>Foreign currency</u> | |
| Foreign currency accounts | 927,285 |
| Treasury | 373 |
| Subtotal | <u>927,658</u> |
| Total | <u><u>932,524</u></u> |

23. VAT AND ACCRUALS

| | 31.03.2010 |
|---------------------------------------|-------------------|
| | RSD 000 |
| <u>Value added tax-accrued</u> | 65,568 |
| <u>Accrued income</u> | |
| Prepayments | 1,232 |
| Uninvoiced income receivables | |
| Accrued commitments | |
| Other accruals | 174 |
| Subtotal | 1,406 |
| | |
| Total | 66,974 |

The Company posted less receivables from uninvoiced income on 31/03/2010 (691.463 thousand RSD less than 31/12/2009) as a result of completion of the sales contract for an unfinished building in Block 26, New Belgrade.

24. SHARE CAPITAL

The share capital consists of:

| | 31.03.2010 |
|--|-------------------|
| | RSD 000 |
| Share capital | |
| Ordinary shares | 3,787,124 |
| Preferred shares | |
| Principal capital | 3,787,124 |
| Other share capital | 27,178 |
| Total principal and other capital | 3,814,302 |

25. RESERVES

The reserves consist of:

| | 31.03.2010 |
|---------------------|-------------------|
| | RSD 000 |
| Issuing premium | 1,597,843 |
| Legal reserves | 23,185 |
| Statutory and other | 56,296 |
| Total | 1,677,324 |

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

Until 2004 legal reserves were mandatory and were formed by allocating at least 5% of the profit each year until the reserves reach at least 10% of the capital assets.

The Company's internal legislation defines the statutory reserves, which are prescribed by the General Meeting at the Board's proposal and cannot be less than 5% of the net profit.

26. REVALUATION RESERVES, UNREALIZED PROFIT/LOSS FROM SECURITIES

Revaluation reserves, unrealized profit and losses from available-for-sale securities include:

| | 31.03.2010 |
|--|-------------------|
| | RSD 000 |
| Revaluation reserves | 57,829 |
| Unrealized profit from available for sale securities | 20,859 |
| Unrealized losses from available for sale securities | |
| Total | 78,688 |

The change in revaluation reserves resulted from the adjustment of the value of securities from the Company's portfolio with their fair value on the secondary market on reporting date (31/03/2010).

Changes in revaluation reserves may also occur based on exchange rate gains/losses on equity shares in foreign subsidiaries and affiliates.

27. UNDISTRIBUTED PROFIT

The undistributed profit relates to:

| | 31.03.2010 |
|---|-------------------------|
| | RSD 000 |
| Retained earnings from previous years | <u>709,871</u> |
| Adjustment of income tax revenues | (303) |
| Distribution of profits (dividends) | |
| Distribution of profits (increase of nominal value per share) | |
| Allocation to statutory reserves | |
| Current year's profit | <u>522,953</u> |
| Total | <u><u>1,232,521</u></u> |

28. REDEEMED SHARES

A total of 9.796 treasury shares are redeemed as of 31/12/2009 with a nominal value of 3.918 thousand RSD. In 2010, 4.100 treasury shares were sold, and so on 31/03/2010 the Company holds a total of 5.696 treasury shares with a nominal value of 2.278 thousand RSD.

29. LONG TERM PROVISIONS

Long term provisions are recognized 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.

Long term provisions consist of:

| | 31.03.2010 |
|---|-----------------------|
| | RSD 000 |
| Provisions for fringe and other employee benefits | <u>1,021</u> |
| Other | <u>260,000</u> |
| Total | <u><u>261,021</u></u> |

30. LONG TERM LOANS

Commitments on long term loans mature in more than one year from the performance date or the annual balance sheet date.

There are no long term loans.

31. OTHER LONG TERM LIABILITIES

Other long term liabilities relate to:

| | 31.03.2010 |
|---|-------------------|
| | RSD 000 |
| Payables to parent company and subsidiaries | |
| Long term finance lease | 8,316 |
| Total | 8,316 |

32. SHORT TERM FINANCIAL LIABILITIES

Short term financial liabilities consist of:

| | | 31.03.2010 |
|--|------------|-------------------|
| | CCY | RSD 000 |
| <u>Short term loans domestic</u> | | |
| <i>Societe Generale Bank Serbia</i> | <i>Eur</i> | 148,199 |
| Other | | |
| Subtotal | | 148,199 |
| <u>Other short term financial liabilities</u> | | |
| Short term liabilities maturing in one year or less- Raiffeisen Leasing | <i>Eur</i> | 425 |
| Short term liabilities maturing in one year or less- Intesa Leasing | <i>Eur</i> | 2,438 |
| Other ST financial liabilities-VISA accounts | | |
| Subtotal | | 2,863 |
| Total | | 151,062 |

33. LIABILITIES FROM OPERATIONS

| | 31.03.2010 |
|---|-------------------|
| <u>Liabilities from business operations</u> | RSD 000 |
| Received advances, short-term and safety deposits | 75,623 |
| Suppliers-parent and subsidiaries | 197,154 |
| Suppliers-affiliates | 1,044 |
| Suppliers-domestic | 50,066 |
| Suppliers-foreign | |
| Subtotal | 323,887 |
| | |
| <u>Liabilities from specific operations</u> | |
| Other | 73 |
| Subtotal | 73 |
| | |
| Total | 323,960 |

Received advances (75.623 thousand RSD) consist mostly of an advance received from the Belgrade City Administration for construction work on the reconstruction of the Prokop Station 5th and 6th railway tracks (75.240 thousand RSD).

Suppliers-parent and subsidiaries (197.154 thousand RSD) mostly pertains to Energoprojekt Visokogradnja a.d., of which 105.791 thousand RSD are obligations for the final invoice for the construction of a building in Block 26, Unit I, and 41.391 thousand RSD are obligations for the III interim payment certificate for work on the reconstruction of the Prokop Station 5th and 6th railway tracks.

Geographical distribution of suppliers:

| | 31.03.2010 |
|--------------------------|-------------------|
| <u>Local suppliers</u> | RSD 000 |
| Belgrade | 241,779 |
| Less: value adjustment | |
| Subtotal | 241,779 |
| <u>Foreign suppliers</u> | |
| Europe-subsidiaries | 5,471 |
| Africa-other entities | 70 |
| Asia-other affiliates | 944 |
| Less: value adjustment | |
| Subtotal | 6,485 |
| Total | 248,264 |

34. OTHER SHORT TERM LIABILITIES

| | 31.03.2010 |
|---|----------------------|
| | <u>RSD 000</u> |
| <u>Salaries and fringe benefits</u> | 10,770 |
| <u>Other obligations</u> | |
| Interest and expenses | 595 |
| Dividends | 6,089 |
| Profit sharing | 4,309 |
| Employees | 159 |
| Members of the Board of Directors and Supervisory Board | 1,224 |
| Service contracts | 201 |
| Other | 1,023 |
| Total | <u>24,370</u> |

35. VAT AND OTHER PUBLIC DUTIES AND ACCRUALS

| | 31.03.2010 |
|--|---------------------|
| | <u>RSD 000</u> |
| <u>Value added tax</u> | 6,443 |
| <u>Other taxes, contributions and duties</u> | |
| Liabilities for income tax | 2,551 |
| Liabilities for taxes, customs and other duties charged to costs | 210 |
| Other liabilities for taxes, contributions and other duties | 710 |
| Subtotal | <u>3,471</u> |
| Accruals and deferred income | |
| Accrued expenses | 39 |
| Deferred income | |
| Collected VAT | |
| Subtotal | <u>39</u> |
| Total | <u>9,953</u> |

36. OFF-BALANCE SHEET ITEMS

The Company's off-balance sheet assets and liabilities (6.969.319 thousand RSD) include sureties from issued guarantees and approved credit lines based on loans and guarantees issued in favor of subsidiaries for a total sum of 6.001.425 thousand RSD (the Company has concluded contracts with subsidiaries for the issued guarantees and has secured satisfactory collateral), obligations for Enjub dividends (30.443 thousand RSD) and rights to use city building land (937.451 thousand RSD).

37. 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.

Belgrade,
April 29, 2010

Statements approved by:

Managing Director
