

ENERGOPROJEKT HOLDING CO.

BALANCE SHEET
on Jun 30, 2008

in 000 RSD

| Group accounts account | POSITION | EDP | Note no. | Amount | |
|--------------------------------------------------|-------------------------------------------------------------------------------|-----|-------------|------------------|------------------|
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 | 6 |
| | ASSETS | | | | |
| | NON-CURRENT ASSETS (002+003+004+005+009) | 001 | - | 4,518,238 | 5,656,886 |
| 00 | I. UNPAID SUBSCRIBED CAPITAL | 002 | - | - | - |
| 012 | II. GOODWILL | 003 | - | - | - |
| 01 w/out 012 | III. INTANGIBLE ASSETS | 004 | 16 | 212 | 362 |
| | IV. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008) | 005 | - | 339,066 | 1,449,055 |
| 020,022,023, 026,027(part), 028(part) ,029 | 1. Property, plant and equipment | 006 | 17,18 | 339,066 | 1,449,055 |
| 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 | - | 4,178,960 | 4,207,469 |
| 030 to 032 039(part) | 1. Equity share | 010 | 19 | 4,118,925 | 4,148,759 |
| 033 to 038, 039(part) less 037 | 2. Other long-term financial investments | 011 | 20 | 60,035 | 58,710 |
| | B. CURRENT ASSETS (013+014+015+021) | 012 | - | 3,659,747 | 526,589 |
| 10 to 13,15 | I. INVENTORIES | 013 | 21 | 1,604,479 | 1,987 |
| 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 | - | 2,055,268 | 524,602 |
| 20, 21 and 22, except 223 | 1.Receivables | 016 | 22 | 784,494 | 371,860 |
| 223 | 2.Receivables for overpaid income tax | 017 | 22 | 26,654 | - |
| 23 less 237 | 3.Short-term financial investments | 018 | 23 | 548,747 | 85,379 |
| 24 | 5.Cash equivalents and cash | 019 | 24 | 424,809 | 59,496 |
| 27 and 28 except 288 | 4.VAT and accruals | 020 | 25 | 270,565 | 7,867 |
| 288 | IV.DEFERRED TAX ASSETS | 021 | - | - | - |
| | B. OPERATING ASSETS (001+012) | 022 | - | 8,177,985 | 6,183,475 |
| 29 | G. LOSS OVER CAPITAL | 023 | - | - | - |
| | D. TOTAL ASSETS (022+023) | 024 | - | 8,177,985 | 6,183,475 |
| 88 | D. OFF-BALANCE SHEET ITEMS | 025 | - | 5,575,799 | - |

| 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) | 101 | - | 5,826,069 | 5,303,268 |
| 30 | I. ISSUED AND OTHER CAPITAL | 102 | 26 | 3,214,790 | 3,093,363 |
| 31 | II. UNPAID SUBSCRIBED CAPITAL | 103 | - | - | - |
| 32 | III. RESERVES | 104 | 28 | 1,651,028 | 1,636,403 |
| 33 | IV. REVALUATION RESERVES | 105 | 29 | 108,678 | 197,694 |
| 34 | V. RETAINED EARNINGS | 106 | 30 | 851,573 | 375,808 |
| 35 | VI. LOSS | 107 | - | - | - |
| 037 and 237 | VII. REDEEMED OWN SHARES | 108 | - | - | - |
| | B. NON-CURRENT PROVISIONS AND LIABILITIES (110+111+114+121) | 109 | - | 2,351,916 | 880,207 |
| 40 | I. NON-CURRENT PROVISIONS | 110 | 32 | 262,831 | 260,000 |
| 41 | II. NON-CURRENT LIABILITIES (112+113) | 111 | - | 35,435 | 331,270 |
| 414, 415 | 1. Long-term credits | 112 | - | - | - |
| 41 w/out 414 and 415 | 2. Other non-current liabilities | 113 | 34,35 | 35,435 | 331,270 |
| | III. CURRENT LIABILITIES (115+116+117+118+119+120) | 114 | - | 2,045,515 | 288,937 |
| 42, except 427 | 1. Short-term financial liabilities | 115 | 36 | 414,511 | 60,397 |
| 427 | 2. Liabilities from assets held for sale and assets from discontinued operations | 116 | - | - | - |
| 43 and 44 | 3. Liabilities from business operations | 117 | 37 | 1,594,929 | 24,450 |
| 45, 46 and 49 except 498 | 4. Other short-term liabilities and accruals | 118 | 39 | 30,453 | 196,425 |
| 47 and 48, except 481 | 5. VAT and other public liabilities | 119 | 38 | 5,622 | 3,753 |
| 481 | 6. Income tax liabilities | 120 | - | - | 3,912 |
| 498 | IV. DEFERRED TAX LIABILITIES | 121 | 40 | 8,135 | - |
| | B. TOTAL CAPITAL AND LIABILITIES (101+109) | 122 | - | 8,177,985 | 6,183,475 |
| 89 | G. OFF-BALANCE SHEET ITEMS | 123 | - | 5,575,799 | - |

INCOME STATEMENT
for the period January 1 to Jun 30, 2008

in 000 RSD

| Group account 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 | - | 557,144 | 123,940 |
| 60 and 61 | 1. Sale revenue | 202 | 6 | 244,973 | 123,892 |
| 62 | 2. Revenue from undertaking of outputs and goods for own purposes | 203 | - | - | - |
| 630 | 3. Increase of inventories | 204 | 7 | 312,122 | - |
| 631 | 4. Decrease of inventories | 205 | - | - | - |
| 64 and 65 | 5. Other business revenue | 206 | 8 | 49 | 48 |
| | II. BUSINESS EXPENSES (208 to 212) | 207 | - | 512,060 | 112,143 |
| 50 | 1. Cost value of sold goods | 208 | - | - | - |
| 51 | 2. Cost of material | 209 | 9 | 8,882 | 2,532 |
| 52 | 3. Staff costs | 210 | 10 | 88,848 | 72,572 |
| 54 | 4. Depreciation and provisions costs | 211 | 11 | 6,020 | 6,059 |
| 53 and 55 | 5. Other business expenses | 212 | 12 | 408,310 | 30,980 |
| | III. PROFIT FROM OPERATIONS (201 - 207) | 213 | - | 45,084 | 11,797 |
| | IV. LOSS FROM OPERATIONS (207 - 201) | 214 | - | - | - |
| 66 | V. FINANCIAL REVENUE | 215 | 13 | 477,640 | 112,440 |
| 56 | VI. FINANCIAL EXPENSES | 216 | 13 | 46,557 | 3,949 |
| 67, 68 | VII. OTHER REVENUE | 217 | 14 | 8,624 | 24,088 |
| 57, 58 | VIII. OTHER EXPENSES | 218 | 14 | 1,035 | 455 |
| | IX. PROFIT FROM OPERATIONS BEFORE TAX (213-214+215-216+217-218) | 219 | - | 483,756 | 143,921 |
| | 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 | - | 483,756 | 143,921 |
| | V. LOSS BEFORE TAX (220-219+222-221) | 224 | - | - | - |
| | G. INCOME TAX | | | | |
| 721 | 1. Tax expenses for the period | 225 | - | 10,123 | 23,474 |
| 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 | - | 473,633 | 120,447 |
| | E. NET LOSS (224-223+225+226-227+228) | 230 | - | - | - |
| | Ž. NET PROFIT BELONGING TO MINORITY INVESTORS | 231 | - | - | - |
| | Z. NET PROFIT BELONGING TO EQUITY HOLDERS OF THE PARENT COMPANY | 232 | - | - | - |
| | I. EARNINGS PER SHARE | | | | |
| | 1. Basic earnings per share | 233 | - | - | - |
| | 2. Deacreated (diluted) earnings per share | 234 | - | - | - |
| | Total revenue (201+215+217+221) | | - | 1,043,408 | 260,468 |
| | Total expenses (207+216+218+222) | | - | 559,652 | 116,547 |
| | Gross results | | - | 483,756 | 143,921 |

CASH FLOW STATEMENT
for the period January 1st to Jun 30, 2008

in 000 RSD

| Position | EDP | Amount | |
|---------------------------------------------------------------------------------------|-----|------------------|----------------|
| | | Current year | Previous year |
| 1 | 2 | 3 | 4 |
| A. CASH FLOW FROM BUSINESS ACTIVITIES | | | |
| I. Cash flow from business activities (1 to 3) | 301 | 839,319 | 182,532 |
| 1. Sale and received advance payments | 302 | 806,241 | 180,939 |
| 2. Received interests from business activities | 303 | 24,849 | 1,100 |
| 3. Other cash flow from regular operations | 304 | 8,229 | 493 |
| II. Cash outflow from business activities (1 to 5) | 305 | 954,603 | 283,849 |
| 1. Cash to suppliers and advances paid | 306 | 772,107 | 160,976 |
| 2. Staff costs | 307 | 95,760 | 71,153 |
| 3. Interests paid | 308 | 23,822 | 3,521 |
| 4. Income tax | 309 | 8,656 | 27,884 |
| 5. Other public duties | 310 | 54,258 | 20,315 |
| III. Net cash flow from business activities (I-II) | 311 | - | - |
| IV. Net cash outflow from business activities (II-I) | 312 | 115,284 | 101,317 |
| B. CASH FLOW FROM INVESTMENTS | | | |
| I. Cash flow from investments (1 to 5) | 313 | 60,766 | 25,459 |
| 1. Sale of shares and stakes (net inflow) | 314 | - | 25,372 |
| 2. Sale of intangible assets, property, plant, equipment and biological assets | 315 | - | - |
| | | - | - |
| 3. Other financial investments (net inflow) | 316 | 4,463 | - |
| 4. Interests received from investments | 317 | - | - |
| 5. Dividends received | 318 | 56,303 | 87 |
| II. Cash outflow from investments (1 to 3) | 319 | 146,990 | 28,139 |
| 1. Acquisition of shares and stakes (net outflow) | 320 | - | - |
| 2. Acquisition of intangible assets, property, plant, equipment and biological assets | 321 | - | - |
| | | 20,916 | 1,333 |
| 3. Other financial investments (net outflow) | 322 | 126,074 | 26,806 |
| III. Net cash flow from investments (I-II) | 323 | - | - |
| IV. Net cash outflow from investments (II-I) | 324 | 86,224 | 2,680 |
| V. CASH FLOW FROM FINANCING ACTIVITIES | | | |
| I. Cash flow from financing activities (1 to 3) | 325 | - | 59,415 |
| 1. Increase of capital assets | 326 | - | - |
| 2. Long-term and short-term credits (net inflow) | 327 | - | 59,415 |
| 3. Other long-term and short-term liabilities | 328 | - | - |
| II. Cash outflow from financing activities (1 to 4) | 329 | 7,589 | 1,195 |
| 1. Acquisition of own shares and stakes | 330 | - | - |
| Long and short-term credits and other liabilities (net outflow) | 331 | 1,941 | - |
| 3. Finance leasing | 332 | 5,501 | 995 |
| 4. Dividends paid | 333 | 147 | 200 |
| III. Net cash flow from financing activities (I-II) | 334 | - | 58,220 |
| IV. Net cash outflow from financing activities (II-I) | 335 | 7,589 | - |
| G. TOTAL CASH FLOW (301+313+325) | 336 | 900,085 | 267,406 |
| D. TOTAL CASH OUTFLOW (305+319+329) | 337 | 1,109,182 | 313,183 |
| DJ. NET CASH FLOW (336-337) | 338 | - | - |
| E. NET CASH OUTFLOW (337-336) | 339 | 209,097 | 45,777 |
| Z. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD | 340 | 629,350 | 102,617 |
| Z. GAINS ON EXCHANGE | 341 | 15,672 | 4,846 |
| I. LOSS ON EXCHANGE | 342 | 11,116 | 2,190 |
| J. CASH AT THE END OF THE ACCOUNTING PERIOD (338-339+340+341-342) | 343 | 424,809 | 59,496 |

STATEMENT OF CHANGES IN CAPITAL
for the period January 1 to Jun 30, 2008

in 000 RSD

| No. | DESCRIPTION | EDP | Issued capital (group 30 without 309) | EDP | Other capital (m 309) | EDP | Unpaid sub-scribed capital (group 331) | EDP | Emission premium (m 320) | EDP | Reserves (m 321, 322) | EDP | Revaluation reserves (group 33) | EDP | Undis-tributed profit (group 34) | EDP | Loss to the capital value (group 35) | EDP | Redeemed own shares and stakes (m 037, 237) | EDP | Total (quant. 2+3+ 4+5+ 6+7+ 8 -9 -10) | EDP | Loss above capital (group 29) |
|-----|----------------------------------------------------------------------------------------------------------------|-----|---------------------------------------|-----|-----------------------|-----|----------------------------------------|-----|--------------------------|-----|-----------------------|-----|---------------------------------|-----|----------------------------------|-----|--------------------------------------|-----|---------------------------------------------|-----|----------------------------------------|-----|-------------------------------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | | | | | | | | | |
| 1 | Balance on January 1, 2006 | 401 | 3,066,350 | 414 | 27,013 | 427 | - | 440 | 1,595,962 | 453 | 27,485 | 466 | 122,397 | 479 | 443,588 | 492 | - | 505 | - | 518 | 5,282,795 | 531 | - |
| 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 | - |
| 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 | - |
| 4 | Corrected initial balance on January 1, of the previous year 2006 (no.1+2-3) | 404 | 3,066,350 | 417 | 27,013 | 430 | - | 443 | 1,595,962 | 456 | 27,485 | 469 | 122,397 | 482 | 443,588 | 495 | - | 508 | - | 521 | 5,282,795 | 534 | - |
| 5 | Total increase in the previous year | 405 | - | 418 | 165 | 431 | - | 444 | - | 457 | 12,956 | 470 | 78,882 | 483 | 294,106 | 496 | - | 509 | - | 522 | 386,109 | 535 | - |
| 6 | Total decrease in the previous year | 406 | 165 | 419 | - | 432 | - | 445 | - | 458 | - | 471 | 75,411 | 484 | 220,881 | 497 | - | 510 | - | 523 | 296,457 | 536 | - |
| 7 | Balance on December 31, 2006 (no.4+5-6) | 407 | 3,066,185 | 420 | 27,178 | 433 | - | 446 | 1,595,962 | 459 | 40,441 | 472 | 125,868 | 485 | 516,813 | 498 | - | 511 | - | 524 | 5,372,447 | 537 | - |
| 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 | - |
| 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 | - |
| 10 | Corrected initial balance on January 1, of the current year 2007 (no.7+8-9) | 410 | 3,066,185 | 423 | 27,178 | 436 | - | 449 | 1,595,962 | 462 | 40,441 | 475 | 125,868 | 488 | 516,813 | 501 | - | 514 | - | 527 | 5,372,447 | 540 | - |
| 11 | Total increase in the current year | 411 | 121,427 | 424 | - | 437 | - | 450 | - | 463 | 14,625 | 476 | 1,736 | 489 | 473,633 | 502 | - | 515 | - | 528 | 611,421 | 541 | - |
| 12 | Total decrease in the current year | 412 | - | 425 | - | 438 | - | 451 | - | 464 | - | 477 | 18,926 | 490 | 138,873 | 503 | - | 516 | - | 529 | 157,799 | 542 | - |
| 13 | Balance on December 31, 2007 (no. 10+11-12) | 413 | 3,187,612 | 426 | 27,178 | 439 | - | 452 | 1,595,962 | 465 | 55,066 | 478 | 108,678 | 491 | 851,573 | 504 | - | 517 | - | 530 | 5,826,069 | 543 | - |

STATISTICAL ANNEX
for the period January 1 to Jun 30, 2008

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

| DESCRIPTION | EDP designation | Current year | Previous year |
|---------------------------------------------------------------------------------------------|-----------------|--------------|---------------|
| 1 | 2 | 3 | 4 |
| 1. Number of business months (designation from 1 to 12) | 601 | 6 | 6 |
| 2. Size designation (from 1 to 3) | 602 | 3 | 3 |
| 3. Ownership designation (from 1 to 5) | 603 | 2 | 2 |
| 4. Number of foreign (legal or physical) entities with equity share | 604 | - | - |
| | | - | - |
| 5. Average number of employees based on the balance at the end of each month (whole number) | 605 | 79 | 76 |

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

Amounts in 000 RSD

| Group accounts, account | DESCRIPTION | EDP. designation | Gross | Correction of value | Net |
|-------------------------|-----------------------------------------------------------------------------|------------------|---------|---------------------|-----------|
| | | | | | (col.4-5) |
| 1 | 2 | 3 | 4 | 5 | 6 |
| o1 | 1.Intangible assets | | | | |
| | 1.1. Balance at the beginning of the year | 606 | 811 | 523 | 288 |
| | 1.2. Increase (acquisitions) during the year | 607 | | - | - |
| | 1.3. Decrease (sale, removal from inventory and impairment) during the year | 608 | | - | 75 |
| | 1.4.Revaluation during the year | 609 | | - | - |
| | 1.5.Balance at the end of the year (606+607-608+609) | 610 | 811 | 598 | 213 |
| o2 | 2. Real property, plant, equipment and biological assets | | | - | - |
| | 2.1. Balance at the beginning of the year | 611 | 603,749 | 296,695 | 307,054 |
| | 2.2. Increase (acquisitions) during the year | 612 | 37,956 | - | 37,956 |
| | 2.3. Decrease (sale, removal from inventory and ensuring) during the year | 613 | | - | 5,944 |
| | 2.4. Revaluation during the year | 614 | | - | - |
| | 2.5. Balance at the end of the year (611+612-613+614) | 615 | 641,705 | 302,639 | 339,066 |

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 | 1,601,425 | - |
| 12 | 3. Finished products | 618 | - | - |
| 13 | 4. Goods | 619 | - | - |
| 14 | 5. Non-current assets held for sale | 620 | - | - |
| 15 | 6. Advances given | 621 | 3,053 | 1,987 |
| | 7.TOTAL (616+617+618+619+620+621=013) | 622 | 1,604,478 | 1,987 |

IV STRUCTURE OF CAPITAL ASSETS

Amounts in 000 RSD

| Group accounts, account | DESCRIPTION | EDP designation | Current year | Previous year |
|-------------------------|---------------------------------------------------------------------|-----------------|------------------|------------------|
| 1 | 2 | 3 | 4 | 5 |
| 300 | 1. Share capital | 623 | 3,187,612 | 3,066,350 |
| | in it: foreign capital | 624 | - | - |
| 301 | 2. Share of limited liability company | 625 | - | - |
| | in it: foreign capital | 626 | - | - |
| 302 | 3. Shares of members of partnership and limited-partnership company | 627 | - | - |
| | in it: foreign capital | 628 | - | - |
| 303 | 4. State-owned capital | 629 | - | - |
| 304 | 5. Socially-owned capital | 630 | - | - |
| 305 | 6. Cooperative shares | 631 | - | - |
| 309 | 7. Other capital shares | 632 | 27,178 | 27,013 |
| 30 | TOTAL: (623+625+627+629+630+631+632=102) | 633 | 3,214,790 | 3,093,363 |

V EQUITY STRUCTURE

Number of shares as a whole number

Amounts in 000 RSD

| Group accounts, account | DESCRIPTION | EDP designation | Current year | Previous year |
|-------------------------|----------------------------------------------------------|-----------------|------------------|------------------|
| 1 | 2 | 3 | 4 | 5 |
| | 1. Ordinary shares | | | |
| | 1.1. Number of ordinary shares | 634 | 9,107,463 | 8,761,000 |
| part 300 | 1.2. Nominal value of ordinary shares - total | 635 | 3,187,612 | 3,066,350 |
| | 2. Priority shares | | | |
| | 2.1. Number of priority shares | 636 | - | - |
| part 300 | 2.2. Nominal value of priority shares - total | 637 | - | - |
| 300 | 3. TOAL - nominal value of shares (635+637= 623) | 638 | 3,187,612 | 3,066,350 |

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 | 372,232 | 255,671 |
| 43 | 2. Liabilities from operations (balance at the end of the year 640≤ 117) | 640 | 1,594,744 | 22,938 |
| 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 | 73,976 | 8,025 |
| 43 | 5. Business liabilities (receivables turnover without initial balance) | 643 | 1,059,639 | 78,833 |
| 450 | 6. Liabilities for net income and income compensations (receivables turnover without initial balance) | 644 | 43,778 | 38,953 |
| 451 | 7. Liabilities for salaries tax and salaries compensations paid by employees (receivables turnover without initial balance) | 645 | 6,792 | 6,037 |
| 452 | 8. Liabilities for contributions on salaries and salaries compensations paid by employees (receivables turnover without initial balance) | 646 | 9,138 | 7,862 |
| 461,462 and 723 | 9. Liabilities for dividends, profit share and employer`s personal earnings (receivables turnover without initial balance) | 647 | 1,220 | 175,210 |
| 465 | 10. Liabilities toward physical entities for compensations per contracts (receivables turnover without initial balance) | 648 | 521 | 616 |
| 47 | 11. VAT collected during sale of products, goods and services (receivables turnover without initial balance) | 649 | 196,523 | 26,572 |
| | 12. Control summary (639 to 649) | 650 | 3,358,563 | 620,717 |

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 | 3,579 | - |
| 520 | 2. Salaries and salaries compensations (gross) | 652 | 58,855 | 50,534 |
| 521 | 3. Tax expenses and contributions on salaries and salaries compensations paid by employer | 653 | - | - |
| | | | 9,138 | 9,506 |
| 522,523,524 and 525 | 4. Expenses for compensations to physical entities (gross) based on contracts | 654 | - | - |
| | | | 794 | 633 |
| 526 | 5. Expenses of compensations to BoD & Supervision Board members (gross) | 655 | 9,141 | 8,572 |
| 529 | 6. Other personal expenses and compensations | 656 | 10,920 | 3,326 |
| 53 | 7. Expenses of production services | 657 | 326,843 | 10,789 |
| 533, part 540 and part 525 | 8. Lease expenses | 658 | - | - |
| | | | 237 | 212 |
| part 533, part 540 & part 525 | 9. Expenses of land lease | 659 | - | - |
| 536,537 | 10. Expenses of research and development | 660 | - | - |
| 540 | 11. Depreciation expenses | 661 | 6,020 | 6,059 |
| 552 | 12. Expenses of insurance premiums | 662 | 5,135 | 306 |
| 553 | 13. Payroll expenses | 663 | 1,874 | 999 |
| 554 | 14. Membership fees | 664 | 478 | 334 |
| 555 | 15. Tax expenses | 665 | 3,254 | 4,308 |
| 556 | 16. Contributions | 666 | - | - |
| 562 | 17. Interests | 667 | 27,863 | 1,760 |
| part 560, part 561 and 562 | 18. Interests expenses and a part of financial expenses | 668 | 27,863 | 1,760 |
| part 560, part 561 and part 562 | 19. Interests expenses per credits and banks and dfo | 669 | 27,238 | 1,758 |
| part 579 | 20. Expenses for humanitarian, cultural, health, educational, scientific and religious purposes, for protection of the Environment and sports | 670 | 873 | 259 |
| | 21. Control summary (from 651 to 670) | 671 | 520,105 | 101,115 |

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 | - | - |
| | | | 27,532 | 1,107 |
| part 660, part 661, and part 662 | 7. Revenue from interests per accounts and deposits in banks and other financial organizations | 678 | - | - |
| | | | 24,663 | 1,107 |
| part 660, part 661 and part 669 | 8. Revenue from dividends and profit share | 679 | - | - |
| | | | 409,663 | 104,467 |
| | 9. Control summary (from 672 to 679) | 680 | 461,858 | 106,681 |

IX OTHER DATA

Amounts in 000 RSD

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

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

ENERGOPROJEKT HOLDING CO. BELGRADE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

1. COMPANY BACKGROUND

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

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

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

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

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

Energoprojekt Holding Co., Belgrade, is a parent company which, with 11 (eleven) dependent companies (9 shareholding companies and 2 limited liability companies), in which its equity share is over 50%, as well as 2 (two) associated companies (1 limited liability company and 1 shareholding company), in which its equity share is 50% and less, makes a group of companies with the short name Energoprojekt Group.

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

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

| | Names of associated companies | % share of the Holding in the equity of associated companies |
|---|----------------------------------|-----------------------------------------------------------------|
| 1 | Enjub d.o.o. | 50.00 |
| 2 | Energobroker a.d. | 28.60 |

In accordance with provisions of Article 7 of the Law on Accounting and Auditing, the Company is classified in the business year 2007 as a large legal entity.

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

Tax identification number of the Company is: 100001513

Statistical number of the Company is: 07023014

Activity code of the Company is: 110620

Average number of employees in the first half of the business year 2008 was: 79 employees (in the year 2006: 71 employees).

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

Financial statements of the Company have been approved by the Board of Directors at the meeting held on July 30, 2008.

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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

Financial statements of the Company are presented in the format regulated by the Rules on the content and form of templates of financial statements for companies, collectives, other legal entities and entrepreneurs (RS Official Gazette no. 114/06).

2.1. Functional and reporting currency

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

Amounts in financial statements are stated in thousands of RSD, i.e., in the functional currency, which is a domicile currency, valid on the day of the balance – June 30, 2008.

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

Comparative data are presented in thousands of RSD valid on June 30, 2008.

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

| | Jun 30, 2008 | Jun 30, 2007 |
|-----|--------------|--------------|
| EUR | 78.9784 | 79.0254 |
| USD | 50.0117 | 58.7812 |

3. ESTIMATES AND ASSESSMENTS BY THE MANAGEMENT

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

4. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

(a) Rules for estimation – principal assumptions

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

According to the principle of occurrence of a business event, effects of business changes and other events are recognized at the moment of occurrence (not when cash or its equivalent is received or paid). Financial statements prepared on the principle of occurrence of a business event (except

for the Report on Cash Flow) provide information not only on business changes in the previous period, which include payment and receipt of cash, but also on liabilities for payment of cash in the future period and on resources which present cash to be received in the future period.

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

(b) Recognition of elements of financial statements

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

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

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

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

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

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

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

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

(d) Sales return

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

- The Company has transferred all significant risks and benefits from ownership to the buyer;
- Management of the Company does not hold or influence the management in the degree usually linked with ownership, or control of sold products and goods;
- When it is possible to reliably measure the return on sales;
- When it is probable that a business change shall be accompanied with a flow of economic benefits for the Company, and
- When expenses which were incurred or shall be incurred in connection with the business change may be reliably measured.

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

(e) Operating expenses

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

Principal elements and principles of recognition of expenses are:

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

(f) Gain and loss

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

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

(g) Financial gain and loss

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

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

(h) Profit tax

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

(i) Deferred income tax

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

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

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

(j) Employee wages

/i/ Contributions for pension insurance and other taxes

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

/ii/ Contributions for health insurance

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

/iii/ Retirement bonus

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

/iiii/ Severance pay for terminated employees

Severance pay is also paid in case of a mutually agreed termination of employment, i.e., in case when the employer and the employee conclude an agreement on termination of employment in replacement for a severance pay, on which decision is previously made by the Employer's competent body.

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

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

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

Real property, plant and equipment are tangible assets:

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

Real property, plant and equipment are recognized as assets:

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

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

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

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

Later expense is treated as additional investment, if:

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

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

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

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

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

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

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

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

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

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

(I) Depreciation

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

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

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

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

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

For intangible assets with unlimited lifetime depreciation is not accounted.

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

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

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

Internally occurred goodwill is not recognized as intangible assets.

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

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

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

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

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

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

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

Implemented depreciation rates are as follows:

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

(m) Financial investments

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

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

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

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

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

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

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

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

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

(n) Inventories

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

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

(o) Short term receivables and investments

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

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

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

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

according to the valid exchange rate, and exchange rate differences are recognized as income or expense for the period.

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

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

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

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

(p) Cash and cash equivalents

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

(r) Leases

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

(s) Financial leasing obligations

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

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

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

(t) Potential assets and contingencies

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

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

(u) Borrowing expenses

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

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

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

(v) Impairment of assets

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

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

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

(w) Financial liabilities

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

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

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

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

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

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

(x) Long-term provisions

Long-term provisions are recognized when:

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

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

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

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

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

Provisions are not recognized for future operating losses.

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

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

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

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

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

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

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

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

(z) Foreign currency exchange rates

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

| | 30.06.2008. | <u>30.06.2007.</u> |
|-----|-------------|--------------------|
| EUR | 78,9784 RSD | 79,0254RSD |
| USD | 50,0117RSD | 58,7812RSD |
| GBP | 99,6950RSD | 117,6498RSD |
| CHF | 49,1129RSD | 47,6919RSD |
| RUB | 2,1325RSD | 2,2731RSD |
| LYD | 42,1325RSD | 45,3179RS |

5. FINANCIAL RISK MANAGEMENT

5.1. Financial risk factors

Operations of the Company are exposed to various financial risks: market risk (which includes risk from changes in foreign currency exchange rates, risk of changes in fair value, risk of changes of interest rates and risk of prices), credit risk and risk of liquidity. Risk management in the Company is oriented toward attempting, in a situation of unpredictability of financial markets, to reduce potential negative impacts to financial operations of the Company to a minimum. The Company uses derived financial instruments in order to protect itself from some forms of risks.

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

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

(a) Market risk

/i/ Foreign currency risk

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

/ii/ Change of fair value risk

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

/iii/ Change of interest rates risk

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

(b) Credit risk

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

(c) Liquidity risk

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

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

6. SALES RETURN

| <u>Domestic market</u> | 30.06.2008 (RSD.000) | 30.06.2007 (RSD.000) |
|------------------------------------------------------------------|-------------------------|-------------------------|
| Revenue from sale of services to dependent legal entities | 197,373 | 123,779 |
| Revenue from sale of services to other associated legal entities | | |
| Revenue from sale of services at the domestic market | 47,600 | 113 |
| TOTAL | 244,973 | 123,892 |

Foreign markets

| | | |
|-----------------------------------------------------------|--|---|
| Revenue from sale of services to dependent legal entities | | - |
| TOTAL | | |

| | | |
|--------------|----------------|----------------|
| TOTAL | 244,973 | 123,892 |
|--------------|----------------|----------------|

Revenue from sale of services to dependent legal entities at domestic market is based on rendering of Company's services based on contracts approved and adopted by the Board of Directors of the Company and Boards of Directors of dependent companies, in accordance with the Articles of Association of the Company and Articles of Association of dependent companies.

Revenue from sale of services at the domestic market relates to the revenue from realization of the Sale Contract for the building in construction, in the amount of RSD 47,547 thousand (Note 18), and revenue from commission for sale of air tickets, in the amount of RSD 53 thousand.

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

| | <u>30.06.2008</u> RSD 000 | <u>30.06.2007</u> RSD 000 |
|----------------------------------|------------------------------|------------------------------|
| Unfinished production on June 30 | 312,122 | |
| Total | 312,122 | 0 |
| Less | | |
| Unfinished production January 1 | | |
| Total | 0 | 0 |
| Total | 312,122 | 0 |

Revenue from increase of value of inventories of products and services relates to realization of the Sale Contract for the building in construction (Note 18)

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

8. OTHER BUSINESS REVENUES

| | <u>30.06.2008</u> RSD 000 | <u>30.06.2007</u> RSD 000 |
|-------------------------|------------------------------|------------------------------|
| Lease income | 49 | 48 |
| Other business revenues | | |
| Total | <u>49</u> | <u>48</u> |

9. COST OF MATERIALS

| | <u>30.06.2008</u> RSD 000 | <u>30.06.2007.</u> RSD 000 |
|-----------------------------------------|------------------------------|-------------------------------|
| Expenses for materials for making | 946 | 50 |
| Expenses for other materials (overhead) | 4,357 | 1,747 |
| Expenses for fuel and energy | 3,579 | 735 |
| Total | <u>8,882</u> | <u>2,532</u> |

10. EXPENSES FOR SALARIES, EMOLUMENTS AND OTHER PERSONAL EXPENSES

| | <u>30.06.2008</u> RSD 000 | <u>30.06.2007</u> RSD 000 |
|-------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Expenses for salaries and compensations (gross) | 58,855 | 50,534 |
| Expenses for taxes and contributions on salaries and compensations paid by employer | 9,138 | 9,506 |
| Expenses for compensation per temporary service contracts | 785 | 584 |
| Expenses for compensations per copyright contracts | 9 | 50 |
| Expenses for compensations per contracts on temporary and occasional | | |
| Expenses for compensations to members of the BoD and Supervisory | 9,141 | 8,572 |
| Other personal expenses and compensations | 10,920 | 3,326 |
| Total | <u>88,848</u> | <u>72,572</u> |

11. EXPENSES OF DEPRECIATION AND PROVISIONS

| | <u>RSD 000</u> | <u>RSD 000</u> |
|----------------------------------------------------------------|---------------------|---------------------|
| Expenses of depreciation of real property, plant and equipment | 6,020 | 6,059 |
| Provisions for compensations and other employees` benefits | | |
| Other long-term provisions | | |
| Total | <u>6,020</u> | <u>6,059</u> |

ENERGOPROJEKT HOLDING CO., BELGRADE
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Expenses of depreciation in the current year, in the amount of RSD 6,020 thousand (on June 30, 2007: RSD 6,059 thousand) relate to Depreciation of real property, plant and equipment, in accordance with Note 4(1).

12. OTHER OPERATING EXPENSES

| | 30.06.2008 | 30.06.2007 |
|----------------------------------------------------------|------------------------------|-----------------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| <u>Production services expenses</u> | | |
| Expenses of services for making of products and services | 307,318 | |
| Expenses of transport services | 2,879 | 2,074 |
| Expenses of maintenance services | 12,205 | 6,418 |
| Lease expenses | 237 | 212 |
| Expenses of fairs | | |
| Expenses of advertising and propaganda | 2,810 | 490 |
| Research expenses | | |
| Expenses of development which are not capitalized | | |
| Expenses of other services | 1,395 | 1,595 |
| Total | <u>326,844</u> | <u>10,789</u> |
| <u>Intangible expenses</u> | | |
| Expenses of non-production services | 63,155 | 7,983 |
| Entertainment expenses | 2,398 | 1,199 |
| Expenses of insurance premium | 5,135 | 306 |
| Expenses of payment operations | 1,874 | 999 |
| Membership expenses | 478 | 334 |
| Tax expenses | 3,254 | 4,308 |
| Contributions expenses | | |
| Other intangible expenses | 5,172 | 5,062 |
| Total | <u>81,466</u> | <u>20,191</u> |
| Grand total | <u><u>408,310</u></u> | <u><u>30,980</u></u> |

Other business expenditure includes expenses incurred in connection with the Sales Contract for a building under construction in Block 26 in the sum of RSD 312,089 thousand:

- Cost of output preparation services in the total of RSD 307,318 thousand
- Insurance premiums: RSD 3,612 thousand
- Payment transaction costs: RSD 327 thousand
- Postal/telephone bills: RSD 198 thousand
- Other intangibles: RSD 634 thousand

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

13. FINANCIAL INCOME AND EXPENDITURE

| | 30.06.2008 | 30.06.2007 |
|--------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| <u>Financial revenues</u> | | |
| Financial revenues from the parent and dependent legal entities | 409,770 | 104,380 |
| Financial revenues from other associated legal entities | | |
| Revenue from interests | 24,663 | 1,107 |
| Positive exchange rate differences | 38,503 | 1,624 |
| Revenue based on effects of currency clause | 1,942 | 3,222 |
| Revenue from profit share in dependent legal entities and joint investments accounted by the method of share | | |
| Other financial revenue | 2,762 | 2,107 |
| Total | <u>477,640</u> | <u>112,440</u> |
| <u>Financial expenses</u> | | |
| Financial expenses from relations with the parent and dependent legal entities | | |
| Financial expenses from relations with other associated legal entities | | |
| Expenses of interests | 27,863 | 1,760 |
| Negative exchange rate differences | 18,633 | 2,166 |
| Expenses based on effects of the currency clause | 61 | 23 |
| Expenses from share in loss of dependent legal entities and joint investments accounted by the share method | | |
| Other financial expenses | | |
| Total | <u>46,557</u> | <u>3,949</u> |

The Company has realized financial revenue from share in profit of dependent companies (dividends) in the amount of RSD 406,901 thousand, as follows: from Energoprojekt Visokogradnja a.d. RSD 178,376 thousand, from Industrija a.d. RSD 66,634 thousand, Energoprojekt Oprema a.d. RSD 31,269 thousand, Energoprojekt Niskogradnja a.d. RSD 27,868 thousand, Energoprojekt Entel a.d. RSD 18,952 thousand, Energoprojekt Hidroinženjering a.d. RSD 12,276 thousand, Energoprojekt Urbanizam i arhitektura a.d. RSD 6,984 thousand, Energoprojekt Garant a.d.o. RSD 64,542 thousand.

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

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

| <u>Other revenue and revenue from adjustment of value of assets</u> | <u>30.06.2008</u> RSD 000 | <u>30.06.2007</u> RSD 000 |
|-------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Gain from sale of intangible assets, real property, plant and equipment | | |
| Gain from sale of share and long-term securities | | 24,088 |
| Gain from sale of materials | | |
| Surpluses | | |
| Collected written-off receivables | | |
| Revenue from effects of contracted protection against risks | 22 | |
| Revenue from decrease of liabilities | | |
| Revenue from abolishing of long-term provisions | | |
| Other not mentioned revenues | 8,602 | |
| Revenues from adjustment of value of intangible assets | | |
| Revenues from adjustment of value of real property, plant and equipment | | |
| Revenue from adjustment of value of long-term financial investments and securities available for sale | | |
| Revenue from adjustment of value of inventories | | |
| Revenue from adjustment of value of receivables and short-term financial investments | | |
| Revenue from adjustment of value of other assets | | |
| Total | <u>8,624</u> | <u>24,088</u> |
| Expenses based on effects of contracted protection against risks | | |
| Expenses based on direct writing off of receivables | | |
| Other not mentioned expenses | 1,035 | 455 |
| Impairment of intangible assets | | |
| Impairment of real property, plant and equipment | | |
| Impairment of long-term financial investments and other securities available for sale | | |
| Impairment of inventories of materials and goods | | |
| Impairment of receivables and short-term financial investments | | |
| Impairment of other assets | | |
| Total | <u>1,035</u> | <u>455</u> |

15. CONSTRUCTION CONTRACTS

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

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

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

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

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

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16. INTANGIBLE INVESTMENTS

| | Investment in development | Licenses, concessions etc | Goodwill | Other intangible investments | Intangible investments in preparation | Advances on intangible investments | Total |
|-------------------------------------|------------------------------|---------------------------------|----------|------------------------------------|---------------------------------------------|------------------------------------------|---------|
| | RSD 000 | RSD 000 | RSD 000 | RSD 000 | RSD 000 | RSD 000 | RSD 000 |
| Cost value | | | | | | | |
| Balance 01/01/2008 | | | | 811 | | | 811 |
| Correction of initial balance | | | | | | | 0 |
| New acquisitions | | | | | | | 0 |
| Transfer from/to | | | | | | | 0 |
| Estrangement & removal fm inventory | | | | | | | 0 |
| Revaluation - estimate | | | | | | | 0 |
| Other | | | | | | | 0 |
| Balance 30/06/2008 | 0 | 0 | 0 | 811 | 0 | 0 | 811 |
| Correction of value | | | | | | | |
| Balance 01/01/2008 | | | | 523 | | | 523 |
| Correction of initial balance | | | | | | | 0 |
| Depreciation for 30/06/2008 | | | | 76 | | | 76 |
| Estrangement & removal from inv. | | | | | | | 0 |
| Impairments | | | | | | | 0 |
| Revaluation - estimate | | | | | | | 0 |
| Other | | | | | | | 0 |
| Balance 30/06/2008 | 0 | 0 | 0 | 599 | 0 | 0 | 599 |
| Unwritten-off value | | | | | | | |
| 6/30/2008 | 0 | 0 | 0 | 212 | 0 | 0 | 212 |
| 6/30/2007 | 0 | 0 | 0 | 362 | 0 | 0 | 362 |

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17. PROPERTY, PLANT, EQUIPMENT AND INVESTMENT PROPERTY

| | Land | Property | Plant and equipment | Investment property | Capital assets in preparation | Advances on cap. assets | Total |
|-------------------------------------|---------|----------|------------------------|------------------------|----------------------------------|----------------------------|-----------|
| <u>Cost value</u> | RSD 000 | RSD 000 | RSD 000 | RSD 000 | RSD 000 | RSD 000 | RSD 000 |
| Balance 01/01/2008 | | 548,530 | 54,395 | | 653 | 171 | 603,749 |
| Correction of initial balance | | | | | | | 0 |
| Transfer from one form into another | | | | | (22,885) | (7,758) | (30,643) |
| New acquisitions | | | 22,885 | | 22,259 | 23,455 | 68,599 |
| Estrangement & removal fm inventory | | | | | | | 0 |
| Exchange rate differences | | | | | | | 0 |
| Other, estimate of values | | | | | | | 0 |
| Balance on 30/06/2008 | 0 | 548,530 | 77,280 | 0 | 27 | 15,868 | 641,705 |
| <u>Correction of value</u> | | | | | | | |
| Balance 01/01/2008 | | 258,289 | 38,406 | | | | 296,695 |
| Correction of initial balance | | | | | | | 0 |
| Depreciation for 30/06/ 2008 | | 3,578 | 2,366 | | | | 5,944 |
| Estrangement & removal fm inventory | | | | | | | 0 |
| Impairments | | | | | | | 0 |
| Revaluation - estimate | | | | | | | 0 |
| Other | | | | | | | 0 |
| Balance on 30/06/2008 | 0 | 261,867 | 40,772 | 0 | 0 | 0 | 302,639 |
| <u>Unwritten-off value</u> | | | | | | | |
| 30.06.2008 | 0 | 286,663 | 36,508 | 0 | 27 | 15,868 | 339,066 |
| 30.06.2007 | 0 | 293,819 | 16,283 | 0 | 1,138,546 | 407 | 1,449,055 |

18. LEASED EQUIPMENT

| | RSD 000 | | | |
|---------------------|-----------------------------|---------------------|-----------------------------|--|
| <u>Leasing</u> | <u>30/06/2008</u> | | <u>30/06/2007</u> | |
| <u>Asset groups</u> | <u>Net accounting value</u> | <u>Asset groups</u> | <u>Net accounting value</u> | |
| Cars | 21,523 | Cars | 6,904 | |
| Xerox machine | 359 | Xerox machine | 431 | |
| Other | | Other | | |
| Total | 21,882 | | 7,335 | |

19. EQUITY SHARE

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

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

The Company recognizes revenue only in the degree in which it receives its part from distribution of undistributed net income of the user of investment, which occurs after the day when the

ENERGOPROJEKT HOLDING CO., BELGRADE
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Company acquired it. A part from the distribution, which is received in the amount higher than such income, is considered a return of investment and is stated as decrease of the cost value of the investment.

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

Equity share relate to shares (equity) in:

| DEPENDENT LEGAL ENTITY | | 30.06.2008 | <u>0000 RSD</u> 30.06.2007 |
|-------------------------------|----------------|----------------------|---------------------------------------------|
| Company | % share | Present value | Present value |
| EP Visokogradnja a.d. | 92.39% | 1,704,254 | 1,704,254 |
| EP Niskogradnja a.d. | 93.32% | 855,506 | 855,506 |
| EP Oprema a.d. | 67.87% | 121,316 | 121,316 |
| EP Hidroinzenjering a.d. | 94.84% | 399,230 | 399,230 |
| EP Urbanizam i arh. a.d. | 94.40% | 146,455 | 146,455 |
| EP Promet d.o.o. | 100.00% | 295 | 11,799 |
| EP Energodata a.d. | 95.05% | 164,016 | 164,016 |
| EP Industrija a.d. | 62.77% | 61,209 | 61,209 |
| EP Entel a.d. | 86.26% | 216,422 | 216,422 |
| EP Garant a.d.o. | 64.13% | 251,109 | 186,567 |
| EP Ingraf a.d. | 100.00% | 25,575 | 25,575 |
| Inec Eng. Ltd. | 100.00% | 64,104 | 75,649 |
| Encom GmbH | 100.00% | 4,038 | 4,040 |
| Total | | 4,013,529 | 3,972,038 |

OTHER ASSOCIATED LEGAL ENTITIES

| Company | % share | Present value | Present value |
|----------------------|----------------|----------------------|----------------------|
| Enjub d.o.o. | 50.00% | 13,550 | 13,550 |
| Energobroker a.d. | 28.60% | 4,371 | 4,371 |
| Energo Ghana Ltd. | 80.00% | 4,495 | 5,284 |
| United Cons.Botswana | 100.00% | 2,934 | 3,448 |
| Zecco Zambia | 100.00% | 537 | 631 |
| Total | | 25,887 | 27,284 |

OTHER LEGAL ENTITIES AND SECURITIES HELD FOR SALE

| Company | Present value | Present value |
|-------------------------|-------------------------|-------------------------|
| Dunav a.d.o | 3,208 | 7,454 |
| Jubmes banka a.d. | 65,580 | 122,446 |
| Hypo Alpe-Adria bank | 3,366 | 3,564 |
| Hipotekarna banka Podg. | 7,355 | 15,973 |
| Total | 79,509 | 149,437 |
| <u>TOTAL</u> | <u>4,118,925</u> | <u>4,148,759</u> |

20. OTHER LONG-TERM FINANCIAL INVESTMENTS

Other long-term financial investments relate to:

| | 30/06/2008 | 30/06/2007 |
|-------------------------------------------------|-------------------|-------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| a) Given long-term credits | | |
| at home | | |
| abroad | | |
| Total | - | - |
| b) Bonds of hard currency savings | | |
| c) Housing credits to employees | 1,565 | 1,595 |
| d) Given long-term loans to dependent companies | | |
| e) Other long-term investments | 58,470 | 57,115 |
| Total | 60,035 | 58,710 |

21. INVENTORIES

| | 30/06/2008 | 30/06/2007 |
|----------------------------------------------|-------------------|-------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| Material, spare parts, tools and inventories | | |
| Unfinished production | 1,601,425 | |
| Finished products | | |
| Goods | | |
| Non-current assets intended for sale | | |
| Given advance payments | 3,054 | 1,987 |
| Total | 1,604,479 | 1,987 |

Unfinished production in the amount of RSD 1,601,425 thousand relates to realization of the contracts on sale of the building under construction in Block 26.

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22. RECEIVABLES

| | 30.6.2008 | 30.6.2007 |
|--------------------------------------------------------|------------------------------|------------------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| <u>Receivables based on sale</u> | | |
| Buyers – parent and dependent legal entities | 382,675 | 255,502 |
| Buyers – other associated legal entities | | 88 |
| Buyers at home | 92 | 81 |
| Buyers abroad | | |
| Less: Correction of value | (10,535) | |
| Total | <u>372,232</u> | <u>255,671</u> |
| | | |
| <u>Receivables from specific projects</u> | | |
| Receivables from exporters | | |
| Receivables based on import for others | | |
| Receivables from consignment and sale on commission | | |
| Other receivables from specific projects | 45,232 | 49,240 |
| Less: Correction of value | 469 | 19,216 |
| Total | <u>44,763</u> | <u>30,024</u> |
| | | |
| <u>Other receivables</u> | | |
| Receivables for interests and dividends | 362,698 | 83,238 |
| Receivables from employees | 1,080 | 1,645 |
| Receivables from governmental bodies and organizations | 2,569 | 1,282 |
| Receivables for overpaid income tax | 26,654 | |
| Receivables for overpaid other taxes and contributions | 1,152 | |
| Other receivables | | |
| Less: Correction of value | | |
| Total | <u>394,153</u> | <u>86,165</u> |
| | | |
| Total | <u><u>811,148</u></u> | <u><u>371,860</u></u> |

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| <u>Buyers at home</u> | <u>RSD 000</u> | <u>RSD 000</u> |
|------------------------------|------------------------------|------------------------------|
| Beograd | 365,825 | 238,706 |
| Vojvodina | | |
| Serbia proper | | |
| Less: Correction of value | (10,535) | |
| Total | <u>355,290</u> | <u>238,706</u> |
| | | |
| <u>Buyers abroad</u> | | |
| Former Yugoslav republics | | |
| Europe | 16,867 | 16,877 |
| Africa | 75 | 88 |
| Less: Correction of value | | |
| Total | <u>16,942</u> | <u>16,965</u> |
| | | |
| Total | <u><u>372,232</u></u> | <u><u>255,671</u></u> |

The Company has unreconciled internal relations with Energoprojekt Energodata a.d. and Energoprojekt Visokogradnja a.d. which date from earlier periods.

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23. SHORT-TERM FINANCIAL INVESTMENTS

Short-term financial investments include:

| | Currency | Interest % | 30.06.2008 <u>RSD 000</u> | 30.06.2007 <u>RSD 000</u> |
|----------------------------------------------------------------------------------------------------------|----------|---------------|-------------------------------------|-------------------------------------|
| <u>Short-term credits and investments – parent, dependent and other associated legal entities</u> | | | | |
| Dependent legal entities | | | 226,044 | 79,079 |
| Other associated legal entities | | | | |
| Current maturity of long-term credits | | | | |
| Less: Correction of value | | | (38,251) | |
| Total | | | <u>187,793</u> | <u>79,079</u> |
| <u>Short-term credits at home</u> | | | | |
| Credits given to employees | | | 26 | 26 |
| Current maturity of long-term credits | | | 26 | |
| Less: Correction of value | | | | |
| Total | | | <u>52</u> | <u>26</u> |
| <u>Short-term credits abroad</u> | | | | |
| Given credits | | | | |
| Current maturity of long-term credits | | | | |
| Less: Correction of value | | | | |
| Total | | | <u>-</u> | <u>-</u> |
| <u>Securities held until due</u> | | | | |
| Less: Correction of value | | | | |
| Total | | | <u>-</u> | <u>-</u> |
| <u>Securities traded</u> | | | | |
| Dependent legal entities - Energodata a.d. | | | | 750 |
| Other legal entities - Stankom banka | | | | 25 |
| Less: Correction of value | | | | |
| Total | | | <u>-</u> | <u>775</u> |
| <u>Other short-term financial investments</u> | | | | |
| Alpha bank a.d.-short fixed term foreign currency deposits | | | 355,403 | |
| Other | | | 5,499 | 5,499 |
| Less: Correction of vaue | | | | |
| Total | | | <u>360,902</u> | <u>5,499</u> |
| Total | | | <u><u>548,747</u></u> | <u><u>85,379</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS

24. CASH AND CASH EQUIVALENTS

| | 30/06/2008 | 30/06/2007 |
|-----------------------------------------------|-----------------------|----------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| <u>In RSD</u> | | |
| Current accounts | 1,209 | 1,770 |
| Treasury | 33 | 81 |
| Securities | | |
| Short fixed term deposits | | |
| Other | | |
| Total | <u>1,242</u> | <u>1,851</u> |
| <u>In foreign currency</u> | | |
| Foreign currency accounts | 423,489 | 57,618 |
| Treasury | 78 | 27 |
| Letters of credit | | |
| Other | | |
| Funds whose use is limited or value decreased | | |
| Total | <u>423,567</u> | <u>57,645</u> |
| Total | <u>424,809</u> | <u>59,496</u> |

Funds of the Company in foreign currency are short fixed deposited per rates of 5.9% p.a. and 5.21% for EUR.

25. VALUE ADDED TAX AND ACTIVE TIME ACCRUALS

| | 30/06/2008 | 30/06/2007 |
|-----------------------------------------------|-----------------------|---------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| <u>Value added tax</u> | 13,317 | 648 |
| <u>Active time accruals</u> | | |
| Expenses paid in advance | 219 | 233 |
| Uninvoiced receivables for unaccounted income | 244,241 | |
| Accrual expenses for liabilities | | |
| Other active time accruals | 12,788 | 6,986 |
| Total | <u>257,248</u> | <u>7,219</u> |
| Total | <u>270,565</u> | <u>7,867</u> |

Receivables for uninvoiced income in the amount of RSD 244,241 thousand relate to realization of the sale contract for the building in construction.

26. CAPITAL ASSETS

Capital assets include the following capital forms:

| | 30.06.2008 | 30.06.2007 |
|-----------------------------------------------|-------------------------|-------------------------|
| | RSD 000 | RSD 000 |
| Share capital | | |
| ordinary shares | 3,187,612 | 3,066,350 |
| preferential shares | | |
| Capital assets | 3,187,612 | 3,066,350 |
| Other capital assets | 27,178 | 27,013 |
| Total capital assets and other capital | <u>3,214,790</u> | <u>3,093,363</u> |

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

At the XXXII Annual General Meeting on June 25, 2008 it was decided that ordinary shares in the V issue would be issued without a public bid, for the purpose of converting undistributed profits into capital.

Dividend for 2007. year was distributed in shares from 5th emission, according to the Decision on Issuing of shares based on Internal profit distribution, passed on te Shereholders Assembly held on 25.06.2008. (dividend date).

The total value is 122.647.350,00 RSD which is distributed as follows:

1. Each shareholder was allocated one share from the 5th emission per 25 existing shares (121.426.900 RSD),
2. Remaining difference to full number of shares will bi paid in RSD to each shareholder (1.220.450 RSD).

As of 2007 shares of the Company are listed at the listing "A" of the Belgrade Stock Exchange.

27. OTHER CAPITAL ASSETS

Other capital assets were made by over-accounting of sources of non-operational assets in 2005.

28. PROVISIONS

Provisions include the following forms of provisions:

| | 30.06.2008 | 30.06.2007 |
|--------------------------------|-------------------------|-------------------------|
| | RSD 000 | RSD 000 |
| Emission premium | 1,595,962 | 1,595,962 |
| Mandatory provisions | 23,185 | 23,185 |
| Statutory and other provisions | 31,881 | 17,256 |
| Total | <u>1,651,028</u> | <u>1,636,403</u> |

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

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

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

29. REVALUATION RESERVES

Revaluation reserves include:

| | 30.06.2008 | 30.06.2007 |
|--------------------------------------------------------------------------|-----------------------|-----------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| Revaluation reserves based on adjustment of fair value - real property | 43,080 | 47,867 |
| Revaluation reserves based on adjustment of fair value - Securities | 64,044 | 135,329 |
| Exchange rate difference from equity share of dependent companies abroad | 1,554 | 14,498 |
| Total | <u>108,678</u> | <u>197,694</u> |

Changes in revaluation reserves based on adjustment of fair value of securities relate to adjustment of fair value with the market value of securities at the secondary market of securities on the last trading day on June 30, 2008.

30. UNDISTRIBUTED PROFIT

Undistributed profit relates to:

| | 30.06.2008 | 30.06.2007 |
|--------------------------------------------------------------------|-----------------------|-----------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| Undistributed profit of earlier years | 516,813 | 443,588 |
| Correction of profit based on materially significant mistakes | | |
| Correction of profit based on changes of accounting policies | | |
| Correction of profit based on acquiring and sale of own shares | | |
| Correction of profit based on realized revaluation reserves | | |
| Correction of profit based on income tax | (1,601) | |
| Correction of profit based on intangible assets | | |
| Correction of profit based on revaluation of equity share in banks | | |
| Correction of profit based on accumulated revaluation reserves | | |
| Correction of profit based on revaluation income | | |
| Correction of profit based on goodwill | | |
| Correction of profit based on first implementation of IAS 19 | | |
| Correction of profit based on first implementation of IAS 12 | | |
| Profit distribution (dividends) | | (188,227) |
| Profit distribution - share issue | (122,647) | |
| Profit distribution in statutory reserves | (14,625) | |
| Next year`s profit | 473,633 | 120,447 |
| Total | <u>851,573</u> | <u>375,808</u> |

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

| | 30.06.2008 | 30.06.2007 |
|---------------------------------|------------------------------|------------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| to dividends | 1,220 | |
| to share in profit of employees | | |
| to capital assets | 121,427 | |
| to reserves | 14,625 | |
| covering of losses | | |
| other | | |
| Total | <u><u>137,272</u></u> | <u><u>0</u></u> |

31. REDEEMED OWN SHARES

The Company does not redeemed own shares, i.e., does not dispose of own shares.

32. LONG-TERM PROVISIONS

Long-term provisions are recognized when:

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

Long-term provisions include:

| | 30/06/2008 | 30/06/2007 |
|---------------------------------------------------------------|------------------------------|------------------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| Provisions for expenses with the warranty period | | |
| Provisions for kept securities and deposits | | |
| Provisions for expenses of restructuring | | |
| Provisions for compensations and other benefits for employees | 2,831 | |
| Other long-term provisions | 260,000 | 260,000 |
| Total | <u><u>262,831</u></u> | <u><u>260,000</u></u> |

33. LONG-TERM CREDITS

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

The Company does not have long-term credits.

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

Other long-term liabilities relate to:

| | <u>30/06/2008</u> | <u>30/06/2007</u> |
|-----------------------------------------------------------------|----------------------|-----------------------|
| | RSD 000 | RSD 000 |
| Liabilities which can be converted into capital | | |
| Liabilities toward parent and dependent legal entities | 21,807 | 326,644 |
| Liabilities toward other associated legal entities | | |
| Liabilities per emitted stocks in the period longer than a year | | |
| Liabilities based on long-term financial leasing | 13,628 | 4,626 |
| Other long-term liabilities | | |
| Total | <u><u>35,435</u></u> | <u><u>331,270</u></u> |

Decrease of liabilities toward dependent companies occurred based on termination of the construction contract of the facility in Block 26, Bay I, with Energoprojekt Visokogradnja a.d. and concluding of the new contract on the same basis. Based on the said contract, a part of the liability was settled, in the amount of RSD 195,730 thousand, while the rest, in the amount of RSD 200,000 thousand, was transferred to short-term liabilities (Note 41).

35. LIABILITIES BASED ON LONG-TERM LEASE

| | <u>RSD 000</u> | | <u>RSD 000</u> | | | |
|----------------------------|--------------------------------------------|-----------------|------------------------------------------|---------------------------------------------|-----------------|------------------------------------------|
| | <u>30.6.2008</u> | | <u>30.6.2007</u> | | | |
| | Future minimal payment of the lease | Interest | Present value of minimal payments | Future minimal payments of the lease | Interest | Present value of minimal payments |
| Up to one year | 1,822 | 683 | 722 | 722 | 260 | 260 |
| Between one and five years | 13,628 | 2,396 | 3,892 | 3,892 | 734 | 734 |
| Longer than five years | | | | | | |
| Total | <u>15,450</u> | <u>3,079</u> | 0 | <u>4,614</u> | <u>994</u> | <u>0</u> |

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

36. SHORT-TERM FINANCIAL LIABILITIES

Short-term financial liabilities:

| | Interest | 30.06.2008 | 30.06.2007 |
|----------------------------------------------------------------------------------------------|----------------------|-------------------|-------------------|
| Currency | % | RSD 000 | RSD 000 |
| <u>Short-term credits at home</u> | | | |
| | <i>6 months</i> | | |
| | <i>Belibor+</i> | | |
| <i>Hypo Alpe-Adria Bank AD</i> | <i>1.5% p.a.</i> | 34,946 | |
| | <i>Ref. int.</i> | | |
| | <i>St.NBS.+0,8 %</i> | | |
| <i>Alpha Bank</i> | <i>p.a.</i> | 300,000 | 47,415 |
| | <i>1 months</i> | | |
| | <i>Belibor+ 2%</i> | | |
| <i>Unicredit Bank</i> | <i>p.a.</i> | 77,743 | |
| Other | | | 12,000 |
| Current maturity of long-term credits | | | |
| Total | | 412,689 | 59,415 |
| <u>Other short-term financial liabilities</u> | | | |
| Liabilities per short-term securities | | | |
| Other short-term financial liabilities | | | |
| Liabilities for non-current assets and assets from discontinued operations intended for sale | | | |
| A part of other long-term liabilities which are due up to one year -Intesa leasing | | 1,112 | |
| A part of other long-term liabilities which are due up to one year -Raiffeisen leasing | | 710 | 982 |
| Total | | 1,822 | 982 |
| Total | | 414,511 | 60,397 |

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

37. BUSINESS COMMITMENTS

| | 30.06.2008 | 30.06.2007 |
|---------------------------------------------------------|--------------------------------|-----------------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| <u>Operating liabilities</u> | | |
| Received advance payments, deposits and securities | 1,485,387 | 421 |
| Suppliers-parent and dependent legal entities | 98,076 | 8,709 |
| Suppliers-other associated legal entities | 126 | 180 |
| Suppliers at home | 11,155 | 9,363 |
| Suppliers abroad | | 4,265 |
| Other operating liabilities | | |
| Total | <u>1,594,744</u> | <u>22,938</u> |
| <u>Liabilities from specific operations</u> | | |
| Liabilities toward importers | | |
| Liabilities based on export on behalf of others | | |
| Liabilities based on consignment and sale on commission | | |
| Other liabilities from specific operations | 185 | 1,512 |
| Total | <u>185</u> | <u>1,512</u> |
| Total | <u><u>1,594,929</u></u> | <u><u>24,450</u></u> |

Received advance payment in the amount of RSD 1,485,387 thousand relates to the collected advance payment per the sale contract for a building in construction.

The largest part of the amount of RSD 98,076 thousand at position Suppliers–parent and dependent companies, relates to Energoprojekt Visokogradnja a.d., the amount of RSD 80,789 thousand relates to the liability per VII Interim Progress Certificate from June 30, 2008 for construction of the building in Block 26, Bay I.

Geographical distribution of suppliers is as follows:

| | 30/06/2008 | 30/06/2007 |
|---------------------------------|------------------------------|-----------------------------|
| | <u>RSD 000</u> | <u>RSD 000</u> |
| <u>Suppliers at home</u> | | |
| Beograd | 104,177 | 22,202 |
| Less: Correction of value | | |
| Total | <u>104,177</u> | <u>22,202</u> |
| <u>Suppliers abroad</u> | | |
| Europe-dependent legal entities | 5,133 | 1,448 |
| Africa-other legal entities | 47 | 800 |
| Less: Correction of value | | |
| Total | <u>5,180</u> | <u>2,248</u> |
| Total | <u><u>109,357</u></u> | <u><u>24,450</u></u> |

ENERGOPROJEKT HOLDING CO., BELGRADE
NOTES TO THE FINANCIAL STATEMENTS

38. VAT AND OTHER PUBLIC REVENUE LIABILITIES

| | 30.06.2008 | 30.06.2007 |
|----------------------------------------------------------------------------|----------------------------|----------------------------|
| | RSD 000 | RSD 000 |
| <u>Liabilities for VAT</u> | <u>3,976</u> | <u>2,968</u> |
| <u>Liabilities for other taxes, contributions and other duties</u> | | |
| Liabilities for excise | | |
| Liabilities for tax from results | | 3,912 |
| Liabilities for taxes, custom and other duties for procurement or expenses | 982 | 16 |
| Other liabilities for taxes, contributions and other duties | <u>664</u> | <u>769</u> |
| Total | <u>1,646</u> | <u>4,697</u> |
| Total | <u><u>5,622</u></u> | <u><u>7,665</u></u> |

39. OTHER SHORT-TERM LIABILITIES AND PASSIVE TIME ACCRUALS

| | 30.06.2008 | 30.06.2007 |
|----------------------------------------------------------------------|-----------------------------|------------------------------|
| | RSD 000 | RSD 000 |
| <u>Liabilities for salaries and compensations</u> | <u>14,389</u> | <u>11,732</u> |
| <u>Other liabilities</u> | | |
| Liabilities for interests and expenses of funding | 4,316 | 364 |
| Liabilities for dividends | 5,573 | 177,595 |
| Liabilities for share in profit | 4,309 | 4,309 |
| Liabilities toward employees | 109 | 321 |
| Liabilities toward members of BoD and Supervising board | 1,008 | 1,008 |
| Liabilities toward physical entities for compensations per contracts | 67 | 149 |
| Other liabilities | <u>428</u> | <u>430</u> |
| Total | <u>30,199</u> | <u>195,908</u> |
| <u>Passive time accruals</u> | | |
| Expenses accounted in advance | | 517 |
| Accounting income of future period | | |
| Accrued | | |
| Deferred income and received donations | | |
| Accrued income based on receivables | | |
| Other passive time accruals | <u>254</u> | |
| Total | <u>254</u> | <u>517</u> |
| Total | <u><u>30,453</u></u> | <u><u>196,425</u></u> |

40. DEFERRED TAX ASSETS AND LIABILITIES

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

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

| | 30.6.2008 RSD 000 | 30.6.2007 RSD 000 |
|-----------------------------------|----------------------|----------------------|
| Deferred tax assets | 0 | 0 |
| Deferred tax liabilities | 8,135 | |
| Net tax assets/liabilities | 8,135 | 0 |

41. LITIGATIONS

| No | Claimant | Defendant | Basis | Litigation value | Court | Expected outcome |
|----|----------------------------------------|-----------------------------------------------------------------|---------------------------------------------|-------------------------|---------------------------------|-------------------------------------|
| 1. | Jovanović Vlada | EP Holding a.d. | Income payment | 1,292 USD 27,000 RSD | 5 th Municipal Court | First instance procedure, unfounded |
| 2. | Dir. for construction land | EP Holding a.d. (EP Oprema a.d.) | Compensation for HYATT | 15,459,728.80 RSD | Commercial Court | In the procedure of settlement |
| 3. | EP Holding a.d. and Visokogradnja a.d. | City of Belgrade, RS, Beo.arena, Dir. for construction land | Debt | 8,399,218.81 USA \$ | Commercial Court | Win |
| 4. | EP Oprema a.d. Holding a.d. | Belgrade arena | Debt | 4,817,705.05 RSD | Commercial Court | Win |
| 5. | EP Holding a.d. | MV Inženjering | Debt | 5,524,202.40 RSD | Commercial Court | Win |
| 6. | Milan Raonić | EP Holding a.d. Urbanizam i arhitektura a.d. Visokogradnja a.d. | Royalties | 7,000,000.00 RSD | District Court | Uncertain |
| 7. | Dragoljub Bakić | EP Holding a.d. & Urbanizam i arhitektura a.d. | Contribs. for Pension/ Disability Insurance | 389,382.87 RSD | IV municipal court | Unfounded |
| 8. | EP Holding a.d. & GP Napred | Limes | Voiding of entry of change of founder | | Commercial Court | Uncertain |

42. OFF-BALANCE SHEET ASSETS AND LIABILITIES

Off-balance sheet assets and liabilities of the Company in the amount of RSD 5,575,799 thousand relate to guarantees per issued guarantees and approved credit lines based on credits and guarantees for dependent companies, in the amount of RSD 3,640,442 thousand (based on issued guarantees the Company has concluded contracts with dependent companies for which it guarantees and from the same it has received appropriate funds for security), mortgage on the building in construction in the amount of RSD 1,184,676 thousand and the right on use of the city construction land in the amount of RSD 750,681 thousand.

43. EVENTS AFTER THE BALANCE SHEET

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

Belgrade, August 25, 2008

C.E.O.
Vladan Pirivatrić, B.Sc.Eng.