

## ENERGOPROJEKT HOLDING CO.

**INCOME STATEMENT**  
for the period January 1 to December 31 , 2010

in 000 RSD

Group accounts, account	P O S I T I O N	EDP	Amount		
			Note no.	Current year	Previous year
1	2	3	4	5	6
	<b>A. BUSINESS REVENUE AND EXPENSES</b>				
	<b>I. BUSINESS REVENUE (202+203+204-205+206)</b>	201	-	<b>1,571,255</b>	<b>2,593,355</b>
60 and 61	1. Sale revenue	202	-	6,073,061	693,206
62	2. Revenue from undertaking of outputs and goods for own purposes	203	-	705	377
630	3. Increase of inventories	204	-	182,601	1,898,751
631	4. Decrease of inventories	205	-	4,685,990	-
64 and 65	5. Other business revenue	206	-	878	1,021
	<b>II. BUSINESS EXPENSES (208 to 212)</b>	207	-	<b>852,528</b>	<b>2,212,420</b>
50	1. Cost value of sold goods	208	-	-	-
51	2. Cost of material	209	-	29,605	17,033
52	3. Staff costs	210	-	174,158	168,397
54	4. Depreciation and provisions costs	211	-	22,035	19,557
53 and 55	5. Other business expenses	212	-	626,730	2,007,433
	<b>III. PROFIT FROM OPERATIONS (201 - 207)</b>	213	-	<b>718,727</b>	<b>380,935</b>
	<b>IV. LOSS FROM OPERATIONS (207 - 201)</b>	214	-	-	-
66	V. FINANCIAL REVENUE	215	-	<b>357,287</b>	<b>566,754</b>
56	VI. FINANCIAL EXPENSES	216	-	<b>241,286</b>	<b>457,945</b>
67, 68	VII. OTHER REVENUE	217	-	<b>6,261</b>	<b>11,338</b>
57, 58	VIII. OTHER EXPENSES	218	-	<b>121,284</b>	<b>4,809</b>
	<b>IX. PROFIT FROM OPERATIONS BEFORE TAX (213-214+215-216+217-218)</b>	219	-	<b>719,705</b>	<b>496,273</b>
	<b>X. LOSS FROM OPERATIONS BEFORE TAX (214-213-215+216-217+218)</b>	220	-	-	-
69-59	XI. NET PROFIT FROM DISCONTINUED OPERATIONS	221	-	-	1,258
59-69	XII. NET LOSS FROM DISCONTINUED OPERATIONS	222	-	121	-
	<b>B. PROFIT BEFORE TAX (219-220+221-222)</b>	223	-	<b>719,584</b>	<b>497,531</b>
	<b>V. LOSS BEFORE TAX (220-219+222-221)</b>	224	-	-	-
	<b>G. INCOME TAX</b>		-	-	-
721	1. Tax expenses for the period	225	-	<b>80,446</b>	<b>27,126</b>
722	2. Deferred tax expenses for the period	226	-	-	<b>1,268</b>
722	3. Deferred tax revenues for the period	227	-	<b>23</b>	-
723	<b>D. EMPLOYER'S EARNINGS PAID</b>	228	-	-	-
	<b>Đ. NET PROFIT (223-224-225-226+227-228)</b>	229	-	<b>639,161</b>	<b>469,137</b>
	<b>E. NET LOSS (224-223+225+226-227+228)</b>	230	-	-	-
	<b>Ž. NET PROFIT BELONGING TO MINORITY INVESTORS</b>	231	-	-	-
	<b>Z. NET PROFIT BELONGING TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	232	-	-	-
	<b>I. EARNINGS PER SHARE</b>		-	-	-
	1. Basic earnings per share	233	-	-	-
	2. Decreased (diluted) earnings per share	234	-	-	-
	<b>Total revenue (201+215+217+221)</b>			<b>1,934,803</b>	<b>3,172,705</b>
	<b>Total expenses (207+216+218+222)</b>			<b>1,215,219</b>	<b>2,675,174</b>
	<b>Gross results</b>			<b>719,584</b>	<b>497,531</b>

**BALANCE SHEET**  
on December 31, 2010

in 000 RSD

Group accounts account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. NON-CURRENT ASSETS (002+003+004+005+009)</b>	001	-	<b>5,335,884</b>	<b>4,685,493</b>
00	I. UNPAID SUBSCRIBED CAPITAL	002	-	-	-
012	II. GOODWILL	003	-	-	-
01 w/out 012	III. INTANGIBLE ASSETS	004	-	9,727	9,617
	IV. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005	-	941,791	452,550
020,022,023, 026,027(part), 028(part),029	1. Property, plant and equipment	006	-	445,096	452,550
024,027(part) 028(part)	2. Investment property	007	-	496,695	-
021,025,027 (part) and 028(part)	3. Biological assets	008	-	-	-
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009	-	<b>4,384,366</b>	<b>4,223,326</b>
030 to 032, 039(part)	1. Equity share	010	-	4,241,501	4,221,138
033 to 038, 039(part) less 037	2. Other long-term financial investments	011	-	142,865	2,188
	<b>B. CURRENT ASSETS (013+014+015)</b>	012	-	<b>2,796,157</b>	<b>7,422,862</b>
10 to 13,15	I. INVENTORIES	013	-	530	4,655,835
	II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS	014	-	-	-
14	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015	-	2,795,627	2,767,027
20, 21 and 22, except 223	1. Receivables	016	-	925,208	771,841
223	2. Receivables for overpaid income tax	017	-	-	-
23 less 237	3. Short-term financial investments	018	-	1,397,776	723,680
24	5. Cash equivalents and cash	019	-	469,938	568,353
27 and 28 except 288	4. VAT and accruals	020	-	2,705	703,153
288	<b>C. DEFERRED TAX ASSETS</b>	021	-	-	-
	<b>D. OPERATING ASSETS (001+012+021)</b>	022	-	<b>8,132,041</b>	<b>12,108,355</b>
29	<b>E. LOSS OVER CAPITAL</b>	023	-	-	-
	<b>F. TOTAL ASSETS (022+023)</b>	024	-	<b>8,132,041</b>	<b>12,108,355</b>
88	<b>G. OFF-BALANCE SHEET ITEMS</b>	025	-	<b>7,818,429</b>	<b>13,174,018</b>

Group accounts, account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>CAPITAL AND LIABILITIES</b>				
	<b>A. CAPITAL (102+103+104+105+106-107+108-109-110)</b>	101	-	<b>6,896,012</b>	<b>6,274,195</b>
30	I. ISSUED AND OTHER CAPITAL	102	-	4,193,014	3,814,302
31	II. UNPAID SUBSCRIBED CAPITAL	103	-	-	-
32	III. RESERVES	104	-	1,702,979	1,675,491
330 i 331	IV. REVALUATION RESERVES	105	-	43,080	53,103
332	V. UNREALIZED GAINS BASED ON SECURITIES AVAILABLE FOR SALE	106	-	15,902	25,346
333	V. UNREALIZED LOSSES BASED ON SECURITIES AVAILABLE FOR SALE	107	-	2,008	-
34	VII. RETAINED EARNINGS	108	-	943,386	709,871
35	VIII. LOSS	109	-	-	-
037 and 237	IX. REDEEMED OWN SHARES	110	-	341	3,918
	<b>B. NON-CURRENT PROVISIONS AND LIABILITIES (112+113+116)</b>	111	-	<b>1,226,713</b>	<b>5,824,353</b>
40	I. NON-CURRENT PROVISIONS	112	-	265,606	261,021
41	II. NON-CURRENT LIABILITIES (114+115)	113	-	244,724	7,993
414, 415	1. Long-term credits	114	-	240,554	-
41 w/out 414 and 415	2. Other non-current liabilities	115	-	4,170	7,993
	III. CURRENT LIABILITIES (117+118+119+120+121+122)	116	-	<b>716,383</b>	<b>5,555,339</b>
42, except 427	1. Short-term financial liabilities	117	-	83,817	145,837
427	2. Liabilities from assets held for sale and assets from discontinued operations	118	-	-	-
43 and 44	3. Liabilities from business operations	119	-	544,232	5,359,451
45 i 46	4. Other short-term liabilities	120	-	25,491	23,506
47, 48 except 481 and 49 except 498	5. VAT and other public liabilities and accruals	121	-	10,457	8,240
481	6. Income tax liabilities	122	-	52,386	18,305
498	<b>C. DEFERRED TAX LIABILITIES</b>	123	-	<b>9,316</b>	<b>9,807</b>
	<b>D. TOTAL CAPITAL AND LIABILITIES (101+111+123)</b>	124	-	<b>8,132,041</b>	<b>12,108,355</b>
89	<b>E. OFF-BALANCE SHEET ITEMS</b>	125	-	<b>7,818,429</b>	<b>13,174,018</b>

## ENERGOPROJEKT HOLDING CO.

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

in 000 RSD

Position	EDP	Amount	
		Current year	Previous year
1	2	3	4
<b>A. CASH FLOW FROM BUSINESS ACTIVITIES</b>			
<b>I. Cash flow from business activities (1 to 3)</b>	301	<b>1,392,644</b>	<b>2,812,799</b>
1. Sale and received advance payments	302	1,343,782	2,796,382
2. Received interests from business activities	303	-	319
3. Other cash flow from regular operations	304	48,862	16,098
<b>II. Cash outflow from business activities (1 to 5)</b>	305	<b>1,028,312</b>	<b>2,910,669</b>
1. Cash to suppliers and advances paid	306	739,427	2,659,031
2. Staff costs	307	177,282	170,660
3. Interests paid	308	2,247	6,191
4. Income tax	309	46,668	-
5. Other public duties	310	62,688	74,787
<b>III. Net cash flow from business activities (I-II)</b>	311	<b>364,332</b>	<b>-</b>
<b>IV. Net cash outflow from business activities (II-I)</b>	312	<b>-</b>	<b>97,870</b>
<b>B. CASH FLOW FROM INVESTMENTS</b>			
<b>I. Cash flow from investments (1 to 5)</b>	313	<b>18,043</b>	<b>129,832</b>
1. Sale of shares and stakes (net inflow)	314	3,352	-
2. Sale of intangible assets, property, plant, equipment and biological assets	315	1,767	1,676
3. Other financial investments (net inflow)	316	-	-
4. Interests received from investments	317	12,924	29,747
5. Dividends received	318	-	98,409
<b>II. Cash outflow from investments (1 to 3)</b>	319	<b>695,504</b>	<b>261,161</b>
1. Acquisition of shares and stakes (net outflow)	320	-	-
2. Acquisition of intangible assets, property, plant, equipment and biological assets	321	13,897	21,736
3. Other financial investments (net outflow)	322	681,607	239,425
<b>III. Net cash flow from investments (I-II)</b>	323	<b>-</b>	<b>-</b>
<b>IV. Net cash outflow from investments (II-I)</b>	324	<b>677,461</b>	<b>131,329</b>
<b>V. CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>I. Cash flow from financing activities (1 to 3)</b>	325	<b>173,405</b>	<b>8,612</b>
1. Increase of capital assets	326	-	8,612
2. Long-term and short-term credits (net inflow)	327	173,405	-
3. Other long-term and short-term liabilities	328	-	-
<b>II. Cash outflow from financing activities (1 to 4)</b>	329	<b>5,765</b>	<b>10,283</b>
1. Acquisition of own shares and stakes	330	-	4,954
Long and short-term credits and other liabilities (net outflow)	331	-	-
3. Finance leasing	332	5,702	4,773
4. Dividends paid	333	63	556
<b>III. Net cash flow from financing activities (I-II)</b>	334	<b>167,640</b>	<b>-</b>
<b>IV. Net cash outflow from financing activities (II-I)</b>	335	<b>-</b>	<b>1,671</b>
<b>G. TOTAL CASH FLOW (301+313+325)</b>	336	<b>1,584,092</b>	<b>2,951,243</b>
<b>D. TOTAL CASH OUTFLOW (305+319+329)</b>	337	<b>1,729,581</b>	<b>3,182,113</b>
<b>DJ. NET CASH FLOW (336-337)</b>	338	<b>-</b>	<b>-</b>
<b>E. NET CASH OUTFLOW (337-336)</b>	339	<b>145,489</b>	<b>230,870</b>
<b>Z. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD</b>	340	<b>568,353</b>	<b>746,725</b>
<b>Z. GAINS ON EXCHANGE</b>	341	<b>416,633</b>	<b>238,033</b>
<b>I. LOSS ON EXCHANGE</b>	342	<b>369,559</b>	<b>185,535</b>
<b>J. CASH AT THE END OF THE ACCOUNTING PERIOD</b> (338-339+340+341-342)	343	<b>469,938</b>	<b>568,353</b>

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

in 000 RSD

No.	DESCRIPTION	EDP	Issued capital (group 30 without 309)	EDP	Other capital (account 309)	EDP	Unpaid sub-scribed capital (group 31)	EDP	Emission premium (account 320)	EDP	Reserves (account 321, 322)	EDP	Revaluation reserves (group 330,331)	EDP	Unrealized gains based on securities available for sale (account 332)	EDP	Unrealized losses based on securities available for sale (account 333)	EDP	Undis-tributed profit (group 34)	EDP	Loss to the capital value (group 35)	EDP	Redeemed own shares and stakes (account 037, 237)	EDP	Total (quant. 2+3+4+5+6+7+8-9+10-11-12)	EDP	Loss above capital (group 29)
		1	2	3	4	5	6	7	8	9	10	11	12	13	14												
1	Balance on January 1,	401	3,187,612	414	27,178	427	-	440	1,591,953	453	55,066	466	41,502	479	24,325	492	162	505	866,826	518	-	531	3,427	544	5,790,873	557	-
2	Correction of materially significant errors and changes in accounting policies in the previous year - increase	402	-	415	-	428	-	441	-	454	-	467	-	480	-	493	-	506	-	519	-	532	-	545	-	558	-
3	Correction of materially significant errors and changes in accounting policies in the previous year - decrease	403	-	416	-	429	-	442	-	455	-	468	-	481	-	494	-	507	-	520	-	533	-	546	-	559	-
4	Corrected initial balance on January 1, of the previous year (no.1+2-3)	404	3,187,612	417	27,178	430	-	443	1,591,953	456	55,066	469	41,502	482	24,325	495	162	508	866,826	521	-	534	3,427	547	5,790,873	560	-
5	Total increase in the previous year	405	599,512	418	-	431	-	444	5,736	457	24,415	470	27,519	483	6,227	496	-	509	469,137	522	-	535	4,647	548	1,127,899	561	-
6	Total decrease in the previous year	406	-	419	-	432	-	445	1,679	458	-	471	15,918	484	5,206	497	162	510	626,092	523	-	536	4,156	549	644,577	562	-
7	Balance on December 31, previous year (no.4+5-6)	407	3,787,124	420	27,178	433	-	446	1,596,010	459	79,481	472	53,103	485	25,346	498	-	511	709,871	524	-	537	3,918	550	6,274,195	563	-
8	Correction of materially significant errors and changes in accounting policies in the previous year - increase	408	-	421	-	434	-	447	-	460	-	473	-	486	-	499	-	512	-	525	-	538	-	551	-	564	-
9	Correction of materially significant errors and changes in accounting policies in the previous year - decrease	409	-	422	-	435	-	448	-	461	-	474	-	487	-	500	-	513	-	526	-	539	-	552	-	565	-
10	Corrected initial balance on January 1, of the current year (no.7+8-9)	410	3,787,124	423	27,178	436	-	449	1,596,010	462	79,481	475	53,103	488	25,346	501	-	514	709,871	527	-	540	3,918	553	6,274,195	566	-
11	Total increase in the current year	411	1,650,126	424	-	437	-	450	4,115	463	23,442	476	-	489	10,263	502	2,008	515	1,108,463	528	-	541	31	554	2,794,370	567	-
12	Total decrease in the current year	412	1,271,414	425	-	438	-	451	69	464	-	477	10,023	490	19,707	503	-	516	874,948	529	-	542	3,608	555	2,172,553	568	-
13	Balance on December 31, of the current year (no.10+11-12)	413	4,165,836	426	27,178	439	-	452	1,600,056	465	102,923	478	43,080	491	15,902	504	2,008	517	943,386	530	-	543	341	556	6,896,012	569	-

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

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

DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4
1. Number of business months (designation from 1 to 12 )	601	12	12
2. Size designation (from 1 to 3)	602	3	3
3. Ownership designation (from 1 to 5)	603	2	2
4. Number of foreign (legal or physical) entities with equity share	604	-	-
5. Average number of employees based on the balance at the end of each month (whole number)	605	76	75

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

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Gross	Correction of value	Net (col.4-5)
1	2	3	4	5	6
o1	<b>1.Intangible assets</b>				
	1.1. Balance at the beginning of the year	606	10,581	964	9,617
	1.2. Increase (acquisitions) during the year	607	335	-	335
	1.3. Decrease (sale, removal from inventory and impairment) during the year	608		-	225
	1.4. Revaluation during the year	609		-	-
	1.5. Balance at the end of the year (606+607-608+609)	610	10,916	1,189	9,727
o2	<b>2. Real property, plant, equipment and biological assets</b>				
	2.1. Balance at the beginning of the year	611	767,831	315,281	452,550
	2.2. Increase (acquisitions) during the year	612	510,517	-	510,517
	2.3. Decrease (sale, removal from inventory and ensuring) during the year	613	3,542	-	21,276
	2.4. Revaluation during the year	614		-	-
	2.5. Balance at the end of the year (611+612-613+614)	615	1,274,806	333,015	941,791

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	-	4,503,390
12	3. Finished products	618	-	-
13	4. Goods	619	-	-
14	5. Non-current assets held for sale	620	-	-
15	6. Advances given	621	530	152,445
	<b>7.TOTAL (616+617+618+619+620+621=013 )</b>	<b>622</b>	<b>530</b>	<b>4,655,835</b>

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	4,165,836	3,787,124
	in it: foreign capital	624	-	-
301	2. Share of limited liability company	625	-	-
	in it: foreign capital	626	-	-
302	3. Shares of members of partnership and limited-partnership company	627	-	-
	in it: foreign capital	628	-	-
303	4. State-owned capital	629	-	-
304	5. Socially-owned capital	630	-	-
305	6. Cooperative shares	631	-	-
309	7. Other capital shares	632	27,178	27,178
30	<b>TOTAL: ( 623+625+627+629+630+631+632=102)</b>	<b>633</b>	<b>4,193,014</b>	<b>3,814,302</b>

**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
	<b>1. Ordinary shares</b>			
	1.1. Number of ordinary shares	634	9,467,810	9,467,810
part 300	1.2. Nominal value of ordinary shares - total	635	4,165,836	3,787,124
	<b>2. Priority shares</b>			
	2.1. Number of priority shares	636	-	-
part 300	2.2. Nominal value of priority shares - total	637	-	-
300	<b>3. TOAL - nominal value of shares (635+637= 623)</b>	<b>638</b>	<b>4,165,836</b>	<b>3,787,124</b>

**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	850,196	705,404
43	2. Liabilities from operations (balance at the end of the year 640 ≤ 117)	640	544,154	5,359,385
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	150,543	362,625
43	5. Business liabilities (receivables turnover without initial balance)	643	1,540,666	5,269,748
450	6. Liabilities for net income and income compensations (receivables turnover without initial balance)	644	91,079	87,886
451	7. Liabilities for salaries tax and salaries compensations paid by employees (receivables turnover without initial balance)	645	14,195	13,554
452	8. Liabilities for contributions on salaries and salaries compensations paid by employees (receivables turnover without initial balance)	646	18,818	18,087
461,462 and 723	9. Liabilities for dividends, profit share and employer's personal earnings (receivables turnover without initial balance)	647	-	1,515
465	10. Liabilities toward physical entities for compensations per contracts (receivables turnover without initial balance)	648	2,995	3,474
47	11. VAT collected during sale of products, goods and services (receivables turnover without initial balance)	649	79,235	462,153
	<b>12. Control summary (from 639 to 649)</b>	<b>650</b>	<b>3,291,881</b>	<b>12,283,831</b>

**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	16,945	9,013
520	2. Salaries and salaries compensations (gross)	652	123,073	116,802
521	3. Tax expenses and contributions on salaries and salaries compensations paid by employer	653	18,635	17,651
522,523,524 and 525	4. Expenses for compensations to physical entities (gross) based on contracts	654	5,092	6,932
526	5. Expenses of compensations to BoD & Supervision Board members (gross)	655	21,251	19,101
529	6. Other personal expenses and compensations	656	6,107	7,911
53	7. Expenses of production services	657	537,714	1,938,273
533, part 540 and part 525	8. Lease expenses	658	839	525
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	20,292	18,741
552	12. Expenses of insurance premiums	662	4,399	9,950
553	13. Payroll expenses	663	4,884	4,260
554	14. Membership fees	664	997	849
555	15. Tax expenses	665	35,162	8,672
556	16. Contributions	666	-	-
562	17. Interests	667	3,086	8,628
part 560, part 561 and 562	18. Interests expenses and a part of financial expenses	668	3,086	8,628
part 560, part 561 and part 562	19. Interests expenses per credits and banks and dfo	669	3,008	8,607
part 579	20. Expenses for humanitarian, cultural, health, educational, scientific and religious purposes, for protection of the Environment and sports	670	1,422	1,861
	<b>21. Control summary (from 651 to 670)</b>	<b>671</b>	<b>805,992</b>	<b>2,186,404</b>

**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	54,381	45,883
part 660, part 661, and part 662	7. Revenue from interests per accounts and deposits in banks and other financial organizations	678	14,361	28,660
part 660, part 661 and part 669	8. Revenue from dividends and profit share	679	42,630	212,390
	<b>9. Control summary (from 672 to 679 )</b>	<b>680</b>	<b>111,372</b>	<b>286,933</b>

**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	12	12
2. Calculated custom duties and other import duties (total annual amount according to calculation)	682	3	3
3. Capital subsidies and other state subsidies for construction and acquisition of capital assets and intangible assets	683	-	-
4. State allocations for premiums, recourses and covering of current operating expenses	684	-	-
5. Other state allocations	685	-	-
6. Received donations from abroad and other non-returnable assets in money or nature from foreign legal and physical entities	686	-	-
7. Personal income of entrepreneurs from net profit (filled in by entrepreneurs only)	687	-	-
<b>8. Control summary (from 681 to 687)</b>	<b>688</b>	<b>15</b>	<b>15</b>

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

**ENERGOPROJEKT HOLDING A.D.**  
**BEOGRAD**

**Notes to the Financial Statements**  
**for 2010**

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## 1. COMPANY BACKGROUND

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

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

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

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

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

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

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

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

Name of affiliate	% Share of equity in affiliated company
1 Enjub d.o.o.	50,00

Under Art. 7 of the Law on Accounting and Auditing, the Company was classified as a large business enterprise in 2010.

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

Tax registration number: 100001513.

Registration number: 07023014.

Registered business code :6420 (74150 and 110620).

The Company had an average of 76 employees in 2010 (2009: 75 employees).

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

The financial statements were approved by the Board of Directors at the 10th meeting held February 25, 2011.

## **2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS**

The financial statements to which these Notes refer were prepared in accordance with the Law on Accounting and Auditing (RS Official Gazette 46/2006) and the underlying regulations, by applying the accounting policies described in Note 4 of this report and generally accepted practices in Serbia.

The Company's financial statements have been prepared in the form prescribed by the Regulation of the Form and Contents of Financial Statements submitted by companies, cooperatives, other legal entities and entrepreneurs (RS Official Gazette No. 119/08).

### **2.1. Functional and reporting currency**

The figures in the financial statements have been prepared in thousand of RSD. The RSD represents functional and reporting currency. All transactions made in the currencies which are not the functional are treated as foreign currency transactions.

The figures in the financial statements are shown in RSD thousand, in the functional and domicile currency as at balance sheet date – 31/12/2010.

Comparative data is shown in RSD thousand as of 31/12/2009.

The official NBS middle exchange rates used in the translation of monetary assets and liabilities were as follows:

	31.12.2010.	31.12.2009.
EUR	105,4982	95,8888
USD	79,2802	66,7285

### **3. MANAGEMENT ESTIMATION AND ASSESSMENT**

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

The Board of Directors reviewed, and based on the Assets and Liabilities Committee report approved the direct and indirect write off of financial investments and receivables which were assessed as non-collectible. The following items were assessed as non-collectible and indirectly written off as such:

- Claim against subsidiary Energoprojekt Urbanizam i arhitektura a.d. which is currently experiencing financial difficulties, in the total of 111.374.923,92 RSD,
- Claim against a private individual no longer employed with the Company, in the total of 20.700,00 RSD,
- Earlier adjustment of claim value against funds in connection with sick leave benefits longer than 30 days, in the total of 721.613,48 RSD,
- Expense recognition for payment of fixed assets based on proforma invoices in the total of 171.201,04 RSD dating from 2005, as well as an invoice from Ferokomerca from 2010 for the sum of 100.890,00 RSD, because the company has dissolved following the death of the owner,
- Expense recognition for payment of liabilities based on the Tax Administration's decision under which tax liability is unaffected, specifically: account 451- Salaries and emoluments tax totalling 20.150,80 RSD, and account 489 – Other taxes and contributions totalling 88.467,09 RSD,
- Other liabilities in the total of 2.392.642,39 RSD.

### **4. OVERVIEW OF PRINCIPAL ACCOUNTING POLICIES**

#### **4.1 Principles of valuation – basic assumptions**

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

Under this basis, the effects of transactions and other events are recognized when they occur (and not as cash or its equivalent is received or paid). Financial statements prepared on the accrual basis (except Cash Flow Statement) inform users not only of past transactions involving

the payment and receipt of cash but also of obligations to pay cash in the future and of resources that represent cash to be received in the future.

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

#### **4.2 Recognition of the elements of financial statements**

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

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

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

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

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

#### **4.3 Profits/losses on translation of foreign currencies**

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

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

#### 4.4 Sales revenue

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

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

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

#### 4.5 Operating expenses

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

The basic elements and principles of expense recognition are:

- expenses are recognized and stated when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably;
- expenses are recognized on the basis of a direct association between the costs incurred and the earnings (going concern);
- when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognized on the basis of systematic and rational allocation procedure;
- expenses are recognized immediately when an expenditure produces no future economic benefits or when future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as asset;
- expenses are also recognized in those cases when a liability is incurred without the recognition of an asset.

#### 4.6 Profit and losses

Profit represents increases in economic benefits, include those arising on sale of fixed assets for price higher than net book value, unrealized gains arising on the sale of securities (when

securities measured by their market price) and those resulting from increases in the net book value of fixed assets because of stopping circumstances causing their decreasing.

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

#### **4.7 Financial revenues and expenses**

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

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

#### **4.8 Income tax**

Income tax represents the amount that is calculated in accordance with Serbian Republic Law. Tax obligation is calculated at 10% on the taxable income (in 2009: 10%). The taxable income represents gross income in the income statement, prepared in accordance with the accounting regulations, less some revenue and expenditure according to the tax regulations. Tax deductions are also applied (investments in fixed assets in the entity's registered line of business and other tax deductions according to the tax regulations for which the Company is eligible).

#### **4.9 Deferred income tax**

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

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

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

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

## **4.10 Employee benefits**

### **4.10.1 Pension insurance and employee benefits**

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

### **4.10.2 Health insurance**

The Company pays health insurance contributions which are recognized as an expense/liability when calculated.

### **4.10.3 Retirement bonus**

The Company pays to its employees a retirement bonus equal to three net salaries obtained in the month preceding the retirement month (according to the terms of the Particular Collective Agreement) or the legal minimum if higher.

### **4.10.4 Post-employment benefits**

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

## **4.11 Intangible assets, property, plant and equipment, biological assets and investment property**

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

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

Property, plant and equipment are:

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

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

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

An item of property, plant and equipment are initially measured at its cost – purchase price. The cost price consists of the invoiced amount plus any directly attributable costs of bringing the asset to working condition for its intended use. Cost price of aforementioned assets produced in the own production comprises of direct and indirect costs relating to this investment.

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

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

Subsequent expenses are treated as subsequent investment:

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

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

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

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

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

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

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

Subsequent expenditure relating to an investment property that has already been recognized is added to the carrying amount of the investments property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing

investment property will flow to the enterprise. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

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

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

#### **4.12 Depreciation**

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

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

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

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

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

Intangible assets with unlimited lifetime are not amortized.

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

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

Internally generated goodwill is not recognized as an intangible asset.

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

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

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

For financial reporting purposes, depreciation is accounted for using the proportional method over the estimated useful life of the asset. The estimated useful life of the asset is reviewed if needed, and if expectations significantly differ from previous estimates, depreciation rates are adjusted for the current and future periods.

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

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

#### **4.13 Financial investments**

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

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

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

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

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

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

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

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

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

#### **4.14 Inventories**

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

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

#### **4.15 Short term receivables and investments**

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

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

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

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

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

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

The probability of recovery is evaluated in each specific case based on the relevant supporting

documents (e.g. bankruptcy or liquidation of the debtor, excessive debt, disposal of property, forced or out-of-court settlement, obsolescence, court order, board resolution and other cases where non-collectability is supported by credible documents).

#### **4.16 Cash and cash equivalents**

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

#### **4.17 Rentals**

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

#### **4.18 Finance lease liabilities**

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

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

Finance lease liabilities are not charged against accrued liabilities for non-due interests according to the repayment schedule.

#### **4.19 Commitment and contingencies**

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

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

#### **4.20 Borrowing costs**

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

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

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

#### **4.21 Impairment**

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

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

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

#### **4.22 Financial liabilities**

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

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

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

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

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

#### **4.23 Long term provisions**

A provision is recognized when:

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

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

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

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

Provisions are not recognized for future operational losses.

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

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

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

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

#### **4.24 Effects of changes in accounting policies, new accounting estimates and correction of fundamental errors**

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

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

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

Under the recently adopted changes and amendments of the Accounting and Accounting Policies Regulation, which applies for financial statements in 2010, a materially significant error is defined as any error which individually or cumulatively with other errors is greater than 1,5% of the Company's total previous year's revenue.

#### **4.25 Foreign exchange rates**

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

	<u>2010</u>	<u>2009</u>
EUR	105,4982 RSD	95,8888 RSD
USD	79,2802 RSD	66,7285 RSD
GBP	122,4161 RSD	107,2582 RSD
CHF	84,4458 RSD	64,4631 RSD
RUB	2,5956 RSD	2,0865 RSD
LYD	62,5178 RSD	51,0847 RSD

## **5. FINANCIAL RISK MANAGEMENT**

### **Financial risk factors**

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

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

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

## 5.1 Market risk

### 5.1.1 Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the EUR and USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

### 5.1.2 Fair value risk

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

### 5.1.3 Interest rate risk

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

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

## 5.2 Credit risk

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

## 5.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate sources of funding due to the dynamic nature of the business. The Company aims to maintain flexibility in funding by collecting their funds from buyers and investments of available funds.

## 6. REVENUES FROM SALES

	2010 (RSD 000)	2009 (RSD 000)
<b>Domestic market</b>		
Revenues from services rendered to subsidiaries	451.213	425.117
Revenues from services rendered to other affiliates	312	
Revenues from services sold on the local market	5.621.536	268.089
<b>TOTAL</b>	<b>6.073.061</b>	<b>693.206</b>

**Foreign market**

Revenues from services to subsidiaries

**TOTAL**

<b>GRAND TOTAL</b>	<b>6.073.061</b>	<b>693.206</b>
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Revenue from services rendered to subsidiaries (451.213 thousand RSD) in the local market is generated by services rendered by the Company under contracts which were approved and endorsed by the boards of directors of the Company and the respective subsidiaries, in accordance with their respective Articles of Association.

Revenue from services rendered to other affiliates (312 thousand RSD) relates to the Protocol for ENJUB representation in lawsuits.

Revenue from services sold on the local market includes income from the completed sales contract for an unfinished building in Blok 26 (5.302.842 thousand RSD), income under Annex XIV of the Contract for the Reconstruction of the Prokop Station 5<sup>th</sup> and 6<sup>th</sup> railway tracks (318.692 thousand RSD), and commission income from airline ticket sales (2 thousand RSD).

Income from the own use of products, services and merchandise (705 thousand RSD) is attributed to automobile use for business travel.

**7. INCREASE/(DECREASE) IN INVENTORIES**

	<b>2010</b>	<b>2009</b>
	RSD 000	RSD 000
WIP on December 31	182,601	4,503,390
<b>Subtotal</b>	<b>182,601</b>	<b>4,503,390</b>
Less		
WIP on January 1	-4,685,990	2,604,639
<b>Subtotal</b>	<b>-4,685,990</b>	<b>2,604,639</b>
<b>Total</b>	<b>-4,503,389</b>	<b>1,898,751</b>

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

## 8. OTHER OPERATING INCOME

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
Rents	878	1,021
Other		
<b>Total</b>	<b><u>878</u></b>	<b><u>1,021</u></b>

## 9. MATERIAL COST

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
Raw material		200
Other material cost (overheads)	12,660	7,820
Fuel and energy	16,945	9,013
<b>Total</b>	<b><u>29,605</u></b>	<b><u>17,033</u></b>

## 10. STAFF COSTS

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
Salaries and fringe benefits (gross)	123,072	116,803
Taxes and contributions on salaries and fringe benefits charged to employer	18,635	17,651
Temporary service contracts	4,322	5,231
Copyright agreements	559	1,700
Temporary and provisional contracts	212	
Board of Directors and Supervisory Board	21,251	19,101
Other personal expenses remunerations	6,107	7,911
<b>Total</b>	<b><u>174,158</u></b>	<b><u>168,397</u></b>

## 11. DEPRECIATION AND PROVISION EXPENSES

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
Depreciation of property, plant, equipment	20,292	18,741
Provision for fringe and other employee benefits	1,743	816
<b>Total</b>	<b><u>22,035</u></b>	<b><u>19,557</u></b>

Depreciation costs this year totalled 20.292 thousand RSD (2009: 18.741 thousand RSD) and include depreciation of property, plant, equipment in accordance with Note 4(1).

Provisions for emoluments and other employee benefits (1.743 thousand RSD) relate to the implementation of IAS 19.

## 12. OTHER OPERATING EXPENSES

	2010 RSD 000	2009 RSD 000
<b><u>Costs of production services</u></b>		
Service costs of outputs	489,801	1,887,006
Transportation costs	4,879	5,929
Maintenance costs	38,339	38,933
Rental costs	839	525
Advertising costs	398	2,940
Costs of other services	3,459	3,375
<b>Subtotal</b>	<b>537,715</b>	<b>1,938,708</b>
<b><u>Non-production costs</u></b>		
Costs of non-production services	29,315	30,414
Expense accounts	5,183	5,653
Insurance premium costs	4,399	9,949
Payment operation costs	4,883	4,260
Membership fees	997	849
Tax duties	35,162	8,672
Other intangible expenses	9,076	8,928
<b>Subtotal</b>	<b>89,015</b>	<b>68,725</b>
<b>Total</b>	<b>626,730</b>	<b>2,007,433</b>

Other operating expenses include:

- ❖ Execution of a sales contract for an unfinished building Block 26, Unit I (208.814 thousand RSD) of which:
  - Service costs of outputs 177.483 thousand RSD,
  - Property tax: 27.326 thousand RSD,
  - Insurance premiums: 2.158 thousand RSD,
  - Payment transactions: 2.474 thousand RSD,
  - Telephone services: 24 thousand RSD,
  
- ❖ Execution of Annex XIV of the Contract for the Reconstruction of the Prokop Station 5<sup>th</sup> and 6<sup>th</sup> railway tracks (314.739 thousand RSD) of which:
  - Service costs of outputs 312.318 thousand RSD,
  - Insurance premiums: 1.086 thousand RSD,
  - Payment transactions: 1.335 thousand RSD,

### 13. FINANCIAL REVENUES AND EXPENSES

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
<b><u>Financial revenues</u></b>		
Financial income from transactions with parent company and subsidiaries	233,383	326,349
Financial income from other subsidiaries	10,225	513
Income from interest	14,361	28,669
FX gains	97,644	205,808
Gains on foreign currency clause	391	125
Other financial revenues	1,283	5,290
<b>Total</b>	<b><u>357,287</u></b>	<b><u>566,754</u></b>
<b><u>Financial expenses</u></b>		
Financial expenses from transactions with parent company and subsidiaries	12,080	43,277
Costs of interest	3,086	8,628
FX losses	224,660	405,291
Losses on foreign currency clause	1,460	749
<b>Total</b>	<b><u>241,286</u></b>	<b><u>457,945</u></b>

The structure of the Company's financial revenue of 233.383 thousand RSD from subsidiaries is as follows:

- Income based on foreign currency clauses from operations with subsidiaries totalled 157.078 thousand RSD, and are based on service contracts between the Holding and its subsidiaries.
- Interest income from subsidiaries in the amount of 34.958 thousand RSD, specifically: 22.704 thousand RSD (Energoprojekt Visokogradnja), 6.521 thousand RSD (Energoprojekt Niskogradnja), 4.205 thousand RSD (Energoprojekt Urbanizam i arhitektura) and 1.528 thousand RSD (Energoprojekt Energodata).
- Share of profits generated by subsidiary Energoprojekt Garant a.d.o. totalling 41.347 thousand RSD.

Financial income from other affiliates include interest income and exchange rate gains on an extended loan (10.225 thousand RSD) to Enjub.

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

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
<b><u>Other revenues and property value adjustment gains</u></b>		
Gains on disposals of intangibles and PP&E	1,014	286
Gains on disposals of LT investments and securities	2,573	
Previously written-off claims recovered		340
Income from positive hedging effects	144	160
Income from reduction of liabilities	2,392	20
Other	138	10,532
<b>Total</b>	<b><u>6,261</u></b>	<b><u>11,338</u></b>
	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
<b><u>Other expenses and property impairment costs</u></b>		
Disposal and write-off of intangibles and PP&E		1,021
Shortages	47	29
Direct receivables write-off	111,777	276
Other expenses	9,460	1,866
Impairment of receivables and ST financial investments		1,617
Impairment of other property		
<b>Total</b>	<b><u>121,284</u></b>	<b><u>4,809</u></b>

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**15. INCOME TAX**

	<b>2010</b>	<b>2009</b>
	RSD 000	RSD 000
<b>Financial result in balance sheet</b>	719,584	497,531
(profit/loss before tax)		
Net capital gains	-2,573	
Net capital losses		
Operating profit (loss)	717,011	497,531
Adjustment/correction of expenditure in tax balance	120,800	10,432
Adjustment/correction of income in tax balance	(31,762)	1,661
Taxable profit	806,049	509,624
Capital gains/losses in accordance with the law	3,106	0
Less: capital losses from previous years	<b>809,155</b>	<b>509,624</b>
<b>Tax base</b>		212,390
<b>Reduced tax base (Form PB-1)</b>	<b>809,155</b>	<b>297,234</b>
<b>Tax payable</b> (10% of reduced tax base)	<b>80,915</b>	<b>29,723</b>
Tax incentives and tax relief (Form PK Item 12)	-469	2,597
<b>INCOME TAX</b>	<b>80,446</b>	<b>27,126</b>
Gross profit	719,584	497,531
Tax liability for the period	80,446	27,126
Deferred tax liabilities for the period		1,268
Deferred tax assets for the period	23	
<b>Net profit</b>	<b>639,161</b>	<b>469,137</b>

Income tax, according to the tax laws, is applied at the rate of 10%. Certain income and expenditure items are adjusted, and tax relief incentives (investments in capital assets, etc.) are then deducted from the tax payable.

## 16. EARNINGS PER SHARE

**Basic earnings per share** is calculated by adding profit to the shareholders dividing profit attributable to ordinary shares by the weighted average number of ordinary shares during the year which the Company or Group members purchased and hold as treasury shares.

	<u>2010</u>	<u>2009</u>
Profit attributable to ordinary shareholders (net profit)	639.161	469.137
Weighted average number of ordinary shares in the share issue	9.474.979	9.474.979
Basic EPS (RSD per share)	67,46	49,51

## 17. CONSTRUCTION CONTRACTS

Revenue from fixed price construction contracts is recognized in percent according to the degree of completion of the contracted work on the balance sheet date.

The degree of completion of the contracted work is calculated as the ratio of contractual expenses incurred for the executed work to date against the most recent estimate of total contract cost.

The Company signed a sales contract for the construction of a class A office building in Block 26, Unit I, on October 12, 2007 (effective as of November 09, 2007) with “Blue Center d.o.o.” for the sum of 61,63 mil EUR plus VAT, totalling 72,72 mil. EUR.

The sales contract for an unfinished building in Block 26, Unit I was finalized in the 1<sup>st</sup> quarter of this year.

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	<b>2010</b> <u>RSD 000</u>	<b>2009</b> <u>RSD 000</u>	<u>Napomene br.</u>
Income from inventories increase	182,601	1,898,751	7
Income from inventories decrease	4,685,991		7
Recognized income for period	5,302,842	268,031	6
Degree of completion	100%	97.36%	
Incurred expenses for period	208,814	1,898,751	12
Advances		5,093,608	40
Non-invoiced income		691,463	27
Work in progress		4,503,390	23

## 18. INTANGIBLE INVESTMENTS

	<b>Intangible investments in</b>			<b>Total</b>
	<b>Other intangibles</b>	<b>progress</b>	<b>Advances on intangibles</b>	
	RSD 000	RSD 000	RSD 000	RSD 000
<b>Cost value</b>	1.600	8.981	0	10.581
<b>Balance on 01/01/2010</b>				0
Additions		335	365	700
Transfers	478	-478	-365	-365
Other				0
<b>Balance on 31/12/2010</b>	2.078	8.838	0	10.916
<b>Value adjustment</b>				
<b>Balance on 01/01/2010</b>	964			964
Restated balance				0
Depreciation 2010	225			225
<b>Balance on 31/12/2010</b>	1.189	0	0	1.189
<b>Net book value</b>				
<b>31/12/2010</b>	889	8.838	0	9.727
<b>31/12/2009</b>	636	8.981	0	9.617

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## 19. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

	Buildings	Plant, equipment	Investment property	Property in progress	Advances on property	Total
	RSD 000	RSD 000	RSD 000	RSD 000	RSD 000	RSD 000
<b>Cost value</b>						
<b>Balance on 1/1/2010</b>	<b>548,530</b>	<b>96,810</b>	<b>0</b>	<b>122,160</b>	<b>331</b>	<b>767,831</b>
Additions				510,677		510,677
Transfers	7,346	5,823	496,695	-509,864		0
Disposals		-3,359				-3,359
Withdrawals					-160	-160
Other		-12			-171	-183
<b>Balance on 31/12/2010</b>	<b>555,876</b>	<b>99,262</b>	<b>496,695</b>	<b>122,973</b>	<b>0</b>	<b>1,274,806</b>
<b>Value adjustment</b>						
<b>Balance on 1/1/2010</b>	<b>272,602</b>	<b>42,679</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>315,281</b>
Depreciation 2010	7,166	12,901				20,067
Disposals		-2,334				-2,334
<b>Balance on 31/12/2010</b>	<b>279,768</b>	<b>53,246</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>333,014</b>
<b>Net book value</b>						
31/12/2010	<b>276,108</b>	<b>46,016</b>	<b>496,695</b>	<b>122,973</b>	<b>0</b>	<b>941,792</b>
31/12/2009	<b>275,928</b>	<b>54,131</b>	<b>0</b>	<b>122,160</b>	<b>331</b>	<b>452,550</b>

Buildings also include buildings that are not in use (located in Budva) valued at 1.429.948,43 RSD, which are the subject of a pending lawsuit expected to be finalized at the beginning of the year.

## 20. EQUIPMENT UNDER LEASE

<b>Leasing</b>	RSD 000			
	2010		2009	
<b>Group</b>	<b>Net book value</b>	<b>Group</b>	<b>Net book value</b>	
Cars	9,350	Cars	13,403	
Copying machine	176	Copying machine	251	
Other		Other		
<b>Total</b>	<b>9,526</b>		<b>13,654</b>	

## **21. EQUITY INVESTMENTS**

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

Equity investments in subsidiaries and affiliates are disclosed according to the method used by the Company for disclosing its investment at purchase cost. The Company recognizes revenues in the amount received from the distribution of retained earnings of the investment user incurred after the date of acquisition.

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

Equity investments pertain to shares of:

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SUBSIDIARIES	Company name	% share	2010	2009
			Present value	Present value
	EP Visokogradnja a.d.	92.39%	1,704,254	1,704,254
	EP Niskogradnja a.d.	93.32%	855,506	855,506
	EP Oprema a.d.	67.87%	121,316	121,316
	EP Hidroinzenjering a.d.	94.84%	399,230	399,230
	EP Urbanizam i arh. a.d.	94.40%	146,455	146,455
	EP Promet d.o.o.	100.00%	295	295
	EP Energodata a.d.	96.43%	191,438	191,438
	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%	401,371	360,024
	EP Montenegro d.o.o.	100.00%	8	9
	Inec Eng. Ltd.	100.00%	62,359	68,967
	Encom GmbH	100.00%	3,493	4,903
	Nana off shore	100.00%	1,258	1,335
	<b>Total</b>		<b>4,164,614</b>	<b>4,131,363</b>

**OTHER AFFILIATES**

Company name	% share	Present value	Present value
Enjub d.o.o.	50.00%	13,550	13,550
Energo Ghana Ltd.	80.00%	4,911	5,998
United Cons.Botswana	100.00%	3,205	3,914
Zecco Zambia	100.00%	587	717
<b>Total</b>		<b>22,253</b>	<b>24,179</b>

**OTHER COMPANIES AND AVAILABLE FOR SALE SECURITIES**

Company name	Present value	Present value
Dunav a.d.o	1,002	1,546
Jubmes banka a.d.	27,332	28,977
Hypo Alpe-Adria bank		3,366
Hipotekarna banka Podg.	7,849	11,176
FIMA SEE Activist	14,080	16,160
Energobroker a.d.	4,371	4,371
<b>Total</b>	<b>50,263</b>	<b>61,225</b>

**T O T A L** **4,237,130** **4,216,767**

## 22. OTHER LONG TERM FINANCIAL INVESTMENTS

Other long term financial investments include:

	<b>2010</b> RSD 000	<b>2009</b> RSD 000
a) Long term loans approved		
- local market		
- foreign market		
<b>Total</b>	-	-
b) Foreign currency savings bonds		
c) Staff housing loans	2,195	2,188
d) Long term loans to subsidiaries	140,670	
<b>Total</b>	<b>142,865</b>	<b>2,188</b>

## 23. INVENTORIES

	<b>2010</b> RSD 000	<b>2009</b> RSD 000
Work in progress		4,503,390
Paid advances	530	152,445
<b>Total</b>	<b>530</b>	<b>4,655,835</b>

The Company did not post WIP as of 31/12/2010 as a result of completion of the sales contract for an unfinished building in Block 26, New Belgrade (Note 17) in the 1<sup>st</sup> quarter this year.

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**24. RECEIVABLES**

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
<b><u>Trade receivables</u></b>		
Trade receivables (parent and subsidiaries)	849,816	705,383
Trade receivables - other affiliates	368	
Trade receivables (domestic)	13	21
Trade receivables (foreign)		
Less: value adjustment		
<b>Subtotal</b>	<b><u>850,197</u></b>	<b><u>705,404</u></b>
<b><u>Receivables from specific business operations</u></b>		
Other receivables from specific operations	45,118	37,275
Less: value adjustment		
<b>Subtotal</b>	<b><u>45,118</u></b>	<b><u>37,275</u></b>
<b><u>Other</u></b>		
Interest and dividends	27,497	27,479
Staff claims	367	336
Receivables from state institutions		
Prepaid income tax		
Other prepaid taxes and contributions		
Other receivables	2,029	2,069
Less: value adjustment		(722)
<b>Subtotal</b>	<b><u>29,893</u></b>	<b><u>29,162</u></b>
<b>Total</b>	<b><u><u>925,208</u></u></b>	<b><u><u>771,841</u></u></b>

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
<b><u>Trade receivables (domestic)</u></b>		
Belgrade	846,982	703,497
Less: value adjustment		
<b>Subtotal</b>	<b><u>846,982</u></b>	<b><u>703,497</u></b>
<b><u>Trade receivables (foreign)</u></b>	<b>3,215</b>	<b>1,907</b>
Europe		
Africa		
Less: value adjustment		
<b>Subtotal</b>	<b><u>3,215</u></b>	<b><u>1,907</u></b>
<b>Total</b>	<b><u><u>850,197</u></u></b>	<b><u><u>705,404</u></u></b>

The company still has some unresolved internal relations with Energoprojekt Visokogradnja a.d.

## 25. SHORT TERM FINANCIAL INVESTMENTS

Short term financial investments include:

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
<b><u>Short term loans and investments - parent company, subsidiaries and affiliates</u></b>		
Subsidiaries	1,272,261	770,905
Affiliates	128,040	17,979
Maturing obligations - long term loans		
Less: value adjustment	(66,389)	(66,389)
<b>Subtotal</b>	<b><u>1,333,912</u></b>	<b><u>722,495</u></b>
 <b><u>Short term loans - domestic</u></b>		
Loans to workers	864	1,056
Maturing obligations - long term loans	137	129
Less: value adjustment		
<b>Subtotal</b>	<b><u>1,001</u></b>	<b><u>1,185</u></b>
 <b><u>Other short term financial investments</u></b>		
Alpha Bank -short-term FX deposit	59,345	
Other	3,518	
Less: value adjustment		
<b>Subtotal</b>	<b><u>62,863</u></b>	<b><u>-</u></b>
 <b>Total</b>	<b><u><u>1,397,776</u></u></b>	<b><u><u>723,680</u></u></b>

## 26. CASH AND CASH EQUIVALENTS

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
<b><u>RSD</u></b>		
Current accounts	17,573	33,115
Treasury	36	62
Short-term fixed deposits	321,000	
Other		
<b>Subtotal</b>	<b><u>338,609</u></b>	<b><u>33,177</u></b>
<b><u>Foreign currency</u></b>		
Foreign currency accounts	131,329	534,841
Treasury		335
<b>Subtotal</b>	<b><u>131,329</u></b>	<b><u>535,176</u></b>
<b>Total</b>	<b><u><u>469,938</u></u></b>	<b><u><u>568,353</u></u></b>

ENERGOPROJEKT HOLDING A.D., BEOGRAD  
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The Company's foreign currency assets are term deposited (short-term) at rates varying from 1% up to 4,9% p.a. (EUR) and 2,2% p.a. (USD).

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**27. VAT AND ACCRUALS**

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
<b><u>Value added tax-accrued</u></b>	<b>399</b>	
<b><u>Accrued income</u></b>		
Prepayments	337	955
Uninvoiced income receivables	135	691,463
Accrued commitments		8,568
Other accruals	1,834	2,167
<b>Subtotal</b>	<b><u>2,306</u></b>	<b><u>703,153</u></b>
<b>Total</b>	<b><u><u>2,705</u></u></b>	<b><u><u>703,153</u></u></b>

Decrease of non-invoiced receivables as of 31/12/2010 as compared to 31/12/2009 relates to the execution of the sales contract for an unfinished building in Block 26, New Belgrade, which was finalized in the first quarter this year.

ENERGOPROJEKT HOLDING A.D., BEOGRAD  
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**28. CHANGES ON CAPITAL**

Description	Equity, investments and shares	Treasury shares	Other capital	Issue premium	Reserved profits	Revaluation reserves	Unrealized gains from securities trading	Unrealized losses from securities trading	Profit	Total
Balance on 31.12.2009	3,787,124	(3,918)	27,178	1,596,010	79,481	53,103	25,346	-	709,871	6,274,195
Adjustment and new accounting policy										-
<b>Restated opening</b>	3,787,124	(3,918)	27,178	1,596,010	79,481	53,103	25,346	-	709,871	6,274,195
Reappraisal of available for sale securities							(9,444)	(2,008)		(11,452)
Net current profit									639,161	639,161
Sale / (purchase) of own shares		3,608		4,015						7,623
IAS 12 - recognition of deferred tax liabilities for employee benefits									468	468
IAS 19 - Employee benefits									(3,657)	(3,657)
Profit distribution	378,712	(31)		31	23,442				(402,154)	-
Adjustment of profits for income tax in 2009									(303)	(303)
Adjustment for foreign investments						(10,023)				(10,023)
<b>Balance on 31.12.2010</b>	<b>4,165,836</b>	<b>(341)</b>	<b>27,178</b>	<b>1,600,056</b>	<b>102,923</b>	<b>43,080</b>	<b>15,902</b>	<b>(2,008)</b>	<b>943,386</b>	<b>6,896,012</b>

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## 29. SHARE CAPITAL

The share capital consists of:

	2010 RSD 000	2009 RSD 000
Share capital		
Ordinary shares	4,165,836	3,787,124
Preferred shares		
Principal capital	<b>4,165,836</b>	<b>3,787,124</b>
Other share capital	27,178	27,178
<b>Total principal and other capital</b>	<b>4,193,014</b>	<b>3,814,302</b>

According to records of the Central Securities Depository, the ownership structure of shares of Energoprojekt Holding a.d. on 31/12/2010 is as follows:

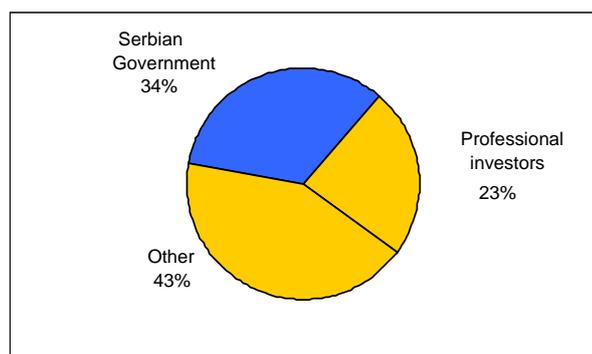
	no. of shares	% of total issue
<b>Shares held by private shareholders</b>	<b>2,988,477</b>	<b>31.56%</b>
<b>Shares held by legal entities</b>	<b>4,888,067</b>	<b>51.63%</b>
- <i>Serbian Government</i>	3,178,533	33.57%
- <i>Other legal entities</i>	1,709,534	18.06%
<b>Summary (custody) account</b>	<b>1,591,266</b>	<b>16.81%</b>
<b>Total shares</b>	<b>9,467,810</b>	<b>100%</b>

Number of shareholders with equity share	number of entities			number of shares			% of total emission		
	domestic	foreign	total	domestic	foreign	total	domestic	foreign	total
to 5%	8,418	268	8,686	4,708,138	1,091,137	5,799,275	49.73%	11.52%	61.25%
from 5% to 10%	1	0	1	490,002	0	490,002	5.18%	0.00%	5.18%
over 10% to 25%	0	0	0	0	0	0	0.00%	0.00%	0.00%
over 25% to 33%	0	0	0	0	0	0	0.00%	0.00%	0%
over 33% to 50%	1	0	1	3,178,533	0	3,178,533	33.57%	0.00%	33.57%
over 50% to 66%	0	0	0	0	0	0	0.00%	0.00%	0%
over 66% to 75%	0	0	0	0	0	0	0.00%	0.00%	0%
over 75%	0	0	0	0	0	0	0.00%	0.00%	0%
<b>Total shares</b>	<b>8,420</b>	<b>268</b>	<b>8,688</b>	<b>8,376,673</b>	<b>1,091,137</b>	<b>9,467,810</b>	<b>88.48%</b>	<b>11.52%</b>	<b>100.00%</b>

List of top 10 shareholders by total shares held:

Name	no. of shares	% of total issued
Serbian Government	3,178,533	33.57%
Hypo kastodi 4	490,002	5.18%
East capital asset manag.	448,778	4.74%
GP Napred a.d. Beograd	306,009	3.23%
Privredna banka Zagreb d.d.	237,712	2.51%
Unicredit Bank Austria AG	194,777	2.06%
Gustaviadavegardh fonder aktie	175,000	1.85%
Erste bank custody 00001	123,978	1.31%
Erste&Steiermarkische bank d.d.	105,680	1.12%
Banka Koper d.d.	91,460	0.97%

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Structure of share capital on 31/12/2009:

- Share capital	6.289.277
- Serbian Government	3.178.533
<b>Total</b>	<b>9.467.810</b>

The share capital consists of 9.467.810 ordinary shares each with a nominal value of 440 RSD (4.165.836 thousand RSD)

The specific book value of each share is 740,89 RSD.

Share capital – the ordinary shares include founding shares and closely held (management) shares issued during operations which carry rights to a share of the profit and a part of the estate in case of bankruptcy, in accordance with the memorandum of association and the share issue resolution.

Resolutions were taken at the 35<sup>th</sup> Annual General Meeting on September 2, 2010 under item 5 ad 6 of the agenda on the matters of:

- a) Distribution of Energoprojekt Holding's annual profits for 2009
- b) Organization of the VIII issue of ordinary shares without a public offering for the purpose of converting undistributed profit to equity, and replacement of the shares accordingly in order to increase their nominal value.

Total net profit 468.834.193,32 RSD generated in 2009 according to the financial statements was allocated by GM resolution as follows:

1. Company provisions 5% (23.441.709,67 RSD)
2. Undistributed profits (445.392.483,65 RSD)

The combined undistributed profit, including undistributed profits from previous years (240.733.973,63 RSD) and from 2009 (445.392.483,65 RSD) totalled 686.126.457,28 RSD.

The undistributed profits were allocated as follows:

- a) Part of the undistributed profit in the sum of RSD 378.712.400,00 RSD (9.467.810 shares x 40,00 RSD) will be used to increase the company's equity pro rata of each

shareholder's share of the Holding's equity, in accordance with the GM resolution taken under item 6, on the VIII issue of ordinary shares without public offering for the purpose of converting undistributed profit to equity and replacement of the shares accordingly in order to increase their nominal value from 400,00 to 440,00 RSD.

- b) The balance of 307.414.057,28 RSD remains unallocated.

On September 16, 2010 the Securities Commission issued Decision No. 4/0-24-3924/3-10 approving the securities issue without a public offering for the purpose of converting undistributed profit to equity and replacement of the existing shares on the same grounds in the amount of 4.165.836.400,00 RSD, or the equivalent of 9.467.810 ordinary shares at a nominal value of 440,00 RSD.

On September 21, 2010 the Central Securities Depository and Clearing House registered the change in the nominal value of the shares (9.467.810 shares) of Energorprojekt Holding a.d. from Belgrade (Reg.No. 07023014), CFI: ESVUFR, ISIN: RSHOLDE58279.

### 30. OTHER CAPITAL ASSETS

Other capital assets were created by reporting of non-operational assets sources in 2005 and amount to 27.178 thousand RSD.

### 31. RESERVES

The reserves consist of:

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
Issuing premium	1,600,056	1,596,010
Legal reserves	23,185	23,185
Statutory and other	79,738	56,296
<b>Total</b>	<b><u>1,702,979</u></b>	<b><u>1,675,491</u></b>

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

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

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

According to the GM resolution of September 2, 2010 a total of 5% of the profits (23.442 thousand RSD) based on the financial statements for 2009 was allocated to the company provisions.

### 32. REVALUATION RESERVES, UNREALIZED PROFIT/LOSS FROM SECURITIES

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

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
Revaluation reserves	43,080	53,103
Unrealized profit from available for sale securities	15,902	25,346
Unrealized losses from available for sale securities	-2,008	
<b>Total</b>	<b><u>56,974</u></b>	<b><u>78,449</u></b>

The change in revaluation reserves resulted from the adjustment of the value of securities from the Company's portfolio with their fair value on the secondary market on reporting date (31/12/2010).

### 33. UNDISTRIBUTED PROFIT

The undistributed profit relates to:

	<u>RSD 000</u>	<u>RSD 000</u>
<b>Retained earnings from previous years</b>	<b>709,871</b>	<b>866,826</b>
Adjustment of income tax revenues	(303)	(584)
Adjustment of profits - IAS 19	(3,657)	
Adjustment of profits - IAS 12	468	
Distribution of profits (dividends)		(145,720)
Distribution of profits (increase of nominal value per share)	(378,712)	(455,373)
Allocation to statutory reserves	(23,442)	(24,415)
<b>Current year's profit</b>	<b>639,161</b>	<b>469,137</b>
<b>Total</b>	<b><u>943,386</u></b>	<b><u>709,871</u></b>

The resolution to allocate undistributed profits (current revenue for 2009) was issued at the 35<sup>th</sup> General Meeting of Energoprojekt Holding a.d., held on 02/09/2010, under item 5 of the agenda as follows:

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
Dividends		145,720
Staff profit sharing		
Capital	378,712	455,373
Reserves	23,442	24,415
Loss coverage		
Other	307,414	240,733
<b>Total</b>	<b><u>709,568</u></b>	<b><u>866,241</u></b>

The undistributed profits were allocated as follows:

- a) Part of the undistributed profit in the sum of RSD 378.712.400,00 RSD (9.467.810 shares x 40,00 RSD) will be used to increase the company's equity pro rata of each shareholder's share of the Holding's equity, in accordance with the GM resolution taken under item 6, on the VIII issue of ordinary shares without public offering for the purpose of converting undistributed profit to equity and replacement of the shares accordingly in order to increase their nominal value from 400,00 to 440,00 RSD.
- b) The balance of 307.414.057,28 RSD remains unallocated.

### 34. REDEEMED SHARES

A total of 9.796 treasury shares are redeemed as of 31/12/2009 with a nominal value of 3.918 thousand RSD. In 2010, 9.020 treasury shares were sold. The share nominal value was increased from 400,00 to 440,00 RSD based on the resolution issued at the 35<sup>th</sup> General Meeting, and so on 31/12/2010 the Company holds a total of 776 treasury shares with a nominal value of 341 thousand RSD.

### 35. LONG TERM PROVISIONS

Long term provisions consist of:

	2010 RSD 000	2009 RSD 000
Provisions for fringe and other employee benefits	5,606	1,021
Other	260,000	260,000
<b>Total</b>	<b>265,606</b>	<b>261,021</b>

The basic assumptions applied for calculations pursuant to IAS 19 are: discount rate 10%, annual expected income growth 8%, planned inflation rate 6%.

### 36. LONG TERM LOANS

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

ENERGOPROJEKT HOLDING A.D., BEOGRAD  
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	CCY	Interest %	2010 RSD 000	2009 RSD 000
<b><u>In currency</u></b>				
Republic of Serbia Development Fund	EUR	4.5% p.a.	240,554	
<b>Total</b>			<b>240,554</b>	<b>-</b>
<b>Total</b>			<b>240,554</b>	<b>-</b>

The Republic of Serbia Development Fund approved a long-term permanent capital assets loan of 321.174.000,00 RSD (3.040.225,67 EUR) on 30/12/2010.

The principal loan amount is determined by applying a currency clause so that the debt is calculated in EUR according to the NBS middle rate on the date of disbursement of the loan and then translated into RSD based on the middle rate on the due date.

The loan terms are as follows:

- Loan repayment in 2 years with a grace period until 30/06/2011. During the grace period intercalary interest is calculated per quarter retrospectively and applied to the principal debt.
- Interest rate 4,5 % per annum.
- Loan repayment in quarterly annuities starting from 30/09/2011.

Annuities maturing in 2011 are 80.261.952,37 RSD (760.789,78 EUR) in total and are disclosed under short-term financial commitments maturing in less than one year.

The loan will be secured by bills of exchange issued by Energoprojekt Holding a.d. and guarantees from Energoprojekt Niskogradnja a.d., Energoprojekt Oprema a.d., Energoprojekt Entel a.d., Energoprojekt Industrija a.d. and Energoprojekt Hidroinženjering a.d.

The loan was approved by the Republic of Serbia Development Fund based on the document titled „Energoprojekt Holding a.d. permanent capital assets programme“ according to which these funds are necessary for overcoming short-term liquidity problems and for assisting subsidiary Energoprojekt Visokogradnja a.d. in its foreign marketing activities.

### 37. OTHER LONG TERM LIABILITIES

Other long term liabilities relate to:

	2010 RSD 000	2009 RSD 000
Long term finance lease	4,170	7,993
<b>Total</b>	<b>4,170</b>	<b>7,993</b>

### 38. LONG TERM LEASING OBLIGATIONS

	RSD 000			RSD 000		
	30/09/2010			30/09/2009		
	Minimum future leasing payments	Interest	Present value of minimum payment	Minimum future leasing payments	Interest	Present value of minimum payment
Up to 1 year	3,464	442		3,382	755	
1-5 years	4,170	206		7,993	776	
5+ years						
<b>Total</b>	<b>7,634</b>	<b>648</b>	<b>0</b>	<b>11,375</b>	<b>1,531</b>	<b>0</b>

### 39. SHORT TERM FINANCIAL LIABILITIES

Short term financial liabilities consist of:

	CCY	2010 RSD 000	2009 RSD 000
<b><u>Short term loans domestic</u></b>			
<i>Societe Generale Bank Serbia</i>	<i>Eur</i>		142,447
Other			
Current maturities on long-term loans			
<b>Subtotal</b>		<b>0</b>	<b>142,447</b>
<b><u>Other short term financial liabilities</u></b>			
Short term liabilities maturing in one year or less	<i>Eur</i>	80,262	
Short term liabilities maturing in one year or less- Raiffeisen Leasing	<i>Eur</i>	443	536
Short term liabilities maturing in one year or less- Intesa Leasing	<i>Eur</i>	3,021	2,846
Other ST financial liabilities-VISA accounts		91	8
<b>Subtotal</b>		<b>83,817</b>	<b>3,518</b>
<b>Total</b>		<b>83,817</b>	<b>145,965</b>

#### 40. LIABILITIES FROM OPERATIONS

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
<b><u>Liabilities from business operations</u></b>		
Received advances, short-term and safety deposits	601	5,221,095
Suppliers-parent and subsidiaries	532,002	131,116
Suppliers-affiliates		926
Suppliers-domestic	11,551	5,816
Suppliers-foreign		432
Other liabilities		
<b>Subtotal</b>	<b><u>544,154</u></b>	<b><u>5,359,385</u></b>
<b><u>Liabilities from specific operations</u></b>		
Other	78	66
<b>Subtotal</b>	<b><u>78</u></b>	<b><u>66</u></b>
<b>Total</b>	<b><u>544,232</u></b>	<b><u>5,359,451</u></b>

The reduction of received advance payments as of 31/12/2010 is related to the completion of the sales contract for an unfinished building in Block 26, New Belgrade.

Geographical distribution of suppliers:

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
<b><u>Local suppliers</u></b>		
Belgrade	537,887	132,077
Less: value adjustment		
<b>Subtotal</b>	<b><u>537,887</u></b>	<b><u>132,077</u></b>
<b><u>Foreign suppliers</u></b>		
Europe-subsidiaries	5,666	4,837
Africa-other entities		63
Asia-other affiliates		881
Less: value adjustment		
<b>Subtotal</b>	<b><u>5,666</u></b>	<b><u>5,781</u></b>
<b>Total</b>	<b><u>543,553</u></b>	<b><u>137,858</u></b>

Liabilities toward subsidiary Energoprojekt Visokogradnja a.d. mostly relate to the purchase of the Samacki Hotel in Batajnica for the sum of 4.708.086 EUR, which was settled in January 2011.

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**41. OTHER SHORT TERM LIABILITIES**

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
<b><u>Salaries and fringe benefits</u></b>	<b>11,652</b>	<b>10,896</b>
<b><u>Other obligations</u></b>		
Interest and financing costs	625	
Dividends	6,046	6,097
Profit sharing	4,299	4,309
Employees	692	139
Members of the Board of Directors and Supervisory Board	1,275	1,157
Service contracts	100	254
Other	802	654
<b>Total</b>	<b><u>25,491</u></b>	<b><u>23,506</u></b>

**42. VAT AND OTHER PUBLIC DUTIES AND ACCRUALS**

	<b>2010</b>	<b>2009</b>
	<u>RSD 000</u>	<u>RSD 000</u>
<b><u>Value added tax</u></b>	<b>8,807</b>	<b>7,256</b>
<b><u>Other taxes, contributions and duties</u></b>		
Liabilities for income tax	52,386	18,305
Liabilities for taxes, customs and other duties charged to costs	245	210
Other liabilities for taxes, contributions and other duties	840	665
<b>Subtotal</b>	<b><u>53,471</u></b>	<b><u>19,180</u></b>
<b>Accruals and deferred income</b>		
Accrued expenses	565	36
Deferred income		60
Collected VAT		13
<b>Subtotal</b>	<b><u>565</u></b>	<b><u>109</u></b>
<b>Total</b>	<b><u>62,843</u></b>	<b><u>26,545</u></b>

#### 43. DEFERRED TAX ASSETS AND LIABILITIES

	2010 RSD 000	2009 RSD 000
Deferred tax liability on capital assets	9,902	9,807
Deferred tax assets on employee benefits	-561	
Deferred tax assets on outstanding public expenses	-25	
<b>Net tax assets/liabilities</b>	<b>9,316</b>	<b>9,807</b>

#### 44. OFF-BALANCE SHEET ITEMS

The Company's off-balance sheet assets and liabilities (7.818.429 thousand RSD) include:

- Sureties from issued guarantees and approved credit lines based on loans and guarantees issued in favor of subsidiaries for a total sum of 7.349.986 thousand RSD (the Company has concluded contracts with subsidiaries for the issued guarantees and has secured sufficient collateral),
- Guarantees received from subsidiaries (320.816 thousand RSD) under the long-term loan obtained from the Republic of Serbia Development Fund,
- Obligations for Enjub dividends (30,442 thousand RSD)
- Mortgage on Enjub flats (14.506 thousand RSD) under the loan agreement extended to Enjub), and
- Usage rights for city building land (102.679 thousand RSD).

#### 45. LAWSUITS

Nr	Petitioner	Respondent	Grounds for lawsuit and value	Court of jurisdiction	Outcome
1.	Jovanović Vlada	EP Holding a.d.	Employment relations and wages 1.292,00 USD, 27.000,00 RSD	District Court	Uncertain
2.	Land Development Agency	EP Holding a.d.	Fee for Hyatt, 15.459.728,80 RSD	Commercial Court of Belgrade	Uncertain
3.	EP Holding a.d. & EP Visokogradnja a.d.	City of Belgrade, Serbia, Belgrade Arena, Land Development Agency	8.399.218,81 USD in debts		Success

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NOTES TO THE FINANCIAL STATEMENTS

4.	EP Oprema a.d.- EP Holding a.d.	Belgrade Arena	4.817.705,05 RSD in debts	Commercial Court of Belgrade	Founded
5.	Dragoljub Bakić	EP Holding a.d. & EP Urbanizam i arhitektura a.d.	389.382,87 RSD	1st District Court of Belgrade	Uncertain
6.	Ljiljana Bakić	EP Holding a.d. & EP Urbanizam i arhitektura a.d.	389.703,54 RSD	1st Primary Court	Uncertain
7.	EP Holding a.d.	Zoran Simić	Debt – travel orders 2.444,40 EUR	1st Primary Court	Founded
8.	Radomir Banjac	EP Holding a.d.	Damage claim- mobbing 4.400.000,00 RSD	1st Primary Court	Unfounded
9.	Milan Raonić	EP Holding a.d., EP Visokogradnja a.d. i EP Urbanizam i arhitektura a.d.	Copyright infringement, 7.000.000,00 RSD	Higher Court of Belgrade	Uncertain
10.	EP Holding a.d.	MV Inženjering. Čačak	5.524.202,40 RSD in debts	Commercial Court of Čačak	Execution procedure
11.	EP Holding a.d. & EP Oprema a.d.	Municipality of Medvedja	Damage claim, 120.000.000,00 RSD	Commercial Court of Leskovac	Founded

#### 46. POST BALANCE SHEET EVENTS

There were no events after balance sheet date which would have any significant impact the credibility of the financial reports.

Belgrade,  
February 17, 2011

Statements approved by:

Managing Director

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