

ENERGOPROJEKT HOLDING CO.

INCOME STATEMENT
for the period January 1 to March 31 , 2011

in 000 RSD

Group accounts, account	POSITION	EDP	Amount		
			Note no.	Current year	Previous year
1	2	3	4	5	6
	A. BUSINESS REVENUE AND EXPENSES				
	I. BUSINESS REVENUE (202+203+204-205+206)	201		95,517	1,025,021
60 and 61	1. Sale revenue	202	6	89,640	5,528,125
62	2. Revenue from undertaking of outputs and goods for own purposes	203		150	197
630	3. Increase of inventories	204		-	182,601
631	4. Decrease of inventories	205		-	4,685,991
64 and 65	5. Other business revenue	206	7	5,727	89
	II. BUSINESS EXPENSES (208 to 212)	207		71,615	387,040
50	1. Cost value of sold goods	208		-	-
51	2. Cost of material	209	8	3,781	10,135
52	3. Staff costs	210	9	43,902	39,964
54	4. Depreciation and provisions costs	211	10	5,052	4,680
53 and 55	5. Other business expenses	212	11	18,880	332,261
	III. PROFIT FROM OPERATIONS (201 - 207)	213		23,902	637,981
	IV. LOSS FROM OPERATIONS (207 - 201)	214		-	-
66	V. FINANCIAL REVENUE	215	12	32,907	113,613
56	VI. FINANCIAL EXPENSES	216	12	46,758	217,273
67, 68	VII. OTHER REVENUE	217	13	5,270	-
57, 58	VIII. OTHER EXPENSES	218	13	516	3,716
	IX. PROFIT FROM OPERATIONS BEFORE TAX (213-214+215-216+217-218)	219		14,805	530,605
	X. LOSS FROM OPERATIONS BEFORE TAX (214-213-215+216-217+218)	220		-	-
69-59	XI. NET PROFIT FROM DISCONTINUED OPERATIONS	221		-	-
59-69	XII. NET LOSS FROM DISCONTINUED OPERATIONS	222		36	-
	B. PROFIT BEFORE TAX (219-220+221-222)	223		14,769	530,605
	V. LOSS BEFORE TAX (220-219+222-221)	224		-	-
	G. INCOME TAX			-	-
721	1. Tax expenses for the period	225		1,458	7,652
722	2. Deferred tax expenses for the period	226		-	-
722	3. Deferred tax revenues for the period	227		-	-
723	D. EMPLOYER'S EARNINGS PAID	228		-	-
	Đ. NET PROFIT (223-224-225-226+227-228)	229		13,311	522,953
	E. NET LOSS (224-223+225+226-227+228)	230		-	-
	Ž. NET PROFIT BELONGING TO MINORITY INVESTORS	231		-	-
	Z. NET PROFIT BELONGING TO EQUITY HOLDERS OF THE PARENT COMPANY	232		-	-
	I. EARNINGS PER SHARE			-	-
	1. Basic earnings per share	233		-	-
	2. Decreased (diluted) earnings per share	234		-	-

BALANCE SHEET
on March 31, 2011.

in 000 RSD

Group accounts account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. NON-CURRENT ASSETS (002+003+004+005+009)	001		5,333,130	4,683,191
00	I. UNPAID SUBSCRIBED CAPITAL	002		-	-
012	II. GOODWILL	003		-	-
01 w/out 012	III. INTANGIBLE ASSETS	004	14	9,663	9,547
	IV. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005		937,513	450,575
020,022,023, 026,027(part), 028(part),029	1. Property, plant and equipment	006	15	440,818	450,575
024,027(part) 028(part)	2. Investment property	007	15	496,695	-
021,025,027 (part) and 028(part)	3. Biological assets	008		-	-
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		4,385,954	4,223,069
030 to 032, 039(part)	1. Equity share	010	16	4,245,627	4,220,881
033 to 038, 039(part) less 037	2. Other long-term financial investments	011	17	140,327	2,188
	B. CURRENT ASSETS (013+014+015)	012		2,835,460	2,905,855
10 to 13,15	I. INVENTORIES	013	18	9,881	74,227
	II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS	014		-	-
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015		2,825,579	2,831,628
20, 21 and 22, except 223	1. Receivables	016	19	556,430	919,653
223	2. Receivables for overpaid income tax	017	19	12,028	-
23 less 237	3. Short-term financial investments	018	20	2,128,878	912,477
24	5. Cash equivalents and cash	019	21	125,501	932,524
27 and 28 except 288	4. VAT and accruals	020	22	2,742	66,974
288	C. DEFERRED TAX ASSETS	021		-	-
	D. OPERATING ASSETS (001+012+021)	022		8,168,590	7,589,046
29	E. LOSS OVER CAPITAL	023		-	-
	F. TOTAL ASSETS (022+023)	024		8,168,590	7,589,046
88	G. OFF-BALANCE SHEET ITEMS	025	36	10,211,449	6,969,319

Group accounts, account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	CAPITAL AND LIABILITIES				
	A. CAPITAL (102+103+104+105+106-107+108-109-110)	101		6,907,844	6,800,557
30	I. ISSUED AND OTHER CAPITAL	102	23	4,193,014	3,814,302
31	II. UNPAID SUBSCRIBED CAPITAL	103		-	-
32	III. RESERVES	104	24	1,702,979	1,677,324
330 i 331	IV. REVALUATION RESERVES	105	25	43,080	57,829
332	V. UNREALIZED GAINS BASED ON SECURITIES AVAILABLE FOR SALE	106		15,902	20,859
333	V. UNREALIZED LOSSES BASED ON SECURITIES AVAILABLE FOR SALE	107		3,488	-
34	VII. RETAINED EARNINGS	108	26	956,698	1,232,521
35	VIII. LOSS	109		-	-
037 and 237	IX. REDEEMED OWN SHARES	110	27	341	2,278
	B. NON-CURRENT PROVISIONS AND LIABILITIES (112+113+116)	111		1,251,430	778,682
40	I. NON-CURRENT PROVISIONS	112	28	265,606	261,021
41	II. NON-CURRENT LIABILITIES (114+115)	113		240,309	8,316
414, 415	1. Long-term credits	114	29	236,214	-
41 w/out 414 and 415	2. Other non-current liabilities	115	30	4,095	8,316
	III. CURRENT LIABILITIES (117+118+119+120+121+122)	116		745,515	509,345
42, except 427	1. Short-term financial liabilities	117	31	84,878	151,062
427	2. Liabilities from assets held for sale and assets from discontinued operations	118		-	-
43 and 44	3. Liabilities from business operations	119	32	631,694	323,960
45 i 46	4. Other short-term liabilities	120	33	24,711	24,370
47, 48 except 481 and 49 except 498	5. VAT and other public liabilities and accruals	121	34	4,232	7,402
481	6. Income tax liabilities	122		-	2,551
498	C. DEFERRED TAX LIABILITIES	123	35	9,316	9,807
	D. TOTAL CAPITAL AND LIABILITIES (101+111+123)	124		8,168,590	7,589,046
89	E. OFF-BALANCE SHEET ITEMS	125	36	10,211,449	6,969,319

ENERGOPROJEKT HOLDING CO.

CASH FLOW STATEMENT
for the period January 1 to March 31 , 2011

in 000 RSD

Position	EDP	Note no.	Amount	
			Current year	Previous year
1	2	3	4	3
A. CASH FLOW FROM BUSINESS ACTIVITIES				
I. Cash flow from business activities (1 to 3)	301		1,214,337	825,876
1. Sale and received advance payments	302		1,212,781	822,241
2. Received interests from business activities	303		-	-
3. Other cash flow from regular operations	304		1,556	3,635
II. Cash outflow from business activities (1 to 5)	305		915,044	325,787
1. Cash to suppliers and advances paid	306		783,919	250,906
2. Staff costs	307		45,348	40,630
3. Interests paid	308		7	1,130
4. Income tax	309		65,376	23,709
5. Other public duties	310		20,394	9,412
III. Net cash flow from business activities (I-II)	311		299,293	500,089
IV. Net cash outflow from business activities (II-I)	312		-	-
B. CASH FLOW FROM INVESTMENTS				
I. Cash flow from investments (1 to 5)	313		3,945	4,132
1. Sale of shares and stakes (net inflow)	314		-	-
2. Sale of intangible assets, property, plant, equipment and biological assets	315		-	-
3. Other financial investments (net inflow)	316		-	-
4. Interests received from investments	317		3,945	4,132
5. Dividends received	318		-	-
II. Cash outflow from investments (1 to 3)	319		641,285	158,862
1. Acquisition of shares and stakes (net outflow)	320		5,605	-
2. Acquisition of intangible assets, property, plant, equipment and biological assets	321		499,238	2,071
3. Other financial investments (net outflow)	322		136,442	156,791
III. Net cash flow from investments (I-II)	323		-	-
IV. Net cash outflow from investments (II-I)	324		637,340	154,730
V. CASH FLOW FROM FINANCING ACTIVITIES				
I. Cash flow from financing activities (1 to 3)	325		-	-
1. Increase of capital assets	326		-	-
2. Long-term and short-term credits (net inflow)	327		-	-
3. Other long-term and short-term liabilities	328		-	-
II. Cash outflow from financing activities (1 to 4)	329		1,097	829
1. Acquisition of own shares and stakes	330		-	-
Long and short-term credits and other liabilities (net outflow)	331		-	-
3. Finance leasing	332		1,097	821
4. Dividends paid	333		-	8
III. Net cash flow from financing activities (I-II)	334		-	-
IV. Net cash outflow from financing activities (II-I)	335		1,097	829
G. TOTAL CASH FLOW (301+313+325)	336		1,218,282	830,008
D. TOTAL CASH OUTFLOW (305+319+329)	337		1,557,426	485,478
DJ. NET CASH FLOW (336-337)	338		-	344,530
E. NET CASH OUTFLOW (337-336)	339		339,144	-
Z. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD	340		469,938	568,353
Z. GAINS ON EXCHANGE	341		13,824	42,084
I. LOSS ON EXCHANGE	342		19,117	22,443
J. CASH AT THE END OF THE ACCOUNTING PERIOD (338-339+340+341-342)	343		125,501	932,524

STATEMENT OF CHANGES IN CAPITAL
for the period January 1 to March 31, 2011

in 000 RSD

No.	DESCRIPTION	EDP	Issued capital (group 30 without 309)	EDP	Other capital (account 309)	EDP	Unpaid sub-scribed capital (group 31)	EDP	Emission premium (account 320)	EDP	Reserves (account 321, 322)	EDP	Revaluation reserves (group 330,331)	EDP	Unrealized gains based on securities available for sale (account 332)	EDP	Unrealized losses based on securities available for sale (account 333)	EDP	Undis-tributed profit (group 34)	EDP	Loss to the capital value (group 35)	EDP	Redeemed own shares and stakes (account 037, 237)	EDP	Total (quant. 2+3+4+5+6+7+8-9+10-11-12)	EDP	Loss above capital (group 29)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14													
1	Balance on January 1, of the previous year	401	3,787,124	414	27,178	427	-	440	1,596,010	453	79,481	466	53,103	479	25,346	492	-	505	709,871	518	-	531	3,918	544	6,274,195	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	3,787,124	417	27,178	430	-	443	1,596,010	456	79,481	469	53,103	482	25,346	495	-	508	709,871	521	-	534	3,918	547	6,274,195	560	-
5	Total increase in the previous year	405	1,650,126	418	-	431	-	444	4,115	457	23,442	470	-	483	10,263	496	2,008	509	1,108,463	522	-	535	31	548	2,794,370	561	-
6	Total decrease in the previous year	406	1,271,414	419	-	432	-	445	69	458	-	471	10,023	484	19,707	497	-	510	874,948	523	-	536	3,608	549	2,172,553	562	-
7	Balance on December 31, previous year (no.4+5-6)	407	4,165,836	420	27,178	433	-	446	1,600,056	459	102,923	472	43,080	485	15,902	498	2,008	511	943,386	524	-	537	341	550	6,896,012	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	4,165,836	423	27,178	436	-	449	1,600,056	462	102,923	475	43,080	488	15,902	501	2,008	514	943,386	527	-	540	341	553	6,896,012	566	-
11	Total increase in the current year	411	-	424	-	437	-	450	-	463	-	476	-	489	-	502	1,480	515	13,312	528	-	541	-	554	11,832	567	-
12	Total decrease in the current year	412	-	425	-	438	-	451	-	464	-	477	-	490	-	503	-	516	-	529	-	542	-	555	-	568	-
13	Balance on March 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	3,488	517	956,698	530	-	543	341	556	6,907,844	569	-

STATISTICAL ANNEX
for the period January 1 to March 31, 2011

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

DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4
1. Number of business months (designation from 1 to 12)	601	3	3
2. Size designation (from 1 to 3)	602	3	3
3. Ownership designation (from 1 to 5)	603	2	2
4. Number of foreign (legal or physical) entities with equity share	604	-	-
5. Average number of employees based on the balance at the end of each month (whole number)	605	73	75

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

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Gross	Correction of value	Net
					(col.4-5)
1	2	3	4	5	6
o1	1.Intangible assets				
	1.1. Balance at the beginning of the year	606	10,916	1,189	9,727
	1.2. Increase (acquisitions) during the year	607	-	-	-
	1.3. Decrease (sale, removal from inventory and impairment) during the year	608		-	64
	1.4.Revaluation during the year	609		-	-
	1.5. Balance at the end of the year (606+607-608+609)	610	10,916	1,253	9,663
o2	2. Real property, plant, equipment and biological assets			-	-
	2.1. Balance at the beginning of the year	611	1,274,806	333,015	941,791
	2.2. Increase (acquisitions) during the year	612	711	-	711
	2.3. Decrease (sale, removal from inventory and ensuring) during the year	613	-	-	4,989
	2.4. Revaluation during the year	614		-	-
	2.5. Balance at the end of the year (611+612-613+614)	615	1,275,517	338,004	937,513

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	-	-
12	3. Finished products	618	-	-
13	4. Goods	619	-	-
14	5. Non-current assets held for sale	620	-	-
15	6. Advances given	621	9,881	74,227
	7.TOTAL (616+617+618+619+620+621=013)	622	9,881	74,227

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	TOTAL: (623+625+627+629+630+631+632=102)	633	4,193,014	3,814,302

V EQUITY STRUCTURE

 Number of shares as a whole number
 Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP designation	Current year	Previous year
1	2	3	4	5
	1. Ordinary shares			
	1.1. Number of ordinary shares	634	9,467,810	9,467,810
part 300	1.2. Nominal value of ordinary shares - total	635	4,165,836	3,787,124
	2. Priority shares			
	2.1. Number of priority shares	636	-	-
part 300	2.2. Nominal value of priority shares - total	637	-	-
300	3. TOAL - nominal value of shares (635+637= 623)	638	4,165,836	3,787,124

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	462,533	856,625
43	2. Liabilities from operations (balance at the end of the year 640 ≤ 117)	640	19,811	323,887
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	4,873	41,647
43	5. Business liabilities (receivables turnover without initial balance)	643	33,832	657,781
450	6. Liabilities for net income and income compensations (receivables turnover without initial balance)	644	21,983	19,732
451	7. Liabilities for salaries tax and salaries compensations paid by employees (receivables turnover without initial balance)	645	3,470	3,086
452	8. Liabilities for contributions on salaries and salaries compensations paid by employees (receivables turnover without initial balance)	646	5,102	4,359
461,462 and 723	9. Liabilities for dividends, profit share and employer's personal earnings (receivables turnover without initial balance)	647	-	-
465	10. Liabilities toward physical entities for compensations per contracts (receivables turnover without initial balance)	648	105	831
47	11. VAT collected during sale of products, goods and services (receivables turnover without initial balance)	649	29,857	12,466
	12. Control summary (from 639 to 649)	650	581,566	1,895,482

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	2,230	8,634
520	2. Salaries and salaries compensations (gross)	652	30,558	26,890
521	3. Tax expenses and contributions on salaries and salaries compensations paid by employer	653	5,097	4,309
522,523,524 and 525	4. Expenses for compensations to physical entities (gross) based on contracts	654	468	1,809
526	5. Expenses of compensations to BoD & Supervision Board members (gross)	655	6,377	5,445
529	6. Other personal expenses and compensations	656	1,402	1,511
53	7. Expenses of production services	657	10,948	311,505
533, part 540 and part 525	8. Lease expenses	658	-	-
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	5,052	4,680
552	12. Expenses of insurance premiums	662	271	3,607
553	13. Payroll expenses	663	1,552	2,691
554	14. Membership fees	664	224	527
555	15. Tax expenses	665	1,937	2,156
556	16. Contributions	666	-	-
562	17. Interests	667	3,637	1,959
part 560, part 561 and 562	18. Interests expenses and a part of financial expenses	668	3,637	1,959
part 560, part 561 and part 562	19. Interests expenses per credits and banks and dfo	669	3,634	1,958
part 579	20. Expenses for humanitarian, cultural, health, educational, scientific and religious purposes, for protection of the Environment and sports	670	246	734
	21. Control summary (from 651 to 670)	671	77,270	380,374

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	24,011	4,102
part 660, part 661, and part 662	7. Revenue from interests per accounts and deposits in banks and other financial organizations	678	2,869	4,102
part 660, part 661 and part 669	8. Revenue from dividends and profit share	679	-	1,283
	9. Control summary (from 672 to 679)	680	26,880	9,487

IX OTHER DATA

Amounts in 000 RSD

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

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

**ENERGOPROJEKT HOLDING A.D.
BELGRADE**

**Notes to the Financial Statements
as at March 31, 2011**

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 Holding a.d., Beograd 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

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

Tax registration number: 100001513.

Registration number: 07023014.

Registered business code :74150 (110620).

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

2. BASIS FOR PREPARATION 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 – 31/03/2011.

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

	31.03.2011.	31.03.2010.
EUR	103.5951	99.7604
USD	73.2224	74.3814

3. MANAGEMENT ESTIMATION AND ASSESSMENT

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

4. OVERVIEW OF PRINCIPAL ACCOUNTING POLICIES

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 s 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.

The applicable depreciation rates are:

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

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>31.03.2011</u>	<u>31.03.2010</u>
EUR	103,5951 RSD	99,7604 RSD
USD	73,2224 RSD	74,3814 RSD
GBP	117,8288 RSD	112,1660RSD
CHF	79,7622 RSD	69,7918 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

	31.03.2011 (RSD 000)	31.03.2010 (RSD 000)
Domestic market		
Revenues from services rendered to subsidiaries	89.534	99.183
Revenues from services rendered to other affiliates	106	
Revenues from services sold on the local market		5.428.942
TOTAL	89.640	5.528.125

Revenue from services rendered to subsidiaries (89.534 thousand RSD) in the local market is generated by services rendered by the Company under contracts which were approved and endorsed by the boards of directors of the Company and the respective subsidiaries, in accordance with their respective Articles of Association.

Revenue from services sold on the local market in 2010 includes income from the completed sales contract for an unfinished building (5.428.940 thousand RSD), income under Annex XIV of the Contract for the Reconstruction of the Prokop Station 5th and 6th railway tracks (126.097 thousand RSD), and commission income from airline ticket sales (2 thousand RSD).

Income from the own use of products, services and merchandise (150 thousand RSD) is attributed to automobile use for business travel.

7. OTHER OPERATING INCOME

	31.03.2011.	31.03.2010.
	RSD 000	RSD 000
Rents	5,727	89
Other		
Total	5,727	89

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

8. MATERIAL COST

	31.03.2011.	31.03.2010.
	<u>RSD 000</u>	<u>RSD 000</u>
Raw material		
Other material cost (overheads)	1,551	1,501
Fuel and energy	2,230	8,634
Total	<u>3,781</u>	<u>10,135</u>

9. STAFF COSTS

	31.03.2011.	31.03.2010.
	<u>RSD 000</u>	<u>RSD 000</u>
Salaries and fringe benefits (gross)	30,558	26,890
Taxes and contributions on salaries and fringe benefits charged to employer	5,097	4,308
Temporary service contracts	158	1,251
Copyright agreements	310	559
Temporary and provisional contracts		
Board of Directors and Supervisory Board	6,377	5,445
Other personal expenses remunerations	1,402	1,511
Total	<u>43,902</u>	<u>39,964</u>

10. DEPRECIATION AND PROVISION EXPENSES

	31.03.2011.	31.03.2010.
	<u>RSD 000</u>	<u>RSD 000</u>
Depreciation of property, plant, equipment	5,052	4,680
Provision for fringe and other employee benefits		
Total	<u>5,052</u>	<u>4,680</u>

11. OTHER OPERATING EXPENSES

	31.03.2011.	31.03.2010.
	RSD 000	RSD 000
<u>Costs of production services</u>		
Service costs of outputs		301,059
Transportation costs	1,052	974
Maintenance costs	8,258	8,707
Rental costs		
Advertising costs	487	
Costs of other services	1,151	765
Subtotal	10,948	311,505
<u>Non-production costs</u>		
Costs of non-production services	2,283	10,138
Expense accounts	1,354	1,124
Insurance premium costs	271	3,607
Payment operation costs	1,552	2,691
Membership fees	225	526
Tax duties	1,938	2,156
Other intangible expenses	309	514
Subtotal	7,932	20,756
Total	18,880	332,261

12. FINANCIAL REVENUES AND EXPENSES

	31.03.2011.	31.03.2010.
	RSD 000	RSD 000
<u>Financial revenues</u>		
Financial income from transactions with parent company and subsidiaries	20,819	56,879
Financial income from other associated companies	2,276	1,029
Income from interest	2,869	4,101
FX gains	6,807	50,321
Gains on foreign currency clause	136	
Other financial revenues		1,283
Total	32,907	113,613
<u>Financial expenses</u>		
Financial expenses from transactions with parent company and subsidiaries	34,451	4,222
Financial expenses from other associated companies	2,412	
Costs of interest	3,637	1,959
FX losses	6,257	210,744
Losses on foreign currency clause	1	348
Total	46,758	217,273

Financial revenues mainly consist of interest income (18.866 thousand RSD) from subsidiaries and exchange rate gains of 6.807 thousand RSD, while financial expenses include exchange rate losses of 34.451 thousand RSD from dealings with parent company and subsidiaries and other exchange rate losses of 6.257 thousand RSD.

13. OTHER REVENUES AND EXPENSES, ADJUSTMENT GAINS AND IMPAIRMENT COSTS

	31.03.2011.	31.03.2010.
	<u>RSD 000</u>	<u>RSD 000</u>
<u>Other revenues and property value adjustment gains</u>		
Gains on disposals of intangibles and PP&E		
Gains on disposals of LT investments and securities		
Previously written-off claims recovered	5,116	
Income from positive hedging effects		
Income from reduction of liabilities		
Other	154	
Total	<u>5,270</u>	<u>0</u>
	31.03.2011.	31.03.2010.
	<u>RSD 000</u>	<u>RSD 000</u>
<u>Other expenses and property impairment costs</u>		
Disposal and write-off of intangibles and PP&E		
Shortages		
Direct receivables write-off		
Other expenses	516	1,937
Impairment of long-term investments and other securities		1,779
Impairment of receivables and ST financial investments		
Impairment of other property		
Total	<u>516</u>	<u>3,716</u>

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

14. INTANGIBLE INVESTMENTS

	Intangible investments in		Total
	Other intangibles	progress	
	RSD 000	RSD 000	RSD 000
Cost value			
Balance on 01/01/2011	2,079	8,837	10,916
Restated balance			0
Additions			0
Balance on 31/03/2011	2,079	8,837	10,916
Value adjustment			
Balance on 01/01/2011	1,189		1,189
Restated balance			0
Depreciation	64		64
Balance on 31/03/2011	1,253	-	1,253
Net book value			
31/03/2011	826	8,837	9,663

15. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

	Land	Buildings	Plant, equipment	Investment property	Property in progress	Advances on property	Total
Cost value							
Balance on 1/1/2011		555,876	99,262	496,695	122,973	0	1,274,806
Restated opening							0
Transfers			683		(683)	(533)	(533)
Additions					711	533	1,244
Disposals							0
Exchange rate gains/losses							0
Other							0
Balance on 31/03/2011	0	555,876	99,945	496,695	123,001	0	1,275,517
Value adjustment							
Balance on 1/1/2011		279,768	53,247				333,015
Restated opening							0
Depreciation		1,813	3,176				4,989
Disposals							0
Impairment							0
Revaluation							0
Other							0
Balance on 31/03/2011	0	281,581	56,423	0	0	0	338,004
Net book value							
31/03/2011	0	274,295	43,522	496,695	123,001	0	937,513

16. 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. Any sum received from the distribution which is higher than this profit is recognized as an investment return and disclosed as a reduction of the investment purchase cost.

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

Equity investments pertain to shares of:

ENERGOPROJEKT HOLDING A.D., BEOGRAD
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SUBSIDIARIES	Company name	% share	0000 RSD	
			31.03.2011.	31.03.2010.
			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%		406,976	360,024
EP Montenegro d.o.o.	100.00%		8	9
Inec Eng. Ltd.	100.00%		62,359	72,122
Encom GmbH	100.00%		3,493	5,101
Nana off shore	100.00%		1,258	1,488
Total			4,170,219	4,134,869

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	6,686
United Cons.Botswana	100.00%	3,205	4,363
Zecco Zambia	100.00%	587	799
Total		22,253	25,398

OTHER COMPANIES AND AVAILABLE FOR SALE SECURITIES

Company name	Present value	Present value
Dunav a.d.o	939	1,344
Jubmes banka a.d.	26,057	25,684
Hypo Alpe-Adria bank	0	3,366
Hipotekarna banka Podg.	7,708	11,628
Energobroker a.d.	4,371	4,371
FIMA SEE Activist	14,080	14,221
Total	53,155	60,614

TOTAL	<u>4,245,627</u>	<u>4,220,881</u>
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17. OTHER LONG TERM FINANCIAL INVESTMENTS

Other long term financial investments include:

	31.03.2011. RSD 000	31.03.2010. RSD 000
a) Long term loans approved		
- local market		
- foreign market		
Total	-	-
b) Foreign currency savings bonds		
c) Staff housing loans	2,195	2,188
d) Long term loans to subsidiaries	138,132	
Total	140,327	2,188

18. INVENTORIES

	31.03.2011. RSD 000	31.03.2010. RSD 000
Work in progress		-
Paid advances	9,881	74,227
Total	9,881	74,227

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

19. RECEIVABLES

	31/03/2011	31/03/2010
	<u>RSD 000</u>	<u>RSD 000</u>
<u>Trade receivables</u>		
Trade receivables (parent and subsidiaries)	462,028	814,378
Trade receivables - other affiliates	493	
Trade receivables (domestic)	12	42,248
Trade receivables (foreign)		
Less: value adjustment		
Subtotal	<u>462,533</u>	<u>856,626</u>
<u>Receivables from specific business operations</u>		
Other receivables from specific operations	47,974	32,590
Less: value adjustment		
Subtotal	<u>47,974</u>	<u>32,590</u>
<u>Other</u>		
Interest and dividends	43,920	28,557
Staff claims	303	423
Receivables from state institutions	1,700	
Prepaid income tax	12,028	
Other prepaid taxes and contributions		
Other receivables		2,179
Less: value adjustment		(722)
Subtotal	<u>57,951</u>	<u>30,437</u>
Total	<u><u>568,458</u></u>	<u><u>919,653</u></u>
	31/03/2011	31/03/2010
	<u>RSD 000</u>	<u>RSD 000</u>
<u>Trade receivables (domestic)</u>		
Belgrade	459,376	854,337
Less: value adjustment		
Subtotal	<u>459,376</u>	<u>854,337</u>
<u>Trade receivables (foreign)</u>	3,157	2,289
Europe		
Africa		
Less: value adjustment		
Subtotal	<u>3,157</u>	<u>2,289</u>
Total	<u><u>462,533</u></u>	<u><u>856,626</u></u>

20. SHORT TERM FINANCIAL INVESTMENTS

Short term financial investments include:

	31.03.2011	31.03.2010.
	RSD 000	RSD 000
<u>Short term loans and investments - parent company, subsidiaries and affiliates</u>		
Subsidiaries	2,055,335	820,252
Affiliates	125,730	53,239
Maturing obligations - long term loans		
Less: value adjustment	(61,273)	(66,389)
Subtotal	2,119,792	807,102
<u>Short term loans - domestic</u>		
Loans to workers	432	528
Maturing obligations - long term loans	107	98
Less: value adjustment		
Subtotal	539	626
<u>Other short term financial investments</u>		
Alpha Bank -short-term FX deposit		
Other		104,749
Less: value adjustment		
	8,547	
Subtotal	8,547	104,749
Total	2,128,878	912,477

21. CASH AND CASH EQUIVALENTS

	31.03.2011	31.03.2010
<u>RSD</u>	RSD 000	RSD 000
Current accounts	1,347	4,842
Treasury	128	24
Subtotal	1,475	4,866
<u>Foreign currency</u>		
Foreign currency accounts	124,026	927,285
Treasury		373
Subtotal	124,026	927,658
Total	125,501	932,524

VAT AND ACCRUALS

	<u>31/03/2011</u> RSD 000	<u>31/03/2010</u> RSD 000
<u>Value added tax-accrued</u>	384	65,568
<u>Accrued income</u>		
Prepayments	1,138	1,232
Uninvoiced income receivables	130	
Accrued commitments		
Other accruals	1,090	174
Subtotal	<u>2,358</u>	<u>1,406</u>
Total	<u><u>2,742</u></u>	<u><u>66,974</u></u>

22. SHARE CAPITAL

The share capital consists of:

	<u>31.03.2011.</u> RSD 000	<u>31.03.2010.</u> RSD 000
Share capital		
Ordinary shares	4,165,836	3,787,124
Preferred shares		
Principal capital	4,165,836	3,787,124
Other share capital	27,178	27,178
Total principal and other capital	<u><u>4,193,014</u></u>	<u><u>3,814,302</u></u>

23. RESERVES

The reserves consist of:

	<u>31/03/2011</u> RSD 000	<u>31/03/2010</u> RSD 000
Issuing premium	1,600,056	1,597,843
Legal reserves	23,185	23,185
Statutory and other	79,738	56,296
Total	<u><u>1,702,979</u></u>	<u><u>1,677,324</u></u>

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.

24. REVALUATION RESERVES, UNREALIZED PROFIT/LOSS FROM SECURITIES

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

	31.03.2011.	31.03.2010.
	RSD 000	RSD 000
Revaluation reserves	43,080	57,829
Unrealized profit from available for sale securities	15,902	20,859
Unrealized losses from available for sale securities	(3,488)	
Total	55,494	78,688

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

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

25. UNDISTRIBUTED PROFIT

The undistributed profit relates to:

	31.03.2011.	31.03.2010.
	RSD 000	RSD 000
Retained earnings from previous years	943,386	709,871
Adjustment of income tax revenues	1	(303)
Distribution of profits (dividends)		
Distribution of profits (increase of nominal value per share)		
Allocation to statutory reserves		
Current year's profit	13,311	522,953
Total	956,698	1,232,521

26. 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 35th 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.

27. LONG TERM PROVISIONS

Long term provisions are recognized when:

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

Long term provisions consist of:

	31.03.2011.	31.03.2010.
	RSD 000	RSD 000
Provisions for fringe and other employee benefits	5,606	1,021
Other	260,000	260,000
Total	265,606	261,021

28. LONG TERM LOANS

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

	CCY	Interest	31.03.2011	31.03.2010
		%	RSD 000	RSD 000
<u>In currency</u>				
Republic of Serbia Development Fund	<i>EUR</i>	<i>4.5% p.a.</i>	236,214	-
Total			236,214	-
Total			236,214	-

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.

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

- 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.

29. OTHER LONG TERM LIABILITIES

Other long term liabilities relate to:

	31.03.2011. RSD 000	31.03.2010. RSD 000
Long term finance lease	4,095	8,316
Total	4,095	8,316

30. SHORT TERM FINANCIAL LIABILITIES

Short term financial liabilities consist of:

	2010	2009
CCY	RSD 000	RSD 000
<u>Short term loans domestic</u>		
<i>Societe Generale Bank Serbia</i>	<i>Eur</i>	148,199
Republic of Serbia Development Fund (maturities under one year)	82,252	
Subtotal	82,252	148,199
<u>Other short term financial liabilities</u>		
Short term liabilities maturing in one year or less- Raiffeisen Leasing	<i>Eur</i>	425
Short term liabilities maturing in one year or less- Intesa Leasing	<i>Eur</i>	2,438
Other ST financial liabilities-VISA accounts	183	
Subtotal	2,626	2,863
Total	84,878	151,062

31. LIABILITIES FROM OPERATIONS

	31.03.2011.	31.03.2010.
	RSD 000	RSD 000
<u>Liabilities from business operations</u>		
Received advances, short-term and safety deposits	391	75,623
Suppliers-parent and subsidiaries	10,253	197,154
Suppliers-affiliates		1,044
Suppliers-domestic	9,167	50,066
Suppliers-foreign		
Other liabilities		
Subtotal	19,811	323,887
<u>Liabilities from specific operations</u>		
Other	611,883	73
Subtotal	611,883	73
Total	631,694	323,960

ENERGOPROJEKT HOLDING A.D., BEOGRAD
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Other liabilities from special operations pertain to EP Visokogradnja a.d. for the sum of 611.811 thousand RSD in connection with the Debt Settlement Agreement with Beogradčvor for the construction of a railway station in Belgrade. The debt was settled on 13/04/2011.

Geographical distribution of suppliers:

	31.03.2011.	31.03.2010.
	RSD 000	RSD 000
<u>Local suppliers</u>		
Belgrade	14,232	241,779
Less: value adjustment		
Subtotal	14,232	241,779
<u>Foreign suppliers</u>		
Europe-subsidiaries	5,188	5,471
Africa-other entities		70
Asia-other affiliates		944
Less: value adjustment		
Subtotal	5,188	6,485
Total	19,420	248,264

32. OTHER SHORT TERM LIABILITIES

	31.03.2011.	31.03.2010.
	RSD 000	RSD 000
<u>Salaries and fringe benefits</u>	11,740	10,770
<u>Other obligations</u>		
Interest and financing costs		595
Dividends	6,046	6,089
Profit sharing	4,299	4,309
Employees	473	159
Members of the Board of Directors and Supervisory Board	1,490	1,224
Service contracts	35	201
Other	628	1,023
Total	24,711	24,370

33. VAT AND OTHER PUBLIC DUTIES AND ACCRUALS

	<u>31.03.2011.</u> RSD 000	<u>31.03.2010.</u> RSD 000
Value added tax	3,089	6,443
<u>Other taxes, contributions and duties</u>		
Liabilities for income tax		2,551
Liabilities for taxes, customs and other duties charged to costs	200	210
Other liabilities for taxes, contributions and other duties	894	710
Subtotal	1,094	3,471
Accruals and deferred income		
Accrued expenses	49	39
Deferred income		
Collected VAT		
Subtotal	49	39
Total	4,232	9,953

34. DEFERRED TAX ASSETS AND LIABILITIES

	<u>31.03.2011</u> RSD 000	<u>31.03.2010</u> 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)	
Net tax assets/liabilities	9,316	9,807

35. OFF-BALANCE SHEET ITEMS

The Company's off-balance sheet assets and liabilities (10.211.449 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 9.000.724 thousand RSD (the Company has concluded contracts with subsidiaries for the issued guarantees and has secured satisfactory collateral), obligations for Enjub dividends (30.443 thousand RSD) and rights to use city building land (937.451 thousand RSD) and mortgage on Enjub apartments (14.244 thousand RSD) under the concluded loan agreement in favor of Enjub.

36. 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,
April 29, 2011

Statements approved by:

Managing Director
