

Annual Consolidated Statements of Energoprojekt Group for 2011

Pursuant to Article 50 and 51 of the Capital Market Law („Official Gazette of the Republic of Serbia“ No. 31/2011) and Article 3 of the Regulation of the Form, Contents and Manner of Publication of Annual, Semi-Annual and Quarterly Reports submitted by public companies („Official Gazette of the Republic of Serbia“ No. 14/2012), **Energoprojekt Holding p.l.c. from Belgrade, ID No: 07023014 publishes:**

ANNUAL CONSOLIDATED STATEMENTS

OF ENERGOPROJEKT GROUP FOR 2011

C O N T E N T S

1. FINANCIAL CONSOLIDATED STATEMENTS OF ENERGOPROJEKT GROUP FOR 2011

(Balance sheet, Income statement, Cash flow statement, Statement of Changes in Equity, Statistical annex, Notes to the Financial Statements)

2. AUDIT REPORT (the whole report)

3. ANNUAL CONSOLIDATED BUSINESS REPORT

4. STATEMENT OF RESPONSIBILITY (BY PERSONS WHO PREPARED THE REPORTS)

5. DECISION BY THE RELEVANT DEPARTMENT OF THE COMPANY TO ADOPT ANNUAL CONSOLIDATED FINANCIAL STATEMENTS * (Note)

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**1. FINANCIAL CONSOLIDATED STATEMENTS OF ENERGOPROJEKT
GROUP FOR 2011 (Balance sheet, Income statement, Cash flow statement,
Statement of Changes in Equity, Statistical annex, Notes to the Financial
Statements)**

ENERGOPROJEKT GROUP, BELGRADE

**CONSOLIDATED
BALANCE SHEET
on December 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		8,914,837	8,738,277
00	I. UNPAID SUBSCRIBED CAPITAL	002		-	-
012	II. GOODWILL	003		-	-
01 w/out 012	III. INTANGIBLE ASSETS	004		82,635	90,806
	IV. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005		7,647,487	6,657,852
020,022,023, 026,027(part), 028(part), 029	1. Property, plant and equipment	006	21	6,067,870	6,206,409
024,027(part) 028(part)	2. Investment property	007	21	1,579,617	451,443
021,025,027 (part) and 028(part)	3. Biological assets	008		-	-
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		1,184,715	1,989,619
030 to 032, 039(part)	1. Equity share	010	22	610,046	643,424
033 to 038, 039(part) less 037	2. Other long-term financial investments	011	23	574,669	1,346,195
	B. CURRENT ASSETS (013+014+015)	012		18,139,950	16,561,046
10 to 13,15	I. INVENTORIES	013	24	4,465,017	4,278,900
	II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS	014		8,083	8,942
14	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015		13,666,850	12,273,204
20, 21 and 22, except 223	1. Receivables	016	25	7,482,739	6,553,506
223	2. Receivables for overpaid income tax	017		-	110,120
23 less 237	3. Short-term financial investments	018	26	2,525,196	1,987,170
24	5. Cash equivalents and cash	019	27	2,941,524	2,877,078
27 and 28 except 288	4. VAT and accruals	020	28	717,391	745,330
288	C. DEFERRED TAX ASSETS	021		-	-
	D. OPERATING ASSETS (001+012+021)	022		27,054,787	25,299,323
29	E. LOSS OVER CAPITAL	023		-	-
	F. TOTAL ASSETS (022+023)	024		27,054,787	25,299,323
88	G. OFF-BALANCE SHEET ITEMS	025	41	10,287,693	8,006,030

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		11,715,908	10,151,560
30	I. ISSUED AND OTHER CAPITAL	102	29	5,223,103	4,566,356
31	II. UNPAID SUBSCRIBED CAPITAL	103		-	-
32	III. RESERVES	104	30	897,913	578,431
330 i 331	IV. REVALUATION RESERVES	105	31	1,625,478	958,158
	V. UNREALIZED GAINS BASED ON SECURITIES AVAILABLE FOR SALE	106		16,022	60,049
332	V. UNREALIZED LOSSES BASED ON SECURITIES AVAILABLE FOR SALE	107		22,071	19,865
34	VII. RETAINED EARNINGS	108	32	3,975,463	4,008,772
35	VIII. LOSS	109	0	-	-
037 and 237	IX. REDEEMED OWN SHARES	110		-	341
	B. NON-CURRENT PROVISIONS AND LIABILITIES (112+113+116)	111		15,305,562	15,106,502
40	I. NON-CURRENT PROVISIONS	112	33	1,334,845	867,380
41	II. NON-CURRENT LIABILITIES (114+115)	113		785,615	2,039,114
414, 415	1. Long-term credits	114	34	732,424	1,611,397
41 w/out 414 and 415	2. Other non-current liabilities	115	35	53,191	427,717
	III. CURRENT LIABILITIES (117+118+119+120+121+122)	116		13,185,102	12,200,008
42, except 427	1. Short-term financial liabilities	117	36	2,564,443	3,176,582
427	2. Liabilities from assets held for sale and assets from discontinued operations	118		-	-
43 and 44	3. Liabilities from business operations	119	37	7,610,143	6,711,561
45 i 46	4. Other short-term liabilities	120	38	1,051,249	817,519
47, 48 except 481 and 49 except 498	5. VAT and other public liabilities and accruals	121	39	1,431,711	1,494,346
481	6. Income tax liabilities	122		527,556	-
498	C. DEFERRED TAX LIABILITIES	123		33,317	41,261
	D. TOTAL CAPITAL AND LIABILITIES (101+111+123)	124		27,054,787	25,299,323
89	E. OFF-BALANCE SHEET ITEMS	125	41	10,287,693	8,006,030
	NON-CONTROLLING INTEREST			1,203,771	1,079,257

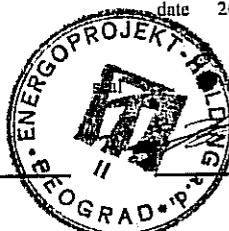
In Belgrade,

date 26.04.2011.

Person responsible for
preparation of financial
statements

Zvezdana J.

Legal representative



ENERGOPROJEKT GROUP, BELGRADE

**CONSOLIDATED
INCOME STATEMENT**

for the period January 1 to December 31, 2011

in 000 RSD

Group accounts, account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. BUSINESS REVENUE AND EXPENSES				
	I. BUSINESS REVENUE (202+203+204-205+206)	201		20,846,517	20,234,478
60 and 61	1. Sale revenue	202	8	21,193,645	24,198,178
62	2. Revenue from undertaking of outputs and goods for own purposes	203		57,549	37,589
630	3. Increase of inventories	204	9	30,574	693,282
631	4. Decrease of inventories	205	9	564,699	4,884,400
64 and 65	5. Other business revenue	206	10	129,448	189,829
	II. BUSINESS EXPENSES (208 to 212)	207		20,599,641	19,641,614
50	1. Cost value of sold goods	208	11	99,355	203,512
51	2. Cost of material	209	12	5,428,574	5,297,782
52	3. Staff costs	210	13	6,868,019	5,997,996
54	4. Depreciation and provisions costs	211	14	1,177,245	802,299
53 and 55	5. Other business expenses	212	15	7,026,448	7,340,025
	III. PROFIT FROM OPERATIONS (201 - 207)	213		246,876	592,864
	IV. LOSS FROM OPERATIONS (207 - 201)	214		-	-
66	V. FINANCIAL REVENUE	215	16	1,887,836	2,670,287
56	VI. FINANCIAL EXPENSES	216	16	2,160,135	2,346,352
67, 68	VII. OTHER REVENUE	217	17	1,301,027	662,526
57, 58	VIII. OTHER EXPENSES	218	17	682,876	684,481
	IX. PROFIT FROM OPERATIONS BEFORE TAX (213-214+215-216+217-218)	219		592,728	894,844
	X. LOSS FROM OPERATIONS BEFORE TAX (214-213-215+216-217+218)	220		-	-
68-59	XI. NET PROFIT FROM DISCONTINUED OPERATIONS	221		-	-
59-69	XII. NET LOSS FROM DISCONTINUED OPERATIONS	222	18	17,664	2,884
	B. PROFIT BEFORE TAX (219-220+221-222)	223		575,064	891,960
	V. LOSS BEFORE TAX (220-219+222-221)	224		-	-
	G. INCOME TAX			-	-
721	1. Tax expenses for the period	225		87,862	145,048
722	2. Deferred tax expenses for the period	226		-	14,374
722	3. Deferred tax revenues for the period	227		8,683	-
723	D. EMPLOYER'S EARNINGS PAID	228		-	-
	Đ. NET PROFIT (223-224-225-226+227-228)	229		495,885	732,538
	E. NET LOSS (224-223+225+226-227+228)	230		-	-
	Ž. NET PROFIT BELONGING TO MINORITY INVESTORS	231		127,079	104,557
	Z. NET PROFIT BELONGING TO EQUITY HOLDERS OF THE PARENT COMPANY	232		368,806	627,981
	I. EARNINGS PER SHARE			-	-
	1. Basic earnings per share	233		-	-
	2. Decreased (diluted) earnings per share	234		-	-

In Belgrade,

date 26.04. 2011.

Person responsible for
preparation of financial
statements

Zvezdana J.



Legal representative

**CONSOLIDATED
CASH FLOW STATEMENT**
for the period January 1 to December 31, 2011

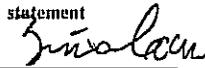
in 000 RSD

Position	EDP	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOW FROM BUSINESS ACTIVITIES			
I. Cash flow from business activities (1 to 3)	301	22,799,420	21,676,694
1. Sale and received advance payments	302	22,181,964	21,330,801
2. Received interests from business activities	303	59,608	61,926
3. Other cash flow from regular operations	304	557,848	283,967
II. Cash outflow from business activities (1 to 5)	305	21,561,258	22,700,646
1. Cash to suppliers and advances paid	306	13,822,894	14,658,334
2. Staff costs	307	6,278,525	6,614,675
3. Interests paid	308	380,606	283,396
4. Income tax	309	238,572	213,183
5. Other public duties	310	840,661	931,058
III. Net cash flow from business activities (I-II)	311	1,238,162	-
IV. Net cash outflow from business activities (II-I)	312	-	1,023,952
B. CASH FLOW FROM INVESTMENTS			
I. Cash flow from investments (1 to 5)	313	2,163,789	2,602,035
1. Sale of shares and stakes (net inflow)	314	72,745	4,216
2. Sale of intangible assets, property, plant, equipment and biological assets	315	668,870	54,363
3. Other financial investments (net inflow)	316	1,317,017	2,449,846
4. Interests received from investments	317	81,244	54,102
5. Dividends received	318	23,913	39,508
II. Cash outflow from investments (1 to 3)	319	2,278,284	2,784,256
1. Acquisition of shares and stakes (net outflow)	320	34,253	1,329
2. Acquisition of intangible assets, property, plant, equipment and biological assets	321	220,278	314,203
3. Other financial investments (net outflow)	322	2,023,753	2,468,724
III. Net cash flow from investments (I-II)	323	-	-
IV. Net cash outflow from investments (II-I)	324	114,495	182,221
V. CASH FLOW FROM FINANCING ACTIVITIES			
I. Cash flow from financing activities (1 to 3)	325	553,125	1,754,618
1. Increase of capital assets	326	770	-
2. Long-term and short-term credits (net inflow)	327	301,793	1,302,684
3. Other long-term and short-term liabilities	328	250,562	451,934
II. Cash outflow from financing activities (1 to 4)	329	1,619,871	827,059
1. Acquisition of own shares and stakes	330	-	-
Long and short-term credits and other liabilities (net outflow)	331	1,482,047	712,764
3. Finance leasing	332	92,916	95,528
4. Dividends paid	333	44,908	18,767
III. Net cash flow from financing activities (I-II)	334	-	927,559
IV. Net cash outflow from financing activities (II-I)	335	1,066,746	-
G. TOTAL CASH FLOW (301+313+325)	336	25,516,334	26,033,347
D. TOTAL CASH OUTFLOW (305+319+329)	337	25,459,413	26,311,961
D.I. NET CASH FLOW (336-337)	338	56,921	-
E. NET CASH OUTFLOW (337-336)	339	-	278,614
Z. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD	340	2,877,078	2,969,494
I. GAINS ON EXCHANGE	341	92,427	645,648
I. LOSS ON EXCHANGE	342	84,902	459,450
J. CASH AT THE END OF THE ACCOUNTING PERIOD (338-339+340+341-342)	343	2,941,524	2,877,078

In Belgrade,

date 26.04. 2011.

Person responsible for
preparation of financial
statement


Legal representative



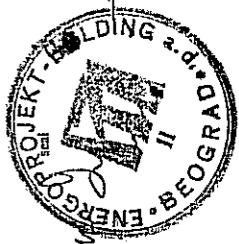
CONSOLIDATED
STATEMENT OF CHANGES IN CAPITAL
for the period January 1 to December 31, 2011

No.	DESCRIPTION	in 000 RSD																									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14												
		EDP	Issued capital (group 30) without 309)	EDP	Other capital (account 309)	EDP	Unpaid sub-scribed capital (group 31)	EDP	Establishment premium (account 320)	EDP	Reserves (account 321, 322)	EDP	Revaluation reserves (group 330,331)	EDP	Uncapitalized gains based on securities available for sale (account 332)	EDP	Uncapitalized losses based on securities available for sale (account 333)	EDP	Unrealized profits (group 34)	EDP	Loss to the capital value (group 35)	EDP	Retained 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 39)
1	Balance on January 1, previous year	401	3,967,362	214	98,925	437	440	332,561	453	299,771	466	869,133	479	67,646	492	17,628	505	3,728,305	518	531	3,918	544	3,918	557	9,242,189	577	-
2	Correction of materially significant errors and changes in accounting policies in the previous year - increase	402	-	415	-	428	441	-	451	-	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	3,967,362	417	98,925	430	443	332,561	455	299,771	469	869,133	482	67,646	495	17,628	508	3,728,305	521	534	3,921	547	3,921	560	9,242,189	580	-
5	Total increase in the previous year	405	317,255	418	15,335	431	444	4,115	457	31,769	470	115,913	483	-	496	8,458	509	972,167	522	537	31	548	31	561	1,659,058	583	-
6	Total decrease in the previous year	406	16,908	419	15,633	432	445	69	458	1,716	471	24,988	484	7,497	497	6,316	510	641,671	523	536	3,608	549	3,608	562	899,658	584	-
7	Balance on December 31, previous year	407	4,467,689	420	98,657	433	446	336,607	459	341,824	472	984,158	485	60,049	498	19,465	511	4,058,801	524	537	341	550	341	563	10,370,589	585	-
8	Correction of materially significant errors and changes in accounting policies in the previous year - increase	408	-	421	-	434	447	-	461	-	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	4,467,689	423	98,657	436	449	336,607	462	341,824	475	984,158	488	60,049	501	19,465	514	4,058,772	527	540	341	553	341	566	10,151,560	586	-
11	Total increase in the current year	411	664,503	424	3	437	450	451	463	319,053	476	684,456	489	4,232	502	2,727	515	982,442	528	541	-	554	-	567	2,652,248	587	-
12	Total decrease in the current year	412	3,647	425	1,972	438	451	3	464	-	477	17,136	490	48,249	503	511	516	1,018,751	529	542	341	555	341	568	1,087,898	588	-
13	Balance on December 31, of the current year (no. 10+11+12)	413	5,126,415	426	96,688	439	452	337,016	465	660,877	478	1,625,478	491	16,022	504	22,971	517	3,975,463	530	543	-	556	-	569	11,715,908	589	-

In Belgrade, date 26.04. 2011.

Person responsible for preparation of financial statements

 Legal representative



**CONSOLIDATED
STATISTICAL ANNEX**
for the period January 1 to December 31, 2011.

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

DESCRIPTION	EDP	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	-	1
5. Average number of employees based on the balance at the end of each month (whole number)	605	2,478	2,716

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

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Gross	Correction of value	Net (col.4-5)
1	2	3	4	5	6
a1	I.Intangible assets				
	1.1. Balance at the beginning of the year	606	248,997	158,191	90,806
	1.2. Increase (acquisitions) during the year	607	10,367	-	10,367
	1.3. Decrease (sale, removal from inventory and impairment) during the year	608	12,260	-	19,098
	1.4.Revaluation during the year	609	560	-	560
	1.5.Balance at the end of the year (606+607-608+609)	610	247,664	165,029	82,635
a2	2. Real property, plant, equipment and biological assets				
	2.1. Balance at the beginning of the year	611	13,493,810	6,835,958	6,657,852
	2.2. Increase (acquisitions) during the year	612	1,657,816	-	1,657,816
	2.3. Decrease (sale, removal from inventory and ensuring) during the year	613	223,305	-	964,712
	2.4. Revaluation during the year	614	296,531	-	296,531
	2.5. Balance at the end of the year (611+612-613+614)	615	15,224,852	7,577,365	7,647,487

III STRUCTURE OF INVENTORIES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
10	1. Inventories	616	1,880,120	1,122,017
11	2. Unfinished production	617	933,635	1,209,541
12	3. Finished products	618	242,063	382,337
13	4. Goods	619	255,127	571,138
14	5. Non-current assets held for sale	620	266,954	8,942
15	6. Advances given	621	895,201	993,867
	7.TOTAL (616+617+618+619+620+621=013)	622	4,473,100	4,287,842

IV STRUCTURE OF CAPITAL ASSETS

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
300	1. Share capital	623	5,126,202	4,467,557
	in it: foreign capital	624	-	-
301	2. Share of limited liability company	625	213	142
	in it: foreign capital	626	-	142
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	96,688	98,657
30	TOTAL: (623+625+627+629+630+631+632=102)	633	5,223,103	4,566,356

V EQUITY STRUCTURE

 Number of shares as a whole number
 Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
	1. Ordinary shares			
	1.1. Number of ordinary shares	634	10,105,591	10,105,589
part 300	1.2. Nominal value of ordinary shares - total	635	5,126,202	4,467,557
	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	5,126,202	4,467,557

VI RECEIVABLES AND LIABILITIES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
20	1. Sale receivables (balance at the end of the year 639 ≤016)	639	6,683,144	6,214,024
43	2. Liabilities from operations (balance at the end of the year 640 ≤117)	640	2,967,812	6,429,681
part 228	3. Receivables during the year from insurance companies for damages (debt turnover without initial balance)	641	4,036	2,252
27	4. VAT paid during acquisition of goods and services (debt turnover without initial balance)	642	998,317	1,057,531
43	5. Business liabilities (receivables turnover without initial balance)	643	15,434,671	16,206,451
450	6. Liabilities for net income and income compensations (receivables turnover without initial balance)	644	4,830,312	3,699,995
451	7. Liabilities for salaries tax and salaries compensations paid by employees (receivables turnover without initial balance)	645	280,014	419,574
452	8. Liabilities for contributions on salaries and salaries compensations paid by employees (receivables turnover without initial balance)	646	502,713	679,351
461,462 and 723	9. Liabilities for dividends, profit share and employer's personal earnings (receivables turnover without initial balance)	647	1,564	9,573
465	10. Liabilities toward physical entities for compensations per contracts (receivables turnover without initial balance)	648	21,300	18,999
47	11. VAT collected during sale of products, goods and services (receivables turnover without initial balance)	649	1,121,679	1,010,818
	12. Control summary (from 639 to 649)	650	32,845,562	35,748,249

VII OTHER EXPENSES AND EXPENDITURES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
513	1. Fuel and energy costs	651	921,096	766,336
520	2. Salaries and salaries compensations (gross)	652	5,289,454	4,700,993
521	3. Tax expenses and contributions on salaries and salaries compensations paid by employer	653	727,952	595,132
522,523,524 and 525	4. Expenses for compensations to physical entities (gross) based on contracts	654	162,921	124,419
526	5. Expenses of compensations to BoD & Supervision Board members (gross)	655	48,282	41,364
529	6. Other personal expenses and compensations	656	639,410	536,088
53	7. Expenses of production services	657	5,367,410	5,217,748
533, part 540 and part 525	8. Lease expenses	658	489,699	536,864
part 533, part 540 & part 525	9. Expenses of land lease	659	10,100	12,474
536,537	10. Expenses of research and development	660	2,686	821
540	11. Depreciation expenses	661	687,359	689,911
552	12. Expenses of insurance premiums	662	165,979	102,059
553	13. Payroll expenses	663	254,669	218,471
554	14. Membership fees	664	18,541	14,971
555	15. Tax expenses	665	963,474	508,378
556	16. Contributions	666	2,563	2,330
562	17. Interests	667	414,974	304,075
part 560, part 561 and 562	18. Interests expenses and a part of financial expenses	668	444,822	333,919
part 560, part 561 and part 562	19. Interests expenses per credits and banks and dfo	669	86,296	113,866
part 579	20. Expenses for humanitarian, cultural, health, educational, scientific and religious purposes, for protection of the Environment and sports	670	16,884	35,507
	21. Control summary (from 651 to 670)	671	16,714,571	14,855,726

VIII OTHER REVENUE

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
60	1. Goods sale revenue	672	649,367	217,159
640	2. Revenue from premiums, subsidies, dotations, recourses, compensations and tax duties returns	673	13,988	948
641	3. Revenue from conditioned donations	674	-	838
part 650	4. Revenue from land lease	675	2,348	2,383
651	5. Membership revenue	676	-	4,067
part 660, part 661, 662	6. Interests revenue	677	219,429	387,131
part 660, part 661, and part 662	7. Revenue from interests per accounts and deposits in banks and other financial organizations	678	44,770	60,996
part 660, part 661 and part 669	8. Revenue from dividends and profit share	679	304,608	44,480
	9. Control summary (from 672 to 679)	680	1,234,510	718,002

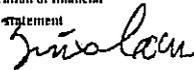
IX OTHER DATA

Amounts in 000 RSD

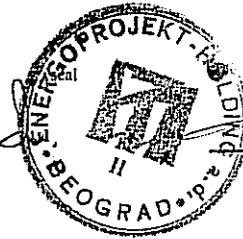
DESCRIPTION	EDP	Current year	Previous year
1	2	3	4
1. Liabilities for excises (according to annual excises calculation)	681	-	12
2. Calculated custom duties and other import duties (total annual amount according to calculation)	682	48,822	52,062
3. Capital subsidies and other state subsidies for construction 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	48,822	52,074

In Belgrade,

date 26.04.2011.

Person responsible for
preparation of financial
statement


Legal representative

ENERGOPROJEKT GROUP, BELGRADE

**NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
2011**

ENERGOPROJEKT GROUP, BELGRADE

**CONSOLIDATED FINANCIAL STATEMENTS
FOR 2011**

C O N T E N T S

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CONSOLIDATED P&L ACCOUNT
for the period from January 1 to December 31 2011

(RSD thousand)

Account group, account	DESCRIPTION	ADP	Note	Total	
				Current year	Previous year
	A. BUSINESS INCOME AND EXPENDITURE				
	I. BUSINESS INCOME (202+203+204-205+206)	201		20.846.517	20.234.478
60&61	1. Return on sales	202	8	21.193.645	24.198.178
62	2. Own use of products, services and merchandise	203		57.549	37.589
630	3. Increase of finished goods, work in progress and services in progress	204	9	30.574	693.282
631	4. Decrease of finished goods, work in progress and services in progress	205	9	564.699	4.884.400
64&65	5. Other business revenue	206	10	129.448	189.829
	II. BUSINESS EXPENDITURE	207		20.599.641	19.641.614
50	1. Cost of merchandise sold	208	11	99.355	203.512
51	2. Cost of material	209	12	5.428.574	5.297.782
52	3. Costs of salaries, fringe benefits and other personal expenses	210	13	6.868.019	5.997.996
54	4. Costs of depreciation and provisions	211	14	1.177.245	802.299
53&55	5. Other business expenditure	212	15	7.026.448	7.340.025
	III. BUSINESS PROFIT	213		246.876	592.864
	IV. BUSINESS LOSSES	214			
66	V. FINANCIAL INCOME	215	16	1.887.836	2.670.287
56	VI. FINANCIAL EXPENDITURE	216	16	2.160.135	2.346.352
67,68	VII. OTHER INCOME	217	17	1.301.027	662.526
57,58	VIII. OTHER EXPENDITURE	218	17	682.876	684.481
	IX. REGULAR BUSINESS REVENUE BEFORE TAX	219		592.728	894.844
	X. REGULAR BUSINESS LOSSES BEFORE TAX	220			
69-59	XI. NET PROFIT FROM SUSPENDED OPERATIONS	221			
59-69	XII. NET LOSSES FROM SUSPENDED OPERATIONS	222	18	17.664	2.884
	B. PROFIT BEFORE TAX	223		575.064	891.960
	C. LOSSES BEFORE TAX	224			
	D. CORPORATE INCOME TAX				
721	1. Tax liabilities for the period	225		87.862	145.048
722	2. Deferred tax liabilities for the period	226			14.374
723	3. Deferred tax income for the period	227		8.683	
	E. PERSONAL WAGES PAID TO EMPLOYER	228			
	F. NET PROFIT	229		495.885	732.538
	G. NET LOSS	230			
	H. NET PROFIT PAYABLE TO MINORITY STAKEHOLDERS	231		127.079	104.557
	I. NET PROFIT PAYABLE TO PARENT COMPANY OWNERS	232		368.806	627.981
	J. EARNINGS PER SHARE				
	1. Basic earnings per share	233			
	2. Diluted earnings per share	234			

CONSOLIDATED BALANCE SHEET

as at December 31 2011

(RSD thousand)

Account group, account	DESCRIPTION	ADP	Note	Total	
				Current year	Previous year
	ASSETS				
	A. NON-CURRENT ASSETS	001		8.914.837	8.738.277
00	I. SUBSCRIBED CAPITAL, UNPAID	002			
012	II. GOODWILL	003			
01 without 012	III. INTANGIBLES	004	20	82.635	90.806
	IV. PROPERTY, PLANT, EQUIPMENT AND NATURAL ASSETS	005		7.647.487	6.657.852
020,022,023,02 6,027(part),028 (part),029	1. Property, plant & equipment	006	21	6.067.870	6.206.409
024,027(part)& 028(part)	2. Investment property	007	21	1.579.617	451.443
021,025,027 (part)&028(part)	3. Natural assets	008			
	V. LONG-TERM FINANCIAL INVESTMENTS	009		1.184.715	1.989.619
030 do 032,039(part)	1. Share of Capital	010	22	610.046	643.424
033 do 038,039(part) less 037	2. Other long-term financial investments	011	23	574.669	1.346.195
	B. CURRENT ASSETS	012		18.139.950	16.561.046
10 to 13,15	I. MATERIAL	013	24	4.465.017	4.278.900
14	II. ASSETS HELD FOR TRADING AND SUSPENDED BUSINESS ASSETS	014		8.083	8.942
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH	015		13.666.850	12.273.204
20,21&22, except 223	1. Receivables	016	25	7.482.739	6.553.506
223	2. Receivables from prepaid income tax	017		-	110.120
23 less 237	3. Short-term financial investments	018	26	2.525.196	1.987.170
24	4. Cash and cash equivalents	019	27	2.941.524	2.877.078
27&28 except 288	5. VAT and deferred income	020	28	717.391	745.330
288	IV. DEFERRED TAX ASSETS	021			
	C. BUSINESS PROPERTY	022		27.054.787	25.299.323
29	D. LOSSES OVER CAPITAL	023			
	E. TOTAL ASSETS	024		27.054.787	25.299.323
88	F. OFF-BALANCE SHEET ASSETS	025	41	10.287.693	8.006.030

CONSOLIDATED BALANCE SHEET

as at December 31 2011 (cont'd)

Account group, account	DESCRIPTION	ADP	Note	(RSD thousand)	
				Total	
				Current year	Previous year
	LIABILITIES				
	A. CAPITAL	101		11.715.908	10.151.560
30	I. ORIGINAL AND OTHER CAPITAL	102	29	5.223.103	4.566.356
31	II. SUBSCRIBED CAPITAL, UNPAID	103			
32	III. RESERVES	104	30	897.913	578.431
330&331	IV. REVALUATION RESERVES	105	31	1.625.478	958.158
332	V. UNREALIZED PROFITS FROM SECURITIES	106	31	16.022	60.049
333	VI. UNREALIZED LOSSES FROM SECURITIES	107	31	22.071	19.865
34	VII. UNDISTRIBUTED PROFIT	108	32	3.975.463	4.008.772
35	VIII. LOSSES	109		-	-
037&237	IX. REDEEMED SHARES	110		-	341
	B. LONG-TERM RESERVES AND LIABILITIES	111		15.305.562	15.106.502
40	I. LONG-TERM RESERVES	112	33	1.334.845	867.380
41	II. LONG-TERM COMMITMENTS	113		785.615	2.039.114
414,415	1. Long-term loans	114	34	732.424	1.611.397
41 without 414&415	2. Other long-term commitments	115	35	53.191	427.717
	III. SHORT-TERM COMMITMENTS	116		13.185.102	12.200.008
42 except 427	1. Short-term financial commitments	117	36	2.564.443	3.176.582
427	2. Commitments for assets intended for sale and suspended business assets	118		-	-
43&44	3. Business commitments	119	37	7.610.143	6.711.561
45&46	4. Other short-term commitments	120	38	1.051.249	817.519
47, 48 except 481&49 except 498	5. VAT and other public revenue and accruals	121	39	1.431.711	1.494.346
481	6. Corporate income tax	122		527.556	-
498	IV. DEFERRED TAX LIABILITIES	123		33.317	41.261
	C. TOTAL LIABILITIES	124		27.054.787	25.299.323
89	D. OFF-BALANCE LIABILITIES	125	41	10.287.693	8.006.030
	MINORITY INTEREST (EQUITY)			1.203.771	1.079.257

CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to December 31 2011

(RSD 000)

DESCRIPTION	ADP	Total	
		Current year	Previous year
A. CASH FLOW FROM BUSINESS OPERATIONS			
I. Cash inflow from business operations	301	22.799.420	21.676.694
1. Sales return and received advances	302	22.181.964	21.330.801
2. Received interest from business operations	303	59.608	61.926
3. Other cash inflows from regular business operations	304	557.848	283.967
II. Cash outflow from business operations	305	21.561.258	22.700.646
1. Payments to suppliers and advances given	306	13.822.894	14.658.334
2. Salaries, emoluments and other personal expenses	307	6.278.525	6.614.675
3. Paid interest	308	380.606	283.396
4. Income tax	309	238.572	213.183
5. Other public revenue expenses	310	840.661	931.058
III. Net cash inflow from business operations	311	1.238.162	-
IV. Net cash outflow from business operations	312	-	1.023.952
B. CASH FLOW FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities	313	2.163.789	2.602.035
1. Sale of shares and equity investments (net inflow)	314	72.745	4.216
2. Sale of intangible assets, plant, property, equipment & natural assets	315	668.870	54.363
3. Other financial investments (net inflow)	316	1.317.017	2.449.846
4. Received interest	317	81.244	54.102
5. Received dividends	318	23.913	39.508
II. Cash outflow from investing activities	319	2.278.284	2.784.256
1. Purchase of shares and equity investments (net outflow)	320	34.253	1.329
2. Purchase of intangible assets, plant, property, equipment & natural assets	321	220.278	314.203
3. Other financial investments (net outflow)	322	2.023.753	2.468.724
III. Net cash inflow from investing activities	323	-	-
IV. Net cash outflow from investing activities	324	114.495	182.221

CONSOLIDATED CASH FLOW STATEMENT – cont'd

for the period from January 1 to December 31 2011

DESCRIPTION	ADP	(RSD 000)	
		Total	
		Current year	Previous year
C. CASH FLOW FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities	325	553.125	1.754.618
1. Increase of original capital	326	770	-
2. Long term and short term loans (net inflow)	327	301.793	1.302.684
3. Other long term and short term liabilities	328	250.562	451.934
II. Cash outflow from financing activities	329	1.619.871	827.059
1. Repurchase of treasury shares and equity	330	-	-
2. Long term and short term loans and other liabilities (net outflow)	331	1.482.047	712.764
3. Finance leasing	332	92.916	95.528
4. Paid dividends	333	44.908	18.767
III. Net cash inflow from financing activities	334	-	927.559
IV. Net cash outflow from financing activities	335	1.066.746	-
D. CASH INFLOW TOTAL	336	25.516.334	26.033.347
E. CASH OUTFLOW TOTAL	337	25.459.413	26.311.961
F. CASH INFLOW NET	338	56.921	-
G. CASH OUTFLOW NET	339	-	278.614
H. OPENING CASH BALANCE	340	2.877.078	2.969.494
I. FX GAINS FROM CASH TRANSLATION	341	92.427	645.648
J. FX LOSSES FROM CASH TRANSLATION	342	84.902	459.450
K. CLOSING CASH BALANCE	343	2.941.524	2.877.078

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period from January 1 to December 31 2011

RSD 000

No.	ITEM	Original capital (group 30 w/o 309)	Other capital (a/c 309)	Registered capital unpaid (group 31)	Issuing premium (a/c 320)	Reserves (a/c 321, 322)	Revaluation reserves (group 33)	Unrealized profits from securities (332)	Unrealized losses from securities (333)	Undistributed profit (group 34)	Loss up to capital (group 35)	Repurchased shares and equity (a/c 037,237)	TOTAL	Loss over capital (group 29)
1	ADP	401	414	427	440	453	466	479	492	505	518	531	544	557
	Balance on January 1 of previous year 2010	3.967.362	98.955		232.561	299.771	869.133	67.646	17.626	3.728.305		3.918	9.242.189	
2	ADP	402	415	428	441	454	467	480	493	506	519	532	545	558
	Correction of significant material errors and changes in accounting policies in previous year – increase													
3	ADP	403	416	429	442	455	468	481	494	507	520	533	546	559
	Correction of significant material errors and changes in accounting policies in previous year – decrease													
4	ADP	404	417	430	443	456	469	482	495	508	521	534	547	560
	Restated opening balance on January 1 of previous year 2010 (No.1+2-3)	3.967.362	98.955		232.561	299.771	869.133	67.646	17.626	3.728.305		3.918	9.242.189	
5	ADP	405	418	431	444	457	470	483	496	509	522	535	548	561
	Total increase in previous year	517.245	15.335		4.115	43.769	115.013		8.555	972.167		31	1.659.058	
6	ADP	406	419	432	445	458	471	484	497	510	523	536	549	562
	Total decrease in previous year	16.908	15.633		69	1.716	25.988	7.597	6.316	641.671		3.608	699.658	
7	ADP	407	420	433	446	459	472	485	498	511	524	537	550	563
	Balance on December 31 of previous year 2010 (No.4+5-6)	4.467.699	98.657		236.607	341.824	958.158	60.049	19.865	4.058.801		341	10.201.589	
8	ADP	408	421	434	447	460	473	486	499	512	525	538	551	564
	Correction of significant material errors and changes in accounting policies in current year – increase													
9	ADP	409	422	435	448	461	474	487	500	513	526	539	552	565
	Correction of significant material errors and changes in accounting policies in current year – decrease									50.029			50.029	
10	ADP	410	423	436	449	462	475	488	501	514	527	540	553	566
	Restated opening balance on January 1 of current year 2011 (No.7+8-9)	4.467.699	98.657		236.607	341.824	958.158	60.049	19.865	4.008.772		341	10.151.560	
11	ADP	411	424	437	450	463	476	489	502	515	528	541	554	567
	Total increase in current year	664.363	3		434	319.053	684.456	4.222	2.727	982.442			2.652.246	
12	ADP	412	425	438	451	464	477	490	503	516	529	542	555	568
	Total decrease in current year	5.647	1.972		5		17.136	48.249	521	1.015.751		341	1.087.898	
13	ADP	413	426	439	452	465	478	491	504	517	530	543	556	569
	Balance on December 31 of current year 2011 (No.10+11-12)	5.126.415	96.688		237.036	660.877	1.625.478	16.022	22.071	3.975.463			11.715.908	

**CONSOLIDATED STATISTICAL ANNEX
FOR 2011**

I GENERAL INFORMATION ON THE LEGAL ENTITY / ENTREPRENEUR

I T E M	ADP	Current Year	Previous Year
1. Total months of operation (indicate from 1 to 12)	601	12	12
2. Size (indicate from 1 to 3)	602	3	3
3. Ownership (indicate from 1 to 5)	603	2	2
4. Number of foreign (legal or natural) parties with share of equity	604		1
5. Average number of employees based on monthly account (whole number)	605	2.478	2.716

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

Account Group, Account	I T E M	ADP	RSD 000		
			Gross	Adjusted	Net (4-5)
01	1. Intangible assets				
	1.1. Opening balance	606	248.997	158.191	90.806
	1.2. Increase (purchases) during the year	607	10.367		10.367
	1.3. Decrease (disposal, depreciation and writing off) during the year	608	12.260		19.098
	1.4. Revaluation during the year	609	560		560
	1.5. Balance at end of year	610	247.664	165.029	82.635
02	2. Property, plant, equipment & natural assets				
	2.1. Opening balance	611	13.493.810	6.835.958	6.657.852
	2.2. Increase (purchases) during the year	612	1.657.816		1.657.816
	2.3. Decrease (disposal, depreciation and writing off) during the year	613	223.305		964.712
	2.4. Revaluation during the year	614	296.531		296.531
	2.5. Balance at end of year	615	15.224.852	7.577.365	7.647.487

III STRUCTURE OF INVENTORIES

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
10	1. Materials	616	1.880.120	1.122.017
11	2. W	617	933.635	1.209.541
12	3. Finished products	618	242.063	382.337
13	4. Goods	619	255.127	571.138
14	5. Assets held for trading	620	266.954	8.942
15	6. Advances given	621	895.201	993.867
	7. TOTAL	622	4.473.100	4.287.842

IV STRUCTURE OF ORIGINAL CAPITAL

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
300	1. Share capital	623	5.126.202	4.467.557
	of which: foreign capital	624		
301	2. Share of limited liability companies	625	213	142
	of which: foreign capital	626		142
302	3. Investments by members of partnerships and limited partnerships	627		
	of which: foreign capital	628		
303	4. Government owned capital	629		
304	5. Socially owned capital	630		
305	6. Stakes in co-operatives	631		
309	7. Other original capital	632	96.688	98.657
30	TOTAL	633	5.223.103	4.566.356

V STRUCTURE OF SHARE CAPITAL

Account Group, Account	I T E M	ADP	Shares in whole numbers RSD 000	
			Current Year	Previous Year
	1. Ordinary shares			
	1.1 Number of ordinary shares	634	10.105.591	10.105.589
part of 300	1.2 Nominal value of ordinary shares - total	635	5.126.202	4.467.557
	2. Preferred shares			
	2.1 Number of preferred shares	636		
part of 300	2.2 Nominal value of preferred shares - total	637		
300	TOTAL	638	5.126.202	4.467.557

VI CLAIMS AND COMMITMENTS

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
20	1. Claims from sales arrangements (at end of year 639≤016)	639	6.683.144	6.214.024
43	2. Business commitments (at end of year 640≤0117)	640	2.967.812	6.429.681
part of 228	3. Damage claims during year from insurance companies (debit transactions with no opening balance)	641	4.036	2.252
27	4. VAT paid for procuring goods and services (annual according to tax reports)	642	998.317	1.057.531
43	5. Business commitments (debit transactions with no opening balance)	643	15.434.671	16.206.451
450	6. Net salaries and fringe benefits (debit transactions with no opening balance)	644	4.830.312	3.699.995
451	7. Salary taxes and duties paid by employee (debit transactions with no opening balance)	645	280.014	419.574
452	8. Contributions for salary and fringe benefits paid by employee (debit transactions with no opening balance)	646	502.713	679.351
461, 462 & 723	9. Dividends, share of profit and employer's remuneration (debit transactions with no opening balance)	647	1.564	9.573
465	10. Obligations to natural persons based on service contracts (debit transactions with no opening balance)	648	21.300	18.999
47	11. VAT paid on sale of products, goods and services (debit transactions with no opening balance)	649	1.121.679	1.010.818
	12. Subtotal (from 639 to 649)	650	32.845.562	35.748.249

VII OTHER EXPENDITURE

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
513	1. Cost of fuel and energy	651	921.096	766.336
520	2. Salaries and emoluments (gross)	652	5.289.454	4.700.993
521	3. Salary taxes and contributions and emoluments paid by employer	653	727.952	595.132
522,523, 524&525	4. Obligations to natural persons (gross) based on service contracts	654	162.921	124.419
526	5. Remuneration for board members and the supervisory board (gross)	655	48.282	41.364
529	6. Other personal expenses and fees	656	639.410	536.088
53	7. Production service costs	657	5.367.410	5.217.748
533, part 540 & part 525	8. Leased property	658	489.699	536.864
part 533 part 540 & part 525	9. Leased land	659	10.100	12.474
536,537	10. Research and development	660	2.686	821
540	11. Depreciation	661	687.359	689.911
552	12. Insurance premiums	662	165.979	102.059
553	13. Payment transaction costs	663	254.669	218.471
554	14. Membership fees	664	18.541	14.971
555	15. Taxes	665	963.474	508.378
556	16. Contributions	666	2.563	2.330
562	17. Interest expenses	667	414.974	304.075
part 560 part 561 & 562	18. Interest expenses and partial financial expenditure	668	444.822	333.919
part 560 part 561 & part 562	19. Interest on loans from banks and other financial organizations	669	86.296	113.866
part 579	20. Expenses for humanitarian, cultural, health care, educational, scientific and religious purposes, environmental protection and sports	670	16.884	35.507
	21. Subtotal (from 651 to 670)	671	16.714.571	14.855.726

VIII OTHER INCOME

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
60	1. Sales return	672	649.367	217.159
640	2. Income premiums, subventions, subsidies, recourse, compensation and tax returns	673	13.988	948
641	3. Income from conditional donations	674		838
part 650	4. Income from lease of land	675	2.348	2.383
651	5. Income from membership fees	676		4.067
part 660, part 661 & part 662	6. Income from interest	677	219.429	387.131
part 660, part 661 & part 662	7. Income from interest on invoices and deposits in banks and other financial organizations	678	44.770	60.996
part 660, part 661, & part 669	8. Income from dividends and profit shares	679	304.608	44.480
	9. Subtotal (from 672 to 679)	680	1.234.510	718.002

IX OTHER INFORMATION

I T E M	ADP	RSD 000	
		Current Year	Previous Year
1. Excise duties	681		12
2. Customs and other import duties (annual amount according to account)	682	48.822	52.062
3. Capital subventions and other government grants for construction and purchase of fixed assets and intangible investments	683		
4. Government grants for premiums, subsidies and current operating expenses coverage	684		
5. Other government grants	685		
6. Accepted donations from abroad and other nonrefundable assets from foreign legal and natural persons in money or in kind	686		
7. Personal earnings of entrepreneur from net profit (entrepreneurs only)	687		
8. Subtotal (from 681 to 687)	688	48.822	52.074

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY BACKGROUND

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

In 2011, Energoprojekt Group was organized as follows:

Activity	Subsidiaries	Business units for investment work abroad and foreign branch offices	Foreign companies
Planning and research	4	16	6
Building construction and fitting	3	48	6
Trade	1	-	-
Holding	1	-	6
Other	4	-	1
Total	13	64	19

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

On December 31 2011 the Energoprojekt had 2.318 employees (2010 - 2.589) excluding local staff in overseas companies.

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

2. CONSOLIDATION GROUP

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

Local subsidiaries and affiliates:

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

ENERGOPROJEKT GROUP, BELGRADE
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7.	EP Hidroinženjering a.d.	94,84
	<i>Other</i>	
8.	EP Energodata a.d.	96,43
9.	EP Promet d.o.o.	100,00
10.	EP Garant a.d.o.	92,94
11.	Energoplast d.o.o.	60,00
	<i>Affiliates</i>	
12.	Enjub d.o.o.	50,00

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

Foreign subsidiaries (foreign companies):

No.	Name	% ownership
1.	Zecco LTD, Lusaka, Zambia	100,00
2.	Energoprojekt Holding Guinee S.A, Guinea	100,00
3.	INEC Engineering Co.Ltd.,London, UK	100,00
4.	ENCOM GmbH, Frankfurt, Germany	100,00
5.	Nana off Shore, Beirut,Lebanon	100,00
6.	Energoprojekt Montenegro d.o.o., Herceg Novi, Montenegro	100,00

Some of the foreign subsidiaries (Energoprojekt Holding Guinee S.A, Guinea and Zecco LTD Zambia) are registered as being owned by EP Holding but are in fact controlled by the subsidiaries.

In addition to those listed above the first level consolidation group also includes Energo Private LTD, Harare, Zimbabwe; Energoprojekt Ghana LTD, Accra, Ghana; Energo Uganda Company LTD., Uganda; Enlisa S.A., Lima, Peru; ECO MEP Technology, Dubai, UAE; Energo Nigerija Ltd., Lagos, Nigeria; Zahinos LTD., Cyprus; Enhisa S.A., Lima, Peru; EP Entel L.L.C., Muscat, Oman; Energoprojekt Entel L.L.C., Doha, Qatar; Energo consult L.L.C., Abu Dhabi, UAE; United Consulting CO. Botswana, Botswana and Energodata Montenegro d.o.o., Montenegro. The Energoprojekt Co branch in Harare, Zimbabwe is included in the financial statements of our foreign company Energo (Privete) Limited, Harare, Zimbabwe.

Energoplast d.o.o. and Energopet d.o.o., two local affiliates, were also introduced to the first level consolidation group; the Group's consolidated financial statements however did not process Energoplast d.o.o. by equity method, applying instead the full consolidation method because it entered the group as a subsidiary, as described earlier.

In contrast to 2010, the consolidation group for 2011 no longer includes Energoprojekt Middle East (L.L.C.) Dubai, UAE and Energoprojekt (M) Sdn. Bhd., Malaysia, which have been dormant for years, have no assets and are in the process of being closed both with local and Serbian authorities.

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

3. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

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

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

3.1. Functional and reporting currency

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

Figures in the financial statements are shown in thousands of RSD (functional currency and domicile currency) as at balance sheet date - December 31, 2011.

Comparative data is shown in thousands of RSD as at December 31, 2010.

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

	31.12.2011.	31.12.2010.
EUR	104,6409	105,4982
USD	80,8662	79,2802

Applied average annual exchange rates for the figures disclosed in the income statement for 2011 were as follows:

	31.12.2011.	31.12.2010.
EUR	101,9502	103,0431
USD	73,3382	77,9066

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. MANAGEMENT ESTIMATION AND ASSESSMENT

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

5. CONSOLIDATION

5.1. Subsidiaries

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

5.2. Affiliates

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

5.3. Joint ventures

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

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

5.4. Segment reporting

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

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

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. PRINCIPAL ACCOUNTING POLICIES

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

The significant accounting policies are shown below:

(a) Principles of valuation - assumptions

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

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

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

(b) Recognition of the elements of financial statements

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

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

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

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

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

ENERGOPROJEKT GROUP, BELGRADE
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(c) Profits/losses on translation of foreign currencies

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

(d) Sales revenue

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

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

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

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

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

(e) Operating expenses

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

The basic elements and principles of expense recognition are:

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(f) Profit and losses

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

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

(g) Financial revenues and expenses

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

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

(h) Income tax

Income tax represents the amount that is calculated in accordance with Serbian Republic Law. Tax obligation is calculated at 10% on the taxable income (in 2011: 10%). The taxable income represents gross income in the income statement (prepared in accordance with the accounting regulations) less some revenue and expenditure according to the tax regulations. Tax deductions are also applied (investments in fixed assets in the entity's registered line of business and other tax deductions according to the tax regulations).

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

(i) Deferred income tax

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

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

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

ENERGOPROJEKT GROUP, BELGRADE
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(k) Employee benefits

/i/ Pension insurance and employee benefits

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

/ii/ Health insurance

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

/iii/ Retirement bonus

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

/iv/ Post-employment benefits

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

(j) Intangible assets, property, plant and equipment

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

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

Property, plant and equipment are:

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

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

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

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

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

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

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

Subsequent expenses are treated as subsequent investment:

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

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

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

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

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

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

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

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

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

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

(I) Depreciation

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

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

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

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

Intangible assets with unlimited lifetime are not amortized.

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

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

Internally generated goodwill is not recognized as an intangible asset.

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

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

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

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

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

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

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

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The applicable depreciation rates are:

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

(m) Financial investments

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

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

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

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

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

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

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

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

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

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(n) Inventories

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

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

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

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

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

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

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

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

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

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

(o) Short term receivables and investments

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

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

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

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

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

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

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

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

(p) Cash and cash equivalents

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

(r) Rentals

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

(s) Finance lease liabilities

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

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

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

(t) Commitment and contingencies

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

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

(u) Borrowing costs

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

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

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

(v) Impairment

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

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

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

(w) Financial liabilities

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

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

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

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

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

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

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(x) Long term provisions

A provision is recognized when:

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

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

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

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

Provisions are not recognized for future operational losses.

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

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

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

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

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

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

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

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

According to the regulation on changes and amendments of the Accounting and Accounting Policies

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Regulation for Energoprojekt Group members, which applies to financial statements since 2010, a materially significant error is defined as any error which individually or combined with other errors exceeds 1,5% of the total income effectively generated in the previous year.

The Group adjusted the opening balance for undistributed profits for 2010 to reflect corrections made based on errors that were identified but not rectified as shown below:

	Capital
Net capital shown in balance sheet on 31 December 2010	10,201,589
Adjustments:	
Eliminated exchange rate differences	(33,810)
Deferred tax liabilities for previous year	(16,219)
	(50,029)
Net capital after adjustment on 1 January 2010	10,151,560

The accounting effect for the above adjustments was as follows

	2010 (as reported) RSD 000	Error	2010 (adjusted) RSD 000
Plants, property, equipment	6,340,811	(134,402)	6,206,409
Inventories	4,144,498	134,402	4,278,900
VAT and accrued income	779,140	(33,810)	745,330
Deferred tax liabilities	(25,042)	(16,219)	(41,261)
Net assets	11,239,407	(50,029)	11,189,378

(z) Foreign exchange rates

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

	<u>RSD</u> <u>2011</u>	<u>RSD</u> <u>2010</u>
EUR	104,6409 RSD	105,4982 RSD
USD	80,8662 RSD	79,2802 RSD
GBP	124,6022 RSD	122,4161RSD
CHF	85,9121 RSD	84,4458 RSD
RUB	2,5141 RSD	2,0865 RSD
LYD	63,8146 RSD	51,0847 RSD

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6. FINANCIAL RISK MANAGEMENT

6.1 Financial risk factors

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

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

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

a) Market risk

i) Foreign exchange risk

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

ii) Fair value risk

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

iii) Interest rate risk

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

b) Credit risk

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

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the

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

7. SEGMENT INFORMATION

7.1. Primary reporting formats – business segment

The Group is organized, local and abroad, in the following business segments as of 31 December 2011:

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

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REPORTABLE SEGMENTS

Business segments

RSD thousand

	Planning and research		Construction and equipment		Other		Total		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2010	2009	2011	2010	2011	2010
Revenues	4,714,959	3,968,159	15,862,806	14,305,720	1,607,286	7,323,797	22,185,051	25,597,676	(991,406)	(1,399,498)	21,193,645	24,198,178
SEGMENT RESULT	-	-					-	-			-	-
Profit from operations	92,227	111,812	6,395	(308,752)	159,876	796,781	258,498	599,841	(11,622)	(6,977)	246,876	592,864
Interest return	60,311	70,598	48,941	262,020	36,718	53,361	145,970	385,979	(5,264)	(1,104)	140,706	384,875
Interest expenses	41,896	28,079	260,387	260,931	48,299	26,887	350,582	315,897	(36,672)	(11,822)	313,910	304,075
Income tax	4,683	4,962	47,709	42,045	35,470	98,041	87,862	145,048	-	-	87,862	145,048
Profit from regular operations	236,814	357,729	592,950	273,067	421,615	785,882	1,251,379	1,416,678	(658,651)	(521,834)	592,728	894,844
Losses from suspended operations	6,632		10,733	505	3,798	2,379	21,163	2,884	(3,499)	-	17,664	2,884
Net profit	224,728	352,926	545,914	232,084	380,549	685,580	1,151,191	1,270,590	(655,306)	(521,833)	495,885	748,757
Total assets	6,061,525	5,651,037	17,844,495	17,039,041	11,785,057	13,313,398	35,691,077	36,003,476	(8,636,291)	(10,670,343)	27,054,786	25,333,133
Total liabilities	6,061,525	5,651,037	17,844,495	17,039,041	11,785,057	13,313,398	35,691,077	36,003,476	(8,636,291)	(10,670,343)	27,054,786	25,333,133
Depreciation	69,007	66,497	516,346	536,711	82,468	86,703	667,821	689,911			667,821	689,911

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Geografski segmenti

U 000 RSD

	Serbia		CIS		Europe		Africa		Asia		USA		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenues from sales	5,907,857	10,786,209	5,463,835	3,279,810	329,796	529,511	3,893,499	4,609,180	3,502,435	2,900,528	2,096,223	2,092,940	21,193,645	24,198,178
Revenues from goods trading	3,764	82,358			401	107,149	44,900	19,267		897	14,570	7,488	63,635	217,159
Revenues from provision of services	5,904,093	10,703,851	5,463,835	3,279,810	329,395	422,362	3,848,599	4,589,913	3,502,435	2,899,631	2,081,653	2,085,452	21,130,010	23,981,019

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8. REVENUES FROM SALES

Revenues from goods, products and services sold and rendered on the local market totalled 6.040.778 thousand RSD (2010. 10.786.209 thousand RSD), on foreign markets 15.152.867 thousand RSD (2010. 13.411.969 thousand RSD), giving a grand total of 21.193.645 thousand RSD (2010. 24.198.178 thousand RSD).

9. INCREASE (DECREASE) IN INVENTORIES

	2011. (RSD 000)	2010. (RSD 000)
Increase in inventories	30,574	693,282
Decrease in inventories	(564,699)	(4,884,400)
Total	(534,125)	(4,191,118)

In 2011 **the inventories increase** relates to an increase of work in progress and finished products in:

- EP Visokogradnja – mostly for works in connection with the Z-078 petrol station Aktau (6.723 thousand RSD),
- EP Niskogradnja – operations through foreign business units in Peru (16.162 thousand RSD).
- Other relates to Energoplast.

The inventories decrease in 2011 relates primarily to the following companies in the Energoprojekt Group:

- EP Visokogradnja – sold immovable property in Bežanijska Kosa and Herceg Novi, as well as inventories decrease based on decrease of work in progress abroad in the total amount of 336.122 thousand RSD.
- EP Niskogradnja had inventories decrease (126.473 thousand RSD) that relates to the decrease in inventories (installation) of aggregate for concrete production, rock inventory for rip rap defence and processed rock for securing the water basin walls and floor, related to the project Z-016 Chavimochic, Peru.
- Enjub – inventories decrease (102.104 thousand RSD) based on the completion of the car dealership facility „AC Stojanović“.

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10. OTHER OPERATING INCOME

	2011. (RSD 000)	2010. (RSD 000)
Premiums, subventions, subsidies, refunded amounts, compensation and tax refunds	-	948
Conditioned donations	-	838
Rents	74,674	70,923
Memberships	-	4,067
Other operating income	54,774	113,053
Total	129,448	189,829

Other operating income in 2011 (129.448 thousand RSD) relates to income from rents (74.674 thousand RSD) and other operating income (54.774 thousand RSD).

Income from rents is mostly generated by the following companies: EP Visokogradanja (35.434 thousand RSD), EP Niskogradnja (9.197 thousand RSD) partially domestic revenue (1.425 thousand RSD) based on rented equipment for the project Straževica tunnel, Zecco (14.402 thousand RSD), Enjub (5.842 thousand RSD), Energodata (5.617 thousand RSD), Guinea (2.268 thousand RSD) and Garant (2.222 thousand RSD).

11. PURCHASE VALUE OF GOODS SOLD

	2011. (RSD 000)	2010. (RSD 000)
Wholesale	(99,355)	(203,512)
Retail	-	-
Total	(99,355)	(203,512)

The purchase value of goods sold (wholesale) in 2011 relates to the purchase of computer equipment by EP Energodata (48.296 thousand RSD), the purchase of granulate by EP Industrija (18.755 thousand RSD) and other (EP Oprema - 16.233 thousand RSD, EP Visokogradnja - 5.870 thousand RSD, Energoplast - 4.678 thousand RSD).

12. MATERIAL COST

	2011. (RSD 000)	2010. (RSD 000)
Raw material	(4,251,540)	(4,267,805)
Other material cost (overheads)	(258,482)	(263,641)
Fuel and energy	(918,552)	(766,336)
Total	(5,428,574)	(5,297,782)

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The major part of **material cost** in 2011 relates to raw material, specifically: EP Visokogradnja (1.495.190 thousand RSD), EP Niskogradnja (1.175.593 thousand RSD) and EP Oprema (1.287.385 thousand RSD). EP Niskogradnja contributed the most in the fuel and energy expenses with 670.306 thousand RSD.

13. STAFF COSTS

	2011. (RSD 000)	2010. (RSD 000)
Salaries and fringe benefits (gross)	(5,289,454)	(4,700,992)
Taxes and contributions on salaries and fringe benefits charged to employer	(727,952)	(595,132)
Remunerations according to temporary service contracts	(8,090)	(11,262)
Remunerations according to author's contracts	(58,702)	(34,128)
Remunerations according to temporary and provisional contracts	(52,614)	(72,624)
Remunerations to individuals according to other contracts	(43,515)	(6,405)
BoD and Supervisory Board	(48,282)	(41,364)
Other personal expenses remunerations	(639,410)	(536,089)
Total	(6,868,019)	(5,997,996)

14. DEPRECIATION AND PROVISION EXPENSES

Depreciation and provision expenses totalled 1.177.245 thousand RSD (2010.: 802.299 thousand RSD) and relate to:

- **Depreciation of PPE** in the amount of 674.188 thousand RSD (2010.: 689.911 thousand RSD), and
- Provision expenses in the amount of 503.057 thousand RSD (2010.: 112.388 thousand RSD).

Long term provision expenses in 2011 largely relate to the following companies within the Energoprojekt Group:

- EP Entel with 369.785 thousand RSD (688 thousand RSD relate to provision expenses for retirement bonuses, and 369.097 thousand RSD relate to expenses within the guarantee period and provisions based on lawsuits against the Company).
- EP Niskogradnja with 103.094 thousand RSD (provision expenses for fees and other employee benefits amounting to 5.997 thousand RSD and other provision expenses amounting to 97.097 thousand RSD relate to the obligation to the sub-contractor with regard to the project Z-0163 „Navigation Lock“, Iraq. The provision amount was established according to the same methodology used by the Government of Iraq, based on which the Company has collected claims from the above mentioned project.
- EP Garant with 19.238 thousand RSD related to damage liability provisions and other non-life insurance reserves

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Provision expenses for fees and other employee benefits (based on IAS 19) amount to 7.838 thousand RSD.

15. OTHER OPERATING EXPENSES

	2011.	2010.
	(RSD 000)	(RSD 000)
<u>Costs of production services</u>		
Service costs of outputs	(3,332,845)	(3,757,380)
Transportation costs	(442,695)	(413,949)
Maintenance costs	(179,153)	(201,924)
Rental costs	(456,180)	(549,338)
Fairs exhibit costs	(1,079)	(1,653)
Advertising costs	(26,716)	(17,484)
Costs of researching activities	(2,616)	(821)
Costs of other services	(274,084)	(275,199)
Total	(4,715,368)	(5,217,748)
<u>Non-production costs</u>		
Costs of non-production services	(727,939)	(1,072,649)
Expense accounts	(62,843)	(61,581)
Insurance premium costs	(108,512)	(102,059)
Payment operation costs	(254,676)	(218,471)
Membership fees	(18,541)	(14,971)
Tax duties	(965,635)	(508,378)
Contribution costs	(885)	(2,330)
Other non-material costs	(172,049)	(141,838)
Total	(2,311,080)	(2,122,277)
Grand total	(7,026,448)	(7,340,025)

The largest figure under **other operating expenses** involves the service costs of outputs, which include most prominently production service costs for WIP (subcontractors and associates):

- EP Niskogradnja with 1.522.698 thousand RSD, represent costs based on subcontracts for domestic projects in the amount of 1.186.870 thousand RSD, and foreign projects amounting to 335.828 thousand RSD.
- EP Visokogradnje with 1.162.274 thousand RSD - production service costs for WIP consist of costs related to associates – domestic construction sites and construction sites in foreign countries. In foreign countries the largest production service costs for WIP relate to Z-068 Aktau Hotel (242.652 thousand RSD), Z-074 Sarijagaš winery (212.978 thousand RSD), Z-075 Schlumberger (223.978 thousand RSD), Z-076 residential building Siktivkar 74.959 thousand RSD, Energoprojekt Ghana (174.273 thousand RSD) and
- EP Oprema with 417.597 thousand RSD, and the remaining amount relates to other companies in the Group.

Rental costs amount to 456.180 thousand RSD and relate mostly to the following companies in the

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Energoprojekt Group:

- EP Entel with 186.767 thousand RSD, mostly relating to apartment rental fees in the company's foreign branches
- EP Niskogradnja with 184.789 thousand RSD, include rental costs of equipment, field work expenses, office, residential and warehouse space in the country and abroad (19.811 thousand RSD) and abroad (164.978 thousand RSD).
- EP Visokogradnju with 71.061 thousand RSD, predominantly rental costs in foreign countries (67.194 thousand RSD), and renting space from Belgrade harbour (3.867 thousand RSD).

The largest figure under **non-material costs** relates to costs of non-production services in the amount of 727.939 thousand RSD and tax duties in the amount of 965.635 thousand RSD.

The largest separate **costs of non-production services** relate to EP Entel in the amount of 402.313 thousand RSD (consulting services, professional training of employees, legal and other services), EP Visokogradnja in the amount of 197.080 thousand RSD and EP Niskogradnja in the amount of 59.768 thousand RSD.

Tax duties, resulting from accounting and payment of income taxes according to local regulations, largely relate to EP Entel in the amount of 504.893 thousand RSD, mostly income tax for the Qatar company, EP Visokogradnja in the amount of 327.312 thousand RSD (in foreign countries: 315.143 thousand RSD), EP Niskogradnja in the amount of 80.129 thousand RSD (in foreign countries: 77.370 thousand RSD).

16. REVENUES AND EXPENSES

	2011 (RSD 000)	2010 (RSD 000)
<u>Financial revenues</u>		
Financial income incurred with other associated companies	27,899	57,558
Income from interest	140,706	384,875
FX Gains	1,577,393	2,137,679
Income from share of profits from subsidiaries and joint ventures	-	39,092
Other financial income	141,838	51,083
Total	1,887,836	2,670,287
<u>Financial expenses</u>		
Financial expenses incurred with other associated companies	(50,058)	(7,519)
Costs of interest	(313,910)	(304,075)
FX losses	(1,787,051)	(2,025,862)
Other financial expenses	(9,116)	(8,896)
Total	(2,160,135)	(2,346,352)

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In 2011, the negative net financial performance came mainly as the result of foreign exchange losses due to the Dinar depreciating, dinar rate dropped by 2% against the USD, but rose by 0,81% against the EUR.

Interest expenditure includes loan interest and default interest expenses from debtor/creditor relationships.

17. OTHER REVENUES AND EXPENSES

	2011. (RSD 000)	2010. (RSD 000)
<u>Other revenues</u>		
Gains on disposals of intangible assets and property, plant and equipment	17,139	45,653
Gains on disposals of securities	6,701	4,744
Material sold	-	175
Surpluses	939	588
Collected written-off receivables	102,734	80,867
Income from positive hedging effects	-	1,836
Income from reduction of liabilities	645,357	93,584
Income from abolishing of long-term provisions	662	17,631
Other	269,205	52,384
Income from valuation adjustments of property, plant and equipment	2,370	4,855
Income from valuation adjustments LT investments and securities		1,007
Income from valuation adjustments of receivables and ST financial investments		359,996
	236,093	213
Income from valuation adjustments of other property	18,820	
Total	1,301,027	662,526
<u>Other expenses</u>		
Losses on writing-offs and disposals of intangible assets and PPE	(14,409)	(26,182)
Losses on disposals of equity investments and securities	(4,751)	(2,371)
Losses on disposals of material	(1,296)	(2,517)
Shortages	(2,906)	(4,869)
Writing-offs of receivables	(117,544)	(54,818)
Cost of goods and materials write-off	-	(75)
Other	(98,796)	(455,053)
Impairment of property, plant and equipment	(25,522)	-
Impairment of long-term investments and other available-for-sale securities	(206,040)	(51)
Impairment of receivables and short-term financial investments	(210,805)	(138,545)
Impairment of other property	(807)	-
Total	(682,876)	(684,481)

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Other income (1.301.027 thousand RSD) **from reduction of liabilities** relates to 645.357 thousand RSD, 608.961 thousand RSD relates to EP Niskogradnja, in the country amounting to 555.969 thousand RSD generated as a result of performed valuation of balance sheet items pursuant to IAS 39, which the Company decided to write off. In the respective assessment of these balance sheet items, the management has taken into consideration, besides basic accounting principles, also the following facts: that these liabilities have expired under the relevant contracts or in general, that the creditors have not requested settlement of the liabilities over an extended period, and that there is therefore no possibility of economic outflow arising from such liability. The most important respective income relates to the abolishment of the liability towards the company „MCC“, China, in the amount of 495.185 thousand RSD (liability that arose prior to 1991 related to Z-0163 „Navigation Lock“, Iraq).

Other income includes income increase amounting to 269.205 thousand RSD and income from value adjustments of receivables and short-term financial investments in the amount of 236.093 thousand RSD.

Other income relates mostly to EP Visokogradnja amounting to 209.205 thousand RSD, out of which 166.753 thousand RSD relates to income from Comerc Consulting based on the proposal for settlement for works in connection with the project Z-056 Shopping mall Aktau. 32.965 thousand RSD relate to EP Oprema, 23.970 thousand RSD to EP Niskogradnja and the remaining amount to other companies in Energoprojekt Group.

The income from value adjustments of receivables and short-term financial investments relates mostly to EP Visokogradnja in the amount of 235.782 thousand RSD, namely to claims recovered for works on the tourist resort Hayatt at Crni Vrh (69.259 thousand RSD) and the protocol signed with Beogradčvor for works on Prokop Station in the amount of 7.986 thousand RSD, as well as income from lawsuits and settlements for works in connection with the project Z-063 Manžerok Russia (158.221 thousand RSD).

The most important items in **Other Expenses** (682.876 thousand RSD) include:

- direct write-off of claims in the amount of 117.544 thousand RSD (EP Viskogradnja: 63.798 thousand RSD and EP Niskogradnja: 46.264 thousand RSD and other),
- depreciation of long-term investments amounting to 206.040 thousand RSD (out of which EP Visokogradnja: 193.767 thousand RSD) and
- depreciation of claims and short-term investments (210.805 thousand RSD), mostly referring to the following companies:
 - EP Visokogradnja: 85.192 thousand RSD (settlement agreement for works on the Foreign Ministry building - 77.925 thousand RSD),
 - EP Niskogradnja: 76.631 thousand RSD - Project Z-001 Kazakhstan, based on the company's management decision. With a view to reflecting the principle of prudence, the decision in question was based on the fact that the guarantee deposit relates to a project that was effectively delivered in end 2003, however the acceptance procedure was not finalized due to issues with the buyer. Considering that these claims are not expired and are still actively pursued (renewed contact with the buyer), and that collection ability cannot be reliably assessed, the Company has decided to depreciate the claims.
 - EP Hidroinženjering: 22.306 thousand RSD based on the value adjustment of receivables related to the project Tekeze, according to decision of the Executive Committee of the Company.

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18. NET PROFIT/(LOSS) OF DISCONTINUED OPERATIONS

	2011. (RSD 000)	2010. (RSD 000)
Net profit from discontinued operations		
Net loss of discontinued operations	(17,664)	(2,884)

19. NET EARNINGS PER SHARE

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

	2011	2010
Profit due to Group shareholders (in 000 RSD)	368.806	627.981
Weighted average number of issued ordinary shares	9.468.329	9.468.329
Net earnings per share (RSD per share)	38,95	66,32

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20. INTANGIBLE INVESTMENTS

	Concessions, patents and similar rights	Other intangible investments	Intangible investments in progress	Advances on intangibles	Total
COST VALUE					
Balance on 1/01/2011	54,924	80,632	17,582	-	153,138
Additions	9,124	6,558	-	420	16,102
Disposals and write-off	(735)	(482)	-	-	(1,217)
Balance on 31/01/2011	63,313	86,708	17,582	420	168,023
VALUE ADJUSTMENT					
Balance on 1/01/2011	29,630	32,702	-	-	62,332
Depreciation	17,128	6,718	-	-	23,846
Disposals and write-off	(688)	(102)	-	-	(790)
Balance on 31/01/2011	46,070	39,318	-	-	85,388
NET BOOK VALUE:					
31/01/2011	17,243	47,390	17,582	420	82,635
31/01/2010	25,294	47,930	17,582	-	90,806

Concessions, patents and similar rights and other intangible investments on 31/12/2011 relate to various software used by the Group for own purposes, depreciated in accordance with the accounting policy in force.

Intangible investments in progress on 31/12/2011 refer to investments of the Group in relation to the delivery, installation, implementation and maintenance of software products for BI (business intelligence) solution. This BI solution has not been implemented yet on the balance sheet date.

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21. PROPERTY, PLANT AND EQUIPMENT

	Land and building	Plant and equipment	Investment property	Other plant property equipment	Equipment in construction and advances	Total
<u>Cost value</u>	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)
At 01.01.2011 (Curr. year)	4,984,269	7,296,662	475,106	7,921	729,852	13,493,810
Purchases	58,922	419,266	175,852	35	94,581	748,656
Increase by transfer from investment in progress	30,489	13,184			(27,716)	15,957
Disposals, write-off	(24,081)	(76,251)			(122,973)	(223,305)
Transfer from/to	241,486	16,904	259,340		(268,050)	249,680
Revaluation-assessment			590,164			590,164
Increase/decrease of advance payments		53,359				53,359
Exchange differences	(83)	(406)	(1,879)	(43)		(2,411)
Other increase/decrease	5,476	192,969	104,697		(4,200)	298,942
At 31.12.2011. (Curr.year)	5,296,478	7,915,687	1,603,280	7,913	401,494	15,224,852
<u>Value adjustment</u>						
At 01.01.2011. (Curr.year)	1,768,318	5,042,168	23,663	1,809		6,835,958
Depreciation	79,736	578,124		107		657,967
Disposals, write-off	(9,072)	(42,579)				(51,651)
Transfer from/to						0
Revaluation-assessment						0
Exchange differences	(26)	71,488		(35)		71,427
Other increase/decrease	(14,011)	77,675				63,664
At 31.12.2011. (Curr.year)	1,824,945	5,726,876	23,663	1,881	0	7,577,365
Sadašnja vrednost						
At 31.12.2011. (Curr.year)	3,471,533	2,188,811	1,579,617	6,032	401,494	7,647,487
Current value						
At 31.12.2010. (prev.year)	3,215,951	2,254,494	451,443	6,112	729,852	6,657,852

	2011	2010
Total depreciation costs comprise of:	681.813	700.441
Depreciation of intangible assets	23.846	16.533
Depreciation of property and equipment	657.967	683.908

Loans with banks are secured by a lien on Energoplast's and Niskogradnja's land and buildings (present value on 31/12/2011 was 355,315 thousand RSD), lien on Energoplast and Energodata's facilities and equipment (present value on 31/12/2011 was 188,441 thousand RSD) (2010: 196,393 thousand RSD) and lien on EP Energodata's investment property (present value 31/12/2011 was 92,058

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thousand RSD) (2010: 87,374 thousand RSD).

The fair value of investment properties on 31/12/2011 was 1,579,617 thousand RSD. The valuation of the fair value on 31.12.2011 was performed by an independent valuator who has appropriate professional qualifications and recent relevant work experience in the field of investment property. The valuation of the value was performed based on numerous factors, such as: existing renting conditions, valuation of market conditions and valuation of the capitalization rate by using comparative market data, if possible. Due to the current situation on the property market and reduced number of sales transactions with respect to previous years due to the economic crisis, valutors have mostly used their knowledge of the market and professional judgment and less results of comparable transactions in the past.

On the balance sheet date, there are no limitations regarding the possibility to sell investment properties nor income from rent and disposal of property.

22. EQUITY INVESTMENTS

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

Equity investments are disclosed:

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

Equity investments pertain to shares (stakes) in:

	2010. (RSD 000)	2010. (RSD 000)
a) Banks and other financial organizations	104,493	133,057
b) Other legal entities:	505,553	510,367
-Energopet	295,468	291,308
-Energogigeria	204,797	199,872
-Other	5,288	19,187
Total	610,046	643,424

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23. OTHER LONG TERM FINANCIAL INVESTMENTS

Other long term financial investments include:

	2011. (RSD 000)	2010. (RSD 000)
a) Long term loans extended		
- in Serbia	-	266,010
- in other countries	-	194,255
Total	-	460,265
b) FCY savings bonds	56,196	90,000
c) Housing loans for employees	55,257	58,616
d) Other	463,216	737,314
Total	574,669	1,346,195

On 17.02.2011, a protocol was signed stating the terms and conditions for the settlement of claims of EP Group members, among them Visokogradnja, from Beogradčvor in connection with the work completed (construction of the Beograd Centar train station). According to the Protocol, claims were collected in 2011, resulting in the reduction of claims from Beogradčvor in comparison to 2010. All claims will be collected by April 2012. The correction of claims in EP Visokogradnja in the amount of 64.129 thousand RSD was performed in relation to a long term loan that was extended to Beogradčvor.

The long-term housing loans are interest-free and the legal revaluation is performed.

24. INVENTORIES

	2011. (RSD 000)	2010. (RSD 000)
Raw material, spare parts and tools	1,877,728	1,122,018
Work in progress	819,765	1,209,540
Finished goods	215,187	382,337
Merchandise	255,127	436,736
Paid advances	1,297,210	993,867
Total	4,465,017	4,144,498

Inventories are increased in comparison to 2010, first of all in EP Visokogradnja and EP Niskogradnja.

- EP Visokogradnja - the increase in inventory refers to Z-068 Aktau Hotel and Z-075 Schlumberger and relates to the imported materials and the deadline for the completion of works; most materials are purchased, but not installed in 2011.

Work in progress by EP Visokogradnja refers to work in progress abroad: include works in connection with the residential complex Šištet Bare in Montenegro amounting to 508.860 thousand RSD, Z-070 Villas Aktau in the amount of 16.099 thousand RSD and Z-078 Aktau petrol station in the amount of 6.901 thousand RSD (for progress certificates issued for November and December and certified by the technical inspection).

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Domestic work in progress amount to 144.494 thousand RSD (include works in connection with the project Prokop station - 73.055 thousand RSD, in Knez Danila - 24.961 and Bežanijska Kosa 46.478 thousand RSD).

Some finished products were depreciated by first reducing the value to net sales price according to pricelists on 31/12/2011, and then reducing the finished products in Belgrade (Bezanijska Kosa and Block 29) in the amount of 41.498 thousand RSD and Herceg Novi in the amount of 10.986 thousand RSD.

Finished products refer to finished real property in Herceg Novi (98.878 thousand RSD) and in Belgrade (Bežanijska Kosa and block 29) in the amount of 44.558 thousand RSD.

- EP Niskogradnja – From total indicated stocked materials, spare parts, tools and inventories (828.108 thousand RSD), inventories in foreign countries amount to 724.393 thousand RSD, out of which 80,32% relates to projects in Uganda. Stock levels, of materials and spare parts in particular, depend on the intensity of work and the possibilities for a steady supply.

25. RECEIVABLES

	2011.	2010.
	(RSD 000)	(RSD 000)
<u>Receivables from sales</u>		
Buyers in Serbia	1,839,680	2,479,306
Buyers in other countries	4,843,464	3,734,718
Total	6,683,144	6,214,024
<u>Receivables from specific business operations</u>	34,696	26,297
<u>Other receivables</u>		
Receivables from employees	16,839	48,741
Receivables from government authorities and institutions	795	
Receivables for other prepaid taxes and contributions	3,564	3,902
Other receivables	743,701	260,542
Total	764,899	313,185
Grand total	7,482,739	6,553,506

In 2011 there was a reduction of **receivables from domestic buyers** in comparison to the previous year, first of all in EP Visokogradnja. On 17.02.2011, the Protocol was signed on the settlement dynamics for claims from Beogradcvor for works in connection with the railway station Beograd Centar. According to the Protocol, claims were collected in 2011 which caused the reduction of receivables from Beogradcvor in comparison to 2010 and the entire claim will be collected by April 2012.

On 26.05.2011, a settlement agreement was signed with the Republic of Serbia – Ministry of External Affairs for the sum of 180.000 thousand RSD and the respective claim was collected, for differences posted in 2010 a depreciation of claims was performed.

In 2011, EP Visokogradnja collected the claim from Inex Interexport in full.

On 28.12.2011, the Settlement agreement with the Oil Industry of Serbia and the company OZONE was signed. This agreement refers to for works in connection with Crni vrh (90.000 thousand RSD) and regulates all claims in connection with interest and works and obligations related to the received advance payment; this amount was collected on 29.12.2011. The same agreement regulates that EP

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Visokogradnja reserves the right to a percent share in co-funding the Crni Vrh tourist facility.

Receivables from foreign countries include EP Viskogradnja (from investors in foreign countries) in connection with progress certificates for December and the retention bond. All current liabilities are settled by investors on time. On the balance sheet date, the largest receivables are from foreign buyers – investors on the project Z-068 Aktau hotel (69.910 thousand RSD), Z-075 Schlumberger (222.465 thousand RSD), Z-074 winery Sarijagaš (55.228 thousand RSD), Z-076 residential building Siktivkar (173.832 thousand RSD). The company Energoprojekt Ghana has receivables from the investor Law House Legal AID (115.153 thousand RSD), Bank of Ghana (60.137 thousand RSD), Emerald House (116.203 thousand RSD).

In 2011, the company won the lawsuit against the investor in connection with the project Z-063 Manžerok and on 16.11.2011, the amount of 86.852.424,56 rubles was collected (interest included). EP Visokogradnja generated hereby income of 1,45 million EUR.

Other receivables include receivables from Comerc Consulting which agreed to return overcharged amounts in connection with the court ruling (171.155 thousand RSD).

- EP Niskogradnja – in comparison to 31.12.2010 sales earnings due were increased by 527.339 thousand RSD, mostly due to intensified works in 2011 in connection with projects in Uganda.

26. SHORT TERM FINANCIAL INVESTMENTS

	2011. (RSD 000)	2010. (RSD 000)
Short fixed deposits	2,427,955	1,862,108
Short-term loans extended	64,245	65,021
Other	32,996	60,041
Total	2,525,196	1,987,170

Short fixed deposits relate to EP Entel (1.674.292 thousand RSD), EP Garant (419.190 thousand RSD), EP Visokogradnja (195.000. thousand RSD), EP Industrija (66.670 thousand RSD), EP Niskogradnja (44.518 thousand RSD) and EP Hidroinženjering (28.285 thousand RSD).

Short term loans extended (63.500 thousand RSD) consist of a short term loan granted to Enjub by Holding, 50% of the amount in keeping with the proportional method using which this company was included in the consolidated financial statements of Energoprojekt Group.

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27. CASH AND CASH EQUIVALENTS

	2010. (RSD 000)	2010. (RSD 000)
<u>RSD</u>		
Current accounts	97,541	61,543
Petty cash	225	552
Other	95,318	83,113
Total	193,084	145,208
<u>FCY</u>		
Foreign currency accounts	2,328,404	1,736,990
Petty cash	155,834	106,321
L/C	-	37,178
Other	264,202	850,394
Value-impaired or restricted pecuniary assets	-	987
Total	2,748,440	2,731,870
Grand total	2,941,524	2,877,078

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

28. VAT AND ACCRUALS

	2011. (RSD 000)	2010. (RSD 000)
<u>Value added tax</u>		
<u>Accrued income</u>		
Prepayments	202,727	230,259
Uninvoiced income receivables	459,364	268,076
Value added tax - accrued	39,427	46,836
Accrued commitments	-	410
Other accruals	15,873	233,559
Subtotal	717,391	779,140
Total	717,391	779,140

Claims related to the non-invoiced income include primarily EP Niskogradnja (398.690 thousand RSD) including:

- 123.463 thousand RSD, claims under arbitration rulings (Resolution no. 31, dated 31.01.2011 and Resolution no. 34, dated 02.02.2011) – Project Z-008 Huamachuco, Peru;

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- 71.119 thousand RSD claims from investors in connection with certified preliminary progress certificates for December 2011 – Project Z-014 Yanacocha, Peru;

- 4.309 thousand RSD claims from investors in connection with certified preliminary progress certificates for December 2011 – Project Z-019 Cochabamba - Chota, Peru and

- 199.799 thousand RSD claims from JP Putevi Srbije in connection with certified preliminary progress certificates for October – December 2011 – Project Lot 1.1 Novi Sad

29. ISSUED AND OTHER CAPITAL

Issued capital includes:

	2011. (RSD 000)	2010. (RSD 000)
Share capital	5,126,415	4,467,699
Other capital	96,688	98,657
Total	5,223,103	4,566,356

At the XXXVI general meeting of EP Holding, held on 30/06/2011, under Item 5 and 6 of the agenda, the following decisions were taken:

- Distribution of annual profits of Energoprojekt Holding a.d. for 2010,
- The IX 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.

The Commission for Securities issued on 14.07.2011 the Decision No. 4/0-24-2911/3-11 on the approval to issue securities without public offering for the purpose of converting undistributed profit to equity and replacement of the shares in the amount of 4.828.583.100,00 RSD or 9.467.810 ordinary shares of 510,00 RSD nominal value.

The Central Securities Depository and Clearing House changed on 18.07.2011 the nominal value of all shares or 9.467.810 ordinary shares issued by Energoprojekt Holding a.d. from Belgrade (JMB:07023014) with CFI code: ESVUFR and ISIN number: RSHOLDE58279.

30. RESERVES

Reserves comprise of:

	2011 (RSD 000)	2010. (RSD 000)
Legal	248,538	248,538
Statutory and other	412,339	93,287
Issuing premium	237,036	236,606
Total	897,913	578,431

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

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

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

Reserves were increased in 2011 as a result of the distribution of profit generated by Group members, based on the relevant resolutions of their respective general meetings.

31. REVALUATION RESERVES, UNREALIZED PROFIT/LOSS FROM SECURITIES

	2011. (RSD 000)	2010. (RSD 000)
Revaluation reserves	1.625.478	958.158
Unrealized profit from available-for-sale securities	16.022	60.049
Unrealized losses from available-for-sale securities	(22.071)	(19.865)
Total	1.619.429	998.342

Revaluation reserves include positive effect of changes in the fair value of property and equipment and largely relate to fair value adjustments for investment property in Moscow (Dom 12) which caused the reserves to rise in the amount of 596.806 thousand RSD, and include also reserves in connection with the translation of financial statements shown in a different reporting currency.

Falling share prices on the Belgrade Stock Exchange of those companies, whose shares are included in the available-for-sale securities portfolio of companies in the Energoprojekt Group, largely reflected on reduced unrealized gains and increased unrealized losses from available for sale securities.

32. UNDISTRIBUTED PROFIT AND LOSS

Undistributed profit comprises:

	2011. (RSD 000)	2010. (RSD 000)
Consolidated net prior years profit	4,058,801	3,728,305
Correction of material significant errors	(50,029)	
Restated opening balance	4,008,772	3,728,305
Changes during year	(33,309)	330,496
Consolidated net profit as at 31 December	3,975,463	4,058,801

Changes which occurred during the year are the result of profit generated in 2011 and less distributed profits in 2010 on the grounds of a share capital increase, and the resulting nominal share value increase.

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The allocation of undistributed profit of EP Holding on 31.12.2010 was performed according to the GM resolution on the XXXVI session held on 30.06.2011. The EP Holding general meeting resolved to allocate the full sum of the net current profits to the company's provisions (5%) and into non-allocated profits (607.204 thousand RSD).

Based on the same resolution, non-allocated profits from previous years and the 2010 profits were both allocated to a share capital increase through the IX ordinary shares issue without a public offering (Note no. 29).

33. LONG TERM PROVISIONS

Long term provisions are disclosed when:

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

Long-term provisions comprise:

	2011.	2010.
	(RSD 000)	(RSD 000)
Provision for expenses in warranty	10,926	393,161
Provision for employee benefits	140,471	182,621
Other	1,183,448	291,598
Total	1,334,845	867,380

The increase of **Other long-term provisions** relates mostly to EP Entel in the amount of 791.722 thousand RSD and is related to provisions that may arise from lawsuits against the Company and provisions for costs during the warranty period.

Provisions for costs during the warranty period are included based on the best assessment by the management and previous experience and collection is expected over a period of less than 5 years. Final amount of the liability to be paid may differ from the provisioned amount, depending upon future developments. These provisions are not discounted since the discount influence is not materially relevant.

Other provisions refer to provisions arising from lawsuits against the Company. Other provisions are included based on the assessment performed by the management and the collection is expected in the following year. These provisions are not discounted since the discount influence is not materially relevant.

The amount of 97.097 thousand RSD relates to the increase of Other long-term provisions in EP Niskogradnja and relates entirely to the obligation to the sub-contractor with regard to the project Z-0163 „Navigation Lock“, Iraq. The provision amount was established according to the same methodology used by the Government of Iraq, based on which the Company has collected claims from the above mentioned project.

In the projection of provision calculation pursuant to IAS 19 the deductive approach was used, meaning that all companies from the Energoprojekt Group were treated as a whole, and based on general

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regularities and use of the number of employees as a template, allocation to specific companies was performed. Considering that all subsidiaries are controlled by the same company, the applied approach is objective and the projection results can be recognized as expected.

13,07% reduction of the provision amount in Energoprojekt, based on current retirement values in the balance sheet on 31.12.2011 in comparison to 31.12.2010, was a result of several changed factors:

- On one hand, changes of some factors affect the increase of the provision amount (7,39% increase of the expected amount for average retirement bonus);
- On the other hand, changes of some factors affect the decrease of the provision amount (first of all, due to the implementation of the Law on supplements and amendments to the Pension and Disability Insurance Law that, in the “transition period”, increases the number of years in service needed for retirement of women; reduced total number of employees by 11,5%, increase of the real discount rate by 0,5%, reduction of average years of services in the Company by 4,33% and increase of the non-taxable retirement bonus upon regular retirement also affect the reduction of the provision amount.

Besides the above-mentioned, the change in the provision structure in specific companies is a consequence of the change in the aliquot part of number of employees in specific companies against the total number of employees in the whole Energoprojekt Group.

The provision projection procedures, considering IAS 19, were performed according to the following steps:

- *first, according to employee gender, working experience and years of service in the Company; considering the expected annual fluctuation and mortality rate (estimated annual fluctuation and mortality rate), an estimation was made of the number of employees that will exercise the right to a retirement bonus, as well as the period during which this bonus will be paid out;*
- *Second, considering provisions of the Collective agreement, the bonus amount was valued for each year of service indicated on the balance sheet date, and*
- *Third, the discount factor (discount rate to expected salary growth ratio) was used to determine the present value of the expected retirement bonus outflows.*

The Retirement bonus is paid pursuant on Article 48 of the Collective agreement. The employer will pay to the employee a retirement bonus in the amount of: 1) employee's triple net earnings of the month that precedes the month of retirement, 2) triple net average earnings in the month that precedes the month of retirement, 3) in the amount prescribed by law; depending upon which amount is most favourable for the employee.

Upon discounting, the following assumptions were considered:

- *expected annual growth of earnings in the Company of 7,5% and*
- *discount rate of 10% .*

In the paragraph 78, IAS 19 and paragraph BC 33 in the Basis for Conclusions, it is explicitly stated that the rate used for discount should be defined according to market yields at the balance sheet date for high yield corporate bonds. In countries where there is no developed market for such bonds, market yields (at the balance sheet date) for government bonds should be used. The value date and deadlines for bonds should be in accordance with the value date and deadlines for liabilities for income after employment.

Since the financial market of Serbia is insufficiently developed, the real annual yield from the purchase

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of government bonds with the Republic of Serbia as the guarantor should be used as a reference for the determination of the discount rate on the balance sheet date. Considering the nominal annual yield of government bonds, projected inflation in EURO zone countries and the assumption that the foreign exchange rate is formed based on the purchasing power parity theory (under the assumption that there are no disparities in the current rate, the projected annual devaluation is conditioned by the difference between the projected annual inflation in Serbia and EURO zone countries), the real annual yield of reference securities is ca. 4,5% or for the projected nominal inflation in Serbia of 5,5%, the nominal annual yield is ca 10%. Since the maturity of reference securities is shorter than the average estimated maturity for income that is the subject of this calculation, in determining the discount rate a comparison was performed based on the yield for long-term (15 years) government T-bills issued on the primary market by the Ministry of Finance of the Republic of Serbia, the Treasury in EUR (from the auction held on 01.06.2011) and the return on old frozen savings bonds on the secondary market according to rates applicable at the time. Thus, requirements from paragraph 81, IAS 19 were fulfilled.

The annual discount rate and the annual wage growth depend upon the inflation rate.

„The decision on the establishment of the monetary policy program of the National Bank of Serbia” that entered into force on 01.01.2012, has established the monetary policy program of the National Bank of Serbia in 2012. The Program, among other things, defines the target inflation rate for 2012 (end of 2012 in respect to the end of 2011) of 4%, with permitted deviation (positive and negative) of 1,5 percentage point. Since the inflation in 2011 exceeded the target inflation by 1,5% (increased by the permitted deviation), it is realistic to plan the inflation for the following year within permitted framework foreseen by the Program with maximum permitted deviation (+1,5%). Therefore, the provision will be valued according to the planned annual inflation of 5,5%.

It can be concluded that the Company planned a long-term annual wage growth of 2% (applied also to provisions from previous years) and the long-term annual real discount rate was planned at 4,5%.

If the inflation rate would drop in the future, the applied logic would result in the reduction of nominal wages but also of the discount rate (that is defined by the inflation rate) so that the change would alter results presented in this document. The methodology used, indicating the long-term 7,5% planned annual salary growth and long-term annual discount rate of 10%, assumes an unchanged inflation rate in future. This assumption is requested in the paragraph 75, IAS 19.

34. LONG-TERM LOANS

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

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	Currency	Interest rate	2011 (RSD 000)	2010 (RSD 000)
<u>Domestic:</u>				
Development Fund	EUR		84,033	-
"Astra Banka", Beograd	RSD		40,140	40,140
Societe Generale bank			127,657	237,162
Alpha bank			-	16,658
Paris Club			-	240,554
Legal entities and others	USD, EUR	7,5-10,5	201,673	852
Total			453,503	535,366
<u>Foreign:</u>				
- Iraq	USD			
Others	USD, EUR		278,921	1,076,031
Total			278,921	1,076,031
Grand total			732,424	1,611,397

The **long-term loan** in the amount of 84.033 thousand RSD relates to EP Holding. It was approved by the Development Fund of the Republic of Serbia in 2010 for working capital to overcome the short-term insolvency of subsidiaries in the country.

Domestic long-term loans – legal entities and others, relate to EP Niskogradnja and amounts to 156.478 thousand RSD and EP Energodata, amounting to 45.195 thousand RSD.

Foreign long-term loans relate mostly to EP Energodata – long-term loan with Alpha bank London for the settlement of ATM-related liabilities in the amount of 247.694 thousand RSD and EP Niskogradnja - long-term loans for the purchase of fixed assets (foreign units) in the amount of 30.837 thousand RSD.

35. OTHER LONG-TERM LIABILITIES

Other long-term liabilities include:

	2011. (RSD 000)	2010. (RSD 000)
Finance lease liabilities - long-term	38,186	16,837
Other long-term liabilities	15,005	410,880
Total	53,191	427,717

The reduction of **Other long-term liabilities** relates mainly to EP Industrija a.d. that reposted the long term loan granted to the investor „Imlek“ Beograd (368.016 thousand RSD) as a short term loan since it is due to mature in less than one year. At the same time and for the same project, assets of the company EP Industrija a.d. include roughly the same amount of claims from the dairy plant Banjaluka in connection with the work performed.

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36. SHORT-TERM FINANCIAL LIABILITIES

Short-term financial liabilities include:

	Currency	2010 (RSD 000)	2010 (RSD 000)
<u>Short-term RSD loans</u>		(Rsd. 000)	(Rsd. 000)
Domestic banks		670,848	702,403
Short-term foreign currency loans			
Domestic banks	EUR, USD	817,165	1,448,561
Total		1,488,013	2,150,964
Other short-term financial liabilities/current maturities of long-term loans		584,220	517,959
Short-term loans abroad	EUR, USD	492,210	507,659
Total		2,564,443	3,176,582

Short term RSD loans and loans with a FCY clause from local banks are predominated by EP Visokogradnja (665.061 thousand RSD), EP Niskogradnja (553.428 thousand RSD), EP Holding (117.222 thousand RSD).

Other short-term liabilities and current maturities of long-term loans and financial lease relate to EP Holding (243.728 thousand RSD), EP Niskogradnja (185.758 thousand RSD), EP Visokogradnja (72.950 thousand RSD). Liabilities related to short-term loans in other countries refer mostly to foreign units of EP Niskogradnja (489.102 thousand RSD).

37. LIABILITIES FROM OPERATIONS

Liabilities from business operations include:

	2011. (RSD 000)	2010. (RSD 000)
<u>Liabilities from business operations</u>		
Received advances, short-term deposits and caution money	4,128,789	3,357,808
Trade payables - domestic	1,052,609	849,953
Trade payables - foreign	1,646,502	2,117,859
Other liabilities from business operations	37,145	104,061
Total	6,865,045	6,429,681
<u>Liabilities from specific operations</u>	745,098	281,880
Grand total	7,610,143	6,711,561

Received advance payments relate mostly to the following companies of Energoprojekt Group:

- EP Visokogradnja (1.804.801 thousand RSD) – include mostly advance payments from investors in foreign countries.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- EP Niskogradnja (1.082.727 thousand RSD) and
- EP Oprema (1.140.853 thousand RSD).

The increase of **obligations to suppliers** in the country relates to EP Niskogradnja, and the reduction of obligations to suppliers in foreign countries relates to EP Visokogradnja after the settlement of obligations to Comerc consulting.

Liabilities from specific operations relate mostly to EP Visokogradnja (178.036 thousand RSD), EP Industrija (349.993 thousand RSD) and EP Entel (214.788 thousand RSD).

38. OTHER SHORT TERM LIABILITIES

	2011. (RSD 000)	2010. (RSD 000)
Salaries and emoluments	922,496	718,338
Dividends	40,091	22,579
Other liabilities	88,662	76,602
Total	1,051,249	817,519

39. VAT AND OTHER PUBLIC DUTIES AND ACCRUALS

	2011 (RSD 000)	2010 (RSD 000)
VAT and other public liabilities	617,581	412,034
Accruals	814,130	1,082,312
Total	1,431,711	1,494,346

In the balance sheet, the item Accruals predominantly includes these companies:

- EP Visokogradnja (294.207 thousand RSD), which includes future income from Z-068 Hotel Aktau. The investor issued interim certificates for 2011, where part of the claims relate to materials collected in advance to be later used in the building construction 2012.
- EP Garant (214.122 thousand RSD for transferable non-life insurance premiums, coinsurance premiums, liability provisions and other accruals.
- EP Niskogradnja (180.062 thousand RSD) and
- EP Oprema (115.994 thousand RSD).

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. COMMITMENT AND CONTINGENCIES

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

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

The list of most significant lawsuits is enclosed.

41. OFF-BALANCE SHEET ITEMS

The Group's off-balance assets and liabilities totaling 10.287.693 thousand RSD mostly relate to guarantees issued and received (advances, performance bonds) and land use rights.

42. MORTGAGES REGISTERED IN FAVOR OR AGAINST COMPANIES FROM THE ENERGOPROJEKT GROUP

The subsidiary "Energoprojekt Entel" LLC Doha, Qatar reserves the disposal and usufruct right with regard to the property of total area of 4.488 m², located on cadastral parcels number 65582, 65583, 65584, 65585, 65586, 65587, 65588, 65589 and 65590 with area of 10.736 m², in Doha - Qatar, Zone 44, East Al Naija, Al Mumtaza Street Doha Qatar, registered owner is a local private individual. The owner has mortgaged the property in the "Doha bank" according to the contract no. 52973 as collateral for issuing a tender guarantee and a performance guarantee.

The property of EP Niskogradnja

In order to secure a credit line EP Niskogradnja mortgaged its property for the sum of 555.967 thousand RSD which accounts for 66% of the total appraised value of the mortgaged property. Value assessment was performed by authorized valuers of the Scotiabank.

To secure the repayment of the loan pursuant to contract no. 423/367, in the amount of 137.500 EUR, granted by EP Holding by Enjub d.o.o, the extrajudicial mortgage for the entire loan amount was registered for apartments in Jurija Gagarina 91A, second and third floor, cadastral plot no. 5089/9, cadastral municipality Novi Beograd, registered in the registry of immovable property no. 4550, cadastral municipality Novi Beograd in favour of the Company.

Loans with banks are secured by a lien on Energoplast's and Niskogradnja's land and buildings (present value on 31/12/2011 was 355,315 thousand RSD), lien on Energoplast and Energodata's facilities and equipment (present value on 31/12/2011 was 188,441 thousand RSD) (2010: 196,393 thousand RSD) and lien on EP Energodata's investment property (present value 31/12/2011 was 92,058 thousand RSD) (2010: 87,374 thousand RSD).

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. POST BALANCE SHEET EVENTS

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

Notes prepared by:

Director

ENERGOPROJEKT HOLDING a.d.

Sector for Legal Representation

Belgrade, February 20, 2012

ENERGOPROJEKT URBANIZAM I ARHITEKTURA a.d.

Report on pending court proceedings in which Energoprojekt Urbanizam i arhitektura a.d. (Joint Stock Company) is the claimant or the defending party, until December 31, 2011

No.	Claimant	Defendant	Reg. entry No.	Case No.	File Records No.	Legal Cause and Amount Claimed	Court Jurisdiction	Progress So Far
1	Vladimir Markovic	EP Urbanizam i arhitektura a.d.		XVII P 986/06		Action personal over foreign currency income payment of USD 10,174.80	1 st Basic Court in Belgrade	Outcome unpredictable
2	Branko Lakicevic, Vladimir Peric, Danica Pantic, Ivan Pantic	EP Urbanizam i arhitektura a.d.		5 P1 6078/10		Action personal over foreign currency income payment of USD 87,678.09	1 st Basic Court in Belgrade	Outcome unpredictable
3	Milan Raonic	EP Urbanizam i arhitektura a.d.		XII P1 1184/06		Action personal over Annex annulment	Higher Court in Belgrade	Claim dismissed, res judicata
4	Milan Raonic	EP Urbanizam i arhitektura a.d.		3 P1 5407/10		Action personal over annual vacation pay, income and severance payment of RSD 485,000.00	1 st Basic Court in Belgrade	Claim dismissed before court of original jurisdiction, claimant appealed to the second instance court

5	Sanja Topolovacki	EP Urbanizam i arhitektura a.d.		II P1 501/08		Action personal over income payment of RSD 83,000.00	Higher Court	Claim is admissible up to the amount of RSD 51,354.00; we filed an appeal against the obligation to pay legal proceedings costs
6	Ljiljana Bakic	EP Urbanizam i arhitektura a.d.		XXXIV P1 383/08		Action personal over pension and disability contributions and damage compensation of RSD 587,293.92	Appellate Court in Belgrade	Outcome unpredictable, court proceeding initiated on our request
7	Gordana Rodic	EP Urbanizam i arhitektura a.d.		16 P1 4322/10		Action personal over income payment of RSD 54,600.00	1 st Basic Court in Belgrade	Admissible claim, settlement discharge in progress
8	Miroslav Stefanovic	EP Urbanizam i arhitektura a.d.		XXXIV P1 1308/06		Action personal over income payment of annual vacation pay and severance pay of RSD 189,286.00	Higher Court	Outcome unpredictable, court proceeding initiated on our request
9	Dragoljub Bakic	EP Urbanizam i arhitektura a.d.		XI P1587/05		Action personal over pension and disability contributions and damage compensation of RSD 668,280.53	Higher Court	Outcome unpredictable, court proceeding initiated on our request
10	EP Urbanizam i arhitektura a.d.	Miodrag Cvijic			9 I 23368/11	Debt, RSD 1,523,072.42	1 st Basic Court in Belgrade	Motion for enforcing order submitted
11	Milan Raonic	EP Holding, VG and Urbanizam i arhitektura		P.66/08		Copyright infringement, RSD 7,000,000.00	District Court in Belgrade	Partially admissible claim

12	Novica Veljkovic	EP Urbanizam i arhitektura a.d.		XXXV – P1.1782/05		Labour Dispute, Annex IV of the Labour Agreement (RSD 80.204, 71)	I Municipal Court	Outcome unpredictable
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Sector for Legal Representation

Ljiljana Gnjatovic, Bachelor of Laws (own signature)

ENERGOPROJEKT HOLDING a.d.**Sector for Legal Representation**

Belgrade, February 3, 2012

Report on pending court proceedings in which Energoprojekt Urbanizam i arhitektura a.d. (Joint Stock Company) is the claimant or the defending party, until December 31, 2011**ENERGOPROJEKT HOLDING a.d.**

No.	Claimant	Defendant	Reg. entry No.	Case No.	File Records No.	Legal Cause and Amount Claimed	Court Jurisdiction	Progress So Far
1	Directorate for Construction Land	EP Holding a.d.		P. 3114 /97		Compensation for Hayat, RSD 15,459,728.80	Commercial Court in Belgrade	Outcome cannot be predicted
2	EP Holding a.d., Visokogradnja a.d. and Construction Company Napred	The City of Belgrade, Republic of Serbia, Belgrade Arena, Directorate for Construction Land				A portion of debt owed to EP Holding and Visokogradnja, of USD 8,399,218.81	Commercial Court in Belgrade	Case won
3	EP Oprema a.d. – Holding a.d.	Belgrade Arena		XI-P.746/03		Debt of RSD 4,817,705.05	Commercial Court in Belgrade	Admissible claim
4	Dragoljub Bakic	EP Holding, VG and Urbanizam i arhitektura a.d.		P1. 597/05		RSD 389,382.87	1 st Basic Court in Belgrade	Outcome cannot be predicted
5	Ljiljana Bakic	EP Holding, VG and Urbanizam i arhitektura a.d.		XXXIV P1 383/08		RSD 389,703.54	1 st Basic Court	Outcome cannot be predicted

6	Radomir Banjac	EP Holding a.d.			XXXVI-P1.1204/09	Damage compensation – mobbing, of RSD 4,400,000.00	1 st Basic Court	Inadmissible claim
7	Milan Raonic	EP Holding, Visokogradnja and EP Urbanizam i arhitektura a.d.		P.66/08		Copyright infringement, RSD 7,000,000.00	Higher Court in Belgrade	Outcome cannot be predicted
8	EP Holding a.d. and EP Oprema a.d.	Municipality of Medvedja				Damage compensation of RSD 120,000,000.00	Commercial Court in Leskovac	Admissible claim

Ljiljana Gnjatovic, Bachelor of Laws (own signature)

ENERGOPROJEKT HOLDING a.d.

Sector for Legal Representation

Belgrade, February 20, 2012

ENERGOPROJEKT NISKOGRADNJA a.d.

Report on pending court proceedings in which Energoprojekt NISKOGRADNJA a.d. (Joint Stock Company) is the claimant or the defending party, until December 31, 2012

No.	Claimant	Defendant	Reg. entry No.	Case No.	File Records No.	Legal Cause and Amount Claimed	Court Jurisdiction	Progress So Far
1	EP Niskogradnja	Internacional CG in restructuring process		P. 9720-08		Debt of RSD 182,056.00	Commercial Court in Belgrade	Res Judicata, our motion granted
2	Dunav Osiguranje (Dunav Insurance Company)	EP Niskogradnja a.d.		XXI P 3836/08		Counterclaim, for RSD 278,230.00	Commercial Court in Belgrade	Outcome unpredictable, court proceeding suspended until a criminal case is decided
3	Vitimir Cupovic	EP Niskogradnja a.d.		77 P 52955/10		Compensation of damage for injury at work of 725.000,00	1 st Basic Court in Belgrade	Court of 1 st instance dismissed the claim
4	Republic of Serbia Fund for Pension and Disability Insurance, Branch Office Belgrade	EP Niskogradnja a.d.		XXII 6850/09		Damage compensation of RSD 419,600.00	Commercial Court in Belgrade	Proceedings suspended until a criminal case is decided

5	Republic Institute for Health Insurance, Branch Office Belgrade	EP Niskogradnja a.d.		43 P 302/11		Damage compensation of RSD 468.345,00	Commercial Court in Belgrade	Outcome cannot be predicted
6	Gordana and Veselin Medenica	EP Niskogradnja a.d.		4 P1 9641/10		Damage compensation of RSD 3.200.000,00 for injury at work	1 st Basic Court in Belgrade	Outcome cannot be predicted
7	Aleksic Mirjana	EP Niskogradnja a.d.		P4273/11		Damage compensation of RSD 500,000.00	1 st Basic Court in Belgrade	Outcome cannot be predicted
8	Dunav Osiguranje (Dunav Insurance Company)	1. D. Nikolic 2. EP Niskogradnja a.d.		31-P-11853/10		Counterclaim for the amount of RSD 2,500.000	Commercial Court in Belgrade	Claimant's success in this action is certain
9	Dunav Osiguranje d.d.o (Dunav Insurance Company Ltd.)	EP Urbanizam i arhitektura a.d.		31-p-11853/2010		Debt-counterclaim-RSD 2,500,000.00 + defaulting on payment of the default interest as of 09/05/2007 until the payment date + court proceedings costs	Commercial Court in Belgrade	Admissible claim
10	EP Niskogradnja a.d.	Miodrag Cvijic		30-P-3049/11		Debt of RSD 456,540.79	Commercial Court in Belgrade	
11	Neskovic and others	EP Holding, VG and Urbanizam i arhitektura				Bonuses payment, of USD81,317.14	1 st Basic Court	Outcome cannot be predicted
12	Marinkovic Vladimir	EP Urbanizam i arhitektura a.d.				Bonuses payment, of USD46,000.00	1 st Basic Court	Court of 1 st instance dismissed the claim, appeal against this decision

13	Gacic and others	EP Niskogradnja a.d.				Bonuses payment, of USD50,028.00	1 st Basic Court	Outcome cannot be predicted
14	Mutapovic Danica	EP Niskogradnja a.d.				Bonuses payment, of USD22,971.54	1 st Basic Court	Appeal against the decision
15	EP Niskogradnja a.d.	Intermost d.o.o. in liquidation procedure				Claim amount is being calculated, RSD 378,000,000.00	Commercial Court	Court proceeding before the court of 1 st instance – expert court assessment in process
16	Intermost doo in liquidation	EP Niskogradnja a.d.				Counterclaim for payments of RSD 189,827,985.02 and RSD 3,040,766.66	Commercial Court	Court proceeding before the court of 1 st instance – expert court assessment in process
17	EP Niskogradnja a.d. and JIK Banka a.d. in liquidation	Privredna Banka Sarajevo				Collection of guarantees for regular advance repayment pursuant to the Annex V to the Agreement on Works in Yemen, for USD 1,400,000.00	Basic Court in Sarajevo	Court proceeding before the court of 1 st instance
18	EP Niskogradnja a.d. and JIK Banka a.d. in liquidation	Privredna Banka Sarajevo				Collection of guarantees for regular advance repayment pursuant to the Annex V to the Agreement on Works in Yemen, for USD2,576,674.10 and YER 7,324,771.94	Basic Court in Sarajevo	Court proceeding before the court of 1 st instance

19	EP Niskogradnja a.d. and JIK Banka a.d. in liquidation	Privredna Banka Sarajevo				Collection of guarantees for quality performance in Yemen, of YER 21,802,279.99	Basic Court in Sarajevo	Court proceeding before the court of 1 st instance
20	EP Niskogradnja a.d.	JIK Banka a.d. in bankruptcy procedure				Claim amount to be calculated, assessment of the company in liquidation procedure is in progress, USD 218,000.00	Commercial Court in Belgrade	Admissible claim
21	EP Niskogradnja a.d.	Jugobanka a.d. and branch office of the Jugobanka New York Agency				<p>Claims from the bankrupt company to be made for:</p> <ul style="list-style-type: none"> - USD 455,877.88 with domicile interest for the period 03/01/2002 to the date of payment, - USD 800.00 with domicile interest for the period from 03/01/2002 to the date of payment, - RSD 12,055,133.05 for default interest from 03/01/2002 to the payment date <p>RSD 5,188.48 for default interest from 03/01/2002 to the payment date</p>	Commercial Court in Belgrade	Admissible claim

22	EP Niskogradnja a.d.	Beogradska Banka a.d. and branch office of the Beogradska Banka New York Agency				Application for debt collection from the bankrupt company: - USD 4,546.10 with domicile interest as of 03/01/2002 until the payment date, RSD 16,278.516.61 with defaulting on payment of the default interest as of 03/01/2002	Commercial Court in Belgrade	Admissible claim
23	Construction Company RAD in bankruptcy procedure	EP Visokogradnja a.d., EP Niskogradnja a.d., EPO, Promet d.o.o.				Claims based on the Agreement on Works in Al Shamal, Iraq, USD 36,423,823.14	Commercial Court in Belgrade	Court proceeding before the court of 1 st instance
24	Bosna putevi Sarajevo	EP Niskogradnja a.d.				Debt amounting to USD 17,604,299.00 based on the report on performed works and return of mechanization for works on the SANA HODEIDA road reconstruction in Yemen	Commercial Court in Belgrade	Court proceeding before the court of 1 st instance

25	Bosna putevi Sarajevo	1. SDK 2. EP Niskogradnja a.d.				Ban on acceptance orders collection – advance payment has not been repaid back pursuant to the Annex 5 of the Agreement on Works in Yemen, USD 1,404,088.00	Basic Court in Sarajevo	Outcome cannot be predicted
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Sector for Legal Representation

Ljiljana Gnjatovic, Bachelor of Laws (own signature)

ENERGOPROJEKT HOLDING a.d.

Sector for Legal Representation

Belgrade, February 3, 2012

Report on pending court proceedings in which Energoprojekt ENERGODATA a.d. (Joint Stock Company) is the claimant or the defending party, until March 31, 2012

ENERGOPROJEKT ENERGODATA a.d.

No	Claimant	Defendant	Reg. entry No.	Case No.	File Records No.	Legal Cause and Amount Claimed	Court Jurisdiction	Progress So Far
1	EP Energodata a.d.	Sipad komerc Company				RSD 258,585.20	Commercial Court in Belgrade	The defendant's account has been frozen, so it is now impossible to collect the amount owed
2	EP Energodata a.d.	Specijalna bolnica (Special Hospital) Ostrog	I- Iv.20130/08			Debt, bill, RSD 46,892.68	Commercial Court in Belgrade	Admissible claim, debt has not been collected entirely

Ljiljana Gnjatovic, Bachelor of Laws (own signature)

ENERGOPROJEKT HOLDING a.d.**Sector for Legal Representation****Belgrade, March 23, 2012****Report on pending court proceedings in which Energoprojekt Visokogradnja a.d. (Joint Stock Company) is the claimant or the defending party, until December 31, 2011****ENERGOPROJEKT VISOKOGRADNJA a.d.**

No.	Claimant	Defendant	Legal Cause and Amount Claimed	Currently collected/owed	Court of Relevant Jurisdiction	Progress So Far
1	Astra Banka a.d. in bankruptcy procedure	EP Visokogradnja a.d.			Commercial Court in Belgrade	Inadmissible claim
2	Textura d.o.o.	EP Visokogradnja a.d.	RSD 8,434,312.53, progress reports from the construction site Prokop	RSD 8,434,312.53	Commercial Court in Belgrade	Decision of the court of 1 st instance is pending (we expect the positive outcome for the Claimant)
3	EP Visokogradnja a.d.	Jugobanka	Claims officially recorded, of USD 5,000,000.00	USD 5,000,000.00	Commercial Court in Belgrade	Admissible claim, bank account frozen in New York
4	EP Visokogradnja a.d.	Beobanka	Claims officially recorded, of USD 1,031,053.82	USD 1,031,053.82	Commercial Court in Belgrade	Admissible claim, bank account frozen in New York
5	EP Visokogradnja a.d. EP Holding a.d.	Banex Trade in bankruptcy procedure	Debt of GBP 800,203.44, of which RSD 8,478,580.25 has so far been collected		Commercial Court in Belgrade	Admissible claim, judgment partially collected, remedy provided

6	Vasic Milorad	EP Visokogradnja a.d.	Penalty for default and lost profit amounting to RSD 260,087,093.51	According to the 1 st instance court decision, the amount of RSD 21,037,259.76 is to be collected as the compensation for lost profit, together with default interest on payment of default interest as of 01/01/2008 and RSD 36,407.00 as penalty for default plus default interest on default interest payment as of 15/04/1997	4 th Basic Court	Partially admissible claim
7	EP Visokogradnja a.d.	Beocvor and Zeleznica Srbije (Serbian Railroad Company)	Debt as per individual progress reports amounting to RSD 407,301,027.93	RSD 407,301,027.93, res judicata, final and enforceable court decision	Commercial Court in Belgrade	Admissible claim
8	Construction Company Rad in bankruptcy procedure	EP Visokogradnja a.d. EP Niskogradnja a.d.	Collection pursuant to Agreement, USD 36,423,823.14	USD 2,250,188.60	Commercial Court in Belgrade	Admissible claim
9	Romic Vesa	EP Visokogradnja a.d.	Debt	Collected amount RSD 37,244,003.02	Commercial Court in Belgrade	Inadmissible claim
	EP Visokogradnja a.d.	Romic Vesa	Counterclaim by EP Visokogradnja a.d. to collect the amount paid amounting to RSD 18.845,464,38	RSD 18,845,464.38		Admissible claim
10	EP Holding a.d. and EP Visokogradnja a.d.	Belim a.d.	Debt pursuant to agreement on settlement amounting to USD 612,000.00	USD 612,000.00	Commercial Court in Belgrade	Admissible claim

11	EP Holding a.d., EP Visokogradnja a.d. and Construction Company Napred	The City of Belgrade, Republic of Serbia, Belgrade Arena, Directorate for Construction Land	Debt USD 17,549,287.81	Portion of claims by EP amounts to USD 8,399,218.81	Commercial Court in Belgrade	Admissible claim
12	EP Visokogradnja a.d.	Astra Bank in bankruptcy procedure	Debt amount is to be specified		USD 396,944.99	Admissible claim, collection cannot be foreseen

Sector for Legal Representation

Ljiljana Gnjatovic, Bachelor of Laws (own signature)

ENERGOPROJEKT HIDROINZENJERING a.d.

AN OVERVIEW OF THE MOST IMPORTANT COURT PROCEEDINGS on December 31, 2011

No.	Claimant	Defending party	Cause	Amount	Court of relevant jurisdiction	Expected completion deadline	Forecast / expected outcome
1	EP Hidroinzenjering	Relja Orlic	Damage compensation for breach of restraint of competition	Principal debt USD 40,000 or RSD 2,987,104	1 st Basic Court in Belgrade		Outcome cannot be predicted
2	Relja Orlic	EP Hidroinzenjering	Income payment	USD 7,144 or RSD 533,497	1 st Basic Court in Belgrade		Outcome cannot be predicted
3	EP Hidroinzenjering	PONTA d.o.o. (Ltd.)	Unpaid debt collection	RSD 1,942,816	1 st Basic Court in Belgrade	Decision by the Court of 1 st instance by the end of 2012	Favorable outcome
4	EP Hidroinzenjering	Coka Municipality (investor) Capital Investments Fund of the Province of Vojvodina (investor)	Unpaid debt collection	RSD 2,384,304 and RSD 45,912	1 st Basic Court in Novi Sad	Decision by the Court of 1 st instance by the end of 2012	Favorable outcome
5	Coka Municipality	EP Hidroinzenjering	Counterclaim for agreement termination		1 st Basic Court in Novi Sad	Decision by the Court of 1 st instance by the end of 2012	Favorable outcome

6	S. Stojic	EP Hidroinzenjering	Unpaid foreign currency income	USD 6,466 or RSD 482,865	1 st Basic Court in Belgrade	Appeal proceeding initiated by Claimant S. Stojic is in progress	Favorable outcome
7	M. Djordjevic	EP Hidroinzenjering	Cancellation of Labor Agreement Annex in which minimum income is specified to Claimant	No damage compensation amount has been specified	1 st Basic Court in Belgrade	Appeal proceeding initiated by Claimant M. Djordjevic is in progress	Favorable outcome
8	P. Stanisic and J. Blagojevic	EP Hidroinzenjering	Annulment of Decision of the Commission for apartment allocation	Non-monetary claim	1 st Basic Court in Belgrade	Decision by the Court of 1 st instance by the end of 2012	Outcome cannot be predicted
9	M. Bojic	EP Hidroinzenjering	Claims of unpaid foreign currency income and food allowances	USD 8,340 or RSD 622,811	1 st Basic Court in Belgrade	Decision by the Court of 1 st instance by the end of 2012	Outcome cannot be predicted

10	LJ. Selenic	EP Hidroinzenjering as the second defending party	Damage compensation for damage caused to movable property during forcible removal	Principal debt amounting to RSD 950,000.00 *Interest amounting to RSD 1,516,166.00	1 st Basic Court in Belgrade	Decision by the Court of 1 st instance by the end of 2012	Favorable outcome
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ENERGOPROJEKT HOLDING a.d.**Sector for Legal Representation****Belgrade, April 17, 2012****Report on pending court proceedings in which Energoprojekt Oprema a.d. (Joint Stock Company) is the claimant or the defending party, until December 31, 2011**

No.	Claimant	Defending Party	Cause	Amount	Court of relevant jurisdiction	Expected completion deadline	Forecast/expected outcome
1	EP Oprema a.d.	DGP Zlatibor	Payment for works performed	RSD 42,000,000.00	Commercial Court in Belgrade	Completed	Admissible claim, collection is difficult owing to the fact that the debtor is bankrupt
2	EP Oprema a.d.	Construction Company Rad in bankruptcy procedure	Works performed for Hayatt	USD 2,500,000.00	Commercial Court in Belgrade	2012	
3	EP Oprema a.d.	Graditelj Leskovac Company	Works performed pursuant to Agreement	RSD 71,129,042.82	Commercial Court in Leskovac	Completed	Admissible claim, collection is difficult owing to the fact that the debtor is bankrupt
4	EP Oprema a.d. and EP Holding a.d.	Municipality of Medvedja	Repayment of money that was given to the Municipality	RSD 120,000,000.00	Commercial Court in Leskovac		

5	EP Oprema a.d.	Zoran Petrovic	Debt	RSD 154,435.50	1 st Basic Court in Belgrade	Completed	Forced collection in progress
6	EP Oprema a.d.	Clinical Centre Serbia	Amount owed for works performed	EUR 255,544.13	Commercial Court in Belgrade	2013	Admissible claim
7	EP Oprema a.d.	Nemanja Ivovic	Illegal gain	RSD 64,400.50	1 st Basic Court in Belgrade	2013	Admissible claim
8	Zastava Automobili company	EP Oprema a.d.	Agreement implementation		Commercial Court in Kragujevac	2012	Inadmissible claim
9	Branka Mihajlovic	EP Oprema a.d. and Public Company ELEKTROMREZE	Damage compensation	RSD 200,000.00	Basic Court	2012	Partially admissible claim
10	Vodovod Leskovac (Water Supply Company in Leskovac)	EP Oprema a.d.	Agreement Termination	RSD 92,000,000.00	Commercial Court in Leskovac		Partially admissible claim
11	EP Oprema a.d.	Belgrade Arena	Damage compensation	RSD 4,817,705.00	Commercial Court in Belgrade		Admissible claim
12	Sinisa Tekic	EP Oprema a.d.	Damage compensation		1 st Basic Court in Belgrade	2012	Inadmissible claim

13	Milorad Stanojkovic	EP Oprema a.d. and Public Company ELEKTROMREZE	Damage compensation	RSD 10,000.00		2012	Inadmissible claim
14	Milan Ilic and Nenad Babic	EP Oprema a.d.	Injury at work	RSD 4,200,000.00	1 st Basic Court in Belgrade	2012	Partially admissible claim

Ljiljana Gnjatovic, Bachelor of Laws (own signature)

2. AUDIT REPORT (the whole report)

*This is an English translation of Independent Auditor's Report
originally issued in Serbian language*

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the Company "Energoprojekt Holding" a.d., Beograd,

We have audited the accompanying consolidated financial statements of the Company "Energoprojekt Holding" a.d., Beograd and its consolidated subsidiaries (hereinafter referred to together as "Sistem Energoprojekt"), which comprise the consolidated balance sheet as of 31 December 2011, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated statistical annex is an integral part of the accompanying consolidated financial statements.

Management's Responsibility for the Financial Statements

Management of Sistem Energoprojekt is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting regulations prevailing in the Republic of Serbia, based on the Law on Accounting and Audit ("Official Gazette of RS", no. 46/2006, 111/2009 and 99/2011), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of Sistem Energoprojekt as of 31 December 2011 and its financial performance and its cash flows for the year then ended, in accordance with the accounting regulations prevailing in the Republic of Serbia.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders of the Company "Energoprojekt Holding" a.d., Beograd,

Other Matter

The consolidated financial statements of Sistem Energoprojekt for the year ended 31 December 2010 were audited by another Auditor, which, in its report dated 6 May 2011, expressed a qualified opinion on these financial statements, due to failure to record the allowance for impairment of accounts receivable, with an emphasis of matter with respect to the Protocol signed with JP Železnice Srbije and the merger of the company Energomenagement Group d.o.o., Beograd.

Belgrade, 26 April 2012



Igor Radmanović
Certified Auditor

ENERGOPROJEKT GROUP, BELGRADE

**CONSOLIDATED
BALANCE SHEET
on December 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		8,914,837	8,738,277
00	I. UNPAID SUBSCRIBED CAPITAL	002		-	-
012	II. GOODWILL	003		-	-
01 w/out 012	III. INTANGIBLE ASSETS	004		82,635	90,806
	IV. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005		7,647,487	6,657,852
020,022,023, 026,027(part), 028(part), 029	1. Property, plant and equipment	006	21	6,067,870	6,206,409
024,027(part) 028(part)	2. Investment property	007	21	1,579,617	451,443
021,025,027 (part) and 028(part)	3. Biological assets	008		-	-
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		1,184,715	1,989,619
030 to 032, 039(part)	1. Equity share	010	22	610,046	643,424
033 to 038, 039(part) less 037	2. Other long-term financial investments	011	23	574,669	1,346,195
	B. CURRENT ASSETS (013+014+015)	012		18,139,950	16,561,046
10 to 13,15	I. INVENTORIES	013	24	4,465,017	4,278,900
	II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS	014		8,083	8,942
14	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015		13,666,850	12,273,204
20, 21 and 22, except 223	1. Receivables	016	25	7,482,739	6,553,506
223	2. Receivables for overpaid income tax	017		-	110,120
23 less 237	3. Short-term financial investments	018	26	2,525,196	1,987,170
24	5. Cash equivalents and cash	019	27	2,941,524	2,877,078
27 and 28 except 288	4. VAT and accruals	020	28	717,391	745,330
288	C. DEFERRED TAX ASSETS	021		-	-
	D. OPERATING ASSETS (001+012+021)	022		27,054,787	25,299,323
29	E. LOSS OVER CAPITAL	023		-	-
	F. TOTAL ASSETS (022+023)	024		27,054,787	25,299,323
88	G. OFF-BALANCE SHEET ITEMS	025	41	10,287,693	8,006,030

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		11,715,908	10,151,560
30	I. ISSUED AND OTHER CAPITAL	102	29	5,223,103	4,566,356
31	II. UNPAID SUBSCRIBED CAPITAL	103		-	-
32	III. RESERVES	104	30	897,913	578,431
330 i 331	IV. REVALUATION RESERVES	105	31	1,625,478	958,158
	V. UNREALIZED GAINS BASED ON SECURITIES AVAILABLE FOR SALE	106		16,022	60,049
332	V. UNREALIZED LOSSES BASED ON SECURITIES AVAILABLE FOR SALE	107		22,071	19,865
34	VII. RETAINED EARNINGS	108	32	3,975,463	4,008,772
35	VIII. LOSS	109	0	-	-
037 and 237	IX. REDEEMED OWN SHARES	110		-	341
	B. NON-CURRENT PROVISIONS AND LIABILITIES (112+113+116)	111		15,305,562	15,106,502
40	I. NON-CURRENT PROVISIONS	112	33	1,334,845	867,380
41	II. NON-CURRENT LIABILITIES (114+115)	113		785,615	2,039,114
414, 415	1. Long-term credits	114	34	732,424	1,611,397
41 w/out 414 and 415	2. Other non-current liabilities	115	35	53,191	427,717
	III. CURRENT LIABILITIES (117+118+119+120+121+122)	116		13,185,102	12,200,008
42, except 427	1. Short-term financial liabilities	117	36	2,564,443	3,176,582
427	2. Liabilities from assets held for sale and assets from discontinued operations	118		-	-
43 and 44	3. Liabilities from business operations	119	37	7,610,143	6,711,561
45 i 46	4. Other short-term liabilities	120	38	1,051,249	817,519
47, 48 except 481 and 49 except 498	5. VAT and other public liabilities and accruals	121	39	1,431,711	1,494,346
481	6. Income tax liabilities	122		527,556	-
498	C. DEFERRED TAX LIABILITIES	123		33,317	41,261
	D. TOTAL CAPITAL AND LIABILITIES (101+111+123)	124		27,054,787	25,299,323
89	E. OFF-BALANCE SHEET ITEMS	125	41	10,287,693	8,006,030
	NON-CONTROLLING INTEREST			1,203,771	1,079,257

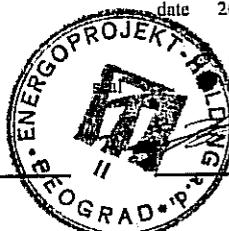
In Belgrade,

date 26.04.2011.

Person responsible for
preparation of financial
statements

Zvezdana J.

Legal representative



ENERGOPROJEKT GROUP, BELGRADE

**CONSOLIDATED
INCOME STATEMENT**

for the period January 1 to December 31, 2011

in 000 RSD

Group accounts, account	POSITION	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. BUSINESS REVENUE AND EXPENSES				
	I. BUSINESS REVENUE (202+203+204-205+206)	201		20,846,517	20,234,478
60 and 61	1. Sale revenue	202	8	21,193,645	24,198,178
62	2. Revenue from undertaking of outputs and goods for own purposes	203		57,549	37,589
630	3. Increase of inventories	204	9	30,574	693,282
631	4. Decrease of inventories	205	9	564,699	4,884,400
64 and 65	5. Other business revenue	206	10	129,448	189,829
	II. BUSINESS EXPENSES (208 to 212)	207		20,599,641	19,641,614
50	1. Cost value of sold goods	208	11	99,355	203,512
51	2. Cost of material	209	12	5,428,574	5,297,782
52	3. Staff costs	210	13	6,868,019	5,997,996
54	4. Depreciation and provisions costs	211	14	1,177,245	802,299
53 and 55	5. Other business expenses	212	15	7,026,448	7,340,025
	III. PROFIT FROM OPERATIONS (201 - 207)	213		246,876	592,864
	IV. LOSS FROM OPERATIONS (207 - 201)	214		-	-
66	V. FINANCIAL REVENUE	215	16	1,887,836	2,670,287
56	VI. FINANCIAL EXPENSES	216	16	2,160,135	2,346,352
67, 68	VII. OTHER REVENUE	217	17	1,301,027	662,526
57, 58	VIII. OTHER EXPENSES	218	17	682,876	684,481
	IX. PROFIT FROM OPERATIONS BEFORE TAX (213-214+215-216+217-218)	219		592,728	894,844
	X. LOSS FROM OPERATIONS BEFORE TAX (214-213-215+216-217+218)	220		-	-
68-59	XI. NET PROFIT FROM DISCONTINUED OPERATIONS	221		-	-
59-69	XII. NET LOSS FROM DISCONTINUED OPERATIONS	222	18	17,664	2,884
	B. PROFIT BEFORE TAX (219-220+221-222)	223		575,064	891,960
	V. LOSS BEFORE TAX (220-219+222-221)	224		-	-
	G. INCOME TAX			-	-
721	1. Tax expenses for the period	225		87,862	145,048
722	2. Deferred tax expenses for the period	226		-	14,374
722	3. Deferred tax revenues for the period	227		8,683	-
723	D. EMPLOYER'S EARNINGS PAID	228		-	-
	Đ. NET PROFIT (223-224-225-226+227-228)	229		495,885	732,538
	E. NET LOSS (224-223+225+226-227+228)	230		-	-
	Ž. NET PROFIT BELONGING TO MINORITY INVESTORS	231		127,079	104,557
	Z. NET PROFIT BELONGING TO EQUITY HOLDERS OF THE PARENT COMPANY	232		368,806	627,981
	I. EARNINGS PER SHARE			-	-
	1. Basic earnings per share	233		-	-
	2. Decreased (diluted) earnings per share	234		-	-

In Belgrade,

date 26.04. 2011.

Person responsible for
preparation of financial
statements

Zvezdana J.



Legal representative

**CONSOLIDATED
CASH FLOW STATEMENT**
for the period January 1 to December 31, 2011

in 000 RSD

Position	EDP	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOW FROM BUSINESS ACTIVITIES			
I. Cash flow from business activities (1 to 3)	301	22,799,420	21,676,694
1. Sale and received advance payments	302	22,181,964	21,330,801
2. Received interests from business activities	303	59,608	61,926
3. Other cash flow from regular operations	304	557,848	283,967
II. Cash outflow from business activities (1 to 5)	305	21,561,258	22,700,646
1. Cash to suppliers and advances paid	306	13,822,894	14,658,334
2. Staff costs	307	6,278,525	6,614,675
3. Interests paid	308	380,606	283,396
4. Income tax	309	238,572	213,183
5. Other public duties	310	840,661	931,058
III. Net cash flow from business activities (I-II)	311	1,238,162	-
IV. Net cash outflow from business activities (II-I)	312	-	1,023,952
B. CASH FLOW FROM INVESTMENTS			
I. Cash flow from investments (1 to 5)	313	2,163,789	2,602,035
1. Sale of shares and stakes (net inflow)	314	72,745	4,216
2. Sale of intangible assets, property, plant, equipment and biological assets	315	668,870	54,363
3. Other financial investments (net inflow)	316	1,317,017	2,449,846
4. Interests received from investments	317	81,244	54,102
5. Dividends received	318	23,913	39,508
II. Cash outflow from investments (1 to 3)	319	2,278,284	2,784,256
1. Acquisition of shares and stakes (net outflow)	320	34,253	1,329
2. Acquisition of intangible assets, property, plant, equipment and biological assets	321	220,278	314,203
3. Other financial investments (net outflow)	322	2,023,753	2,468,724
III. Net cash flow from investments (I-II)	323	-	-
IV. Net cash outflow from investments (II-I)	324	114,495	182,221
V. CASH FLOW FROM FINANCING ACTIVITIES			
I. Cash flow from financing activities (1 to 3)	325	553,125	1,754,618
1. Increase of capital assets	326	770	-
2. Long-term and short-term credits (net inflow)	327	301,793	1,302,684
3. Other long-term and short-term liabilities	328	250,562	451,934
II. Cash outflow from financing activities (1 to 4)	329	1,619,871	827,059
1. Acquisition of own shares and stakes	330	-	-
Long and short-term credits and other liabilities (net outflow)	331	1,482,047	712,764
3. Finance leasing	332	92,916	95,528
4. Dividends paid	333	44,908	18,767
III. Net cash flow from financing activities (I-II)	334	-	927,559
IV. Net cash outflow from financing activities (II-I)	335	1,066,746	-
G. TOTAL CASH FLOW (301+313+325)	336	25,516,334	26,033,347
D. TOTAL CASH OUTFLOW (305+319+329)	337	25,459,413	26,311,961
D.I. NET CASH FLOW (336-337)	338	56,921	-
E. NET CASH OUTFLOW (337-336)	339	-	278,614
Z. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD	340	2,877,078	2,969,494
I. GAINS ON EXCHANGE	341	92,427	645,648
I. LOSS ON EXCHANGE	342	84,902	459,450
J. CASH AT THE END OF THE ACCOUNTING PERIOD (338-339+340+341-342)	343	2,941,524	2,877,078

In Belgrade,

date 26.04. 2011.

Person responsible for
preparation of financial
statement





Legal representative



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

No.	DESCRIPTION	in 000 RSD																												
		1	2	3	4	5	6	7	8	9	10	11	12	13	14															
		EDP	Issued capital (group 30) without 309)	EDP	Other capital (account 309)	EDP	Unpaid sub-scribed capital (group 31)	EDP	Establishment premium (account 320)	EDP	Reserves (account 321, 322)	EDP	Revaluation reserves (group 330,331)	EDP	Uncapitalized gains based on securities available for sale (account 332)	EDP	Uncapitalized gains based on securities available for sale (account 332)	EDP	Unrealized losses based on securities available for sale (account 333)	EDP	Unrealized losses based on securities available for sale (account 333)	EDP	Loss to the capital value (group 35)	EDP	Retained 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 39)	
1	Balance on January 1, previous year	401	3,967,362	214	98,925	437	440	332,561	453	299,771	456	869,133	479	67,616	472	17,628	505	3,778,305	518	531	3,918	544	9,242,189	557	-	-	-	-	-	
2	Correction of materially significant errors and changes in accounting policies in the previous year - increase	402	-	415	-	428	441	-	451	-	467	-	480	-	493	-	506	-	519	-	532	-	545	-	-	-	-	-	-	
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	-	-	-	-	-	-	
4	Corrected initial balance on January 1, of the previous year (no.1+2+3)	404	3,967,362	417	98,925	430	443	332,561	455	299,771	459	869,133	482	67,616	475	17,628	508	3,778,305	521	524	3,918	547	9,242,189	560	-	-	-	-	-	
5	Total increase in the previous year	405	317,255	418	15,335	431	444	4,115	457	31,769	470	115,913	493	-	496	-	498	-	522	-	525	31	548	1,659,058	563	-	-	-	-	
6	Total decrease in the previous year	406	16,908	419	15,633	432	445	69	458	1,716	471	24,988	494	7,597	497	6,316	410	641,671	523	526	3,608	549	899,658	562	-	-	-	-	-	
7	Balance on December 31, previous year	407	4,467,689	420	98,657	433	446	336,607	459	341,824	472	984,158	485	60,019	498	19,465	511	4,058,801	524	527	341	550	10,370,589	565	-	-	-	-	-	
8	Correction of materially significant errors and changes in accounting policies in the previous year - increase	408	-	421	-	434	447	-	461	-	473	-	486	-	499	-	512	-	525	-	528	-	551	-	-	-	-	-	-	-
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	-	529	-	552	-	-	-	-	-	-	-
10	Corrected initial balance on January 1, of the current year (no.7+8+9)	410	4,467,689	423	98,657	436	449	336,607	462	341,824	475	984,158	488	60,019	501	19,465	514	4,058,772	527	530	341	553	10,151,560	566	-	-	-	-	-	
11	Total increase in the current year	411	664,503	424	3	437	450	451	463	319,053	476	684,456	489	4,232	502	2,727	515	942,442	528	531	341	553	2,652,348	567	-	-	-	-	-	
12	Total decrease in the current year	412	3,647	425	1,972	438	451	3	464	-	477	17,136	490	48,219	503	511	516	1,018,751	529	532	341	553	1,087,898	568	-	-	-	-	-	
13	Balance on December 31, of the current year (no. 10+11+12)	413	5,126,415	426	96,688	439	452	337,016	465	660,877	478	1,625,478	491	16,022	504	22,891	517	3,975,463	530	533	-	556	11,715,908	569	-	-	-	-	-	-

In Belgrade, date 26.04. 2011.

Person responsible for preparation of financial statements

 Legal representative



**CONSOLIDATED
STATISTICAL ANNEX**
for the period January 1 to December 31, 2011.

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

DESCRIPTION	EDP	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	-	1
5. Average number of employees based on the balance at the end of each month (whole number)	605	2,478	2,716

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

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Gross	Correction of value	Net (col.4-5)
1	2	3	4	5	6
a1	I.Intangible assets				
	1.1. Balance at the beginning of the year	606	248,997	158,191	90,806
	1.2. Increase (acquisitions) during the year	607	10,367	-	10,367
	1.3. Decrease (sale, removal from inventory and impairment) during the year	608	12,260	-	19,098
	1.4.Revaluation during the year	609	560	-	560
	1.5.Balance at the end of the year (606+607-608+609)	610	247,664	165,029	82,635
a2	2. Real property, plant, equipment and biological assets				
	2.1. Balance at the beginning of the year	611	13,493,810	6,835,958	6,657,852
	2.2. Increase (acquisitions) during the year	612	1,657,816	-	1,657,816
	2.3. Decrease (sale, removal from inventory and ensuring) during the year	613	223,305	-	964,712
	2.4. Revaluation during the year	614	296,531	-	296,531
	2.5. Balance at the end of the year (611+612-613+614)	615	15,224,852	7,577,365	7,647,487

III STRUCTURE OF INVENTORIES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
10	1. Inventories	616	1,880,120	1,122,017
11	2. Unfinished production	617	933,635	1,209,541
12	3. Finished products	618	242,063	382,337
13	4. Goods	619	255,127	571,138
14	5. Non-current assets held for sale	620	266,954	8,942
15	6. Advances given	621	895,201	993,867
	7.TOTAL (616+617+618+619+620+621=013)	622	4,473,100	4,287,842

IV STRUCTURE OF CAPITAL ASSETS

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
300	1. Share capital	623	5,126,202	4,467,557
	in it: foreign capital	624	-	-
301	2. Share of limited liability company	625	213	142
	in it: foreign capital	626	-	142
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	96,688	98,657
30	TOTAL: (623+625+627+629+630+631+632=102)	633	5,223,103	4,566,356

V EQUITY STRUCTURE

 Number of shares as a whole number
 Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
	1. Ordinary shares			
	1.1. Number of ordinary shares	634	10,105,591	10,105,589
part 300	1.2. Nominal value of ordinary shares - total	635	5,126,202	4,467,557
	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	5,126,202	4,467,557

VI RECEIVABLES AND LIABILITIES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
20	1. Sale receivables (balance at the end of the year 639 ≤016)	639	6,683,144	6,214,024
43	2. Liabilities from operations (balance at the end of the year 640 ≤117)	640	2,967,812	6,429,681
part 228	3. Receivables during the year from insurance companies for damages (debt turnover without initial balance)	641	4,036	2,252
27	4. VAT paid during acquisition of goods and services (debt turnover without initial balance)	642	998,317	1,057,531
43	5. Business liabilities (receivables turnover without initial balance)	643	15,434,671	16,206,451
450	6. Liabilities for net income and income compensations (receivables turnover without initial balance)	644	4,830,312	3,699,995
451	7. Liabilities for salaries tax and salaries compensations paid by employees (receivables turnover without initial balance)	645	280,014	419,574
452	8. Liabilities for contributions on salaries and salaries compensations paid by employees (receivables turnover without initial balance)	646	502,713	679,351
461,462 and 723	9. Liabilities for dividends, profit share and employer's personal earnings (receivables turnover without initial balance)	647	1,564	9,573
465	10. Liabilities toward physical entities for compensations per contracts (receivables turnover without initial balance)	648	21,300	18,999
47	11. VAT collected during sale of products, goods and services (receivables turnover without initial balance)	649	1,121,679	1,010,818
	12. Control summary (from 639 to 649)	650	32,845,562	35,748,249

VII OTHER EXPENSES AND EXPENDITURES

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
513	1. Fuel and energy costs	651	921,096	766,336
520	2. Salaries and salaries compensations (gross)	652	5,289,454	4,700,993
521	3. Tax expenses and contributions on salaries and salaries compensations paid by employer	653	727,952	595,132
522,523,524 and 525	4. Expenses for compensations to physical entities (gross) based on contracts	654	162,921	124,419
526	5. Expenses of compensations to BoD & Supervision Board members (gross)	655	48,282	41,364
529	6. Other personal expenses and compensations	656	639,410	536,088
53	7. Expenses of production services	657	5,367,410	5,217,748
533, part 540 and part 525	8. Lease expenses	658	489,699	536,864
part 533, part 540 & part 525	9. Expenses of land lease	659	10,100	12,474
536,537	10. Expenses of research and development	660	2,686	821
540	11. Depreciation expenses	661	687,359	689,911
552	12. Expenses of insurance premiums	662	165,979	102,059
553	13. Payroll expenses	663	254,669	218,471
554	14. Membership fees	664	18,541	14,971
555	15. Tax expenses	665	963,474	508,378
556	16. Contributions	666	2,563	2,330
562	17. Interests	667	414,974	304,075
part 560, part 561 and 562	18. Interests expenses and a part of financial expenses	668	444,822	333,919
part 560, part 561 and part 562	19. Interests expenses per credits and banks and dfo	669	86,296	113,866
part 579	20. Expenses for humanitarian, cultural, health, educational, scientific and religious purposes, for protection of the Environment and sports	670	16,884	35,507
	21. Control summary (from 651 to 670)	671	16,714,571	14,855,726

VIII OTHER REVENUE

Amounts in 000 RSD

Group accounts, account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
60	1. Goods sale revenue	672	649,367	217,159
640	2. Revenue from premiums, subsidies, dotations, recourses, compensations and tax duties returns	673	13,988	948
641	3. Revenue from conditioned donations	674	-	838
part 650	4. Revenue from land lease	675	2,348	2,383
651	5. Membership revenue	676	-	4,067
part 660, part 661, 662	6. Interests revenue	677	219,429	387,131
part 660, part 661, and part 662	7. Revenue from interests per accounts and deposits in banks and other financial organizations	678	44,770	60,996
part 660, part 661 and part 669	8. Revenue from dividends and profit share	679	304,608	44,480
	9. Control summary (from 672 to 679)	680	1,234,510	718,002

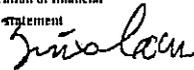
IX OTHER DATA

Amounts in 000 RSD

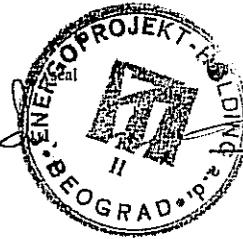
DESCRIPTION	EDP	Current year	Previous year
1	2	3	4
1. Liabilities for excises (according to annual excises calculation)	681	-	12
2. Calculated custom duties and other import duties (total annual amount according to calculation)	682	48,822	52,062
3. Capital subsidies and other state subsidies for construction 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	48,822	52,074

In Belgrade,

date 26.04.2011.

Person responsible for
preparation of financial
statement


Legal representative

ENERGOPROJEKT GROUP, BELGRADE

**NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
2011**

ENERGOPROJEKT GROUP, BELGRADE

**CONSOLIDATED FINANCIAL STATEMENTS
FOR 2011**

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CONSOLIDATED P&L ACCOUNT
for the period from January 1 to December 31 2011

(RSD thousand)

Account group, account	DESCRIPTION	ADP	Note	Total	
				Current year	Previous year
	A. BUSINESS INCOME AND EXPENDITURE				
	I. BUSINESS INCOME (202+203+204-205+206)	201		20.846.517	20.234.478
60&61	1. Return on sales	202	8	21.193.645	24.198.178
62	2. Own use of products, services and merchandise	203		57.549	37.589
630	3. Increase of finished goods, work in progress and services in progress	204	9	30.574	693.282
631	4. Decrease of finished goods, work in progress and services in progress	205	9	564.699	4.884.400
64&65	5. Other business revenue	206	10	129.448	189.829
	II. BUSINESS EXPENDITURE	207		20.599.641	19.641.614
50	1. Cost of merchandise sold	208	11	99.355	203.512
51	2. Cost of material	209	12	5.428.574	5.297.782
52	3. Costs of salaries, fringe benefits and other personal expenses	210	13	6.868.019	5.997.996
54	4. Costs of depreciation and provisions	211	14	1.177.245	802.299
53&55	5. Other business expenditure	212	15	7.026.448	7.340.025
	III. BUSINESS PROFIT	213		246.876	592.864
	IV. BUSINESS LOSSES	214			
66	V. FINANCIAL INCOME	215	16	1.887.836	2.670.287
56	VI. FINANCIAL EXPENDITURE	216	16	2.160.135	2.346.352
67,68	VII. OTHER INCOME	217	17	1.301.027	662.526
57,58	VIII. OTHER EXPENDITURE	218	17	682.876	684.481
	IX. REGULAR BUSINESS REVENUE BEFORE TAX	219		592.728	894.844
	X. REGULAR BUSINESS LOSSES BEFORE TAX	220			
69-59	XI. NET PROFIT FROM SUSPENDED OPERATIONS	221			
59-69	XII. NET LOSSES FROM SUSPENDED OPERATIONS	222	18	17.664	2.884
	B. PROFIT BEFORE TAX	223		575.064	891.960
	C. LOSSES BEFORE TAX	224			
	D. CORPORATE INCOME TAX				
721	1. Tax liabilities for the period	225		87.862	145.048
722	2. Deferred tax liabilities for the period	226			14.374
723	3. Deferred tax income for the period	227		8.683	
	E. PERSONAL WAGES PAID TO EMPLOYER	228			
	F. NET PROFIT	229		495.885	732.538
	G. NET LOSS	230			
	H. NET PROFIT PAYABLE TO MINORITY STAKEHOLDERS	231		127.079	104.557
	I. NET PROFIT PAYABLE TO PARENT COMPANY OWNERS	232		368.806	627.981
	J. EARNINGS PER SHARE				
	1. Basic earnings per share	233			
	2. Diluted earnings per share	234			

CONSOLIDATED BALANCE SHEET

as at December 31 2011

(RSD thousand)

Account group, account	DESCRIPTION	ADP	Note	Total	
				Current year	Previous year
	ASSETS				
	A. NON-CURRENT ASSETS	001		8.914.837	8.738.277
00	I. SUBSCRIBED CAPITAL, UNPAID	002			
012	II. GOODWILL	003			
01 without 012	III. INTANGIBLES	004	20	82.635	90.806
	IV. PROPERTY, PLANT, EQUIPMENT AND NATURAL ASSETS	005		7.647.487	6.657.852
020,022,023,02 6,027(part),028 (part),029	1. Property, plant & equipment	006	21	6.067.870	6.206.409
024,027(part)& 028(part)	2. Investment property	007	21	1.579.617	451.443
021,025,027 (part)&028(part)	3. Natural assets	008			
	V. LONG-TERM FINANCIAL INVESTMENTS	009		1.184.715	1.989.619
030 do 032,039(part)	1. Share of Capital	010	22	610.046	643.424
033 do 038,039(part) less 037	2. Other long-term financial investments	011	23	574.669	1.346.195
	B. CURRENT ASSETS	012		18.139.950	16.561.046
10 to 13,15	I. MATERIAL	013	24	4.465.017	4.278.900
14	II. ASSETS HELD FOR TRADING AND SUSPENDED BUSINESS ASSETS	014		8.083	8.942
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH	015		13.666.850	12.273.204
20,21&22, except 223	1. Receivables	016	25	7.482.739	6.553.506
223	2. Receivables from prepaid income tax	017		-	110.120
23 less 237	3. Short-term financial investments	018	26	2.525.196	1.987.170
24	4. Cash and cash equivalents	019	27	2.941.524	2.877.078
27&28 except 288	5. VAT and deferred income	020	28	717.391	745.330
288	IV. DEFERRED TAX ASSETS	021			
	C. BUSINESS PROPERTY	022		27.054.787	25.299.323
29	D. LOSSES OVER CAPITAL	023			
	E. TOTAL ASSETS	024		27.054.787	25.299.323
88	F. OFF-BALANCE SHEET ASSETS	025	41	10.287.693	8.006.030

CONSOLIDATED BALANCE SHEET

as at December 31 2011 (cont'd)

Account group, account	DESCRIPTION	ADP	Note	(RSD thousand)	
				Total	
				Current year	Previous year
	LIABILITIES				
	A. CAPITAL	101		11.715.908	10.151.560
30	I. ORIGINAL AND OTHER CAPITAL	102	29	5.223.103	4.566.356
31	II. SUBSCRIBED CAPITAL, UNPAID	103			
32	III. RESERVES	104	30	897.913	578.431
330&331	IV. REVALUATION RESERVES	105	31	1.625.478	958.158
332	V. UNREALIZED PROFITS FROM SECURITIES	106	31	16.022	60.049
333	VI. UNREALIZED LOSSES FROM SECURITIES	107	31	22.071	19.865
34	VII. UNDISTRIBUTED PROFIT	108	32	3.975.463	4.008.772
35	VIII. LOSSES	109		-	-
037&237	IX. REDEEMED SHARES	110		-	341
	B. LONG-TERM RESERVES AND LIABILITIES	111		15.305.562	15.106.502
40	I. LONG-TERM RESERVES	112	33	1.334.845	867.380
41	II. LONG-TERM COMMITMENTS	113		785.615	2.039.114
414,415	1. Long-term loans	114	34	732.424	1.611.397
41 without 414&415	2. Other long-term commitments	115	35	53.191	427.717
	III. SHORT-TERM COMMITMENTS	116		13.185.102	12.200.008
42 except 427	1. Short-term financial commitments	117	36	2.564.443	3.176.582
427	2. Commitments for assets intended for sale and suspended business assets	118		-	-
43&44	3. Business commitments	119	37	7.610.143	6.711.561
45&46	4. Other short-term commitments	120	38	1.051.249	817.519
47, 48 except 481&49 except 498	5. VAT and other public revenue and accruals	121	39	1.431.711	1.494.346
481	6. Corporate income tax	122		527.556	-
498	IV. DEFERRED TAX LIABILITIES	123		33.317	41.261
	C. TOTAL LIABILITIES	124		27.054.787	25.299.323
89	D. OFF-BALANCE LIABILITIES	125	41	10.287.693	8.006.030
	MINORITY INTEREST (EQUITY)			1.203.771	1.079.257

CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to December 31 2011

(RSD 000)

DESCRIPTION	ADP	Total	
		Current year	Previous year
A. CASH FLOW FROM BUSINESS OPERATIONS			
I. Cash inflow from business operations	301	22.799.420	21.676.694
1. Sales return and received advances	302	22.181.964	21.330.801
2. Received interest from business operations	303	59.608	61.926
3. Other cash inflows from regular business operations	304	557.848	283.967
II. Cash outflow from business operations	305	21.561.258	22.700.646
1. Payments to suppliers and advances given	306	13.822.894	14.658.334
2. Salaries, emoluments and other personal expenses	307	6.278.525	6.614.675
3. Paid interest	308	380.606	283.396
4. Income tax	309	238.572	213.183
5. Other public revenue expenses	310	840.661	931.058
III. Net cash inflow from business operations	311	1.238.162	-
IV. Net cash outflow from business operations	312	-	1.023.952
B. CASH FLOW FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities	313	2.163.789	2.602.035
1. Sale of shares and equity investments (net inflow)	314	72.745	4.216
2. Sale of intangible assets, plant, property, equipment & natural assets	315	668.870	54.363
3. Other financial investments (net inflow)	316	1.317.017	2.449.846
4. Received interest	317	81.244	54.102
5. Received dividends	318	23.913	39.508
II. Cash outflow from investing activities	319	2.278.284	2.784.256
1. Purchase of shares and equity investments (net outflow)	320	34.253	1.329
2. Purchase of intangible assets, plant, property, equipment & natural assets	321	220.278	314.203
3. Other financial investments (net outflow)	322	2.023.753	2.468.724
III. Net cash inflow from investing activities	323	-	-
IV. Net cash outflow from investing activities	324	114.495	182.221

CONSOLIDATED CASH FLOW STATEMENT – cont'd

for the period from January 1 to December 31 2011

DESCRIPTION	ADP	(RSD 000)	
		Total	
		Current year	Previous year
C. CASH FLOW FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities	325	553.125	1.754.618
1. Increase of original capital	326	770	-
2. Long term and short term loans (net inflow)	327	301.793	1.302.684
3. Other long term and short term liabilities	328	250.562	451.934
II. Cash outflow from financing activities	329	1.619.871	827.059
1. Repurchase of treasury shares and equity	330	-	-
2. Long term and short term loans and other liabilities (net outflow)	331	1.482.047	712.764
3. Finance leasing	332	92.916	95.528
4. Paid dividends	333	44.908	18.767
III. Net cash inflow from financing activities	334	-	927.559
IV. Net cash outflow from financing activities	335	1.066.746	-
D. CASH INFLOW TOTAL	336	25.516.334	26.033.347
E. CASH OUTFLOW TOTAL	337	25.459.413	26.311.961
F. CASH INFLOW NET	338	56.921	-
G. CASH OUTFLOW NET	339	-	278.614
H. OPENING CASH BALANCE	340	2.877.078	2.969.494
I. FX GAINS FROM CASH TRANSLATION	341	92.427	645.648
J. FX LOSSES FROM CASH TRANSLATION	342	84.902	459.450
K. CLOSING CASH BALANCE	343	2.941.524	2.877.078

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period from January 1 to December 31 2011

RSD 000

No.	ITEM	Original capital (group 30 w/o 309)	Other capital (a/c 309)	Registered capital unpaid (group 31)	Issuing premium (a/c 320)	Reserves (a/c 321, 322)	Revaluation reserves (group 33)	Unrealized profits from securities (332)	Unrealized losses from securities (333)	Undistributed profit (group 34)	Loss up to capital (group 35)	Repurchased shares and equity (a/c 037,237)	TOTAL	Loss over capital (group 29)
1	ADP	401	414	427	440	453	466	479	492	505	518	531	544	557
	Balance on January 1 of previous year 2010	3.967.362	98.955		232.561	299.771	869.133	67.646	17.626	3.728.305		3.918	9.242.189	
2	ADP	402	415	428	441	454	467	480	493	506	519	532	545	558
	Correction of significant material errors and changes in accounting policies in previous year – increase													
3	ADP	403	416	429	442	455	468	481	494	507	520	533	546	559
	Correction of significant material errors and changes in accounting policies in previous year – decrease													
4	ADP	404	417	430	443	456	469	482	495	508	521	534	547	560
	Restated opening balance on January 1 of previous year 2010 (No.1+2-3)	3.967.362	98.955		232.561	299.771	869.133	67.646	17.626	3.728.305		3.918	9.242.189	
5	ADP	405	418	431	444	457	470	483	496	509	522	535	548	561
	Total increase in previous year	517.245	15.335		4.115	43.769	115.013		8.555	972.167		31	1.659.058	
6	ADP	406	419	432	445	458	471	484	497	510	523	536	549	562
	Total decrease in previous year	16.908	15.633		69	1.716	25.988	7.597	6.316	641.671		3.608	699.658	
7	ADP	407	420	433	446	459	472	485	498	511	524	537	550	563
	Balance on December 31 of previous year 2010 (No.4+5-6)	4.467.699	98.657		236.607	341.824	958.158	60.049	19.865	4.058.801		341	10.201.589	
8	ADP	408	421	434	447	460	473	486	499	512	525	538	551	564
	Correction of significant material errors and changes in accounting policies in current year – increase													
9	ADP	409	422	435	448	461	474	487	500	513	526	539	552	565
	Correction of significant material errors and changes in accounting policies in current year – decrease									50.029			50.029	
10	ADP	410	423	436	449	462	475	488	501	514	527	540	553	566
	Restated opening balance on January 1 of current year 2011 (No.7+8-9)	4.467.699	98.657		236.607	341.824	958.158	60.049	19.865	4.008.772		341	10.151.560	
11	ADP	411	424	437	450	463	476	489	502	515	528	541	554	567
	Total increase in current year	664.363	3		434	319.053	684.456	4.222	2.727	982.442			2.652.246	
12	ADP	412	425	438	451	464	477	490	503	516	529	542	555	568
	Total decrease in current year	5.647	1.972		5		17.136	48.249	521	1.015.751		341	1.087.898	
13	ADP	413	426	439	452	465	478	491	504	517	530	543	556	569
	Balance on December 31 of current year 2011 (No.10+11-12)	5.126.415	96.688		237.036	660.877	1.625.478	16.022	22.071	3.975.463			11.715.908	

**CONSOLIDATED STATISTICAL ANNEX
FOR 2011**

I GENERAL INFORMATION ON THE LEGAL ENTITY / ENTREPRENEUR

I T E M	ADP	Current Year	Previous Year
1. Total months of operation (indicate from 1 to 12)	601	12	12
2. Size (indicate from 1 to 3)	602	3	3
3. Ownership (indicate from 1 to 5)	603	2	2
4. Number of foreign (legal or natural) parties with share of equity	604		1
5. Average number of employees based on monthly account (whole number)	605	2.478	2.716

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

Account Group, Account	I T E M	ADP	RSD 000		
			Gross	Adjusted	Net (4-5)
01	1. Intangible assets				
	1.1. Opening balance	606	248.997	158.191	90.806
	1.2. Increase (purchases) during the year	607	10.367		10.367
	1.3. Decrease (disposal, depreciation and writing off) during the year	608	12.260		19.098
	1.4. Revaluation during the year	609	560		560
	1.5. Balance at end of year	610	247.664	165.029	82.635
02	2. Property, plant, equipment & natural assets				
	2.1. Opening balance	611	13.493.810	6.835.958	6.657.852
	2.2. Increase (purchases) during the year	612	1.657.816		1.657.816
	2.3. Decrease (disposal, depreciation and writing off) during the year	613	223.305		964.712
	2.4. Revaluation during the year	614	296.531		296.531
	2.5. Balance at end of year	615	15.224.852	7.577.365	7.647.487

III STRUCTURE OF INVENTORIES

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
10	1. Materials	616	1.880.120	1.122.017
11	2. W	617	933.635	1.209.541
12	3. Finished products	618	242.063	382.337
13	4. Goods	619	255.127	571.138
14	5. Assets held for trading	620	266.954	8.942
15	6. Advances given	621	895.201	993.867
	7. TOTAL	622	4.473.100	4.287.842

IV STRUCTURE OF ORIGINAL CAPITAL

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
300	1. Share capital	623	5.126.202	4.467.557
	of which: foreign capital	624		
301	2. Share of limited liability companies	625	213	142
	of which: foreign capital	626		142
302	3. Investments by members of partnerships and limited partnerships	627		
	of which: foreign capital	628		
303	4. Government owned capital	629		
304	5. Socially owned capital	630		
305	6. Stakes in co-operatives	631		
309	7. Other original capital	632	96.688	98.657
30	TOTAL	633	5.223.103	4.566.356

V STRUCTURE OF SHARE CAPITAL

Account Group, Account	I T E M	ADP	Shares in whole numbers RSD 000	
			Current Year	Previous Year
	1. Ordinary shares			
	1.1 Number of ordinary shares	634	10.105.591	10.105.589
part of 300	1.2 Nominal value of ordinary shares - total	635	5.126.202	4.467.557
	2. Preferred shares			
	2.1 Number of preferred shares	636		
part of 300	2.2 Nominal value of preferred shares - total	637		
300	TOTAL	638	5.126.202	4.467.557

VI CLAIMS AND COMMITMENTS

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
20	1. Claims from sales arrangements (at end of year 639≤016)	639	6.683.144	6.214.024
43	2. Business commitments (at end of year 640≤0117)	640	2.967.812	6.429.681
part of 228	3. Damage claims during year from insurance companies (debit transactions with no opening balance)	641	4.036	2.252
27	4. VAT paid for procuring goods and services (annual according to tax reports)	642	998.317	1.057.531
43	5. Business commitments (debit transactions with no opening balance)	643	15.434.671	16.206.451
450	6. Net salaries and fringe benefits (debit transactions with no opening balance)	644	4.830.312	3.699.995
451	7. Salary taxes and duties paid by employee (debit transactions with no opening balance)	645	280.014	419.574
452	8. Contributions for salary and fringe benefits paid by employee (debit transactions with no opening balance)	646	502.713	679.351
461, 462 & 723	9. Dividends, share of profit and employer's remuneration (debit transactions with no opening balance)	647	1.564	9.573
465	10. Obligations to natural persons based on service contracts (debit transactions with no opening balance)	648	21.300	18.999
47	11. VAT paid on sale of products, goods and services (debit transactions with no opening balance)	649	1.121.679	1.010.818
	12. Subtotal (from 639 to 649)	650	32.845.562	35.748.249

VII OTHER EXPENDITURE

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
513	1. Cost of fuel and energy	651	921.096	766.336
520	2. Salaries and emoluments (gross)	652	5.289.454	4.700.993
521	3. Salary taxes and contributions and emoluments paid by employer	653	727.952	595.132
522,523, 524&525	4. Obligations to natural persons (gross) based on service contracts	654	162.921	124.419
526	5. Remuneration for board members and the supervisory board (gross)	655	48.282	41.364
529	6. Other personal expenses and fees	656	639.410	536.088
53	7. Production service costs	657	5.367.410	5.217.748
533, part 540 & part 525	8. Leased property	658	489.699	536.864
part 533 part 540 & part 525	9. Leased land	659	10.100	12.474
536,537	10. Research and development	660	2.686	821
540	11. Depreciation	661	687.359	689.911
552	12. Insurance premiums	662	165.979	102.059
553	13. Payment transaction costs	663	254.669	218.471
554	14. Membership fees	664	18.541	14.971
555	15. Taxes	665	963.474	508.378
556	16. Contributions	666	2.563	2.330
562	17. Interest expenses	667	414.974	304.075
part 560 part 561 & 562	18. Interest expenses and partial financial expenditure	668	444.822	333.919
part 560 part 561 & part 562	19. Interest on loans from banks and other financial organizations	669	86.296	113.866
part 579	20. Expenses for humanitarian, cultural, health care, educational, scientific and religious purposes, environmental protection and sports	670	16.884	35.507
	21. Subtotal (from 651 to 670)	671	16.714.571	14.855.726

VIII OTHER INCOME

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
60	1. Sales return	672	649.367	217.159
640	2. Income premiums, subventions, subsidies, recourse, compensation and tax returns	673	13.988	948
641	3. Income from conditional donations	674		838
part 650	4. Income from lease of land	675	2.348	2.383
651	5. Income from membership fees	676		4.067
part 660, part 661 & part 662	6. Income from interest	677	219.429	387.131
part 660, part 661 & part 662	7. Income from interest on invoices and deposits in banks and other financial organizations	678	44.770	60.996
part 660, part 661, & part 669	8. Income from dividends and profit shares	679	304.608	44.480
	9. Subtotal (from 672 to 679)	680	1.234.510	718.002

IX OTHER INFORMATION

I T E M	ADP	RSD 000	
		Current Year	Previous Year
1. Excise duties	681		12
2. Customs and other import duties (annual amount according to account)	682	48.822	52.062
3. Capital subventions and other government grants for construction and purchase of fixed assets and intangible investments	683		
4. Government grants for premiums, subsidies and current operating expenses coverage	684		
5. Other government grants	685		
6. Accepted donations from abroad and other nonrefundable assets from foreign legal and natural persons in money or in kind	686		
7. Personal earnings of entrepreneur from net profit (entrepreneurs only)	687		
8. Subtotal (from 681 to 687)	688	48.822	52.074

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY BACKGROUND

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

In 2011, Energoprojekt Group was organized as follows:

Activity	Subsidiaries	Business units for investment work abroad and foreign branch offices	Foreign companies
Planning and research	4	16	6
Building construction and fitting	3	48	6
Trade	1	-	-
Holding	1	-	6
Other	4	-	1
Total	13	64	19

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

On December 31 2011 the Energoprojekt had 2.318 employees (2010 - 2.589) excluding local staff in overseas companies.

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

2. CONSOLIDATION GROUP

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

Local subsidiaries and affiliates:

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

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.	EP Hidroinženjering a.d.	94,84
	<i>Other</i>	
8.	EP Energodata a.d.	96,43
9.	EP Promet d.o.o.	100,00
10.	EP Garant a.d.o.	92,94
11.	Energoplast d.o.o.	60,00
	<i>Affiliates</i>	
12.	Enjub d.o.o.	50,00

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

Foreign subsidiaries (foreign companies):

No.	Name	% ownership
1.	Zecco LTD, Lusaka, Zambia	100,00
2.	Energoprojekt Holding Guinee S.A, Guinea	100,00
3.	INEC Engineering Co.Ltd.,London, UK	100,00
4.	ENCOM GmbH, Frankfurt, Germany	100,00
5.	Nana off Shore, Beirut,Lebanon	100,00
6.	Energoprojekt Montenegro d.o.o., Herceg Novi, Montenegro	100,00

Some of the foreign subsidiaries (Energoprojekt Holding Guinee S.A, Guinea and Zecco LTD Zambia) are registered as being owned by EP Holding but are in fact controlled by the subsidiaries.

In addition to those listed above the first level consolidation group also includes Energo Private LTD, Harare, Zimbabwe; Energoprojekt Ghana LTD, Accra, Ghana; Energo Uganda Company LTD., Uganda; Enlisa S.A., Lima, Peru; ECO MEP Technology, Dubai, UAE; Energo Nigerija Ltd., Lagos, Nigeria; Zahinos LTD., Cyprus; Enhisa S.A., Lima, Peru; EP Entel L.L.C., Muscat, Oman; Energoprojekt Entel L.L.C., Doha, Qatar; Energo consult L.L.C., Abu Dhabi, UAE; United Consulting CO. Botswana, Botswana and Energodata Montenegro d.o.o., Montenegro. The Energoprojekt Co branch in Harare, Zimbabwe is included in the financial statements of our foreign company Energo (Privete) Limited, Harare, Zimbabwe.

Energoplast d.o.o. and Energopet d.o.o., two local affiliates, were also introduced to the first level consolidation group; the Group's consolidated financial statements however did not process Energoplast d.o.o. by equity method, applying instead the full consolidation method because it entered the group as a subsidiary, as described earlier.

In contrast to 2010, the consolidation group for 2011 no longer includes Energoprojekt Middle East (L.L.C.) Dubai, UAE and Energoprojekt (M) Sdn. Bhd., Malaysia, which have been dormant for years, have no assets and are in the process of being closed both with local and Serbian authorities.

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

3. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

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

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

3.1. Functional and reporting currency

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

Figures in the financial statements are shown in thousands of RSD (functional currency and domicile currency) as at balance sheet date - December 31, 2011.

Comparative data is shown in thousands of RSD as at December 31, 2010.

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

	31.12.2011.	31.12.2010.
EUR	104,6409	105,4982
USD	80,8662	79,2802

Applied average annual exchange rates for the figures disclosed in the income statement for 2011 were as follows:

	31.12.2011.	31.12.2010.
EUR	101,9502	103,0431
USD	73,3382	77,9066

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. MANAGEMENT ESTIMATION AND ASSESSMENT

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

5. CONSOLIDATION

5.1. Subsidiaries

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

5.2. Affiliates

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

5.3. Joint ventures

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

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

5.4. Segment reporting

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

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

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. PRINCIPAL ACCOUNTING POLICIES

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

The significant accounting policies are shown below:

(a) Principles of valuation - assumptions

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

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

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

(b) Recognition of the elements of financial statements

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

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

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

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

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

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Profits/losses on translation of foreign currencies

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

(d) Sales revenue

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

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

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

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

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

(e) Operating expenses

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

The basic elements and principles of expense recognition are:

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

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(f) Profit and losses

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

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

(g) Financial revenues and expenses

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

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

(h) Income tax

Income tax represents the amount that is calculated in accordance with Serbian Republic Law. Tax obligation is calculated at 10% on the taxable income (in 2011: 10%). The taxable income represents gross income in the income statement (prepared in accordance with the accounting regulations) less some revenue and expenditure according to the tax regulations. Tax deductions are also applied (investments in fixed assets in the entity's registered line of business and other tax deductions according to the tax regulations).

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

(i) Deferred income tax

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

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

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

ENERGOPROJEKT GROUP, BELGRADE
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(k) Employee benefits

/i/ Pension insurance and employee benefits

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

/ii/ Health insurance

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

/iii/ Retirement bonus

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

/iv/ Post-employment benefits

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

(j) Intangible assets, property, plant and equipment

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

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

Property, plant and equipment are:

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

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

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

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

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

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

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

Subsequent expenses are treated as subsequent investment:

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

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

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

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

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

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

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

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

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

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

(I) Depreciation

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

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

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

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

Intangible assets with unlimited lifetime are not amortized.

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

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

Internally generated goodwill is not recognized as an intangible asset.

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

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

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

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

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

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

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

ENERGOPROJEKT GROUP, BELGRADE
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The applicable depreciation rates are:

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

(m) Financial investments

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

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

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

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

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

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

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

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

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

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(n) Inventories

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

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

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

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

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

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

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

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

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

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

(o) Short term receivables and investments

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

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

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

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

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

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

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

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

(p) Cash and cash equivalents

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

(r) Rentals

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

(s) Finance lease liabilities

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

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

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

(t) Commitment and contingencies

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

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

(u) Borrowing costs

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

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

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

(v) Impairment

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

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

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

(w) Financial liabilities

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

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

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

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

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

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

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(x) Long term provisions

A provision is recognized when:

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

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

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

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

Provisions are not recognized for future operational losses.

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

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

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

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

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

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

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

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

According to the regulation on changes and amendments of the Accounting and Accounting Policies

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Regulation for Energoprojekt Group members, which applies to financial statements since 2010, a materially significant error is defined as any error which individually or combined with other errors exceeds 1,5% of the total income effectively generated in the previous year.

The Group adjusted the opening balance for undistributed profits for 2010 to reflect corrections made based on errors that were identified but not rectified as shown below:

	Capital
Net capital shown in balance sheet on 31 December 2010	10,201,589
Adjustments:	
Eliminated exchange rate differences	(33,810)
Deferred tax liabilities for previous year	(16,219)
	(50,029)
Net capital after adjustment on 1 January 2010	10,151,560

The accounting effect for the above adjustments was as follows

	2010 (as reported) RSD 000	Error	2010 (adjusted) RSD 000
Plants, property, equipment	6,340,811	(134,402)	6,206,409
Inventories	4,144,498	134,402	4,278,900
VAT and accrued income	779,140	(33,810)	745,330
Deferred tax liabilities	(25,042)	(16,219)	(41,261)
Net assets	11,239,407	(50,029)	11,189,378

(z) Foreign exchange rates

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

	<u>RSD</u> <u>2011</u>	<u>RSD</u> <u>2010</u>
EUR	104,6409 RSD	105,4982 RSD
USD	80,8662 RSD	79,2802 RSD
GBP	124,6022 RSD	122,4161RSD
CHF	85,9121 RSD	84,4458 RSD
RUB	2,5141 RSD	2,0865 RSD
LYD	63,8146 RSD	51,0847 RSD

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6. FINANCIAL RISK MANAGEMENT

6.1 Financial risk factors

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

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

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

a) Market risk

i) Foreign exchange risk

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

ii) Fair value risk

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

iii) Interest rate risk

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

b) Credit risk

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

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the

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

7. SEGMENT INFORMATION

7.1. Primary reporting formats – business segment

The Group is organized, local and abroad, in the following business segments as of 31 December 2011:

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

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REPORTABLE SEGMENTS

Business segments

RSD thousand

	Planning and research		Construction and equipment		Other		Total		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2010	2009	2011	2010	2011	2010
Revenues	4,714,959	3,968,159	15,862,806	14,305,720	1,607,286	7,323,797	22,185,051	25,597,676	(991,406)	(1,399,498)	21,193,645	24,198,178
SEGMENT RESULT	-	-					-	-			-	-
Profit from operations	92,227	111,812	6,395	(308,752)	159,876	796,781	258,498	599,841	(11,622)	(6,977)	246,876	592,864
Interest return	60,311	70,598	48,941	262,020	36,718	53,361	145,970	385,979	(5,264)	(1,104)	140,706	384,875
Interest expenses	41,896	28,079	260,387	260,931	48,299	26,887	350,582	315,897	(36,672)	(11,822)	313,910	304,075
Income tax	4,683	4,962	47,709	42,045	35,470	98,041	87,862	145,048	-	-	87,862	145,048
Profit from regular operations	236,814	357,729	592,950	273,067	421,615	785,882	1,251,379	1,416,678	(658,651)	(521,834)	592,728	894,844
Losses from suspended operations	6,632		10,733	505	3,798	2,379	21,163	2,884	(3,499)	-	17,664	2,884
Net profit	224,728	352,926	545,914	232,084	380,549	685,580	1,151,191	1,270,590	(655,306)	(521,833)	495,885	748,757
Total assets	6,061,525	5,651,037	17,844,495	17,039,041	11,785,057	13,313,398	35,691,077	36,003,476	(8,636,291)	(10,670,343)	27,054,786	25,333,133
Total liabilities	6,061,525	5,651,037	17,844,495	17,039,041	11,785,057	13,313,398	35,691,077	36,003,476	(8,636,291)	(10,670,343)	27,054,786	25,333,133
Depreciation	69,007	66,497	516,346	536,711	82,468	86,703	667,821	689,911			667,821	689,911

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Geografski segmenti

U 000 RSD

	Serbia		CIS		Europe		Africa		Asia		USA		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenues from sales	5,907,857	10,786,209	5,463,835	3,279,810	329,796	529,511	3,893,499	4,609,180	3,502,435	2,900,528	2,096,223	2,092,940	21,193,645	24,198,178
Revenues from goods trading	3,764	82,358			401	107,149	44,900	19,267		897	14,570	7,488	63,635	217,159
Revenues from provision of services	5,904,093	10,703,851	5,463,835	3,279,810	329,395	422,362	3,848,599	4,589,913	3,502,435	2,899,631	2,081,653	2,085,452	21,130,010	23,981,019

ENERGOPROJEKT GROUP, BELGRADE
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8. REVENUES FROM SALES

Revenues from goods, products and services sold and rendered on the local market totalled 6.040.778 thousand RSD (2010. 10.786.209 thousand RSD), on foreign markets 15.152.867 thousand RSD (2010. 13.411.969 thousand RSD), giving a grand total of 21.193.645 thousand RSD (2010. 24.198.178 thousand RSD).

9. INCREASE (DECREASE) IN INVENTORIES

	2011. (RSD 000)	2010. (RSD 000)
Increase in inventories	30,574	693,282
Decrease in inventories	(564,699)	(4,884,400)
Total	(534,125)	(4,191,118)

In 2011 **the inventories increase** relates to an increase of work in progress and finished products in:

- EP Visokogradnja – mostly for works in connection with the Z-078 petrol station Aktau (6.723 thousand RSD),
- EP Niskogradnja – operations through foreign business units in Peru (16.162 thousand RSD).
- Other relates to Energoplast.

The inventories decrease in 2011 relates primarily to the following companies in the Energoprojekt Group:

- EP Visokogradnja – sold immovable property in Bežanijska Kosa and Herceg Novi, as well as inventories decrease based on decrease of work in progress abroad in the total amount of 336.122 thousand RSD.
- EP Niskogradnja had inventories decrease (126.473 thousand RSD) that relates to the decrease in inventories (installation) of aggregate for concrete production, rock inventory for rip rap defence and processed rock for securing the water basin walls and floor, related to the project Z-016 Chavimochic, Peru.
- Enjub – inventories decrease (102.104 thousand RSD) based on the completion of the car dealership facility „AC Stojanović“.

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10. OTHER OPERATING INCOME

	2011. (RSD 000)	2010. (RSD 000)
Premiums, subventions, subsidies, refunded amounts, compensation and tax refunds	-	948
Conditioned donations	-	838
Rents	74,674	70,923
Memberships	-	4,067
Other operating income	54,774	113,053
Total	129,448	189,829

Other operating income in 2011 (129.448 thousand RSD) relates to income from rents (74.674 thousand RSD) and other operating income (54.774 thousand RSD).

Income from rents is mostly generated by the following companies: EP Visokogradanja (35.434 thousand RSD), EP Niskogradnja (9.197 thousand RSD) partially domestic revenue (1.425 thousand RSD) based on rented equipment for the project Straževica tunnel, Zecco (14.402 thousand RSD), Enjub (5.842 thousand RSD), Energodata (5.617 thousand RSD), Guinea (2.268 thousand RSD) and Garant (2.222 thousand RSD).

11. PURCHASE VALUE OF GOODS SOLD

	2011. (RSD 000)	2010. (RSD 000)
Wholesale	(99,355)	(203,512)
Retail	-	-
Total	(99,355)	(203,512)

The purchase value of goods sold (wholesale) in 2011 relates to the purchase of computer equipment by EP Energodata (48.296 thousand RSD), the purchase of granulate by EP Industrija (18.755 thousand RSD) and other (EP Oprema - 16.233 thousand RSD, EP Visokogradnja - 5.870 thousand RSD, Energoplast - 4.678 thousand RSD).

12. MATERIAL COST

	2011. (RSD 000)	2010. (RSD 000)
Raw material	(4,251,540)	(4,267,805)
Other material cost (overheads)	(258,482)	(263,641)
Fuel and energy	(918,552)	(766,336)
Total	(5,428,574)	(5,297,782)

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The major part of **material cost** in 2011 relates to raw material, specifically: EP Visokogradnja (1.495.190 thousand RSD), EP Niskogradnja (1.175.593 thousand RSD) and EP Oprema (1.287.385 thousand RSD). EP Niskogradnja contributed the most in the fuel and energy expenses with 670.306 thousand RSD.

13. STAFF COSTS

	2011. (RSD 000)	2010. (RSD 000)
Salaries and fringe benefits (gross)	(5,289,454)	(4,700,992)
Taxes and contributions on salaries and fringe benefits charged to employer	(727,952)	(595,132)
Remunerations according to temporary service contracts	(8,090)	(11,262)
Remunerations according to author's contracts	(58,702)	(34,128)
Remunerations according to temporary and provisional contracts	(52,614)	(72,624)
Remunerations to individuals according to other contracts	(43,515)	(6,405)
BoD and Supervisory Board	(48,282)	(41,364)
Other personal expenses remunerations	(639,410)	(536,089)
Total	(6,868,019)	(5,997,996)

14. DEPRECIATION AND PROVISION EXPENSES

Depreciation and provision expenses totalled 1.177.245 thousand RSD (2010.: 802.299 thousand RSD) and relate to:

- **Depreciation of PPE** in the amount of 674.188 thousand RSD (2010.: 689.911 thousand RSD), and
- Provision expenses in the amount of 503.057 thousand RSD (2010.: 112.388 thousand RSD).

Long term provision expenses in 2011 largely relate to the following companies within the Energoprojekt Group:

- EP Entel with 369.785 thousand RSD (688 thousand RSD relate to provision expenses for retirement bonuses, and 369.097 thousand RSD relate to expenses within the guarantee period and provisions based on lawsuits against the Company).
- EP Niskogradnja with 103.094 thousand RSD (provision expenses for fees and other employee benefits amounting to 5.997 thousand RSD and other provision expenses amounting to 97.097 thousand RSD relate to the obligation to the sub-contractor with regard to the project Z-0163 „Navigation Lock“, Iraq. The provision amount was established according to the same methodology used by the Government of Iraq, based on which the Company has collected claims from the above mentioned project.
- EP Garant with 19.238 thousand RSD related to damage liability provisions and other non-life insurance reserves

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Provision expenses for fees and other employee benefits (based on IAS 19) amount to 7.838 thousand RSD.

15. OTHER OPERATING EXPENSES

	2011.	2010.
	(RSD 000)	(RSD 000)
<u>Costs of production services</u>		
Service costs of outputs	(3,332,845)	(3,757,380)
Transportation costs	(442,695)	(413,949)
Maintenance costs	(179,153)	(201,924)
Rental costs	(456,180)	(549,338)
Fairs exhibit costs	(1,079)	(1,653)
Advertising costs	(26,716)	(17,484)
Costs of researching activities	(2,616)	(821)
Costs of other services	(274,084)	(275,199)
Total	(4,715,368)	(5,217,748)
<u>Non-production costs</u>		
Costs of non-production services	(727,939)	(1,072,649)
Expense accounts	(62,843)	(61,581)
Insurance premium costs	(108,512)	(102,059)
Payment operation costs	(254,676)	(218,471)
Membership fees	(18,541)	(14,971)
Tax duties	(965,635)	(508,378)
Contribution costs	(885)	(2,330)
Other non-material costs	(172,049)	(141,838)
Total	(2,311,080)	(2,122,277)
Grand total	(7,026,448)	(7,340,025)

The largest figure under **other operating expenses** involves the service costs of outputs, which include most prominently production service costs for WIP (subcontractors and associates):

- EP Niskogradnja with 1.522.698 thousand RSD, represent costs based on subcontracts for domestic projects in the amount of 1.186.870 thousand RSD, and foreign projects amounting to 335.828 thousand RSD.
- EP Visokogradnje with 1.162.274 thousand RSD - production service costs for WIP consist of costs related to associates – domestic construction sites and construction sites in foreign countries. In foreign countries the largest production service costs for WIP relate to Z-068 Aktau Hotel (242.652 thousand RSD), Z-074 Sarijagaš winery (212.978 thousand RSD), Z-075 Schlumberger (223.978 thousand RSD), Z-076 residential building Siktivkar 74.959 thousand RSD, Energoprojekt Ghana (174.273 thousand RSD) and
- EP Oprema with 417.597 thousand RSD, and the remaining amount relates to other companies in the Group.

Rental costs amount to 456.180 thousand RSD and relate mostly to the following companies in the

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Energoprojekt Group:

- EP Entel with 186.767 thousand RSD, mostly relating to apartment rental fees in the company's foreign branches
- EP Niskogradnja with 184.789 thousand RSD, include rental costs of equipment, field work expenses, office, residential and warehouse space in the country and abroad (19.811 thousand RSD) and abroad (164.978 thousand RSD).
- EP Visokogradnju with 71.061 thousand RSD, predominantly rental costs in foreign countries (67.194 thousand RSD), and renting space from Belgrade harbour (3.867 thousand RSD).

The largest figure under **non-material costs** relates to costs of non-production services in the amount of 727.939 thousand RSD and tax duties in the amount of 965.635 thousand RSD.

The largest separate **costs of non-production services** relate to EP Entel in the amount of 402.313 thousand RSD (consulting services, professional training of employees, legal and other services), EP Visokogradnja in the amount of 197.080 thousand RSD and EP Niskogradnja in the amount of 59.768 thousand RSD.

Tax duties, resulting from accounting and payment of income taxes according to local regulations, largely relate to EP Entel in the amount of 504.893 thousand RSD, mostly income tax for the Qatar company, EP Visokogradnja in the amount of 327.312 thousand RSD (in foreign countries: 315.143 thousand RSD), EP Niskogradnja in the amount of 80.129 thousand RSD (in foreign countries: 77.370 thousand RSD).

16. REVENUES AND EXPENSES

	2011 (RSD 000)	2010 (RSD 000)
<u>Financial revenues</u>		
Financial income incurred with other associated companies	27,899	57,558
Income from interest	140,706	384,875
FX Gains	1,577,393	2,137,679
Income from share of profits from subsidiaries and joint ventures	-	39,092
Other financial income	141,838	51,083
Total	1,887,836	2,670,287
<u>Financial expenses</u>		
Financial expenses incurred with other associated companies	(50,058)	(7,519)
Costs of interest	(313,910)	(304,075)
FX losses	(1,787,051)	(2,025,862)
Other financial expenses	(9,116)	(8,896)
Total	(2,160,135)	(2,346,352)

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In 2011, the negative net financial performance came mainly as the result of foreign exchange losses due to the Dinar depreciating, dinar rate dropped by 2% against the USD, but rose by 0,81% against the EUR.

Interest expenditure includes loan interest and default interest expenses from debtor/creditor relationships.

17. OTHER REVENUES AND EXPENSES

	2011. (RSD 000)	2010. (RSD 000)
<u>Other revenues</u>		
Gains on disposals of intangible assets and property, plant and equipment	17,139	45,653
Gains on disposals of securities	6,701	4,744
Material sold	-	175
Surpluses	939	588
Collected written-off receivables	102,734	80,867
Income from positive hedging effects	-	1,836
Income from reduction of liabilities	645,357	93,584
Income from abolishing of long-term provisions	662	17,631
Other	269,205	52,384
Income from valuation adjustments of property, plant and equipment	2,370	4,855
Income from valuation adjustments LT investments and securities		1,007
Income from valuation adjustments of receivables and ST financial investments		359,996
	236,093	213
Income from valuation adjustments of other property	18,820	
Total	1,301,027	662,526
<u>Other expenses</u>		
Losses on writing-offs and disposals of intangible assets and PPE	(14,409)	(26,182)
Losses on disposals of equity investments and securities	(4,751)	(2,371)
Losses on disposals of material	(1,296)	(2,517)
Shortages	(2,906)	(4,869)
Writing-offs of receivables	(117,544)	(54,818)
Cost of goods and materials write-off	-	(75)
Other	(98,796)	(455,053)
Impairment of property, plant and equipment	(25,522)	-
Impairment of long-term investments and other available-for-sale securities	(206,040)	(51)
Impairment of receivables and short-term financial investments	(210,805)	(138,545)
Impairment of other property	(807)	-
Total	(682,876)	(684,481)

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Other income (1.301.027 thousand RSD) **from reduction of liabilities** relates to 645.357 thousand RSD, 608.961 thousand RSD relates to EP Niskogradnja, in the country amounting to 555.969 thousand RSD generated as a result of performed valuation of balance sheet items pursuant to IAS 39, which the Company decided to write off. In the respective assessment of these balance sheet items, the management has taken into consideration, besides basic accounting principles, also the following facts: that these liabilities have expired under the relevant contracts or in general, that the creditors have not requested settlement of the liabilities over an extended period, and that there is therefore no possibility of economic outflow arising from such liability. The most important respective income relates to the abolishment of the liability towards the company „MCC“, China, in the amount of 495.185 thousand RSD (liability that arose prior to 1991 related to Z-0163 „Navigation Lock“, Iraq).

Other income includes income increase amounting to 269.205 thousand RSD and income from value adjustments of receivables and short-term financial investments in the amount of 236.093 thousand RSD.

Other income relates mostly to EP Visokogradnja amounting to 209.205 thousand RSD, out of which 166.753 thousand RSD relates to income from Comerc Consulting based on the proposal for settlement for works in connection with the project Z-056 Shopping mall Aktau. 32.965 thousand RSD relate to EP Oprema, 23.970 thousand RSD to EP Niskogradnja and the remaining amount to other companies in Energoprojekt Group.

The income from value adjustments of receivables and short-term financial investments relates mostly to EP Visokogradnja in the amount of 235.782 thousand RSD, namely to claims recovered for works on the tourist resort Hayatt at Crni Vrh (69.259 thousand RSD) and the protocol signed with Beogradčvor for works on Prokop Station in the amount of 7.986 thousand RSD, as well as income from lawsuits and settlements for works in connection with the project Z-063 Manžerok Russia (158.221 thousand RSD).

The most important items in **Other Expenses** (682.876 thousand RSD) include:

- direct write-off of claims in the amount of 117.544 thousand RSD (EP Viskogradnja: 63.798 thousand RSD and EP Niskogradnja: 46.264 thousand RSD and other),
- depreciation of long-term investments amounting to 206.040 thousand RSD (out of which EP Visokogradnja: 193.767 thousand RSD) and
- depreciation of claims and short-term investments (210.805 thousand RSD), mostly referring to the following companies:
 - EP Visokogradnja: 85.192 thousand RSD (settlement agreement for works on the Foreign Ministry building - 77.925 thousand RSD),
 - EP Niskogradnja: 76.631 thousand RSD - Project Z-001 Kazakhstan, based on the company's management decision. With a view to reflecting the principle of prudence, the decision in question was based on the fact that the guarantee deposit relates to a project that was effectively delivered in end 2003, however the acceptance procedure was not finalized due to issues with the buyer. Considering that these claims are not expired and are still actively pursued (renewed contact with the buyer), and that collection ability cannot be reliably assessed, the Company has decided to depreciate the claims.
 - EP Hidroinženjering: 22.306 thousand RSD based on the value adjustment of receivables related to the project Tekeze, according to decision of the Executive Committee of the Company.

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18. NET PROFIT/(LOSS) OF DISCONTINUED OPERATIONS

	2011. (RSD 000)	2010. (RSD 000)
Net profit from discontinued operations		
Net loss of discontinued operations	(17,664)	(2,884)

19. NET EARNINGS PER SHARE

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

	2011	2010
Profit due to Group shareholders (in 000 RSD)	368.806	627.981
Weighted average number of issued ordinary shares	9.468.329	9.468.329
Net earnings per share (RSD per share)	38,95	66,32

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20. INTANGIBLE INVESTMENTS

	Concessi ons, patents and similar rights	Other intangible investm ents	Intangible investments in progress	Advances on intangibles	Total
COST VALUE					
Balance on 1/01/2011	54,924	80,632	17,582	-	153,138
Additions	9,124	6,558	-	420	16,102
Disposals and write-off	(735)	(482)	-	-	(1,217)
Balance on					
31/01/2011	63,313	86,708	17,582	420	168,023
VALUE ADJUSTMENT					
Balance on 1/01/2011	29,630	32,702	-	-	62,332
Depreciation	17,128	6,718	-		23,846
Disposals and write-off	(688)	(102)	-	-	(790)
Balance on					
31/01/2011	46,070	39,318	-	-	85,388
NET BOOK VALUE:					
31/01/2011	17,243	47,390	17,582	420	82,635
31/01/2010	25,294	47,930	17,582	-	90,806

Concessions, patents and similar rights and other intangible investments on 31/12/2011 relate to various software used by the Group for own purposes, depreciated in accordance with the accounting policy in force.

Intangible investments in progress on 31/12/2011 refer to investments of the Group in relation to the delivery, installation, implementation and maintenance of software products for BI (business intelligence) solution. This BI solution has not been implemented yet on the balance sheet date.

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21. PROPERTY, PLANT AND EQUIPMENT

	Land and building	Plant and equipment	Investment property	Other plant property equipment	Equipment in construction and advances	Total
<u>Cost value</u>	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)	(RSD 000)
At 01.01.2011 (Curr. year)	4,984,269	7,296,662	475,106	7,921	729,852	13,493,810
Purchases	58,922	419,266	175,852	35	94,581	748,656
Increase by transfer from investment in progress	30,489	13,184			(27,716)	15,957
Disposals, write-off	(24,081)	(76,251)			(122,973)	(223,305)
Transfer from/to	241,486	16,904	259,340		(268,050)	249,680
Revaluation-assessment			590,164			590,164
Increase/decrease of advance payments		53,359				53,359
Exchange differences	(83)	(406)	(1,879)	(43)		(2,411)
Other increase/decrease	5,476	192,969	104,697		(4,200)	298,942
At 31.12.2011. (Curr.year)	5,296,478	7,915,687	1,603,280	7,913	401,494	15,224,852
<u>Value adjustment</u>						
At 01.01.2011. (Curr.year)	1,768,318	5,042,168	23,663	1,809		6,835,958
Depreciation	79,736	578,124		107		657,967
Disposals, write-off	(9,072)	(42,579)				(51,651)
Transfer from/to						0
Revaluation-assessment						0
Exchange differences	(26)	71,488		(35)		71,427
Other increase/decrease	(14,011)	77,675				63,664
At 31.12.2011. (Curr.year)	1,824,945	5,726,876	23,663	1,881	0	7,577,365
Sadašnja vrednost						
At 31.12.2011. (Curr.year)	3,471,533	2,188,811	1,579,617	6,032	401,494	7,647,487
Current value						
At 31.12.2010. (prev.year)	3,215,951	2,254,494	451,443	6,112	729,852	6,657,852

	2011	2010
Total depreciation costs comprise of:	681.813	700.441
Depreciation of intangible assets	23.846	16.533
Depreciation of property and equipment	657.967	683.908

Loans with banks are secured by a lien on Energoplast's and Niskogradnja's land and buildings (present value on 31/12/2011 was 355,315 thousand RSD), lien on Energoplast and Energodata's facilities and equipment (present value on 31/12/2011 was 188,441 thousand RSD) (2010: 196,393 thousand RSD) and lien on EP Energodata's investment property (present value 31/12/2011 was 92,058

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thousand RSD) (2010: 87,374 thousand RSD).

The fair value of investment properties on 31/12/2011 was 1,579,617 thousand RSD. The valuation of the fair value on 31.12.2011 was performed by an independent valuator who has appropriate professional qualifications and recent relevant work experience in the field of investment property. The valuation of the value was performed based on numerous factors, such as: existing renting conditions, valuation of market conditions and valuation of the capitalization rate by using comparative market data, if possible. Due to the current situation on the property market and reduced number of sales transactions with respect to previous years due to the economic crisis, valutors have mostly used their knowledge of the market and professional judgment and less results of comparable transactions in the past.

On the balance sheet date, there are no limitations regarding the possibility to sell investment properties nor income from rent and disposal of property.

22. EQUITY INVESTMENTS

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

Equity investments are disclosed:

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

Equity investments pertain to shares (stakes) in:

	2010. (RSD 000)	2010. (RSD 000)
a) Banks and other financial organizations	104,493	133,057
b) Other legal entities:	505,553	510,367
-Energopet	295,468	291,308
-Energonigeria	204,797	199,872
-Other	5,288	19,187
Total	610,046	643,424

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23. OTHER LONG TERM FINANCIAL INVESTMENTS

Other long term financial investments include:

	2011. (RSD 000)	2010. (RSD 000)
a) Long term loans extended		
- in Serbia	-	266,010
- in other countries	-	194,255
Total	-	460,265
b) FCY savings bonds	56,196	90,000
c) Housing loans for employees	55,257	58,616
d) Other	463,216	737,314
Total	574,669	1,346,195

On 17.02.2011, a protocol was signed stating the terms and conditions for the settlement of claims of EP Group members, among them Visokogradnja, from Beogradčvor in connection with the work completed (construction of the Beograd Centar train station). According to the Protocol, claims were collected in 2011, resulting in the reduction of claims from Beogradčvor in comparison to 2010. All claims will be collected by April 2012. The correction of claims in EP Visokogradnja in the amount of 64.129 thousand RSD was performed in relation to a long term loan that was extended to Beogradčvor.

The long-term housing loans are interest-free and the legal revaluation is performed.

24. INVENTORIES

	2011. (RSD 000)	2010. (RSD 000)
Raw material, spare parts and tools	1,877,728	1,122,018
Work in progress	819,765	1,209,540
Finished goods	215,187	382,337
Merchandise	255,127	436,736
Paid advances	1,297,210	993,867
Total	4,465,017	4,144,498

Inventories are increased in comparison to 2010, first of all in EP Visokogradnja and EP Niskogradnja.

- EP Visokogradnja - the increase in inventory refers to Z-068 Aktau Hotel and Z-075 Schlumberger and relates to the imported materials and the deadline for the completion of works; most materials are purchased, but not installed in 2011.

Work in progress by EP Visokogradnja refers to work in progress abroad: include works in connection with the residential complex Šištet Bare in Montenegro amounting to 508.860 thousand RSD, Z-070 Villas Aktau in the amount of 16.099 thousand RSD and Z-078 Aktau petrol station in the amount of 6.901 thousand RSD (for progress certificates issued for November and December and certified by the technical inspection).

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Domestic work in progress amount to 144.494 thousand RSD (include works in connection with the project Prokop station - 73.055 thousand RSD, in Knez Danila - 24.961 and Bežanijska Kosa 46.478 thousand RSD).

Some finished products were depreciated by first reducing the value to net sales price according to pricelists on 31/12/2011, and then reducing the finished products in Belgrade (Bezanijska Kosa and Block 29) in the amount of 41.498 thousand RSD and Herceg Novi in the amount of 10.986 thousand RSD.

Finished products refer to finished real property in Herceg Novi (98.878 thousand RSD) and in Belgrade (Bežanijska Kosa and block 29) in the amount of 44.558 thousand RSD.

- EP Niskogradnja – From total indicated stocked materials, spare parts, tools and inventories (828.108 thousand RSD), inventories in foreign countries amount to 724.393 thousand RSD, out of which 80,32% relates to projects in Uganda. Stock levels, of materials and spare parts in particular, depend on the intensity of work and the possibilities for a steady supply.

25. RECEIVABLES

	2011.	2010.
	(RSD 000)	(RSD 000)
<u>Receivables from sales</u>		
Buyers in Serbia	1,839,680	2,479,306
Buyers in other countries	4,843,464	3,734,718
Total	6,683,144	6,214,024
<u>Receivables from specific business operations</u>	34,696	26,297
<u>Other receivables</u>		
Receivables from employees	16,839	48,741
Receivables from government authorities and institutions	795	
Receivables for other prepaid taxes and contributions	3,564	3,902
Other receivables	743,701	260,542
Total	764,899	313,185
Grand total	7,482,739	6,553,506

In 2011 there was a reduction of **receivables from domestic buyers** in comparison to the previous year, first of all in EP Visokogradnja. On 17.02.2011, the Protocol was signed on the settlement dynamics for claims from Beogradcvor for works in connection with the railway station Beograd Centar. According to the Protocol, claims were collected in 2011 which caused the reduction of receivables from Beogradcvor in comparison to 2010 and the entire claim will be collected by April 2012.

On 26.05.2011, a settlement agreement was signed with the Republic of Serbia – Ministry of External Affairs for the sum of 180.000 thousand RSD and the respective claim was collected, for differences posted in 2010 a depreciation of claims was performed.

In 2011, EP Visokogradnja collected the claim from Inex Interexport in full.

On 28.12.2011, the Settlement agreement with the Oil Industry of Serbia and the company OZONE was signed. This agreement refers to for works in connection with Crni vrh (90.000 thousand RSD) and regulates all claims in connection with interest and works and obligations related to the received advance payment; this amount was collected on 29.12.2011. The same agreement regulates that EP

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Visokogradnja reserves the right to a percent share in co-funding the Crni Vrh tourist facility.

Receivables from foreign countries include EP Viskogradnja (from investors in foreign countries) in connection with progress certificates for December and the retention bond. All current liabilities are settled by investors on time. On the balance sheet date, the largest receivables are from foreign buyers – investors on the project Z-068 Aktau hotel (69.910 thousand RSD), Z-075 Schlumberger (222.465 thousand RSD), Z-074 winery Sarijagaš (55.228 thousand RSD), Z-076 residential building Siktivkar (173.832 thousand RSD). The company Energoprojekt Ghana has receivables from the investor Law House Legal AID (115.153 thousand RSD), Bank of Ghana (60.137 thousand RSD), Emerald House (116.203 thousand RSD).

In 2011, the company won the lawsuit against the investor in connection with the project Z-063 Manžerok and on 16.11.2011, the amount of 86.852.424,56 rubles was collected (interest included). EP Visokogradnja generated hereby income of 1,45 million EUR.

Other receivables include receivables from Comerc Consulting which agreed to return overcharged amounts in connection with the court ruling (171.155 thousand RSD).

- EP Niskogradnja – in comparison to 31.12.2010 sales earnings due were increased by 527.339 thousand RSD, mostly due to intensified works in 2011 in connection with projects in Uganda.

26. SHORT TERM FINANCIAL INVESTMENTS

	2011. (RSD 000)	2010. (RSD 000)
Short fixed deposits	2,427,955	1,862,108
Short-term loans extended	64,245	65,021
Other	32,996	60,041
Total	2,525,196	1,987,170

Short fixed deposits relate to EP Entel (1.674.292 thousand RSD), EP Garant (419.190 thousand RSD), EP Visokogradnja (195.000. thousand RSD), EP Industrija (66.670 thousand RSD), EP Niskogradnja (44.518 thousand RSD) and EP Hidroinženjering (28.285 thousand RSD).

Short term loans extended (63.500 thousand RSD) consist of a short term loan granted to Enjub by Holding, 50% of the amount in keeping with the proportional method using which this company was included in the consolidated financial statements of Energoprojekt Group.

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27. CASH AND CASH EQUIVALENTS

	2010. (RSD 000)	2010. (RSD 000)
<u>RSD</u>		
Current accounts	97,541	61,543
Petty cash	225	552
Other	95,318	83,113
Total	193,084	145,208
<u>FCY</u>		
Foreign currency accounts	2,328,404	1,736,990
Petty cash	155,834	106,321
L/C	-	37,178
Other	264,202	850,394
Value-impaired or restricted pecuniary assets	-	987
Total	2,748,440	2,731,870
Grand total	2,941,524	2,877,078

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

28. VAT AND ACCRUALS

	2011. (RSD 000)	2010. (RSD 000)
<u>Value added tax</u>		
<u>Accrued income</u>		
Prepayments	202,727	230,259
Uninvoiced income receivables	459,364	268,076
Value added tax - accrued	39,427	46,836
Accrued commitments	-	410
Other accruals	15,873	233,559
Subtotal	717,391	779,140
Total	717,391	779,140

Claims related to the non-invoiced income include primarily EP Niskogradnja (398.690 thousand RSD) including:

- 123.463 thousand RSD, claims under arbitration rulings (Resolution no. 31, dated 31.01.2011 and Resolution no. 34, dated 02.02.2011) – Project Z-008 Huamachuco, Peru;

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- 71.119 thousand RSD claims from investors in connection with certified preliminary progress certificates for December 2011 – Project Z-014 Yanacocha, Peru;

- 4.309 thousand RSD claims from investors in connection with certified preliminary progress certificates for December 2011 – Project Z-019 Cochabamba - Chota, Peru and

- 199.799 thousand RSD claims from JP Putevi Srbije in connection with certified preliminary progress certificates for October – December 2011 – Project Lot 1.1 Novi Sad

29. ISSUED AND OTHER CAPITAL

Issued capital includes:

	2011. (RSD 000)	2010. (RSD 000)
Share capital	5,126,415	4,467,699
Other capital	96,688	98,657
Total	5,223,103	4,566,356

At the XXXVI general meeting of EP Holding, held on 30/06/2011, under Item 5 and 6 of the agenda, the following decisions were taken:

- Distribution of annual profits of Energoprojekt Holding a.d. for 2010,
- The IX 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.

The Commission for Securities issued on 14.07.2011 the Decision No. 4/0-24-2911/3-11 on the approval to issue securities without public offering for the purpose of converting undistributed profit to equity and replacement of the shares in the amount of 4.828.583.100,00 RSD or 9.467.810 ordinary shares of 510,00 RSD nominal value.

The Central Securities Depository and Clearing House changed on 18.07.2011 the nominal value of all shares or 9.467.810 ordinary shares issued by Energoprojekt Holding a.d. from Belgrade (JMB:07023014) with CFI code: ESVUFR and ISIN number: RSHOLDE58279.

30. RESERVES

Reserves comprise of:

	2011 (RSD 000)	2010. (RSD 000)
Legal	248,538	248,538
Statutory and other	412,339	93,287
Issuing premium	237,036	236,606
Total	897,913	578,431

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

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

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

Reserves were increased in 2011 as a result of the distribution of profit generated by Group members, based on the relevant resolutions of their respective general meetings.

31. REVALUATION RESERVES, UNREALIZED PROFIT/LOSS FROM SECURITIES

	2011. (RSD 000)	2010. (RSD 000)
Revaluation reserves	1.625.478	958.158
Unrealized profit from available-for-sale securities	16.022	60.049
Unrealized losses from available-for-sale securities	(22.071)	(19.865)
Total	1.619.429	998.342

Revaluation reserves include positive effect of changes in the fair value of property and equipment and largely relate to fair value adjustments for investment property in Moscow (Dom 12) which caused the reserves to rise in the amount of 596.806 thousand RSD, and include also reserves in connection with the translation of financial statements shown in a different reporting currency.

Falling share prices on the Belgrade Stock Exchange of those companies, whose shares are included in the available-for-sale securities portfolio of companies in the Energoprojekt Group, largely reflected on reduced unrealized gains and increased unrealized losses from available for sale securities.

32. UNDISTRIBUTED PROFIT AND LOSS

Undistributed profit comprises:

	2011. (RSD 000)	2010. (RSD 000)
Consolidated net prior years profit	4,058,801	3,728,305
Correction of material significant errors	(50,029)	
Restated opening balance	4,008,772	3,728,305
Changes during year	(33,309)	330,496
Consolidated net profit as at 31 December	3,975,463	4,058,801

Changes which occurred during the year are the result of profit generated in 2011 and less distributed profits in 2010 on the grounds of a share capital increase, and the resulting nominal share value increase.

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The allocation of undistributed profit of EP Holding on 31.12.2010 was performed according to the GM resolution on the XXXVI session held on 30.06.2011. The EP Holding general meeting resolved to allocate the full sum of the net current profits to the company's provisions (5%) and into non-allocated profits (607.204 thousand RSD).

Based on the same resolution, non-allocated profits from previous years and the 2010 profits were both allocated to a share capital increase through the IX ordinary shares issue without a public offering (Note no. 29).

33. LONG TERM PROVISIONS

Long term provisions are disclosed when:

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

Long-term provisions comprise:

	2011. (RSD 000)	2010. (RSD 000)
Provision for expenses in warranty	10,926	393,161
Provision for employee benefits	140,471	182,621
Other	1,183,448	291,598
Total	1,334,845	867,380

The increase of **Other long-term provisions** relates mostly to EP Entel in the amount of 791.722 thousand RSD and is related to provisions that may arise from lawsuits against the Company and provisions for costs during the warranty period.

Provisions for costs during the warranty period are included based on the best assessment by the management and previous experience and collection is expected over a period of less than 5 years. Final amount of the liability to be paid may differ from the provisioned amount, depending upon future developments. These provisions are not discounted since the discount influence is not materially relevant.

Other provisions refer to provisions arising from lawsuits against the Company. Other provisions are included based on the assessment performed by the management and the collection is expected in the following year. These provisions are not discounted since the discount influence is not materially relevant.

The amount of 97.097 thousand RSD relates to the increase of Other long-term provisions in EP Niskogradnja and relates entirely to the obligation to the sub-contractor with regard to the project Z-0163 „Navigation Lock“, Iraq. The provision amount was established according to the same methodology used by the Government of Iraq, based on which the Company has collected claims from the above mentioned project.

In the projection of provision calculation pursuant to IAS 19 the deductive approach was used, meaning that all companies from the Energoprojekt Group were treated as a whole, and based on general

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regularities and use of the number of employees as a template, allocation to specific companies was performed. Considering that all subsidiaries are controlled by the same company, the applied approach is objective and the projection results can be recognized as expected.

13,07% reduction of the provision amount in Energoprojekt, based on current retirement values in the balance sheet on 31.12.2011 in comparison to 31.12.2010, was a result of several changed factors:

- On one hand, changes of some factors affect the increase of the provision amount (7,39% increase of the expected amount for average retirement bonus);
- On the other hand, changes of some factors affect the decrease of the provision amount (first of all, due to the implementation of the Law on supplements and amendments to the Pension and Disability Insurance Law that, in the “transition period”, increases the number of years in service needed for retirement of women; reduced total number of employees by 11,5%, increase of the real discount rate by 0,5%, reduction of average years of services in the Company by 4,33% and increase of the non-taxable retirement bonus upon regular retirement also affect the reduction of the provision amount.

Besides the above-mentioned, the change in the provision structure in specific companies is a consequence of the change in the aliquot part of number of employees in specific companies against the total number of employees in the whole Energoprojekt Group.

The provision projection procedures, considering IAS 19, were performed according to the following steps:

- *first, according to employee gender, working experience and years of service in the Company; considering the expected annual fluctuation and mortality rate (estimated annual fluctuation and mortality rate), an estimation was made of the number of employees that will exercise the right to a retirement bonus, as well as the period during which this bonus will be paid out;*
- *Second, considering provisions of the Collective agreement, the bonus amount was valued for each year of service indicated on the balance sheet date, and*
- *Third, the discount factor (discount rate to expected salary growth ratio) was used to determine the present value of the expected retirement bonus outflows.*

The Retirement bonus is paid pursuant on Article 48 of the Collective agreement. The employer will pay to the employee a retirement bonus in the amount of: 1) employee's triple net earnings of the month that precedes the month of retirement, 2) triple net average earnings in the month that precedes the month of retirement, 3) in the amount prescribed by law; depending upon which amount is most favourable for the employee.

Upon discounting, the following assumptions were considered:

- *expected annual growth of earnings in the Company of 7,5% and*
- *discount rate of 10% .*

In the paragraph 78, IAS 19 and paragraph BC 33 in the Basis for Conclusions, it is explicitly stated that the rate used for discount should be defined according to market yields at the balance sheet date for high yield corporate bonds. In countries where there is no developed market for such bonds, market yields (at the balance sheet date) for government bonds should be used. The value date and deadlines for bonds should be in accordance with the value date and deadlines for liabilities for income after employment.

Since the financial market of Serbia is insufficiently developed, the real annual yield from the purchase

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of government bonds with the Republic of Serbia as the guarantor should be used as a reference for the determination of the discount rate on the balance sheet date. Considering the nominal annual yield of government bonds, projected inflation in EURO zone countries and the assumption that the foreign exchange rate is formed based on the purchasing power parity theory (under the assumption that there are no disparities in the current rate, the projected annual devaluation is conditioned by the difference between the projected annual inflation in Serbia and EURO zone countries), the real annual yield of reference securities is ca. 4,5% or for the projected nominal inflation in Serbia of 5,5%, the nominal annual yield is ca 10%. Since the maturity of reference securities is shorter than the average estimated maturity for income that is the subject of this calculation, in determining the discount rate a comparison was performed based on the yield for long-term (15 years) government T-bills issued on the primary market by the Ministry of Finance of the Republic of Serbia, the Treasury in EUR (from the auction held on 01.06.2011) and the return on old frozen savings bonds on the secondary market according to rates applicable at the time. Thus, requirements from paragraph 81, IAS 19 were fulfilled.

The annual discount rate and the annual wage growth depend upon the inflation rate.

„The decision on the establishment of the monetary policy program of the National Bank of Serbia” that entered into force on 01.01.2012, has established the monetary policy program of the National Bank of Serbia in 2012. The Program, among other things, defines the target inflation rate for 2012 (end of 2012 in respect to the end of 2011) of 4%, with permitted deviation (positive and negative) of 1,5 percentage point. Since the inflation in 2011 exceeded the target inflation by 1,5% (increased by the permitted deviation), it is realistic to plan the inflation for the following year within permitted framework foreseen by the Program with maximum permitted deviation (+1,5%). Therefore, the provision will be valued according to the planned annual inflation of 5,5%.

It can be concluded that the Company planned a long-term annual wage growth of 2% (applied also to provisions from previous years) and the long-term annual real discount rate was planned at 4,5%.

If the inflation rate would drop in the future, the applied logic would result in the reduction of nominal wages but also of the discount rate (that is defined by the inflation rate) so that the change would alter results presented in this document. The methodology used, indicating the long-term 7,5% planned annual salary growth and long-term annual discount rate of 10%, assumes an unchanged inflation rate in future. This assumption is requested in the paragraph 75, IAS 19.

34. LONG-TERM LOANS

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

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	Currency	Interest rate	2011 (RSD 000)	2010 (RSD 000)
<u>Domestic:</u>				
Development Fund	EUR		84,033	-
"Astra Banka", Beograd	RSD		40,140	40,140
Societe Generale bank			127,657	237,162
Alpha bank			-	16,658
Paris Club			-	240,554
Legal entities and others	USD, EUR	7,5-10,5	201,673	852
Total			453,503	535,366
<u>Foreign:</u>				
- Iraq	USD			
Others	USD, EUR		278,921	1,076,031
Total			278,921	1,076,031
Grand total			732,424	1,611,397

The **long-term loan** in the amount of 84.033 thousand RSD relates to EP Holding. It was approved by the Development Fund of the Republic of Serbia in 2010 for working capital to overcome the short-term insolvency of subsidiaries in the country.

Domestic long-term loans – legal entities and others, relate to EP Niskogradnja and amounts to 156.478 thousand RSD and EP Energodata, amounting to 45.195 thousand RSD.

Foreign long-term loans relate mostly to EP Energodata – long-term loan with Alpha bank London for the settlement of ATM-related liabilities in the amount of 247.694 thousand RSD and EP Niskogradnja - long-term loans for the purchase of fixed assets (foreign units) in the amount of 30.837 thousand RSD.

35. OTHER LONG-TERM LIABILITIES

Other long-term liabilities include:

	2011. (RSD 000)	2010. (RSD 000)
Finance lease liabilities - long-term	38,186	16,837
Other long-term liabilities	15,005	410,880
Total	53,191	427,717

The reduction of **Other long-term liabilities** relates mainly to EP Industrija a.d. that reposted the long term loan granted to the investor „Imlek“ Beograd (368.016 thousand RSD) as a short term loan since it is due to mature in less than one year. At the same time and for the same project, assets of the company EP Industrija a.d. include roughly the same amount of claims from the dairy plant Banjaluka in connection with the work performed.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. SHORT-TERM FINANCIAL LIABILITIES

Short-term financial liabilities include:

	Currency	2010 (RSD 000)	2010 (RSD 000)
<u>Short-term RSD loans</u>		(Rsd. 000)	(Rsd. 000)
Domestic banks		670,848	702,403
Short-term foreign currency loans			
Domestic banks	EUR, USD	817,165	1,448,561
Total		1,488,013	2,150,964
Other short-term financial liabilities/current maturities of long-term loans		584,220	517,959
Short-term loans abroad	EUR, USD	492,210	507,659
Total		2,564,443	3,176,582

Short term RSD loans and loans with a FCY clause from local banks are predominated by EP Visokogradnja (665.061 thousand RSD), EP Niskogradnja (553.428 thousand RSD), EP Holding (117.222 thousand RSD).

Other short-term liabilities and current maturities of long-term loans and financial lease relate to EP Holding (243.728 thousand RSD), EP Niskogradnja (185.758 thousand RSD), EP Visokogradnja (72.950 thousand RSD). Liabilities related to short-term loans in other countries refer mostly to foreign units of EP Niskogradnja (489.102 thousand RSD).

37. LIABILITIES FROM OPERATIONS

Liabilities from business operations include:

	2011. (RSD 000)	2010. (RSD 000)
<u>Liabilities from business operations</u>		
Received advances, short-term deposits and caution money	4,128,789	3,357,808
Trade payables - domestic	1,052,609	849,953
Trade payables - foreign	1,646,502	2,117,859
Other liabilities from business operations	37,145	104,061
Total	6,865,045	6,429,681
<u>Liabilities from specific operations</u>	745,098	281,880
Grand total	7,610,143	6,711,561

Received advance payments relate mostly to the following companies of Energoprojekt Group:

- EP Visokogradnja (1.804.801 thousand RSD) – include mostly advance payments from investors in foreign countries.

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- EP Niskogradnja (1.082.727 thousand RSD) and
- EP Oprema (1.140.853 thousand RSD).

The increase of **obligations to suppliers** in the country relates to EP Niskogradnja, and the reduction of obligations to suppliers in foreign countries relates to EP Visokogradnja after the settlement of obligations to Comerc consulting.

Liabilities from specific operations relate mostly to EP Visokogradnja (178.036 thousand RSD), EP Industrija (349.993 thousand RSD) and EP Entel (214.788 thousand RSD).

38. OTHER SHORT TERM LIABILITIES

	2011. (RSD 000)	2010. (RSD 000)
Salaries and emoluments	922,496	718,338
Dividends	40,091	22,579
Other liabilities	88,662	76,602
Total	1,051,249	817,519

39. VAT AND OTHER PUBLIC DUTIES AND ACCRUALS

	2011 (RSD 000)	2010 (RSD 000)
VAT and other public liabilities	617,581	412,034
Accruals	814,130	1,082,312
Total	1,431,711	1,494,346

In the balance sheet, the item Accruals predominantly includes these companies:

- EP Visokogradnja (294.207 thousand RSD), which includes future income from Z-068 Hotel Aktau. The investor issued interim certificates for 2011, where part of the claims relate to materials collected in advance to be later used in the building construction 2012.
- EP Garant (214.122 thousand RSD for transferable non-life insurance premiums, coinsurance premiums, liability provisions and other accruals.
- EP Niskogradnja (180.062 thousand RSD) and
- EP Oprema (115.994 thousand RSD).

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. COMMITMENT AND CONTINGENCIES

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

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

The list of most significant lawsuits is enclosed.

41. OFF-BALANCE SHEET ITEMS

The Group's off-balance assets and liabilities totaling 10.287.693 thousand RSD mostly relate to guarantees issued and received (advances, performance bonds) and land use rights.

42. MORTGAGES REGISTERED IN FAVOR OR AGAINST COMPANIES FROM THE ENERGOPROJEKT GROUP

The subsidiary "Energoprojekt Entel" LLC Doha, Qatar reserves the disposal and usufruct right with regard to the property of total area of 4.488 m², located on cadastral parcels number 65582, 65583, 65584, 65585, 65586, 65587, 65588, 65589 and 65590 with area of 10.736 m², in Doha - Qatar, Zone 44, East Al Naija, Al Mumtaza Street Doha Qatar, registered owner is a local private individual. The owner has mortgaged the property in the "Doha bank" according to the contract no. 52973 as collateral for issuing a tender guarantee and a performance guarantee.

The property of EP Niskogradnja

In order to secure a credit line EP Niskogradnja mortgaged its property for the sum of 555.967 thousand RSD which accounts for 66% of the total appraised value of the mortgaged property. Value assessment was performed by authorized valuers of the Scotiabank.

To secure the repayment of the loan pursuant to contract no. 423/367, in the amount of 137.500 EUR, granted by EP Holding by Enjub d.o.o, the extrajudicial mortgage for the entire loan amount was registered for apartments in Jurija Gagarina 91A, second and third floor, cadastral plot no. 5089/9, cadastral municipality Novi Beograd, registered in the registry of immovable property no. 4550, cadastral municipality Novi Beograd in favour of the Company.

Loans with banks are secured by a lien on Energoplast's and Niskogradnja's land and buildings (present value on 31/12/2011 was 355,315 thousand RSD), lien on Energoplast and Energodata's facilities and equipment (present value on 31/12/2011 was 188,441 thousand RSD) (2010: 196,393 thousand RSD) and lien on EP Energodata's investment property (present value 31/12/2011 was 92,058 thousand RSD) (2010: 87,374 thousand RSD).

ENERGOPROJEKT GROUP, BELGRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. POST BALANCE SHEET EVENTS

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

Notes prepared by:

Director

ENERGOPROJEKT HOLDING a.d.

Sector for Legal Representation

Belgrade, February 20, 2012

ENERGOPROJEKT URBANIZAM I ARHITEKTURA a.d.

Report on pending court proceedings in which Energoprojekt Urbanizam i arhitektura a.d. (Joint Stock Company) is the claimant or the defending party, until December 31, 2011

No.	Claimant	Defendant	Reg. entry No.	Case No.	File Records No.	Legal Cause and Amount Claimed	Court Jurisdiction	Progress So Far
1	Vladimir Markovic	EP Urbanizam i arhitektura a.d.		XVII P 986/06		Action personal over foreign currency income payment of USD 10,174.80	1 st Basic Court in Belgrade	Outcome unpredictable
2	Branko Lakicevic, Vladimir Peric, Danica Pantic, Ivan Pantic	EP Urbanizam i arhitektura a.d.		5 P1 6078/10		Action personal over foreign currency income payment of USD 87,678.09	1 st Basic Court in Belgrade	Outcome unpredictable
3	Milan Raonic	EP Urbanizam i arhitektura a.d.		XII P1 1184/06		Action personal over Annex annulment	Higher Court in Belgrade	Claim dismissed, res judicata
4	Milan Raonic	EP Urbanizam i arhitektura a.d.		3 P1 5407/10		Action personal over annual vacation pay, income and severance payment of RSD 485,000.00	1 st Basic Court in Belgrade	Claim dismissed before court of original jurisdiction, claimant appealed to the second instance court

5	Sanja Topolovacki	EP Urbanizam i arhitektura a.d.		II P1 501/08		Action personal over income payment of RSD 83,000.00	Higher Court	Claim is admissible up to the amount of RSD 51,354.00; we filed an appeal against the obligation to pay legal proceedings costs
6	Ljiljana Bakic	EP Urbanizam i arhitektura a.d.		XXXIV P1 383/08		Action personal over pension and disability contributions and damage compensation of RSD 587,293.92	Appellate Court in Belgrade	Outcome unpredictable, court proceeding initiated on our request
7	Gordana Rodic	EP Urbanizam i arhitektura a.d.		16 P1 4322/10		Action personal over income payment of RSD 54,600.00	1 st Basic Court in Belgrade	Admissible claim, settlement discharge in progress
8	Miroslav Stefanovic	EP Urbanizam i arhitektura a.d.		XXXIV P1 1308/06		Action personal over income payment of annual vacation pay and severance pay of RSD 189,286.00	Higher Court	Outcome unpredictable, court proceeding initiated on our request
9	Dragoljub Bakic	EP Urbanizam i arhitektura a.d.		XI P1587/05		Action personal over pension and disability contributions and damage compensation of RSD 668,280.53	Higher Court	Outcome unpredictable, court proceeding initiated on our request
10	EP Urbanizam i arhitektura a.d.	Miodrag Cvijic			9 I 23368/11	Debt, RSD 1,523,072.42	1 st Basic Court in Belgrade	Motion for enforcing order submitted
11	Milan Raonic	EP Holding, VG and Urbanizam i arhitektura		P.66/08		Copyright infringement, RSD 7,000,000.00	District Court in Belgrade	Partially admissible claim

12	Novica Veljkovic	EP Urbanizam i arhitektura a.d.		XXXV – P1.1782/05		Labour Dispute, Annex IV of the Labour Agreement (RSD 80.204, 71)	I Municipal Court	Outcome unpredictable
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Sector for Legal Representation

Ljiljana Gnjatovic, Bachelor of Laws (own signature)

ENERGOPROJEKT HOLDING a.d.**Sector for Legal Representation**

Belgrade, February 3, 2012

Report on pending court proceedings in which Energoprojekt Urbanizam i arhitektura a.d. (Joint Stock Company) is the claimant or the defending party, until December 31, 2011**ENERGOPROJEKT HOLDING a.d.**

No.	Claimant	Defendant	Reg. entry No.	Case No.	File Records No.	Legal Cause and Amount Claimed	Court Jurisdiction	Progress So Far
1	Directorate for Construction Land	EP Holding a.d.		P. 3114 /97		Compensation for Hayat, RSD 15,459,728.80	Commercial Court in Belgrade	Outcome cannot be predicted
2	EP Holding a.d., Visokogradnja a.d. and Construction Company Napred	The City of Belgrade, Republic of Serbia, Belgrade Arena, Directorate for Construction Land				A portion of debt owed to EP Holding and Visokogradnja, of USD 8,399,218.81	Commercial Court in Belgrade	Case won
3	EP Oprema a.d. – Holding a.d.	Belgrade Arena		XI-P.746/03		Debt of RSD 4,817,705.05	Commercial Court in Belgrade	Admissible claim
4	Dragoljub Bakic	EP Holding, VG and Urbanizam i arhitektura a.d.		P1. 597/05		RSD 389,382.87	1 st Basic Court in Belgrade	Outcome cannot be predicted
5	Ljiljana Bakic	EP Holding, VG and Urbanizam i arhitektura a.d.		XXXIV P1 383/08		RSD 389,703.54	1 st Basic Court	Outcome cannot be predicted

6	Radomir Banjac	EP Holding a.d.			XXXVI-P1.1204/09	Damage compensation – mobbing, of RSD 4,400,000.00	1 st Basic Court	Inadmissible claim
7	Milan Raonic	EP Holding, Visokogradnja and EP Urbanizam i arhitektura a.d.		P.66/08		Copyright infringement, RSD 7,000,000.00	Higher Court in Belgrade	Outcome cannot be predicted
8	EP Holding a.d. and EP Oprema a.d.	Municipality of Medvedja				Damage compensation of RSD 120,000,000.00	Commercial Court in Leskovac	Admissible claim

Ljiljana Gnjatovic, Bachelor of Laws (own signature)

ENERGOPROJEKT HOLDING a.d.

Sector for Legal Representation

Belgrade, February 20, 2012

ENERGOPROJEKT NISKOGRADNJA a.d.

Report on pending court proceedings in which Energoprojekt NISKOGRADNJA a.d. (Joint Stock Company) is the claimant or the defending party, until December 31, 2012

No.	Claimant	Defendant	Reg. entry No.	Case No.	File Records No.	Legal Cause and Amount Claimed	Court Jurisdiction	Progress So Far
1	EP Niskogradnja	Internacional CG in restructuring process		P. 9720-08		Debt of RSD 182,056.00	Commercial Court in Belgrade	Res Judicata, our motion granted
2	Dunav Osiguranje (Dunav Insurance Company)	EP Niskogradnja a.d.		XXI P 3836/08		Counterclaim, for RSD 278,230.00	Commercial Court in Belgrade	Outcome unpredictable, court proceeding suspended until a criminal case is decided
3	Vitomir Cupovic	EP Niskogradnja a.d.		77 P 52955/10		Compensation of damage for injury at work of 725.000,00	1 st Basic Court in Belgrade	Court of 1 st instance dismissed the claim
4	Republic of Serbia Fund for Pension and Disability Insurance, Branch Office Belgrade	EP Niskogradnja a.d.		XXII 6850/09		Damage compensation of RSD 419,600.00	Commercial Court in Belgrade	Proceedings suspended until a criminal case is decided

5	Republic Institute for Health Insurance, Branch Office Belgrade	EP Niskogradnja a.d.		43 P 302/11		Damage compensation of RSD 468.345,00	Commercial Court in Belgrade	Outcome cannot be predicted
6	Gordana and Veselin Medenica	EP Niskogradnja a.d.		4 P1 9641/10		Damage compensation of RSD 3.200.000,00 for injury at work	1 st Basic Court in Belgrade	Outcome cannot be predicted
7	Aleksic Mirjana	EP Niskogradnja a.d.		P4273/11		Damage compensation of RSD 500,000.00	1 st Basic Court in Belgrade	Outcome cannot be predicted
8	Dunav Osiguranje (Dunav Insurance Company)	1. D. Nikolic 2. EP Niskogradnja a.d.		31-P-11853/10		Counterclaim for the amount of RSD 2,500.000	Commercial Court in Belgrade	Claimant's success in this action is certain
9	Dunav Osiguranje d.d.o (Dunav Insurance Company Ltd.)	EP Urbanizam i arhitektura a.d.		31-p-11853/2010		Debt-counterclaim-RSD 2,500,000.00 + defaulting on payment of the default interest as of 09/05/2007 until the payment date + court proceedings costs	Commercial Court in Belgrade	Admissible claim
10	EP Niskogradnja a.d.	Miodrag Cvijic		30-P-3049/11		Debt of RSD 456,540.79	Commercial Court in Belgrade	
11	Neskovic and others	EP Holding, VG and Urbanizam i arhitektura				Bonuses payment, of USD81,317.14	1 st Basic Court	Outcome cannot be predicted
12	Marinkovic Vladimir	EP Urbanizam i arhitektura a.d.				Bonuses payment, of USD46,000.00	1 st Basic Court	Court of 1 st instance dismissed the claim, appeal against this decision

13	Gacic and others	EP Niskogradnja a.d.				Bonuses payment, of USD50,028.00	1 st Basic Court	Outcome cannot be predicted
14	Mutapovic Danica	EP Niskogradnja a.d.				Bonuses payment, of USD22,971.54	1 st Basic Court	Appeal against the decision
15	EP Niskogradnja a.d.	Intermost d.o.o. in liquidation procedure				Claim amount is being calculated, RSD 378,000,000.00	Commercial Court	Court proceeding before the court of 1 st instance – expert court assessment in process
16	Intermost doo in liquidation	EP Niskogradnja a.d.				Counterclaim for payments of RSD 189,827,985.02 and RSD 3,040,766.66	Commercial Court	Court proceeding before the court of 1 st instance – expert court assessment in process
17	EP Niskogradnja a.d. and JIK Banka a.d. in liquidation	Privredna Banka Sarajevo				Collection of guarantees for regular advance repayment pursuant to the Annex V to the Agreement on Works in Yemen, for USD 1,400,000.00	Basic Court in Sarajevo	Court proceeding before the court of 1 st instance
18	EP Niskogradnja a.d. and JIK Banka a.d. in liquidation	Privredna Banka Sarajevo				Collection of guarantees for regular advance repayment pursuant to the Annex V to the Agreement on Works in Yemen, for USD2,576,674.10 and YER 7,324,771.94	Basic Court in Sarajevo	Court proceeding before the court of 1 st instance

19	EP Niskogradnja a.d. and JIK Banka a.d. in liquidation	Privredna Banka Sarajevo				Collection of guarantees for quality performance in Yemen, of YER 21,802,279.99	Basic Court in Sarajevo	Court proceeding before the court of 1 st instance
20	EP Niskogradnja a.d.	JIK Banka a.d. in bankruptcy procedure				Claim amount to be calculated, assessment of the company in liquidation procedure is in progress, USD 218,000.00	Commercial Court in Belgrade	Admissible claim
21	EP Niskogradnja a.d.	Jugobanka a.d. and branch office of the Jugobanka New York Agency				<p>Claims from the bankrupt company to be made for:</p> <ul style="list-style-type: none"> - USD 455,877.88 with domicile interest for the period 03/01/2002 to the date of payment, - USD 800.00 with domicile interest for the period from 03/01/2002 to the date of payment, - RSD 12,055,133.05 for default interest from 03/01/2002 to the payment date <p>RSD 5,188.48 for default interest from 03/01/2002 to the payment date</p>	Commercial Court in Belgrade	Admissible claim

22	EP Niskogradnja a.d.	Beogradska Banka a.d. and branch office of the Beogradska Banka New York Agency				Application for debt collection from the bankrupt company: - USD 4,546.10 with domicile interest as of 03/01/2002 until the payment date, RSD 16,278.516.61 with defaulting on payment of the default interest as of 03/01/2002	Commercial Court in Belgrade	Admissible claim
23	Construction Company RAD in bankruptcy procedure	EP Visokogradnja a.d., EP Niskogradnja a.d., EPO, Promet d.o.o.				Claims based on the Agreement on Works in Al Shamal, Iraq, USD 36,423,823.14	Commercial Court in Belgrade	Court proceeding before the court of 1 st instance
24	Bosna putevi Sarajevo	EP Niskogradnja a.d.				Debt amounting to USD 17,604,299.00 based on the report on performed works and return of mechanization for works on the SANA HODEIDA road reconstruction in Yemen	Commercial Court in Belgrade	Court proceeding before the court of 1 st instance

25	Bosna putevi Sarajevo	1. SDK 2. EP Niskogradnja a.d.				Ban on acceptance orders collection – advance payment has not been repaid back pursuant to the Annex 5 of the Agreement on Works in Yemen, USD 1,404,088.00	Basic Court in Sarajevo	Outcome cannot be predicted
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Sector for Legal Representation

Ljiljana Gnjatovic, Bachelor of Laws (own signature)

ENERGOPROJEKT HOLDING a.d.

Sector for Legal Representation

Belgrade, February 3, 2012

Report on pending court proceedings in which Energoprojekt ENERGODATA a.d. (Joint Stock Company) is the claimant or the defending party, until March 31, 2012

ENERGOPROJEKT ENERGODATA a.d.

No	Claimant	Defendant	Reg. entry No.	Case No.	File Records No.	Legal Cause and Amount Claimed	Court Jurisdiction	Progress So Far
1	EP Energodata a.d.	Sipad komerc Company				RSD 258,585.20	Commercial Court in Belgrade	The defendant's account has been frozen, so it is now impossible to collect the amount owed
2	EP Energodata a.d.	Specijalna bolnica (Special Hospital) Ostrog	I- Iv.20130/08			Debt, bill, RSD 46,892.68	Commercial Court in Belgrade	Admissible claim, debt has not been collected entirely

Ljiljana Gnjatovic, Bachelor of Laws (own signature)

ENERGOPROJEKT HOLDING a.d.**Sector for Legal Representation****Belgrade, March 23, 2012****Report on pending court proceedings in which Energoprojekt Visokogradnja a.d. (Joint Stock Company) is the claimant or the defending party, until December 31, 2011****ENERGOPROJEKT VISOKOGRADNJA a.d.**

No.	Claimant	Defendant	Legal Cause and Amount Claimed	Currently collected/owed	Court of Relevant Jurisdiction	Progress So Far
1	Astra Banka a.d. in bankruptcy procedure	EP Visokogradnja a.d.			Commercial Court in Belgrade	Inadmissible claim
2	Textura d.o.o.	EP Visokogradnja a.d.	RSD 8,434,312.53, progress reports from the construction site Prokop	RSD 8,434,312.53	Commercial Court in Belgrade	Decision of the court of 1 st instance is pending (we expect the positive outcome for the Claimant)
3	EP Visokogradnja a.d.	Jugobanka	Claims officially recorded, of USD 5,000,000.00	USD 5,000,000.00	Commercial Court in Belgrade	Admissible claim, bank account frozen in New York
4	EP Visokogradnja a.d.	Beobanka	Claims officially recorded, of USD 1,031,053.82	USD 1,031,053.82	Commercial Court in Belgrade	Admissible claim, bank account frozen in New York
5	EP Visokogradnja a.d. EP Holding a.d.	Banex Trade in bankruptcy procedure	Debt of GBP 800,203.44, of which RSD 8,478,580.25 has so far been collected		Commercial Court in Belgrade	Admissible claim, judgment partially collected, remedy provided

6	Vasic Milorad	EP Visokogradnja a.d.	Penalty for default and lost profit amounting to RSD 260,087,093.51	According to the 1 st instance court decision, the amount of RSD 21,037,259.76 is to be collected as the compensation for lost profit, together with default interest on payment of default interest as of 01/01/2008 and RSD 36,407.00 as penalty for default plus default interest on default interest payment as of 15/04/1997	4 th Basic Court	Partially admissible claim
7	EP Visokogradnja a.d.	Beocvor and Zeleznica Srbije (Serbian Railroad Company)	Debt as per individual progress reports amounting to RSD 407,301,027.93	RSD 407,301,027.93, res judicata, final and enforceable court decision	Commercial Court in Belgrade	Admissible claim
8	Construction Company Rad in bankruptcy procedure	EP Visokogradnja a.d. EP Niskogradnja a.d.	Collection pursuant to Agreement, USD 36,423,823.14	USD 2,250,188.60	Commercial Court in Belgrade	Admissible claim
9	Romic Vesa	EP Visokogradnja a.d.	Debt	Collected amount RSD 37,244,003.02	Commercial Court in Belgrade	Inadmissible claim
	EP Visokogradnja a.d.	Romic Vesa	Counterclaim by EP Visokogradnja a.d. to collect the amount paid amounting to RSD 18.845,464,38	RSD 18,845,464.38		Admissible claim
10	EP Holding a.d. and EP Visokogradnja a.d.	Belim a.d.	Debt pursuant to agreement on settlement amounting to USD 612,000.00	USD 612,000.00	Commercial Court in Belgrade	Admissible claim

11	EP Holding a.d., EP Visokogradnja a.d. and Construction Company Napred	The City of Belgrade, Republic of Serbia, Belgrade Arena, Directorate for Construction Land	Debt USD 17,549,287.81	Portion of claims by EP amounts to USD 8,399,218.81	Commercial Court in Belgrade	Admissible claim
12	EP Visokogradnja a.d.	Astra Bank in bankruptcy procedure	Debt amount is to be specified		USD 396,944.99	Admissible claim, collection cannot be foreseen

Sector for Legal Representation

Ljiljana Gnjatovic, Bachelor of Laws (own signature)

ENERGOPROJEKT HIDROINZENJERING a.d.

AN OVERVIEW OF THE MOST IMPORTANT COURT PROCEEDINGS on December 31, 2011

No.	Claimant	Defending party	Cause	Amount	Court of relevant jurisdiction	Expected completion deadline	Forecast / expected outcome
1	EP Hidroinzenjering	Relja Orlic	Damage compensation for breach of restraint of competition	Principal debt USD 40,000 or RSD 2,987,104	1 st Basic Court in Belgrade		Outcome cannot be predicted
2	Relja Orlic	EP Hidroinzenjering	Income payment	USD 7,144 or RSD 533,497	1 st Basic Court in Belgrade		Outcome cannot be predicted
3	EP Hidroinzenjering	PONTA d.o.o. (Ltd.)	Unpaid debt collection	RSD 1,942,816	1 st Basic Court in Belgrade	Decision by the Court of 1 st instance by the end of 2012	Favorable outcome
4	EP Hidroinzenjering	Coka Municipality (investor) Capital Investments Fund of the Province of Vojvodina (investor)	Unpaid debt collection	RSD 2,384,304 and RSD 45,912	1 st Basic Court in Novi Sad	Decision by the Court of 1 st instance by the end of 2012	Favorable outcome
5	Coka Municipality	EP Hidroinzenjering	Counterclaim for agreement termination		1 st Basic Court in Novi Sad	Decision by the Court of 1 st instance by the end of 2012	Favorable outcome

6	S. Stojic	EP Hidroinzenjering	Unpaid foreign currency income	USD 6,466 or RSD 482,865	1 st Basic Court in Belgrade	Appeal proceeding initiated by Claimant S. Stojic is in progress	Favorable outcome
7	M. Djordjevic	EP Hidroinzenjering	Cancellation of Labor Agreement Annex in which minimum income is specified to Claimant	No damage compensation amount has been specified	1 st Basic Court in Belgrade	Appeal proceeding initiated by Claimant M. Djordjevic is in progress	Favorable outcome
8	P. Stanisic and J. Blagojevic	EP Hidroinzenjering	Annulment of Decision of the Commission for apartment allocation	Non-monetary claim	1 st Basic Court in Belgrade	Decision by the Court of 1 st instance by the end of 2012	Outcome cannot be predicted
9	M. Bojic	EP Hidroinzenjering	Claims of unpaid foreign currency income and food allowances	USD 8,340 or RSD 622,811	1 st Basic Court in Belgrade	Decision by the Court of 1 st instance by the end of 2012	Outcome cannot be predicted

10	LJ. Selenic	EP Hidroinzenjering as the second defending party	Damage compensation for damage caused to movable property during forcible removal	Principal debt amounting to RSD 950,000.00 *Interest amounting to RSD 1,516,166.00	1 st Basic Court in Belgrade	Decision by the Court of 1 st instance by the end of 2012	Favorable outcome
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ENERGOPROJEKT HOLDING a.d.**Sector for Legal Representation****Belgrade, April 17, 2012****Report on pending court proceedings in which Energoprojekt Oprema a.d. (Joint Stock Company) is the claimant or the defending party, until December 31, 2011**

No.	Claimant	Defending Party	Cause	Amount	Court of relevant jurisdiction	Expected completion deadline	Forecast/expected outcome
1	EP Oprema a.d.	DGP Zlatibor	Payment for works performed	RSD 42,000,000.00	Commercial Court in Belgrade	Completed	Admissible claim, collection is difficult owing to the fact that the debtor is bankrupt
2	EP Oprema a.d.	Construction Company Rad in bankruptcy procedure	Works performed for Hayatt	USD 2,500,000.00	Commercial Court in Belgrade	2012	
3	EP Oprema a.d.	Graditelj Leskovac Company	Works performed pursuant to Agreement	RSD 71,129,042.82	Commercial Court in Leskovac	Completed	Admissible claim, collection is difficult owing to the fact that the debtor is bankrupt
4	EP Oprema a.d. and EP Holding a.d.	Municipality of Medvedja	Repayment of money that was given to the Municipality	RSD 120,000,000.00	Commercial Court in Leskovac		

5	EP Oprema a.d.	Zoran Petrovic	Debt	RSD 154,435.50	1 st Basic Court in Belgrade	Completed	Forced collection in progress
6	EP Oprema a.d.	Clinical Centre Serbia	Amount owed for works performed	EUR 255,544.13	Commercial Court in Belgrade	2013	Admissible claim
7	EP Oprema a.d.	Nemanja Ivovic	Illegal gain	RSD 64,400.50	1 st Basic Court in Belgrade	2013	Admissible claim
8	Zastava Automobili company	EP Oprema a.d.	Agreement implementation		Commercial Court in Kragujevac	2012	Inadmissible claim
9	Branka Mihajlovic	EP Oprema a.d. and Public Company ELEKTROMREZE	Damage compensation	RSD 200,000.00	Basic Court	2012	Partially admissible claim
10	Vodovod Leskovac (Water Supply Company in Leskovac)	EP Oprema a.d.	Agreement Termination	RSD 92,000,000.00	Commercial Court in Leskovac		Partially admissible claim
11	EP Oprema a.d.	Belgrade Arena	Damage compensation	RSD 4,817,705.00	Commercial Court in Belgrade		Admissible claim
12	Sinisa Tekic	EP Oprema a.d.	Damage compensation		1 st Basic Court in Belgrade	2012	Inadmissible claim

13	Milorad Stanojkovic	EP Oprema a.d. and Public Company ELEKTROMREZE	Damage compensation	RSD 10,000.00		2012	Inadmissible claim
14	Milan Ilic and Nenad Babic	EP Oprema a.d.	Injury at work	RSD 4,200,000.00	1 st Basic Court in Belgrade	2012	Partially admissible claim

Ljiljana Gnjatovic, Bachelor of Laws (own signature)

3. ANNUAL CONSOLIDATED BUSINESS REPORT

- General information;
 - Company's management;
 - Reliable presentation of the development and business results of the company, its financial status and property assessment;
 - Description of the anticipated company growth in the next time period, changes in company's business policies and main risks and threats to which the company is exposed;
 - Major business events after the expiration of the business year included in the report;
 - Major business deals with related parties;
 - Activities of the company in the field of research and development;
 - Data on treasury shares;
 - Statement on the implementation of the corporate governance code.
-

General information

Business name: Energoprojekt Holding p.l.c.

Seat and address: Beograd, Bulevar Mihaila Pupina 12

ID Number: 07023014

Tax Identification Number: 100001513

Website and e-mail address: www.energoprojekt.rs ; ep@energoprojekt.rs

Number and date of the decision on the registration with the Companies Register: BD 8020/2005

Activity (code and description): 06420 - Holding operations

Number of employees (average number in 2011): 74

Number of shareholders (on 31.12.2011): 8.373

Ten biggest shareholders (on 31.12.2011):

No.	Name and surname (business name)	Number of shares	Participation in equity
1.	Republic of Serbia	3.178.533	33,57%
2.	Hypo Alpe-Adria bank AD- custody	477.909	5,05%
3.	East Capital Asset. Management	465.522	4,92%
4.	Napred Razvoj a.d. Novi Beograd	308.759	3,26%
5.	Unicredit Bank Serbia AD-custody	250.001	2,64%
6.	Raiffeisenbank AD Beograd- custody	231.712	2,45%
7.	Erste bank AD Novi Sad- custody	213.470	2,25%
8.	NLB bank AD Beograd- custody	152.990	1,62%
9.	Gustaviadavegardh fonder aktie	145.000	1,53%
10.	Erste bank AD Novi Sad- custody	129.146	1,36%

Equity (000 RSD): Share capital 4.828.583 RSD

Number of issued shares - regular: 9.467.810 regular shares, nominal value of one share is 510 RSD

ISIN number: RSHOLDE58279

CIF code: ESVUFR

Data on related parties (five most important consolidation subjects):

No.	Business name	Seat and business address
1.	Energoprojekt Visokogradnja p.l.c.	Bulevar Mihaila Pupina 12, Belgrade
2.	Energoprojekt Niskogradnja p.l.c.	Bulevar Mihaila Pupina 12, Belgrade
3.	Energoprojekt Oprema p.l.c.	Bulevar Mihaila Pupina 12, Belgrade
4.	Energoprojekt Entel p.l.c.	Bulevar Mihaila Pupina 12, Belgrade
5.	Energoprojekt Hidroinzenjering p.l.c.	Bulevar Mihaila Pupina 12, Belgrade

Business name, seat and business address of the auditor: BDO d.o.o. Belgrade,
Knez Mihailova 10

Name of the organized market where shares are traded: Belgrade Stock Exchange, Novi Beograd,
Omladinskih brigada 1

Data on the Company's management

Members of the Supervisory Board (present status):

Name, surname and residence	Education/present position	No. of ENHL shares
1. Ivar Berger, Beograd, chairman	VII-1 level, LLB, Independent Consultant	604
2. Milun Trivunac, Beograd, member	VII-1 level, BSc(Econ), Consultant in the Privatization Agency, Republic of Serbia	0
3. Dragan Aleksić, Beograd, member	VII-2 level, BSc(Econ), Head of sector, Energoprojekt Holding	1.015
4. Jovan Šerbanović, Beograd, member	VII-1 level, BSc(Eng), Special consultant, Energoprojekt Oprema	1.017

5. Slobodan Jovanović, Beograd, member VII-1 level, BSc(Eng), 1.125
 Consultant, Energoprojekt Holding
6. Aleksandar Glišić, Beograd, member VII-2 level, BSc(Eng), 1.037
 Leading BSc(Eng), Energoprojekt Hidroinzenjering
7. Vladimir Sekulić, Beograd, member VII-1 level, BSc(Econ), 1.057
 Main broker in BDD M&V Investments

Members of the Executive Committee (present status):

Name, surname and residence	Education/present position	No. of ENHL shares
1. Vladimir Milovanović, Belgrade,	VII-1 level, BSc(Eng), General Manager, Energoprojekt Holding	10.886
2. Dimitraki Zipovski, Belgrade,	VIII level, BSc(Econ), Executive Director for Finance, Accounting and Planning, Energoprojekt Holding	757
3. Zoran Jovanović, Belgrade,	VII-2 level, LLB, Executive Director of Legal Affairs, Energoprojekt Holding	4.890
4. Zoran Radosavljević, Belgrade,	VII-1 level, BSc(Eng), Executive Director for Corporative Projects, Development and Quality, Energoprojekt Holding	2.200
5. Dragan Tadić, Belgrade,	VII-1 level, BSc(Eng), Executive Director for "Real Estate" Projects, Energoprojekt Holding	2.218

Reliable presentation of the development and business results of the company, its financial status and property assessment

Reliable presentation of the development and business results of the company, its financial status and assets evaluation data are presented in detail and explained in the "Notes to financial consolidated statements for 2011 of Energoprojekt group" (Chapter 1 of the Annual Consolidated Report). The following table indicates only some of the relevant business parameters that are important to understand properly the matter at hand.

Net earnings per share:

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

	2011	2010
Profit due to Group shareholders		
(in 000 RSD)	368.806	627.981
Weighted average number of issued ordinary shares	9.468.329	9.468.329
Net earnings per share (RSD per share)	38,95	66,32

The description of the anticipated development of the company in the next time period, changes in business policies of the company and main risks and threats to which the company is exposed

The anticipated development of the company in the next time period will be achieved according to adopted strategic documents of the company: „*The mid-term (4-year) programme of Energoprojekt Holding p.l.c. business policy and the Energoprojekt Group for the period from 2011 till 2015*“ (adopted at the XXXVI Annual General Meeting of Energoprojekt Holding a.d. shareholders, held on 30.06.2011); "*The programme for the implementation of the business policy of Energoprojekt Holding p.l.c. and Energoprojekt Group for the period from 2011 till 2015*" adopted by a resolution passed at the XXXVI Annual General Meeting of Energoprojekt Holding a.d. shareholders (adopted at the Second Meeting of the Board of Directors of Energoprojekt Holding p.l.c. held on 29.07.2011, on proposal of the General Manager). The adopted mid-term work programme will be implemented through a variety of projects (in total 18

projects) for which respective work teams are formed and project activities dynamics has been defined; „**Basic business guidelines of the Energoprojekt Group**“ in the following mandate period (adopted at the second meeting of the Supervisory Board of Energoprojekt Holding p.l.c. held on 23.03.2012, on proposal of the General Manager). In the context of adopted strategic documents and commenced development activities and considering the necessary time for the implementation of reforms, the Supervisory Board has accepted the respective strategy proposal of the General Manager for the next time period (Fiscal Consolidation and Ownership Strategy, Dividend Strategy, Human Resources Management Strategy and HR Development in the Energoprojekt Group, Business Area and Market Strategy, Quality System Development Strategy, Risk Management Strategy and Own Investments Strategy).

The most important threats and dangers to which the company is exposed: expansion and escalation of the global economic crisis and the eurozone crisis; foreign companies from most populated countries with cheap manpower as competition; institutional changes on the local and selected foreign markets; business operations depend on the political stability of the market where Energoprojekt is implementing projects, etc.

Energoprojekt's business activities in the country and at foreign markets require the implementation of a system for early risks identification and management as an integral part of all executive functions, one of the basic functions being the internal audit of the company. The risk management strategy will be developed in-depth and systematically in the next time period.

Major business events after the expiration of the business year included in the report

There were no major business events from the balance sheet date till the publication date of the respective statement that would influence the credibility of the presented financial statements.

For the purpose of harmonization of operations with the “Companies Law“ and the Capital Markets Act, a new Articles of Association of Energoprojekt Holding p.l.c. and Rules of Procedure were adopted at the XXXVII Extraordinary Meeting of Energoprojekt Holding p.l.c. shareholders, held on 12.01.2012. At the XXXVIII Extraordinary Meeting of Energoprojekt Holding p.l.c. shareholders, held on 16.03.2012 the Resolution of Compliance with the Memorandum of Association of Energoprojekt Holding p.l.c. was passed and a new Supervisory Board of Energoprojekt Holding p.l.c. was elected. At the Second Meeting of the Supervisory Board, held on 23.03.2012, the General Manager and the new Executive Board of Energoprojekt Holding p.l.c. were elected (4-year mandate).

Relevant business news on major events are published, on a regular basis, on the website of Energoprojekt (<http://www.energoprojekt.rs>) and the Belgrade Stock Exchange (in Serbian and English language), in keeping with the obligations of A-listed companies on the Belgrade Stock Exchange.

Transactions with related parties

According to requests from IAS 24 – Related parties disclosures, the relationship, transactions, etc. between the Company and related parties were disclosed. Related parties, from the Company' point of view, are as follows: **related companies and key management** (persons with authorizations and responsibility with regard to the planning, guidance and control of company's activities, directly or indirectly, including all directors, regardless if executive or not) and immediate family members.

From the point of view of **related parties**, the following two tables indicate transactions that resulted in revenues and expenses in the income statement and disclosed receivables and liabilities in the balance sheet.

Structure of revenues and expenses from related parties	<i>in 000 dinars</i>	
	<i>2011</i>	<i>2010</i>
<i>Income</i>		
EP Garant a.d.o.	179.245	42.927
EP Visokogradnja a.d.	147.130	236.971
EP Niskogradnja a.d.	121.641	127.880
EP Hidroinženjering a.d.	27.906	32.191
EP Entel a.d.	188.499	74.792
EP Energodata a.d.	9.554	25.302
EP Industrija a.d.	20.645	21.301
EP Promet d.o.o.	20.152	-
EP Urbanizam i arhitektura a.d.	13.257	43.414
EP Oprema a.d.	112.879	79.815
Inec Ltd London	1	266
Encom Gmbh Frankfurt	-	-
EP Montenegro d.o.o.	1	238
Subsidiary Moskva	5.628	468
Energo (Private) Limited	-	82
Qatar Entel	-	2.043
Total	846.538	687.690
<i>Expenses</i>		
EP Garant a.d.o.	3.816	3.569
EP Visokogradnja a.d.	57.480	505.278
EP Niskogradnja a.d.	9.388	3.504
EP Hidroinženjering a.d.	387	-
EP Entel a.d.	1.212	3.002
EP Energodata a.d.	16.638	18.874
EP Industrija a.d.	837	85
EP Promet d.o.o.	318	-
EP Urbanizam i arhitektura a.d.	131.024	116.479

EP Oprema a.d.	18.240	13.650
Inec Ltd London	98	46
EP Montenegro d.o.o.	2.111	3.005
Subsidiary Moscow	-	1.391
Energo (Private) Limited	-	19
Qatar Entel	-	307
United Consulting Proprietary Limited Bocvana	3.205	-
EP Gana	4.911	-
Total	249.842	669.209
The structure of receivables and liabilities to related parties	<i>in 000 dinars</i>	
	<i>2011</i>	<i>2010</i>
<i>Receivables</i>		
EP Garant a.d.o.	159	162
EP Visokogradnja a.d.	1.013.045	1.491.472
EP Niskogradnja a.d.	952.446	372.797
EP Hidroinženjering a.d.	89.164	78.282
EP Entel a.d.	7.676	7.134
EP Energodata a.d.	87.282	92.120
EP Industrija a.d.	32.025	19.994
EP Promet d.o.o.	-	974
EP Urbanizam i arhitektura a.d.	75.865	190.935
EP Oprema a.d.	6.642	8.057
Encom Gmbh Frankfurt	-	8
EP Montenegro d.o.o.	3.189	3.215
Total	2.267.493	2.265.150
<i>Liabilities</i>		
EP Visokogradnja a.d.	2.330	522.271
EP Niskogradnja a.d.	806	354
EP Energodata a.d.	-	2.358
EP Oprema a.d.	-	1.430
Subsidiary Moscow	-	5.530
Total	3.136	531.943

Receivables from related parties arise mostly from the sales of services and are due within 15 days from the invoice date. The Company received blank bills of exchange and authorizations as collateral.

Research and development activities of the Company

A quality management system will be developed in the following period in accordance with adopted strategic orientations. The goal is to unify key procedures in quality management within

the group of design and consulting companies and the group of construction BSc(Eng)ing companies and to perform business certification in the Energoprojekt group.

During the mid-term period, an appropriate business information system will be selected and implemented, a system that corresponds to the actual scope of business activities and planned business growth and that will enable, beside financial management, also personnel management, asset management and fixed assets management. The selection and implementation of the respective information system as well as the respective training will be completed till the end of the mid-term period.

Own investments of Energoprojekt and related parties in previous years were limited to investments in construction works (residential areas and business premises), for sales on the market. The law on public-private partnership and increased interest in investments related to some sectors such as energy sector, acquisition of other companies, etc. imposes the need to develop methods for the identification of potential investments as well as identification of possible effects on business activities of Energoprojekt Holding p.l.c. and the Energoprojekt Group.

Data on treasury shares

The company has no treasury shares. The company has not acquired treasury shares since the last annual report.

Statement on the implementation of the corporate governance code

Energoprojekt Holding p.l.c. applies its own corporate governance code (adopted at the 11th Meeting of the Board of Directors of Energoprojekt Holding p.l.c. held on 26.01.2012). The code is available on the internet website of the company (www.energoprojekt.rs).

The corporate governance code of Energoprojekt Holding p.l.c. defines the principles of corporate practice and organizational culture which the corporate executives of Energoprojekt Holding p.l.c. are required to observe, especially with regard to shareholders' rights, the operational framework and corporate management policies, and the public nature and transparency of the company's operations.

The main goal of the code is to introduce good business practice in corporate governance that should provide a balance in the influences of corporate executives, consistency of the control system and enable strengthening of shareholders' and investors' trust in the Company toward a long-term business development of the Company.

The bodies of the Company make efforts to incorporate principles, identified in the Code, in other internal legislation of the company, if necessary.

In the implementation, there are no major deviations from the corporative governance code rules.

4. STATEMENT OF RESPONSIBILITY (BY PERSONS WHO PREPARED THE REPORTS)

To the best of our knowledge, the Annual Consolidated Financial Statement was prepared by implementing respective international standards for financial reporting and provides true and objective data on the assets, liabilities, financial status and business activities, profit and losses, cash flows and changes in equity capital of the company, including companies included in consolidated reports.

Person responsible for the preparation of the annual report:

Energoprojekt Holding p.l.c.

Executive Director for Finance, Accounting and Planing

Dr Dimitraki Zipovski, BSc(Econ)

Legal representative:

Energoprojekt Holding p.l.c.

General Manager

Vladimir Milovanović, BSc(Eng)

5. DECISION BY THE RELEVANT DEPARTMENT OF THE COMPANY TO ADOPT ANNUAL FINANCIAL STATEMENTS *

Note *:

- The financial consolidated statement of Energoprojekt group for 2011 was approved on 25.04.2012 at the 5th Meeting of the Board of Directors Energoprojekt Holding p.l.c.. The Annual Report of the Company was still not adopted on the publishing date by the competent body of the Company (General Meeting). The entire decision of the relevant body on the adoption of the annual report will be subsequently published.

6. DECISION ON THE DISTRIBUTION OF PROFIT OR LOSS COVERAGE *

Note *:

- The decision on the distribution of profit for 2011 will be reached at the Regular General Meeting of the Company. The entire decision of the relevant body on profit distribution will be subsequently published.

A public company is required to prepare an annual consolidated report, publish it openly and submit it to the Committee, and to submit the report to the regulated market or multilateral trade platform, if company's securities are traded at least four months after the completion of each business year and it is also required to ensure that the Annual Financial Statement is available to the public for at least five years after publication.

The company is responsible for the accuracy and truthfulness of data included in the Annual Consolidated Report.

In Belgrade, April 2012

Person responsible for the preparation of the Annual Report:

Energoprojekt Holding p.l.c.

Executive Director for Finance, Accounting and Planning

Dr Dimitraki Zipovski, BSc(Econ)

Legal representative:

Energoprojekt Holding p.l.c.

General Manager

Vladimir Milovanović, BSc(Eng)