ENERGOPROJEKT

ANNUAL REPORT 2009

ENERGOPROJEKT HOLDING a.d.

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Serbian Business Registers Agency
Registry No.: BD 8020/2005
Identity No.: 07023014
TIN: 100001513
Account No.: 180-1231210006453-11
Bank: Alpha bank Serbia, Belgrade
Subscribed and paid up capital: 3.787.124.000,00 RSD

Financial Report 2009 passed at the Energoprojekt Holding Shareholders Assembly held 02.09.2010.

ANNUAL REPORT 2009

Content:

1. General Information

1.1 Letter from the Chairman of the Board to Shareholders

Dear Shareholders,

I am pleased to present you the Energoprojekt Group Annual Report and Consolidated Financial Statements for the year ending December 31, 2009.

Thanks to the Anticrisis Management measures, business activities of Energoprojekt Group were successful in spite of negative and aggravating impact of the global economic crisis on the business activities (especially in the field of building construction) and markets we were operating on.

In the Financial Year 2009, Energoprojekt Group made a total consolidated turnover of 261 million EUR, which is an increase of 5% from the previous financial year. 69% of the consolidated revenues come from overseas operations and 31% from business operations in the country.

The total profit amounts to 11,4 milion EUR, the value of new contracts amounts to 171,6 milion EUR, which is, in my opinion, a good result in the existing business conditions.

The achieved results make an overall market position of Energoprojekt Group remaining good with clear and realistic potential for overcoming the negative effects of the global economic crisis as well as further growth and development in the new medium term. Furthermore, with respect to keeping up with the already established trend of business growth, it is necessary to continue with the organizational structure improvement according to corporate principles and adjustment of internal regulation to meet international standards of corporate governance.

Consolidated Financial Statements enclosed with this Annual Report, show truthfully and objectively, in all materially relevant issues, financial position of “Energoprojekt” and are a result of operations and cash flows as of December 31, 2009. All reports were created in accordance with applicable accounting regulations in Serbia and the accounting policies given in the Notes. Financial Statements were drafted according to principles of transparency, independence, accuracy, completeness and reliability. These principles assure that any reader of these documents (shareholders, customers, business partners, members of general public and financial community and others) gets a fair, complete, and accurate picture of achieved results.

Finally, I would like to thank all our business partners, clients, but most of all our employees, as without their commitment, knowledge, ideas and creativity, the realization of all these activities and plans would not be possible.

Energoprojekt Holding Co.
Chairman of the Board

Miodrag Zečević, M.Sc.

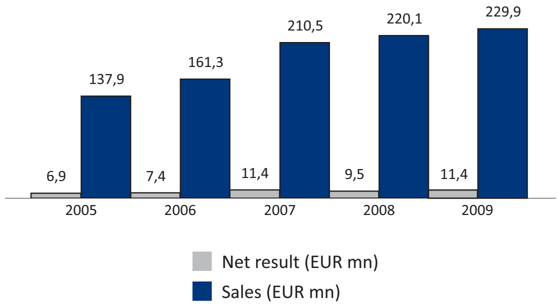
1.2 2009 at a glance

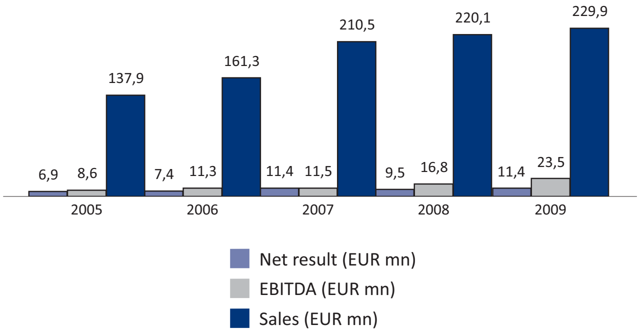
Balance Sheet, € mn	2005	2006	2007	2008	2009
Current assets	**114,8**	**109,4**	**180,4**	**178,0**	**188,1**
Inventories	39,6	41,6	86,8	72,6	73,8
Account receivables	43,0	40,3	41,9	48,7	54,6
Cash&equivalents	20,3	16,6	29,8	34,8	31,0
ST financial investment	4,9	3,8	7,6	6,1	12,4
Other current assets	6,9	7,1	14,3	15,8	16,4
Fixed assets	**100,1**	**86,8**	**85,7**	**91,7**	**83,2**
Property, plant, and equipment	77,3	67,7	58,1	65,4	64,6
Equity investments	4,6	9,5	13,3	9,2	8,1
LT financial investments	17,9	9,1	13,5	16,0	9,5
Intangible & other fixed assets	0,2	0,5	0,8	1,1	1,0
Total assets	**214,9**	**196,2**	**266,1**	**269,7**	**271,3**
Current liabilities	**102,3**	**84,8**	**150,9**	**143,6**	**147,0**
ST debt	12,9	7,0	18,4	16,4	23,5
Account payables	75,5	58,9	113,6	105,8	100,6
Tax payables	4,0	4,8	5,9	14,0	14,8
Other current liabilities	9,8	14,0	13,1	7,4	8,2
LT liabilities	**56,7**	**22,2**	**16,1**	**29,6**	**18,1**
LT debt	46,0	16,8	13,8	27,6	16,6
Other LT liabilities	10,8	5,4	2,3	2,0	1,5
LT provisions	**0,8**	**4,0**	**6,7**	**5,4**	**9,7**
Equity	**55,1**	**85,3**	**92,5**	**91,2**	**96,4**
Total equity& liabilities	**214,9**	**196,2**	**266,1**	**269,7**	**271,3**

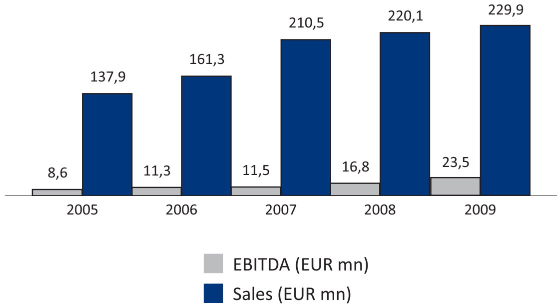
Income Statement, € mn	2005	2006	2007	2008	2009
Operating revenues	**137,9**	**161,3**	**210,5**	**220,1**	**229,9**
Sales	121,0	158,0	210,2	217,9	213,1
Other operating revenues	17,0	3,3	0,3	2,2	16,8
Operating expenses	**-129,4**	**-150,0**	**-199,0**	**-203,3**	**-206,4**
COGS	-40,3	-44,2	-55,2	-58,1	-57,8
Salaries	-45,5	-51,3	-58,4	-65,3	-62,2
Other operating expenses	-43,6	-54,5	-85,3	-79,9	-86,4
EBITDA	**8,6**	**11,3**	**11,5**	**16,8**	**23,5**
EBITDA margin	*6,2%*	*7,0%*	*5,5%*	*7,6%*	*10,2%*
Depreciation	-5,6	-8,5	-6,4	-6,3	-11,7
EBIT	**3,0**	**2,8**	**5,1**	**10,6**	**11,8**
Financial result	**1,4**	**-0,3**	**3,1**	**-1,5**	**-3,4**
Financial revenues	12,4	15,1	20,8	23,7	19,3
Financial expenses	-11,0	-15,4	-17,7	-25,2	-22,8
One-time revenues (net)	**2,9**	**5,5**	**3,8**	**1,2**	**4,1**
One-time revenues	7,0	10,2	6,7	4,8	12,0
One-time expenses	-4,0	-4,6	-2,9	-3,6	-7,9
EBT	**7,3**	**8,0**	**12,1**	**10,3**	**12,4**
EBT margin	*5,3%*	*5,0%*	*5,7%*	*4,7%*	*5,4%*
Taxes	-0,5	-0,5	-0,6	-0,7	-1,0
Net result	**6,9**	**7,4**	**11,4**	**9,5**	**11,4**

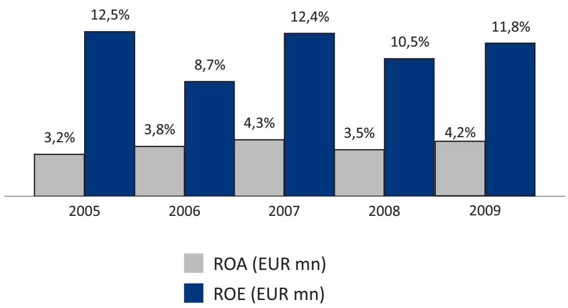
Year	Revenues EUR mn	Net result EUR mn	Assets EUR mn	Equity EUR mn	ROA	ROE	Productivity*
2005	157,3	6,9	214,9	55,1	3,2%	12,5%	49
2006	186,6	7,4	196,2	85,3	3,8%	8,7%	66
2007	238,0	11,4	266,1	92,5	4,3%	12,4%	82
2008	248,7	9,5	269,7	91,2	3,5%	10,5%	89
2009	261,2	11,4	271,3	96,4	4,2%	11,8%	98

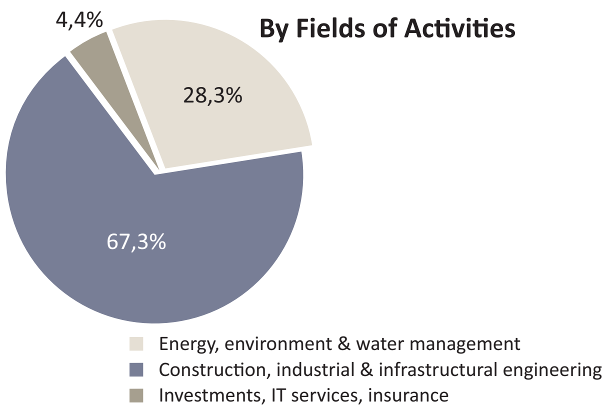
* Productivity - revenue (EUR 000) per employee

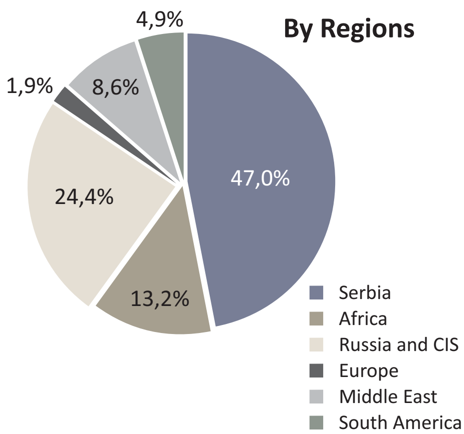













BEOGRADSKA
ARENA

1.3 History

Energoprojekt Group is today one of the leading south-east European companies offering a wide range of services, starting with design and consulting followed by engineering and contracting in the field of energy generation; transmission and distribution; environmental and water management; construction and industrial and infrastructural engineering.

As one of the strongest and biggest Serbian companies, the Group is successfully operating in 22 countries worldwide and is generating an average annual turnover of 240 million Euros, half of it - 120 million Euros coming from overseas operations.

Energoprojekt Group is also ranked on the renowned American magazine "Engineering News Record" Lists - "The Top 200 International Design Firms" and "The Top 225 International Contractors".

History

- Established in Belgrade in 1951 as a design and consulting company for electrical energy generation, transmission and distribution projects within the Ministry of Energy.

- Between 1960-1970 Energoprojekt Group extends its activities to foreign markets including design, consulting and construction of hydroelectric power plants and land melioration in Turkey, Lebanon, Algeria, Syria, Pakistan, Afghanistan, Jordan, Tunisia, Egypt, Morocco, Ghana, Liberia... Energoprojekt Group starts opening companies and branch offices abroad. During this decade, the Group has constructed more than 60 water treatment plants of various types and capacities, 24 concrete dams, 34 embankment dams, 25 thermal power plants, more than 50 factories and 30 industrial plants and production facilities, as well as a couple of thousand apartments and hundreds of residential buildings.

- At the beginning of 1970 business expansion starts in the field of investment and construction projects with new contracts and at new markets. On Turn-key basis, Energoprojekt is executing multi -million worth projects in Uganda, Botswana, Peru, Kenya, Iceland, Central African Republic, Zaire, Gabon, Panama, Libya, as well as in other countries the Group is already present.

- In 1980 Energoprojekt Group is ranked on the ENR Lists of Top International Firms as the sixth among Top International Consultancy Firms, 20th among Top International Design Firms and 27th among Top 225 International Contractors. Till present days, Energoprojekt Group is the only company in the Region permanently ranked on the prestigious ENR list of top world companies. In this fourth decade of business activities, Energoprojekt intensifies its operations in the OPEC countries: Iraq, Kuwait, Iran, Libya and Nigeria.

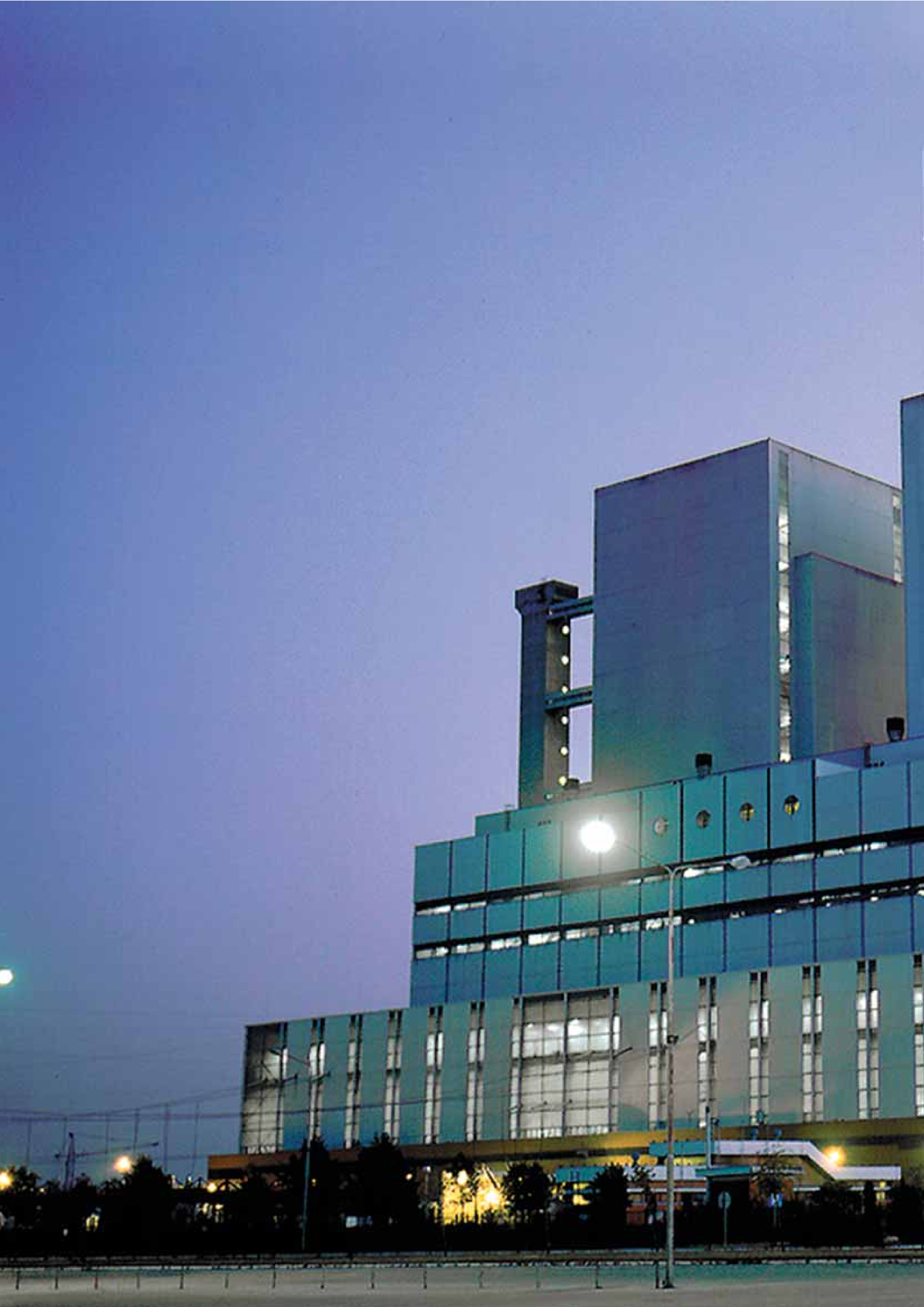
- 1990-2000: Due to war and breakup of Yugoslavia, as well as the political, financial and economic isolation of Serbia and the Persian Gulf Wars, some of the international projects had to be aborted, some of which had been resumed later on but with significant expenses. The Group's network of branch offices and companies helped maintaining the Group's presence at foreign markets, resumption of the projects' execution, as well as obtaining new contracts in Russia, Kazakhstan and China.

- In September 1998 Energoprojekt starts the ownership transformation, transforming the company from a socially owned into a shareholding company. Today, Energoprojekt Group consists of Energoprojekt Holding and 9 subsidiaries.

- 2001 – Energoprojekt Holding started the IPO on the Belgrade Stock Exchange – Standard Market. Energoprojekt Holding stocks are integrated in Belexline – the Belgrade stock exchange index, as well as in three other indexes - Belex 15 (including stocks of 15 companies with the biggest turnover on Belgrade Stock Exchange), SRX (the index founded by the Vienna Stock Exchange, including 8 most liquid stocks) and Dow Jones Stock Balkan 50 Equal Weighted Index (including 50 stocks in total from Slovenia, as well as from other Balkan countries with the exception of Montenegro and Bosnia and Herzegovina).

- July 19, 2007 - Energoprojekt is listed on the Belgrade Stock Exchange - Prime Market, as one of the three Serbian companies listed on this market.

- At the beginning of the new millennium and in its sixth decade of business activities, Energoprojekt Group is one of the premier companies in its field. It operates both in the country and worldwide, constantly demonstrating its expertise, especially on the projects in Kazakhstan, Nigeria, Algeria, Peru and Qatar.



1.4 Organizational structure

ENERGOPROJEKT

HOLDING

Subsidiaries where Energoprojekt Holding has majority ownership

- Hidroinženjering a.d.
- Urbanizam i arhitektura a.d.
- Entel a.d.
- Industrija a.d.
- Visokogradnja a.d.
- Niskogradnja a.d.
- Oprema a.d.
- Promet d.o.o.
- Energodata a.d.
- Garant a.d.

Companies where Energoprojekt's companies have ownership

- Energoplast
- EnergoPET
- Enjub
- Energo Broker
- BMP Beograd

Subsidiaries, representative & branch offices in the world

- ENCOM GMBH, Germany
- INEC Engineering Co. Ltd., United Kingdom
- ZAHINOS Ltd, Cyprus
- Representative Office, Russia
- Energoprojekt Energodata Montenegro d.o.o., Montenegro
- Energoprojekt - Montenegro d.o.o., Montenegro
- ENLISA S.A., Peru
- ENHISA S.A., Peru
- Energoprojekt Entel L.L.C. Consulting Engineers, Oman
- Energoprojekt Entel Consulting Engineers, Qatar
- Energo Consult L.L.C., Abu Dhabi
- Energoprojekt Entel Co.Ltd., Dubai
- Energo Nigeria Ltd., Nigeria
- ZECCO CO. Ltd., Zambia
- Energo Uganda Company Ltd., Uganda
- Energoprojekt Guinee S.A., Guinea
- Energo PVT., Zimbabwe
- Energoprojekt Ghana Ltd., Ghana
- United Consulting / Pty / Ltd., Botswana
- Nana SAL Offshore, Beirut, Lebanon

1.4 Energoprojekt Holding a.d.

ENERGOPROJEKT

HOLDING

Shareholders Assembly	Board	CEO
President of the Shareholders Assembly Slobodan Kumanudi	*Chairman of the Board* Mr Miodrag Zečević	Vladan Pirivatrić

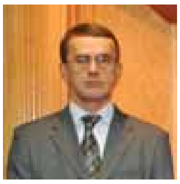
Board

Chairman of the Board

Miodrag Zečević, MSc in Electrical engineering

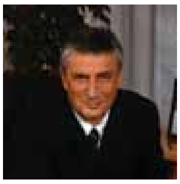
Members of the Board

Rajko Tepavac, PhD Ecc., independent member
Prof. Miodrag Nikolić, PhD Ecc., independent member
Vladan Pirivatrić, member
Vladimir Sekulić, member
Ignjat Tucović, member
Nada Bojović, member
Svetislav B. Simović, member
Jovan Korolija, member
Vitomir Perić, member
Slobodan Dinić, member


MSc Miodrag Zečević
Chairman of the Board


PhD Rajko Tepavac
Independent member


Prof. PhD Miodrag Nikolić
Independent member


Vladan Pirivatrić
Member


Vladimir Sekulić
Member

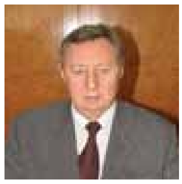

Ignjat Tucović
Member


Nada Bojović
Member


Svetislav B. Simović
Member


Jovan Korolija
Member


Vitomir Perić
Member


Slobodan Dinić
Member

Management

Chief Executive Officer

Vladan Pirivatrić, BSc in Electrical engineering

Executive Directors

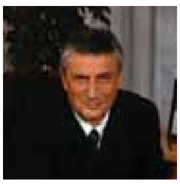
Vladimir Višnjić, BSc in Economics
Finance and Plan

Milan Mamula, BSc in Laws
Legal Affairs

Siniša Tekić, BSc in Economics
Corporate Services

Mladen Simović, BSc in Mechanical engineering
Energy, Ecology and Water

Svetislav Simović, BSc in Civil engineering
Building Construction, Industry and Infrastructure

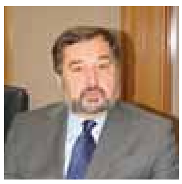

Vladan Pirivatrić


Vladimir Višnjić


Milan Mamula


Siniša Tekić


Mladen Simović


Svetislav B. Simović


ҚТАУ
ЛЕКС

1.5 Strategy

In 2008, the scale and fast development of the global economic and financial crisis spreading from financial markets to business segments imposed the necessity of altering the growth and development plans of most world companies into strategies of sustainable development.

In conditions of external market instability, with small business having great impact on business operations, Energoprojekt Group has made its prerogative to maintain and strengthen the already obtained market positions at all markets where the Group is operating.

Energoprojekt Group plans to achieve this goal through by improving management efficiency and upgrading organizational form in two key aspects:

1. Regrouping of related business activities to obtain an efficient and simple managing system. It is planned that companies operating within the Group should merge into three Business Units based on the related business activities. The Group's core business activities are to be organized into two Business Units:

- Energy, Environment and Water Management Unit, and
- Construction, Infrastructural and Industrial Engineering Unit

They will offer design, consulting, contracting, construction, engineering and other similar services in the mentioned fields of business activities.

The third Business Unit is planned to be formed with companies offering services in the domain of investment, IT and insurance.

2. Optimization of business processes and resources with implementation of new information technologies. The goal is modernization and improvement of business processes interconnections between the Group subsidiaries, strengthening of HR followed by the continuous investment in employees' training and development programs, team-building and work performance's upgrade.

1.6 Areas of activities

In nearly six decades of business activities, Energoprojekt Group, as an international company, obtained a leading position in the fields of: **energy; environmental and water management; construction; industrial and infrastructural engineering.**

Energoprojekt Group offers a wide range of services starting with feasibility studies, consultancy and design services, followed by project management, construction and engineering.

In decades of successful business activities, the synergy of know-how, business competency and experience supported by an impressive reference list of executed projects and clients in the country and worldwide, formed the base of the Group`s strong market position in Russia, Kazakhstan, Qatar, Dubai, Algeria, Nigeria, Peru, covering markets on four continents.

In the last five years the Group has contracted and executed projects of over € 1.2 billion value, including:

- hydroelectric & thermal power plants,
- potable & waste water treatment plants,
- transmission & distribution lines, substations,
- power plants, energy supply systems and gas plants,
- dams, water flow regulation systems,
- tunnels, roads,
- residential, office, industrial, sport and public buildings,
- factories and various types of production facilities and plants.

The following table gives the overview of major ongoing projects.

Field		Country	Client	Project / Services	Value in (000) EUR	Deadlines
Energy	1	Serbia	Public Enterprise for electric energy transmission and transmission system control EMS	400kV TL Leskovac - Macedonian Border; construction	7.000	2010
	2	Serbia	Serbian Power Company EPS	Electrostatic precipitators TPP "Kolubara A"; reconstruction	12.900	2009
	3	Serbia	Public utility Co. "Beogradske elektrane"	District heating plant "Novi Beograd" – reconstruction	4.500	2009
	4	Nigeria	Ministry of Steel & Power HC	Construction of two 330 kV DC TL, 2x180km, Enugu - Ikot - Ekpene, Nigeria	77.000	2010
	5	UAE - Abu Dhabi	DEWA	Consultancy services	12.620	2010
	6	Qatar	Qatar petroleum	Degasification and pumping stations, gas and oil pipelines, design, consultancy, supervision	7.400	2010
Industry	7	Serbia	Jugoremedija, Zrenjanin (Serbia)	Factory "Jugoremedija" reconstruction; consultancy services	8.300	2009
	8	Russia	Mondi SLPK	Reconstruction of the paper mill in Siktivkar (Komi); construction works	40.900	2010
Contracting	9	Serbia	Bluehouse Accession Property Holding	Administration Building – block 26, New Belgrade; design & construction	72.000	2009
	10	Kazakhstan	TOO "OIL Real Estate", Almaty	Shopping mall – entertainment complex Aktau, Kazakhstan; design & construction	70.000	2009
	11	Serbia	Energoprojekt	Appartment complex, Bežanija, Belgrade; Construction	23.000	2011
	12	Nigeria	Bilfinger Berger Gmbh, Germany / Julius Berger-Nigeria	Uyo's Governors Lodge, Uyo; MEP services	4.700	2009
	13	Nigeria	Bilfinger Berger Gmbh, Germany / Julius Berger-Nigeria	Nacional Assembly Complex - MEP services - phase III	4.900	2011
	14	Ghana	Local partner	Hospital construction	8.700	2010
	15	Ghana	Local partner	"Cape Coast" stadium; construction	12.000	2010
	16	Ghana	American resources Ltd	Izgradnja poslovnog kompleksa grad Tema	5.700	2010
	17	Ghana	Ministry of Justice of the Republilk of Ghane	Palace of Justice, Accra	16.400	2012
Infrastructure	18	Serbia	Public enterprise "Roads of Serbia" "Corridor10"	Belgrade bypass, section 5, tunnel Straževica, Serbia	40.053	2010
	19	Serbia	Public enterprise "Roads of Serbia"	Motorway E75, section Novi Sad - Beograd	45.000	2009
	20	Kazakhstan	AO Almatymetrokurilis	Metro stations "Abaya" & "Almaly" in Alamty; construction	27.300	2010
	21	Uganda	Ministry of Transport and Communication (Uganda)	Kampala-Gayaza-Zirobwe road reconstruction, 44 km in length	27.300	2009
	22	Peru	Ministry of Transport and Communication (Peru)	Rehabilitation of 51km long road accross Andes	19.700	2010
	23	Peru	La Libertad region gouvernment	Irrigation system Chavimochic - reconstruction of derivation dam	13.700	2011
	24	Peru	Ministry og Agriculture of Peru	Fill construction and Zarumilla river channel regulation	13.600	2010
Services	25	Serbia	Credit Agricole / Meridian bank	ATM rental	11.300	2015

1.7 Resources - HR

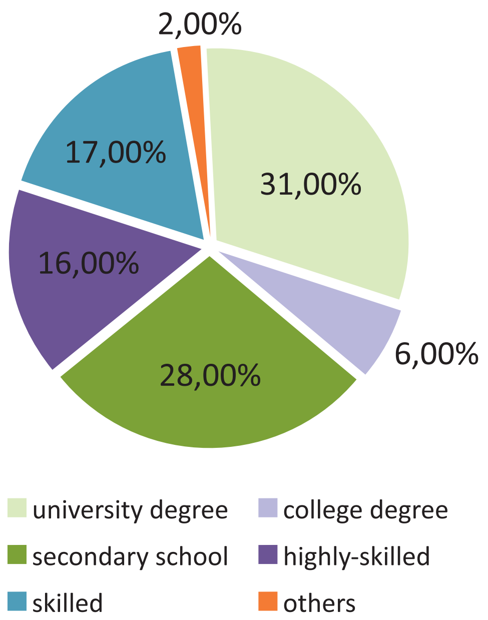
Energoproject's organization and its Human Resources form the key of Energoprojekt success.

Our employees posses a right mixture of competences, such as flexibility, team-based attitudes, versatility and leadership. This approach to HR selection, followed by personnel training and development, is the basis of the Group's ability to offer to its Clients the latest know-how, technical solutions and efficient project execution, all of it to the satisfaction of all stakeholders.

As of December 31, 2009, the Group's employees reach a total of 2,658 from a variety of ethnic backgrounds, cultures and religions. This versatility is actively encouraged by the company policy and contributes to the Group's competitiveness in Serbia as well as in all countries where the Group operates.

Average educational qualification is very high, as 30% of employees have a university degree. Today, Energoprojekt employs more than 700 graduated engineers, experts in the field of electrical, mechanical and civil engineering, IT, project management, finance, procurement of goods and services, as well as HR management. Additional 28% of the Group's personnel have secondary degree diploma.

Educational qualification chart



We believe that our employees are our competitive strength and their constant and continuous knowledge improvement through on-going training programs is our competitive advantage and the key to our success in an ever growing market competition.

age	number of employees	% share	university degree	college degree	secondary school	highly skilled	skilled	others
up to 30	383	14%	132	15	63	3	169	1
31-35	259	10%	124	13	48	21	49	4
36-40	226	9%	83	19	61	26	32	5
41-45	242	9%	93	14	46	55	27	7
46-50	390	15%	91	15	134	96	45	9
51-55	528	20%	113	31	202	99	58	25
56-60	462	17%	125	29	146	96	52	14
over 60	168	6%	85	13	36	24	9	1
total:	2.658	100%	846	149	736	420	441	66

1.8 Quality management, environmental protection, health and safety

Quality management

Throughout six decades of successful operations in the country and worldwide, Energoprojekt Group executed numerous projects of high complexity to the satisfaction of both our clients and local communities. Our goal is to satisfy our clients` needs by continually developing our potential and experience, applying the latest know-how and technologies, developing project management and quality control. We thrive on challenge and accomplishment.

The Group's long term commitment to high standards has brought certifications of business activities with respect to quality management standards. Today, most companies operating within the Group have obtained ISO 9001 certificate and are working in accordance with the standards.

ISO 9001
Quality management

Energoprojekt Oprema a.d.
Energoprojekt Entel a.d.
Energoprojekt Visokogradnja a.d.
Energoprojekt Niskogradnja a.d.
Energoprojekt Energodata a.d.
Energoprojekt Hidroinženjering a.d

Environmental protection

In all its activities Energoprojekt Group always complies fully with the laws and regulations of environmental protection and acts in strict accordance with clients' environmental obligations on all projects we are involved in. The Group is always striving to improve environmental protection and anti-pollution standards. We are committed to environmental excellence.
Each of our projects has a potential to affect people, plants, animals, water and land. Our goal is to protect environment all the way and all the time: starting from project planning through design, construction, to the project completion and its exploitation. Safeguards are incorporated in all our projects, that keep protecting the environment long after the project is completed.

To reach our goals we:

- Communicate and instill an organizational commitment to environmental excellence in all our business activities
- Design, construct, plan and operate our projects in such a way that avoids or minimizes adverse environmental impacts
- Provide our Clients with engineering and constructing methods and technical solutions that prevent or minimize pollution
- Identify potential environmental issues and work with our Clients to find and implement solutions
- Assist our Clients in the process of complying with environmental regulations

Energoprojekt's commitment to environmental protection has brought the following certifications:

ISO 14001
Environmental management systems

Energoprojekt Oprema a.d.
Energoprojekt Entel a.d.

Health and safety

Energoprojekt Group is dedicated to the problem of health and safety at work. We believe that every accident, every injury is preventable. Our commitment extends from the boardroom to a field crew.

Safety is integrated into all our projects and business activities. Our safety and health program include:

- Computer based training
- Behavior based safety program
- Worldwide medical protection and evacuation services

All Energoprojekt`s subcontractors and partners are asked to adopt standards of safety and health. This dedication to safety is beneficial to our Clientsas well. We are able to reduce their operating costs, accidents' time loss, insurance costs, increase productivity and obtain substantial rebates for unused premiums.

We provide our clients with full spectrum safety services that include:

- Preparing safety, health and environmental plans for sites
- Insuring compliance with ES & H regulations in all the countries where we work
- Developing and implementing safety training programs
- Providing emergency planning services (communications, evacuations and medical support)

Energoprojekt Oprema a.d. is a company operating in the Energoprojekt Group that has already standardized its business processes in accordance with **occupational health and safety standards** and has obtained the **ISO 18001** certificate.

1.9 Social responsibility

Global Compact Network Serbia

Energoprojekt Group is, for decades, operating in accordance with corporate social responsibility supporting and applying universal principles of human rights, labor standards, environmental protection and anti-corruption standards.

Our commitment to corporate social responsibility is carried out continuously and consistently through all our business activities, on all the projects we are involved in and at all levels - from boardrooms to construction sites. All our subcontractors, suppliers and other partners, as well as the communities we are working with, are asked to adopt these principles too.

This philosophy informed the Group's decision to formally join the UN Global Compact Initiative, which had several thousand members in over 100 countries in 2008.

For more information on this particular matter, see Communication on Progress for the Year 2009 (www.energoprojekt.rs / corporate social responsibility).

10 principles of Global Compact are:

Human rights

- Principle 1 - Businesses should support and respect protection of internationally proclaimed human rights;
- Principle 2 - Make sure that businesses are not complicit in human rights abuses

Labor standards

- Principle 3 - Businesses should uphold freedom of association and effective recognition of the right to collective bargaining;
- Principle 4 - Businesses should uphold elimination of all forms of forced and compulsory labor;
- Principle 5 - Businesses should uphold effective abolition of child labor; and
- Principle 6 - Businesses should uphold elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7 - Businesses should support a precautionary approach to environmental challenges
- Principle 8 – Businesses should undertake initiatives to promote greater environmental responsibility; and
- Principle 9 - Businesses should encourage development and diffusion of environmentally friendly technologies

Anti-Corruption

- Principle 10 - Businesses should work against corruption in all forms, including extortion and bribery.

1.10 Subsidiaries & branch offices

Today, Energoprojekt Group has 10 subsidiaries operating in Serbia and 22 operating worldwide.

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2. **References** – Major projects

Focus 1 - Administrative building – block 26, New Belgrade, Serbia

Focus 2 – Shopping mall - entertainment complex, Aktau, Kazakhstan

Focus 3 – Single Circuit TL 400kV between the city of Leskovac and FYROM border, Serbia

Focus 4 - TPP Kolubara A – reconstruction of electrostatic precipitators on Unit A5

Focus 5 - Highway E75, section between cities of Novi Sad and Belgrade

Focus 6 – Belgrade bypass, section 5, tunnel Straževica

Focus 7 – Almaly and Abay metro stations, Almaty, Kazakhstan

FOCUS 1

Administrative Building – block 26, New Belgrade, Serbia

Project Value:	EURO 70,000,000
Client:	Blue Accession Property Holding
Location:	block 26, New Belgrade, Serbia
Contract period:	2006 – 2009
Project status:	completed

The administrative building is situated at the corner of Mihaila Pupina boulevard and Španskih boraca street, Block 26, being part of the central zone of New Belgrade stretching between the sport hall „Belgrade Arena" and New Belgrade railway station. This location is one of the most prestigious Belgrade's property locations today.

The office building consists of two separate structures: Building „A" (net area 9,600 m^2) and building „B" (net area 23.150 m^2) with a joint two-level underground garage having in total 392 parking places. Both Building „A" and „B" have ground and seven floors, roof terraces and facilities area at the top floor.

The main pedestrian access to the complex is from the Mihaila Pupina Boulevard and Španskih boraca street direction, through the diagonally positioned footway in between two buildings. The glazed entrance halls' elevations of both buildings emphasize the link between external and internal areas. The ground floor commercial premises (areas) have direct access from the footpath surrounding the buildings. The access road to the complex is designed from the Španskih Boraca Street through internal roads. 77 open parking places are provided at the ground level.

The complex is designed as an administrative building with commercial premises - at the ground floor level. Office area is designed as „open space" area, enabling flexible organization of office space, adjustable to various needs of future tenants.

Designed and built according to international standards, this administrative building is the first building in Belgrade fulfilling the severe criteria of „A" class administrative buildings. This includes, among other criteria, natural illumination of office space, floor height of 2,8 m, flexible floor organization, double floor in office areas, and high-level facade system with windows elements that can be opened.

The facade is designed and constructed in accordance with European standards in terms of energy efficiency. The implemented system FW 50+HI with increased thermal insulation is of the renowned manufacturer Schuco.

The building is equipped with installations and systems of the highest levels. The four-pipes system of "fan coil" device is applied for building heating and cooling. Only primary air is used for ventilation and all offices have natural ventilation. The complex has two transformer stations 10/0,4kV of 2x1000kVa capacity in building „A" and 2x1000kVa capacity in building „B". Two diesel generator sets for the essential load supply were designed and built in for cases of mains failure. Modern solutions with energy-efficient light fittings are used for installation of lighting.

In order to accomplish all functional and requirements of monitoring, control, measuring and regulation of HVAC systems, a Building Management System is provided, which is based on programmable logical controllers – intelligent microprocessor automated stations (substations) which carry out Direct Digital Control (DDC) and Programmable Logical Control (PLC). BMS incorporates monitoring-control and measuring-regulatory functions for HVAC system, preparation of hot and cold water, fan-coil devices, water pumps and fire protection system.

The complex is equipped with the latest technological systems with digital communication processes and sophisticated equipment including telephone network, structured cable network, intercom system, PA system, synchronized time display, CATV, fire alarm, gas detection in the garage, burglar alarm and access control, CCTV system.

FOCUS 2

Shopping mall - entertainment complex Aktau, Kazakhstan

Project Value:	EURO 70,000,000
Client:	TOO "OIL Real Estate", Almati
Location:	Aktau, Kazakhstan
Contract period:	2008 – 2009
Project status:	completed

Retail - Entertainment Complex of its 50,000 m^2 built area, consisting of basement and three floors, is situated at the north boundaries of the city of Aktau.

In its architectural form this Complex is a modern composition with elements of traditional Kazakh architecture. A modern fountain has been designed and constructed on the square emphasizing main entrance of the Complex.

The Complex integrates areas of various activities such as sport, leisure and retail. It has a covered ice-skating ring, indoor recreation facilities for various types of exercises such as aerobics, martial arts, boxing, billiard, bowling, multifunctional sport hall, indoor swimming pools – both public and competition one, a SPA center, etc. It also has a multiplex cinema, retail areas, various cafeterias, bars and restaurants, central bakery and supermarket, significant office area, as well as all necessary storage and technical services areas.

The complex has also two underground garages for both employees and clients, as well as open air parking space, open air sport facilities – children's and public swimming pools, football court, etc. The complex also has all necessary technical facilities – gas boiler house, transformer station, diesel generators, water reservoirs, water treatment plants etc.


АҚТАУ
КЕШЕНІ
КОМПЛЕКС

FOCUS 3

Single Circuit TL 400kV; construction of 99,8 km TL between the city of Leskovac and FYROM border, Serbia

Project Value:	EURO 19,900,000
Client:	EMS (Public Enterprise for electric energy transmission & transmission system control « Elektromreža Srbije », Serbian Transmission System & Market Operator »)
Location:	Serbia
Contract period:	2008 – 2011
Project status:	under construction

The Contract for the construction of TL signed in 2009, represents phase II of the International Project for the construction of transmission line between cities of Nis, Republic of Serbia and Skopje, Former Yugoslav Republic of Macedonia and is continuation of the TL between the cities of Nis and Leskovac, constructed in 2008 by Consortium lead by Energoprojekt Oprema, a company operating within the Group.

The Project consists of construction of Single Circuit 400kV Transmission Line 99,8 km long, conductor type - twin bundle ACSR “BISON”, one AWG earth wire and one OPGW earth wire, steel lattice towers type “Y”, average span 400m from city of Leskovac to the boundry with FRYM.

Energoprojekt Oprema is a subcontractor to the main contractor Spanish company Inabensa S.A. and is in charge for the preparation of main design (construction and workshop drawings for towers), organization of construction works and constructon works (foundations, towers and stringing).

Project financed by DEC, Delegation of the European Comission to the Republic of Serbia for the final client EMS is planned to be completed in the second half of year 2011.

FOCUS 4

TPP Kolubara A – reconstruction of electrostatic precipitators on Unit A5, Serbia

Project Value:	EURO 12,900,000
Client:	Public Company ”Electric power industry of Serbia”
Location:	TPP Kolubara, Veliki Crljeni, Serbia
Contract period:	2008 – 2009
Project status:	completed

Following a successful reconstruction of electrostatic precipitators on Units A1 and A4 of thermal power plant Nikola Tesla in the city of Obrenovac, in 2006 and 2007, Consortium of two companies operating within the Energoprojekt Group - Energoprojekt Oprema a.d. and Energoprojekt Entel a.d., signed a new contract with the Public Company ”Electric power industry of Serbia”, TPP Nikola Tesla d.o.o, Obrenovac, for reconstruction of electrostatic precipitator and ash handling system on Unit A5 of TPP Kolubara A.

12,900,000.00 Euro worth contract (VAT excluded) consists of preparation of all necessary technical documentation, feasibility study, basic design, followed by main and as built design, disassembling of existing equipment, equipment and material procurement, civil, electrical & mechanical works, commissioning, testing and training of client’s staff.

Modernization of electrostatic precipitators and ash handling system has a great environmental impact as the particles’ emission arising as a product of lignite combustion process in Unit A5 of TPP Kolubara will be reduced to regulation’s prescribed value of £ 50 mg/Nm^3.

Execution of projects of this kind is of special importance to all the companies operating within Energoprojekt Group. These are the projects emphasizing the Group’s dedication and commitment to environmental protection and investment in the healthier future of our communities.

FOCUS 5

Motorway E75, section Novi Sad - Beograd

Project Value:	EURO 48,102,000
Client:	Public enterprise “Roads of Serbia”
Location:	Novi Sad - Belgrade
Contract period:	2006 –
Project status:	under construction

The Project consists of preparation of the main design, as well as construction of a section of motorway E75 linking cities of Beograd and Novi Sad, between km 108 and 117 km.

The contract deals with construction of the left traffic lane of the motorway 9 km long, the construction of two auxiliary roads each 9 km long and aimed to separate transit and local traffic, construction of two new overpasses „Novi Sad – Center“ and „Novi Sad – North“, reconstruction works of the existing overpass „Zrenjanin“, construction of two tollgates „Novi Sad – North“ and „Novi Sad – South“, construction and rehabilitation of a total of 15 bridges and culverts, protection, dislocation and reconstruction of existing overhead transmission lines, telecommunication infrastructures, oil and gas pipelines, as well as construction of a closed circuit of a dewatering system (gutters, drain flumes, gulleys and shafts, channels, sewer collectors) and 19 surface storage (system for treatment of collected wastewater).

MAIN QUANTITIES

Excavation	1.012.654 m^3
Embankment	1.904.874 m^3
Structural pavement	211.157 m^3
Concrete	20.528 m^3

Asphalt works:

BNS 22 sA	87.611 t
AB 16s	50.116 t

FOCUS 6

Belgrade bypass, section 5, tunnel Straževica, Serbia

Project Value:	EURO 40,053,000
Client:	Public enterprise “Roads of Serbia” “Corridor10”
Location:	Belgrade
Contract period:	2004 – 2010
Project status:	under construction

Tunnel Straževica makes an integral part of „Corridor 10“, on the Belgrade bypass between Dobanovci and Bubanj Potok. The bypass has another two tunnels, a bridge over the river Sava and numerous flyovers. Still, Straževica tunnel is the most complex and the biggest structure on the Belgrade bypass.

Tunnel tubes are designed for road traffic. The tunnel consists of two tunnel tubes, 745 m and 733 m long, cross section profile 110 m^2, constructed using NATM (New Austrian Tunnel Method). Both tunnel tubes are connected with two small pedestrian tunnels serving as evacuation roads in cases of accidents. A part of the contract were also regulation of the Rakovica creek on the exit side, as well as a reconstruction of 13th of October Street, crossing zone at the entrance.

MAJOR WORKS

Tunnel length	2x745 m
Cross section area	2x120 m^2
Concrete lining thickness	70 cm
Excavated material	371.600 m^3
Concrete built in	36.600 m^3
Reinforcement	2.240 t
Hydro-insulation	43.600 m^2

FOCUS 7

Metro stations Almaly and Abaya, Almaty, Kazakhstan

Project Value:	EURO 45,000,000
Client:	AO Almatymetrokurilis
Location:	Almaty, Kazakhstan
Contract period:	2006 – 2007; 2008 - 2009
Project status:	completed

Almaly and Abay metro stations are underground structures within the first subway line of the city of Almaty in the Republic of Kazakhstan. They were designed and constructed at the depth between 30 – 70m in the city center. In respect of geological features, the soil is made of alluvial glacier deposits and the whole area is considered to be highly seismically active, to 9 degrees of Merkali intensity scale.

Underground metro stations included construction of three tunnel tubes (diameter cca 90-100 m^2) 815m long, mutually connected by crossings with platform constructions and slope sided passenger tunnels. “Almaly” metro station is a “column” type, while Abay metro station is a “pylon” type. The structure is made out of temporary timberwork constructed using NATM method, as well as the regular secondary lining.

Modified NATM method was used during the underground metro station construction along with protective screens, sprayed concrete, steel meshes and trussed centers. The works were executed in stages along with simultaneous dismantling of the lining from the previously constructed transport tunnels.

Execution of works organization is complex due to limited access through the transport tunnels, where the works on the other 5 stations are being executed simultaneously. Apart from applying the latest technologies for underground structure constructions, a significant number of experts has been trained for this kind of structures. The latest tunnel equipment was used for execution of works.

Completion of the project is due to be in December 2009.

MAJOR WORKS UNDER THE CONTRACT – METRO STATIONS:	ALMALY		ABAY	
Drilling and Ø 114mm pipe placement for the calotte excavation insurance and grouting	11.500	m	22.750	m
Tunnel excavation and transport to the landfill	30.600	m^3	43.500	m^3
35 MP Jet-concrete placement – wet mix, in coats	4.700	m^3	7.500	m^3
Reinforcement mesh fitting in 3 layers with trussed centers	520	t	750	t
PVC waterproofing	12.000	m^2	14.000	m^2
Reinforcement placement for the secondary lining	960	t	1.330	t
U40/45 MP concrete placement for the secondary lining	9.000	m^3	11.000	m^3

3. Financial Report

3.1 Management's Report

Economic and Financial position

According to the Consolidated Financial Statements for the year ending December 31st, 2009, the total revenue of Energoprpojekt Group was 261,05 million Euros. The result shows an increase of 4,96% in respect of the year 2008. when the total turnover was 248,70 million Euros. Bearing in mind the effects of the global financial crisis, we are of the opinion that the accomplished result is very good.

The net profit for the year 2009. was EURO 11,40 million, which is more than satisfying. In respect of the year 2008. (EURO 9.50 million) there has been an increase oh q1,90 million in net profit.

The revenue obtained from the overseas operations marks an increase, from the 66 % in the year 2008. to 69% in the year 2009. This shows Group's strategy and global business orientation toward operating on Energoprojekt traditional markets in the world such as Kazakhstan, Russia, Qatar, Oman, UAE, Uganda, Ghana, Nigeria, Algeria, Peru, Montenegro.

Risk management of the Group is carried under policies approved by the Board of Directors, which covering the areas, such as: credit risk, interest rate risk, liquidity risk, foreign exchange risk.

Credit risk

The Group has no significant concentration of credit risk. THE Group has policy that limit the mount of credit exposure to any financial institution.

Interest rate risk

The Group borrows the money on the financial market by the changeable interest rates, connected with Euribor, Belibor and reference interest rate issued by Central bank of Serbia on the rep transactions. In the aim to avoid risk on the financial market the Group borrow the money on the short term period, insisting on the lower bank s charge with the obligatory clause on pre-term payment return without any additional penalties.

Liquidity risk

Prudent liquidity risk management implies maintaing sufficient cash and marketable securities, the availability of funding through and adequate amount of committed credit facilities 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. Beside aforementioned, in accordance with the Group policy, the Group makes "Back to back" agreements with the business partners whereby the possible risk connected to a possible payment late is transferred /shared between contractual parties.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the EURO and USD .The Group applying the financial hedging tries to minimize foreign exchange risk.

Ownership of shares in the Parent Company

In the first half of 2009. the activity of redemption of own shares is continued by purchasing 9.620 own shares in order to mitigate the effects of the crisis on the devaluation of Energoprojekt Holding shares. In accordance with the legal solutions, 10.390 own shares were sold during 2009, so that on the day of 31 December 2009 the number of own shares amounted to 9.796 of the face value 3.918 thousand dinars.

On going and new contracts in 2009

As in previous years, Energoprojekt Group's revenues in 2009. was accomplished due to execution of projects in the areas of energy generation, transmission and distribution, environmental and water management – construction of water treatment plants, industrial and infrastructural engineering – execution of various road, metro station and irrigation system projects and general construction.

Despite of decrease in investments in the country and growing competition, companies operating in the System have signed in 2009. several significant projects in the country and abroad worth 171,60 million Euros, 41,40 million Euros (24%) in the country andi 130,20 million Euros (76%) abroad.

Energoprojekt Company from Ghana, EPGHANA LTD, signed in year 2009 three contracts with total value of 27,9 million EUR. The contract for the construction of the business complex in the city of Tema is signed with private company American Resources Limited from Acra. The value of the project amounts to cca 7,4 million EUR. The contract for the construction of the "Law House" in the city of Acra is signed with the Ministry of Justice of the Republic of Ghana. The Contract value is 16,4 million EUR and is due to be completed in the period of 3 years. Finally, the company EPGHANA LTD signed a contract for the construction of the hospital (Phase I) in the city of Acra. The value of the Project is 8,7 million USD. The deadline for the completion of the project is 12 months.

In 2009. Energoprojekt Niskogradnja Civil Engineering and Contracting Co. Ltd. signed 3 new contracts in Peru. A Contract worth 18,3 million dolars was signed in December for the works on the reconstruction of the water intakes within the irrigation system Chavimochic. The deadline for the completion of the project is 14 months. Niskogradnja also signed an 18 million dolars worth Contract with Ministry of Agriculture a contract for the construction works on the protection of the riverbanks and regulation of the river Zarumilja near the town of Tumbesa and the border with Ecuador. The contract includes construction of a defensive levee in the length of 16 km, which will protect the coastline from flood in the periods of high water level. The third contract of 19,7 million Euros was signed by the same company with Ministry of Transport and Communications of Peru. The contract includes works on the rehabilitation of the road "Yanacocha-Bambamarca", section "Yanacocha-Huagayoc" 51 kilometer long and is located in the mountain area of Andes, height from 3.500 to 4.000 meters above sea.

Energoprojekt Oprema Electrical and Mechanical Engineering & Contracting Co. Ltd. continued the successful cooperation with German company Bilfinger Berger GmbH (through its subsidiaries – Energonigerija Ltd and Julius Berger Plc.) signing a new contract for procurement and delivery of equipment and materials for the National Assembly in Abuja, Nigeria, Phase III – Part 2. Contract value is 4,9 million euro. The Project completion is due in April 2011.

In Serbia, Energoprojekt Holding Co. and the Company for the construction of the railway junction Beograd d.o.o. have signed the Annex IV to the General Contract for the construction works on the Phase I of the railway station Belgrade Center – construction up to the level 105. The value of the contract is 3 million euro and the deadline for the project completion June 30th 2010.

Energoprojekt Entel Consulting Engineers Co. Ltd and Dubai Electricity and water Authority have signed the contract for the provision of consultancy services for the installation of series reactors in transmission network of 400KV in Dubai. It is the first project for the installation of the equipment to limit short circuit currents in network of 400kV as in the United Arab Emirates and the Gulf countries in general. The value of the contracted projects is 4,9 million USD and the deadline for completion of the project is 25 months.

Another contract for the the consulting services has been signed by Energoprojekt Hidroinzenjering (a member of the consultant consortium together with French companies Koin Belie and Safage) in Algeria. The project consists of consulting services for the construction of the system for water transfer from the plateau Setif to inhabited places, in two directions and includes three dams (Dra Dis, Tabelout and Mahuan) and two regional piping systems. The value of Energoprojekt Hidroinzenjering Co. services is, according to the contract, 1,9 million EUR.

Detailed information on the mentioned and other current major projects are given in the Section 1 – General information, Item 1.6. – Areas of activities, Major Ongoing Projects Chart.

Research and Development

In 2009. no significant amounts were allocated in respect of research and development.

Energoprojekt Holding a.d.
CEO

Vladan Pirivatrić

3.2 Independent Auditors' Report

MOORE STEPHENS
REVIZIJA I RAČUNOVODSTVO
BEOGRAD - NOVI SAD - NIŠ - ZRENJANIN

Privredno društvo za reviziju računovodstvo i konsalting
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This is an English translation of the Independent Auditors' Report on the Financial Statements originally issued in the Serbian language

INDEPENDENT AUDITOR'S REPORT

To the shareholders of "Energoprojekt Holding" a.d., Belgrade

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the parent company "Energoprojekt Holding" a.d., Belgrade and its subsidiaries disclosed in the Note 2 to the consolidated financial statements (referred to in the further text as the System "Energoprojekt"), which comprise the consolidated balance sheet as at December 31, 2009, and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the current accounting regulations in effect in the Republic of Serbia 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 about 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 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.

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of "Energoprojekt Holding" a.d., Belgrade - continued

Opinion

In our opinion, the consolidated financial statements of System "Energoprojekt" for the year ended December 31, 2009 are prepared, in all material respects, in accordance with the current accounting regulations in effect in the Republic of Serbia and accounting policies disclosed in the notes to the consolidated financial statements.

Emphasis of Matter

We draw attention to the following matters:

- *In the consolidated balance sheet under the item Receivables is stated the amount of RSD 921,578 thousand that relates to receivable from „Preduzeća za izgradnju beogradskog čvora" Belgrade, which contain related penalty interest in the amount of RSD 543,075 thousand, and which is consistent with executive court ruling in 2009 recorded in favor of Other revenues. Simultaneously following the same court ruling, impairment of aforementioned receivables in the amount of RSD 48,459 thousand, as well as on the basis of given loan in the amount of RSD 234,318 thousand, was made in the consolidated income statement against the Other expenses.*
- *In the consolidated income statement under the item Other income is stated the amount of RSD 204,997 thousand (EUR 2,181,982) originated from the business combination acquiring a majority (100%) ownership of the "Energo Management Group", d.o.o., Belgrade, and thus the difference between the lower acquisition price and higher real value of acquired net assets was recognized as the gain from a bargain purchase in accordance with the IFRS 3 - Business Combinations.*

- *Our opinion is not qualified in respect of this matters.*

Belgrade, April 26, 2010

MOORE STEPHENS
Revizija i Računovodstvo d.o.o., Beograd

Bogoljub Aleksić
Certified Auditor

3.3 Consolidated Income Statement for the Period from 01 January to 31 December 2009

(RSD thousand)

Account Group, Account	DESCRIPTION	ADP	Notes	Total: Current Year	Total: Previous Year
	A. Operating revenues and expenses				
	I. Operating incomes	201		**21.588.101**	**17.930.970**
60 & 61	1. Sales	202	8	20.007.949	19.421.235
62	2. Income from undertaking of outputs and goods for own purposes	203		36.998	26.419
630	3. Increase of inventories	204	9	2.440.586	2.618.940
631	4. Decrease in inventories	205	9	1.110.706	4.315.683
64 & 65	5. Other operating incomes	206	10	213.274	180.059
	II. Operating expenses	207		**20.484.727**	**17.070.185**
50	1. Purchase value of goods sold	208	11	188.840	313.503
51	2. Cost of material	209	12	5.238.724	4.416.085
52	3. Staff costs	210	13	5.841.456	5.320.887
54	4. Costs of depreciation and provisions	211	14	1.102.740	510.912
53 & 55	5. Other operating expenses	212	15	8.112.967	6.508.798
	III. Profit from operations	213		**1.103.374**	**860.785**
	IV. Business losses	214			
66	**V. Financial revenues**	215	16	**1.813.320**	**1.932.734**
56	**VI. Financial expenses**	216	16	**2.137.177**	**2.056.287**
67,68	**VII. Other revenues**	217	17	**1.124.699**	**394.071**
57,58	**VIII. Other expenses**	218	17	**739.649**	**293.491**
	IX. Profit from ordinary activities before taxation	219		**1.164.567**	**837.812**
	X. Regular business losses before tax	220			
69-59	XI. Net profit from suspended operations	221			
59-69	XII. Net loss of discontinued operations	222	18	379	565
	B. Profit before tax	223		**1.164.188**	**837.247**
	C. Losses before tax	224			
	D. Income tax				
721	1. Tax expense for the period	225		92.534	49.653
722	2. Deferred tax expense for the period	226		2.716	11.167
723	3. Deferred tax revenue for the period	227			
	E. Personal wages paid to employer	228			
	F. Net profit	229		**1.068.938**	**776.427**
	G. Net loss	230			
	H. Net profit attributable to minority interest	231		200.922	86.411
	I. Net profit attributable to equity holders of the parent	232		868.016	690.016
	J. Earnings per share				
	1. Basic earnings per share	233			
	2. Diluted earnings per share	234			

3.4 Consolidated Balance Sheet as of 31 December 2009

(RSD thousand)

Account Group, Account	DESCRIPTION	ADP	Notes	Total	
				Current Year	Previous Year
	A S S E T S				
	A. Non-current assets	001		**7.973.821**	**8.123.725**
00	I. Subscribed capital, unpaid	002			
012	II. Goodwill	003			
01 without 012	III. Intangible assets	004		94.057	93.924
	IV. Property, plant, equipment and natural assets	005		6.193.314	5.796.586
020, 022, 023, 026, 027 (part), 028 (part), 029	1. Property, plant and equipment	006	20	6.004.128	5.607.367
024, 027 (part) & 028 (part)	2. Investment property	007	20	189.186	189.219
021, 025, 027 (part) & 028 (part)	3. Natural assets	008			
	IV. Long term financial investments	009		1.686.450	2.233.215
030 do 032, 039 (part)	1. Equity investments	010	21	778.866	814.958
033 do 038, 039 (part) less 037	2. Other long term financial investments	011	22	907.584	1.418.257
	B. Current assets	012		**18.023.578**	**15.775.264**
10 to 13, 15	I. Inventories	013	23	7.077.182	6.433.734
14	II. Non-current assets held for sale and discontinued operations	014		8.942	31.093
	III. Short term receivables, investments and cash	015		10.937.454	9.310.437
20, 21 & 22, except 223	1. Receivables	016	24	5.233.076	4.314.782
223	2. Receivables for prepaid income tax	017		137.570	33.950
23 minus 237	3. Short term financial investments	018	25	1.185.091	542.480
24	4. Cash equivalents and cash	019	26	2.969.494	3.085.355
27 & 28 except 288	5. VAT and prepayments and accrued income	020	27	1.412.223	1.333.870
288	III. Deferred tax assets	021		13.383	17
	C. Business property	022		**26.010.782**	**23.899.006**
29	**D. Losses over capital**	023			
	E. TOTAL ASSETS	024		**26.010.782**	**23.899.006**
88	**F. Off-balance sheet items**	025	40	**13.816.859**	**18.160.619**

3.4 Consolidated Balance Sheet as of 31 December 2009 - continued

(RSD thousand)

Account Group, Account	DESCRIPTION	AOP	Notes	Total	
				Current Year	Previous Year
	EQUITY AND LIABILITIES				
	A. Capital	101		**9.242.189**	**8.077.625**
30	I. Issued and other capital	102	28	4.066.317	3.664.961
31	II. Subscribed capital, unpaid	103			
32	III. Reserves	104	29	532.332	486.455
330 & 331	IV. Revaluation reserves	105	30	869.133	929.183
332	V. Unrealised gains from securities	106	30	67.646	61.565
333	VI. Unrealised losses from securities	107	30	17.626	11.751
34	VII. Undistributed profit	108	31	3.950.945	3.065.617
35	VIII. Loss	109	31	222.640	114.978
037 & 237	IX. Redeemed own shares	110		3.918	3.427
	B. Provisions and liabilities	111		**16.708.158**	**15.757.015**
40	I. Long term provisions	112	32	932.350	478.551
41	II. Long term liabilities	113		1.736.062	2.621.698
414,415	1. Long term loans	114	33	1.595.549	2.444.845
41 without 414 & 415	2. Other long term liabilities	115	34	140.513	176.853
	III. Short term liabilities	116		14.039.746	12.656.766
42 osim 427	1. Short term financial liabilities	117	35	2.249.532	1.450.132
427	2. Commitments for assets intended for sale and suspended business assets	118			
43 & 44	3. Liabilities from business operations	119	36	9.643.544	9.373.300
45 & 46	4. Other short term liabilities	120	37	787.456	658.421
47, 48 except 481 & 49 except 498	5. VAT duties, other public liabilities and accruals and deferred income	121	38	1.316.774	1.163.149
481	6. Income tax liabilities	122		42.440	11.764
498	IV. Deferred tax liability	123		60.435	64.366
	V. TOTAL EQUITY AND LIABILITIES	124		**26.010.782**	**23.899.006**
89	**G. Off-balance sheet items**	125	**40**	**13.816.859**	**18.160.619**
	Minority interest (in the capital)			**1.000.533**	**924.726**

3.5 Consolidated Cash Flow Statement for the Period from 01 January to 31 December 2009

(RSD thousand)

DESCRIPTION	AOP	Total	
		Current Year	Previous Year
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Inflows	301	**22.300.666**	**19.961.327**
1. Selling and cash receipts from customers	302	21.989.905	19.657.289
2. Interest receipts from operations	303	79.061	101.165
3. Other receipts from operations	304	231.700	202.873
II. Outflows	305	**21.457.439**	**19.626.113**
1. Cash paid to suppliers and paid advances	306	14.542.816	13.565.909
2. Staff costs	307	5.477.383	4.900.338
3. Interest paid	308	296.135	373.637
4. Income taxes paid	309	227.840	145.217
5. Other public duties	310	913.265	641.012
III. Net cash provided by operating activities	311	**843.227**	**335.214**
IV. Net cash outflow from business operations	312		
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Inflows	313	**340.287**	**428.339**
1. Net proceeds from disposal of shares and stakes	314	41.860	2.924
2. Proceeds from sale of intangible assets, property, plants, equipment and biological assets	315	24.418	84.591
3. Other financial investments (net inflows)	316	195.177	173.992
4. Interest received	317	75.197	91.775
5. Dividend received	318	3.635	75.057
II. Outflows	319	**847.617**	**1.297.602**
1. Purchase of shares and stakes (net outflows)	320	2.230	18.009
2. Purchase of intangible assets, property, plants, equipment and biological assets	321	692.494	1.021.601
3. Net outflow from other financial investments	322	152.893	257.992
III. Net cash inflow from investing activities	323		
IV. Net cash used in investing activities	324	**507.330**	**869.263**

3.5 Consolidated Cash Flow Statement for the Period from 01 January to 31 December 2009 – continued

(RSD thousand)

DESCRIPTION	ADP	Total	
		Current Year	Previous Year
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Inflows	325	**1.092.997**	**2.290.846**
1. Proceeds from issuance of capital	326	8.612	19
2. Net proceeds from long term and short term loans	327	749.998	1.960.306
3. Other long and short term liabilities	328	334.387	330.521
II. Outflows	329	**1.350.116**	**881.446**
1. Outflow from the purchase of own shares and stakes	330	4.954	3.427
2. Net outflow from long and short term loans and other liabilities	331	1.191.007	741.321
3. Payment of finance lease liabilities	332	57.957	54.562
4. Dividends paid	333	96.198	82.136
III. Net cash provided by financing activities	334		**1.409.400**
IV. Net cash outflow from financing activities	335	**257.119**	
D. Total increase in cash	336	**23.733.950**	**22.680.512**
E. Total decrease in cash	337	**23.655.172**	**21.805.161**
F. Net increase in cash	338	**78.778**	**875.351**
G. Net decrease in cash	339		
H. Cash at beginning of period	340	**3.085.355**	**2.358.656**
I. Gains on exchange	341	384.203	382.407
J. Losses on exchange	342	578.842	531.059
K. Cash at end of period	343	**2.969.494**	**3.085.355**

3.6 Consolidated Statement of Changes in Equity for the period from 01 January to the 31 December 2009

RSD thousand

No.	ITEM	Issued capital	Other capital	Registered capital unpaid (group 31)	Share issue premium	Reserves	Revaluation reserves	Unrealised gains from securities	Unrealised losses from securities	Undistributed profit	Loss up to the capital value	Redemption of own shares	Total	Loss over capital (group 29)
1	AOP	401	414	427	440	453	466	479	492	505	518	531	544	557
	Balance as of 1 January 2008	**3.445.706**	**87.696**		**232.491**	**218.532**	**1.021.221**			**2.420.442**	**100.119**		**7.325.969**	
2	AOP	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	AOP	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	AOP	404	417	430	443	456	469	482	495	508	521	534	547	560
	Restated opening balance as of 1 January 2008	3.445.706	87.696		232.491	218.532	1.021.221			2.420.442	100.119		7.325.969	
5	AOP	405	418	431	444	457	470	483	496	509	522	535	548	561
	Prior years increasing - total	314.047	15.593			49.423	194.006	191.613	45.562	1.911.739	27.266	3.427	2.600.166	
6	AOP	406	419	432	445	458	471	484	497	510	523	536	549	562
	Prior years decreasing - total	196.112	1.969		3.987	10.004	286.044	130.048	33.811	1.266.564	12.407		1.848.510	
7	AOP	407	420	433	446	459	472	485	498	511	524	537	550	563
	Balance as of 31 December 2008	**3.563.641**	**101.320**		**228.504**	**257.951**	**929.183**	**61.565**	**11.751**	**3.065.617**	**114.978**	**3.427**	**8.077.625**	
8	AOP	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	AOP	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													
10	AOP	410	423	436	449	462	475	488	501	514	527	540	553	566
	Restated opening balance as of 1 January 2009	**3.563.641**	**101.320**		**228.504**	**257.951**	**929.183**	**61.565**	**11.751**	**3.065.617**	**114.978**	**3.427**	**8.077.625**	
11	AOP	411	424	437	450	463	476	489	502	515	528	541	554	567
	Current year increasing - total	461.479	11		5.736	44.606	53.161	13.882	9.258	1.910.399	129.037	4.647	2.346.332	
12	AOP	412	425	438	451	464	477	490	503	516	529	542	555	568
	Current year decreasing - total	57.758	2.376		1.679	2.786	113.211	7.801	3.383	1.025.071	21.375	4.156	1.181.768	
13	AOP	413	426	439	452	465	478	491	504	517	530	543	556	569
	Balance as of 31 December 2009	**3.967.362**	**98.955**		**232.561**	**299.771**	**869.133**	**67.646**	**17.626**	**3.950.945**	**222.640**	**3.918**	**9.242.189**	

3.7 CONSOLIDATED STATISTICAL ANNEX FOR 2009

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		
5. Average number of employees based on monthly account (whole number)	605	2.750	2.535

II GROSS CHANGES ON INTANGIBLE ASSETS AND PROPETY, 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	**218.648**	**124.724**	**93.924**
	1.2. Increase (purchases) during the year	607	14.166		14.166
	1.3. Decrease (disposal, depreciation and writing off) during the year	608	11.768		14.033
	1.4. Revaluation during the year	609			
	1.5. Balance at end of year	610	**221.046**	**126.989**	**94.057**
02	**2. Property, plant, equipment & natural assets**				
	2.1. Opening balance	611	**11.394.624**	**5.598.038**	**5.796.586**
	2.2. Increase (purchases) during the year	612	1.148.138		1.148.138
	2.3. Decrease (disposal, depreciation and writing off) during the year	613	200.574		751.410
	2.4. Revaluation during the year	614			
	2.5. Balance at end of year	615	**12.342.188**	**6.148.874**	**6.193.314**

III STRUCTURE OF INVENTORIES

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
10	1. Materials	616	771.656	1.063.176
11	2. Unfinished goods	617	5.409.328	3.996.279
12	3. Finished products	618	447.627	486.777
13	4. Goods	619	27.773	25.930
14	5. Assets held for trading	620	8.942	31.093
15	6. Advances given	621	420.798	861.572
	7. TOTAL	622	**7.086.124**	**6.464.827**

IV STRUCTURE OF ORIGINAL CAPITAL

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
300	1. Share capital	623	3.982.995	3.563.641
	of which: foreign capital	624		
301	2. Share of limited liability companies	625		
	of which: foreign capital	626		
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	83.322	101.320
30	**TOTAL**	633	**4.066.317**	**3.664.961**

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	10.105.589	9.790.552
part of 300	1.2 Nominal value of ordinary shares - total	635	3.982.995	3.563.641
	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	**3.982.995**	**3.563.641**

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	4.976.350	3.988.127
43	2. Business commitments (at end of year 640≤0117)	640	9.415.107	8.883.550
part of 228	3. Damage claims during year from insurance companies (debit transactions without opening balance)	641	1.659	4.671
27	4. VAT paid for procuring goods and services (annual according to tax reports)	642	1.531.634	1.101.784
43	5. Business commitments (debit transactions without opening balance)	643	18.615.211	14.700.837
450	6. Net salaries and fringe benefits (debit transactions without opening balance)	644	3.912.005	3.309.516
451	7. Salary taxes and duties paid by employee (debit transactions without opening balance)	645	266.740	316.215
452	8. Contributions for salary and fringe benefits paid by employee (debit transactions without opening balance)	646	403.710	626.838
461, 462 & 723	9. Dividends, share of profit and employer's remuneration (debit transactions without opening balance)	647	258.301	488.160
465	10. Obligations to natural entities based on service contracts (debit transactions without opening balance)	648	29.017	13.290
47	11. VAT paid on sale of products, goods and services (debit transactions without opening balance)	649	1.708.895	1.445.524
	12. Subtotal (from 639 to 649)	650	**41.118.629**	**34.878.512**

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	670.544	713.311
520	2. Salaries and emoluments (gross)	652	4.582.455	4.148.602
521	3. Salary taxes and contributions and emoluments paid by employer	653	610.411	574.862
522,523,524 & 525	4. Obligations to natural entities (gross) based on service contracts	654	134.999	80.150
526	5. Remuneration for board members and the supervisory board (gross)	655	38.874	41.125
529	6. Other personal expenses and fees	656	474.717	476.148
53	7. Production service costs	657	6.275.364	5.044.403
533, part 540 & part 525	8. Leased property	658	435.255	358.512
part 533, part 540 & part 525	9. Leased land	659		
536,537	10. Research and development	660	1.747	3.664
540	11. Depreciation	661	622.384	486.488
552	12. Insurance premiums	662	82.063	46.665
553	13. Payment transaction costs	663	179.229	202.799
554	14. Membership fees	664	13.026	10.171
555	15. Taxes	665	614.285	276.209
556	16. Contributions	666	442	318
562	17. Interest expenses	667	285.190	255.092
part 560, part 561 & 562	18. Interest expenses and partial financial expenditure	668	304.248	319.388
part 560, part 561, & part 562	19. Interest on loans from banks and other financial organizations	669	103.959	133.787
part 579	20. Expenses for humanitarian, cultural, healthcare, educational, scientific and religious purposes, environmental protection and sports	670	11.311	14.103
	21. Subtotal (from 651 to 670)	671	**15.440.503**	**13.185.797**

VIII OTHER INCOME

Account Group, Account	I T E M	ADP	RSD 000	
			Current Year	Previous Year
60	1. Sales return	672	249.721	506.229
640	2. Income premiums, subventions, subsidies, recourse, compensation and tax returns	673	5.465	
641	3. Income from conditional donations	674	238	
part 650	4. Income from lease of land	675	10.205	23.974
651	5. Income from membership fees	676	5.464	27
part 660, part 661 & part 662	6. Income from interest	677	142.752	165.235
part 660, part 661 & part 662	7. Income from interest on invoices and deposits in banks and other financial organizations	678	60.602	78.391
part 660, part 661, & part 669	8. Income from dividends and profit shares	679	220.157	549.553
	9. Subtotal (from 672 to 679)	680	**694.604**	**1.323.409**

IX OTHER INFORMATION

I T E M	ADP	RSD 000	
		Current Year	Previous Year
1. Excise duties	681		
2. Customs and other import duties (annual amount according to account)	682	370	6.081
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 entities in money or in kind	686	8.065	
7. Personal earnings of entrepreneur from net profit (entrepreneurs only)	687		
8. Subtotal (from 681 to 687)	688	**370**	**14.146**

3.8 Notes to the Consolidated Financial Statements for the Year Ended 31 December 2009

All amounts are expressed in RSD thousand, unless otherwise stated

1. GENERAL INFORMATION

System ''Eneroprojekt'', Beograd (referred to in the further text as the System) consist of parent share company "Energoprojekt Holding", a.d., Beograd (referred to in the further text as the EP Holding) and 11 subsidiaries 10 of them are direct subsidiaries (9 share companies and 1 limited liability companies) and 1 subsidiary indirectly associated through other subsidiaries (1 limited liability company) as well as 2 associates (1 limited liability and 1 share company) with participation in capital 50% and less. Within parent company and subsidiaries there are working unites and legal entities domestic and abroad organized which together are engaged in building projecting, equipping, research, programming the investing units and systems and trade.

In 2009 the System was organized as follows:

Activity	Number of companies	Number of units for performing investing works abroad	Number of companies abroad
Projecting and researching	4	28	6
Construction and equipping	3	37	7
Trade	1	-	-
Holding	1	-	8
Other	5	-	1
Total	**14**	**65**	**22**

The parent company's and subsidiaries head office is situated in New Belgrade, Bulevar Mihajla Pupina No 12.

As of 31 December 2009 Energoprojekt had 2.683 employees (2008: 2.774), excluding local staff abroad.

The "Energoprojekt Holding" a.d. shares are listed on the Belgrade Stock Exchange – list "A" and certain number of subsidiaries' shares are on unregulated market of Belgrade Stock Exchange.

2. CONSOLIDATION GROUP

The consolidation group consists of parent company EP Holding and below shown local subsidiaries and associates, as well as subsidiaries - working units abroad:

Local subsidiaries and associates:

No.	Name	% ownership
	Construction and equipping	
1.	EP Visokogradnja a.d.	92,39
2.	EP Niskogradnja a.d.	93,32
3.	EP Oprema a.d.	67,87
	Projecting and researching	
4.	EP Urbanizam i arhitektura a.d.	94,40
5.	EP Industrija a.d.	62,77
6.	EP Entel a.d.	86,26
7.	EP Hidroinženjering a.d.	94,84
	Other	
8.	EP Energodata a.d.	96,43
9.	EP Promet d.o.o.	100,00
10.	EP Garant a.d.o.	64,13
11.	Energoplast d.o.o.	60,00
	Associates	
12.	Enjub d.o.o.	50,00
13.	Energo Broker a.d.	28,60

The subsidiaries under number 1 to 8 are the parent companies themselves and prepared the consolidated financial statements.

Pursuant to the Assembly's Decisions made by the subsidiary companies participants, in a status of the merger as of 31.08.2009 the service ended - merger of companies Ingraf EP Ltd. and BE Company Ltd. to the company ad EP Energodata, since the company Ingraf EP Ltd. and Be Company Ltd ceased to exist without the implementation of the liquidation, while the EP Energodata ad company continues to exist with the enforcement of the capital increase.

The consolidation group includes the company Energoplast Ltd. as a subsidiary, along from previous years when the company also consolidated as an associate company in their parent company through the first instance consolidation.

Subsidiaries abroad – working units:

No.	Name	% ownership
1.	Zecco LTD, Zambia	100,00
2.	Energogvineja, Guinea	100,00
3.	INEC Engineering Co.Ltd., London, Great Britain	100,00
4.	Energoprojekt Middle East(L.L.C.)Dubai,UAE	100,00
5.	ENCOM GmbH, Frankfurt, Germany	100,00
6.	Energoprojekt (M) Sdn. Bhd., Malaysia	100,00
7.	Nana off Shore, Lebanon	100,00
8.	Energoprojekt Montenegro d.o.o., Herceg Novi, Montenegro	100,00

The part of subsidiaries abroad (Energoprojekt M.E. LLC Dubai, UAE, Energoprojekt (M) Sdn. Bhd., Malaysia, Energogvineja, Guinea and Zecco LTD Zambia) is established as EP Holding's ownership but they are coordinated and managed by subsidiaries.

Apart from these working units abroad, in the consolidation group in the first instance consolidation are involved and Energo Private Limited, Harare, Zimbabwe; EP Ghana-Ghana; Energo Uganda, Uganda, Peru Enlisa; ECOMEP-Dubai; Energo Nigeria - Nigeria; Zahinos-Cyprus; Enhisa Peru SA, EP Entel Oman, Energoprojekt Entel Qatar, Energo consult Abu Dhabi UAE, United Consulting Botswana and Energodata Montenegro Montenegro.

In 2009 through the consolidation of first Instance on the company Energo Management Group Ltd., Belgrade method of full consolidation, as the EP 29.12.2009.godine equipment acquired 100% stake in Energy Group Ltd. Managmenet of foreign company Energo Nigeria, Lagos, Nigeria.

Through the first instance involved the consolidation of two local affiliates of society and to Energoplast Energopet doo doo and, provided that the consolidated financial statements through the system eliminated the inclusion Energoplast doo method of participation and on the method of full consolidation, as it is entered in the group as a dependent society that is above.

Starting from January 1, 2004 operating activities of entities abroad is included in individual financial statements and detailed schedule of the entities abroad was given in the related separate consolidated financial statements.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Financial statements on which we are reporting, are prepared in accordance with the Law on Accounting and Auditing and relevant national regulations in force, applying accounting policies set out in Note 6 of this Report.

Consolidated financial statements of the System are prepared in the form prescribed by the Act of the scope and form financial statements for entities, other legal entities and businessman ("Official Gazette RS" no. 114/06 and 119/08).

3.1. Functional and reporting currency

The figures in the consolidated financial statements are prepared in thousand of RSD. The RSD represents functional and presentation (reporting currency) of the companies within System. All transactions made in the currencies which are not functional are treated as the transactions in the foreign currencies.

The financial statements are prepared for the year ended at December 31, 2009 in the thousands RSD.

Comparative data are disclosed into thousand of RSD ruling at the balance sheet date as of 31 December 2008.

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:

	31.12.2009.	31.12.2008.
EUR	95,8888	88,6010
USD	66,7285	62,9000

Applied average annually exchange rates for the figures disclosed in the Income statement for the year 2009 were as follows:

	31.12.2009.	31.12.2008.
EUR	93,95	81,45
USD	67,46	55,82

4. MANAGEMENT ESTIMATIONS AND JUDGEMENTS

Preparation of the consolidated financial statements (prepared in accordance with IAS/IFRS) requires that the management performs estimation, ponderation and assumption reflecting on the reporting figures of assets, liabilities, revenues and expenses. Obtained result may differ from estimated.

5. CONSOLIDATION

5.1. Subsidiaries

Subsidiaries are the enterprises that are directly or indirectly controlled by the "EP Holding" of more than 50% of the ownership or voting power. The method used to account for subsidiaries is fully consolidation. Intra group balances and intra group transactions are eliminated in full. Minority interest is presented separately.

5.2. Associates

Associates are the enterprises in which the Group has significant influence or holds between 20% to 50% of the voting power. Associates are accounted for in consolidated financial statements under 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 equals or exceeds the carrying amount of the investment, the investor discontinues including its share of further losses. The investment is reported at nil value, and only if there is a very irrevocable contractual obligation to cover the loss of a larger difference in relation to the loss of capital is recognized as expense in the parent company.

5.3. Joint Ventures

In its consolidated financial statements, venturer report *(Joint Venture)* its interest in a jointly controlled entity using proportionate consolidation. The application of proportionate consolidation means that the consolidated balance sheet of venturer includes its share of the assets and liabilities that it controls.

The consolidated income statement of the venturer includes its share of the income and expenses of the jointly controlled entity.

Detailed list of subsidiaries, associates and joint companies, which with the parent company "EP Holding" represent the consolidation group of System "Energoprojekt" is given 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 an 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.

6. PRINCIPAL ACCOUNTING POLICIES

From 2004 the System "Energoprojekt" adopted unique accounting policy and the subsidiaries have an obligation to quantify and eliminate those differences if they are material significant in a process of preparation consolidated financial statements. The accounting policies were changed in 2006 in accordance with the new Law on Accounting and Auditing.

The significant accounting policies are shown below:

(a) Principles of valuation – basic assumption

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 recognised 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 System is a going concern and will continue in operation for the foreseeable future.

(b) Recognition of the elements of financial statements

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

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

This means, in effect, that recognition of income occurs simultaneously with the recognition of increases in assets or decreases in liabilities

Expenses are recognised in the income statement 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. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets

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

(c) Profits/losses on translation of foreign currencies

Cash, receivables and liabilities in foreign currencies are translated into RSD at the official rate of exchange ruling as of the date of financial statements. Gains and losses arising on that issue are treated as revenues/expenses of the period.

(d) Revenue from the sale

Revenues from sale is defined on the accrual basis and realised till the end of accounting period, considering debt-credit relation when it it occur and issued invoice. 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 System. The difference between the fair value and the nominal amount is recognised as interest revenue.

Revenue from the sale shall be recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the 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 rendering of services are recognised by reference to the stage of completion of the transaction at the balance sheet date.

Revenues from the fixed price Construction Contract are recognized by the method of percentage of completion, contractual activities at the balance sheet date. Percentage of completion 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.

- Expenses are recognised 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 recognised 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 recognised on the basis of systematic and rational allocation procedure;

- expenses are recognised 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 recognised in those cases when a liability is incurred without the recognition of an asset (as when a liability under a product warranty arises).

(f) Gains and losses

Gains represent 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

Financial revenues and expenses include revenue and expenses from interest, gains and losses from exchange and others financial revenues and expenses.

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 10.00% on income represented in the tax balance (2008 – 10%). The taxable income represents gross income in the income statement less some revenue and expenditure according to the tax regulations. Calculated tax is deducted for tax deductions (investments in fixed assets in own registered activity and other tax relieves in accordance with tax regulations for which the Company meets requirements).

Income tax of the subsidiaries abroad is calculated in accordance with regulations forced in the countries as regards.

(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 effect.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of: deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

(k) Employee benefits

/i/ Pension insurance and employee benefits

The Companies within System pay in the name of its employees duties to the Pension Fund of the Republic of Serbia. All employees are the members of aforementioned pension fund. All contributions arising from the aforementioned obligation are recognised as the expense and the liability in the transaction moment. The companies within the System do not have its own pension funds or post-employment plan relating to the leaving and hence there are no pension duties as well.

/ii/ Health insurance

The companies within System pay health insurance contributions which are recognised in the calculation moment as the expense and liabilities.

/iii/ Retirement benefits

The companies within System pay to employees retirement benefits in the amount of triple salary obtained in the month before retirement month (defined by the Employee contract).

/iiii/ Post-employment benefits

The post-employment benefit is payable when the employee leaves the company before the ordinary pension, or when the director and employee make a contract on cutting the work in the replacement for retirement benefits, whereby the management body make a decision.

(j) Intangible assets, property, plant, equipment and investment property

Intangible assets are identifiable non monetary assets without physical substance and represent the resources of the enterprise 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, computer software, franchises, design and implementation of new processes or systems, marketing rights, investment in other properties, equipment and plant.

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;
- are expected to be used during more than one period;

The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

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

An item of property, plant and equipment are initially measured at its cost. The purchase price is invoced value of asset and any directly attributable costs of bringing the asset to working condition for its intended use. Cost price of aforementioned assets produced in the own production comprises of direct costs and indirect ones 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:

- modification of an item of plant to extend its useful life, including an increase in its capacity;
- upgrading machine parts to achieve a substantial improvement in the quality of output; and
- adoption of new production process enabling a substantial reduction in previously assessed operating costs.

As such other subsequent expenses (maintenance costs, technical cots, small reparation and other) usually recognised as an expense when incurred.

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

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

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

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. In this regards, investment property makes cash flows mostly independent from other assets held by the Company.

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

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

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

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

(l) 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:

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

For the financial statements preparation purpose intangible assets are disposed by the proportional method of amortization in a period of five years, unless it is determined by the contract different one.

Amortization of the goodwill is not done but it is an obligation to perform test for it impairment in accordance with IAS.

Depreciation of the intangible assets with no expiry date is not done.

Depreciation of the intangible assets is starting from the beginning of further month compared to month when it is put in use.

For the purposes of compiling tax the balance depreciation of intangible assets is done according to applicable regulations.

Internal arising goodwill is not recognised as intangible assets.

After initial recognition property, plant and equipment are stated by their acquisition cost or cost deducted for total amount of calculated depreciation and total loss due to impairment.

Depreciation base for property, plant and equipment presents acquisition cost or cost after determination of residual and retirement amount.

The depreciation is calculated by the straight line method applying rates determined by estimated useful life.

For the purpose of the financial reporting the depreciation is calculated by the straight line method applying rates determined by estimated useful life. If expectations are significantly different from previous estimates, the depreciation charge for the current and future periods are adjusted for current and next periods.

For the purpose of preparation tax balance property, plant and equipment are allocated and depreciated by rates in accordance with relevant national regulations as regards for preparation tax balance needs.

Depreciation is starting from the beginning of further month fallowing its date of activation.

The depreciation rates determined by useful life are:

	(%)
Buildings	1,3-15,0
Plants	5,0-25,0
Computers and accessories	20,0
Vehicle	12,5-16,0
Intangible asset	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 recognised 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.

Financial asset is classified as available for sale financial asset is one that does not belong to some of those three categories above-mentioned.

Financial asset is classified as hold to maturity, if this 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 merges.

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

- loans and receivables, and investments held-to-maturity measured at amortised 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 no adequate market stability, experience and liquidity in Republic of Serbia in a process of financial assets trading and official market information are not available. Therefore it is not possible to measure the fair value as required by IFRS.

A recognised 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 recognised at fair value through the profit or loss, now is recognised profit or loss in the income statement and for financial asset available for sale in the revaluation reserves.

(n) Inventories

Inventories of goods are measured at their cost value. The cost of purchase of inventories comprise the 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 inventories of goods is assigned by using the weighted average cost formula

Inventories of material are purchased from the suppliers and measured by the purchase cost, and the material which is produced as the own output measure by the price cost, net sell cost if it is lower.

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 cost of purchase of inventories comprise the 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 inventories of material is assigned by using the weighted average cost formula.

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.

(o) Short term receivables and investments

Short term receivables comprise trade receivables from 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 (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 in reporting currency is done applying 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 booked in the favor of revenues or against expenses. Receivables stated in the foreign currency as at the balance sheet date are translated by the ruling exchange rate and gains and losses arose are booked as revenue or expense for period.

Short term financial investments held for trading are measured by cumulated depreciation, non considering tendency of the company to hold them to maturity.

If there is a possibility that the Company will not be in position to collect all due amounts (principal and interests added) in accordance with contract conditions for issued loans, receivables or investments held to maturity, stated by cumulated depreciation, loss appears caused by disposals or uncollectible receivables.

Disposal of short term receivables and investments with uncertain collection is done by indirect write off, and in cases when uncollectible is certain and supported by documents disposal is done by direct write off.

Possibility of collection receivables are determined in each of the cases in accordance with relevant supporting documentation (bankruptcy, liquidation, over debt, disposal, forced settlement, out-of-court settlement, obsolescence, court decision, board of director act, as well as other cases with appropriate documentation).

(p) Cash and cash equivalents

Cash and cash equivalents comprises 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 significant part of risk and ownership profit, are classified as the 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 accruals – liabilities for non-due interests re, repayment schedule.

(t) Commitment and contingencies

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

A contingent asset is not disclosed only if, by the occurrence or non-occurrence of one or more uncertain future events. If the inflow is certain it can be recognized in the financial statement.

(u) Borrowing costs

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 asset is disposed during the year the managing board of the company, based on the suggestion made by the director, determined the indicators caused the disposal which are relevant to those required by the IAS, as well as, indicators which are indicated if the previously recognized disposal is decreased.

If those indicators exist Board of Director, brought a decision on the impairment amount or the amount previously impaired which has to be cancelled.

At the end of year Board of Director, based on Managing Director/director of the company and inventory commission suggestion, brought a decision on the impairment assets or the amount previously impaired which has to be cancelled.

(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), short term liabilities from operating activities (suppliers and other) and other short term liabilities.

Short term liabilities represent those due in one year from the maturity date, respectively from the balance sheet date.

Long term liabilities represent those due over one year from the preparation of the financial statements date.

Portion of long term liabilities due in period up to one year from the preparation of the financial statements date are disclosed as the short term liabilities.

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

Decreasing of the liabilities as regards to the law, out-of-court settlement are done by the direct write off.

(x) Long term provisions

A provision is recognized when, only when:

1. Enterprise 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 provision comprises 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, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation (legal proceedings under processing) and provision booked for issued guaranties.

Long term provision for expenses and risks are trucked by sorts and their reduction, i.e. cancellation is done in the favour of revenues.

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.

Managing board is in charge of making decision about a provision.

(y) 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.

(z) Foreign exchange rates

Official exchange rates significant for the Company operating activities and translations of the figures stated in the balance sheet and income statement into RSD were as follows:

	2009	2008
EUR	95,8888 RSD	88,6010 RSD
USD	66,7285 RSD	62,9000 RSD
GBP	107,2582 RSD	90,8635 RSD
CHF	64,4631 RSD	59,4040 RSD
RUB	2,0865 RSD	2,1887 RSD
LYD	51,0847 RSD	51,8547 RSD

6. FINANCIAL RISK MANAGEMENT

6.1. Financial risk factors

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

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

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

(a) **Market risk**

/i/ Foreign exchange risk

The System 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, recognised assets and liabilities and net investments in foreign operations. The System in accordance with local legalisations on the local markets on which operates, applying the financial hedging tries to minimise foreign exchange risk.

/ii/ Fair value risk

The System has in its portfolio securities available for sale recognised 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 System 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. In the aim to avoid/limit risk arose the System borrows the money on the short term period, insisting on the lower bank's charge with the obligatory clause on pre-term payment return without any additional penalties.

(b) Credit risk

The System has no significant concentration of credit risk. The System has policy 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 availability of funding through and adequate amount of committed credit facilities and the ability to close out market positions, due to the dynamic nature of the business. The System aims to maintain flexibility in funding by collecting their funds from buyers and investments of available funds. Beside aforementioned, in accordance with System policy, the System makes “Back to Back” Agreements with the business partners whereby the possible risk connected to a possible payment late is transferred/shared between contractual parties.

7. SEGMENT INFORMATION

7.1. Primary reporting formats – business segment

The System is organized, local and abroad, on the following business segment as of 31 December 2009:

1) Projecting and researching;
2) Construction and equipping; and
3) Other.

REPORTABLE SEGMENTS

Business segments

	Projecting and researching		Construction and equipping		Discontinued operations		Other		Consolidated		Discontinued operations		Continued operations	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Incomes														
Sales - external	4,140,197	2,679,241	17,473,720	17,087,478		-	1,837,194	1,425,932	20,007,576	18,760,377		-	20,007,576	18,760,377
Sales – between segments		242,899	373	376,238		35,968		41,721	373	660,858		35,968	373	624,890
Sales	4,140,197	2,922,140	17,474,093	17,463,716	-	35,968	1,837,194	1,467,653	20,007,949	19,421,235	-	35,968	20,007,949	19,385,267
Segment result	-	-						-	-			-	-	
Undistributed expenses		239,715	3,169,671	1,886,640		31,854		-	3,169,671	2,126,355		31,854	3,169,671	2,094,501
Operating profit	202,901	111,584	365,419	404,129		4,114	549,371	363,951	1,103,374	860,785		4,114	1,103,374	856,671
Income from interest	24,018	21,108	65,662	91,520			33,402	56,715	123,037	165,235		-	123,037	165,235
Expenses from interest	11,645	5,016	252,534	178,052			24,555	85,051	285,190	261,872		-	285,190	261,872
Income tax	19,198	4,761	26,251	21,552			47,085	23,340	92,534	49,653		-	92,534	49,653
Profit from ordinary activities	302,307	216,781	501,528	374,603		-	601,757	700,198	1,164,567	837,812		-	1,164,567	837,812
Loss from discounted operations	(64)	(141)	(315)	(348)				(135)	(379)	(565)		-	(379)	(565)
Net profit	281,909	210,129	475,382	343,630		4,114	553,951	676,379	1,068,938	776,427		4,114	1,068,938	772,313
Total assets - consolidated	4,366,729	3,782,896	13,880,900	14,979,450		36,255	16,582,038	13,001,790	26,010,782	23,899,006		36,255	26,010,782	23,862,751
Total liabilities - consolidated	4,366,729	3,782,896	13,880,900	14,979,450	-	36,255	16,582,038	13,001,790	26,010,782	23,899,006	-	36,255	26,010,782	23,862,751
Depreciation	62,121	58,771	476,510	374,146		-	83,753	53,618	622,384	486,488		-	622,384	486,488
Non cash expenses without depreciation	1,047	21,220	27,937	19,570			24,694	84,964	53,678	125,388		-	53,678	125,388

Geographical segments

	Serbia		ZND		Europe		Africa		Asia		America		Other		Consolidated	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Sales	**6,154,983**	**6,538,644**	**6,629,818**	**4,618,897**	**361,131**	**3,122,988**	**3,364,433**	**2,349,441**	**2,329,773**	**1,537,054**	**1,092,345**	**1,229,159**	**75,466**	**25,052**	**20,007,949**	**19,421,235**
Merchandise sold	100,559	268,496	37,576			5,396	107,076	200,874	2,913	38,022	1,597	7,415			249,721	520,203
Goods sold and service rendered	6,054,424	6,270,148	6,592,242	4,618,897	361,131	3,117,592	3,257,357	2,148,567	2,326,860	1,499,032	1,090,748	1,221,744	75,466	25,052	19,758,228	18,901,032
Assets – consolidated															26,010,782	23,899,006

8. SALES

Revenues from merchandise, goods sold and services rendered the local market amounted RSD 6,154,983 thousand (2008: RSD 6,538,644 thousand) and on foreign RSD 13,852,966 thousand (2007: RSD 12,882,591 thousand) and the total amounted RSD 20,007,949 thousand (2008: RSD 19,421,235 thousand).

9. INCREASE/(DECREASE) IN INVENTORIES

	2009. (Rsd. 000)	2008. (Rsd. 000)
Increase in inventories	2.440.586	2.618.940
Decrease in inventories	(1.110.706)	(4.315.683)
Total	**1.329.880**	**(1.696.743)**

Increase in inventories relates to increase in work in progress and finished goods as follows:

- EP Holding a.d. - Block 26 New Belgrade in the amount of RSD 1,898,751 thousand,
- EP Visokogradnja - Blocks 24 and 22 Bežanijska Kosa, housing-premises Sistet bare in Igalo and relway station “Prokop”.

Decrease in inventory relates to decrease in work in progress dominated with EP Visokogradnja, that finished buildings in Bežanijska kosa block 15, 6, 12 and 23, as well as own investment in Montenegro, object Savina in Herceg Novi.

10. OTHER OPERATING INCOME

	2009. (Rsd. 000)	2008. (Rsd. 000)
Premiums, subventions, refunded amounts, compensation and refund tax	5.465	
Rents	100.482	80.322
Other	107.327	99.737
Total	**213.274**	**180.059**

Other operating income mostly related to the company EP Visokogradnja in the amount of RSD 65,560 thousand (most of the income from rents), to the EP Garant (Income from rents in the amount of RSD 13,184 thousand and income from deposits and investments, and investment funds technical reserves of insurance in the amount of RSD 45,881 thousand) and to the EP Niskogradnja in the amount of RSD 20,590 thousand (most of the income from rents).

11. PURCHASE VALUE OF GOODS SOLD

	2009. (Rsd. 000)	2008. (Rsd. 000)
Wholesale	(188.840)	(313.503)
Retail		
Total	**(188.840)**	**(313.503)**

Purchase value of goods sold-wholesale related to the purchase of equipment - computers in EP Energodata in the amount of RSD 38,466 thousand, purchase of granulate in EP Industrija in the amount of RSD 40,507 thousand. The amount of RSD 72,188 thousand relates to the EP Garant as a result of reclassification of balance sheet position of an insurance company. The remaining amounts are distributed to other companies within the system.

12. MATERIAL COST

	2009. (Rsd. 000)	2008. (Rsd. 000)
Raw material	(4.311.773)	(3.501.538)
Other material cost (Overheads)	(256.407)	(201.236)
Fuel and energy	(670.544)	(713.311)
Total	**(5.238.724)**	**(4.416.085)**

Most of the raw material costs are the costs of materials for production as EP Visokogradnja in the amount of RSD 1,958,657 thousand, EP Oprema in the amount of RSD 1,153,435 thousand and EP Niskogradnja in the amount of RSD 995,120 thousand, With the cost of fuel and energy has the largest share of EP Niskogradnja in the amount of RSD 503,960 thousand.

13. STAFF COSTS

	2009. (Rsd. 000)	2008. (Rsd. 000)
Costs of salaries and fringe benefits (gross)	(4.582.456)	(4.148.602)
Costs of taxes and contributions on salaries and fringe benefits charged to employer	(610.411)	(574.862)
Costs of remunerations according to temporary service contracts	(14.413)	(9.760)
Costs of remunerations according to author's contracts	(59.071)	(44.205)
Costs of remunerations according to temporary and provisional contracts	(33.475)	(20.389)
Costs of remunerations to individuals according to other contracts	(28.040)	(5.796)
Costs of remuneration to members of Management Board and Supervisory Board	(38.874)	(41.125)
Other personal expenses remunerations	(474.716)	(476.148)
Total	**(5.841.456)**	**(5.320.887)**

14. DEPRECIATION AND PROVISION COSTS

Depreciation and provision costs amounted RSD 1,102,740 thousand and relate to the:

- depreciation of property, plant and equipment is done in accordance with Note 5(l) amounted RSD 622,384 thousand;
- provision costs in the amount of RSD 480,356 thousand.

Position costs for long-term provisions mainly related to the EP Entel in the amount of RSD 327,364 thousand for the provision of significant changes in the cost of the contract position with no extra charging works, predominantly by foreign companies Qatar. Provision during the warranty period related to the EP Oprema - Power Plant Project “Nikola Tesla”, in the amount of RSD 62,919 thousand and EP Visokogradnja – construction fields abroad who entered the warranty period Z-056 TRK Aktau and Z-065 House in Moscow, in the amount of RSD 41,338 thousand.

15. OTHER OPERATING EXPENSES

Costs of production services	2009. (Rsd. 000)	2008. (Rsd. 000)
Service costs of outputs	(4.992.148)	(4.016.581)
Transportation costs	(356.458)	(364.005)
Maintenance costs	(254.490)	(108.435)
Rental costs	(435.255)	(358.512)
Fairs exhibit costs	(1.444)	(2.317)
Advertising costs	(14.831)	(20.350)
Costs of researching activities	(1.747)	(3.664)
Costs of other services	(218.990)	(170.539)
Total	(6.275.363)	(5.044.403)
Non-production costs		
Costs of non-production services	(593.000)	(645.447)
Expense accounts	(64.484)	(54.631)
Insurance premium costs	(82.063)	(46.665)
Payment operation costs	(179.229)	(202.799)
Membership fees	(13.026)	(10.171)
Tax duties	(614.285)	(276.209)
Contribution costs	(442)	(318)
Other	(291.075)	(228.156)
Total	(1.837.604)	(1.464.395)
Total	**(8.112.967)**	**(6.508.798)**

Under the item other operating expenses the most significant part relate to the Service costs of outputs (subcontractors and cooperants) with EP Visokogradnja in the amount of RSD 2,127,422 thousand, EP Niskogradnja in the amount of RSD 906,326 thousand, EP Oprema in the amount of RSD 1,196,068 thousand. The remaining amount relate to the other companies within System.

Under the item Costs of non-production services most of the expenses related to non-production costs and tax duties. Largest single cost of non-production services related to the EP Entel in the amount of RSD 319,314 thousand (cost of consultancy services), EP Visokogradnja in the amount of RSD 139,807 thousand and EP Niskogradnja in the amount of RSD 55,054 thousand. In the position of tax expense as a result of calculation and payment of tax by local regulations, most of the refers to the EP Visokogradnja for the project Z-056 acts and projects in Herceg Novi, and EP Niskogradnja for the project Z-011 Abaya, Kazakhstan.

16. FINANCIAL REVENUES AND EXPENSES

Financial revenues	2009. (Rsd. 000)	2008. (Rsd. 000)
Income incurred with parent company and affiliates		
Financial income incurred with other associated companies	29.709	81.524
Income from interest	123.037	165.235
FX Gains	1.550.809	1.542.876
Other financial income	109.765	143.099
Total	**1.813.320**	**1.932.734**
Financial expenses		
Financial expenses incurred with parent company and affiliates		
Financial expenses incurred with other associated companies	(17.373)	(2.139)
Costs of interest	(285.190)	(255.092)
FX losses	(1.794.379)	(1.778.789)
Other	(40.235)	(20.267)
Total	**(2.137.177)**	**(2.056.287)**

The net negative financial result originated from loss on exchange which is the result of a large depreciation of RSD in 2009 year, which the dinar in relation to the EUR depreciated 8.22% and compared to USD 6.09%.

17. OTHER REVENUES AND EXPENSES

Other revenues	2009. (Rsd. 000)	2008. (Rsd. 000)
Gains on disposals of intangible assets and property, plant and equipment	22.106	57.264
Gains on disposals of investments and long-term securities	351	713
Material sold	146.631	68.005
Surpluses	481	486
Collected written-off receivables	9.471	43.888
Income from reduction of liabilities	124.800	47.386
Income from abolishing of long-term provisions		30.808
Other	241.770	71.090
Income from valuation adjustments of property, plant and equipment	67	24.970
Income from valuation adjustments long-term financial investments and securities	26.636	45.185
Income from valuation adjustments of receivables and short term financial investments	546.309	4.276
Income from valuation adjustments of other property	6.077	
Total	**1.124.699**	**394.071**
Other expenses		
Losses on writing-offs and disposals of intangible Assets, property, plant and equipment	(13.101)	(23.424)
Losses on disposals of equity investments and securities	(33)	
Losses on disposals of raw material	(995)	(2.700)
Shortages	(3.452)	(9.329)
Costs from negative hedging effects		
Writing-offs of receivables	(34.845)	(39.612)
Other	(283.643)	(99.909)
Impairment of property, plant and equipment	(12.818)	
Impairment of long-term investments and other securities available for sale	(787)	
Impairment of receivables and short-term financial investments	(389.765)	(100.167)
Impairment of other property	(210)	(797)
Total	**(739.649)**	**(293.491)**

Under the item Income from valuation adjustments of receivables and short term financial investments most refers to the EP Visokogradnja - Income from valuation adjustments of receivables on the project railway station “Prokop” in the amount of RSD 543,075 thousand, in line with a executive court ruling.

Under the item other specified revenues most refers to the EP Oprema in the amount of RSD 204,977 thousand incurred as a result of business combination to acquire a majority (full) ownership of the company Energo Management Group Ltd., Belgrade. EP Oprema purchased on 29/12/2009 the 100% stake in the company Energo Management Group Ltd. from foreign companies EnergoNigerija by the price of $ 1 (one USD), that is below the real value of net assets, and in accordance with IFRS 3 Business Combinations, recognised in its consolidated financial statements the difference between lower cost of acquisition higher fair value of the acquired net assets (determined by assessment) in favor of other revenue.

Item gains from the sale of material mostly related to the EP Niskogradnja in the amount of RSD 146,465 thousand.

The most important position in the other expenses related to the impairment of receivables and short-term financial investments with EP Visokogradnja – impairment of receivables by contractors on the project railway station “Prokop”; in the amount of RSD 48,459 thousand and in furtherance of the loan, according to the court ruling in the amount of RSD 234,318 thousand. Also, made the impairment of receivables from customers abroad in the amount of RSD 5, 421 thousand, as well as impairment of the receivables from investors in the project Manžerok Z-063, based on the withheld portions of unpaid work, amounting to RSD 48,658 thousand.

Most of the positions of other specified expenses related to the EP Niskogradnja - Project Z-0188 Chira Piura, where reconstruction work was carried out due to flood victims in the amount of RSD 239,424 thousand.

18. NET PROFIT/(LOSS) OF DISCONTINUED OPERATIONS

	2009. (Rsd. 000)	2008. (Rsd. 000)
Net profit of discontinued operations		
Net loss of discontinued operations	**(379)**	**(565)**

19. EARNING PER SHARE

Basic earnings per share is calculated by adding profit to the shareholders dividing profit attributable to ordinary shares by the weighted average number of ordinary shares during the year which the System or companies within System purchased and hold as the own shares.

	2009.	2008.
Profit added to the shareholders of the System/companies within System	1.068.938	776.427
Weighted average number of ordinary shares in the share issue	9.269.122	9.269.122
Basic earning per share (RSD per share)	115.32	83.76

20. PROPERTY, PLANT AND EQUIPMENT

	Land and building	Plant and equipment	Investment property	Other	Equipment under construction and advances	Total
Cost or valuation	(Rsd. 000)	(Rsd. 000)	(Rsd. 000)	(Rsd. 000)	(Rsd. 000)	(Rsd. 000)
Opening balance	4.782.791	6.078.468	191.544	23.746	318.075	11.394.624
Restated opening balance	89.167	146.982		948	61.637	298.734
Transfers	(11.378)	(3.617)		(14.377)	(23.186)	(52.558)
Additions	52.447	504.160	3.317	14.484	46.100	620.508
Disposals	(11.089)	(186.168)	(3.317)			(200.574)
Exchange differences	37.318	20.495		(10)		57.803
Appraisal	156.950	71.266	(12.766)		8.202	223.652
At 31 December 2009	**5.096.206**	**6.631.586**	**178.778**	**24.791**	**410.828**	**12.342.189**
Depreciation						
Opening balance	1.932.739	3.662.306	2.325	668		5.598.038
Restated opening balance	(1.777)	74.781		556		73.560
Depreciation	76.591	537.710	75	161		614.537
Disposals	(1.809)	(166.030)				(167.839)
Exchange differences	983	874				1.857
Other	18.883	9.795		**43**		28.721
At 31 December 2009	**2.025.610**	**4.119.436**	**2.400**	**1.428**		**6.148.874**
Net Book Value 31 December 2009	**3.070.596**	**2.512.149**	**176.378**	**23.363**	**410.828**	**6.193.314**
Net Book Value 31 December 2008	**2.850.052**	**2.416.612**	**189.219**	**23.078**	**318.075**	**5.796.586**

Net book value as of 31 December 2009 of intangible assets was RSD 94,057 thousand.

	2009	2008
Total depreciation costs comprise of:	**622.384**	**486.480**
Depreciation of intangible assets	7.847	13.550
Depreciation of property and equipment	614.537	472.930

As a result of the inclusion the company Energoplast Ltd in the consolidated financial statements of the System, by the method of full consolidation, the positions of land, buildings, equipment were increased as follows:

- - Land area of 77 acres and 29 m2,
- - Building production halls, warehouse and offices for the administration area of 2.500 m2, the site Batajnički drum 6p, industrial zone Gornji Zemun
- - Technological line for production of plastic caps and
- - Auxiliary equipment (Chillers, compressors, forklifts, dryers...).

In addition, acquiring 100% stake in the company Energo Management Group Ltd by the EP Oprema there has been increasing in positions:

- - Investment under construction in the amount of RSD 60,451 thousand, related to the construction of industrial halls area 787.60 m2, height 8.1 m at the location Bežanija, New Belgrade
- - Equipment which cost RSD 46,695 thousand, related to the equipment for extending transmission lines and installing fiber optic cables.

During 2009 there was a significant purchases of fixed assets, primarily by the EP Niskogradnja for projects in Uganda and Peru.

21. EQUITY INVESTMENTS

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

- equity investments are stated applying the purchase cost when investor states its investment by purchase cost, end recognized revenues only in amount received from distribution of undistributed net profit of investment user incurred in day after investor obtained it. Part from distribution receive in the amount higher than this profit is recognized as increase in investments and stated as decrease in purchase cost of its.

- Applying the equity investment method, when those are stated by their purchase cost initially and stated amount is restated for result (profit or loss) obtained. Beside this correction is done for changes in capital investment user which are not occurred from the result. These changes arose from revaluation of property, plant, equipment and investments, from exchange difference and business combinations. Corrections are performed proportionally with investor equity investment of investment user.

Equity investments relate to the shares (stakes) with:

	2009. (Rsd. 000)	2008. (Rsd. 000)
a) Bank and financial organization	141.816	137.303
b) Other legal entities:	637.050	677.655
-Energopet	284.031	196.332
-Enjub	151.255	169.824
-Energoplast		82.531
-Energobroker	15.985	16.382
-Energonigeria	158.038	210.577
-Other	27.741	2.009
Total	**778.866**	**814.958**

Decrease in equity with other entities principally representsa change in accounting treatment of equity in the "Energoplast" Ltd, whose majority owners (60% of capital) are companies within EC System of society, so in 2009 the company covers as the subsidiary, or the method of full consolidation in the consolidated financial statements of EP System, rather than the method of participation, as it was in previous years.

22. OTHER LONG TERM FINANCIAL INVESTMENTS

Other long term financial investments include:		
	2009. (Rsd. 000)	2008. (Rsd. 000)
a) Given long term loans		
- local		234.318
- abroad	163.500	162.967
Total	**163.500**	**397.285**
b) Bonds of foreign currency saving	56.990	81.701
c) Housing loans given to employees	60.035	59.957
d) Other	627.059	879.314
Total	**907.584**	**1.418.257**

Decrease in long-term loans granted in a country in the amount of RSD 234,318 thousand entirely refers to the EP Visokogradnja on the basis of impairment of the loan given to the company to build a railway junction, "Prokop" in accordance with the court ruling.

The item Other related to guarantee deposits at EP Entel in the amount of RSD 366,750 thousand, deposits given to banks under guarantee with EP Visokogradnja for project Z-066 Syktyvkar in the amount of RSD 67,122 thousand and EP Entel in the amount of RSD 41,984 thousand, given bond for a guarantee of EP Industrija in the amount of RSD 57,193 thousand and the amount of RSD 82,406 thousand relates to the participation of EP Visokogradnja in joint construction of complex Crni Vrh.

23. INVENTORIES

	2009. (Rsd. 000)	2008. (Rsd. 000)
Raw material, spare parts and tools	773.892	1.063.176
Work in progress	5.409.328	3.996.279
Finished goods	447.627	486.777
Merchandise	25.537	25.930
Paid advances	420.798	861.572
Total	**7.077.182**	**6.433.734**

The fall in position given advances and inventories of raw materials, spare parts, small inventory and tools record EP Visokogradnja as a result of the completion of works abroad.

Increase in inventory work in progress relates primarily to the construction of a building in Block 26, which is being built for a known customer, and investment in 2009 were about RSD 1,899,000 thousand, while at the same time there was a reduction of that position at the EP Visokogradnja in the amount of RSD 506,739 thousand, due the facilities on Bezanijska Kosa and in Herceg Novi, Montenegro were completed.

24. RECEIVABLES

	2009.	2008.
Receivables from sales	(Rsd. 000)	(Rsd. 000)
Trade receivables - domestic	1.921.357	1.457.882
Trade receivables - foreign	3.058.827	2.530.245
Total	**4.980.184**	**3.988.127**
Receivables from specific business operations	**136.626**	**135.875**
Other receivables		
Receivables from employees	19.443	20.231
Receivables from state institutions	2.897	8.537
Receivables for other taxes and contributions prepaid	143.058	45.877
Other receivables	88.438	150.085
Total	**253.836**	**224.730**
Total	**5.370.646**	**4.348.732**

Increase in domestic trade receivables refer to the EP Visokogradnja for the amount due for the interest of companies to build a railway junction, since the court case ended and the executive obtained court judgments in favor of the EP Visokogradnja.

As a result of increased business activities abroad, there was an increase in Trade receivables - foreign, particularly in EP EP Niskogradnja and EP Oprema.

Receivables from overpaid taxes and other contributions mostly related to receivables for overpaid income tax by WUA of EP Niskogradnja (RSD 125 571 thousands).

25. SHORT TERM FINANCIAL INVESTMENTS

	2009. (RSD 000)	2008. (RSD 000)
Short fixed term deposits	1.123.039	524.253
Given short term loans	19.266	
Other	42.786	227
Total	**1.185.091**	**542.480**

The Short fixed term deposits with domestic banks refer to the EP Garant in the amount of RSD 436,897 thousand, EP Entel in the amount of RSD 647,714 thousand and EP Hidroinženjering in the amount of RSD 38,418 thousand.

Given short-term loans are mostly related to the short-term loan issued by the EP Holding in the amount of RSD 17 979 thousand and given to the Enjub Ltd.

26. CASH AND CASH EQUIVALENTS

	2009.	2008.
RSD	(Rsd. 000)	(Rsd. 000)
Current accounts	91.260	83.994
Petty cash	760	891
Securities		
Short term fixed deposits	27.000	89.500
Other	2.600	4.809
Total	**121.620**	**179.194**
Foreign currency		
Foreign currency accounts	2.330.390	2.464.622
Petty cash	95.369	211.837
L/C	177.931	64.249
Other	243.931	165.221
Blocked bank accounts	253	232
Total	**2.847.874**	**2.906.161**
Total	**2.969.494**	**3.085.355**

Under the item foreign currency account dominated participated EP Visokogradnja, EP Holding, EP Niskogradnja and EP Entel.

27. VAT AND PREPAYMENTS AND ACCRUED INCOME

	2009.	2008.
	(RSD 000)	(RSD 000)
VAT - deferred	**270.349**	**419.094**
Prepayments and accrued income		
Prepaid costs	203.343	176.454
Accrued income (uninvoiced income)	869.486	650.980
Deferred portion of FX losses	46.053	55.097
Other	22.992	32.245
Subtotal	**1.141.874**	**914.776**
Total	**1.412.223**	**1.333.870**

Position Accrued income (uninvoiced income) predominantly related to the EP Holding (project Block 26 - Celina 1) regarding the application of IAS 11, incoming profit pursuant to accounting periods when the same occurred.

28. ISSUED AND OTHER CAPITAL

Issued capital comprises the following:			
		2009.	2008.
	%	(Rsd. 000)	(Rsd. 000)
Share capital		3.982.995	3.563.641
Other capital		83.322	101.320
Total		**4.066.317**	**3.664.961**

The Assembly of the Shareholders “Energoprojekt Holding” a.d. made on XXXIII session, hold on 14 June 2009, decision on issuing ordinary shares of VI share issues without public offer in order to convert retained earnings to the equity and the replacement of the shares to increase their nominal value, from 350 dinars to 400 dinars, and the decision on issuance of ordinary shares VII issue without a public offer for converting retained earnings into capital, after which implementation the EP Holding has a total of 9,467,810 ordinary shares.

" SYSTEM ENERGOPROJEKT"
(number of shares)

	Holding	9.467.810
Minority shareholders in:	Energodata	13.930
:"	Visokogradnja	229,672
"	Niskogradnja	99,724
"	Oprema	112,939
"	Hidroinž.	35,151
"	Entel	58,042
"	Urb. + Arh.	3,766
"	Industrija	73,455
"	Garant	11.000
Total:		10.105.589

40% of issued capital of the company Energoplast d.o.o. belongs to the foreign company CHARTERED OIL AND GAS LTD (minority interests).

Nominal value of shares from companies within System Energoprojekt:

- Energoprojekt Holding a.d. – 400 RSD per share.
- Energoprojekt Garant a.d.o. 3,570 RSD per share.
- Energoprojekt Urbanizam i arhitektura a.d. - 610 RSD per share.
- Energoprojekt Energodata a.d. – 400 RSD per share

The total non-consolidated number of shares is 16,245,566.

The Energoprojekt Holding a.d. purchased 9.796 of own shares in 2009 with nominal value of RSD 3,918 thousand.

29. RESERVES

Reserves comprise of:		
	2009	2008
	(Rsd.000)	(Rsd.000)
Legal	187.426	187.426
Statutory and other	112.346	70.525
Issuing premium	232.560	228.504
Total	**532.332**	**486.455**

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

The legal reserves are required by the Law on companies in force up to 30 November 2004 after word the Law on legal entities become in force and built up by appropriation of 5% of each year profit until a minimum amount reaches 10% of issued capital.

Statutory and other reserves are reserves formed from profit in accordance with Company's acts.

Increase in reserves in 2009 originated from distribution of profit companies within System based on decisions made by their Assemblies.

30. REVALUATION RESERVES, UNREALISED GAINS AND LOSSES FROM SECURITIES

	2009.	2008.
	(Rsd 000)	(Rsd 000)
Revaluation reserves	869.133	929.183
Unrealised gains on AFS securities	67.646	61.565
Unrealised losses on AFS securities	17.626	11.751
Total	**954.405**	**978.997**

Revaluation reserves comprise revaluation surpluses of movements in fair value of property and equipment (determined by appraisal in accordance with IAS 16 and equity investments) and amounted RSD 869, 133 thousand (2008: RSD 929,183 thousand).

Changing in the Chart of Accountant and the content of the account in the account of the economic society, cooperatives, other legal entities and entrepreneurs, made for harmonization with the requirements of revised IAS 39, introduced a few new accounts, which are 332 – Unrealised gains on AFS securities and 333 - Unrealised losses on AFS securities. Thus, the position that the previous years were recorded in the appropriate analytics group in the 330 - revaluation reserve, is now transferred to the new account.

Fall of share prices on the Belgrade Stock Exchange of companies whose shares are in portfolio securities available for sale in companies within System Energoprojekt, the largest part of the effect on the decline of this position.

31. UNDISTRIBUTED PROFIT AND LOSS

Undistributed profit relates to the:

	2009. (Rsd. 000)	2008. (Rsd. 000)
Consolidated net prior years profit	2.950.639	2.320.323
Changes during the period	777.666	630.316
Consolidated net profit as of 31 December	**3.728.305**	**2.950.639**

Changes during the year are result of, first of all obtained profit in 2009 reduced for distributed profit in 2008.

Distribution of EP Holding a.d. profit as of 31 December 2008 was done in accordance with Shareholders Assembly's decision made on XXXIII session under the point 5 of the agenda hold on 14 June 2008.

The Assembly of the EP Holding made a decision that the total amount of net current profit distribute to 5% reserve of the Company and to the undistributed profit in the amount of RSD 463 887 thousand.

The same decision, retained earnings from previous years and profit from 2008 was assigned to the increase in share capital by issuing ordinary shares of VI and VII of the issue without a public offering (Note no. 28).

Assembly Meeting of Shareholders of companies within the system (EP Oprema, EP Industrija, EP Entel) made the decision to perform the payment of dividends in cash.

In addition, the increase in positions Retained earnings caused by a change in method of consolidation Energo Plast Ltd. (Note no. 2).

32. LONG TERM PROVISION

Provisions is recognized as liabilities 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 provision comprises of:

	2009. (Rsd. 000)	2008. (Rsd. 000)
Provision for expenses in warranty	430.035	23.047
Provision for employee benefits	167.635	132.301
Other	334.680	323.203
Total	**932.350**	**478.551**

Provision for expenses in warranty relates to the Note 14.

33. LONG TERM LOANS

Liabilities from long term loans which due in a period longer than one year from the performance date, or balance sheet date relate to the following:

	Currency	Interest rate	2009. (Rsd. 000)	2008. (Rsd. 000)
Local:				
"Astra Banka", Beograd	RSD		40.140	40.140
Societe Generale banka			355.863	310.793
Alpha bank				487.336
Paris club of creditors				652.568
Legal entities and other	USD, EUR	7,5-10,5		128.559
Total			**396.003**	**1.619.396**
Abroad:				
-Iraq:	USD			387.832
Other	USD, EUR		1.199.546	437.617
Total			**1.199.546**	**825.449**
Total			**1.595.549**	**2.444.845**

Under item long term loans the most significant amounts relate to the EP Niskogradnja (RSD 1,000,748 thousand), and EP Energodata (RSD 387,197 thousand) and EP Visokogradnja (RSD 171,878 thousand).

The position of long-term loan at Societe Generale bank refers to the EP Visokogradnja for the purchase of equipment in the amount of RSD 131,738 thousand and EP Niskogradnja in the amount of RSD 224,125 thousand.

The position of other long-term loans abroad are mostly related to the EP Energodata - long-term loans at Alpha Bank London to settle the obligation for ATM in the amount of RSD 387,197 thousand and EP Niskogradnja - long-term loans for the purchase of fixed assets (WUA) in an amount of RSD 228 677 thousand, long-term liabilities Z-0163 “Navigation Lock” in the amount of RSD 411,438 thousand and liability to the former republics of Yugoslavia in the amount of RSD 134,039 thousand.

Liability of EP Visokogradnja and EP Niskogradnja by the Paris Club of creditors was partly settled during 2009, and the rest were transferred to short-term financial liabilities.

34. OTHER LONG TERM LIABILITIES

Other long term liabilities include:		
	2009. (Rsd. 000)	2008. (Rsd. 000)
Lease liabilities – long term	53.812	95.690
Office for City Construction Land		
Other	86.701	81.163
Total	**140.513**	**176.853**

35. SHORT TERM FINANCIAL LIABILITIES

Short term financial liabilities include:			
	Currency	2009. (Rsd. 000)	2008. (Rsd. 000)
Short term RSD loans:		(Rsd. 000)	(Rsd. 000)
Domestic banks		975.396	943.362
Short term foreign currency loans			
Domestic banks	EUR, USD	652.349	131.621
Total		**1.627.745**	**1.074.983**
Other short term financial liabilities and current portion of long term loans		446.141	122.656
Short term loans abroad	EUR, USD	175.646	252.493
Banks and legal entities			
Total		**2.249.532**	**1.450.132**

Short term dinars loans and loans with the foreign currency clause with local banks mostly related to the company EP Visokogradnja in the amount of RSD 617,538 thousand, EP Holding in the amount of RSD 142,447 thousand and to the EP Niskogradnja in the amount of RSD 245,472 thousand.

The position of short-term foreign currency loans included EP Niskogradnja liability by the Paris Club of creditors in the amount of RSD 509 902 thousand, which was moved from a position of long-term loans, since the short maturity of one year.

The positions of short-term loans abroad and other short-term financial obligations and current maturities of long-term loans mainly relate to the EP Visokogradnja and Ep Niskogradnja.

36. LIABILITIES FROM BUSINESS OPERATIONS

Liabilities from business operations include:

Liabilities from business operations	2009. (Rsd. 000)	2008. (Rsd. 000)
Received advances, short-term deposits and caution money	7.095.100	6.381.572
Trade payables - domestic	703.202	962.532
Trade payables - foreign	1.566.135	1.517.495
Other liabilities from business operations	48.602	21.951
Total	**9.413.039**	**8.883.550**
Liabilities from specific operations	230.505	489.750
Total	**9.643.544**	**9.373.300**

Received advance in the amount of RSD 5,093,608 thousand relate to collected advance payment made in accordance with Sell Purchase Agreement re. building under construction for EP Holding project Block 26 – Celina 1.

The most significant liability of the company EP Visokogradnja is received advance payments from foreign investors in the WUA in the amount of RSD 358,888 thousand and in foreign companies in the amount of RSD 181,490 thousand, advances on the basis of work on the project “Prokop” in the amount of RSD 93,746 thousand on the basis of untaken apartments on Bezanijska kosa in the amount of RSD 38,908 thousand.

EP Niskogradnja has received advances by WUA in Peru in the amount of RSD 601,618 thousand and by LOT 1.1. Novi Sad project in the amount of RSD 271,637 thousand.

Position Trade payables - foreign are largely EP Oprema in the amount of RSD 563,181 thousand, EP Niskogradnja in the amount of RSD 385,032 thousand, EP Visokogradnja in the amount of RSD 360,623 thousand and EP Entel in the amount of RSD 184,277 thousand.

37. OTHER SHORT TERM LIABILITIES

	2009. (Rsd. 000)	2008. (Rsd. 000)
Salaries and contributions	697.098	606.531
Dividends	46.261	10.336
Other liabilities	44.097	41.554
Total	**787.456**	**658.421**

38. VAT DUTIES, OTHER PUBLIC LIABILITIES AND ACCRUALS AND DEFERRED INCOME

	2009. (Rsd. 000)	2008. (Rsd. 000)
VAT and other public liabilities	498.889	487.094
Accruals and deferred income	817.885	676.055
Total	**1.316.774**	**1.163.149**

The position of Accruals and deferred income have a dominant participation of EP Entel in the amount of RSD 420,660 thousand in the name of the retention money (which is a maturity shorter than one year) at the project Phase VI, Qatar and EP Garant in the amount of RSD 207,122 thousand for unearned premium, loss reserves and uninvoiced expenses.

39. COMMITMENT AND CONTINGENCIES

There are a few legal litigations filed against legal entities within System “Energoprojekt” from which the most significant related to GP “Rad” in bankruptcy. These litigations relate to the several legal entities within System “Energoprojekt” as adherents of the company RO “Izgradnja”.

The final outcome of these legal proceedings is uncertain. The Management, based on professional department opinion, believes that no material damages will be experienced by the System “Energoprojekt”, Beograd, and hence has not booked a provision for the potential losses that might reasonably arise from the aforementioned litigations.

The list of most significant litigations is enclosed.

40. OFF BALANCE SHEET ITEMS

Off balance sheet items System in the amount of RSD 13,816,859 thousand dominantly refers to the issued and received guarantees (advance, guarantee for good performance) and external collateral for taken loans. Mortgage on the facility under construction - a block 26 New Belgrade amounted to RSD 6,367,010 thousand and the right to use urban construction land in the amount of RSD 1,335,832 thousand.

41. POST BALANCE SHEET EVENTS

No material significant events happened after the balance sheet date.


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