

**EKO YU A.D. BEOGRAD**

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**EKO YU A.D.**  
**Financial statements for the year ended 31 December 2008**  
(all amounts are stated in 000 RSD unless otherwise stated)

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<b>Content</b>	<b>Page</b>
Independent Auditor's report	
Financial statements:	
Balance sheet	
Income Statement	
Cash Flow Statement	
Statement of changes in equity	
Statistical annex	
Notes to the Financial Statements	1-30

## INDEPENDENT AUDITOR'S REPORT

### To the Management of EKO YU A.D. Beograd

We have audited the accompanying financial statements of EKO YU A.D. Beograd (the "Company") which comprise the balance sheet as of 31 December 2008 and the 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 notes. The statistical annex is an integral part of these financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Law on Accounting and Auditing of the Republic of Serbia. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

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

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

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

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of EKO YU A.D. Beograd as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the Law on Accounting and Auditing of the Republic of Serbia.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to the following facts:

- (a) The Company incurred a net loss of RSD 907,861 thousand during the year ended 31 December 2008 (31 December 2007 – RSD 375,018 thousand) and, as of that date the Company's net assets are negative by RSD 99,698 thousand (net assets as of 31 December 2007 were positive) and the share capital amounts to RSD 2,044,025 thousand (31 December 2007 – RSD 2,044,025 thousand). In accordance with the Company Law, management of the Company must be informed to decide on appropriate action if during preparation of the Company's financial statements it is noted, or other circumstances indicate, that the Company has incurred losses up to 50% of its registered stake capital. The Company Law is silent on what are the consequences if the Company has incurred losses greater than 50% of its registered capital. Furthermore, if the net asset value of the Company is below the minimum stake capital required by the Company Law for that form of company, and remains in that manner for a period of six months from the moment it becomes first apparent, liquidation procedures can be initiated. The ultimate outcome of this matter cannot presently be determined and, consequently, the financial statements do not include adjustments or disclosures to reflect these issues.
- (b) The accompanying financial statements do not comply with all of the requirements of International Financial Reporting Standards. Accordingly, the financial statements are not intended to present the financial position and results of operations and cash flows of the Company in accordance with accounting principles generally accepted in jurisdictions outside the Republic of Serbia.

  
Milivoje Nešović  
Licensed Auditor

  
PricewaterhouseCoopers d.o.o., Beograd

Belgrade, 10. April 2009

Company\_EKO YU AD  
 Address\_Tošin Bunar 274a  
 Identification number 17413333  
 Business code 50500  
 Tax identification number 100118236

**BALANCE SHEET**

As at 31.12.2008.

(in thousands RSD)

Code of accounts	ITEM	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>ASSETS</b>				
	<b>A. NON CURRENT ASSETS</b> (002+003+004+005+009)	001		6898223	5889634
00	I. UNPAID SUBSCRIBED CAPITAL	002			
012	II. GOODWILL	003			
01 less 012	III. INTANGIBLE ASSETS	004	5	2012302	1801871
01 less 012	IV. PROPERTY, PLANT & EQUIPMENT and BIOLOGICAL ASSETS (006+007+008)	005		4885921	4087763
020, 022, 023, 026, 027 (part), 028 (part), 029	1. Property, plant & equipment	006	6	4836756	4087763
024, 027 (part), 028 (part)	2. Investment property	007	6	49165	
021, 025, 027 (part), 028 (part)	3. Biological assets	008			
	V. LONG TERM FINANCIAL INVESTMENTS (010+011)	009			
030 to 032, 039 (part)	1. Investments in Equity	010			
033 to 038, 039 (part) less 037	2. Other long term investments	011			
	<b>B. CURRENT ASSETS (013+014+015+021)</b>	012		1064640	821844
10 to 13,15	I. INVENTORIES	013	8	366112	303974
14	II. NON CURRENT ASSETS HELD FOR SALE & ASSETS ATTRIBUTABLE TO DISCONTINUED OPERATIONS	014			
	III. SHORT TERM RECEIVABLES, INVESTMENTS & CASH (016+017+018+019+020)	015		698528	517870
20, 21, 22 less 223	1. Receivables	016	9	564143	282747
223	2. Overpaid tax receivables	017			
23 minus 237	3. Short term financial placements	018			
24	4. Cash and cash equivalents	019	10	76185	108606
27 & 28 less 288	5. Value added tax and accruals	020	11	58200	126517
288	III. DEFERRED TAX ASSETS	021			
	<b>C. BUSINESS ASSETS (001+012)</b>	022		7962863	6711478
29	<b>D. LOSS EXCEEDING CAPITAL</b>	023	13	99696	
	<b>E. TOTAL ASSETS (022+023)</b>	024		8062559	6711478
88	<b>F. OFF-BALANCE SHEET ASSETS</b>	025	12	534606	316945

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**BALANCE SHEET (continued)**

As at 31.12.2008.

(in thousands RSD)

Code of accounts 1	ITEM 2	EDP 3	Note no. 4	Amount	
				Current year 5	Previous year 6
	<b>LIABILITIES</b>				
	<b>A. CAPITAL (102+103+104+105+106-107-108)</b>	101			808166
30	I. INITIAL CAPITAL	102	13	2044025	2044025
31	II. UNPAID SUBSCRIBED CAPITAL	103			
32	III. RESERVES	104			
330 and 331	IV. REVALUATION RESERVE	105			
332		106			
333		107			
332	V. RETAINED EARNINGS	108			
35	VI. LOSS	109		2044025	1235859
037 & 237	VII. TREASURY SHARES	110			
	<b>B. NON CURRENT PROVISIONS &amp; LIABILITIES (112+113+116)</b>	111		8062559	5903312
40	I. LONG TERM PROVISIONS	112		1127	871
41	II. LONG TERM LIABILITIES (112+113)	113		6919145	2584510
414, 415	1. Long term borrowings	114	15	6919145	2583777
41 LESS 414 & 415	2. Other long term liabilities	115	15	1649	733
	III. SHORT TERM LIABILITIES (117+118+119+120+121+122)	116		1142287	3317931
42 less 427	1. Short term financial liabilities	117	16	321568	2748324
427	2. Liabilities attributable to assets held for sale and discontinued operations assets	118			
43 & 44	3. Trade payables	119	17	640198	520895
45, 46	4. Other short term liabilities and accruals	120	18	9656	7835
47 and 48 less 481 and 49 less 498	5. Liabilities for VAT and other public revenues	121	18	170865	40877
481	6. Income tax payable	122			
498	IV. DEFERRED TAX LIABILITIES	123			
	<b>C. TOTAL LIABILITIES (101+109)</b>	124		8062559	6711478
89	<b>D. OFF-BALANCE SHEET LIABILITIES</b>	125	12	534606	316945

In Belgrade

Responsible person for the preparation of accounts

Legal representative

Date 27.02.2009.

Company\_EKO YU AD  
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## INCOME STATEMENT

For the period that ended 31.12.2008

(in thousands RSD)

Code of accounts	ITEM	EDP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. OPERATING INCOME AND EXPENSES</b>				
	<b>I. OPERATING INCOME</b> (202+203+204-205+206)	201		10272022	6342700
60 & 61	1. Sales	202	21	10272022	6342700
62	2. Work performed by the entity and capitalized	203			
630	3. Inventories-Value increase	204			
631	4. Inventories-Value decrease	205			
64 & 65	5. Other operating revenue	206			
	<b>II. OPERATING COSTS (208 do 212)</b>	207		10257537	6372890
50	1. Purchase costs of merchandise sold	208	23	9295773	5673112
51	2. Cost of materials	209	23	61642	46295
52	3. Cost of salaries, fringe benefits and other personal expenses	210	28	85866	74147
54	4. Depreciation and provisions	211	23	231122	153986
53 & 55	5. Other operating costs	212	24	583134	425350
	<b>III. OPERATING INCOME (201-207)</b>	213		14485	
	<b>IV. OPERATING LOSS (207-201)</b>	214			30190
66	<b>V. FINANCE INCOME</b>	215		86018	133140
56	<b>VI. FINANCE COSTS</b>	216		1060803	497404
67 & 68	<b>VII. OTHER INCOME</b>	217		74456	56438
57 & 58	<b>VIII. OTHER EXPENSES</b>	218		22017	37002
	<b>IX. OPERATING PROFIT BEFORE TAX</b> (213-214+215-216+217-218)	219			
	<b>X. OPERATING LOSS BEFORE TAX</b> (214-213-215+216-217+218)	220		907861	375018
69 - 59	<b>XI. NET PROFIT ATTRIBUTABLE TO DISCONTINUED OPERATIONS</b>	221			
59 - 69	<b>XII. NET LOSS ATTRIBUTABLE TO DISCONTINUED OPERATIONS</b>	222			
	<b>B. PROFIT BEFORE TAX</b> (219-220+221-222)	223			
	<b>C. LOSS BEFORE TAX</b> (220-219+222-221)	224		907861	375018
	<b>D. INCOME TAX</b>				
721	1. Income tax expense for the period	225			
722	2. Deferred income expense for the period	226			
722	3. Deferred tax income for the period	227			
723	<b>E. BENEFITS PAID TO EMPLOYER</b>	228			
	<b>F. NET PROFIT (223-224-225-226+227-228)</b>	229			
	<b>G. NET LOSS (224-223+225+226-227+228)</b>	230		907861	375018
	<b>H. NET PROFIT ATTRIBUTABLE TO MINORITY INTEREST</b>	231			

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**INCOME STATEMENT** (continued)

For the period that ended 31.12.2008.

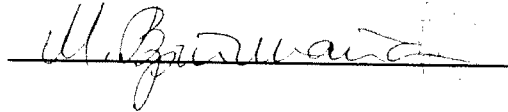
(in thousands RSD)

	I.	NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	232			
	J.	EARNINGS PER SHARE				
	K.	BASIC EARNINGS PER SHARE				
	L.	DILUTED EARNINGS PER SHARE				

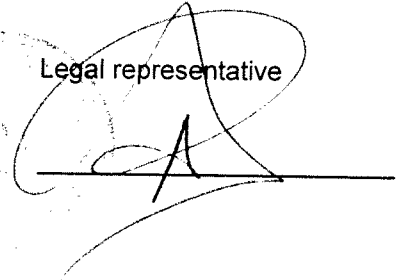
In Belgrade

Date 27.02..2009.

Responsible person for the preparation of accounts



Legal representative





Company\_EKO YU AD  
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 Tax identification number 100118236

## CASH FLOW STATEMENT

For the period that ended 31.12.2008.

(in thousands RSD)

ITEM 1	EDP 2	Amount	
		Current year 3	Previous year 4
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>I. Cash generated from operations (1 to 3)</b>	301	12088854	7475089
1. Sales and advances received	302	10112686	6158144
2. Interest from operating activities	303	2417	
3. Other inflow from operating activities	304	1973751	1316945
<b>II. Cash outflows from operating activities (1 to 5)</b>	305	12908280	8051046
1. Payments and prepayments to suppliers	306	9864684	6195892
2. Salaries, fringe benefits and other personal expenses	307	84045	69325
3. Interest paid	308	811599	349809
4. Income tax paid	309		
5. Payments for other public revenues	310	2147952	1436020
<b>III. Net cash inflow from operating activities (I - II)</b>	311		
<b>IV. Net cash outflow from operating activities (II - I)</b>	312	819426	575957
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>I. Proceeds from financing activities (1 to 5)</b>	313		6290
1. Sale of shares/stakes (net inflow)	314		
2. Proceeds from sale of intangible assets, PPE and biological assets	315		
3. Other financial investments (net inflow)	316		
4. Interest received	317		6290
5. Dividends received	318		
<b>II. Cash outflows from investing activities (1 to 3)</b>	319	1059500	2368095
1. Purchase of shares/stakes (net outflow)	320		
2. Purchase of intangible assets, property, plant and equipment and biological assets	321	1059500	2368095
3. Other financial investments (net outflow)	322		
<b>III. Net proceeds from investing activities (I - II)</b>	323		
<b>IV. Net outflow from investing activities (II - I)</b>	324	1059500	2361805
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>I. Proceeds from financing activities (1 to 3)</b>	325	4612180	5112557
1. Capital stock increase	326		
2. Proceeds from long term and short term borrowings (Net)	327	4612180	5112557
3. Other long term and short term liabilities	328		
<b>II. Cash outflows from financing activities (1 to 4)</b>	329	2765969	2144753
1. Purchase of treasury shares and stakes	330		
2. Long term, short term and other liabilities(net outflow)	331	2764612	2144290
3. Financial Lease	332	1357	463
4. Dividends paid	333		

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**CASH FLOW STATEMENT** (continued)

For the period that ended 31.12.2008.

(in thousands RSD)

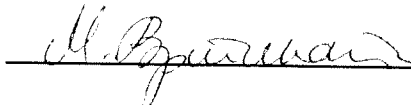
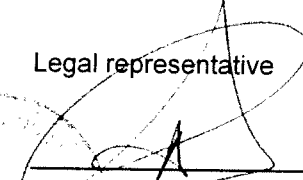
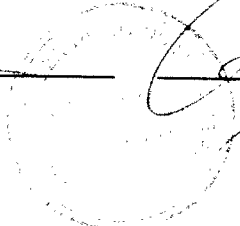
ITEM 1	EDP 2	Amount	
		Current year 3	Previous year 4
III. Net proceeds from financing activities (I - II)	334	1846211	2967804
IV. Net outflow from financing activities (II - I)	335		
D. TOTAL PROCEEDS (301+313+325)	336	16701034	12593936
E. TOTAL OUTFLOW (305+319+329)	337	16733749	12563894
F. PROCEEDS NET (336-337)	338		30042
G. OUTFLOW NET (337-336)	339	32715	
H. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	340	108606	78554
I. FOREIGN CURRENCY GAINS ON TRANSLATION OF CASH AND CASH EQUIVALENTS	341	294	10
J. FOREIGN CURRENCY LOSSES ON TRANSLATION OF CASH AND CASH EQUIVALENTS	342		
K. CASH AT THE END OF ACCOUNTING PERIOD (338-339+340+341-342)	343	76185	108606

In Belgrade

Date 27.02.2009.

Responsible person for the preparation of  
accounts

Legal representative

Company\_EKO YU AD  
 Address\_Tošin Bunar 274a  
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Enclosure 4

## STATEMENT OF CHANGES IN EQUITY

For the period that ended 31.12.2008.

DESCRIPTION	Share capital (Group 30 less 309)	Other capital (Acc. 309)	Unpaid subscribed capital (Group 31)	Share premium	Reserves (Acc. 321, 322)	Revaluation reserves (Group 33)	Retained earnings (Acc.332)	Loss not exceeding capital (Group 35)	Treasury shares and stakes (Acc. 037, 237)	(in thousands RSD)	
										Total (column 2+3+4+5+6+7 +8+9-10)	Loss exceeding capital (Group 29)
1. Balance as at 1 January of previous year	2044025							9	10	11	12
2. Adjustments of material errors and changes in accounting policies occurred in previous year - Increase								860841		1183184	
3. Adjustments of material errors and changes in accounting policies occurred in previous year - Decrease											
4. Restated opening balance as at 1 January of previous year (1+2+3)	2044025										
5. Total increase in previous year								860841		1183184	
6. Total decrease in previous year								375018			
7. Balance as at 31 December of previous year (4+5+6)	2044025							1235859		808166	
8. Adjustments of material errors and changes in accounting policies occurred in current year - Increase											

Company\_EKO YU AD  
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Enclosure 4

**STATEMENT OF CHANGES IN EQUITY (continued)**

For the period that ended 31.12.2008.

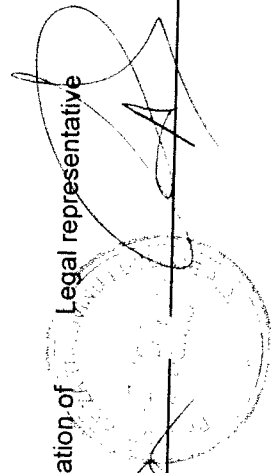
DESCRIPTION	Share capital (Group 30 less 309)	Other capital (Acc. 309)	Unpaid subscribed capital (Group 31)	Share premium	Reserves (Acc. 321, 322)	Revaluation reserves (Group 33)	Retained earnings (Acc.332)	Loss not exceeding capital (Group 35)	Treasury shares and stakes (Acc. 037, 237)	Total (column 2+3+4+5+6+7 +8+9-10)	Loss exceeding capital (Group 29)
1	2	3	4	5	6	7	8	9	10	11	12
9. Adjustments of material errors and changes in accounting policies occurred in current year - Decrease											
10. Restated opening balance as at 1 January of current year	2044025										
11. Total increase in current year								1235859		808166	
12. Total decrease in current year								808166			99696
13. Balance as at 31 December of current year (10+11-12)	2044025							2044025			99696

In Belgrade

Date 27.02.2009.

Responsible person for the preparation of accounts  
 Legal representative

*M. Buduan*



Company\_EKO YU AD  
 Address\_Tošin Bunar 274a  
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## STATISTICAL ANNEX

for the year 2008.

### I. GENERAL INFORMATION ON COMPANY/ENTERPRENEUR

DESCRIPTION	EDP	Current year	Previous year
1	2	3	4
1. Number of months of operations	601	12	12
2. Code identifying the company's size (1to3).	602	3	3
3. Code identifying the company's ownership structure (1to5).	603	2	2
4. Number of foreign persons, who may be natural persons or legal entities, holding a share in capital.	604		
5. Average number of employees based on employee position as at each months end.	605	42	37

### II. MOVEMENTS WITHIN INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, AND BIOLOGICAL ASSETS/ GROSS

(In thousands RSD)

Code of Account	DESCRIPTION	EDP	Gross	Accumulated Depreciation	Net (Column 4-5)
1	2	3	4	5	6
01	<b>1. Intangible assets</b>				
	1.1 Balance as at beginning of the year	606	1811615	9744	1801871
	1.2. Additions (purchases) during the year	607	213833	xxxxxxxxxxxxxx	213833
	1.3. Disposals during the year	608	3402	xxxxxxxxxxxxxx	3402
	1.4. Revaluation	609		xxxxxxxxxxxxxx	
	1.5. Balance as at year end (606+607-608+609)	610	2022046	9744	2012302
02	<b>2. Property, Plant and Equipment, and Biological Assets</b>				
	2.1. Balance as at beginning of the year	611	4448275	360512	4087763
	2.2. Additions (purchases) during the year	612	1025711	xxxxxxxxxxxxxx	1025711
	2.3. Disposals during the year	613	227553	xxxxxxxxxxxxxx	227553
	2.4. Revaluation	614		xxxxxxxxxxxxxx	
	2.5. Balance as at year end (611+612-613+614)	615	5246433	360512	4885921

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### III. INVENTORIES

<i>(In thousands RSD)</i>				
Code of Account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
10	1. Stock of material	616		
11	2. Work in progress	617		
12	3. Finished goods	618		
13	4. Merchandise	619	333844	298129
14	5. Non-current assets available-for-sale	620		
15	6. Prepayments	621	32268	5845
	<b>7. TOTAL</b> <b>(616+617+618+619+620+621=013+014)</b>	<b>622</b>	<b>366112</b>	<b>303974</b>

### IV. EQUITY

<i>(In thousands RSD)</i>				
Code of Account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
300	Share capital	623	2044025	2044025
	- foreign capital	624		
301	Stakes of a limited liability company	625		
	- foreign capital	626		
302	Stakes of members of a partnership or limited partnership	627		
	- foreign capital	628		
303	State owned capital	629		
304	Socially owned capital	630		
305	Stakes in cooperatives	631		
309	Other equity	632		
30	<b>TOTAL</b> <b>(623+625+627+629+630+631+632=102)</b>	<b>633</b>	<b>2044025</b>	<b>2044025</b>

### V. SHARE CAPITAL

<i>(In thousands RSD)</i>				
Code of Account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
	<b>1. Ordinary Shares</b>			
	1.1. Number of ordinary shares	634	300	300
Partly 300	1.2. Face value of ordinary shares - Total	635	2044025	2044025
	<b>2. Preference shares</b>			
	2.1. Number of preference shares	636		
Partly 300	2.2. Face value of preference shares - Total	637		
	<b>TOTAL - Face value of shares</b> <b>(635+637=623)</b>	<b>638</b>	<b>2044025</b>	<b>2044025</b>

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## VI. RECEIVABLES AND PAYABLES

Code of Account	DESCRIPTION	EDP	<i>(In thousands RSD)</i>	
			Current year	Previous year
1	2	3	4	5
20	1. Receivables from sales (Balance at year end 639 ≤ 016)	639	543909	274768
43	2. Payables from operations (Balance at year end 639 ≤ 117)	640	640198	520895
Partly 228	3. Receivables from insurance companies for compensation for damage during the year (debit turnover less opening balance)	641		
27	4. VAT – previous tax (annual amount as per tax declarations)	642	1901185	1367803
43	5. Payables from operations (credit turnover less opening balance)	643	22978119	15781346
450	6. Net salaries and fringe benefits payable (credit turnover less opening balance)	644	55438	52051
451	7. Tax on salaries and fringe benefits charged to employees payable (credit turnover less opening balance)	645	10174	8080
452	8. Contribution on salaries and fringe benefits charged to employees payable (credit turnover less opening balance)	646	10070	9491
461, 462 and 723	9. Dividends, share in profit and personal earnings of the employer payable (credit turnover less opening balance)	647		
465	10. Fees for services rendered by natural persons payable (credit turnover less opening balance)	648	5356	5726
47	11. VAT liability (annual amount as per tax declarations)	649	1922421	1291410
	<b>12. Control Total (from 639 to 649)</b>	<b>650</b>	<b>28066870</b>	<b>19311570</b>

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## VII. OTHER COSTS AND EXPENSES

*(In thousands RSD)*

Code of Account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
513	1. Cost of fuel and energy	651	50951	24363
520	2. Cost of salaries and fringe benefits (gross)	652	67033	60003
521	3. Cost of taxes and contributions on salaries and fringe benefits charged to employer	653	9565	8512
522, 523, 524 and 525	4. Cost of fees for services rendered by natural persons (gross)	654	303	742
526	5. Cost of fees for members of management and supervisory boards (gross)	655	2140	
529	6. Other personal fees and expenses	656	6825	4890
53	7. Production services cost	657	162953	124980
533, part of 540 and part of 525	8. Rental costs	658	33897	46161
Prt of 533, part of 540 and part of 525	9. Rental costs/Land	659		
536, 537	10. Research and development costs	660		
540	11. Cost of depreciation	661	230865	153588
552	12. Insurance premium costs	662	1238	629
553	13. Payment operations costs	663	34167	20287
554	14. Membership fees	664	394	337
555	15. Taxes	665	46043	25734
556	16. Contributions	666		
562	17. Interest payable	667	919837	358988
Part of 560, part of 561 and 562	18. Interest payable and a portion of financial expenses	668	919837	358988
Part of 560, part of 561 and part of 562	19. Interest payable on bank loans and loans from other financial organizations	669	918595	357937
Part of 579	20. Cost of humanitarian, cultural, health, educational, scientific and religious purposes, environmental protection and sports purposes	670		1975
	<b>21. Control Total (from 651 to 670)</b>	<b>671</b>	<b>3404643</b>	<b>1548114</b>



Company\_EKO YU AD  
 Address\_Tošin Bunar 274a  
 Identification number 17413333  
 Business code 50500  
 Tax identification number 100118236

**VIII. OTHER REVENUE**

*(In thousands RSD)*

Code of Account	DESCRIPTION	EDP	Current year	Previous year
1	2	3	4	5
60	1. Sales of merchandise	672	10272022	6342700
640	2. Revenues from premiums, subventions, grants, recourses, compensations and tax returns	673		
641	3. Revenues from conditional donations	674		
Part of 650	4. Revenues from land-rental fees	675		
651	5. Membership fees	676		
Part of 660, part of 661 and 662	6. Interest receivable	677	2417	6290
Part of 660, part of 661 and part of 662	7. Interest receivable incurring from accounts and deposits with banks and other financial organizations	678	2417	6290
Part of 660, part of 661 and part of 669	8. Revenues from dividends and share in profit	679		
	<b>9. Control Total (from 672 to 679)</b>	<b>680</b>	<b>10276856</b>	<b>6355280</b>

**IX. OTHER INFORMATION**

*(In thousands RSD)*

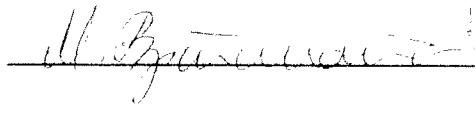
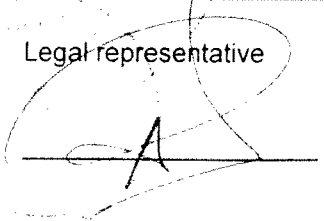
DESCRIPTION	EDP	Current year	Previous year
1	2	3	4
1. Excise duty liability (as per annual calculation of excise duty)	681	205913	42633
2. Customs and other import duties calculated (Annual Total as per calculation)	682	12182	66967
3. Capital subsidies and other government grants for the construction and purchase of fixed assets and intangible assets	683		
4. Government grants as premiums, recourses and coverage of running operating costs	684		
5. Other Government grants	685		
6. Foreign donations and other non-returnable funds, received either in cash or in kind from foreign legal and/or natural persons	686		
7. Personal earnings of the enterpreneur from net profit (To be completed ONLY by enterpreneurs)	687		
<b>8. Control Total (from 681 to 687)</b>	<b>688</b>	<b>218095</b>	<b>109600</b>

In Belgrade

Responsible person for the preparation of accounts

Legal representative

Date 27.02.2009.

**EKO YU A.D. BEOGRAD****Notes to the financial statements for the year ended 31 December 2008***(All amounts are in RSD thousands unless otherwise stated)***5. Intangible assets**

	Trade Marks & licences and similar rights	Other software development costs	Other intangibles	Total
<b>At 1 January 2007</b>				
Cost	17,523	2,910	1,791,182	1,811,615
Accumulated amortisation and impairment	(9,601)	(143)		(9,744)
<b>Net book value</b>	<b>6,350</b>	<b>2,767</b>	<b>1,791,182</b>	<b>1,801,871</b>
<b>Year ended 31 December 2007</b>				
Opening net book amount	6,350		994,394	1,000,744
Additions	5,210	2,910	576,141	584,261
Transfer from CIP	-	-	220,647	220,647
Impairment charge (note 23)	(3,638)	(143)	-	(3,781)
<b>Closing net book value</b>	<b>7,922</b>	<b>2,767</b>	<b>1,791,182</b>	<b>1,801,871</b>
<b>At 31 December 2007</b>				
Cost	17,523	2,910	1,791,182	1,811,615
Accumulated amortisation and impairment	(9,601)	(143)	-	(9,744)
<b>Net book value</b>	<b>7,922</b>	<b>2,767</b>	<b>1,791,182</b>	<b>1,801,871</b>
<b>Year ended 31 December 2008</b>				
Opening net book amount	7,922	2,767	1,791,182	1,801,871
Additions	791	0	212,361	213,152
Transfer from CIP	681	-	-	681
Impairment charge (note 23)	(3,111)	(291)	-	(3,402)
<b>Closing net book value</b>	<b>6,283</b>	<b>2,476</b>	<b>2,003,543</b>	<b>2,012,302</b>
<b>At 31 December 2008</b>				
Cost	18,994	2,910	2,003,543	2,025,447
Accumulated amortisation and impairment	(12,711)	(434)		(13,145)
<b>Net book value</b>	<b>6,283</b>	<b>2,476</b>	<b>2,003,543</b>	<b>2,012,302</b>

Amortisation of RSD 3,402 (2007: RSD\_3,781) is included in operating expenses in income statements. (Note 22)

**EKO YU A.D. BEOGRAD**
**Notes to the financial statements for the year ended 31 December 2008**
*(All amounts are in RSD thousands unless otherwise stated)*
**6. Property, plant and equipment**

	Land	Buildings	Machinery and Equipment	Construction in progress (CIP)	Investments in third party PP&E	Pre- payments	Total
<b>At 1 January 2007</b>							
Cost or valuation	579,380	1,241,173	393,922	463,215	33,156	184,844	2,885,690
Accumulated depreciation	-	(90,694)	(114,601)	-	(698)	(5,083)	(211,076)
<b>Net book value</b>	<b>579,380</b>	<b>1,150,479</b>	<b>269,321</b>	<b>463,215</b>	<b>32,458</b>	<b>179,761</b>	<b>2,674,614</b>
<b>Year ended 31 December 2007</b>							
Opening net book amount	579,380	1,150,479	269,321	463,215	32,458	179,761	2,674,614
Additions	-	1,245,097	135,198	363,596	15,437	24,876	1,784,204
Transfer from CIP to intangibles	-	-	-	(220,647)	-	-	(220,647)
Transfer from CIP to PPE	-	167,545	30,363	(213,290)	748	14,634	0
Disposals			601	-	-	-	601
Depreciation charge		(71,455)	(64,705)	-	(5,726)	(7,921)	(149,807)
<b>Closing net book value</b>	<b>579,380</b>	<b>2,491,666</b>	<b>369,576</b>	<b>392,874</b>	<b>42,917</b>	<b>211,350</b>	<b>4,087,763</b>
<b>At 31 December 2007</b>							
Cost or valuation	579,380	2,653,815	548,511	392,874	49,341	224,354	4,448,275
Accumulated depreciation		(162,149)	(178,935)	-	(6,424)	(13,004)	(360,512)
<b>Net book value</b>	<b>579,380</b>	<b>2,491,666</b>	<b>369,576</b>	<b>392,874</b>	<b>42,917</b>	<b>211,350</b>	<b>4,087,763</b>
<b>Year ended 31 December 2008</b>							
Opening net book amount	579,380	2,491,666	369,576	392,874	42,917	211,350	4,087,763
Additions	21,576	821,913	101,407	71,422	10,074	-	1,026,392
Transfer from CIP	123,856	82,924	24,174	(234,123)	2,488	-	(681)
Disposals (note 27)	-	--	(627)	-	-	-	(627)
Depreciation charge (note 23)		(122,071)	(88,071)	-	(7,809)	(8,974)	(226,925)
<b>Closing net book value</b>	<b>724,812</b>	<b>3,274,432</b>	<b>406,459</b>	<b>230,173</b>	<b>47,670</b>	<b>202,376</b>	<b>4,885,922</b>
<b>At 31 December 2008</b>							
Cost or valuation	724,812	3,558,652	673,465	230,173	61,903	224,354	5,473,359
Accumulated depreciation	-	(284,220)	(267,006)	-	(14,233)	(21,978)	(587,437)
<b>Net book value</b>	<b>724,812</b>	<b>3,274,432</b>	<b>406,459</b>	<b>230,173</b>	<b>47,670</b>	<b>202,376</b>	<b>4,885,922</b>

**6. Property, plant and equipment (continued)**

Depreciation expense of RSD 226,925 (2007: RSD 149,807) is shown under operating expenses in income statement.

In accordance with the annual count, machinery and equipment with net book value of RSD 90 is written off (purchase cost: RSD 627 / written off value RSD 537).

Total increase in value of fixed assets (new purchase) in the amount of RSD 1,026,392 is inclusive of RSD 17,573, generated in the process of interest capitalisation.

**7. Financial instruments by category**

Accounting policies related to financial instruments are applied to items shown in the table below:

	Loans and receivables	Total
<i>Assets</i>		
31 December 2008		
Trade and other receivables excluding prepayments <sup>1</sup>	564,143	564,143
Cash and cash equivalents	76,185	76,185
<b>Total</b>	<b>640,328</b>	<b>640,328</b>

	Other financial liabilities	Total
<i>Liabilities</i>		
Trade and other payables excluding prepayments <sup>2</sup>	640,198	640,198
Borrowings	7,237,844	7,237,844
Leases	2,868	2,868
<b>Total</b>	<b>7,880,910</b>	<b>7,880,910</b>

<sup>1</sup> Prepayments are excluded from the trade and other receivables balance as this analysis is required only for financial instruments.

<sup>2</sup> Statutory liabilities are excluded from the trade payables balance as this analysis is required only for financial instruments.

**7. Financial instruments by category (continued)**

	Loans and receivables	Total
<i>Assets</i>		
31 December 2007		
Assets as per balance sheet		
Trade and other receivables excluding prepayments <sup>1</sup>	282,747	282,747
Cash and cash equivalents	108,606	108,606
<b>Total</b>	<b>391,353</b>	<b>391,353</b>
	Other financial liabilities	Total
<i>Liabilities</i>		
Liabilities as per balance sheet		
Trade and other payables excluding statutory liabilities <sup>2</sup>	520,895	520,895
Borrowings	5,331,932	5,331,932
Leases	902	902
<b>Total</b>	<b>5,853,729</b>	<b>5,853,729</b>

**8. Inventories**

	2008	2007
Merchandise	333,844	298,129
Advances	32,268	5,845
<b>Total inventories – net</b>	<b>366,112</b>	<b>303,974</b>

Total shortages in 2008 amounted to RSD 16,127 and are recorded as other expenses (Note 27) and the surpluses for 2008 in RSD 17,730 are recorded in other income (Note 22).

<sup>1</sup> Prepayments are excluded from the trade and other receivables balance as this analysis is required only for financial instruments.

<sup>2</sup> Statutory liabilities are excluded from the trade payables balance as this analysis is required only for financial instruments

## 9. Receivables

	2008	2007
Trade receivables	565,245	298,121
Less: provision	(21,336)	(23,358)
<i>Trade receivables-net</i>	<b>543,909</b>	<b>274,768</b>
Receivables from employees	470	736
Other receivables	19,764	7,243
<b>Total receivables</b>	<b><u>564,143</u></b>	<b><u>282,747</u></b>

The fair value of receivables is not significantly different from net book value.

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2008, trade receivables of RSD 71,543 (2007: RSD 5,728) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

The ageing analysis of these trade receivables is as follows:

	2008	2007
Group 1 Up to 3 months	484,013	265,331
Group 2 3 to 6 months	36,826	5,291
Group 3 Over 6 months	23,070	4,146
Provision for doubtful receivables	(21,336)	(23,353)
	<b><u>543,909</u></b>	<b><u>274,768</u></b>

Group 1 – New customers up to 3 months

Group 2 – Current customers from 3 to 6 months with certain defaults

Group 3 – Current customers over 6 months with defaults

It was assessed that a portion of the receivables is expected to be recovered. The individually impaired receivables mainly relate to a number of independent customers for whom there is no recent history of default.

Carrying value of the trade and other receivables is stated in domestic currency /RSD/

**9. Receivables**

Table of movements on provision for doubtful receivables is as follows:

	<b>2008</b>	<b>2007</b>
<b>At 1 January</b>	23,353	11,860
Provision for doubtful receivables (Note 27)	4,281	16,514
Receivables written off during the year as uncollectible	(4,995)	(2,357)
Collection of provision (Note 22)	(1,303)	(2,664)
<b>At 31 December</b>	<b>21,336</b>	<b>23,353</b>

Provision and release of provision for doubtful receivables have been recorded in 'other expenses/other income in the income statement (note 27). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The Company has written off amount of RSD 4,995 for receivables to customers, which were sued.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company has promissory notes as security for collection.

**10. Cash and cash equivalents**

	<b>2008</b>	<b>2007</b>
Promissory notes – cash equivalents	5,630	8,961
Current accounts	34,398	44,508
Cash in hand of the operating units – Petrol stations	30,511	21,957
Cash in hand	53	49
Foreign account	5,593	33,131
	<b>76,185</b>	<b>108,606</b>

Credit quality of financial assets – cash equivalents and cash is with the banks with no external credit ratings, but management assesses that those are banks bear low risk.

**11. VAT and prepaid expenses**

	<b>2008</b>	<b>2007</b>
VAT	22,947	71,345
Prepaid expenses	35,253	54,919
Other prepaid expenses		253
<b>Total</b>	<b>58,200</b>	<b>126,517</b>

**12. Off balance sheet assets and liabilities**

The Company has issued the following instruments as collaterals

- Bank guarantee in amount of RSD 519,606 (EUR 6,000,000) in favour of NIS, according to supply contract
- Bank guarantee in amount of RSD 15,000) in favour of DIN, in accordance with the contract
- Blank promissory notes in favor of: Eurobank as loan guarantee  
Alpha bank as loan guarantee  
Vojvodjanska banka as loan guarantee

**13. Equity**

Share capital includes the following:

	2008	2007
Stakes – Share capital	2.044.025	2.044.055
	<b>2.044.025</b>	<b>2.044.055</b>

Table of movement in equity

	Share capital	Retained earnings/(loss)	Total
<b>Balance at 1 January 2007</b>	<b>2,044,025</b>	<b>(860,841)</b>	<b>1,183,184</b>
Profit (loss) for the year	-	(375,018)	(375,018)
Total recognised income and expense for the year	-	(375,018)	(375,018)
<b>Balance at 31 December 2007</b>	<b>2,044,025</b>	<b>(1,235,859)</b>	<b>808,166</b>
<b>Balance at 1 January 2008</b>	<b>2,044,025</b>	<b>(860,841)</b>	<b>1,183,184</b>
Profit (loss) for the year	-	(907,862)	(907,862)
Total recognised income and expense for the year	-	(907,862)	(907,862)
<b>Balance at 31 December 2008.</b>	<b>2,044,025</b>	<b>(2,143,721)</b>	<b>(99,696)</b>



**13. Equity (continued)**

As a 100% shareholder of EKO YU a.d. Beograd, registered in Belgrade ("Company"), Hellenic Petroleum Serbia Ltd, Cyprus ("parent company") states that during 2008, the Company recorded significant losses amounting to RSD 907,862, and carried down previous year losses amounting to RSD 1,235,859. Company's current liabilities (debts) are higher than current receivables and amount to RSD 443,759. We confirm that we will finance shortages in Company's cash flow, and provide financial support to the Company in order for it to develop operations and settle its debts in due time, and continue as a going concern 12 months as of the date of signing the auditors report. We also confirm that debts to the parent company will be deferred.

As the accumulated loss of RSD 2,143,721 RSD exceeds share capital, the amount of RSD 99,696 is transferred to company's assets.

**14. Long – term provisions**

	2008	2007
Provision for employee benefits	1,127	871
	<u>1,127</u>	<u>871</u>

(Note 2.15 c)

**(a) Employee benefits**

All employees are entitled to retirement benefits in accordance with the Labor law in Serbia. In 2008 the amount of RSD 257 was charged to income statement (Note 23)

**(b) Bonuses**

The provision for profit-sharing and bonuses is payable within three months of finalisation of the audited financial statements.

**15. Long term loans**

	2008	2007
Domestic		
-for intangible assets and investments in PP&E	6,640,796	2,485,896
Foreign		
-for current assets		-
- for intangible assets and investments in PP&E	276,700	97,882
<b>Total</b>	<b>6,917,496</b>	<b>2,583,777</b>

**15. Long term loans (continued)**

The maturity of non-current loan was as follows:

	2008	2007
Between 1 and 2 years	75,943	286,515
Between 2 and 5 years	6,841,553	2,297,262
	<b>6,917,496</b>	<b>2,583,777</b>

The carrying amounts of the Company's loans are denominated in the following currencies:

	2008	2007
RSD	6,841,553	4,893,869
EUR	396,292	438.063

The exposure of the Company's loans to interest rate changes and the maturity dates at the balance sheet dates are as follows:

	6 -12 months	1-5 years	Total
<b>At 31 December 2008</b>			
Total borrowings	320,348	6,917,496	7,237,844
<b>At 31 December 2007</b>			
Total borrowings	2,748,155	2,583,777	5,331,932
	<b>2,748,155</b>	<b>2,583,777</b>	<b>5,331,932</b>

The carrying and the fair value of non-current loans:

	Carrying value		Fair value	
	2008	2007	2008	2007
Bank loans	6,917,496	2,583,777	2,583,777	2,583,777
	<b>6,917,496</b>	<b>2,583,777</b>	<b>6,917,496</b>	<b>2,583,777</b>

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

**15. Long term loans (continued)**

The Company has the following unused loan facilities:

	2008	2007
Floating rate:		
– Expiring within 1 year		
– Expiring within 3 years	1,230,799	
	<u>1,230,799</u>	

Loan facilities have been arranged to help finance the proposed expansion of the Company's activities in capital investments.

**Long-term lease liabilities**

	2008	2007
- Maturity up to 1 year	1,220	169
- Maturity up to 5 years	1,648	733
	<u>2,868</u>	<u>902</u>

**16. Short term financial liabilities**

	2008	2007
Short term loans - domestic		2.407.974
Current portion of long term loans	320,348	340,181
Current portion of financial lease liabilities	1,220	169
	<u>321,568</u>	<u>2,748,324</u>

**17. Payables**

	2008	2007
Customer prepayments	4	3,277
Trade payables – parents and subsidiaries	20,815	9,725
Trade payables – domestic	615,455	456,139
Trade payables – foreign	3,924	51,754
<b>Total</b>	<u>640,198</u>	<u>520,895</u>

Trade payables amounting to RSD 24,739 are denominated in foreign currency, mainly EUR as at 31 December 2008.

**18. Other current liabilities and accrued expenses****18.1. Other current liabilities**

	2008	2007
Liabilities for unpaid wages and salaries, gross	9,656	7,835
	<u>9,656</u>	<u>7,835</u>

Liabilities for unpaid salaries relate to those paid in 2009.

Liabilities for interest expense relate to loan interest accounted for in 2008

**18.2. Liabilities for VAT and other public revenue and accrued expenses**

	2008	2007
Liabilities for interest and finance expenses	108,238	28,896
Liabilities for other taxes and contributions	8,760	4,054
Liabilities for assize on LPG	12,293	4,330
Prepaid expenses	40,567	2,448
Other accrued expenses – VAT shortage	1,007	1,148
	<b>170,865</b>	<b>40,877</b>

**19. Deferred income tax**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the future taxable profits will be available for use. The Company did not recognise deferred income tax assets of RSD 985,138 (2007: RSD 785,742) in respect of losses amounting to RSD 1,967,400 (2007: RSD 1,176,277) that can be carried forward against future taxable income.

**20. Reconciliation**

The Company has performed reconciliation of its receivables and payables as at 31/12/2008. Non-reconciled receivables amounted in RSD 9,757, out of total of RSD 543,909. Non-reconciled payables amounted in RSD 54,620 out of total of RSD 640,194 .

**21. Revenue**

	2008	2007
Sales	10,272,022	6,342,700
	<u>10,272,022</u>	<u>6,342,700</u>

**22. Other operating income**

	<b>2008</b>	<b>2007</b>
Income from collection of written off receivables	1,303	2,664
Rental income	17,598	5,612
Income – surpluses	17,730	27,315
Income – marketing and advertisement	20,667	9,506
Recharged expenses to managers of petrol stations	17,158	11,341
	<b>74,456</b>	<b>56,438</b>

**23. Operating expenses**

	<b>2008</b>	<b>2007</b>
Cost of goods sold	9,295,773	5,673,112
Material costs	61,642	46,295
Wages and salaries (note 28)	85,866	74,147
Depreciation (note 5,6)	230,865	153,588
Provisions	257	398
Other operating expenses (note 24)	583,134	425,350
	<b>10,257,537</b>	<b>6,372,890</b>

Amortization costs for intangible assets amount to RSD 3,781, and depreciation for property, plant and equipment in RSD 227,462 (Notes 5 and 6)

Material cost includes;

	<b>2008</b>	<b>2007</b>
Fittings	1,896	5,624
Office supplies	16	1,426
Other overhead material	7,324	7,427
Own consumption	4,030	1,669
Electricity	46,921	22,695
Material consumed in process of sales	1,455	7,454
	<b>61,642</b>	<b>46,295</b>

**24. Other operating expenses**

	<b>2008</b>	<b>2007</b>
Audit	2,332	2,643
Security	14,475	11,156
Transportation services	1,661	773
Maintenance	46,145	19,521
Computer software maintenance	7,183	4,387
Rental costs	32,312	45,022
Fairs	1,584	1,138
Advertising and representation costs	31,554	25,603
Consulting services	18,411	19,294
Gas stations fees	293,079	208,250
Public services	15,096	8,847
Costs of other services	12,304	8,082
Costs of non production services	3,081	3,362
Representation costs	5,013	6,847
Insurance premium	1,238	629
Bank charges	34,169	20,287
Membership fees	394	337
Employee trainings	1,308	2,041
Taxes and contributions	46,013	25,735
Mail services	15,782	11,396
	<b>583,134</b>	<b>425,350</b>

**25. Finance income**

	<b>2008</b>	<b>2007</b>
Interest income	2,417	6,290
Foreign exchange gains	83,601	126,850
	<b>86,018</b>	<b>133,140</b>

**26. Finance expenses**

	<b>2008</b>	<b>2007</b>
Interest expenses – total	937,409	395,980
Interest capitalisation (note 6)	(17,573)	(36,992)
Interest expenses – net	919,837	358,988
Foreign exchange losses	140,966	138,416
	<b>1,060,803</b>	<b>497,404</b>

**27. Other expenses**

	<b>2008</b>	<b>2007</b>
Losses on disposal:		
- intangibles, property, plant and equipment	90	230
Shortages	16,127	14,820
Losses from thefts at petrol stations		2,235
Impairment	4,281	16,514
Writing off of prepayments	379	2,229
Other	1,140	974
	<b>22,017</b>	<b>37,002</b>

**28. Wages and salaries**

	<b>2008</b>	<b>2007</b>
Wages and salaries (gross)	67,033	60,003
Taxes and contributions on wages and salaries paid by employer	9,565	8,512
Fees paid to management and supervisory board members	2,140	
Cost of special service and temporary service agreements		
Cost of copyright agreements	303	742
Other personal expenses and benefits	6,825	4,890
	<b>85,866</b>	<b>74,147</b>

**29. Income tax expense**

	<b>2008</b>	<b>2007</b>
Current tax:	-	-
Deferred tax	-	-
	-	-

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighed average tax rate applicable to the Company's profits as follows:

	<b>2008</b>	<b>2007</b>
Profit / (loss) before tax	(907,861)	(375,018)
Tax calculated at statutory tax rate – 10% on loss	(90,786)	(37,502)
Expenses not deductible for tax purposes	7,629	4,045
Utilisation of previously unrecognised tax losses		
Tax losses for which no deferred income tax assets was recognised	83,157	33,457
<b>Tax charge</b>	<b>-</b>	<b>-</b>

**30. Contingencies**

The Company has contingent liabilities in respect of the bank guarantee issued as a collateral in favour of NIS Jugopetrol in the amount of RSD 519,606 and for DIN in the amount of RSD 15,000. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Company has given guarantees amounting to RSD 534,606 (2007: RSD 316,945) to third parties.

**(a) Taxation**

The Company was subject to tax inspection in 2008 which encompassed control over 2007 and 2008. Upon completion of the tax audit, inspection issued decision for improper calculation of VAT payable in those periods imposing significant penalties to the Company.

The Company has appealed to the Decision and Tax authorities ruled in favour of the Company, which means that the procedure will start from the beginning. The Company does not expect that contingent liability will result from the new process.

**(b) Transfer pricing**

The fiscal legislation of the Republic of Serbia includes regulations regarding transfer pricing between related parties. The current legislative framework defines the "arm's length" principle for transactions between related parties, as well as the methods for determining the transfer prices. Thus, it is expected that the tax authorities may initiate in depth inspections of the transfer prices, in order to ensure that the taxable profit and/or the customs value of imported goods are not misstated by the effects of transfer prices between related parties. The Company cannot assess the outcome of any such inspection.

**(c) Insurance policies**

The Company holds insurance policies with DDOR Novi Sad in relation to its assets, operations and other insurable risks.

**(d) Environmental matters**

Environmental regulations are developing in the Republic of Serbia and the Company has not recorded any liability at 31 December 2006 for any anticipated costs, including legal and consulting fees, site studies, the design and implementation of remediation plans, related to environmental matters. Management do not consider the costs associated with environmental issues to be significant.

**(e) Legal proceedings**

During the year, the Company was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Company and which have not been accrued or disclosed in these financial statements.

**(f) Bank and other guarantees**

The Company has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Company has given guarantees in the ordinary course of business amounting to RSD 534,606 to third parties.



**31. Commitments***(a) Operating lease commitments – where the Company is the lessee*

The Company leases certain number of Petrol stations under operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The operating lease costs are recorded to the income statement during the year as disclosed in the note 23.

**32. Related party transactions**

The Company is controlled by HELLENIC PETROLEUM SERBIA (HOLDINGS), incorporated in Cyprus), which owns 100% of the Company's shares. The ultimate parent of the Company is Hellenic – Petroleum (incorporated in Greece).

The following transactions were carried out with related parties:

*a) Purchases of goods and services*

	<b>2008</b>	<b>2007</b>
Purchase of goods:		
- HELLENIC PETROLEUM	14,942	
- EKO	23,469	14,213
- JUGOPETROL KOTOR		81,856
- OKTA SKOPJE		35,137
Purchase of services		
- ELPE CONSULTING	9,814	9,598
	<b>48,225</b>	<b>140,804</b>

*a) Year end balances arising from sales/purchases of goods/services*

	<b>2008</b>	<b>2007</b>
Payables to related parties (Note 16)		
- EKO	3,215	7,348
- HELLENIC PETROLEUM	14,942	-
- ELPE CONSULTING	2,658	2,377
	<b>20,815</b>	<b>9,725</b>

The payables to related parties arise mainly from purchase transactions and are due one month after the date of purchase.

No provision has been required in 2008 and 2007 for the loans made to directors and associates.

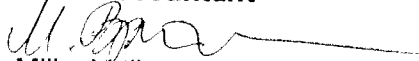
*(a) Key management considerations*

The key management received amount of RSD 9,638 (2007: RSD 8,205) as salary and bonuses.

**33. Events after the balance sheet dates**

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for. There are no events requiring disclosure after the balance sheet date.

**Chief accountant**

  
Milka Vrtikapa



**General Manager**

  
Vasillis Panagopoulos