INTESA LEASING d.o.o. Beograd

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

This is an English translation of the Report originally issued in Serbian language (for management purpose only

Ernst & Young
Quality In Everything We Do

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

Ernst & Young

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INDEPENDENT AUDITORS' REPORT
TO THE OWNERS OF INTESA LEASING D.O.O. BEOGRAD

We have audited the accompanying financial statements of Intesa Leasing d.o.o. Beograd (hereinafter: the Company), which comprise the balance sheet as at December 31, 2009, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting and Auditing Law and other applicable regulations in Republic of Serbia. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditors' 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 auditors' 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 for 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 financial statements give a true and fair view of the financial position of the Company as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with Accounting and Auditing Law of Republic of Serbia and basis set out in Note 2 to the accompanying financial statements.

Belgrade, June 15, 2010

Mirjana Perendija Kovačević
Certified auditor

PREDUZEĆE ZA REVIZIJU • ERNST & YOUNG • BEOGRAD, d.o.o.

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Identification number									Business code						Tax identification number									
5	8	0										0					3	0	0	0	0	0	10	
1	2	3										19					20	21	22	23	24	25	26	

INTESA LEASING DOO BEOGRAD

Location: **Cara Urosa 54**

BALANCE SHEET

As of 31 December 2009

- in RSD 000 -

Code of accounts	ITEM	EDP	Note No.	Amount Current year	Previous year
1	2	3	4	5	6
	ASSETS				
	A. NON CURRENT ASSETS (002+003+004+005+009)	001		**2,633,311**	**2,566,651**
00	I. SUBSCRIBED CAPITAL UNPAID	002		-	-
012	II. GOODWILL	003		-	-
01 without 012	III. INTANGIBLE ASSETS	004	15	1,879	2,042
	IV. PROPERTY, PLANT AND EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005	16	12,252	12,920
020,022,023, 026,027(part), 028 (part), 029	1.Property and equipment	006		12,252	12,920
024, 027(part), 028 (part)	2.Investment properties	007		-	-
021,025,027 (part) and 028(part)	3. Biological assets	008		-	-
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		2,619,180	2,551,689
030 to 032, 039 (part)	I. Investment in shares	010		-	-
033 to 038,039 (part) minus 037	2. Other long-term financial investments	011	17	2,619,180	2,551,689
	B. CURRENT ASSETS (013+014+015)	012		**3,341,240**	**2,553,535**
10 to 13, 15	I. INVENTORIES	013	18	162,434	295,671
14	II. NON CURRENT ASSETS HELD FOR SALE AND ASSETS FROM DISCONTINUING OPERATIONS	014		-	-
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015		3,178,806	2,257,864
20,21 and 22, except 223	1. Receivables	016	19	141,696	162,342
223	2. Prepaid income tax	017		-	-
23 minus 237	3. Short-term financial investments	018	20	2,190,722	1,382,382
24	4. Cash and cash equivalents	019	21	756,316	689,371
27 and 28 except 288	5. Value added tax and accruals	020	22	90,072	23,769
288	C. DEFERRED TAX ASSETS	021		6,560	
	D. OPERATING ASSETS (001+012+021)	022		**5,981,111**	**5,120,186**
29	**E. LOSS EXCEEDING CAPITAL**	023			
	F.TOTAL ASSETS (022+023)	024		**5,981,111**	**5,120,186**
88	**G. OFF-BALANCE SHEET ASSETS**	025		-	-

in RSD 000 -

Code of accounts	ITEM	EDP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	EQUITY AND LIABILITIES				
	A. EQUITY (102+103+104+105+106-107+108-109-110)	101		**1,002,307**	**25,374**
30	I. STAKE CAPITAL	102	23	960,374	420,735
31	II.SUBSCRIBED UNPAID CAPITAL	103		-	--
32	III. RESERVES	104		-	-
330,331	IV. REVALUATION RESERVES	105		-	-
332	V. UNREALIZED GAINS RELATED TO SECURITIES	106		-	-
333	VI. UNREALIZED LOSSES REALTED TO SECURITIES	107		-	-
34	VII. RETAINED EARNINGS	108	23	41,933	
35	VIII. LOSS	109		-	395,361
037 and 237	IX. PURCHASED OWN SHARES	110		-	-
	B.LONG-TERM PROVISIONS AND LIABILITIES (112+113+116)	111		**4,978,804**	**5,094,812**
40	I. LONG-TERM PROVISIONS	112	24	6,764	1,539
41	II. LONG-TERM LIABILITIES (114+115)	113		4,151,238	4,579,064
414, 415	1. Long-term borrowings	114	25	4,151,238	4,579,064
41 without 414 and 415	2. Other long-term liabilities	115		-	-
	III. SHORT-TERM LIABILITES (117+118+119+120+121+122)	116		820,802	514,209
42 except 427	1. Short-term financial liabilities	117	26	727,938	398,141
427	2. Liabilities in respect of assets intended for sale and assets from discontinuing operations	118		-	-
43 and 44	3. Trade and other payables	119	27	7,960	9,560
45 and 46	4. Other curent liabilities and accruals	120	28	81,953	93,493
47, 48 except 481 and 49 except 498	5. Value added tax and other public duties	121	29	2,951	13,015
481	6. Income tax payables	122		-	-
498	**C. DEFERRED TAX LIABILITIES**	123		-	-
	D. TOTAL EQUITY AND LIABILITIES (101+111+123)	124		**5,981,111**	**5,120,186**
89	**E.OFF-BALANCE SHEET LIABILITIES**	125		-	-

In Belgrade
June 11, 2010

Person responsible for the financial statements preparation

Legal representative

Intesa Leasing doo Beograd

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Identification number									Business code						Tax identification number								

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1	2	3	19	20	21	22	23	24	25	26

INTESA LEASING DOO
BEOGRAD
Location: **Cara Urosa**
54

INCOME STATEMENT
for the period from 1 January 2009 to 31 December 2009

- in RSD 000 -

Code of accounts	ITEM	EDP	Note No.	Amount Current year	Previous year
1	2	3	4	5	6
	A.OPERATING INCOME AND EXPENSES				
	I. OPERATING REVENUES (202+203+204-205+206)	201		**1,300,851**	2,079,443
60 and 61	1. Sales	202	4	**1,287,254**	2,070,761
62	2. Revenue from consumption of own products	203		-	874
630	3. Increase in value of inventories	204		-	-
631	4. Decrease in value of inventories	205		-	-
64 and 65	5. Other operating income	206	5	13,597	7,808
	II. OPERATING EXPENSES (208 to 212)	207		**1,399,012**	2,230,559
50	1. Cost of goods sold	208	6	1,271,898	2,059,905
51	2. Cost of material	209	7	3,295	3,341
52	3. Salaries and other benefits to employees	210	8	59,998	48,567
54	4. Depreciation and provision	211		9,942	4,428
53 and 55	5. Other operating expenses	212	9	53,879	114,318
	III. OPERATING PROFIT (201-207)	213		-	-
	IV. OPERATING LOSS (207 - 201)	214		**98,161**	151,116
66	**V. FINANCE INCOME**	215	10	**1,616,820**	2,838,171
56	**VI. FINANCEEXPENSES**	216	11	**1,205,706**	2,774,027
67, 68	**VII. OTHER INCOME**	217	12	**33,667**	44,555
57, 58	**VIII. OTHER EXPENSES**	218	13	**311,247**	101,198
	IX. PROFIT FROM REGULAR OPERATIONS BEFORE TAXATION (213-214+215-216+217-218)	219		**35,373**	-
	X. LOSS FROM REGULAR OPERATIONS BEFORE TAXATION (214-213-215+216-217+218)	220		-	143,615
69-59	**XI. NET INCOME FROM DISCONTINUING OPERATIONS**	221		-	-
59-69	**XII. NET LOSS FROM DISCONTINUING OPERATIONS**	222		-	-

- in RSD 000 -

Code of accounts	ITEM	EDP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	B. PROFIT BEFORE TAXATION (219-220+221-222)	223		35,373	-
	C. LOSS BEFORE TAXATION (220-219+222-221)	224		-	143,615
	D. INCOME TAX			-	-
721	1.Current income tax charge	225		-	-
722	2.Deferred income tax charge	226		-	-
722	3.Deferred tax income	227	14	6,560	-
723	**E. SALARIES PAID TO EMPLOYER**	228		-	-
	F. NET PROFIT (223-224-225-226+227-228)	229		41,933	-
	G. NET LOSS (224-223+225+226-227+228)	230		-	143,615
	H. NET PROFIT BELONGING TO MINIORITY SHAREHOLDERS	231		-	-
	I. NET PROFIT BELONGING TO PARENT COMPANY OWNERS	232		-	-
	J. EARNING PER SHARE			-	-
	1. Initial earning per share	233		-	-
	2. Decreased earning per share	234		-	-

In Belgrade

June 11, 2010

Person responsible for the financial statements preparation

Legal representative

Todorović I.

Privredno društvo za finansijski lizing Intesa Leasing doo Beograd · Beograd · doo

1	7	4	9	2	7	1	3	6	5	2	1	0	1	0	3	0	2	3	8	7		5
Identification number								Business code					Tax identification number									

5	8	0	0	3	0	0	0	0	0	10
1	2	3	19	20	21	22	23	24	25	26

INTESA LEASING DOO BEOGRAD
Location: **Cara Urosa 54**

CASH FLOW STATEMENT
for the period from 1 January 2009 to 31 December 2009

- in RSD 000 -

ITEM	EDP	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities(1 to 3)	301	**1,971,165**	**2,798,246**
1. Sales and advances received	302	1,663,515	2,495,663
2. Interests received from operating activities	303	294,250	296,015
3. Other inflow from ordinary operations	304	13,400	6,568
II. Cash outflow from operating activities (1 to 5)	305	**1,436,769**	**3,999,389**
1.Payments and prepayments to suppliers	306	1,135,177	3,572,677
2.Salaries, compensations and other employee benefits	307	59,277	48,548
3. Interests paid	308	206,165	263,330
4. Income tax	309	-	-
5. Payments for other public income	310	36,150	114,834
III. Net cash inflow from operating activities (I - II)	311	**534,396**	-
IV. Net cash outflow from operating activities (II - I)	312	-	**1,201,143**
B. CASH FLOWS FROM INVESTING ACTIVITIES		-	-
I. Cash inflow from investing activities (1 to 5)	313	**2,852**	-
1. Sales of stocks and shares (net inflows)	314	-	-
2. Sales of intangible assets, property, plant and equipment and biological assets	315	747	-
3. Other financial investments (net inflows)	316	-	-
4. Interests received from investing activities	317	2,105	-
5. Dividends received	318	-	-
II. Cash outflow from investing activities (1 to 3)	319	**981,121**	**1,014,468**
1. Purchase of stocks and shares (net outflows)	320	-	-
2. Purchase of intangible assets, property, plant and equipment and biological assets	321	7,231	3,510
3. Other financial investments (net outflows)	322	973,890	1,010,958
III. Net cash inflow from investing activities (I - II)	323	-	-
IV. Net cash outflow from investing activities (II - I)	324	**978,269**	**1,014,468**

- in RSD 000 -

ITEM	EDP	Amount	
		Current year	Previous year
1	2	3	4
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflows from financing activities (1 to 3)	325	**935,000**	**1,966,149**
1. Initial captal increase	326	935,000	
2. Long-term and short-term loans (net inflows)	327	-	1,966,149
3. Other long-term and short-term liabilities	328	-	-
II. Cash outflows from financing activities (1 to 4)	329	**470,756**	-
1. Purschase of own stockas and shares	330	-	-
2. Long-term and short-term loans and other liabilities (net outlows)	331	470,756	-
3. Financial lease	332	-	-
4. Dividends paid	333	-	-
III. Net cash inflow from financing activities (I - II)	334	**464,244**	**1,966,149**
IV. Net cash outflow from financing activities (II - I)	335	-	-
D. TOTAL CASH INFLOWS(301+313+325)	336	2,909,017	4,764,395
E. TOTAL CASH OUTFLOWS (305+319+329)	337	2,888,646	5,013,857
F. NET CASH INFLOW (336-337)	338	**20,371**	-
G. NET CASH OUTFLOW (337-336)	339	-	**249,462**
H. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD	340	689,371	646,770
I. FOREIGN CURRENCY GAINS ON TRANSLATION OF CASH	341	46,574	292,063
J. FOREIGN CURRENCY LOSSES ON TRANSLATION OF CASH	342	-	-
K. CASH AT THE END OF ACCOUNTING PERIOD (338-339+340+341-342)	343	756,316	689,371

In Belgrade

June 11, 2010

Person responsible for the financial statements preparation

Попадовић П.

Legal representative

Intesa Leasing doo Beograd

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Identification number									Business code						Tax identification number													
5	8	0									0						3	0	0	0	0	0	10					
1	2	3									19						20	21	22	23	24	25	26					

Name: Intesa Leasing

Location: Cara Urosa 54

STATEMENT ON CHANGES IN EQUITY
for the period from 1 January 2009 to 31 December 2009

No	DESCRIPTION	EDP	Initial capital (group 30 without 309)	EDP	Other capital (account 309)	EDP	Subscribed capital unpaid (group 31)	EDP	Share premium (account 320)	EDP	Reserves (account 321, 322)	EDP	Revaluation reserves (account 330,331)	EDP	Non realized gains - securities (account 332)	EDP	Non realized losses - securities (account 333)	EDP	Retained earnings (group 34)	EDP	Loss up to amount of equity (group 35)	EDP	Equity, shares and stakes (account 037, 237)	EDP	Total (col, 2 + 3 + 4 + 5 + 6 + 7 + 8 - 9 + 10 - 11 - 12)	EDP	Loss above the equity
	1	EDP	2	EDP	3	EDP	4	EDP	5	EDP	6	EDP	7	EDP	8	EDP	9	EDP	10	EDP	11	EDP	12	EDP	13	EDP	14
1.	Balance at 1 January 2008	401	420,735	414	-	427	-	440	-	453	-	466	-	479	-	492	-	505	-	518	251,746	531	-	544	168,989	557	-
2.	Adjustment of fundamental errors and changes in accounting policies in previous year-increase	402	-	415	-	428	-	441	-	454	-	467	-	480	-	493	-	506	-	519	-	532	-	545	-	558	-
3.	Adjustment of fundamental errors and changes in accounting policies in previous year-decrease	403	-	416	-	429	-	442	-	455	-	468	-	481	-	494	-	507	-	520	-	533	-	546		559	-
4.	Restated opening balance at 1 January 2008 (No, 1 + 2 - 3)	404	420,735	417	-	430	-	443	-	456	-	469	-	482	-	495	-	508	-	521	251,746	534	-	547	168,989	560	-

5.	Total increase in previous year	405	-	418	-	431	-	444	-	457	-	470	-	483	-	496	-	509	-	522	143,615	535	-	548	143,615	561	-
6.	Total decrease in previous year	406	-	419	-	432	-	445	-	458	-	471	-	484	-	497	-	510	-	523	-	536	-	549	-	562	-
7.	Balance at 31 December 2008 (No, 4 + 5 - 6)	407	420,735	420	-	433		446		459		472	-	485	-	498	-	511		524	395,361	537		550	25,374	563	
8.	Adjustment of fundamental errors and changes in accounting policies in current year-increase	408	-	421	-	434	-	447	-	460	-	473	-	486	-	499	-	512	-	525	-	538	-	551	-	564	-
9.	Adjustment of fundamental errors and changes in accounting policies in current year-decrease	409	-	422	-	435	-	448	-	461	-	474	-	487	-	500	-	513	-	526	-	539	-	552	-	565	-
10.	Restated opening balance at 1 January 2009 (No, 7 + 8 - 9)	410	420,735	423	-	436	-	449	-	462	-	475	-	488	-	501	-	514	-	527	395,361	540	-	553	25,374	566	-
11.	Total increase in current year	411	935,000	424	-	437	-	450	-	463	-	476	-	489	-	502	-	515	41,933	528	-	541	-	554	976,933	567	-
12.	Total decrease in current year	412	395,361	425	-	438	-	451	-	464	-	477	-	490	-	503	-	516	-	529	395,361	542	-	555	-	568	-
13.	Balance at 31 December 2009 (No, 10 + 11 - 12)	413	960,374	426	-	439	-	452	-	465	-	478	-	491	-	504	-	517	41,933	530	-	543	-	556	1,002,307	569	-

In Belgrade

June 11, 2010

Person responsible for the financial statements preparation

Legal representative

Privredno društvo za finansijski lizing „Intesa Leasing" doo • Beograd •
Intesa Leasing
doo Beograd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. CORPORATE INFORMATION ON THE COMPANY INTESA LEASING D.O.O. BEOGRAD

Financial statements for Intesa Leasing d.o.o., Beograd (hereinafter: the Company) for the year ended December 31, 2009 are adopted on 26 February 2010 by Director of the Company. Revised financial statements and amended notes to the financial statements for the Company for the year ended December 31, 2009 were adopted on 11 June 2010 by Director of the Company.

The Company was registered by the Commercial Court Decision on September 3, 2003 (previous name Delta leasing). The Company was reregistered in business register with the Serbian Business Registers Agency on 25 July 2005 based on Decision no. 82785/2005.

The Company's change of the name into Intesa Leasing d.o.o. Beograd was registered by the Decision of the Business Register Agency no. 100536/2005 as of 16 December 2005.

According to the abovementioned Decision of the Business Register Agency, the stake capital was increased so that the total amount of stake capital afterwards was EUR 350,000.00 (three hundred fifty thousand euro) as of 16 December 2005.

By the Decision of Business Register Agency no. 108999/2006 as of 24 February 2006 the Company's headquarters was changed so that the new headquarters of the Company was in Knez Mihailova 30, municipality Stari Grad, Belgrade.

By the Decision of Business Register Agency no. 112635 dated March 27, 2006, the structure of initial equity was changed. Equity share of Banca Intesa a.d., Beograd is 51%, while equity share of CIB Leasing LTD is 49%.

By the decision of Business Register Agency no. 254739/2006 as of 29 December 2006, the Company increased stake capital, to the amount of EUR 5,350,000, while structure of the owners remained the same.

By the Decision of Business Register Agency no. 29167/2009 as of 31 March 2009, the Company increased stake capital, to the amount of EUR 10,152,452.62. Equity share of Banca Intesa a.d., Beograd has changed to 98.71%, while equity share of CIB Leasing LTD is changed to 1.29%. Also, by this Decision the Company's headquarters was changed so that the new headquarters of the Company is in Cara Uroša 54, municipality Stari Grad, Belgrade.

The Company is registered for finance lease activities on 24 January 2006, based on the Decision of the National Bank of Serbia. As a result, finance lease activities were complied with Law on Finance Lease.

The Company operates in accordance with the requirements of the Law on Finance Lease. The Company's industry code set by appropriate authority is 65121.

The Company operates as a subsidiary of Banca Intesa a.d., Beograd so that the majority shareholder is in charge of consolidation of financial statements.

According to the Law on Accounting and Auditing, the Company is categorized as large legal entity.

Headquarters of the Company is in Belgrade, Cara Uroša 54.

Tax ID number of the Company is 103023875.

Identification number of the Company is 17492713.

As of 31 December 2009 the Company has 29 employees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS AND GOING CONCERN CONCEPT

a) Basis for preparation of financial statements

The financial statements are presented in Republic of Serbia Dinar (RSD), being domicile currency of the Company, and all values are rounded to the nearest thousand (RSD '000) except when otherwise indicated. The financial statements were prepared on a historical cost basis except for the financial derivatives which are measured at fair vale.

The Company maintains its records and prepares financial statements in accordance with the Law on Accounting and Auditing of the Republic of Serbia and other legal regulation in Republic of Serbia.

In accordance with the Law on Accounting and Auditing, companies and entrepreneurs in Republic of Serbia should compose and present financial statements in accordance with relevant legal and professional regulation, which include applicable framework of financial reporting ("Framework"), International accounting standards ("IAS"), International Financial Reporting Standards ("IFRS") and interpretation of standards.

The framework and IASs applicable as at December 31, 2002, which formed the basis for the previous and the current Law on Accounting and Auditing from 2006, were identified and published based on the Republic of Serbia Ministry of Finance Decision number 011-00-738-2003-01 dated December 30, 2003.

The amendments to the IAS and the newly-issued IFRS and interpretations released after the Ministry of Finance decision by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, have been officially adopted by the Republic of Serbia Ministry of Finance Decision number 401-00-11/2008-16 on publication of International financial reporting standards and published in Official Gazette of the Republic of Serbia No. 16 dated February 12, 2008. Besides, translation of changes in IAS 39 and IFRS 7 is published in the Official Gazzette of the Republic of Serbia no.116/08 dated 2 December 2009.

Any new issued and amended IFRS and IFRIC Interpretations after this date were neither translated nor published, and accordingly they have not been applied in the preparation of the accompanying financial statements.

Furthermore, the accompanying financial statements have been prepared in the form prescribed by the Rulebook on format and contents of financial statements for companies, cooperatives, other legal entities and entrepreneurs (Official Gazette of the Republic of Serbia No: 114/2006) as well as Rulebook on amendment to format and contents of financial statements for companies, cooperatives, other legal entities and entrepreneurs (Official Gazette of the Republic of Serbia No: 119/2008 and 2/2010). These Rulebooks are based on the legal definition of a complete set of financial statements which departs from IAS 1 Presentation of Financial Statements. Additionally, the Rulebooks also contain departures from IAS 1 regarding the presentation of certain financial statement items.

As a result of the above mentioned, the Company's management has not included an explicit and unreserved statement of compliance of the accompanying financial statements with requirements of all standards and interpretations issued by International Accounting Standards Board, which make International Financial Reporting Standards.

b) Going concern concept

The financial statements are prepared in accordance with the going concern concept, which assumes that the Company will continue its operations in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Comparative data

The comparative data represent the audited financial statements of the Company as of and for the year ended 31 December 2008.

In order to reconcile the presentation of prior year figures to the current reporting period as prescribed by the "Rulebook on the Chart of Accounts and the Contents of Accounts in the Chart of Accounts", the Company has accordingly reclassified the amounts reported in the financial statements as of and for the year ended 31 December 2008. Future interest in the amount of RSD 672,015 was accordingly excluded from other long term financial placements as well as from short term liabilities.

3.2 Significant acounting judgements and estimates

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of Financial placements

The Company assesses at each balance sheet date whether there is any objective evidence that a financial placement is impaired. A financial placement is impaired, and impairment losses are incurred, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the placement and that loss event has an impact on the estimated future cash flows of the financial assets that can be reliably estimated.

When it comes to loss evaluation resulting from impairment of financial placements, the Company monthly assesses financial placements portfolio in order to evaluate their impairment loss.

In determining whether an impairment loss should be recorded in the income statement, the Company makes judgments as to whether there is any reliable evidance indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. These evidences may include available data indicating adverse changes in the payment status of debtors towards the Company, or national or local economic conditions that correlate with defaults on assets of the Company.

According to the above mentioned, the Company applies classification of receivables according to the official record passed as of March 1, 2009 „Policy on classification of receivables".

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses and tax credits to the extent that it is probable that taxable profit will be available against which the losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on upon the expected dinamic and level of future taxable profits together with future tax planning strategies.

As of 31 December 2009, the Company recognized deferred tax assets in the amount of RSD 6,560 thousand (Note 4).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant acounting judgements and estimates (continued)

Estimation uncertainty (continued)

Retirement benefits

The costs of defined employee benefits payable upon the termination of employment are based on the actuarial valuation. The actuarial valuation includes an assessment of the discount rate, future movements in salaries, mortality rates and future increases in post-employment benefits. As these plans are long-term, the outcome of the assessment is associated with significant uncertainties.

Net book value of defined retirement benefit obligation as of 31 December 2009 amounts to RSD 5,560 thousand. Further details are presented in the Note 24.

Provision for legal cases

The Company recognizes a provision for the possible damages from ongoing lawsuits against the Company, as per the expected outcome of each pending court case. As of 31 December 2009, the management did not estimate the amount of provision since it is not probable that outcome of the litigation will be at the Company's expense.

3.3 Summary of significant accounting policies

3.3.1 Foreign currency translation

The functional and reporting currency of the Company is the Republic of Serbia Dinar (RSD). Transactions in foreign currencies are initially recorded in the functional currency, using the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange prevailing at the balance sheet date. All currency differences are recognized through income statement of the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the fair value assessment date.

The Company used Official Middle exchange rate of National Bank of Serbia for valuation of borrowings, placed deposit with foreign currrency clause and monetary assets. Official Middle exchange rates of National Bank of Serbia were as follows:

Currency	31 December 2009.	31 December 2008.
CHF	64.4631	59.4040
EUR	95.8888	88.6010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

3.3.1 Foreign currency translation (continued)

In accordance with the finance lease agreement, lessee is obliged to pay the fee for the use of the leased object calculated as follows:

- Offer rate for cash of Banca Intesa a.d., Beograd for retail customers,
- Offer rate for foreign currency of Banca Intesa a.d., Beograd for corporate customers.

Exchange rates of Banca Intesa a.d. Beograd:

	Offer exchange rate for cash		Offer exchange rate for foreign currency	
Currency	31 December 2009	31 December 2008	31 December 2009	31 December 2008
CHF	65.7524	60.5921	65.7524	60.5921
EUR	98.2860	90.3730	98.2860	90.8160

Positive and negative effects of translating the fee for the use of the leased object in a foreign currency into functional currency are recorded in the income statement as foreign exchange gain or loss.

Placements and liabilities, in which the derivatives are implemented, respectively foreign currency clause or some other variable, are evaluated in accordance with contractual clauses. Effects of the evaluation are posted as revenues or expenses due to the reconciliation between assets and liabilities.

During 2009 the Company has changed the exchange rate that had been used for valuation of long term financial placements applying agreed exchange rate (offer exchange rates of Banca Intesa a.d., Beograd) is used for valuation of these receivables instead of previously used official middle exchange rate of National bank of Serbia.

The effect of exchange rate change is recognized in the income statement in the amount of RSD 103,466 thousand.

3.3.2 Income and expense recognition

Sales revenue

Sales revenue as well as the cost of sales of the leased asset are recorded at invoiced amount and are recognized at the moment when the leased asset is delivered, that is when all risks related to delivered finance lease asset are transferred to the buyer, the lessee.

Interest income and expense

Interest income and expense together with penalty interests are calculated in accordance with principle of revenue and expense causality with respect to obligatory relations defined between the Company and clients or Company and banks. Revenues and expenses are recognized through income statement using agreed nominal interest rate.

Penalty interest is not calculated on receivables that are in court litigation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

3.3.2 Income and expense recognition (continued)

Fee income

Fee income on approval of long term financial placements, i.e. origination fee, are calculated and collected in advance in accordance with financial lease contracts. Fee income is accrued using straight line method, for the period that contracts refer to.

Fee and commission expense

Fees for clearing and settlement operations and other banking transactions represent fee and commission expenses the income statement when they occur.

Other expenses

Costs of material, maintenance, repair and replacement costs are recorded in the income statement when they occur.

3.3.3 Employee benefits

Short-term employee benefits

The Company makes contributions payments for the pension, health and unemployment insurance at the statutory rates established by the law, based on gross salary payments. The costs of contribution payments are charged to the income statement in the same period as the related salary costs. The Company has no additional liability for employee benefits under this basis.

Payments on retirement

In accordance with the Labor Law (Official gazette of RS no. 50/2008, and no.104/2008-Annex I and no. 8/2009-Annex II), the Company has obligation to pay retirement indemnity equal to three average salary of the employee at the moment of payment while the retirement indemnity can not be less than three average salary per employee by the employer at the moment of payment i.e. three average salary per employee in the Republic of Serbia, according to the latest published statistics data of republic authority.

There is no fund for these payments. The cost of these benefits is determined using actuarial Projected Unit Credit Method. Actuarial gains and losses are recognized as income or expense when the net cumulative, unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceed the amount of 10% of the net defined benefit obligation at that date. These gains and losses are recognized during the expected average remaining working life of employees who participate in the plan.

The past service cost is recognized as an expense on a straight line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately. The defined benefit liability comprises the present value of the defined benefit obligation less past service cost and actuarial losses plus actuarial gains not yet recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

3.3.4 Income taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates used to determine the amount of current tax assets or liabilities are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred tax

Deferred income tax is calculated, using the liability method, on all temporary differences at the balance sheet date between the carrying amount of assets and liabilities in the financial statements and its tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where a deferred tax liability arises from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available so that all the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses could be utilized, except:

- Where a deferred income tax asset relating to a temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

3.3.4 Income taxes (continued)

- where a deferred income tax asset relating to a deductible temporary difference arises from the initial recognition of and asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period of realizing a tax deduction or when the a deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at or after the balance sheet date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.3.5 Intangible assets

Intangible assets acquired separately are capitalized at cost as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets of the Company consist of a license for computer software that is not an integral part of hardware, but later acquired.

The Company applies straight-line method of calculating amortization for intangible assets whereas useful life is 5 years. Annual amortization rate of intangible assets is 20%.

Amortization expenses are recognized in the period in which incurred.

Gains or losses arising from derecognizing of an intangible asset are measured as the difference between the net selling price and the net carrying amount of the intangible asset and are recognized in the income statement when the asset is derecognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

3.3.6 Equipment

Equipment is measured at cost less accumulated depreciation and any impairment, in accordance with IAS 16 "Property, plant and equipment". Cost includes purchase price together with all costs attributable to bringing the asset to the appropriate condition and location.

Depreciation is calculated on a straight-line basis over the estimated useful live. Depreciation rates are in accordance with Intesa Sanpaolo Group depreciation rates and are presented as follows:

Number	Type of equipment	Useful life (years)	Amortization rate
1	Buildings	40	2.50%
2	Computer equipment	5	20%
3	Mobile phones	3.33	30%
4	Passenger vehicles	4	25%
5	Office furniture	8	12.5%
6	Photocopying equipment	7	14.3%
7	Calculating machines	6.06	16.5%
8	Air conditioners	6.06	16.5%
9	Cooling devices, stoves and similar devices	8	12.5%
10	Cleaning equipment	5	20%
11	TV, radio and video equipment	8	12.5%
12	Telephone exchanges and phones	14.28	7%
13	Telephones – cellulars	8	12.5%
14	Canvas (carpets, curtains and other)	8	12.5%
15	Illuminating electrical advertisements	9.09	11%
16	Other no mentioned assets	8	125%

Carrying amount of equipment is examined in terms of impairment, when events or changes in circumstances indicate that the carrying amount exceeds the recoverable amount.

Fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on sales or write-off of fixed asset are recognized as the difference between the assessed net selling value and net carrying amount, in the income statement of the corresponding period.

3.3.7 Impairment of assets

The Company assesses at each reporting date whether indications of impairment of assets exist. If so, the Company formally assesses the recoverable amount. When the carrying amount of asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount of an asset or "unit that generates money", in case that the asset does not generate cash flows independently, is the higher of an asset's net selling price and its value in use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

3.3.8 Long-term finance lease placements

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Upon the expiry of the lease, the title may or may not eventually be transferred.

At initial recognition, the Company as a lessor recognizes finance lease in the balance sheet as long-term financial placements at cost of lease asset.

Gross investment in the lease is the aggregate of: the minimum lease payments receivable by the lessor under a finance lease, and any unguaranteed residual value accruing to the lessor. Net investment in the lease is the gross investment in the lease less unearned finance income that is calculated using the interest rate defined in the finance lease agreement.

Finance lease investments recognized in the balance sheet as long-term financial placements are subsequently measured at amortized cost less assessed impairment.

Finance income, i.e. interest income on finance lease, is recognized in the manner that reflects constant periodical yield on residual amount of net investments in finance lease.

Finance income, i.e. interest income on finance lease is recognized in a manner that reflects constant periodic yield on residual amount of net finance lease investment.

3.3.9 Trade and other receivables

Trade receivables are recognized and measured at original invoice amount less any allowance for any uncollectible amounts. Impairment of receivable is made when there are objective evidences that the Company will not be able to collect the debts. Doubtful receivables are written off when identified.

3.3.10 Cash and cash equivalents

Cash and cash equivalents presented in the balance sheet relate to cash on current accounts with Banks.

Intesa Leasing performs domestic clearing and settlement via current accounts held with Banca Intesa a.d., Beograd. The Company performs foreign currency clearing and settlement via current account in foreign currency held with Banca Intesa a.d., Beograd.

At the end of the period, the balance of foreign currency accounts is denominated into RSD at the official middle exchange rate of the National Bank of Serbia prevailing on the balance sheet date.

According to the "Decision on the Obligation of Lessors to Maintain Reserve Balance" issued by National Bank of Serbia (Official gazette of RS no. 109/2005, 30/2006, 99/2008 and no.15/2009), lessors have an obligation to maintain a certain amount of cash on special purpose account held with a bank. This obligatory reserve is calculated as 20% of carrying amount of loans and borrowings granted from abroad, as well as additional cash receipts from abroad, all received since 10 December 2005.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

3.3.10 Cash and cash equivalents (continued)

In 2008, the National Bank of Serbia adopted "Decision on the Obligation of Lessors to Maintain Reserve Balance" (Official gazette of RS no. 94/2008, 100/2008, 107/2008, 110/2008 and no. 112/2008), to which obligatory reserve is not calculated on the amount of liabilities in foreign currency based on deposits and loans received from abroad in the period from 1 October 2008 to 31 December 2009, to the originally prescribed term maturities of these liabilities.

The Company has not withdrawn new loans from abroad in the abovementioned period.

3.3.11 Inventories

If premature termination of finance lease contract occurs, the leased asset is seized while the value of financial placement is reclassified to inventories. Furthermore, the measurement of seized leased asset recognized as inventory is assessed at fair value. Valuation of seized leased asset is performed regularly by a certified appreiser, with any change in value due to significant changes in the market price or changes in the physical condition of the asset, and at least once during the period of one year from the previous assessment. During assessment, market factors, depreciation as well as technical condition of the leased asset are taken into consideration. For the amount of difference between financial placement value (unamortized value) and the assessed value of the leased asset, a claim for damages is recorded under position Other short-term receivables, for which the impairment in the same amount is done.

3.3.12 Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at cost that presents fair value of the received amount less related transaction expenses. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate. Gains and losses are recognized in the income statement with liabilities write-off, as well as during the instalment periods.

3.3.13 Long-term provisions

Long-term provisions are recognized when:

a) the Company has a liability (legal or constructive) as a result of past event,
b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
c) a reliable estimate can be made of the amount of the liability. If these conditions are not met, no provision shall be recognized.

Long-term provisions include provisions for the expenses in the warranty period, provisions for the expenses of restoration of natural resources, provisions for deposits and deposits retained, provisions for restructuring expenses of the Company, provision for retirement plans and other long-term provisions for coverage of liabilities(legal or constructive), incurred as a result of past event, which is likely to cause an outflow of resources which consist of economic benefits for their settlement and that can be reliably evaluated (for example, legal disputes in progress), as well as the provision for issued guarantees and other guarantees. Provisions are not recognised for future operating losses.

The Company calculated present value of defined retirement benefit obligation, in accordance with IAS 19.

4. SALES

(in RSD thousand)	2009	2008
Income on sales of assets provided under finance leases	1,154,019	2,035,437
Income on sales of repossessed leased objects	112,608	20,877
Lease origination fees	20,627	12,361
Other operating income	-	2,086
Total sales	**1,287,254**	**2,070,761**

Decrease in sales is the result of a decreste in foreign exchange amounts of finance lease transactions comparing to 2008.

In comparison with 2008, significant increase in income from sales of returned leased assets is the result of increased number of terminated financial leasing contracts as well as of repossessed leased assets, which caused the increase in sales of related assets.

5. OTHER OPERATING INCOME

In 2009, other operating income in the amount of RSD 10,389 thousand include rental income for renting premises to Delta Generali based on the agreement on business and technical cooperation, as well as income from warrning notifications in the amount RSD 3,208 thousand.

6. COST OF GOODS SOLD

(in RSD thousand)	2009	2008
Cost of goods sold	1,153,178	2,035,437
Cost of repossessed leased objects	118,720	24,468
Total cost of goods sold	**1,271,898**	**2,059,905**

The reason for changes in cost of goods sold is already explained in Note 4.

7. COST OF MATERIAL

Cost of material in the amount of RSD 3,295 thousand predominantly relates to stationary expenses in the amount of RSD 1,405 thousand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

8. SALARIES AND OTHER EMPLOYEE BENEFITS

(in RSD thousand)	2009	2008
Gross salaries	51,584	40,201
Taxes and social security contributions	7,059	6,904
Service agreement fees	-	248
Fees on other contracts with individuals	-	2
Other personnel expenses and fees	1,355	1,212
Total salaries and other employee benefits	**59,998**	**48,567**

9. OTHER OPERATING EXPENSES

(in RSD thousand)	2009	2008
Insurance premiums	2,786	28,148
Advertising expenses	2,017	7,556
Maintenance expenses	6,157	13,027
Rental expenses	5,533	10,473
Fair expenses	-	2,780
Clearing and settlement expenses	635	932
Entertainment expenses	949	1,550
Youth and student association services expenses	1,563	1,585
Transportation and telecommunication expenses	2,004	1,842
Cost of services on collection of receivables	222	1,991
Translation services and similar expenses	325	26
Consulting services	790	712
Other services	8	-
Lease agreement registration fees	1,268	2,078
Taxes	19,118	30,277
Audit fees	3,074	5,232
Membership fees	669	691
Media monitoring expenses	-	192
Publication subscription expenses	111	111
Other non-production services	6,650	5,115
Total other operating expenses	**53,879**	**114,318**

Insurance premiums predominantly relates to insurance of equipment that is subject to financial leasing contracts in the amount of RSD 2,173 thousand. A significant decrease in these expenses relates to the fact that the Company did not pay premium for the leased assets for all financial leasing contracts in 2009, but the premium has been payed by client directly.

The main reason for decrease in advertising expenses is reduced volume of marketing activities during the financial year.

Rental expenses decreased significantly as a result of change in the Company´s headquarter location.

9. OTHER OPERATING EXPENSES (continued)

In 2009, tax expenses significantly decreased comparing to the previous year primarily due to decrease in interest on loans from abroad and therefore decirese in related withholding tax, as well as due to decrease in other taxes. Withholding tax expenses in 2009 amounted to RSD 12,174 thousand.

Transportation and telecommunication expenses mainly comprise postal expenses in the amount of RSD 1,020 thousand.

Advertising expenses refer mainly to advertisements in newspapers and magazines in the amount of RSD 906 thousand.

Maintenance expenses for 2009 are as follows:

	(in RSD thousand)
Gemikro software maintenance expenses	5,645
Company vehicles maintenance expenses	216
Other maintenance expenses	296
Total	**6,157**

In comparison with previous year, these expenses have decreased significantly. In previous year the Company used two operating software due to the process of data migration, while in 2009 only Gemikro operating software was used.

10. FINANCE INCOME

(in RSD thousand)	2009	2008
Interest income on finance lease	307,157	268,483
Interest income on deposits	77,134	1,468
Penalty interest income	17,224	482
Intercalary interest income	26,187	25,582
Foreign exchange gains	1,189,118	2,542,156
Total finance income	**1,616,820**	**2,838,171**

Foreign exchange gains amounts to RSD 901,302 thousand relates to finance lease foregn exchange translation.

Interest income increased significantly due to increase in short-term financial placements in the form of term deposits.

In 2009, the Company calculated penalty interest for any delay in the payment of overdue liabilities of debtors, as well as penalty interest from the moment of collaterals activation, which caused a multiple increase in related income comparing to the previous year when this calculations were not performed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

11. FINANCE EXPENSES

(in RSD thousand)	**2009**	**2008**
Interest expenses on loans granted from domestic banks	60,110	87,638
Interest expenses on loans granted from foreign banks	122,705	190,231
Other interest expenses	199	4,964
Foreign exchange losses	1,022,315	2,491,194
Other finance expenses	377	-
Total finance expenses	**1,205,706**	**2,774,027**

From the total amount of foreign exchange losses in 2009, RSD 441,277 thousand relates to foreign exchange losses on financial leasing placements in foreign currencies.

Both interest expenses granted from domestic and foreign banks decreased significantly comparing to 2008, as a result of decrease in interest rates on loans.

In previous year, other interest expenses were significantly higher since included penalty interest on the public finance arising in the course of migration data, while in 2009 these expenses did not exist.

12. OTHER INCOME

Other income in the amount of RSD 33,667 thousand in 2009 (2008: RSD 44,555 thousand) mainly relates to income from collection of penalties on termination of financial leasing contract in the amount of RSD 5,928 thousand as well as income based on salaries reimbursements from members of the Intesa Sanpaolo Group in the amount of RSD 1,487 thousand.

13. OTHER EXPENSES

(RSD thousand)	**2009**	**2008**
Financial leasing long-term placements impairment	57,388	60,960
Short-term placements impairment	235,369	26,344
Intangible assets impairment	-	3,318
Sponsorship expenses	-	1,281
Other expenses	18,490	9,295
Total other expenses	**311,247**	**101,198**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

13. OTHER EXPENSES (continued)

Structure of other expenses in 2009 in the amount of RSD 235,369 thousand is presented in the following table:

(RSD thousand)	**2009**
Impairment of short-term receivables due over 60 days	170,110
Impairment of short-term receivables due up to 60 days	10,244
Impariment of trade receivables	8,416
Impairment of short-term receivables for damages on contracts and general terms on contract termination	18,880
Impairment of short-term receivables for estimated damages	27,719
	235,369

14. INCOME TAX

Components of income tax for 2009 and 2008 are as follows:

(in RSD thousand)	**2009**	**2008**
Deffered income tax	(6,560)	-
Current income tax	-	-
Income tax, net reported in the Income statement	**(6,560)**	**-**

Reconciliation between income tax expense calculated at the statutory income tax rate on the profit before income tax and income tax expense at the Company's effective income tax rate for the years ended December 31, 2009 and December 31, 2008 is as follows:

(in RSD thousand)	**2009**	**2008**
Pretax income	**35,373**	**(143,615)**
At statutory income tax rate of 10% (2008:10%)	3,537	(14,362)
Tax on expenses not allowable for taxation purposes	12,007	10,890
Previously unrecognized deffered tax assets relating to:		
Temporary differences on "arm's lenght" interests and prevention of thin capitalisation	(19,025)	(8,914)
Carried foward tax losses	(2,160)	(6,883)
Carried forward tax credits	(119)	-
Temporary differences on fixed assets	(183)	-
Current year carried foward tax credit	(173)	-
Unrecognized deffered tax assets relating to:		
"Arm's lenght" interests	-	19,025
Temporary differences on fixed assets	-	244
Other	(444)	-
Effective tax rate 18.54% (2008: 0%)	**(6,560)**	**-**

15. INTANGIBLE ASSETS

(in RSD thousand)	**Licence and software**
COST	
Balance as of 1 January 2008	8,841
Balance as of 31 December 2008	8,841
Additions	540
Balance as of 31 December 2009	**9,381**
ACCUMULATED AMORTIZATION	
Balance as of 1 January 2008	(1,713)
Amortization for the year	(1,768)
Impairment	(3,318)
Balance as of 31 December 2008	**(6,799)**
Amortization charge for the year	(703)
Balance as of 31 December 2009	**7,502**
NET BOOK VALUE	
Balance as of 31 December 2009	**1,879**
Balance as of 31 December 2008	**2,042**

In 2009, the Company purchased license for 5 new modules of Gemikro software.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

16. PROPERTY AND EQUIPMENT

(RSD thousand)	Vehicles	Furniture	Other equipment	Advances for PP&E	Total
COST					
Balance as of 1 January 2008	**7,396**	**1,983**	**1,546**	**-**	**10,925**
Additions	2,640	437	433	2,977	6,487
Disposals and write-offs	-	(2)	(12)		(14)
Balance as of 31 December 2008	**10,036**	**2,418**	**1,967**	**2,977**	**17,398**
Additions	3,119	267	327	-	3,713
Transfer from advances	2,977	-	-	(2,977)	-
Disposals and write-offs	(747)	(67)	(224)	-	(1,038)
Balance as of 31 December 2009	**15,385**	**2,618**	**2,070**	**-**	**20,073**
ACCUMULATED DEPRECIATION					
Balance as of 1 January 2008	**(1,451)**	**(292)**	**(311)**	**-**	**(2,054)**
Depreciation for the year	(1,774)	(235)	(429)	-	(2,438)
Disposals and write-offs	-	7	7	-	14
Balance as of 31 December 2008	**(3,225)**	**(520)**	**(733)**	**-**	**(4,478)**
Depreciation for the year	(3,370)	(326)	(318)	-	(4,014)
Disposals and write-offs	510	24	137	-	671
Balance as of 31 December 2009	**(6,085)**	**(822)**	**(914)**	**-**	**(7,821)**
NET BOOK VALUE					
Balance as of 31 December 2009	**9,300**	**1,796**	**1,156**	**-**	**12,252**
Balance as of 31 December 2008	**6,811**	**1,898**	**1,234**	**-**	**12,920**

During 2009, the Company purchased two passenger vehicles and activated one passenger vehicle purchased in 2008 which was disclosed in advances for PP&E in the amount of RSD 2,977 thousand as of 31 December 2008. Besides, the Company disposed one passenger vehicle and also purchased computer equipment, furniture and other equipment for daily operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

17. LONG-TERM FINANCIAL PLACEMENTS

Long-term finance placements of the Company as of 31 December 2009 amount to RSD 3,872,720 thousand. As of 31 December 2009, a portion of long-term financial placements which matures within one year is reclassified to short-term financial placements (Note 20):

(in RSD thousand)	31 December 2009	31 December 2008
Current portion of long term financial placements with maturity within one year	1,253,540	1,397,626
Impairment of current portion of long term financial placements with maturity within one year	(36,800)	(15,244)
(Note 20)	**1,216,740**	**1,382,382**
Portion of long term financial placements with maturity over one year	2,701,183	2,600,007
Impairment of portion of long term financial placements with maturity over one year	(82,003)	(48,318)
	2,619,180	**2,551,689**

The Company uses foreign currency clause as a protection against foreign currency risk, which is included in finance lease agreements.

Finance lease agreements

Finance lease agreements are endorsed for the period from two to seven years whereby the Law on finance lease ("Official Gazette of Republic of Serbia" no. 61/2005) prescribes two years as required minimum.

During 2009, the Company introduced a new type of placements, long-term placements in dinars with a variable interest rate, which is adjusted to the changes in the reference interest rate Belibor.

In accordance with agreements, title passes to the lessee at the end of the payment of all agreed installments. In 2009, average lease origination fee amounted to 1.38% of the gross cost of leased asset. Nominal interest rates on finance lease agreements range from 4.36% p.a. to 13.12% p.a. Average down payment in 2009 amounted to 18.46% of net cost of leased asset.

18. INVENTORIES

(in RSD thousand)	31 December 2009	31 December 2008
Seized finance lease assets	160,693	8,466
Advances paid	1,741	287,205
	162,434	**295,671**

As of 31 December 2009, the amount of seized finance lease assets is RSD 160,693 thousand relates to assets intended to be reactivated through financial lease agreements or for further selling. Significant increase at the end of 2009 compared to the previous year is a result of continued activity during the year relating to repossessing the assets from users with whom contracts on financial leasing were terminated. Inventories are recognized at fair value assessed by authorised appraisers (Note 3.3.10).

Advances paid relate to the goods and services paid in advance to suppliers.

19. RECEIVABLES

The structure of short-term receivables of the Company as of 31 December 2009 is presented as follows:

	Gross short-term receivables	Impairment of short-term receivables	Net short-term receivables
Overdue short-term financial leasing receivables	394,290	(262,781)	131,509
Trade receivables	16,211	(8,415)	7,796
Interest receivables	131	-	131
Claims for damages	46,906	(46,599)	307
Other receivables	1,953	-	1,953
Receivables as of 31 December 2009	**459,491**	**(317,795)**	**141,696**

20. SHORT-TERM FINANCIAL PLACEMENTS

As of 31 December 2009, short-term financial placements mainly comprised of time deposits and current portion of reclassificated long-term financial placements maturing in the next year (Note 17):

(in RSD thousand)	31 December 2009	31 December 2008
Term deposits	973,982	-
Long-term financial placements maturing within one year (Note 17)	1,253,540	1,397,626
Impairment of long-term financial placements maturing within one year (Note 17)	(36,800)	(15,244)
	2,190,722	**1,382,382**

As at 31 December 2009, the Company has term deposits in the amount of RSD 973,982 thousand in Banca Intesa a.d. Beograd. Total amount of term deposits include deposits with currency clause is RSD 113,982 thousand, with maturing period of 182 days.

21. CASH AND CASH EQUIVALENTS

As of 31 December 2009, cash and cash equivalents comprise of current accounts and foreign currency accounts as well as mandatory reserve in foreign currency, as follows:

(in RSD thousand)	2009	2008
Current accounts	8,006	238
Foregin currency accounts	1,072	635
Mandatory reserve in foreign currency	747,238	688,498
Balance as of 31 December	**756,316**	**689,371**

During 2009, the Company mainly performed clearing and settlement operations in domestic currency, at Banca Intesa ad, Beograd. Balances on these accounts were:

(in RSD thousand)	2009	2008
Banca Intesa a.d., Beograd	7,766	-
Piraeus Bank a.d., Beograd	156	155
Hypo Alpe Adria Bank a.d., Beograd	84	83
Balance as of 31 December	**8,006**	**238**

22. VALUE ADDED TAX AND ACCRUALS

(in RSD thousand)	2009	2008
VAT receivables	-	6,876
Accrued intercalary interest	1,510	13 ,361
Accrued interest on financial placements	12,151	-
Accrued interest on term deposits	74,897	-
Other accruals	1,514	3,532
Balance as of 31 December	**90,072**	**23,769**

Accrued interest on financial placements as of 31 December 2009 relates to accrued interest on finance leases for all contracts with instalments maturing next month.

Accrued interest on term depostis as of 31 December 2009 relates to term depostis maturing on 30 March 2010.

23. EQUITY

Stake capital

According to the Decision of Business registry agency number 29167/2009 from 31 March 2009, domestic founder Banca Intesa a.d., Beograd increased stake capital by the amount of RSD 935,000 thousand. Besides, the Company covered losses from previous years in the amount of RSD 395,360 thousand from stake capital. Losses were covered proportionaly both from Banca Intesa a.d., Beograd and CIB Leasing Budapest capital.

Following abovementioned, stake capital structure has been changed, as explained in Note 1.

Stake capital is presented as follows:

(in RSD thousand)	**2009**	**Share %**	**2008**	**Share %**
Stake capital				
Banca Intesa a.d., Beograd	947,941	98.71%	214,575	51.00%
CIB Leasing Ltd Budapest, Hungary	12,433	1.29%	206,160	49.00%
Total shareholder capital	**960,374**	**100.00%**	**420,735**	**100.00%**

Retained earnings

The Company made profit as of 31 December 2009 in the amount of RSD 41,933 thousand that is presented in the balance sheet as retained earnings.

24. LONG-TERM PROVISIONS

(in RSD thousand)	**31 December 2009**	**31 December 2008**
Provision for long-term retirement benefits	5,560	1,539
Unused vacations	1,204	-
	6,764	**1,539**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

25. LONG-TERM BORROWINGS

During 2009, the Company used long-term loans from domestic bank, Banca Intesa a.d., Beograd, while long-term loans from foreign banks were borrowed from the Intesa Sanpaolo S.p.A. Succursale de Paris and Intesa Sanpaolo S.p.A. During 2009, no additional borrowings were agred with foreing banks. The Company repaid a part of long-term loan from foreign bank in the amount of CHF 200 thousand.

(in RSD thousand)	31 December 2009	31 December 2008
Long-term loans from domestic banks with foreign currency clause- EUR	491,508	724,787
Loan-term loans from domestic banks with foreign currency clause- CHF	314,902	398,304
Long-term loans from foreign banks in EUR	2,972,554	3,101,034
Long-term loans from foreign banks in CHF	372,274	354,939
	4,151,238	**4,579,064**

Part of long term loans that will mature within one year is reclasified to short-term financial liabilities as at 31 December 2009 (Note 26).

26. SHORT-TERM FINANCIAL LIABILITIES

Total amount of short-term financial liabilities as of 31 December 2009 relates to the members of Intesa Sanpaolo Group.

As at 31 December 2009, total of short-term financial liabilities relates to reclasified long-term liabilities that mature within one year (Note 25).

(in thousand RSD)	31 December 2009	31 December 2008
Overdraft	-	24,163
Current portion of long-term loans from domestic banks with maturity date up to one year	344,383	373,978
Current portion of long-term loans from foreign banks with maturity date up to one year	383,555	-
	727,938	**398,141**

27. TRADE AND OTHER PAYABLES

(in thousand RSD)	31 December 2009	31 December 2008
Advances received and deposits	5,660	7,542
Domestic suppliers	2,211	1,948
Foreign suppliers	-	7
Other operating liabilities	89	63
	7,960	**9,560**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

28. OTHER CURENT LIABILITIES AND ACCRUALS

Financial placements are disclosed on net basis (future interest is excluded) for the first time in 2009. Therefore, comparative data for previous year is adjusted for the future interest in the amount of RSD 672,015 thousand. This amount was clasified as accrual in the financial statements for 2008.

(in RSD thousand)	31 December 2009	31 December 2008
Interest and financial liabilities	4,005	6,618
Liabilities toward employees	58	33
Other short-term liabilities	9,352	1,120
Accruals for interest on long-term loans	13,953	33,185
Accruals of future income	38,392	38,631
Other accruals	16,193	13,906
	81,953	**93,493**

29. VALUE ADDED TAX AND OTHER PUBLIC DUTIES

As of 31 December 2009,Value added tax and other public duties comprise value added tax payables as well as witholding tax on the accrued interest relating to the loans received from abroad, referring to the accounting period ending 31 December 2009.

Decreased amount of witholding tax at the end of 2009 compared to the previous year is in the direct proportion with accruals decrease concerning interest on loans received from abroad.

(in RSD thousand)	31 December 2009	31 December 2008
Value added tax	1,401	9,313
Accrued witholding tax	1,550	3,702
	2,951	**13,015**

30. CONTINGENCES AND COMMITMENTS

As of 31 December 2009, against the Company is initiated a lawsuit in the amount of RSD 8,669 thousand. The management of the Company did not estimate the amount of provision since it is not probable that the outcome of litigation will be at the Company's expense.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

31. RELATED PARTIES

All transactons with related parties are conducted under common market conditions which would be applicable to transactions with third parties.

A) As of 31 December 2009, transactions between the Company and the founder Banca Intesa a.d., Beograd is as follows:

(in RSD thousand)	31 December 2009	31 December 2008
Receivables from Banca Intesa a.d., Beograd		
Cash and cash equivalents	756,056	689,133
Net investments in finance leasing	29,754	37,682
Term deposits	973,982	-
Interest on term deposits	131	-
Accrued interest on term deposits	74,897	-
Total receivables from Banca Intesa a.d., Beograd	**1.834.820**	**726,815**
Liabilities to Banca Intesa a.d., Beograd		
Interest payable	4,005	6,552
Short-term financial liabilities	344,382	398,141
Long-term financial liabilities	806,411	1,123,090
Other liabilities	89	-
Total liabilities to Banca Intesa a.d., Beograd	**1,154,887**	**1,527,783**

Banca Intesa a.d., Beograd owns 98.7% equity investment in the Company.

(in RSD thousand)	2009	2008
Income		
Sales	8,574	8,674
Other operating income	-	-
Finance income-interest	76,313	3,881
Finance income-foreign exchange gains	139,353	320,426
Other income	-	-
Total income	**224,240**	**332,981**

(in RSD thousand)	2009	2008
Expenses		
Cost of sales	8,555	8,674
Cost of material	5	15
Other operating expenses	6,201	581
Finance expenses-interest	60,488	75,866
Finance expense-foreign exchange losses	187,635	406,567
Other expenses	-	26
Total expenses	**262,884**	**491,729**

31. RELATED PARTIES (continued)

B) As of 31 December 2009, the Company's liabilities towards Intesa Sanpaolo S.p.A. Succursale de Paris i Intesa Sanpaolo S.p.A. are as follows:

(in RSD thousand)	31 December 2009	31 December 2008
Liabilities toward foreign related parties		
Long-term financial liabilities – Intesa Sanpaolo S.p.A.	2,865,383	2,658,565
Long-term financial liabilities – Intesa Sanpaolo S.p.A. Succursale de Paris	479,444	797,409
Short-term financial liabilities – Intesa Sanpaolo S.p.A. Succursale de Paris	383,555	-
	3,728,382	**3,455,974**

	2009		2008	
(in RSD thousand)	**Intesa Sanpaolo S.p.A.**	**Intesa Sanpaolo S.p.A. Succursale de Paris**	**Intesa Sanpaolo S.p.A.**	**Intesa Sanpaolo S.p.A. Succursale de Paris**
Income				
Financial income-foreign exchange gains	81,474	26,567	253,595	90,898
Total income	**81,474**	**26,567**	**253,595**	**90,898**

	2009		2008	
(in RSD thousand)	**Intesa Sanpaolo S.p.A.**	**Intesa Sanpaolo S.p.A. Succursale de Paris**	**Intesa Sanpaolo S.p.A.**	**Intesa Sanpaolo S.p.A. Succursale de Paris**
Expenses				
Financial expenses - interest	96,691	26,013	144,302	45,929
Financial expenses - foreign exchange losses	305,585	88,335	569,569	170,702
Other operating expenses - withold tax	11,835	1,889	18,314	1,916
Total expenses	**414,111**	**116,237**	**732,185**	**218,547**

C) During 2009 no fees were paid to the Members of the Supervisory Board.

During 2009, paid salaries to the management amounted as follows:

(Description)	***(in RSD thousand)***
Total gross salary	23,024
Total net salary	16,869

32. RISK MANAGEMENT

Risk is an inherent part of financial institutions' activities and cannot be eliminated completely. However, the Company should manage the risks in order to reduce them to the limits acceptable for all interested parties: owners of the Company, lessor, lessees and legislators. Risk management is the process of permanent identifying, assessment, measurement, monitoring and controlling of the Company's exposure to risks. An important part of risk management is reporting and risk mitigating. The adequate system of risk management is an important element in ensuring the Company's stability and profitability.

Due to the nature of its operations, the Company is exposed to the following types of risks:

- credit risk,
- liquidity risk,
- market risk (interest rate risk, FX risk and other market risks),
- operational risk.

The Company is also exposed to, and monitors the influence of operational risk, risk of exposure toward single entity (concentration risk) as well as exposure toward the group of related parties and risk related to the county of origin of the entity to which the Bank is exposed.

Management is responsible for implementation of the adequate risk management system and its consistent application.

Management determines the procedures for identification, measurement and assessment of risks, and is responsible for implementing a unique risk management system and supervision over that system in the Company.

Management is responsible for identifying, assessing and measuring the risks the Company is exposed to in its operations, and applies the principles of risk management approved by the Company's Supervisory Board.

Supervisory Board of the Company analyses and adopts the proposals of policies and procedures with respect to risk management and internal controls, which are submitted to the Supervisory Board for consideration and adoption. Furthermore, the Board analyses and monitors the application and adequate implementation of the adopted policies and procedures for risk management and proposes the means improvement, if necessary.

In order to implement a special and unique system for risk management as well as to enable a functional and organizational segregation of risk management activities from regular business activities, the Risk Management Department and Corporate department of Banca Intesa a.d., Beograd are involved.

The Company has developed the comprehensive risk management system by introducing the policies and procedures, as well as by establishing the limits for the risk levels acceptable for the Company.

Both the Company's and the Bank's organizational units in charge for risk management continuously monitor changes in the legislation, analyze its influence on the risks at the entity level of the Company and take necessary measures to bring the Company's business activities and procedures in accordance with new procedures within the scope of controlled risk. In addition, introduction of new services is followed by necessary market and economic analysis in order to optimize the relation between income and the provision for estimated risks.

In 2009, the Company has established the Unit for bad loans' management. The role of this Unit is to recommend the best possible solutions regarding managing of the bad loans.

32. RISK MANAGEMENT (continued)

32.1 Credit risk

Credit risk is the risk that contractual party will not be able to fulfill related contractual obligation, causing financial loss on the other side. By its internal acts and procedures, the Company implements the adequate system of credit risk management and reduces the credit risk to an acceptable level. The Company manages the credit risk through setting the credit risk limits for individual customers as well as for the group of customers.

Multiple levels of credit risk management are as follows:

- Individual level
- Related party level
- Entire portfolio level

According to the business agreement with Banca Intesa a.d., Beograd, assessment of the credit worthiness of each client, after submission of the approval request, is as follows: the Company obtains all the necessary documentation from clients for the credit worthiness analysis. Additionaly, the documentation is sent to the Department for Credit Analysis of Banca Intesa a.d., Beograd for further analysis of credit worthiness, repayment history and hedging instruments.

Department for Credit Analysis of the Bank makes proposal of the approval of placements.

Director of the Company makes the decision based on the abovementioned proposal.

The Company manages the credit risk by setting up limits with respect to period, amount and results of the individual customer's credit worthiness, by diversification of loans to a larger number of customers and contracting foreign exchange clause.

Furthermore, the Company manages the credit risk through assesment and analysis of received collaterals, by providing allowance for impairment of financial placements and receivables, as well as by determining the adequate price of placement which covers the risk of a particular placement.

Total risk exposure to a single customer or a group of related parties regarding exposure limits, is considered thoroughly and analysed before execution of transaction.

Credit risk management also includes concentration risk. The concentration risk is the risk of incurring losses due to an excessive volume of placements into a certain group of debtors. Groups of debtors can be defined by different categories, such as: related parties, regions, or economic groups.

The amount and type of the collateral required depends on an assessment of the credit worthiness of each customer, type of credit risk exposure, maturity as well as the amount of placement. The collateral amount as well as collateral type depends on the estimated credit risk.

Contractual authorisation as well as bills of exchange are provided by customers as standard collaterals.

Depending on the assessment, additional collaterals may be required, such as: real estate mortgages, movable property pledges, buy-back contract with the supplier, joint contracting with other entity which then becomes the joint debtor.

32. RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

In cases of real estate mortgages or pledges, the Company always obtains valuations of the assets carried out by the authorised appraiser, in order to reduce the potential risk to the minimum.

In accordance with the business agreement, the Risk management Department of Banca Intesa a.d.,Beograd performs assessment of impairment for long term placements of the Company.

In the process of assessment of impairment for long term placements the following factors are taken into account: days of delay in payment of principal and interest, cash flow deficiences, breach of contractual terms as well as deterioration of the client's credit rating.

Impairment of the Company's long term financial placements is preformed as collective assessment. Impairment is assessed monthly, aline with the analysis of each finance lease portfolio.

32.1.1 Quality of the portfolio

The Company manages quality of the portfolio by using internal model for finance lease classification. The following table presents quality of the portfolio for types of the gross placements as at 31 December 2009:

	High quality	Standard quality	Substandard quality	Uncollectable and doubtful	Balance as at 31 December 2009
Placements to related party Banca Intesa a.d.,Beograd (Note 31)	29,754	-	-	-	29,754
Placements to clients:					
Corporate	933,350	445,576	60,958	35,206	1,475,091
SME	1,337,069	551,275	224,641	314,451	2,427,437
Retail	243,778	22,679	4,066	10,194	280,717
Agricultural	46,767	7,713	-	81,534	136,013
Total	**2,590,719**	**1,027,243**	**289,666**	**441,385**	**4,349,013**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

32. RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

32.1.1 Quality of the portfolio (continued)

Quality of the portfolio for gross placements by types as at 31 December 2008:

	High quality	Standard quality	Substandard quality	Uncollectable and doubtful	Balance as at 31 December 2008
Placements to related party Banca Intesa a,d,,Beograd (Note 31)	37,682	-	-	-	37,682
Placements to clients:					
Corporate	1,164,823	191,383	57,924	80,064	1,494,195
SME	1,372,275	547,324	259,645	88,333	2,267,577
Retail	277,511	22,907	7,294	10,840	318,552
Agricultural	7,796	32,992	2,805	75,866	119,459
Total	**2,860,086**	**794,607**	**327,668**	**255,103**	**4,237,464**

Quality of the portfolio-impairment by type of placements as at 31 December 2009:

	High quality	Standard quality	Substandard quality	Uncollectable and doubtful	Balance as at 31 December 2009
Impairment of placements to related party Banca Intesa a.d. Beograd	-	-	-	-	-
Impairment of placements to clients:					
Corporate	2,438	10,071	10,272	19,515	42,296
SME	3,013	14,586	30,599	205,152	253,350
Retail	488	391	488	3,765	5,132
Agricultural	139	323	-	80,343	80,805
Total	**6,078**	**25,371**	**41,359**	**308,775**	**381,583**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

32. RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

32.1.1 Quality of the portfolio (continued)

Quality of the portfolio-impairment by type of placements as at 31 December 2008:

	High quality	Standard quality	Substandard quality	Uncollectable and doubtful	Balance as at 31 December 2008
Impairment of placements to related party Banca Intesa a.d. Beograd	-	-	-	-	-
Impairment of placements to clients:					
Corporate	-	1,938	470	7,780	10,188
SME	-	6,824	13,946	16,484	37,254
Retail	-	202	292	27,303	27,797
Agricultural	558	276	2,805	68,191	71,831
Total	**558**	**9,240**	**17,514**	**119,758**	**147,070**

Quality of the portfolio - net placements as at 31 December 2009 and as at 31 December 2008 is presented as follows:

	High quality	Standard quality	Substandard quality	Uncollectable and doubtful	Balance as at 31 December 2009
Placements to related party Banca Intesa a,d,,Beograd	29,754	-	-	-	29,754
Placements to clients:					
Corporate	930,913	435,506	50,686	15,691	1,432,795
SME	1,334,056	536,689	194,043	109,300	2,174,087
Retail	243,290	22,288	3,578	6,429	275,585
Agricultural	46,628	7,390	-	1,191	55,208
Total	**2,584,641**	**1,001,872**	**248,307**	**132,610**	**3,967,430**

32. RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

32.1.1 Quality of the portfolio (continued)

	High quality	Standard quality	Substandard quality	Uncollectable and doubtful	Balance as at 31 December 2008
Placements to related party Banca Intesa a,d,,Beograd	37,682	-	-	-	37,682
Placements to clients:					
Corporate	1,164,823	189,445	57,454	72,285	1,484,008
SME	1,372,275	540,501	245,698	71,849	2,230,322
Retail	277,511	13,244	-	-	290,754
Agricultural	7,238	32,716	-	7,675	47,628
Total	**2,859,528**	**775,905**	**303,153**	**151,808**	**4,090,394**

Aging structure of high and standard quality past due placements

Aging analysis of the high and standard quality past due placements to clients as at 31 December 2009 and as at 31 December 2008 is presented below:

	Up to 30 days	From 31 to 60 days	From 61 to 90 days	More than 91 days	Balance as at 31 December 2009
Placements to clients:					
Corporate	13,064	683	149	-	13,896
SME	24,713	7,544	2,041	647	34,946
Retail	1,574	393	38	-	2,005
Agricultural	870	14	1,073	-	1,956
Total	**40,221**	**8,634**	**3,301**	**647**	**52,803**

	Up to 30 days	From 31 to 60 days	From 61 to 90 days	More than 91 days	Balance as at 31 December 2008
Placements to clients:					
Corporate	13,235	1,235	714	586	15,769
SME	18,720	10,030	3,958	3,837	36,545
Retail	2,048	340	82	456	2,926
Agricultural	2,908	38	3	558	3,507
Total	**36,910**	**11,643**	**4,757**	**5,436**	**58,747**

32. RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

32.1.2 Maximum credit risk exposure

Maximum credit risk exposure – by geographical regions 2009

In RSD thousand

	Placements to banks	Placements to other clients	Allowances for impairment	Balance as at 31 December 2009
Belgrade	29,754	2,293,522	190,096	2,133,180
Vojvodina	-	871,051	64,667	806,384
Rest of Serbia	-	1,154,686	126,820	1,027,866
Total Serbia	**29,754**	**4,319,259,00**	**381,583,00**	**3,967,430**

Maximum credit risk exposure – by geographical regions 2008

In RSD thousand

	Placements to banks	Placements to other clients	Allowances for impairment	Balance as at 31 December 2008
Belgrade	37,709	2,045,400	47,628	2,035,481
Vojvodina	-	920,578	27,452	893,126
Rest of Serbia	-	1,233,778	71,990	1,161,788
Total Serbia	**37,709**	**4,199,756**	**147,070**	**4,090,395**

32. RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

32.1.2 Maximum credit risk exposure (continued)

Analysis of the Company's credit risk exposure by industries as at 31 December 2009 and as at 31 December 2008 is presented in the following table:

	Industry structure	Gross maximum exposure as at 31 December 2009	Net maximum exposure as at 31 December 2009	Gross maximum exposure as at 31 December 2008	Net maximum exposure as at 31 December 2008
1	Agriculture, hunting, fishing, forestry and water management	273,978	173,142	736,707	658,649
2	Processing industry	945,803	883,958	655,281	653,363
3	Construction	229,167	188,580	213,411	208,662
4	Wholesale and retail, repairmen of vehicles, motorcycles and assets for personal use	604,998	527,839	686,348	660,731
5	Hotels and restaurants	40,349	39,161	35,090	35,001
6	Traffic, warehousing and communications	1,098,217	1,047,471	1,083,897	1,073,802
7	Financial institutions	32,822	32,815	40,201	40,140
8	Health care and social work	11,093	11,054	32,445	28,858
9	Other industries	815,605	771,594	322,142	302,139
10	Individuals	296,981	291,816	431,943	429,050
	Total:	**4,349,013**	**3,967,430**	**4,237,465**	**4,090,395**

32.1.3 Exposure Risk

The Company has monitored and measured exposure towards a single party or a group of related parties as well as compliance of the exposure indicators, in the decision making process.

Exposure risk has been measured in relation to the Company's equity. Top ten clients with largest net placements have exposure risk over 5% of the Company's equity.

Net placements of 20 largest clients amount to RSD 1,757,966 thousand and their exposure to equity is 175.39%. Total net placements of all other clients, amount to RSD 2,209,464 thousand, presenting the exposure of 220.44% of the Company's equity.

32. RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

32.1.3 Exposure Risk (continued)

Assessment of Impairment of Financial Assets

Structure of impairment of financial assets as at 31 December 2009 and as at 31 December 2008 is presented as follows:

	Balance sheet items that are classified	Allowances for impairment	Net balance sheet items that are classified
Retail clients	280,718	5,132	275,586
Corporate clients	3,932,282	295,646	3,636,636
Agricultural	136,013	80,805	55,208
Total	**4,349,013**	**381,583**	**3,967,430**

	Balance sheet items that are classified	Allowances for impairment	Net balance sheet items that are classified
Retail clients	318,552	2,451	316,101
Corporate clients	3,799,453	72,789	3,726,665
Agricultural	119,459	71,831	47,628
Total	**4,237,464**	**147,070**	**4,090,394**

Assets quality indicators:

1) Ratio of loans in default amounts to 7.60%. This ratio indicates the proportion of outstanding balance of loans overdue more than 90 days in relation to the total loans and advances of the Company.

2) The ratio of bad and doubtful loans amounts to 3.60%. This ratio indicates the proportion of outstanding balance of loans classified as doubtful and bad in relation to the total loans of the Company.

3) The ratio of credit exposure amounts to 24.30%. This ratio indicates the proportion of net outstanding balance of loans overdue more than 90 days, in relation to the equity.

32. RISK MANAGEMENT (continued)

32.2 Liquidity Risk

The Company's liquidity shows its ability to settle liabilities when they fall due, and primary depends on maturity matching of assets and liabilities, meaning the structure of cash inflows and outflows.

Management of the Company monitors past due receivables and liabilities and makes projections of cash flows from business activity.

Objectives of liquidity management comprise:

- Planning of cash inflows and outflows;
- Implementation and monitoring of liquidity indicators;

Liquidity risk is measured by permanent monitoring and analysis of the maturity structure of assets and liabilities through appropriate reports and indicators: report on structural maturity mismatch.

Department for Finance and Operations is responsible for measuring and monitoring of the liquidity as well as for the regular preparation of reports which present the effects of the movements in various categories of assets and liabilities to the Company's liquid asset position.
In the cash flow projections the Company takes into the account the historical percentage of collection of past due loans (behavioral coefficient) for receivables that will fall due in the following period as well as for those that are past due and not yet collected. Also, the Company has credit lines, as an instrument for liquidity management as at 31 December 2009 as follows:

- overdraft in amount of RSD 50,000,000
- credit line in amount of EUR 5 million

High level of liquidity, especially in period of next 18 month is presented in the following maturity mismatch report as at 31 December 2009

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

32. RISK MANAGEMENT (continued)

32.2 Liquidity Risk (continued)

Liquidity risk and financial assets management as of 31 December 2009:

	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 to 18 months	From 18 months to 5 years	Over 5 years	Undefined maturity	Total
I) ASSETS									
Cash and cash equivalents	9,078	-	-	-	-	-	-	747,238	756,316
Term deposits	67,506	906,476	-	-	-	-	-	-	973,982
Interest receivables	131	-	-	-	-	-	-	-	131
Trade receivables	-	-	-	-	-	-	-	7,796	7,796
Other receivables	-	-	-	-	-	-	-	2,260	2,260
Finance lease placements	234,479	206,461	288,370	615,759	577,625	1,969,680	75,056	-	3,967,430
Intangible assets	-	-	-	-	-	-	-	1,879	1,879
Property and equipment	-	-	-	-	-	-	-	12,252	12,252
Deffered tax assets	-	-	-	6,560	-	-	-	-	6,560
Other assets	14,642	75,133	713	481	-	-	-	161,536	252,505
TOTAL ASSETS	**325,836**	**1,188,070**	**289,083**	**622,800**	**577,625**	**1,969,680**	**75,056**	**932,961**	**5,981,111**
II) LIABILITIES									
Borrowings	5,484	411,219	124,431	186,803	193,719	3,932,348	25,171	-	4,879,175
Interest and fee payable	4,005	13,953	-	-	-	-	-	-	17,958
Trade payabes	-	-	-	-	-	-	-	2,211	2,211
Provisions	-	-	-	-	-	-	-	6,764	6,764
Tax liabilities	2,801	151	-	-	-	-	-	-	2,952
Other liabilities	235	-	2,014	-	-	-	-	67,495	69,744
TOTAL LIABILITIES	**12,525**	**425,323**	**126,445**	**186,803**	**193,719**	**3,932,348**	**25,171**	**76,470**	**4,978,804**
EQUITY	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,002,307**	**1,002,307**
TOTAL LIABILITIES AND EQUITY	**12,525**	**425,323**	**126,445**	**186,803**	**193,719**	**3,932,348**	**25,171**	**1,078,777**	**5,981,111**
MATURITY MISMATCH	**313,311**	**762,747**	**162,638**	**435,997**	**383,906**	**(1,962,668)**	**49,885**	**(145,816)**	**-**

32. RISK MANAGEMENT (continued)

32.3 Market Risk

In its ordinary course of business, the Company is exposed to the fluctuations in market variables which might affect the Company's income in a positive or a negative way. The Company is exposed to the following market risks:

- Interest rate risk,
- Foreign currency risk,
- Risk of changes in price of goods.

Risk of changes in price of goods is significant considering that leased assets can be used as collateral in case of termination of lease contract.
Almost all types of leased assets record a decrease in value, with particularly significant change being noted in equipment value due to market and technological reasons.

32.3.1 Interest Rate Risk

Interest rate risk is the risk of decreasing of profit or net assets value of the Company due to changes in interest rates. The Company's exposure to the interest rate risk depends on the ratio of the interest-sensitive assets and liabilities.

Reprising gap report determines difference between interest-sensitive assets and interest-sensitive liabilities for various time intervals in the future. Based on the determined gaps, profit and equity sensitivity analysis is done for certain changes in market interest rates.

32. RISK MANAGEMENT (continued)

32.3 Market Risk (continued)

32.3.1 Interest Rate Risk (continued)

Interest Rate Risk as of 31. December 2009

ALL CURRENCIES	Up to 1 month	From 1 to 3 month	From 3 to 6 months	From 6 to 12 months	From 12 to 18 months	From 18 months to 5 years	Over 5 years	Interest non-sensible	Total
ASSETS									
Intangible assets	-	-	-	-	-	-	-	1,879	1,879
Property and equipment	-	-	-	-	-	-	-	12,252	12,252
Finance lease placements	19,966	3,870,965	6,434	13,015	16,829	40,222	-	-	3,967,430
Short-term receivables	-	-	-	-	-	-	-	10,186	10,186
Deposits	860,000	113,982	-	-	-	-	-	-	973,982
Cash and cash equivalents	-	-		-	-	-	-	756,316	756,316
Deffered tax assets	-	-	-	-	-	-	-	6,560	6,560
Other assets	74,897	-	-	-	-	-	-	177,609	252,506
TOTAL ASSETS	**954,863**	**3,984,947**	**6,434**	**13,015**	**16,829**	**40,222**	**-**	**964,802**	**5,981,111**

32. RISK MANAGEMENT (continued)

32.3 Market Risk (continued)

32.3.1 Interest Rate Risk (continued)

	Up to 1 month	From 1 to 3 month	From 3 to 6 months	From 6 to 12 months	From 12 to 18 months	From 18 months to 5 years	Over 5 years	Interest non-sensible	Total
LIABILITIES									
Borrowings	1,150,793	3,728,382	-	-	-	-	-	-	4,879,175
Interest and fees payable, changes in fair value of derivatives	-	-	-	-	-	-	-	17,958	17,958
Suppliers	-	-	-	-	-	-	-	2,211	2,211
Provisions	-	-	-	-	-	-	-	6,764	6,764
Tax liabilities	-	-	-	-	-	-	-	2,952	2,952
Other liabilities	-	-	-	-	-	-	-	69,744	69,744
TOTAL LIABILITIES	**1,150,793**	**3,728,382**	**-**	**-**	**-**	**-**	**-**	**99,629**	**4,978,804**
EQUITY	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,002,307**	**1,002,307**
TOTAL LIABILITIES AND EQUITY	**1,150,793**	**3,728,382**	**-**	**-**	**-**	**-**	**-**	**1,101,936**	**5,981,111**
PERIODICAL GAP AS OF 31. December 2009.	**(195,930)**	**256,564**	**6,434**	**13,015**	**16,829**	**40,222**	**-**	**(137,133)**	**-**
CUMULATIVE GAP	**(195,930)**	**60,634**	**67,068**	**80,083**	**96,912**	**137,134**	**137,134**	**-**	**-**

Total cumulative gap up to 1 year amounts to RSD 80,083 thousand, and can be considered as acceptable interest matching level.

Interest rate risk is also monitored by using scenario analysis, i.e. by monitoring influence of interest rate changes on the Company's revenues and expenses.

32. RISK MANAGEMENT (continued)

32.3 Market Risk (continued)

32.3.2 Foreign Currency Risk

Foreign currency risk is a risk of the occurrence of negative effects to the financial result and equity of the Company due to changes in foreign exchange rates. Foreign currency risk protection principle is set, in order to maintain assets in foreign currency at least in the volume of foreign currency liabilities level. This ratio is also reconciled from the aspects of maturities of foreign currency receivables and liabilities.

In order to manage foreign currency risk, the Company negotiates finance lease contracts in EUR and CHF, with annuities paid in RSD at Banca Intesa a.d., Beograd applying the offer foreign exchange rate for cash, in case of retail clients, or at offer foreign exchange rate in case of corporate clients.

Offering finance lease in different currencies leads to exposure to exchange rates fluctuations for different currencies. In accordance with the Company's internal policy as well as potential exchange rates fluctuations, open foreign currency position limit has been set up to EUR 300.000 for position in EUR and to CHF 100.000 for position in CHF.

The Company measures foreign currency risk on a daily basis, according to the methodology of the National Bank of Serbia, through the Report on the foreign currency risk indicator.

During 2009, the Company strictly paid attention to the compliance of the foreign currency risk indicator with the prescribed limit. During 2009, this indicator was within defined limit.

The following table shows the effect of exchange rate changes on the Company's profit:

(RSD thousand)

Scenario	Effect on Income Statement 2009	Effect on Income Statement 2008
10% depreciation of RSD	2,327	4,471
20% depreciation of RSD	4,653	8,941

The following tables show the Company's exposure to foreign currency risk:

(RSD thousand)

	EUR	CHF	Total
Foreign Currency Position as of 31 December 2009			
Total Foreign Currency Assets	4,122,557	761,077	4,883,634
Total Foreign Currency Liabilities	4,150,035	765,963	4,915,998
Net open foreign currency position	**(27,479)**	**(4,885)**	**(32,364)**
Equity			1,002,307
Foreign Currency Risk Indicator			**3.23%**

32. RISK MANAGEMENT (continued)

32.3 Market Risk (continued)

32.3.2 Foreign Currency Risk (continued)

(RSD thousand)

	EUR	CHF	Total
Foreign Currency Position as of 31 December 2008			
Total Foreign Currency Assets	4,221,216	821,538	5,042,753
Total Foreign Currency Liabilities	4,128,644	865,133	4,993,777
Net open foreign currency position	**92,571**	**(43,595)**	**48,976**
Equity			420,735
Foreign Currency Risk Indicator			**11.64%**

32.4 Operational Risk

Operational risk is the risk of negative effects on the Company´s financial result and equity, due to failures in performance of operating activities, human mistakes, system errors and external factors effects. The function of operational risk management process is to identify, assess, control and minimise the possibility of occurrence and effect of operational risks and net losses. The Company cannot eliminate all operational risks, but it is able to identify, through the processes of recording and analysing the operational risks, the failures in its processes, products and procedures. Through improving its processes, products and procedures, the Company is able to decrease frequency as well as the negative influence of operational losses on its business and profitability. An important aspect of the operative risk management is updating the management on significant operative risks in a timely manner, as well as permanent education of all employees involved in the process of collecting data on operational risks and comprehensive awareness developement on the importance of identification, measurement, control and mitigation of operational risks.

During 2009, operational risks have been traced through Serenity application. Tracing of identified events that cause the Company's operational risks is performed by coordinators for operational risk monitoring. Data input is done in real-time, meaning that an event can be traced right after it has been identified. Coordinators record the event not later than 48 hours after it has been identified. The event can be recorded as draft, and during that time coordinators have access to the document.

When all available data on the event is entered in the application, it becomes visible to the verifier whose job is to recheck data about the event and to approve it. The event also needs to be approved within the 48 hours.

Operational risks comprise of:

1) Internal frauds and activities
2) External frauds and activities
3) Relations with employees and safety at work
4) Damages on fixed assets
5) Business interruption and system failure
6) Clients, products and business practice
7) Execution, delivery and process management, etc.

Besides, the Company has adopted significant number of procedures and working instructions during 2009, which define working processes adequately with tendencies to minimise operational risks.

32. RISK MANAGEMENT (continued)

32.3 Market Risk (continued)

32.5 Equity Management

The Company's primary goal regarding equity management is to ensure that the Company maintains strong credit rating and sound equity ratio in order to support the business activity and the maximization the equity value.

The Company manages its equity structure and adjusts it according to the changes in economic conditions. In order to maintain and/or adjust the equity structure, the Company can adjust the dividends payable, return the equity or increase the equity share.

In accordance with the Law on Finance Leasing, the Company's stake capital paid in cash cannot be less than EUR 100,000 in RSD at NBS's middle exchange rate as of day of the payment. The lessor is obliged to ensure stake capital not lower that the above mentioned amount.

As of 31 December 2009 the Company's share capital amounts to RSD 960,374 thousand and is significantly above the subscribed minimum.

33. FAIR VALUE OF ASSETS AND LIABILITIES

As of 31 December 2009 (as well as of 31 December 2008), the Company's management has determined that fair value of assets and liabilities is approximately equal to their book values.

Besides, during 2009 value of inventory -leased assets returned to the Company has been recorded at assessed market value based on certified appraiser's assessment. In accordance with the principle of cautiousness, losses identified by such assessment are recorded through profit and loss, while gains are recorded through balance sheet as a liability.

34. LEASED ASSETS INSURANCE

Considering the risk which the Company is exposed to, the Company pays special attention to insurance of leased assets. Therefore, the Company cooperates with insurance companies, particularly with Delta Generali Osiguranje a.d., Beograd.

As of 29 July 2009, a new Contract on operational and technical cooperation between Intesa Leasing and Delta Generali Osiguranje was signed, which abolishs previously singed Contract on operational and technical cooperation dating from March the 8th, 2006, as well as Contract on insurance and business cooperation for insurance practice signed on November the 1st, 2007. (ILB No. 2328-1).

Subject of the Contract is business cooperation between the above mentioned companies and relates to insurance of new and used vehicles, as well as new and used equipment, for whose acquisition Intesa Leasing signs contracts with lessees, retail or corporate customers, in accordance with Intesa Leasing d.o.o. Beograd business policy acts and in accordance with Delta Generali Osiguranje a.d., Beograd business policy acts.

35. TAX ADMINISTRATION CONTROL

During 2009, Tax authorities from Stari Grad department conducted one field inspection of the Company. The subject of inspection was VAT calculation and payments for period from 1 July 2009 to 31 July 2009, file No. 502763706.

Field inspection was conducted in the Company's premises in Cara Urosa 54 from 1 September 2009 to 3 September 2009.

Tax authorities' field inspection concluded that tax payer Intesa Leasing d.o.o. Beograd had properly and correctly stated tax credit for inspected period in the amount of RSD 4,994,375.00, in accordance with the Law on value added tax, article 52. paragraph 2.

36. RECONCILIATION OF LIABILITIES AND RECEIVABLES

In accordance with the Law on accounting and auditing, article 20, the Company has done reconciliation of liabilities and receivables with its creditors and debtors as of 31 December 2009, for which there is related authentic documentation. Besides reconciliation on the date of financial statements, the Company has been practicing continuous reconciliation with its clients during the fiscal year, and achieved considerable results.

After open items statements had been exchanged with clients, obligations from 24 finance lease contracts denominated in EUR and 1 finance lease contract denominated in CHF have not been reconciled. Obligations from all the contracts denominated in RSD have been reconciled.

Total amount of unreconciled receivables with clients is RSD 14,493 thousand. Largest part of the disputed receivables in the amount of RSD 10,206 thousand relates to terminated contracts with sued clients who do not recognize their liabilities.

Unreconciled receivables in the amount of RSD 3,328 thousand relate to clients with whom finance lease contracts were terminated and leased assets were repossessed, while these clients do not recognise their liabilities.

Unreconciled receivables in the amount of RSD 831 thousand relate to clients who sued the Company and who do not recognise their liabilities.

The rest of unreconciled receivables in the amount of RSD 128 thousand relate to differences in finance lease obligations recognition and bookkeeping methods between clients and the Company.

The total amount of the disputed receivables is not materially significant in relation to the Company's total finance lease portfolio.

37. SUBSEQUENT EVENTS

There have been no significant events subsequent to the balance sheet date, which would require disclosures in the notes to the accompanying financial statements of the Company for the year ended 31 December 2009.

In Belgrade, June 11, 2009

Person responsible for the financial statements preparation Predrag Topalovic	Legal representative Vlastimir Vukovic

Intesa Leasing doo Beograd

1	7	4	9	2	7	1	3		6	5	2	1	0		1	0	3	0	2	3	8	7	5
Identification number									Business code						Tax identification number								

5	8	0	0	3	0	0	0	0	0	10
1	2	3	19	20	21	22	23	24	25	26

INTESA LEASING DOO BEOGRAD

Location: **Cara Urosa 54**

STATISTICAL ANNEX
for the year 2009

I GENERAL INFORMATION ON LEGAL ENTITY, I.E. ENTREPRENEUR

ITEM	EDP	Current year	Previous year
1	2	3	4
1. Number of months in business (mark 1 to 12)	601	12	12
2. Size (mark 1 to 3)	602	3	3
3. Ownership (mark 1 to 5)	603	2	2
4. Number of foreign (legal entities or individuals) with investment in shares	604	1	1
5. Avarage number of employees based on month end balance (whole number)	605	30	33

II GROSS CHANGES IN INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND BIOLOGICAL ASSETS

~ in RSD 000 ~

Group of accounts, account	ITEM	EDP	Gross	Depreciation	Net (col. 4 - 5)
1	2	3	4	5	6
01	**1. Intangible assets**				
	1.1. Balance at the beginning of the year	606	9,544	7,502	2,042
	1.2. Additions (acquisitions) during the year	607	540		540
	1.3. Decreases during the year	608	703		703
	1.4. Revaluation	609	-	xxxxx	-
	1.5. Balance at the end of the year (606 + 607 - 608 + 609)	610	9,381	7,502	1,879
02	**2. Property, plant and equipment and biological assets**				
	2.1. Balance at the beginning of the year	611	20,742	7,822	12,920
	2.2. Additions (acquisitions) during the year	612	6,691	-	6,691
	2.3. Decreases during the year	613	7,359	-	7,359
	2.4. Revaluation	614	-	xxxxx	-
	2.5. Balance at the end of the year (611 + 612 - 613 + 614)	615	20,074	7,822	12,252

III STRUCTURE OF INVENTORIES

~ in RSD 000 ~

Group of accounts, account	ITEM	EDP	Current year	Previous year
1	2	3	4	5
10	1. Materials	616	-	-
11	2. Work in progress	617	-	-
12	3. Finished products	618	-	-
13	4. Goods	619	160,693	8,466
14	5. Non-current assets held for sale	620	-	-
15	6. Advances given	621	1,741	287,205
	7. TOTAL (616 + 617 + 618 + 619 + 620 + 621 = 013+014)	622	**162,434**	**295,671**

IV INITIAL CAPITAL STRUCTURE

~ in RSD 000 ~

Group of accounts, account	ITEM	EDP	Current year	Previous year
1	2	3	4	5
300	1. Share capital	623	-	-
	pertaining to: foreign capital	624	-	-
301	2. Stakes in limited liability company	625	960,374	420,735
	pertaining to: foreign capital	626	12,433	206,160
302	3. Stake of partnership and limited partnership	627	-	-
	pertaining to: foreign capital	628	-	-
303	4. State capital	629	-	-
304	5. Socially owned capital	630	-	-
305	6. Collective capital	631	-	-
309	7. Other initial capital	632	-	-
30	**TOTAL (623 + 625 + 627 + 629 + 630 + 631 + 632 = 102)**	633	**960,374**	**420,735**

V SHARE CAPITAL STRUCTURE

number of shares

~ in RSD 000 ~

Group of accounts, account	ITEM	EDP	Current year	Previous year
1	2	3	4	5
	1. Ordinary shares		-	-
	1.1. number of ordinary shares	634	-	-
part 300	1.2. Nominal value of ordinary shares - total	635	-	-
	2. Priority shares		-	-
	2.1. Number of priority shares	636	-	-
part 300	2.2. Nominal value of priority shares - total	637	-	-
300	**3. TOTAL -nominal value of shares (635+637=623)**	638	-	-

VI RECEIVABLES AND LIABILITIES

~ in RSD 000 ~

Group of accounts, account	ITEM	EDP	Current year	Previous year
1	2	3	4	5
20	1. Trade receivables (balance at the end of the year 639 ≤ 016)	639	133,564	162,342
43	2. Operating liabilities (balance at the end of the year 640 ≤ 119)	640	7,960	9,560
part 228	3. Receivables during the year from the insurance company (credit without opening balance)	641	-	14,824
27	4. VAT paid for purchase of goods and services (debit without opening balance)	642	217,908	336,495
43	5. Operating liabilities (credit without opening balance)	643	1,839,577	3,090,694
450	6. Liabilities for net salaries and compensations (credit without opening balance)	644	38,572	28,715
451	7. Liabilities for tax on salaries and compensations paid by employee (credit without opening balance)	645	5,956	4,588
452	8. Liabilities for contributions on salaries and compensations paid by employee (credit without opening balance)	646	7,058	6,898
461, 462 and 723	9. Liabilities for dividends, share in profit and personal income of the employer (credit without opening balance)	647	-	-
465	10. Liabilities to individuals in respect of contract fees (credit without opening balance)	648	-	171
47	11. VAT liabilities (annual amount per tax returns)	649	238,148	444,025
	12. Control sum (from 639 to 649)	650	2,488,743	4,098,312

VII OTHER COSTS AND EXPENSES

~ in RSD 000 ~

Group of accounts, account	ITEM	EDP	Current year	Previous year
1	2	3	4	5
513	1. Fuel and energy	651	1,273	1,553
520	2. Salaries and compensations (gross)	652	51,585	40,201
521	3. Taxes and contributions on salaries and compensations paid by employer	653	7,058	6,904
522, 523, 524 and 525	4. Compensations to individuals (gross) in respect of contracts	654	-	248
526	5. Compensations to the members of Board of Directors and Supervisory Board (gross)	655	-	-
529	6. Other personal expenses and compensations	656	1,355	1,214
53	7. Production services	657	15,719	35,678
533, part 540 and part 525	8. Rent	658	5,533	10,020
part 533, part 540 and part 525	9. Rent of land	659	-	-
536, 537	10. Research and development	660		
540	11. Depreciation	661	4,717	4,196
552	12. Insurance premiums	662	2,786	28,148
553	13. Bank charges	663	636	932
554	14. Membership fees	664	669	691
555	15. Taxes	665	19,118	30,277
556	16. Contributions	666	-	-
562	17. Interests	667	200	-
part 560,part 561 and part 562	18. Interests and part of financial expenses	668	182,215	282,834
part 560, part 561 and part 562	19. Interests on loans granted from banks and other financial organisations	669	182,015	273,163
part 579	20. Expenses for humanitarian, cultural, health, educational, scientific and religious activities, environmental protections and sports activities	670	-	1,281
	21. Control sum (651 to 670)	671	**474,879**	**717,340**

VIII OTHER INCOME

~ in RSD 000 ~

Group of accounts, accounts	ITEM	EDP	Current year	Previous year
1	2	3	4	5
60	1. Sale of goods	672	1,266,627	2,056,313
640	2. Premiums, subventions, grants, recourse, compensations and tax returns	673	-	-
641	3. Donations	674	-	-
part 650	4. Income from rent of land	675	-	-
651	5. Membership fees	676	-	-
part 660, part 661,662	6. Interest income	677	427,702	281,186
part 660, part 661and part 662	7. Interest income on accounts and deposits held with banks and other financial organisations	678	77,134	1,468
part 660, part 661 and part 669	8. Income from dividends and share in profit	679	-	-
	9. Sum (672 to 679)	680	1,771,463	2,338,967

IX OTHER INFORMATION

~ in RSD 000 ~

ITEM	EDP	Current year	Previous year
1	2	3	4
1. Excise duties (according to annual excise calculation)	681	-	-
2. Calculated customs and other import duties (total annual ammount according to calculation)	682	-	-
3. Capital subventions and other state grants for construction and acquisition of fixed and intangible assets	683	-	-
4. State grants for premiums, recourse and current operating expenses	684	-	-
5. Other state grants	685	-	-
6. Donations and other grants in money or goods received from foreign legal entities and individuals	686	-	-
7. Entrepreneurs' personal income from net profit (to be filled only by enterpreneurs)	687	-	-
8. Sum (681 to 687)	688	-	-

In Belgrade
June 11, 2010

Person responsible for the financial statements preparation

Legal representative

Тошановић Т.

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