# INTESA LEASING d.o.o. Beograd

## *FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010*

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

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 31 December 2010, 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 the Law on Accounting and Auditing and other accounting regulations in Republic of Serbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### 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 about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with the Law on Accounting and Auditing and other accounting regulations in Republic of Serbia.

Belgrade, 21 April 2011

MGy.

Martin Evry
for Ernst & Young Beograd d.o.o.

PREDUZEĆE ZA REVIZIJU ERNST & YOUNG II BEOGRAD d.o.o.

Olivera Blagić
Authorized Auditor

PIB: 101824091 • Matični broj: 17155270 • Upisan i unet osnovni kapital: 15.075,01 EUR
Registarski broj 47839 kod Agencije za privredne registre
Poslovni račun 255-0009930101000-91 kod Privredne Banke Beograd AD

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

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

INTESA LEASING DOO
BEOGRAD
Location: Cara Uroša
54

## INCOME STATEMENT
### for the period from 1 January 2010 to 31 December 2010

- in RSD 000 -

| Code of accounts | ITEM | EDP | Note No. | Amount | |
|---|---|---|---|---|---|
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 | 6 |
| | REVENUES AND EXPENDITURES FROM CONTINUING OPERATIONS | | | | |
| | | | | | |
| | A. OPERATING INCOME AND EXPENSES | | | | |
| 60 | 1. Interest income from finance lease | 201 | 4.1 | 316,164 | 324,380 |
| 50 | 2. Interest expenses from finance lease | 202 | 5.1 | 142,363 | 182,015 |
| | I Interest income (201-202) | 203 | | 173,801 | 142,365 |
| | II Interest loss (202-201) | 204 | | - | - |
| 61 | 3. Income from finance lease activities | 205 | 4.2 | 75,895 | 53,022 |
| 513, 514 | 4. Expenses from finance lease activities | 206 | 5.2 | 20,189 | 7,870 |
| | III OPERATING PROFIT ( 203-204+205-206) | 207 | | 229,507 | 187,517 |
| | IV OPERATING LOSS ( 204-203-205+206) | 208 | | - | - |
| | B. OTHER INCOME AND EXPENSES | | | | |
| (65+66)-(55+56) | 1. Net income from interest, foreign exchange differences and effects of foreign currency clause | 209 | 6.1 | 111,464 | 242,938 |
| (55+56)-(65+66) | 2. Net expenses from interest, foreign exchange differences and effects of foreign currency clause | 210 | | - | - |
| 670-570 | 3. Net gains on disposals of intangible assets, property, plant, equipment and other assets | 211 | 6.2 | - | 112 |
| 570-670 | 4. Net losses on disposals of intangible assets, property, plant, equipment and other assets | 212 | 6.2 | 44 | - |
| 672-572 | 5. Net gains on disposals of long-term investments | 213 | | - | - |
| 572-672 | 6. Net losses on disposals of long-term investments | 214 | | - | - |
| 68-58 | 7. Net income from adjustments of assets value | 215 | | - | - |
| 58-68 | 8. Net expenses from adjustments of assets value | 216 | 6.3 | 81,179 | 289,061 |
| 62 | 9. Income from rental | 217 | | - | - |
| 63 | 10. Gains on disposals | 218 | 6.4 | 138,272 | 112,608 |
| 571 | 11. Losses on disposals | 219 | 6.4 | 138,823 | 118,720 |
| 51 without 513, 514, 53 | 12. Operating expenses | 220 | 6.5 | 56,648 | 49,682 |
| 52 | 13. Salaries, benefits and other personal expenses | 221 | 6.6 | 63,561 | 59,998 |
| 540 | 14. Depreciation | 222 | 6.7 | 5,719 | 4,717 |
| 54 without 540 | 15. Provision | 223 | 6.8 | 452 | 5,225 |
| 64, 673 to 679 | 16. Other income | 224 | 6.9 | 17,929 | 37,960 |
| 573 to 579 | 17. Other expenses | 225 | 6.10 | 598 | 18,359 |
| | V PROFIT FROM OPERATING ACTIVITIES BEFORE TAX (207-208+209-210+211-212+213-214+215-216+217-218+219-220-221-222-223+224-225) | 226 | | 150,148 | 35,373 |
| | G. LOSS FROM OPERATING ACTIVITIES BEFORE TAX (208-207-209+210-211+212-213+214-215+216-217-218+219+220+221+222+223-224+225) | 227 | | - | - |
| 69-59 | VII NET INCOME FROM DISCONTINUING OPERATIONS | 228 | | - | - |
| 59-69 | VII NET LOSS FROM DISCONTINUING OPERATIONS | 229 | | - | - |

- in RSD 000 -

| Code of accounts | ITEM | EDP | Note No. | Amount | |
|---|---|---|---|---|---|
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 | 6 |
| | **V. PROFIT BEFORE TAX (226-227+228-229)** | 230 | | 150,148 | 35,373 |
| | **G. LOSS BEFORE TAX (227-226-228+229)** | 231 | | - | - |
| | **D. INCOME TAX** | | | - | - |
| 721 | 1. Tax expenses of the period | 232 | 7 | 21,923 | - |
| 722 | 2. Deferred tax expenses | 233 | 7 | 6,279 | - |
| 722 | 3. Deferred tax income | 234 | | - | 6,560 |
| 723 | **I. PERSONAL EARNINGS PAID TO EMPLOYER** | 235 | | - | - |
| | **E. NET INCOME (230-231-232-233+234-235)** | 236 | | 121,946 | 41,933 |
| | **Ž. NET LOSS (231-230+232+233-234+235)** | 237 | | - | - |
| | **Z. NET INCOME ASSIGNED TO MINORITY INTEREST** | 238 | | - | - |
| | **I. NET INCOME ASSIGNED TO SHAREHOLDERS** | 239 | | - | - |
| | **J. EARNING PER SHARE** | | | - | - |
| | 1. Basic earning per share | 240 | | - | - |
| | 2. Decreased (diluted) earning per share | 241 | | - | - |

In Belgrade

April 21, 2011

Person responsible for the financial statements preparation

Legal representative

Intesa Leasing doo Beograd

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

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

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

## BALANCE SHEET
### As of 31 December 2010

- 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 | | **2,700,672** | **2,633,311** |
| 00 | I. SUBSCRIBED SHARE CAPITAL UNPAID | 002 | | - | - |
| 012 | II. GOODWILL | 003 | | - | - |
| 01 without 012 | III. INTANGIBLE ASSETS | 004 | 8 | 9,587 | 1,879 |
| | IV. PROPERTY, PLANT AND EQUIPMENT (006+007) | 005 | | 12,032 | 12,252 |
| 021, 022, 023, 025, 026, 027 (part), 028 (part) and 029 (part) | 1. Property, plant and equipment | 006 | 9 | 12,032 | 12,252 |
| 024, 027 (part), 028 (part) and 029 (part) | 2. Investment property | 007 | | - | - |
| | V. LONG-TERM FINANCIAL INVESTMENTS (009+010) | 008 | | - | - |
| 030 to 032, 039 (part) | 1. Investments in capital | 009 | | - | - |
| 033 to 036, 038 and 039(part) | 2. Other long-term financial investments | 010 | | - | - |
| 04 | VI. RECEIVABLES FROM FINANCE LEASE | 011 | 10 | 2,679,053 | 2,619,180 |
| 05 | VII. LEASED ASSETS | 012 | | | |
| | **B. CURRENT ASSETS** (014+015+016+017+018+019) | 013 | | **3,244,564** | **3,341,240** |
| 10 and 16 | I. INVENTORIES | 014 | 11 | 1,728 | 1,741 |
| 11 | II. LEASED ASSETS TAKEN FOR UNCOLLECTIBLE RECEIVABLES | 015 | 11 | 101,154 | 160,693 |
| 12 | III. OTHER ASSETS TAKEN FOR UNCOLLECTIBLE RECEIVABLES | 016 | | - | - |
| 13 and 15 | IV. LEASED ASSETS | 017 | | - | - |
| 14 | V. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS FROM DISCONTINUING OPERATIONS | 018 | | - | - |
| | VI. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (020+021+022+023+024+025+026+027+028) | 019 | | 3,141,682 | 3,178,806 |
| 20 | 1. Short-term receivables from finance lease | 020 | 12.1 | 1,545,996 | 1,348,250 |
| 21 | 2. Other receivables from finance lease | 021 | 12.2 | 16,158 | 1,568 |
| 22 without 223 | 3. Receivables from operating activities | 022 | 12.3 | 6,545 | 8,618 |
| 223 | 4. Prepaid income tax | 023 | | - | - |
| 23 without 237 | 5. Short-term financial investments | 024 | 12.4 | 1,130,011 | 973,982 |
| 24 | 6. Cash and cash equivalents | 025 | 12.5 | 375,388 | 756,316 |
| 25 | 7. Receivables from lease | 026 | | - | - |
| 26 | 8. Receivables from trade | 027 | | - | - |
| 27 and 28 without 288 | 9. Value added tax and accruals | 028 | 12.6 | 67,584 | 90,072 |
| 288 | **C. DEFERRED TAX ASSETS** | 029 | | 282 | 6,560 |
| | **D. OPERATING ASSETS** (001+013+029) | 030 | | **5,945,518** | **5,981,111** |
| 352 | **E. LOSS EXCEEDING CAPITAL** | 031 | | - | - |
| | **F.TOTAL ASSETS** (030+031) | 032 | | **5,945,518** | **5,981,111** |
| 88 | **G. OFF-BALANCE SHEET ASSETS** | 033 | | - | - |

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) | 101 | | **1,124,254** | **1,002,307** |
| 30 | I. STAKE CAPITAL | 102 | 13 | 960,374 | 960,374 |
| 32 | II. RESERVES | 103 | | - | - |
| 330, 331 | III. REVALUATION RESERVES | 104 | | - | - |
| 332 | IV. UNREALIZED GAINS RELATED TO SECURITIES | 105 | | - | - |
| 333 | V. UNREALIZED LOSSES REALTED TO SECURITIES | 106 | | - | - |
| 34 | VI. RETAINED EARNINGS | 107 | | 163,880 | 41,933 |
| 35 without 352 | VI. LOSS | 108 | | - | - |
| 037 and 237 | VII. PURCHASED OWN SHARES | 109 | | - | - |
| | **B. LONG-TERM PROVISIONS AND LIABILITIES** (111+112+116) | 110 | | 4,821,264 | 4,978,804 |
| 40 | I. LONG-TERM PROVISIONS | 111 | 14 | 1,803 | 6,764 |
| 41 | II. LONG-TERM LIABILITIES (113+114+115) | 112 | | 2,377,186 | 4,151,238 |
| 410, 411, 412 | 1. Long-term borrowings in the country | 113 | 15 | 735,483 | 806,411 |
| 413, 414, 415 | 2. Long-term borrowings from abroad | 114 | 15 | 1,641,703 | 3,344,827 |
| 417, 418, 419 | 2. Other long-term liabilities | 115 | | - | - |
| | III. SHORT-TERM LIABILITES (117+118+119+120+121+122+123+124) | 116 | | 2,442,275 | 820,802 |
| 42 | 1. Short-term financial liabilities | 117 | 16 | 2,299,345 | 727,938 |
| 43 | 2. Liabilities from finance lease activities | 118 | 17 | 220 | 136 |
| 44 | 3. Interest liabilities and financing costs | 119 | 17 | 4,059 | 4,005 |
| 45 | 4. Salaries and other employee benefits | 120 | | - | 62 |
| 46 without 467 | 5. Other liabilities | 121 | 18 | 29,442 | 17,172 |
| 467 | 6. Liabilities in respect of assets intended for sale and assets from discontinuing operations | 122 | | - | - |
| 47, 48 without 481, 49 without 498 | 7. Value added tax, other public liabilities and accruals | 123 | 19 | 87,286 | 71,489 |
| 481 | 8. Income tax payables | 124 | | 21,923 | - |
| 498 | **C. DEFERRED TAX LIABILITIES** | 125 | | - | - |
| | **D. TOTAL EQUITY AND LIABILITIES** (101+110+125) | 126 | | **5,945,518** | **5,981,111** |
| 89 | **E. OFF-BALANCE SHEET LIABILITIES** | 127 | | - | - |

In Belgrade
April 21, 2011

Person responsible for the financial statements preparation

Tomislav Lut ?.

Intesa Leasing doo Beograd

Legal representative

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

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

INTESA LEASING DOO BEOGRAD
Location: Cara Uroša 54

## CASH FLOW STATEMENT
for the period from 1 January 2010 to 31 December 2010

- 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 4)** | 301 | 2,296,691 | 1,971,165 |
| 1. Inflow from finance lease placements | 302 | 1,710,681 | 1,618,580 |
| 2. Inflow and advances received from finance lease activities | 303 | 362,738 | 249,058 |
| 3. Inflow from rental, sales and other advances received | 304 | 196,925 | 90,127 |
| 4. Other inflow from ordinary operations | 305 | 26,347 | 13,400 |
| **II. Cash outflow from operating activities (1 to 6)** | 306 | 1,997,085 | 1,230,604 |
| 1. Payments and prepayments from finance lease activities | 307 | 1,790,827 | 1,091,549 |
| 2. Other payments and advances given | 308 | 61,941 | 41,261 |
| 3. Salaries, compensations and other employee benefits | 309 | 58,335 | 59,277 |
| 4. Income tax | 310 | - | - |
| 5. Payments for other public income | 311 | 80,700 | 36,150 |
| 6. Other outflows from ordinary operations | 312 | 5,282 | 2,367 |
| III. Net cash inflow from operating activities (I - II) | 313 | 299,606 | 740,561 |
| IV. Net cash outflow from operating activities (II - I) | 314 | - | - |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| **I. Cash inflow from investing activities (1 to 6)** | 315 | 93,771 | 2,852 |
| 1. Sales of stocks and shares (net inflows) | 316 | - | - |
| 2. Sales of intangible assets, property, plant and equipment and other assets | 317 | 481 | 747 |
| 3. Sales of financial instruments | 318 | - | - |
| 4. Other financial investments (net inflows) | 319 | - | - |
| 5. Interests received from investing activities | 320 | 93,290 | 2,105 |
| 6. Dividends received and profit sharing | 321 | - | - |
| **II. Cash outflow from investing activities (1 to 4)** | 322 | 210,081 | 981,121 |
| 1. Purchase of stocks and shares (net outflows) | 323 | - | - |
| 2. Purchase of intangible assets, property, plant and equipment | 324 | 16,217 | 7,231 |
| 3. Purchase of financial instruments (net outflows) | 325 | - | - |
| 3. Other financial investments (net outflows) | 326 | 193,864 | 973,890 |
| **III. Net cash inflow from investing activities (I - II)** | 327 | - | - |
| **IV. Net cash outflow from investing activities (II - I)** | 328 | 116,310 | 978,269 |

- 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 4) | 329 | - | 935,000 |
| 1. Initial captal increase | 330 | - | 935,000 |
| 2. Long-term and short-term loans (net inflóws) to lessor | 331 | - | - |
| 3. Long-term and short-term loans of the lessor | 332 | - | - |
| 4. Other inflows from financing activities (net inflows) | 333 | - | - |
| II. Cash outflows from financing activities (1 to 5) | 334 | 547,718 | 676,921 |
| 1. Purschase of own stocks and shares | 335 | - | - |
| 2. Long-term and short-term loans (net outlows) to lessor | 336 | - | - |
| 3. Long-term and short-term loans (net outlows) of the lessor | 337 | 547,718 | 676,921 |
| 4. Dividends paid and profit sharing | 338 | - | - |
| 5. Other outflows from financing activities (net outflows) | 339 | - | - |
| III. Net cash inflow from financing activities (I - II) | 340 | - | 258,079 |
| IV. Net cash outflow from financing activities (II - I) | 341 | 547,718 | - |
| D. TOTAL CASH INFLOWS (301+315+329) | 342 | 2,390,462 | 2,909,017 |
| E. TOTAL CASH OUTFLOWS (306+322+334) | 343 | 2,754,884 | 2,888,646 |
| F. NET CASH INFLOW (342-343) | 343 | - | 20,371 |
| G. NET CASH OUTFLOW (343-342) | 345 | 364,422 | - |
| H. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD | 346 | 756,316 | 689,371 |
| I. FOREIGN CURRENCY GAINS ON TRANSLATION OF CASH | 347 | - | 46,574 |
| J. FOREIGN CURRENCY LOSSES ON TRANSLATION OF CASH | 348 | 16,506 | - |
| K. CASH AT THE END OF ACCOUNTING PERIOD (344-345+346+347-348) | 349 | 375,388 | 756,316 |

In Belgrade

April 21, 2011

Person responsible for the financial statements preparation

Tioviarolul il.

Legal representative

Privredno društvo za finansijski lizing Intesa Leasing doo Beograd • Beograd • oop "IntesaLeasing"

| 1 | 7 | 4 | 9 | 2 | 7 | 1 | 3 | | | | | | | | 1 | 0 | 3 | 0 | 2 | 3 | 8 | 7 | 5 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Identification number | | | | | | | | | Business code | | | | | | Tax identification number | | | | | | | | |
| 5 | 8 | 0 | | | | | | | | | | 0 | | | | | | | | | | | |
| 1 | 2 | 3 | | | | | | | | | | 19 | | | | 20 | 21 | 22 | 23 | 24 | 25 | 26 | |

Name: **Intesa Leasing doo Beograd**

Location: **Beograd, Cara Uroša 54**

## STATEMENT ON CHANGES IN EQUITY
## for the period from 1 January 2010 to 31 December 2010

| 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 on 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 2009 | 401 | 420,735 | 414 | - | 427 | - | 440 | - | 453 | - | 466 | - | 479 | - | 492 | - | 505 | - | 518 | 395,361 | 531 | - | 544 | 25,374 | 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 2009 (No. 1 + 2 - 3) | 404 | 420,735 | 417 | - | 430 | - | 443 | - | 456 | - | 469 | - | 482 | - | 495 | - | 508 | - | 521 | 395,361 | 534 | - | 547 | 25,374 | 560 | - |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5. | Total increase in previous year | 405 | 935,000 | 418 | - | 431 | - | 444 | - | 457 | - | 470 | - | 483 | - | 496 | - | 509 | 41,933 | 522 | - | 535 | - | 548 | 976,933 | 561 | - |
| 6. | Total decrease in previous year | 406 | 395,361 | 419 | - | 432 | - | 445 | - | 458 | - | 471 | - | 484 | - | 497 | - | 510 | - | 523 | 395,361 | 536 | - | 549 | - | 562 | - |
| 7. | Balance at 31 December 2009 (No, 4 + 5 - 6) | 407 | 960,374 | 420 | - | 433 | | 446 | | 459 | | 472 | - | 485 | - | 498 | - | 511 | 41,933 | 524 | - | 537 | | 550 | 1,002,307 | 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 2010 (No, 7 + 8 - 9) | 410 | 960,374 | 423 | - | 436 | - | 449 | - | 462 | - | 475 | - | 488 | - | 501 | - | 514 | 41,933 | 527 | - | 540 | - | 553 | 1,002,307 | 566 | - |
| 11. | Total increase in current year | 411 | - | 424 | - | 437 | - | 450 | - | 463 | - | 476 | - | 489 | - | 502 | - | 515 | 121,947 | 528 | - | 541 | - | 554 | 121,947 | 567 | - |
| 12. | Total decrease in current year | 412 | - | 425 | - | 438 | - | 451 | - | 464 | - | 477 | - | 490 | - | 503 | - | 516 | - | 529 | - | 542 | - | 555 | - | 568 | - |
| 13. | Balance at 31 December 2010 (No, 10 + 11 - 12) | 413 | 960,374 | 426 | - | 439 | - | 452 | - | 465 | - | 478 | - | 491 | - | 504 | - | 517 | 163,880 | 530 | - | 543 | - | 556 | 1,124,254 | 569 | - |

In Belgrade

April 21, 2011

Person responsible for the financial statements preparation

Legal representative

Intesa Leasing doo Beograd

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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

Intesa Leasing d.o.o. Beograd (hereinafter referred to as "the Company") was registered by the Commercial Court Decision on 3 September 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 (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. 112635/2006 dated 27 March 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. Equity share of Banca Intesa a.d. Beograd has changed to 98,7%, while equity share of CIB Leasing LTD is changed to 1,3%. 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 6491.

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 2010 the Company has 28 employees.

## 2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

### a) Basis for preparation of financial statements

The Company maintains its records and prepares financial statements in accordance with the Accounting and Auditing Law of the Republic of Serbia and other related Serbian regulations.

According to the Accounting and Auditing Law, companies and entrepreneurs in the Republic of Serbia should prepare and present financial statements in accordance with the relevant legal and professional regulations, which encompass the applicable financial reporting framework, International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS"), and the interpretations of standards.

IAS, IFRS and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee as at 1 January 2009 have been officially adopted by the Republic of Serbia Ministry of Finance Decision on publication of International financial reporting standards (decision number 401-00-1380/2010-16) and published in Official Gazette of the Republic of Serbia no. 77 dated October 25, 2010.

Any new or amended IFRS and IFRIC interpretations issued subsequent to 1 January 2009 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 financial lessors (latest Official Gazette of the Republic of Serbia no. 46/2010). This Rulebook determines the legal definition of a complete set of financial statements, which contain departures from IAS 1 Presentation of Financial Statements 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 comprise International Financial Reporting Standards.

These financial statements have been prepared on a historical cost basis except where it is specifically mentioned to be on a fair value basis, as specified in the accounting policies. These financial statements are presented in Republic of Serbia Dinars ("RSD") and all values are rounded to the nearest thousand (RSD'000) except when otherwise indicated.

Financial statements for Intesa Leasing d.o.o., Beograd (hereinafter: the Company) for the year ended December 31, 2010 are adopted on 25 February 2011 by Director of the Company. Revised financial statements and amended notes to the financial statements for the Company for the year ended December 31, 2010 were adopted on 21 April 2011 by Director of the Company.

### 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 2009.

In accordance with new Rules on the Chart of Accounts and Content of Accounts within the Chart for Financial leasing companies and new Rules on the Content and Layout of Financial Statement Forms for Financial Lessors (Official Gazette of the Republic of Serbia no. 46/2010) the Company made reclassification of comparable data.

### 3.2 Significant accounting judgements and estimates

*Use of estimates*

Preparation and presentation of financial statements requires from management of the Company to use the most reliable estimates and reasonable assumptions, which affect assets and liabilities, disclosures of contingences and commitments at the date of financial reports, as well as income and expense for the period.

These estimations and related assumptions are based on information available as of the date of the preparation of the financial statements. Actual results could differ from those estimates. These estimates and underlying assumptions are reviewed on an ongoing basis, and changes in estimates are recognized in the income statement in the periods in which they become known.

*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.

In determining whether an impairment loss of placements should be recorded in the income statement, the Company makes judgments as to whether there is any reliable evidence indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of finance lease placements before the decrease can be identified with an individual finance lease placement 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 1 March 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 dynamic and level of future taxable profits together with future tax planning strategies.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.2 Significant accounting judgements and estimates (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 2010 amounts to RSD 146 thousand. Further details are presented in the Note 14.

*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 2010, 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 Income and expense recognition

*Interest income and expense*

Interest income and expense together with penalty interests are calculated in accordance with the 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.

*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 refer to fee and commission expenses and are recognized in the income statement when they occur.

*Other expenses*

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.4. 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 2010 | 31 December 2009 |
|---|---:|---:|
| CHF | 84.4458 | 64.4631 |
| EUR | 105.4982 | 95.8888 |

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 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 |
| CHF | 86,1347 | 65,7524 | 86,1347 | 65,7524 |
| EUR | 108,1357 | 98,2860 | 108,1357 | 98,2860 |

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.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.4. Foreign currency translation (continued)

During 2010, the Company has used the exchange rate for valuation of long-term financial placements by applying agreed exchange rates, which are offer exchange rates of Banca Intesa a.d. Beograd, except in the case of six contracts of financial leasing in which has been agreed that middle exchange rate of National Bank of Serbia is applied.

### 3.5 Retirement 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)

### 3.6 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 against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.7 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.

### 3.8 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 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 | 12.5% |

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.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.8 Equipment (continued)

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.

### 3.9 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.

### 3.10 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 increased for the future interest.

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, and expressed analytically in accounts receivable to a finance lease.

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

Unearned finance income is calculated under the terms of the lease and recorded in the balance sheet under long-term financial investments.

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

### 3.11 Trade and other receivables

Trade receivables are recognized and measured at original invoice amount less any allowance.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.12 Methodology of calculating allowances

The methodology of calculation allowances is defined by the Company's policy for classification of receivables. The criteria for the classification of receivables consideres delay in settlement of obligations to the Company, account blockade, financial indicators and possible net loss of the debtor, negative cash flow from operating activities, insolvency, bankruptcy, and classification of other members of related entities.

**CLASSES**
Risk assets can be divided into six classes:

a) Good assets

A1 - very good receivables
A2 – standard receivables
B1 – receivables from the debtors with minor difficulties in payment

b) Bad assets

B2 - receivables from the debtors with significant difficulties in payment
C1 – doubtful receivables
C2 – uncollectible receivables/loss

Since the leased asset has the character of the collateral, when assessing risk and allowance amounts, the type of lease is also taken into account. All objects leased are divided into four groups (A, B, C and D) according to their marketability.

As the objects given to leasing are in property of the Company, in case of termination the Company has the full right to sell them after the seizure. Therefore, objects with high marketability would be easy sold, and part or entire principal could be collected.

a) Passenger cars are easily marketable and are classified into group A while they have a 60% reduction of future principal and due receivables
b) Commercial vehicles are easily marketable and are classified into group B while they have a 60% reduction of future principal and due receivables
c) Equipment is less marketable and is classified into group C while it has a 40% reduction of future principal and due receivables
d) Agricultural machinery is less marketable and is classified into group C while it has a 30% reduction of future principal and due receivables

In cases when user does not own the leased asset (the client evaded or never took the asset), marketability of the leased asset is not taken into account when calculating allowances.

Percentages of allowances are:

a) 0% for receivables by members of Intesa Sanpaolo Group, and first-class international banks;
b) 0 - 3% for class A1;
c) 3 - 5% for class A2;
d) 5 – 10% for class B1;
e) 10 – 30% for class B2;
f) 30 – 70% for class C1;
g) 70 – 100% for class C2.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.13 Cash and cash equivalents

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

Intesa Leasing d.o.o., Beograd performs domestic clearing and settlement operations via current accounts held with Banca Intesa a.d., Beograd. The Company performs foreign currency clearing and settlement operations 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. 21/2010) which is effective from 7 April 2010, lessors have an obligation to calculate and allocate the reserves on the 18th day of the month to a special account opened with a bank as follows:

1) beginning from the maintenance period 16 April–17 May 2010 and ending with the maintenance period 18 August–16 September 2010 by applying the following rates:

– 20% – up to the level of reserve base as at 30 September 2008,
– 0% – on the positive difference between the balance of liabilities as at the last day of the prior month and 30 September 2008;

2) beginning from the maintenance period 17 September–17 October 2010 and ending with the maintenance period 18 November–16 December 2010 by applying the rate of 15% on the reserve base as at the last day of the prior month;

3) from the maintenance period 17 December 2010–17 January 2011 onwards by applying the rate of 10% on the reserve base as at the last day of the prior month.
If the 18th of the month falls on a non-business day, reserves shall be allocated on the first preceding business day.

### 3.14 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 appraiser, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.15 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.

### 3.16 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.

The Company made reservations for retirement benefits and provisions for unused days off, in accordance with IAS 19.

Provisions are not recognised for future operating losses.

## 4. OPERATING INCOME

### 4.1 Interest income from finance lease

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Interest income from finance lease- new leased assets | 289,476 | 299,066 |
| Interest income from finance lease- used leased assets | 6,705 | 8,090 |
| Interest income from penalties | 19,983 | 17,224 |
| **Total interest income from finance lease** | **316,164** | **324,380** |

### 4.2 Income from finance lease activities

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Income from delivering services- finance lease origination fees | 19,832 | 19,430 |
| Income from cautions | 6,742 | 3,208 |
| Intercalary interest income | 39,208 | 26,187 |
| Income from invoiced expenses to customers | 10,113 | 4,197 |
| **Total interest income from finance lease activities** | **75,895** | **53,022** |

## 5. OPERATING EXPENSES

### 5.1 Interest expenses from finance lease

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Interest expenses on loans from related parties in the country | 53,145 | 59,310 |
| Interest expenses on loans from related parties abroad | 89,218 | 122,705 |
| **Total interest expenses from finance lease** | **142,363** | **182,015** |

### 5.2 Expenses from finance lease activities

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Insurance expenses of leased assets | 9,600 | 2,173 |
| Storage expenses of repossesed leased assets | 3,103 | 1,927 |
| Expenses from repossesing leased assets | 1,890 | 953 |
| Fee expenses for registration of leasing contracts | 1,590 | 1,222 |
| Other expenses from finance lease activities | 4,006 | 1,595 |
| **Total expenses from finance lease activities** | **20,189** | **7,870** |

## 6. OTHER INCOME AND EXPENSES

### 6.1 Net income/expense from interest, exchange rates and foreign currency clause

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Net interest income | 73,526 | 76,134 |
| Net income from effects of foreign currency clause | 446,751 | 459,945 |
| Net foreign exchange losses | (408,813) | (293,141) |
| **Total net income from interest, exchange rates and foreign currency clause** | **111,464** | **242,938** |

### 6.2 Net (losses)/gains on disposals of intangible assets and equipment

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Gains on write-offs and disposals of intangible assets and equipment | 774 | 242 |
| Losses on write-offs and disposals of intangible assets and equipment | (818) | (130) |
| **Total net (loss)/profit** | **(44)** | **112** |

### 6.3 Net expenses from assets value adjustments

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Net (expenses)/income from impairment of long-term financial placements | 61,783 | (55,241) |
| Net expenses from impairment of short-term financial placements | (142,962) | (233,820) |
| **Total net expenses from assets value adjustments** | **(81,179)** | **(289,061)** |

## 6. OTHER INCOME AND EXPENSES (continued)

### 6.3 Net expenses from assets value adjustments (continued)

Net expenses from impairment of short-term financial placements have the following structure:

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Net expenses from impairment of matured receivables over 60 days | 27,068 | 169,845 |
| Net expenses from impairment of matured receivables up to 60 days | 82,005 | 9,427 |
| Net expenses from impairment of matured receivables from customers over 60 days | 2,529 | 7,988 |
| Net expenses from impairment of matured receivables from customers up to 60 days | 829 | 428 |
| Impairment of short-term receivables for damages and general terms upon contract termination | 12,624 | 18,414 |
| Impairment of short-term receivables for damages upon assessments | 17,907 | 27,718 |
| **Total net expenses from assets value adjustment** | **142,962** | **233,820** |

### 6.4 Gains/losses on disposals of leased assets

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Gains on disposals of leased assets | 138,272 | 112,608 |
| Losses on disposals of leased assets | (138,823) | (118,720) |
| **Total net (loss)** | **(551)** | **(6,112)** |

Gains or losses reported on these positions refer to the sale of leased assets taken for uncollectible receivables.

## 6. OTHER INCOME AND EXPENSES (continued)

### 6.5 Operating expenses

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Insurance premiums | 757 | 613 |
| Advertising expenses | 5,699 | 2,017 |
| Maintenance expenses | 3,750 | 6,157 |
| Rental expenses | 4,699 | 5,326 |
| Payment operations expenses | 422 | 637 |
| Representation expenses | 3,420 | 949 |
| Youth and student association services | 2,183 | 1,563 |
| Transportation and telecommunication expenses | 2,178 | 2,004 |
| Translation services and similar services | 180 | 325 |
| Consulting services | 1,814 | 1,071 |
| Legal services | 1,220 | 117 |
| Audit services | 2,504 | 3,074 |
| Taxes | 16,773 | 19,239 |
| Membership fees | 828 | 669 |
| Professional development and literature | 1,507 | 505 |
| Spare parts and small inventory expenses | 1,291 | 618 |
| Material expenses | 1,568 | 1,405 |
| Fuel expenses | 1,997 | 1,273 |
| Other services expenses | 3,858 | 2,120 |
| **Total other operating expenses** | **56,648** | **49,682** |

The main reason for increase in advertising expenses is increased volume of marketing activities during the year. Within these expenses, the amount of RSD 2,740 thousand refers to expenses of advertisements in newspapers and magazines.

Maintenance expenses are as follows:

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Gemikro software maintenance expenses | 3,096 | 5,645 |
| Company vehicles maintenance expenses | 412 | 216 |
| Other maintenance expenses | 242 | 296 |
| **Total** | **3,750** | **6,157** |

Representation expenses increased in 2010 mostly due to the expenses of organising the celebration of the fifth anniversary of the Company.

Legal service expenses increased significantly compared to the previous period. The Company has been using these services since April 2010 under the Agreement on a permanent representation with the law firm, while these expenses in 2009 were a result of one-time hiring lawyers.

## 6. OTHER INCOME AND EXPENSES (continued)

### 6.5 Operating expenses (continued)

Tax costs in 2010 significantly decreased comparing to the previous year primarily due to decrease in interest on loans from abroad and therefore decrease in related withholding tax.

### 6.6 Salaries and other employee benefits

| *(in RSD thousand)* | **2010** | **2009** |
|---|---|---|
| Gross salaries | 54,911 | 51,584 |
| Taxes and social security contributions | 7,727 | 7,059 |
| Service agreement fees | 46 | - |
| Fees on other contracts with individuals | 52 | - |
| Other personnel expenses and fees | 825 | 1,355 |
| **Total salaries and other employee benefits** | **63,561** | **59,998** |

### 6.7 Depreciation expenses

| *(in RSD thousand)* | **2010** | **2009** |
|---|---|---|
| Intangible assets amortization | 961 | 702 |
| Computer equipment depreciation | 269 | 205 |
| Furniture depreciation | 357 | 326 |
| Motor vehicles depreciation | 4,012 | 3,371 |
| Other equipment depreciation | 36 | 33 |
| Phones depreciation | 55 | 54 |
| Electrical appliancies depreciation | 29 | 26 |
| **Total depreciation expenses** | **5,719** | **4,717** |

### 6.8 Provision expenses

Provision expenses in amount of RSD 452 thousand refer to the increase of provisions for unused days of vacation.

## 6. OTHER INCOME AND EXPENSES (continued)

### 6.9 Other income

| *(RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Income from rental fees | 10,690 | 10,388 |
| Income from reversal of provisions- retirement benefits | 5,414 | - |
| Income from decrease of liabilities | 1,082 | 79 |
| Income from take-over lease contracts | - | 17,680 |
| Other income | 743 | 9,813 |
| **Total other income** | **17,929** | **37,960** |

Rental income refers to agreement with Delta Generali o.a.d for renting premises based on the Agreement of business and technical cooperation.

Income from reversal of provisions resulted from reversal of retirement benefits. The total decrease is reported on this position, as actuarial calculation for 2010 significantly differes from the previous period, due to changes in actuarial assumptions.

Income from take-over lease contracts in 2009 (expenses from take-over lease contracts, Note 6.10) refer to foreign exchange differences occurred after take-over of lease contracts. In 2010 above mentioned foreign exchange differences are disclosed on the position foreign exchange gains/losses.

### 6.10 Other expenses

| *(RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Expenses from humanitarian, cultural, health, educational purposes | 517 | - |
| Expenses from take-over lease contracts | - | 15,942 |
| Expenses from receivables write-offs | 17 | 1,615 |
| Other expenses | 64 | 802 |
| **Total other expenses** | **598** | **18,359** |

On position income and expenses from take-over contracts in 2010 changes are not disclosed which is the result from the different way of booking in case when Lease agreement is taken-over from another user; income and expenses in these cases are reported through the effects of currency clause, which they actually are by their nature.

## 7. INCOME TAX

Components of income tax for 2010 and 2009 are as follows:

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| Deferred income tax | 6,279 | (6,560) |
| Current income tax | 21,923 | - |
| **Income tax, net reported in the Income statement** | **28,202** | **(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, 2010 and December 31, 2009 is as follows:

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| **Pretax income** | **150,148** | **35,373** |
| At statutory income tax rate 10% (2009: 10%) | 15,015 | 3,537 |
| Non deductable expenses | 10,396 | 12,007 |
| Non deductable income | (541) | - |
| Write-off of deferred tax assets | 2,331 | |
| Adjustment of previously recognized deferred tax assets | 522 | |
| Previously derecognized deferred tax assets on the base of: | | |
| Temporary differences on ˝arm´s lenght˝ interest and prevention of thin capitalisation | - | (19,025) |
| Carried forward tax losses | - | (2,160) |
| Carried forward tax credits | - | (119) |
| Temporary differences on fixed assets and intangible assets | - | (183) |
| Current year tax credit based on investment in fixed assets in current period | (189) | (173) |
| Unrecognized deferred tax assets relating to: | | |
| ˝Arm´s lenght˝ interest | | |
| Temporary differences on fixed assets and intangible assets | - | - |
| Other | 668 | (444) |
| **Effective tax rate 18.78% (2009: 18.54%)** | **28,202** | **(6,560)** |

## 7. INCOME TAX (continued)

The following table represents the base for booking of deferred tax assets and the effect on the income statement for 2010 and 2009:

| | Deferred tax assets 2010 | Income statement 2010 | Deferred tax assets 2009 | Income statement 2009 |
|---|---|---|---|---|
| On lower /(higher) book value from tax net present value of fixed assets | 282 | (184) | 465 | 465 |
| On the base of tax losses | - | (3,472) | 3,472 | 3,472 |
| On the base of investments in fixed assets | - | (292) | 292 | 292 |
| On the base of ˝arm´s lenght˝ interest | - | (2,331) | 2,331 | 2,331 |
| | **282** | **(6,279)** | **6,560** | **6,560** |

## 8. INTANGIBLE ASSETS

| *(in RSD thousand)* | Licence and software | Intangible assets in progress | Total |
|---|---|---|---|
| **COST** | | | |
| **Balance as of 1 January 2009** | **8.841** | **-** | **8.841** |
| Additions | 540 | - | 540 |
| **Balance as of 31 December 2009** | **9.381** | **-** | **9.381** |
| Additions | 1.844 | 7.610 | 9.454 |
| Write-off | (3.311) | - | (3.311) |
| **Balance as of 31 December 2010** | **7.914** | **7.610** | **15.524** |
| **ACCUMULATED AMORTIZATION** | | | |
| **Balance as of 1 January 2009** | (6.799) | - | (6.799) |
| Amortization for the year | (703) | - | (703) |
| **Balance as of 31 December 2009** | **(7.502)** | **-** | **(7.502)** |
| Amortization for the year | (961) | - | (961) |
| Write-off | 2.526 | - | 2.526 |
| **Balance as of 31 December 2010** | **5.937** | **-** | **5.937** |
| **NET BOOK VALUE** | | | |
| **Balance as of 31 December 2010** | **1.977** | **7.610** | **9.587** |
| **Balance as of 31 December 2009** | **1.879** | **-** | **1.879** |

In 2010, the Company purchased license for Gemikro software. As of 31 December 2010 intangible assets in progress relates to purchase of Nova information system and amount to RSD 7,610 thousand.

## 9. PROPERTY AND EQUIPMENT

| *(in RSD thousand)* | Vehicles | Furniture | Other equipment | Advances for property and equipment | Total |
|---|---|---|---|---|---|
| **COST** | | | | | |
| **Balance as of 1 January 2009** | **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** |
| Additions | 4.171 | 326 | 427 | - | 4.924 |
| Disposals and write-offs | (2.115) | (32) | (184) | - | (2.331) |
| **Balance as of 31. December 2010** | **17.441** | **2.912** | **2.313** | **-** | **22.666** |
| **ACCUMULATED DEPRECIATION** | | | | | |
| **Balance as of 1 January 2009** | **(3.225)** | **(520)** | **(733)** | **-** | **(4.478)** |
| Amortization 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)** |
| Amortization for the year | (4.012) | (357) | (389) | - | (4.758) |
| Disposals and write-offs | 1.799 | 28 | 118 | - | 1.945 |
| **Balance as of 31. December 2010** | **8.298** | **1.151** | **1.185** | **-** | **10.634** |
| **NET BOOK VALUE** | | | | | |
| **Balance as of 31 December 2010** | **9.143** | **1.761** | **1.128** | **-** | **12.032** |
| **Balance as of 31 December 2009** | **9.300** | **1.796** | **1.156** | **-** | **12.252** |

During 2010, the Company purchased three passenger vehicles and disposed two passenger vehicles, and also purchased computer equipment and furniture for daily operations.

## 10. LONG-TERM FINANCIAL PLACEMENTS

Long-term finance placements of the Company as of 31 December 2010 amount to RSD 4,225,050 thousand. In accordance with the requirements of IAS/IFRS, total long-term financial placements are reclassified and reported in long-term to the portion of long-term financial placements which matures over a year and in short-term to the portion of long-term financial placements which matures within one year, as showed in the table:

| *(in RSD thousand)* | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Portion of long term financial placements with maturity over a year | 2,730,489 | 2,701,183 |
| Impairment of portion of long term financial placements with maturity over a year | (51,436) | (82,003) |
| **Net value of current portion of long term financial placements with maturity over a year** | **2,679,053** | **2,619,180** |

| *(in RSD thousand)* | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Current portion of long term financial placements with maturity within one year | 1,475,137 | 1,253,540 |
| Impairment of current portion of long term financial placements with maturity within one year | (23,962) | (36,800) |
| **Net value of current portion of long term financial placements with maturity within one year** (Note 12.1) | **1,451,175** | **1,216,740** |

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 signed 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. Economic benefits and risks are transferred to the user with the finance lease agreements.

In accordance with agreements, title passes to the lessee at the end of the payment of all agreed installments. In 2010, average lease origination fee amounted to 1,22% of the gross cost of leased asset.

## 10. LONG-TERM FINANCIAL PLACEMENTS (continued)

Nominal interest rates on finance lease agreements approved in 2010 vary in the following ranges:

| | From | To |
|---|---|---|
| Placements in EUR | 5,99% | 11,50% |
| Placements in CHF | 6,50% | 7,50% |
| Placements in RSD | 7,48% | 16,26% |

Average rate of participation of clients on the bases of lease agreements in 2010 amounted to 14.36% of net cost of leased asset.

## 11. INVENTORIES

| *(in RSD thousand)* | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Finance lease assets repossesed on the basis of uncollectible receivables | 101,154 | 160,693 |
| Advances paid | 1,728 | 1,741 |
| **Total** | **102,882** | **162,434** |

The amount of RSD 101,154 thousand within Inventories relates to the repossesed finance lease assets on the basis of uncollectible receivables, which are intended to be reactivated through finance lease agreements or for further selling as of 31 December 2010. Significant decrease at the end of 2010 compared to the previous year is a result of continued activity during the year relating to sale, or reactivating leased assets through new finance lease agreements. Inventories are recognized at fair value assessed by authorised appraisers. When assessing, market factors are taken into account, depreciation, as well as the technical condition of the leased asset.

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

## 12. SHORT-TERM RECEIVABLES

### 12.1 Short-term receivables on finance lease

The structure of short-term receivables on finance lease of the Company on 31 December 2010 can be summarized as follows:

| *(in RSD thousand)* | Short-term receivables - Gross value | Impairment of short-term receivables | Short-term receivables - Net value |
|---|---|---|---|
| Portion of long term financial placements with maturity within one year | 1,475,137 | (23,962) | 1,451,175 |
| Due receivables from long-term placements over 60 days | 384,345 | (358,150) | 26,195 |
| Due receivables from long-term placements up to 60 days | 110,178 | (41,552) | 68,626 |
| **Total** | **1,969,660** | **(423,664)** | **1,545,996** |

### 12.2 Other receivables from finance lease

Other receivables from finance lease relates to finance lease origination fees, re-invoiced costs, intercalary interest, penalty interest, costs of issuing cautions and their gross value at the end of the year amounts to RSD 27,931 thousand; impairments of these short-term receivables as of 31 December 2010 amounts to RSD 11,773 thousand.

### 12.3 Receivables from operating activities

| *(in RSD thousand)* | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Receivables from leased assets sold | 3,844 | 5,256 |
| Receivables from rent | 1,274 | 972 |
| Interest receivables on term deposits | 420 | 126 |
| Other receivables | 1,007 | 2,264 |
| **Total receivables from operating activities** | **6,545** | **8,618** |

### 12.4 Short-term financial investments

As of 31 December 2010 short-term financial assets amount to RSD 1,130,011 thousand and refer to the short-term deposits in Banca intesa a.d. Beograd (31 Decemeber 2009: RSD 973,982 thousand).

## 12. SHORT-TERM RECEIVABLES (continued)

### 12.5 Cash and cash equivalents

Cash and cash equivalents of the Company comprise of current accounts and foreign currency accounts as well as mandatory reserve in foreign currency, as follows:

| *(in RSD thousand)* | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Current accounts | 12,451 | 8,006 |
| Foregin currency accounts | 8 | 1,072 |
| Mandatory reserve in foreign currency | 362,929 | 747,238 |
| **Total** | **375,388** | **756,316** |

During 2010, the Company mainly performed clearing and settlement operations in domestic currency, at Banca Intesa ad, Beograd. Balances on these accounts were:

| *(in RSD thousand)* | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Banca Intesa a.d., Beograd | 12,451 | 7,766 |
| Piraeus Bank a.d., Beograd | - | 156 |
| Hypo Alpe Adria Bank a.d., Beograd | - | 84 |
| **Total** | **12,451** | **8,006** |

### 12.6 Value added tax and accruals

| *(in RSD thousand)* | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Accrued interest on term deposits | 51,990 | 74,897 |
| Accrued interest on financial placements | 13,831 | 12,151 |
| Accrued intercalary interest | 312 | 1,510 |
| Other accruals | 1,451 | 1,514 |
| **Total** | **67,584** | **90,072** |

Accrued interest on financial placements as of 31 December 2010 relates to accrued interest on finance leases for all finance lease agreement for which interest is due in 2011.

Accrued interest on term depostis as of 31 December 2010 relates to accrued interest calculation for term deposits agreement maturing on 30 March 2011, when interest also matures.

## 13. EQUITY

***Stake capital***

During 2010, stake capital has not been changed. Stake capital is presented as follows:

| *(in RSD thousand)* | **31 December 2010** | **31 December 2009** |
|---|---|---|
| **Stake capital** | | |
| Banca Intesa a.d., Beograd | 947,941 | 947,941 |
| CIB Leasing Ltd Budapest, Hungary | 12,433 | 12,433 |
| **Total** | **960,374** | **960,374** |

***Retained earnings***

Total retained earnings of the Company as of 31 December 2010 amount to RSD 163,880 thousand which includes profit of the current year in the amount of RSD 121,947 thousand and profit from the previous year in the amount of RSD 41,933 thousand.

## 14. LONG-TERM PROVISIONS

| *(in RSD thousand)* | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Provision for long-term retirement benefits | 146 | 5,560 |
| Provisions for unused days off | 1,657 | 1,204 |
| **Total** | **1,803** | **6,764** |

In 2010 there was a significant decrease in provisions due to changes to actuarial assumptions and calculation methodology.

## 15. LONG-TERM BORROWINGS

During 2010, the Company used loans from the following banks: 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 2010, no additional borrowings were agreed with foreing banks and the Company repaid a part of long-term loans from foreign bank in the amount of EUR 4 million and CHF 1.44 million.
During 2010, Banca Intesa a.d. Beograd approved three long-term loans (maturity date: 2015) with currency clause in total amount of EUR 2 million.

Balance of long-term loans at the balance sheet date is presented below:

| *(in RSD thousand)* | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Long-term loans from domestic banks with foreign currency clause- EUR | 471,590 | 491,508 |
| Long-term loans from domestic banks with foreign currency clause- CHF | 263,893 | 314,902 |
| Long-term loans from foreign banks in EUR | 1,371,477 | 2,972,554 |
| Long-term loans from foreign banks in CHF | 270,226 | 372,274 |
| **Total** | **2,377,186** | **4,151,238** |

Part of long term loans that will mature within one year is reclassified to short-term financial liabilities as at 31 December 2010 (Note 16).

## 16. SHORT-TERM FINANCIAL LIABILITIES

Total amount of short-term financial liabilities as of 31 December 2010 relates to the liabilities toward the members of Intesa Sanpaolo Group.

As at 31 December 2010, total of short-term financial liabilities relates to reclasified long-term liabilities that mature within one year (Note 15).

| *(in thousand RSD)* | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Current portion of long-term loans from domestic banks with maturity date up to one year | 304,531 | 344,383 |
| Current portion of long-term loans from foreign banks with maturity date up to one year | 1,994,814 | 383,555 |
| **Total** | **2,229,345** | **727,938** |

## 17. TRADE AND OTHER PAYABLES

| *(in thousand RSD)* | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Liabilities from finance lease activities | 220 | 136 |
| Interest and financial liabilities | 4,059 | 4,005 |
| **Total** | **4,279** | **4,141** |

## 18. Other liabilities

| *(in RSD thousand)* | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Trade payables- domestic | 3,919 | 2,211 |
| Other liabilities to customers | 14,499 | 14,872 |
| Other operating liabilties | 11,024 | 89 |
| **Total** | **29,442** | **17,172** |

As of 31 December 2010 liabilities to customers in the amount of RSD 14,499 thousand (as of 31 December 2009: RSD 14,872 thousand) mainly refer to overpaid instalments.

## 19. VALUE ADDED TAX, OTHER PUBLIC DUTIES AND ACCRUALS

| *(in RSD thousand)* | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Interest accruals on long-term borrowings | 14,324 | 13,953 |
| Accruals for finance lease origination fees | 41,586 | 38,392 |
| Other aacruals | 29,198 | 16,192 |
| Liabilities for withholding tax | 1,585 | 1,550 |
| Liabilities for value added tax | 593 | 1,401 |
| **Total** | **87,286** | **71,489** |

## 20. CONTINGENCES AND COMMITMENTS

As of 31 December 2010, four lawsuits are initiated in the amount of RSD 9,923 thousand against the Company. 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.

## 21. 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 2010, transactions between the Company and the founder Banca Intesa a.d., Beograd is as follows:

| *(in RSD thousand)* | 31 December 2010 | 31 December 2009 |
|---|---|---|
| **Receivables from Banca Intesa a.d., Beograd** | | |
| Cash and cash equivalents | 375,388 | 756,056 |
| Net investments in finance leasing | 168,105 | 29,754 |
| Term deposits | 1,130,011 | 973,982 |
| Interest on term deposits | 420 | 131 |
| Accrued interest on term deposits | 51,990 | 74,897 |
| **Total receivables from Banca Intesa a.d., Beograd** | **1,725,914** | **1,834,820** |

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| **Liabilities to Banca Intesa a.d., Beograd** | | |
| Interest payable | 4,059 | 4,005 |
| Short-term financial liabilities | 304,531 | 344,382 |
| Long-term financial liabilities | 735,483 | 806,411 |
| Other liabilities | 2,328 | 89 |
| **Total liabilities to Banca Intesa a.d., Beograd** | **1,046,401** | **1,154,887** |

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

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| **Income** | | |
| Finance income- interest | 73,672 | 76,313 |
| Interest income on finance lease | 5,347 | 2,468 |
| Foreign exchange differences | 23,949 | 139,353 |
| Other income | 131 | 19 |
| **Total income** | **103,099** | **218,153** |

| *(in RSD thousand)* | 2010 | 2009 |
|---|---|---|
| **Expenses** | | |
| Finance expenses- interest | 53,289 | 60,488 |
| Foreign exchange differences | 204,670 | 187,635 |
| Rental expenses | 4,301 | 2,221 |
| Expenses in accordance with contract for providing services | 2,507 | 399 |
| Other expenses | 1,648 | 3,586 |
| **Total expenses** | **266,415** | **254,329** |

## 21. RELATED PARTIES (continued)

B) As of 31 December 2010, the Company's liabilities to Intesa Sanpaolo S.p.A. Succursale de Paris i Intesa Sanpaolo S.p.A. are as follows:

| *(in RSD thousand)* | 31 December 2010 | 31 December 2009 |
|---|---|---|
| **Liabilities to foreign related parties** | | |
| Long-term financial liabilities– Intesa Sanpaolo S.p.A. | 1,114,212 | 2,865,383 |
| Long-term financial liabilities– Intesa Sanpaolo S.p.A. Succursale de Paris | 527,491 | 479,444 |
| Short-term financial liabilitie – Intesa Sanpaolo S.p.A | 1,994,814 | - |
| Short-term financial liabilities– Intesa Sanpaolo S.p.A. Succursale de Paris | - | 383,555 |
| **Total liabilities** | **3,636,517** | **3,728,382** |

| | 2010 | | 2009 | |
|---|---|---|---|---|
| *(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 | 76,902 | 12,316 | 96,691 | 26,013 |
| Net Foreign exchange differences | 352,288 | 63,027 | 224,111 | 61,768 |
| Other operating expenses - withholding tax | 8,619 | 1,368 | 11,835 | 1,889 |
| **Total expenses** | **437,809** | **76,711** | **332,637** | **89,670** |

C) During 2010 no fees were paid to the Members of the Supervisory Board.

During 2010 paid salaries to the management amounted as follows:

| *(Description)* | ***(in RSD thousand)*** |
|---|---|
| Total gross salary | 22,824 |
| Total net salary | 18,084 |

## 22. 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 country of origin of the entity to which the Company 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 2010, the Unit for bad loans' management provided recommendations for best possible solutions regarding managing of bad loans.

## 22. RISK MANAGEMENT (continued)

### 22.1 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. Additionally, 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.

## 22. RISK MANAGEMENT (continued)

### 22.1 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.

**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 2010:

in RSD thousand

| | High quality | Standard quality | Substandard quality | Uncollectable and doubtful | Balance as at 31 December 2010 |
|---|---|---|---|---|---|
| **Placements to related party Banca Intesa a.d.,Beograd** | **168,105** | **-** | **-** | **-** | **168,105** |
| **Placements to clients:** | | | | | |
| Corporate | 260,587 | 1,208,155 | 77,069 | 65,360 | 1,611,171 |
| SME | 1,087,814 | 855,079 | 274,949 | 312,828 | 2,530,670 |
| Retail | 187,294 | 36,764 | 7,579 | 10,135 | 241,772 |
| Agricultural | 52,582 | 2,949 | 1,559 | 91,339 | 148,430 |
| **Total** | **1,756,382** | **2,102,947** | **361,156** | **479,662** | **4,700,148** |
| **Percent of total gross placements** | **37,37%** | **44,74%** | **7,68%** | **10,21%** | **100,00%** |

## 22. RISK MANAGEMENT (continued)

### 22.1 Credit risk (continued)

**Quality of the portfolio (continued)**

Quality of the portfolio for gross placements by types as at 31 December 2009:

in RSD thousand

| | 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 | 933,350 | 445,576 | 60,959 | 35,206 | 1,475,091 |
| SME | 1,337,069 | 551,275 | 224,641 | 314,451 | 2,427,436 |
| Retail | 243,778 | 2,679 | 4,066 | 10,194 | 280,717 |
| Agricultural | 46,767 | 7,713 | - | 81,534 | 136,014 |
| **Total** | **2,590,718** | **1,027,243** | **289,666** | **441,385** | **4,349,012** |
| **Percent of total gross placements** | **59,57%** | **23,62%** | **6,66%** | **10,15%** | **100,00%** |

Quality of the portfolio-impairment by type of placements as at 31 December 2010:

in RSD thousand

| | High quality | Standard quality | Substandard quality | Uncollectable and doubtful | Balance as at 31 December 2010 |
|---|---|---|---|---|---|
| **Impairment of placements to related party Banca Intesa a.d., Beograd** | **-** | **-** | **-** | **-** | **-** |
| **Impairment of placements to clients:** | | | | | |
| Corporate | 614 | 27,390 | 12,179 | 35,273 | 75,456 |
| SME | 2,499 | 22,725 | 26,118 | 248,505 | 299,847 |
| Retail | 374 | 707 | 909 | 7,279 | 9,269 |
| Agricultural | 158 | 62 | 327 | 89,979 | 90,526 |
| **Total** | **3,645** | **50,884** | **39,533** | **381,036** | **475,098** |
| **Percent of total impairment of placements** | **0,77%** | **10,71%** | **8,32%** | **80,20%** | **100,00%** |

## 22. RISK MANAGEMENT (continued)

### 22.1 Credit risk (continued)

**Quality of the portfolio (continued)**

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

in RSD thousand

| | 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 | 35,599 | 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** |
| **Percent of total impairment of placements** | **1,59%** | **6,65%** | **10,84%** | **80,92%** | **100,00%** |

Quality of the portfolio - net placements as at 31 December 2010 and as at 31 December 2009 is presented as follows:

in RSD thousand

| | High quality | Standard quality | Substandard quality | Uncollectable and doubtful | Balance as at 31 December 2010 |
|---|---|---|---|---|---|
| **Placements to related party Banca Intesa a,d.,Beograd** | **168,105** | **-** | **-** | **-** | **168,105** |
| **Placements to clients:** | | | | | |
| Corporate | 259,973 | 1,180,765 | 64,890 | 30,087 | 1,535,715 |
| SME | 1,085,315 | 832,353 | 248,831 | 64,324 | 2,230,823 |
| Retail | 186,920 | 36,057 | 6,670 | 2,856 | 232,503 |
| Agricultural | 52,425 | 2,887 | 1,232 | 1,360 | 57,904 |
| **Total** | **1,752,738** | **2,052,062** | **321,623** | **98,627** | **4,225,050** |
| **Percent of total net placements** | **41,48%** | **48,57%** | **7,61%** | **2,33%** | **100,00%** |

## 22. RISK MANAGEMENT (continued)

### 22.1 Credit risk (continued)

**Quality of the portfolio (continued)**

in RSD thousand

| | 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 | 1,432,796 |
| SME | 1,334,056 | 536,689 | 194,043 | 109,299 | 2,174,087 |
| Retail | 243,290 | 22,287 | 3,578 | 6,429 | 275,584 |
| Agricultural | 46,628 | 7,390 | - | 1,191 | 55,209 |
| **Total** | **2,584,641** | **1,001,872** | **248,307** | **132,610** | **3,967,430** |
| **Percent of Total net placements** | **65,15%** | **25,25%** | **6,26%** | **3,34%** | **100,00%** |

**Quality of the portfolio - 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 2010 and as at 31 December 2009 is presented below:

in RSD thousand

| | Up to 30 days | From 31 to 60 days | From 61 to 90 days | More than 91 days | Balance as at 31 December 2010 |
|---|---|---|---|---|---|
| **Placements to clients:** | | | | | |
| Corporate | 13,770 | 7,867 | 1,217 | 88 | 22,942 |
| SME | 31,221 | 13,905 | 2,605 | 446 | 48,177 |
| Retail | 2,214 | 510 | 198 | 2 | 2,924 |
| Agricultural | 2,424 | 671 | - | - | 3,095 |
| **Total** | **49,629** | **22,953** | **4,020** | **536** | **77,138** |
| **Percent of total high and standard quality past due placements** | **64,34%** | **29,76%** | **5,21%** | **0,69%** | **100,00%** |

## 22. RISK MANAGEMENT (continued)

### 22.1 Credit risk (continued)

**Quality of the portfolio (continued)**

in RSD thousand

| | 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 | 34,945 |
| Retail | 1,574 | 393 | 38 | - | 2,005 |
| Agricultural | 870 | 14 | 1,073 | - | 1,957 |
| **Total** | **40,221** | **8,634** | **3,301** | **647** | **52,803** |
| **Percent of total high and standard quality past due placements** | **76,17%** | **16,35%** | **6,25%** | **1,23%** | **100,00%** |

### 22.1.1 Maximum credit risk exposure

Maximum credit risk exposure – by geographical regions in 2010:

in RSD thousand

| Geographical region | Placements to banks | Placements to other clients | Allowances for impairment | Balance as at 31 December 2010 |
|---|---|---|---|---|
| Belgrade | 168,105 | 2,399,253 | 238,445 | 2,328,913 |
| Vojvodina | - | 901,234 | 86,101 | 815,133 |
| Rest of Serbia | - | 1,231,556 | 150,552 | 1,081,004 |
| **Total Serbia** | **168,105** | **4,532,043** | **475,098** | **4,225,050** |

## 22. RISK MANAGEMENT (continued)

### 22.1 Credit risk (continued)

### 22.1.1 Maximum credit risk exposure (continued)

Maximum credit risk exposure – by geographical regions in 2009:

in RSD thousand

| Geographical region | 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** | **381,583** | **3,967,430** |

Analysis of the Company's credit risk exposure by industries as at 31 December 2010 and as at 31 December 2009 is presented in the following table:

| | Industry structure | Gross maximum exposure as at 31 December 2010 | Net maximum exposure as at 31 December 2010 | Gross maximum exposure as at 31 December 2009 | Net maximum exposure as at 31 December 2009 |
|---|---|---|---|---|---|
| 1 | Agriculture, forestry and fishing (sector A) | 126,413 | 107,088 | 123,752 | 102,812 |
| 2 | Mining; Processing industry; Water supply, waste water management, removing waste control process and related activities (sectors B, C and E) | 1,253,303 | 1,160,932 | 1,161,840 | 1,096,099 |
| 3 | Power supply, gas, steam supply, air conditioning (sector D) | 5,540 | 569 | 5,771 | 5,586 |
| 4 | Construction (sector F) | 362,122 | 314,288 | 168,724 | 137,434 |
| 5 | Wholesale and retail, vehicles and motorcycles repairmen (sector G) | 548,862 | 458,824 | 609,506 | 533,069 |
| 6 | Traffic and warehousing; communications (sectors H and J) | 1,084,081 | 1,009,073 | 1,116,358 | 1,058,190 |
| 7 | Accomodation and food (sector I) | 36,109 | 35,061 | 41,134 | 39,944 |
| 8 | Financial activities and insurance (sector K) | 176,063 | 176,026 | 44,242 | 44,193 |
| 9 | Health care and social work (sector Q) | 60,217 | 60,035 | 7,392 | 7,362 |
| 10 | Other industries (sector L, M, N, O, P, R, S, T and U) | 1,047,438 | 903,154 | 1,070,294 | 942,741 |
| | **Total:** | **4,700,148** | **4,225,050** | **4,349,013** | **3,967,430** |

## 22. RISK MANAGEMENT (continued)

### 22.1 Credit risk (continued)

#### 22.1.2 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. Three clients with largest net placements individually have exposure risk over 5% of the Company's equity.

Net placements of 20 largest clients amount to RSD 1,982,356 thousand and their exposure to equity is 176.33%. Total net placements of all other clients, amount to RSD 2,209,464 thousand, presenting the exposure of 199.48% of the Company's equity.

#### 22.1.3 Assessment of Impairment of Financial Assets

Structure of impairment of financial assets as at 31 December 2010 and as at 31 December 2009 is presented as follows:

| 2010 | Balance sheet items that are classified | Allowances for impairment | Net balance sheet items that are classified |
|---|---|---|---|
| Retail clients | 241,772 | 9,270 | 232,502 |
| Corporate clients | 4,309,946 | 375,302 | 3,934,644 |
| Agricultural | 148,430 | 90,526 | 57,904 |
| **Total** | **4,700,148** | **475,098** | **4,225,050** |

| 2009 | 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** |

## 22. RISK MANAGEMENT (continued)

### 22.2 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 2010 as follows:

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

High level of liquidity, especially in period of next 6 months is presented in the following maturity mismatch report as at 31 December 2010. Level of liquidity is not favourable in period of six moths to a year because loans from abroad due to payment in that period in amount of RSD 1,994,814 thousand.

## 22. RISK MANAGEMENT (continued)

### 22.2 Liquidity Risk (continued)

Liquidity risk and financial assets management as of 31 December 2010:

| | 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 | 12,459 | - | - | - | - | - | - | 362,929 | 375,388 |
| Term deposits | - | 950,664 | 179,347 | - | - | - | - | - | 1,130,011 |
| Interest receivables | 14,250 | 51,990 | - | - | - | - | - | - | 66,240 |
| Trade receivables | - | - | - | - | - | - | - | 21,276 | 21,276 |
| Other receivables | 10 | - | - | - | - | - | - | 997 | 1,007 |
| Finance lease placements | 275,005 | 270,925 | 370,838 | 662,649 | 604,010 | 1,932,798 | 108,825 | - | 4,225,050 |
| Intangible assets | - | - | - | - | - | - | - | 9,587 | 9,587 |
| Property and equipment | - | - | - | - | - | - | - | 12,032 | 12,032 |
| Deferred tax assets | - | - | - | 282 | - | - | - | - | 282 |
| Other assets | 1,942 | 58 | 98 | 796 | - | - | - | 101,751 | 104,645 |
| **TOTAL ASSETS** | **303,666** | **1,273,637** | **550,283** | **663,727** | **604,010** | **1.932,798** | **108,825** | **508,572** | **5,945,518** |
| **II) LIABILITIES** | | | | | | | | | |
| Borrowings in the country | 9,550 | 19,100 | 123,690 | 152,192 | 167,358 | 568,124 | - | - | 1,040,014 |
| Borrowings from abroad | - | - | - | 1,994,814 | 527,491 | 1,114,212 | - | - | 3,636,517 |
| Interest payable | 4,059 | 14,324 | - | - | - | - | - | - | 18,383 |
| Trade payabes | - | - | - | - | - | - | - | 3,919 | 3,919 |
| Provisions | - | - | - | - | - | - | - | 1,803 | 1,803 |
| Tax liabilities | 589 | - | - | - | - | - | - | - | 589 |
| Profits | - | - | - | - | - | - | - | 121,946 | 121,946 |
| Other liabilities | 25,602 | 3 | 767 | 9 | 9 | 1 | - | 93,649 | 120,040 |
| **TOTAL LIABILITIES** | **39,800** | **33,427** | **124,457** | **2,147,015** | **694,858** | **1,682,337** | **-** | **221,317** | **4,943,211** |
| **EQUITY** | - | - | - | - | - | - | - | **1,002,307** | **1,002,307** |
| **TOTAL LIABILITIES AND EQUITY** | **39,800** | **33,427** | **124,457** | **2,147,015** | **694,858** | **1.682,337** | **-** | **1,223,624** | **5,945,518** |
| **MATURITY MISMATCH 2010** | **263,866** | **1,240,210** | **425,826** | **(1,483,288)** | **(90,848)** | **250,461** | **108,825** | **(715,052)** | **-** |
| **MATURITY MISMATCH 2009** | **313,311** | **762,747** | **162,239** | **435,997** | **383,906** | **(1,965,668)** | **49,885** | **(145,817)** | **-** |

### 22.3 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.

## 22. RISK MANAGEMENT (continued)

### 22.3 Market Risk (continued)

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.

#### 22.3.1 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.

**Interest Rate Risk as of 31. December 2010**

| 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 | - | - | - | - | - | - | - | 9,587 | 9,587 |
| Property and equipment | - | - | - | - | - | - | - | 12,032 | 12,032 |
| Finance lease placements | 257,039 | 3,916,647 | 10,442 | 10,207 | 9,927 | 20,788 | - | - | 4,225,050 |
| Interest and fee receivables, trade receivables, changes in fair value of derivatives and other receivables | - | - | - | - | - | - | - | 22,703 | 22,703 |
| Deposits | 769,000 | 361,011 | - | - | - | - | - | - | 1,130,011 |
| Cash and cash equivalents | - | - | | - | - | - | - | 375,387 | 375,387 |
| Deferred tax assets | - | - | - | - | - | - | - | 282 | 282 |
| Other assets | - | - | - | - | - | - | - | 170,466 | 170,466 |
| **TOTAL ASSETS** | 1,026,039 | 4,277,658 | 10,442 | 10,207 | 9,927 | 20,788 | - | 590,475 | 5,945,518 |

## 22. RISK MANAGEMENT (continued)

### 22.3 Market Risk (continued)

### 22.3.1 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** | | | | | | | | | |
| Provisions | - | - | - | - | - | - | - | 1,802 | 1,802 |
| Borrowings | 638,952 | 4,037,579 | - | - | - | - | - | - | 4,676,531 |
| Interest and fees payable, changes in fair value of derivatives | - | - | - | - | - | - | - | 18,383 | 18,383 |
| Trade payables | - | - | - | - | - | - | - | 3,919 | 3,919 |
| Tax liabilities | - | - | - | - | - | - | - | 24,098 | 24,098 |
| Other liabilities | - | - | - | - | - | - | - | 96,531 | 96,531 |
| **TOTAL LIABILITIES** | **638,952** | **4,037,579** | **-** | **-** | **-** | **-** | **-** | **144,733** | **4,821,264** |
| **EQUITY** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **1,124,254** | **1,124,254** |
| **TOTAL LIABILITIES AND EQUITY** | **638,952** | **4,037,579** | **-** | **-** | **-** | **-** | **-** | **1,268,987** | **5,945,518** |
| **PERIODICAL GAP as of 31 December 2010** | **387,087** | **240,079** | **10,442** | **10,207** | **9,927** | **20,788** | **-** | **(678,530)** | **-** |
| **CUMULATIVE GAP** | **387,087** | **627,166** | **637,608** | **647,815** | **657,742** | **678,530** | **678,530** | **-** | **-** |

Total cumulative gap up to 1 year amounts to RSD 647,815 thousand, most of which is related to assets gained from recapitalisation and invested into term deposits and financial placements; the gap 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.

## 22. RISK MANAGEMENT (continued)

### 22.3 Market Risk (continued)

#### 22.3.2 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 2010, the Company strictly paid attention to the compliance of the foreign currency risk indicator with the prescribed limit. During 2010, 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 2010 | Effect on Income Statement 2009 |
|---|---|---|
| 10% depreciation of RSD | 27,523 | 30,037 |
| 20% depreciation of RSD | 25,554 | 27,711 |

### 22.4 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.

## 22. RISK MANAGEMENT (continued)

### 22.4 Operational Risk (continued)

During 2010, 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 2010, which define working processes adequately with tendencies to minimise operational risks.

### 22.5. Fair value of assets and liabilities

As of 31 December 2010 (as well as of 31 December 2009), the Company's management has determined that fair value of assets and liabilities is approximately equal to their book values.

Besides, during 2010 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 caution, losses identified by such assessment are recorded through profit and loss, while gains are recorded through balance sheet as a liability.

## 23. 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 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 2010 the Company's share capital amounts to RSD 960,374 thousand and is significantly above the subscribed minimum. The calculation of capital adequacy made for the purposes of reporting to the Intesa Sanpaolo Group, also shows that capital is significantly above the expected minimum.

In Tax balance, and according to the regulations for preventing lower capitalisation, the effect of not recognizing interest expenses to related parties is 12%. This can be considered as minimal, taking into account the treatment of lease companies in terms of the Income tax law, which classifies lease sector into companies, and not in the financial institutions (banks).

## 24. 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.o. Beograd.

As of 29 July 2009, a new Contract on operational and technical cooperation between Intesa Leasing and Delta Generali Osiguranje a.d.o. Beograd was signed, which abolishes previously signed Contract on operational and technical cooperation dating from 8 March 2006, as well as Contract on insurance and business cooperation for insurance practice signed on 1 November 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.o, Beograd business policy acts.

## 25. TAX ADMINISTRATION CONTROL

During 2010 the Company did not have any field inspections from Tax authorities.

## 26. 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 2010, 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.

## 27. 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 2010.

In Belgrade, April 21th, 2011

Person responsible for the financial statements preparation
Predrag Topalović

Intesa Leasing doo Beograd

Legal representative
Vlastimir Vuković

| 1 | 7 | 4 | 9 | 2 | 7 | 1 | 3 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 2010**

## 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 2, 4 or 5) | 603 | 2 | 2 |
| 4. Number of foreign (legal entities or individuals) with investment in shares | 604 | 1 | 1 |
| 5. Average number of employees based on month end balance (whole number) | 605 | 28 | 30 |

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

~ 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 | 7,816 | 5,937 | 1,879 |
| | 1.2. Additions (acquisitions) during the year | 607 | 9,454 | xxxxxxxxxxxx | 9,454 |
| | 1.3. Decreases during the year | 608 | 1,746 | xxxxxxxxxxxx | 1,746 |
| | 1.4. Revaluation | 609 | | xxxxxxxxxxxx | |
| | 1.5. Balance at the end of the year (606 + 607 - 608 + 609) | 610 | 15,524 | 5,,937 | 9,587 |
| 02 | **2. Property, plant and equipment and biological assets** | | | | |
| | 2.1. Balance at the beginning of the year | 611 | 22,886 | 10,634 | 12,252 |
| | 2.2. Additions (acquisitions) during the year | 612 | 4,925 | xxxxxxxxxxxx | 4,925 |
| | 2.3. Decreases during the year | 613 | 5,145 | xxxxxxxxxxxx | 5,145 |
| | 2.4. Revaluation | 614 | | xxxxxxxxxxxx | |
| | 2.5. Balance at the end of the year (611 + 612 - 613 + 614) | 615 | 22,666 | 10,634 | 12,032 |

### III STRUCTURE OF INVENTORIES

~ in RSD 000 ~

| Group of accounts, account | ITEM | EDP | Current year | Previous year |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 10 | 1. Inventories of materials used in the process of service delivery | 616 | - | - |
| 11, 12 | 2. Leased assets and other assets taken for uncollectible receivables | 617 | 101,154 | 160,693 |
| 13 | 3. Leased assets | 618 | - | - |
| 14 | 5. Non-current assets held for sale and assets from discontinuing operations | 619 | - | - |
| 15, 16 | 6. Advances given | 620 | 1,728 | 1,741 |
| | **7. TOTAL (616+617+618+619+620+621= 014+015+016+017+018)** | 621 | 102,882 | 162,434 |

### 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 | 622 | - | - |
| | pertaining to: foreign capital | 623 | - | - |
| 301 | 2. Stakes in limited liability company | 624 | 960,374 | 960,374 |
| | pertaining to: foreign capital | 625 | 12,433 | 12,433 |
| 309 | 3. Other initial capital | 626 | - | - |
| | pertaining to: foreign capital | 627 | - | - |
| 30 | TOTAL (623 + 625 + 627 + 629 + 630 + 631 + 632 = 102) | 628 | 960,374 | 960,374 |

### 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 | 629 | - | - |
| part 300 | 1.2. Nominal value of ordinary shares - total | 630 | - | - |
| | **2. Priority shares** | | | |
| | 2.1. Number of priority shares | 631 | - | - |
| part 300 | 2.2. Nominal value of priority shares - total | 632 | - | - |
| 300 | **3. TOTAL - nominal value of shares (630+632=622)** | 633 | - | - |

## VI RECEIVABLES AND LIABILITIES

~ in RSD 000 ~

| Group of accounts, account | ITEM | EDP | Current year | Previous year |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 225 | 1. Receivables during the year from the insurance company (credit without opening balance) | 634 | - | - |
| 27 | 2. VAT paid for purchase of goods and services (debit without opening balance) | 635 | 277,797 | 217,908 |
| 450 | 6. Liabilities for net salaries and compensations (credit without opening balance) | 636 | 40,902 | 38,572 |
| 451 | 7. Liabilities for tax on salaries and compensations paid by employee (credit without opening balance) | 637 | 6,377 | 5,956 |
| 452 | 5. Liabilities for contributions on salaries and compensations paid by employee (credit without opening balance) | 638 | 7,674 | 7,058 |
| 482, 483, 723 | 6. Liabilities for dividends, share in profit and personal income of the employer (credit without opening balance) | 639 | - | - |
| 459 | 7. Liabilities to individuals in respect of contract fees (credit without opening balance) | 640 | 281 | - |
| 47 | 8. VAT liabilities (annual amount per tax returns) | 641 | 341,172 | 238,148 |
| | **9. Control sum (from 634 to 641)** | 642 | 674,203 | 507,642 |

## VII OTHER COSTS AND EXPENSES

~ in RSD 000 ~

| Group of accounts, account | ITEM | EDP | Current year | Previous year |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 510 | 1. Materials used in the process of service delivery, fuel and energy | 643 | 3,504 | 2,677 |
| 511 | 2. Spare parts and tools | 644 | 1,291 | 618 |
| 515 | 3. Transportation costs | 645 | 2,239 | 2,004 |
| 516 | 4. Insurance premiums | 646 | 757 | 1,127 |
| 517 | 5. Fairs exibit costs | 647 | 11 | - |
| 518 | 6. Advertising costs | 648 | 5,699 | 2,045 |
| 530 | 7. Intellectual service costs | 649 | 9,409 | 6,878 |
| 531 | 8. Representation costs | 650 | 3,420 | 949 |
| 533 | 9. Bank charges | 651 | 1,686 | 1,013 |
| 534 | 10. Membership fees | 652 | 828 | 669 |
| 535 (part) | 11. Rent | 653 | 4,699 | 5,533 |
| 535 (part) | 12. Rent of land | 654 | - | - |
| 536 | 13. Maintenance costs | 655 | 4,172 | 6,446 |
| 537 | 14. Research and development | 656 | - | - |
| 520 | 15. Salaries and compensations (gross) | 657 | 54,953 | 51,584 |
| 521 | 16. Taxes and contributions on salaries and compensations paid by employer | 658 | 7,685 | 7,058 |
| 522, 523, 524 and 525 | 17. Compensations to individuals (gross) in respect of contracts | 659 | 98 | - |
| 526 | 18. Compensations to the members of Board of Directors and Supervisory Board (gross) | 660 | - | - |
| 529 | 19. Other personal expenses and compensations | 661 | 825 | 1,356 |
| 538 | 20. Other taxes, contributions and customs | 662 | 16,773 | 19,238 |
| 550, 553, 556 | 21. Interests from loans, rent and sales | 663 | 155 | 999 |
| 551, 664, 557, 561, 564, 567 | 22. Foreign exchange losses | 664 | 631,186 | 578,245 |
| 552, 555, 558, 562, 565, 568 | 23. Expenses from currency clause effects | 665 | 134,515 | 444,069 |
| 559 | 24. Expenses from investments in capital of subsidiaries and joint ventures | 666 | - | - |
| 579 (part) | 25. Expenses for humanitarian, cultural, health, educational, scientific and religious activities, environmental protections and sports activities | 667 | 517 | - |
| | **26. Control sum (643 to 667)** | 668 | 884,422 | 1,132,508 |

VIII OTHER INCOME

~ in RSD 000 ~

| Group of accounts, accounts | ITEM | EDP | Current year | Previous year |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 650, 653, 656 | 1. Interests from loans, rent and sales | 669 | 73,681 | 77,134 |
| 651, 654, 657, 661, 664, 667 | 2. Foreign exchange gains | 670 | 97,765 | 287,817 |
| 652, 655, 658, 662, 665, 668 | 3. Income from currency clause effects | 671 | 705,874 | 901,300 |
| 659 | 4. Dividends and investments in capital of subsidiaries and joint ventures | 672 | - | - |
| | 9. Control sum (669 to 672) | 673 | 877,320 | 1,266,251 |

IX OTHER INFORMATION

~ in RSD 000 ~

| ITEM | EDP | Current year | Previous year |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Calculated customs and other import duties (total annual ammount according to calculation ) | 674 | - | - |
| State grants | 675 | - | - |
| Donations and other grants in money or goods received from foreign legal entities and individuals | 676 | - | - |
| 8. Contro sum (674 to 676) | 677 | - | - |

In Belgrade
April 21, 2011

Person responsible for the financial statements preparation

Moncolovič V.

Privredno društvo za finansijski lizing Intesa Leasing doo Beograd

Intesa Leasing
doo Beograd

Legal representative