



**NIS A.D. – Naftna industrija Srbije
Novi Sad**

Interim Condensed Financial Statements

**As of September 30, 2011 and December 31, 2010 and
for the nine month period ended September 30, 2011 and 2010
(unaudited)**

Novi Sad, October 24, 2011

Interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

CONTENTS :	Page
Interim Condensed Balance Sheet	3
Interim Condensed Statements of Income	4
Interim Condensed Statements of Cash Flow	5
Interim Condensed Statements of Changes in Equity	6
Notes to Interim Condensed Financial Statements	7-26

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

BALANCE SHEET

ASSETS	Notes	September 30, 2011	December 31, 2010
		<i>(unaudited)</i>	
Non-current assets			
Intangible assets		4,671,296	4,835,761
Property, plant and equipment	5	115,049,889	98,014,391
Investment property		1,469,937	1,393,170
Investments in equity instruments		2,554,148	2,578,753
Other long term investments		1,381,280	1,504,268
		125,126,550	108,326,343
Current assets			
Inventories	6	35,862,166	33,999,967
Trade receivables	7	20,525,673	12,945,719
Short term financial investments		2,503,915	2,513,880
VAT and prepaid expenses		3,916,847	3,940,358
Cash and cash equivalents	8	11,318,274	10,595,830
Deferred tax assets		4,804,904	4,804,904
		78,931,779	68,800,658
Total assets		204,058,329	177,127,001
Off-balance sheet assets		78,684,286	88,793,346
LIABILITIES AND EQUITY			
Equity			
Share capital	9	87,128,024	87,128,024
Reserves		889,424	889,424
Revaluation reserves		12	39
Unrealized gains from securities		39,102	48,417
Unrealized losses from securities		(62,709)	(49,236)
Accumulated loss		(13,855,565)	(40,997,954)
		74,138,288	47,018,714
Long-term provisions and liabilities			
Long-term provisions		18,366,664	18,501,540
Long-term loans	10	26,343,464	26,645,540
Other long-term liabilities	11	32,727,673	22,281,614
		77,437,801	67,428,694
Short-term liabilities			
Short-term financial liabilities	12	11,483,072	21,805,638
Trade and other payables	13	24,857,580	24,944,688
Other short-term liabilities		6,422,155	6,394,456
Liabilities for VAT and other taxes and deferred income		7,212,635	7,456,869
Income tax liabilities		724,610	619,407
		50,700,052	61,221,058
Deferred tax liabilities		1,782,188	1,458,535
Total liabilities and equity		204,058,329	177,127,001
Off-balance sheet liabilities		78,684,286	88,793,346

Notes from the page 7 to 26 are the part of these interim condensed financial statements.

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

STATEMENT OF INCOME

	Notes	Nine-month period ended September 30,	
		2011 <i>(unaudited)</i>	2010 <i>(unaudited)</i>
Operating income			
Sales	14	132,958,057	111,897,485
Work performed by the entity and capitalized		2,795,279	1,654,814
Increase in the value of finished goods and work in progress		2,116,242	5,941,110
Other operating income		221,486	84,197
		138,091,064	119,577,606
Operating expenses			
Cost of goods sold		(9,774,609)	(2,582,352)
Cost of material	15	(70,111,785)	(74,803,286)
Cost of salaries, benefits and other personnel expenses	16	(15,979,952)	(15,201,142)
Depreciation and provisions		(5,657,504)	(4,991,359)
Other operating expenses	17	(9,665,492)	(8,546,829)
		(111,189,342)	(106,124,968)
Net operating income		26,901,722	13,452,638
Financial income	18	6,510,855	6,063,365
Financial expenses	19	(3,063,141)	(17,828,513)
Other income		2,858,015	4,111,235
Other expenses		(4,274,245)	(3,433,040)
Income before income tax		28,933,206	2,365,685
Income tax		(1,790,817)	311,483
Income tax expense		(1,467,163)	(42,331)
Deferred tax (expenses) income		(323,654)	353,814
Net Profit for the period		27,142,389	2,677,168
Earnings per share			
- from continuing operations	20	0.17	0.02

Notes from the page 7 to 26 are the part of these Interim Condensed Financial Statements.

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

CASH FLOW STATEMENT

	Nine-month period ended September 30,	
	2011	2010
	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash flows from operating activities		
Sales and advances received	202,453,366	178,061,255
Interest from operating activities	629,522	421,169
Other inflow from operating activities	221,486	84,197
<i>Cash inflow from operating activities</i>	<u>203,304,374</u>	<u>178,566,621</u>
Payments and prepayments to suppliers	(111,201,086)	(76,754,561)
Salaries, benefits and other personal expenses	(15,977,047)	(16,550,340)
Interest paid	(2,415,893)	(2,269,428)
Income tax paid	(1,361,960)	(197,907)
Payments for other public revenues	(54,956,312)	(68,611,536)
<i>Cash outflow from operating activities</i>	<u>(185,912,298)</u>	<u>(164,383,772)</u>
Net cash inflow from operating activities	<u>17,392,076</u>	<u>14,182,849</u>
Cash flows from investing activities		
Sale of shares	17,103	-
Proceeds from sale of intangible assets and property, plant and equipment	268,495	30,117
<i>Cash inflow from investing activities</i>	<u>285,598</u>	<u>30,117</u>
Purchase of shares (net outflow)	(26,234)	(172,030)
Purchase of intangible assets, property, plant and equipment	(19,974,437)	(8,269,985)
Other financial investments (net outflow)	(69,053)	-
<i>Cash outflow from investing activities</i>	<u>(20,069,724)</u>	<u>(8,442,015)</u>
Net cash outflow from investing activities	<u>(19,784,126)</u>	<u>(8,411,898)</u>
Cash flows from financing activities		
Proceeds from long term and short term borrowings	15,054,469	9,756,867
Proceeds from other long term and short term liabilities	11,360,028	5,616,669
<i>Cash inflow from financing activities</i>	<u>26,414,497</u>	<u>15,373,536</u>
Outflows from long term, short term and other liabilities	(22,747,972)	(19,188,251)
<i>Cash outflow from financing activities</i>	<u>(22,747,972)</u>	<u>(19,188,251)</u>
Net cash inflow (outflow) from financing activities	<u>3,666,525</u>	<u>(3,814,715)</u>
Net cash flows	1,274,475	1,956,236
Cash and cash equivalents at beginning of period	10,595,830	8,671,501
Currency translation gains on cash and cash equivalents	636,849	537,962
Currency translation losses on cash and cash equivalents	(1,188,880)	(504,371)
Cash and cash equivalents at end of period	<u>11,318,274</u>	<u>10,661,328</u>

Notes from the page 7 to 26 are the part of these Interim Condensed Financial Statements.

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

for the nine month period ended September 30, 2011

<i>(unaudited)</i>	Share capital	Other capital	Reserves	Revaluation reserves	Unrealised gains from securities	Unrealised losses from securities	Accumulated loss	Total
Balance as at January 1, 2010	81,530,200	5,597,824	889,424	39	130,243	(28,172)	(55,836,391)	32,283,167
Income								
- Loss	-	-	-	-	-	-	2,677,168	2,677,168
- Losses from securities	-	-	-	-	(80,746)	(21,720)	-	(102,466)
Balance as at September 30, 2010	81,530,200	5,597,824	889,424	39	49,497	(49,892)	(53,159,223)	34,857,869
Balance as at January 1, 2011	81,530,200	5,597,824	889,424	39	48,417	(49,236)	(40,997,954)	47,018,714
Income								
- Net income	-	-	-	-	-	-	27,142,389	27,142,389
- Losses from securities	-	-	-	-	(9,315)	(13,473)	-	(22,788)
Decrease through transfers and other changes, equity	-	-	-	(27)	-	-	-	(27)
Balance as at September 30, 2011	81,530,200	5,597,824	889,424	12	39,102	(62,709)	(13,855,565)	74,138,288

Notes from the page 7 to 26 are the part of these Interim Condensed Financial Statements.

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

1. GENERAL INFORMATION

These interim condensed financial statements have been approved by CEO and they were not audited.

2. BASIS OF PREPARATION AND PRESENTATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These condensed interim financial statements for the nine-month period ended September 30, 2011 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed Interim financial statements do not include all disclosure and they should be interpreted in relation with the annual financial statements for the year ended December 31, 2010. The Company has prepared these financial statements in accordance with the Law on Accounting and Auditing of the Republic of Serbia published in Official Gazette of the Republic of Serbia (no. 46/2006 and 111/2009), which requires full scope of IFRS to be applied, and the regulations issued by the Ministry of Finance of the Republic of Serbia. Due to the difference between these two regulations, these financial statements differ from IFRS in the following respects:

- The Interim condensed financial statements are prepared in format prescribed by the Ministry of Finance of the Republic of Serbia, which does not comply with IAS 1 – "Presentation of Financial Statements" requirements.
- "Off-balance sheet assets and liabilities" are recorded on the face of the balance sheet. Such items do not meet the definition of either an asset or a liability under IFRS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The policies are consistent to the policies applied in the financial statements for the year ended December 31, 2010.

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

4. SEGMENT INFORMATION

Operating segments, are segments whose operating results are regularly reviewed by the Chief Operating Decision Maker („CODM“). In Company, Executive Committee is seen as CODM.

As of September 30, 2011 business activities of the Company are organized into five operating segments (with the change of business structure in 2010 Oil field services became the new reportable segment):

1. Exploration and production of oil and natural gas,
2. Oil field services
3. Refining,
4. Oil and oil products trading,
5. Other – administration and energetics.

The reportable segments derive their revenue in following manner:

1. Exploration and production of oil and natural gas derive its revenue from sale of crude oil and gas to Refinery and Srbijagas
2. Oil field services derives revenue from drilling services, constructing and services of geophysical measurement and transportation services.
3. Refining segments derives its revenue from sale of refinery products to NIS trade segment
4. Oil and refinery products trading derives revenue from retail and wholesale activities consistent with the policy.

Reportable segments results for the nine month period ended September 30, 2011 are shown in the following table:

	Exploration and production	Oil field services	Refining	Trade	Other	Total
Segment revenue	77,644,439	12,957,659	178,718,964	245,788,844	6,073,926	521,183,832
Inter-segment revenue	60,050,364	12,275,171	160,177,968	144,654,823	5,934,442	383,092,768
Total revenue	17,594,075	682,488	18,540,996	101,134,021	139,484	138,091,064
Operating income (expenses)	44,016,389	(1,707,809)	(13,186,788)	(2,102,264)	(117,806)	26,901,722
Financial income (expenses)	(167,020)	3,999	1,572,455	265,071	1,773,209	3,447,714
Other income (expenses)	328,638	(155,556)	(2,100,861)	405,542	106,007	(1,416,230)
Profit / loss before tax	44,178,007	(1,859,366)	(13,715,194)	(1,431,651)	1,761,410	28,933,206
Deferred tax	-	-	-	-	(323,654)	(323,654)
Income tax expense	-	-	-	-	(1,467,163)	(1,467,163)
Net profit / (loss)	44,178,007	(1,859,366)	(13,715,194)	(1,431,651)	(29,407)	27,142,389

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

4. SEGMENT INFORMATION (continued)

Reportable segments results for the nine-month period ended September 30, 2010 are shown in the following table:

	Exploration and production	Refining	Trade	Other	Total
Segment revenue	49,146,405	106,743,836	119,110,150	4,857,894	279,858,285
Inter-segment revenue	40,267,706	97,583,437	17,746,769	4,682,767	160,280,679
Total revenue	8,878,699	9,160,399	101,363,381	175,127	119,577,606
Operating income (expenses)	23,217,116	(9,811,672)	758,368	(711,174)	13,452,638
Financial income (expenses)	568,217	(3,331,041)	1,781,205	(10,783,529)	(11,765,148)
Other income	370,643	18,464	146,405	142,683	678,195
Profit / loss before tax	24,155,976	(13,124,249)	2,685,978	(11,352,020)	2,365,685
Deferred tax	-	-	-	353,814	353,814
Income tax expense	-	-	-	(42,331)	(42,331)
Net profit / (loss)	24,155,976	(13,124,249)	2,685,978	(11,040,537)	2,677,168

Sales among operating segment are performed in accordance with a transfer pricing policy.

Assets and liabilities of operating segments as of September 30, 2011 are presented in the following table:

	Exploration and production	Oil field services	Refining	Trade	Other	Total
Assets	36,217,321	7,579,413	85,367,752	38,097,218	36,796,625	204,058,329
Liabilities	(11,055,570)	(1,485,068)	(23,449,487)	(8,931,350)	(84,998,566)	(129,920,041)
Net assets	25,161,751	6,094,345	61,918,265	29,165,868	(48,201,941)	74,138,288

Assets and liabilities of operating segments as of December 31, 2010 are presented in the following table:

	Exploration and production	Oil field services	Refining	Trade	Other	Total
Assets	30,433,074	7,765,691	74,665,749	32,569,271	31,693,216	177,127,001
Liabilities	(11,597,999)	(1,345,711)	(23,261,474)	(10,445,114)	(83,457,989)	(130,108,287)
Net assets	18,835,075	6,419,980	51,404,275	22,124,157	(51,764,773)	47,018,714

Analysis of the Company's revenue per main products and services is given in the following table:

	Nine-month period ended September 30,	
	2011	2010
Sale of oil and oil products	130,425,942	109,674,856
Sale of services and other sales	2,532,115	2,222,629
	132,958,057	111,897,485

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Construction in Progress	Other PP&E	Investments in other PP&E	Advances to suppliers	Total
At January 1, 2010								
Cost	11,209,371	55,763,533	53,911,498	8,709,106	89,396	110,630	5,012,342	134,805,876
Accumulated depreciation and impairment	(723,950)	(18,824,017)	(26,801,956)	(4,099,314)	(43,877)	(103,676)	(76,577)	(50,673,367)
Net book amount	10,485,421	36,939,516	27,109,542	4,609,792	45,519	6,954	4,935,765	84,132,509
Year ended December 31, 2010								
Opening net book amount	10,485,421	36,939,516	27,109,542	4,609,792	45,519	6,954	4,935,765	84,132,509
Additions	-	-	-	14,322,530	-	-	9,444,345	23,766,875
Transfer from CIP	65,706	7,274,440	1,616,169	(8,956,850)	535	-	-	-
Other transfers	-	(1,172,903)	582,436	685,001	43,877	-	-	138,411
Disposals and advances paid used	(579)	(5,764)	(40,920)	(162,458)	-	-	(1,667,690)	(1,877,411)
Depreciation	-	(3,239,131)	(3,335,029)	-	-	(6,234)	-	(6,580,394)
Adjust. of depreciat. on impaired property	-	(273,123)	-	-	-	-	-	(273,123)
Impairment charge	(13,423)	(503,581)	(376,299)	(48,838)	(1,426)	-	-	(943,567)
Transfer to intangible assets	-	259	-	(14,023)	-	-	-	(13,764)
Transfer to investment property	-	(455,926)	-	-	-	-	-	(455,926)
Transferred from disposal group classified as held for sale	-	28,390	92,384	-	7	-	-	120,781
Closing net book amount	10,537,125	38,592,177	25,648,283	10,435,154	88,512	720	12,712,420	98,014,391
At December 31, 2010								
Cost	11,274,498	62,752,974	55,498,519	13,801,387	89,938	110,630	12,787,121	156,315,067
Accumulated depreciation and impairment	(737,373)	(24,160,797)	(29,850,236)	(3,366,233)	(1,426)	(109,910)	(74,701)	(58,300,676)
Net book amount	10,537,125	38,592,177	25,648,283	10,435,154	88,512	720	12,712,420	98,014,391
Period ended September 30, 2011								
Opening net book amount	10,537,125	38,592,177	25,648,283	10,435,154	88,512	720	12,712,420	98,014,391
Additions	-	-	-	19,117,269	-	-	8,965,480	28,082,749
Transfer from CIP	1,026	1,856,330	1,228,798	(3,086,680)	526	-	-	-
Other transfers	(327)	426,201	(552,866)	166,695	867	-	-	40,570
Disposals and advances paid used	(232)	20,568	(79,285)	(51,749)	(1,358)	-	(6,332,176)	(6,444,232)
Depreciation	-	(2,013,026)	(2,442,068)	-	-	(270)	-	(4,455,364)
Impairment charge	-	(5,812)	(19,794)	(28,191)	(18)	-	-	(53,815)
Transfer to intangible assets	-	-	-	(73,196)	-	-	-	(73,196)
Transfer to investment property	(18,559)	(42,655)	-	-	-	-	-	(61,214)
Closing net book amount	10,519,033	38,833,783	23,783,068	26,479,302	88,529	450	15,345,724	115,049,889
At September 30, 2011								
Cost	11,228,862	64,666,966	55,745,045	29,509,234	89,088	110,630	15,420,399	176,770,224
Accumulated depreciation and impairment	(709,829)	(25,833,183)	(31,961,977)	(3,029,932)	(559)	(110,180)	(74,675)	(61,720,335)
Net book amount	10,519,033	38,833,783	23,783,068	26,479,302	88,529	450	15,345,724	115,049,889

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

The most significant investments for the nine month period ended September 30, 2011 in amount of 10,198,330 thousand RSD mostly relate to investments in MHC/DHT project (investments in construction of Mild Hydrocracking Complex and Hydrofinishing in Pančevo Oil Refinery). Balance of advances paid to supplier, related to the same project, as of September 30, 2011 amounted to 9,524,574 thousand RSD.

6. INVENTORIES

	September 30, 2011	December 31, 2010
Raw materials	21,017,058	19,319,424
Finished goods	10,086,272	6,995,641
Work in progress	5,612,467	6,586,856
Spare parts	3,062,385	3,089,881
Merchandise	1,497,648	1,925,793
Tools	200,085	120,241
	41,475,915	38,037,836
Advances	1,548,833	1,297,110
<i>Less provision:</i>		
- for inventories	(6,632,825)	(4,771,037)
- for advances	(529,757)	(563,942)
	(7,162,582)	(5,334,979)
Total inventories – net	35,862,166	33,999,967

Movement on inventory provision is as follows:

	2011	2010
At January 1st	(5,334,979)	(5,348,930)
Provision for impaired inventories charged to the period	(1,901,535)	(54,383)
Provision reversed	-	60,548
Writte off	53,778	27,970
Other	20,154	(20,184)
At September 30 / December 31	(7,162,582)	(5,334,979)

In the nine-month period ended on September 30, 2011, the obsolete and the slow moving inventory in the amount of 1,881,942 RSD thousand was impaired in accordance with the Company's accounting policy.

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements*(All amounts are in 000 RSD, unless otherwise stated)***7. TRADE AND OTHER RECEIVABLES**

	September 30, 2011	December 31, 2010
Trade receivables		
- domestic	23,323,900	16,054,686
- foreign	1,150,340	1,291,755
- related parties	1,625,258	1,192,453
	<u>26,099,498</u>	<u>18,538,894</u>
Receivables from specific operations	<u>8,010,345</u>	<u>8,037,783</u>
Interest receivables	5,125,157	4,922,863
Receivables from employees	105,733	112,592
Other receivables	7,450,217	7,437,431
	<u>12,681,107</u>	<u>12,472,886</u>
	<u>46,790,950</u>	<u>39,049,563</u>
<i>Less provision:</i>		
- trade receivables	(5,958,279)	(6,022,505)
- receivables from specific operations	(7,980,436)	(7,971,114)
- interest and other receivables	(12,326,562)	(12,110,225)
	<u>(26,265,277)</u>	<u>(26,103,844)</u>
Total receivables – net	<u>20,525,673</u>	<u>12,945,719</u>

Increase of domestic trade receivables, as of September 30, 2011 amounted 23,323,900 thousand RSD (December 31, 2010 16,054,686 thousand RSD), mostly relates to the increase of not-due receivables participation in total receivables.

Trade receivables as of September 30, 2011 in amount 6,138,450 thousand RSD from state controlled companies that are less than three months past due and trade receivables from other companies that are less than two months past due are not considered impaired, except for receivables from a number of independent customers for whom there is no recent history of default, amounted to 237,119 thousand RSD (December 31, 2010: 129,960 thousand RSD).

The ageing analysis of trade receivables is as follows:

	September 30, 2011	December 31, 2010
Up to 3 months	19,961,048	13,232,787
Over 3 months	6,138,450	5,306,107
	<u>26,099,498</u>	<u>18,538,894</u>

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements*(All amounts are in 000 RSD, unless otherwise stated)***7. TRADE AND OTHER RECEIVABLES (continued)**

As of September 30, 2011 trade receivables in amount of 5,958,279 thousand RSD (December 31, 2010: 6,022,505 thousand RSD) were either impaired or provided for. The individually impaired receivables mainly relate to customers which are assessed as unexpected to be collected. The ageing of receivables provided for is as follows:

	September 30, 2011	December 31, 2010
Up to 3 months	56,948	846,358
Over 3 months	5,901,331	5,176,147
	5,958,279	6,022,505

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	September 30, 2011	December 31, 2010
RSD	45,456,259	37,622,691
USD	1,028,586	1,197,914
EUR	305,908	228,573
GBP	123	317
CHF	45	46
RUB	22	22
SEK	7	-
	46,790,950	39,049,563

8. CASH AND CASH EQUIVALENTS

	September 30, 2011	December 31, 2010
Cash in bank	10,764,313	10,485,780
Cash on hand	321,056	33,512
Other cash equivalents	232,905	76,538
	11,318,274	10,595,830

As at September 30, 2011 short term bank deposits in amount 5,992,117 thousand RSD (December 31, 2010: 10,205,106 thousand RSD) represent short term deposits in banks with due date within 30 days are presented in line cash in bank.

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

9. SHARE CAPITAL

Share capital represent share capital of publicly listed company.

In accordance with the following documents: The Sale and Purchase Agreement No OV. II 266/2009, dated February 10, 2009 that was made between the Republic of Serbia and the Gazprom Neft company, the Law on the Joint stock companies takeover, Conclusion of The Government of The Republic of Serbia 05 No 023-9986/2010 dated December 30, 2010, The Decision of The Securities Commission on the approval of takeover bid No 4/0-32-172/8-11 dated 27.01.2011, on January 31, 2011 Gazprom Neft announced takeover bid to acquire shares of NIS a.d. Novi Sad from minority shareholders i.e. 31,180,256 ordinary shares or 19.12% of the total number of the ordinary shares. The bid was valid for 45 days until 16.03.2011 when 8,405,087 ordinary shares were acquired or 5.15% of the total number of ordinary shares at a price of 506.48 RSD per share that is the equivalent of 4.80996 EUR per share as of January 13, 2011.

The structure of the share capital as at September 30, 2011 was:

Shareholders	Number of shares	Structure in %
Gazprom Neft	91,565,887	56.15
Republic of Serbia	48,714,029	29.87
Erste bank	644,541	0.40
Unicredit Bank a.d. Serbia - custody	605,634	0.37
The Royal Bank of Scotland	156,978	0.10
Unicredit Bank a.d. Serbia - custody	152,750	0.09
Julius Baer Multipartner	133,686	0.08
Unicredit Bank a.d. Serbia - custody	100,000	0.06
Vojvodjanska bank a.d. Novi Sad	80,247	0.05
Hypo Alpe-Adria Bank a.d. Belgrade	68,173	0.04
Other	20,838,475	12.78
	163,060,400	100.00

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

10. LONG TERM LOANS

	September 30, 2011	December 31, 2010
Domestic	15,481,299	22,162,259
Foreign	20,708,848	24,244,622
	<u>36,190,147</u>	<u>46,406,881</u>
Current portion of long-term loans	(9,846,683)	(19,761,341)
	<u>(9,846,683)</u>	<u>(19,761,341)</u>
Total	<u>26,343,464</u>	<u>26,645,540</u>

The maturity of non-current loans was as follows:

	September 30, 2011	December 31, 2010
Between 1 and 2 years	5,622,814	14,747,653
Between 2 and 5 years	14,202,355	4,758,228
Over 5 years	6,518,295	7,139,659
	<u>26,343,464</u>	<u>26,645,540</u>

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

	September 30, 2011	December 31, 2010
RSD	405,256	2,941
EUR	8,922,962	9,900,092
USD	26,381,025	36,009,703
JPY	480,904	494,145
	<u>36,190,147</u>	<u>46,406,881</u>

The carrying amounts and fair value of the non-current borrowings are equal as they are received under market conditions.

The Company repays for its loans in accordance with agreed dynamics, i.e. determined annuity plans. The Company has both fixed and floating interest rates stipulated with the creditors. Floating interest rates are connected with Euribor and Libor.

Management expects that the Company will be able to fulfill its obligations within agreed timeframe

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

10. LONG TERM LOANS (continued)

The carrying amounts of the Company's long term loans as of September 30, 2011 and December 31, 2010:

Creditor	Currency	September 30, 2011	December 31, 2010
Domestic long term loans			
Alfa bank Serbia, Belgrade	USD	1,915,712	6,920,531
NLB bank, Novi Sad (London club)	USD	45,123	49,678
NLB bank, Novi Sad (Paris club)	USD	467,979	513,656
NLB bank, Novi Sad (Paris club)	JPY	480,904	494,145
Erste bank, Novi Sad (London club)	USD	4,292	4,725
Erste bank, Novi Sad (Paris club)	EUR	431,770	463,078
Erste bank, Novi Sad (Paris club)	USD	266,498	290,997
Hypo Alpe Adria Bank, Belgrade	EUR	387,831	768,379
Piraeus bank, Belgrade	USD	3,733,880	5,391,054
Bank Postanska stedionica, Belgrade (Paris club)	EUR	220,272	239,395
Bank Postanska stedionica, Belgrade (Paris club)	USD	1,517,873	1,679,068
Government of Republic of Serbia, Agency for deposit assurance (IBRD)	EUR	4,483,749	4,789,655
Government of Republic of Serbia, Agency for deposit assurance	USD	522,739	554,957
Vojvodjanska bank, Novi Sad	RSD	402,618	-
UniCredit bank, Belgrade	USD	597,421	-
Other loans	RSD	2,638	2,941
		15,481,299	22,162,259
Foreign long term loans			
Moscow bank, Russian Federation	USD	7,467,760	7,928,020
EFG NEF BV, Holland	USD	-	4,522,248
Erste Bank, Holland	EUR	3,035,196	3,164,946
VUB (Bank Intesa), Slovakia	USD	3,733,880	3,964,010
NBG Bank, London	USD	1,459,404	2,248,855
NBG Bank, London	EUR	364,144	474,639
Alpha Bank, London	USD	3,733,880	-
Sinochem , Great Britain	USD	914,584	1,941,904
		20,708,848	24,244,622
Less current portion of long-term loans		(9,846,683)	(19,761,341)
		26,343,464	26,645,540

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

10. LONG TERM LOANS (continued)

	Currency	Current portion		Long term	
		September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
Domestic long term loans					
Alfa bank Serbia, Belgrade	USD	-	1,845,475	1,915,712	5,075,056
NLB bank, Novi Sad (London club)	USD	3,342	3,548	41,781	46,130
NLB bank, Novi Sad (Paris club)	USD	18,114	16,834	449,865	496,822
NLB bank, Novi Sad (Paris club)	JPY	16,477	14,414	464,427	479,731
Erste bank, Novi Sad (London club)	USD	318	337	3,974	4,388
Erste bank, Novi Sad (Paris club)	EUR	14,150	12,850	417,620	450,228
Erste bank, Novi Sad (Paris club)	USD	8,734	8,075	257,764	282,922
Hypo Alpe Adria Bank, Belgrade	EUR	387,831	485,292	-	283,087
Piraeus bank, Belgrade	USD	-	-	3,733,880	5,391,054
Bank Postanska stedionica, Belgrade (Paris club)	EUR	10,208	9,708	210,064	229,687
Bank Postanska stedionica, Belgrade (Paris club)	USD	69,908	67,644	1,447,965	1,611,424
Government of Republic of Serbia, Agency for deposit assurance (IBRD)	EUR	219,099	228,465	4,264,650	4,561,190
Government of Republic of Serbia, Agency for deposit assurance	USD	-	-	522,739	554,957
Vojvodjanska bank, Novi Sad	RSD	-	-	402,618	-
UniCredit bank, Belgrade	USD	-	-	597,421	-
Other loans	RSD	413	402	2,225	2,539
		748,594	2,693,044	14,732,705	19,469,215
Foreign long term loans					
Moscow bank, Russian Federation	USD	7,467,760	7,928,020	-	-
EFG NEF BV, Holland	USD	-	340,508	-	4,181,740
Erste Bank, Holland	EUR	-	1,582,473	3,035,196	1,582,473
VUB (Bank Intesa), Slovakia	USD	-	3,964,010	3,733,880	-
NBG Bank, London	USD	533,673	1,121,527	925,731	1,127,328
NBG Bank, London	EUR	182,072	189,855	182,072	284,784
Alpha Bank, London	USD	-	-	3,733,880	-
Sinochem , Great Britain	USD	914,584	1,941,904	-	-
		9,098,089	17,068,297	11,610,759	7,176,325
		9,846,683	19,761,341	26,343,464	26,645,540

11. OTHER LONG-TERM LIABILITIES

	September 30, 2011	December 31, 2010
Liabilities to Parent	32,667,266	22,193,617
Liabilities for financial lease	59,198	86,788
Other long-term liabilities	1,209	1,209
	32,727,673	22,281,614

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

11. OTHER LONG-TERM LIABILITIES (continued)

a) Liabilities to parent

As at September 30, 2011 other long-term liabilities to the Parent in the amount of 32,667,266 thousand RSD (EUR 322,884,577) relate to borrowings from JSC Gazprom Neft, with respect to its obligation, from Sales and Purchase Agreement signed on 24 December 2008, to approve borrowing facility for financing of Program for reconstruction and modernization of technology capacities. Total investments amount to EUR 500 million and should be finalized not later than 31 December 2012. Instalments are quarterly starting from December 2012 until May 15, 2023.

12. SHORT TERM FINANCIAL LIABILITIES

	September 30, 2011	December 31, 2010
Current portion of long term loans (note 10)	9,846,683	19,761,341
Short term loans	1,601,922	2,004,540
Current portion of financial lease	33,213	39,716
Other short term liabilities	1,254	41
	11,483,072	21,805,638

13. TRADE AND OTHER PAYABLES

	September 30, 2011	December 31, 2010
Advances received	1,472,465	2,061,165
Trade payables:		
- domestic	3,203,815	2,129,440
- foreign	1,616,398	647,824
Trade payables – parents and subsidiaries	7,765	3,436
Trade payables – other related parties	18,110,182	19,475,154
Liabilities from other operations	103,638	70,113
Liabilities from specific operations	343,317	557,556
	24,857,580	24,944,688

As at September 30, 2011 payables to other related parties in the amount of 18,110,182 thousand RSD (December 31, 2010: 19,475,154 thousand RSD) mostly relate to liabilities for delivered crude oil by Gazprom Neft Trading, Austria in the amount of 17,601,039 thousand RSD (December 31, 2010: 19,376,889 thousand RSD).

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

14. SALES

	Nine-month period ended September 30,	
	2011	2010
Sales of products		
- domestic	100,609,549	92,445,202
- foreign	12,536,021	12,632,754
	<u>113,145,570</u>	<u>105,077,956</u>
Sales of goods and services:		
- domestic	10,692,956	2,962,959
- foreign	12,613	4,272
	<u>10,705,569</u>	<u>2,967,231</u>
Revenue from sales to subsidiaries and other related parties	<u>9,106,918</u>	<u>3,852,298</u>
	<u>132,958,057</u>	<u>111,897,485</u>

Analysis of sales in accordance with IFRS 8 “Operating segments” are presented in note 4.

15. COST OF MATERIAL

	Nine-month period ended September 30,	
	2011	2010
Cost of raw materials	68,105,390	72,775,478
Cost of office and other material	606,545	701,600
Other fuel and energy expenses	1,399,850	1,326,208
	<u>70,111,785</u>	<u>74,803,286</u>

16. COST OF SALARIES, BENEFITS AND OTHER PERSONNEL EXPENSES

	Nine-month period ended September 30,	
	2011	2010
Wages and salaries (gross)	11,091,941	9,508,092
Taxes and contributions on wages and salaries paid by employer	1,895,204	1,659,843
Cost for temporary service agreement	260,516	249,120
Cost of other temporary service agreements	11,626	45,288
Fees paid to management and supervisory board members	21,258	14,210
Cost for employees termination payments	1,854,145	2,676,387
Other personal expenses and benefits	845,262	1,048,202
	<u>15,979,952</u>	<u>15,201,142</u>

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

**16. COST OF SALARIES, BENEFITS AND OTHER PERSONNEL EXPENSES
(continued)**

Termination costs in the amount of 1,854,145 thousand RSD mostly relate to costs incurred in relation to voluntary leave program. Total number of employees who accepted the termination of employment in 2011 is 782 (2010: 1,076 employees).

	Nine-month period ended September 30,	
	2011	2010
Average number of people employed	9,802	10,728

17. OTHER OPERATING EXPENSES

	Nine-month period ended September 30,	
	2011	2010
Mineral extraction tax	1,519,265	965,235
Costs of non production services	1,390,403	1,498,155
Production services	1,215,476	1,495,932
Transportation services	1,149,285	1,171,767
Cost of custom duties, property taxes and other taxes	1,067,461	873,854
Maintenance	655,844	658,154
Cost of other services	648,143	595,670
Fee for emergency situations	481,462	-
Rental costs	222,709	134,422
Research costs	185,261	162,220
Advertising costs	184,026	128,785
Bank charges	178,577	171,147
Insurance premium	169,810	291,666
Administrative and other taxes	127,597	108,700
Representation costs	108,886	56,417
Cost of legal and consulting services	102,928	90,330
Fairs	2,528	315
Other	255,831	144,060
	9,665,492	8,546,829

Fee for emergency situations in the amount of 481,462 thousand RSD represents fee calculated in accordance with the Emergency situations law.

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

18. FINANCIAL INCOME

	Nine-month period ended September 30,	
	2011	2010
Foreign exchange gains	5,626,875	4,883,073
Interest income	883,187	1,104,439
Other financial income	793	75,853
	6,510,855	6,063,365

19. FINANCIAL EXPENSES

	Nine-month period ended September 30,	
	2011	2010
Interest expenses	1,839,252	2,340,125
Foreign exchange losses	1,188,880	15,485,645
Financial expenses – parent, subsidiaries and other related parties	31,695	-
Other financial expenses	3,314	2,743
	3,063,141	17,828,513

20. EARNING PER SHARE

	Nine-month period ended September 30,	
	2011	2010
Net income	27,142,389	2,677,168
Weighted average number of shares outstanding	163,060,400	163,060,400
Basic Earning per share	0.17	0.02

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

21. RELATED PARTIES TRANSACTIONS

The majority owner of the Company is Gazprom Neft, St Petersburg, Russian Federation, that owns 56,15% shares of the Company. The remaining 43,85% of shares are quoted on the Stock Exchange and are owned by various shareholders.

The Company was engaged in business transactions with its related entities during 2011 and 2010. The most significant transactions with related parties in the aforementioned periods related to supply/delivery of crude oil, geophysical research and interpretation services, and travel services.

	September 30, 2011	December 31, 2010
<i>Advances</i>		
O Zone a.d. Belgrade, Serbia	7	115
NIS Oversiz, Moscow, Russia	1,321	-
	<u>1,328</u>	<u>115</u>
<i>Receivables</i>		
O Zone a.d. Belgrade, Serbia	215,976	216,034
Svetlost d.o.o., Bujanovac, Serbia	72,894	34,845
Ranis, Moscow area, Russia	28,786	28,799
Jadran-naftagas d.o.o. Banja Luka, Bosnia and Herzegovina	22,764	-
Gazprom Neft Aero JSC, Moscow, Russia	97	-
NIS Oversiz, Moscow, Russia	22	1,031
	<u>340,539</u>	<u>280,709</u>
Total receivables:	<u>341,867</u>	<u>280,824</u>
<i>Liabilities</i>		
Gazprom Neft, St Petersburg, Russia	(32,779,922)	(22,262,027)
Gazprom Neft Trading, Austria	(17,601,039)	(19,376,889)
O Zone a.d. Belgrade, Serbia	(7,925)	(5,125)
Gazprom Neft Lubricants, Italia	(7,523)	-
Svetlost d.o.o., Bujanovac, Serbia	(4)	(4)
	<u>(50,396,413)</u>	<u>(41,644,045)</u>
<i>Advances received</i>		
Svetlost d.o.o., Bujanovac, Serbia	(3,696)	(18)
Gazprom Neft NTC, Moscow, Russia	(6,364)	-
	<u>(10,060)</u>	<u>(18)</u>
<i>Accrual</i>		
O Zone a.d. Belgrade, Serbia	(10,264)	(1,788)
Gazprom Neft, St Petersburg, Russia	-	(1,266)
	<u>(10,264)</u>	<u>(3,054)</u>
Total liabilities:	<u>(50,416,737)</u>	<u>(41,647,117)</u>
Liabilities, net:	<u>(50,074,870)</u>	<u>(41,366,293)</u>

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

21. RELATED PARTIES TRANSACTIONS (continued)

	Nine-month period ended September 30,	
	2011	2010
<i>Sales</i>		
Svetlost d.o.o., Bujanovac, Serbia	517,893	453,292
Gazprom Neft Aero JSC, Moscow, Russia	26,503	-
Jadran-naftagas d.o.o. Banja Luka, Bosnia and Herzegovina	23,027	-
Gazprom Neft NTC, Moscow, Russia	4,981	-
O Zone a.d. Belgrade, Serbia	3,695	5,798
	<u>576,099</u>	<u>459,090</u>
<i>Other operating income</i>		
O Zone a.d. Belgrade, Serbia	844	552
	<u>844</u>	<u>552</u>
<i>Cost of material</i>		
Gazprom Neft Trading, Austria	(47,128,979)	(63,520,605)
	<u>(47,128,979)</u>	<u>(63,520,605)</u>
<i>Cost of salaries, benefits and other personnel expenses</i>		
O Zone a.d. Belgrade, Serbia	(110,376)	(65,052)
	<u>(110,376)</u>	<u>(65,052)</u>
<i>Other operating expenses</i>		
Gazprom Neft, St Petersburg, Russia	(45,385)	(103,444)
NIS Oversiz, Moscow, Russia	(19,064)	-
O Zone a.d. Belgrade, Serbia	(7,979)	(3,973)
	<u>(72,428)</u>	<u>(107,417)</u>
	<u>(46,734,840)</u>	<u>(63,233,432)</u>
<i>Financial income</i>		
Gazprom Neft Trading, Austria	18,266	-
	<u>18,266</u>	<u>-</u>
<i>Financial expenses</i>		
O Zone a.d. Belgrade, Serbia	-	(213)
Gazprom Neft, St Petersburg, Russia	(31,695)	(10,533)
	<u>(31,695)</u>	<u>(10,746)</u>
	<u>(13,429)</u>	<u>(10,746)</u>

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

21. RELATED PARTIES TRANSACTIONS (continued)

	Nine-month period ended September 30,	
	2011	2010
<i>Other income</i>		
Gazprom Neft Trading, Austria	30,012	-
O Zone a.d. Belgrade, Serbia	-	36
NIS Oil Trading, Frankfurt, Germany	-	42,744
	30,012	42,780
<i>Other expenses</i>		
Gazprom Neft Trading, Austria	(131,753)	-
Gazprom Neft, St Petersburg, Russia	(21,250)	-
Svetlost d.o.o., Bujanovac, Serbia	(8,187)	-
O Zone a.d. Belgrade, Serbia	(1,294)	(2,951)
Ranis, Moscow area, Russia	(112)	-
	(162,596)	(2,951)
	(132,584)	39,829

Transactions with state controlled institution and companies:

	Receivables		Advances	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
Airport Nikola Tesla	7,469	13,470	2	-
JAT Airways	374,852	301,330	2	-
HIP Petrohemija	1,489,401	1,116,183	-	-
EPS Elektrovojvodina	11,246	21,336	14,398	442
MUP Republic of Serbia	475,814	492,680	202	198
RTB BOR Group	2,414,156	2,022,461	31,453	31,453
Srbijagas	7,701,261	5,278,026	-	-
Telekom Srbija	101,749	42,133	492	47
Heating companies (sum)	205,963	461,111	500	499
Road companies (sum)	41	4,519	11,430	-
Army of Serbia	99,843	203,757	430	-
	12,881,795	9,957,006	58,909	32,639

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

21. RELATED PARTIES TRANSACTIONS (continued)

	Liabilities		Advances received	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
Airport Nikola Tesla	26	304	-	-
JAT Airways	-	-	1,283	99
HIP Petrohemija	189,202	98,264	644	447
EPS Elektrovojvodina	320	1,312	-	-
MUP Republic of Serbia	14	17	171	72
RTB BOR Group	-	-	3,614	395
Srbijagas	316,036	267,519	12,796	12,804
Telekom Srbija	8,837	3,694	231	56
Heating companies (sum)	1,364	2,616	69,387	29,399
Road companies (sum)	7,350	35	1,593	310
Army of Serbia	-	2,113	1,289	318
	523,149	375,874	91,008	43,900

	Income		Expenses	
	Nine-month period ended September 30,			
	2011	2010	2011	2010
Airport Nikola Tesla	62,215	47,757	25,058	3,551
JAT Airways	1,892,284	1,395,982	-	44
HIP Petrohemija	8,530,819	5,330,294	123,116	67,280
EPS Elektrovojvodina	86,166	71,681	558,296	462,291
MUP Republic of Serbia	1,058,583	677,676	242,442	807
RTB BOR Group	1,240,850	473,905	-	83
Srbijagas	5,567,555	5,277,118	178,208	184,103
Telekom Srbija	233,544	112,466	146,082	155,753
Heating companies (sum)	2,276,592	2,745,689	48,141	44,979
Road companies (sum)	19,986	29,539	70,653	113,884
Army of Serbia	1,117,577	662,804	781	5,981
	22,086,171	16,824,911	1,392,777	1,038,756

This version of the financial statements is a translation from the original, which was prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Notes to the interim condensed financial statements

(All amounts are in 000 RSD, unless otherwise stated)

22. CONTINGENT LIABILITIES

Transfer of property ownership

In accordance with SPA, Republic of Serbia as the seller is obliged to provide written consent for the transfer of ownership and the right to use property registered with the NIS Registry of fixed assets as at 31 December 2007 year.

Until September 30, 2011 the ownership of 2,987 of real estate (buildings and land) is registered, which makes up 36% of the total Company's assets.

23. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

Novi Sad, 24.10.2011

**The person responsible for
the preparation of financial
statements**

M.P.

Legal representative
