interEnergo

a kelag company

ANNUAL REPORT 2011
INTERENERGO GROUP

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LETTER FROM MANAGING DIRECTORS

As for the reporting year, Interenergo Group considers 2011 as successful, both in terms of electricity trading as well as accelerated investments in facilities for electricity production from renewable sources. The year was characterised by an increase in revenue, investments and the number of employees and in an increase of group companies. Net profit of the Interenergo Group amounted to EUR 450,017. Compared to 2010, a more than two-fold increase in electricity trading was recorded. The growth in the trading volume was followed by personnel and organisational strengthening. The capital of the parent company Interenergo d.o.o. was increased by EUR 7.5 million, to further improve the company's creditworthiness and to successfully implement the set development plans for the future years.

In 2011, electricity trading was mainly influenced by two key events: the Fukushima nuclear accident with the resulting changes in the prices of electricity in Europe and the poor hydrological year in the target region. The Fukushima nuclear accident led to changes in the nuclear energy development policy in Europe and globally. Germany announced the planned shut down of all its nuclear power plants by 2022 and an even more intensive focus on the development of renewable energy sources. Especially the last quarter of 2011 was characterised by high electricity price differences (price spreads) between markets that we succeeded to make good use of and achieved good results in trading, thus concluding the business year with a profit.

In 2011, a new company joined the Interenergo Group i.e. IEP energija d.o.o. Gornji Vakuf which is currently operating the hydropower plants Sastavci and Duboki Potok. In 2011, the operational growth at the Group level was quickest in Serbia and refers to electricity trading.

The economic and financial crisis that Europe and the rest of the world have been struggling with since 2008 had no major impact on the Group's business. We mainly provide financial resources for investments through our owner Kelag, which ranks among the leading energy companies in renewable energy sources and has a very stable and valuable credit rating. We consider the period of the economic crisis mainly in terms of gaining opportunities in new investment projects and in employing highly qualified staff.

In 2011, investment projects were implemented focusing predominantly on the construction and renovation of hydropower plants in the countries of the former Yugoslavia. Among other things, we have obtained an approval in Bosnia and Herzegovina to transfer four concessions for small hydropower plants: Novakovići, Zapeće, Kobiljska Rijeka and Medna to our subsidiaries, and successfully carried out the takeover and management of two small hydropower plants. Our professional approach of investing in Republika Srpska has gained us the trust of the government, with whom we signed a cooperation agreement. The project portfolio was expanded by potential solar and wind energy projects in 2011. In 2012, the Group plans to launch a solar power plant in Slovenia.

The trading volume could be increased in 2011, especially in the last quarter of the year. The unexpected extremely low hydrology in some Balkan countries, where electricity supply depends to a high extent on hydropower, caused a shortage in electricity. We quickly detected a business opportunity and through cross-border trading helped supply these markets with a sufficient amount of required energy. We intensified activities on energy markets in Croatia, Bosnia, Serbia and Montenegro. We regularly attend tenders in these countries for the sale or purchase of electricity from local energy companies. In 2011, our position on wholesale markets further strengthened, as we successfully entered the Hungarian market. In 2012, we will start trading on the Hungarian power exchange HUPX.

In the past year, we also devoted considerable attention to optimising our business processes, revising the risk management policies and strengthening and consolidating the trading department. All our activities are aimed at implementing our main goals: efficient production of electricity from renewable energy sources and successful trading in electricity on international markets. Naturally, the set goals could not have been achieved without the highly qualified and dedicated staff that form the core of the group companies.

Anton Papež,
Managing Director, Interenergo d.o.o.

Christian Schwarz,
Managing Director, Interenergo d.o.o.

I. BUSINESS REPORT OF THE INTERENERGO GROUP

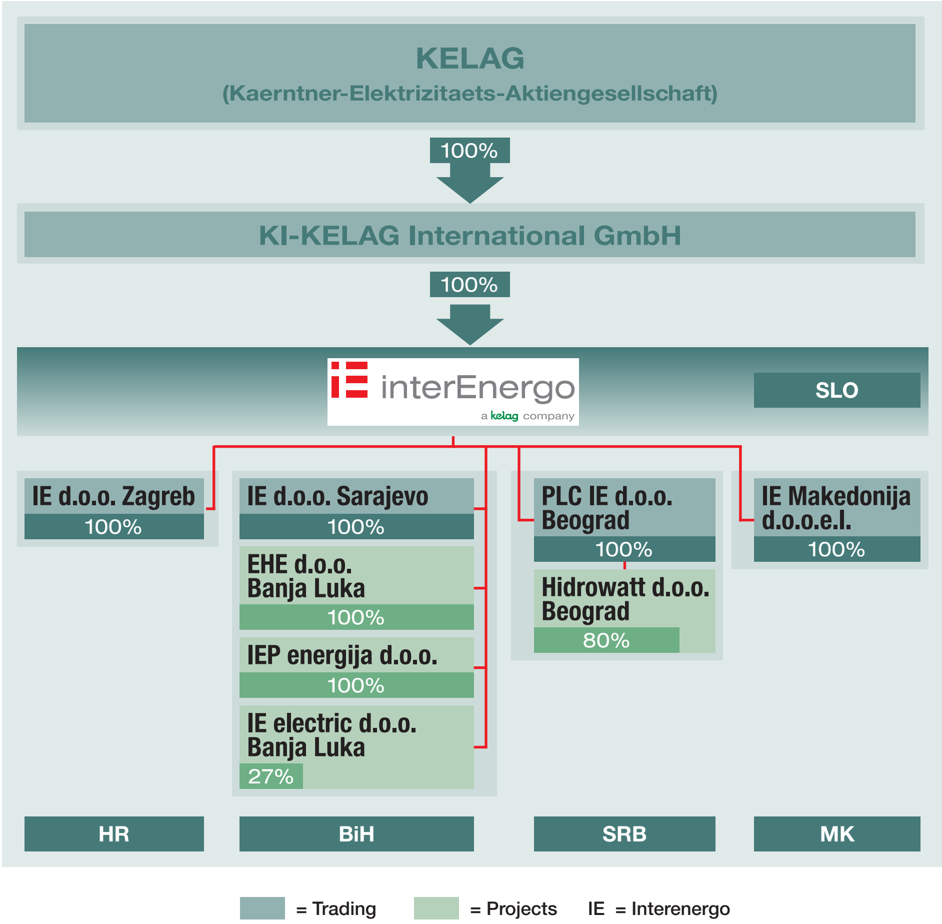
1 PERFORMANCE HIGHLIGHTS

Performance highlights of the Interenergo Group for 2011 and 2010.

Interenergo Group	2010	2011	Change 2011/2010
Assets in EUR	18,355,414	42,242,434	130 %
Equity in EUR	7,816,513	15,756,434	102 %
Total revenues in EUR	71,433,287	207,976,987	191 %
EBIT in EUR	29,394	779,236	2551 %
EBITDA in EUR	59,760	840,466	1306 %
Net profit or loss in EUR	-79,948	454,649	669 %
Trading volumes (electricity)	1.5 tWh	3.8 tWh	153 %

2.1 Interenergo Group Structure

As a foreign markets oriented company, the business development of Interenergo has led to the establishment of the Interenergo Group, which is comprised of the company Interenergo d.o.o. Ljubljana and eight subsidiaries in South-Eastern Europe.



Companies under the sole ownership (100%) of Interenergo d.o.o.:

- Interenergo d.o.o., Sarajevo, Bosnia and Herzegovina,
- Interenergo d.o.o., Zagreb, Croatia,
- Interenergo Makedonija d.o.o. e.l., Skopje, Macedonia,
- PLC Interenergo d.o.o., Belgrade, Serbia,
- EHE d.o.o. Banja Luka, Bosnia and Herzegovina,
- IEP energija d.o.o., Bosnia and Herzegovina.

Interenergo d.o.o. equity stakes in other companies:

- IE electric d.o.o. Banja Luka, Bosnia and Herzegovina (27 percent stake).

2.2 Parent Company Profile

Company name:	**INTERENERGO, energetski inženiring, d.o.o.**
Shortened corporate name:	**INTERENERGO d.o.o.**
Company name in English:	**INTERENERGO, energy engineering, Ltd.**
Shortened corporate name in English:	**INTERENERGO Ltd.**
Registered office:	**Tivolska cesta 48, 1000 Ljubljana**
Telephone:	**+386 (0)1 6203 700**
Website:	**www.interenergo.com**
E-mail:	**info@interenergo.si**
Date of establishment:	**25 July 2006**
Main business activity:	**35.111 – Production of electricity in hydropower plants**
Ownership:	**KI-KELAG International GmbH, 100-percent stake**
Equity:	**EUR 10,200,000**
Tax number:	**99144590**
Company ID number:	**2226405**

Bodies of the Parent Company:

MANAGEMENT BOARD:

Managing director:	**Anton Papež**
Managing director:	**Christian Schwarz**
Holder of procuration:	**Blaž Šterk**
Holder of procuration:	**Wolfgang Lyssy**
Holder of procuration:	**Ingo Preiss**

Supervisory Board:

Chairman:	**Armin Wiersma**
Deputy Chairman:	**Hermann Egger**
Member:	**Gerald Berger**

2.3 Performance Milestones of the Parent Company Interenergo d.o.o. and the Interenergo Group

Year	Event
2007	Interenergo d.o.o. Ljubljana started with its operations.
April 2007	Foundation of Interenergo d.o.o. Sarajevo, Bosnia and Herzegovina, which is 100%-owned by Interenergo d.o.o. Ljubljana.
June 2007	Foundation of Interenergo Makedonija d.o.o.e.l. Skopje, Macedonia, which is 100%-owned by Interenergo d.o.o. Ljubljana.
July 2007	Acquisition of EHE d.o.o. Banja Luka, Bosnia and Herzegovina, which is 100%-owned by Interenergo d.o.o. Ljubljana.
October 2007	Transformation of Poteza invest d.o.o. into PLC Interenergo d.o.o. Belgrade, Serbia, which is 100%-owned by Interenergo d.o.o. Ljubljana.
March 2008	Acquisition of Interenergo d.o.o. Zagreb, Croatia, which is 100%-owned by Interenergo d.o.o. Ljubljana.
February 2009	Serbian subsidiary PLC Interenergo d.o.o. acquires an 80% share in Hidrowatt, which managed the project for the construction of the first private hydropower plant in Serbia, named Poštica.
November 2009	Interenergo d.o.o. joints the Austrian KELAG Group (KELAG-Kaerntner-Elektrizitaets-Aktien-gesellschaft), when a 100% stake in its equity is acquired by KI-KELAG International GmbH.
February 2010	The small hydropower plant Poštica owned by Hidrowatt begins production.
September 2010	An agreement is signed on the purchase of three small hydropower plants in the Federation of Bosnia and Herzegovina.
October 2010	Trading volume in this year exceeds one terawatt hour.
June 2011	Approval for the transfer of four concessions in Republika Srpska (Bosnia and Herzegovina) is obtained.
July 2011	Acquisition of IEP energija d.o.o. in Bosnia and Herzegovina, which owns 2 small hydropower plants – Sastavci and Duboki Potok.
October 2011	The Company co-founds Interenergo electric d.o.o. Banja Luka, Bosnia and Herzegovina; Interenergo d.o.o. Ljubljana holds a 27.27% share.

2.4 Activities of the Interenergo Group

The basic activities of Interenergo Group are electricity trading and investing in renewable energy projects.

The Group trades in electricity on the wholesale and retail markets. For successful electricity trading, the Group comprises an efficient network of companies that are holding the required authorisations and licences. Through its market activities, the Group contributes to safe and efficient supply of electricity to its target markets.

When investing in renewable energy projects, Interenergo mainly allocates funds to hydropower plants and wind power plants. In new projects and also when upgrading existing projects, the Group employs advanced technologies to meet the highest standards in terms of efficient production and safety. The Group provides for the implementation of all stages of planning, construction and management of facilities. In doing so, it fulfils the requirements for reducing negative environmental impacts and encourages economic development in the local environments.

Business Objectives of the Interenergo Group

Investing in energy facilities for electricity production from renewable sources.

The establishment of an efficient network of subsidiaries that offers support to win energy projects and to electricity trading.

Active management of Group-owned energy facilities.

International electricity trading (cross-border trading).

Business Orientations of the Interenergo Group

Getting concessions for the construction of new production capacities in South-Eastern Europe, such as: hydropower plants, wind power plants and solar power plants.

Investments in the refurbishment and management of existing production units using renewable energy sources that do not fulfil their production potential owing to obsolete technology and inadequate management.

Investments in new production sources for electricity generation.

Intermediation in electricity trading that will in the future expand to trading in electricity with Group-owned production capacities and the production capacities of its business partners.

Operations in South-Eastern and Central Europe

The primary investment region of Interenergo Group in the first phase comprises Bosnia and Herzegovina, Serbia, Slovenia and Croatia. The target region for electricity trading is wider and in addition to the above countries also includes Austria, Italy, Hungary, Germany, Macedonia, Montenegro and several adjacent countries where Interenergo trades on the border.

2.5 Group's Corporate Policy

The Interenergo Group is present on the energy markets of Central and South-Eastern Europe. Its operations are stable, and it is development-oriented. The Group's business objectives are in line with business objectives of the parent company Interenergo d.o.o. Ljubljana. The Group's primary business objective and its core responsibility is the safe and business-efficient supply of electricity, while its investment projects are oriented towards economically, environmentally and socially responsible exploitation of renewable energy sources.

Vision

In the next five years, Interenergo Group will become the largest foreign private investor in the exploitation of renewable energy sources in the former Yugoslavian countries in the segment of small and medium-sized production capacities. It will dispose of 300 gigawatt hours of electricity from own production and will trade 4.5 terawatt-hours of electricity on international markets.

Mission

To provide safe and efficient supply of electricity produced from renewable energy sources.

Values

- Reliable, safe and environmentally-friendly electricity production.
- Vertical integration – from production to the end customer.
- Transparent and efficient operations.
- Environmental awareness.
- Employee integration in company development.

Strategic Objectives

- Expansion of the trading network in the energy markets of Central and South-Eastern Europe.
- Strengthening of competitive advantages in wholesale trading.
- Effective management of existing facilities with the aim of providing long-term, safe and business-efficient operation.
- Investing in the construction and refurbishment of facilities for electricity production from renewable sources.

3 PRESENTATION OF THE BUSINESS ENVIRONMENT AND IMPACTS ON THE GROUP'S OPERATIONS IN 2011

In order to be successful in electricity trading, it is important that the Group quickly adapts, to the situation on energy markets.

The investment projects are mainly carried out in the countries of former Yugoslavia, which are characterised by long-term recession, low investment level and slow development. In 2011, the Group operated successfully in the demanding economic situation in the countries of former Yugoslavia, which is proved by the investments made in hydropower plants, the investments in progress and the investment plans for future years.

3.1 Economic Environment in Slovenia

The economic environment in Slovenia was characterised by low economic activity. The growth in real goods exports slowed down. There was a decrease in the real volume of manufacturing production, hitting first the low-technology-intensive industries that mainly produce intermediate products. The volume of construction works also declined. In 2011, the situation on the labour market further deteriorated. Modest growth in average gross salary was the result of growth in the private sector. In 2011, inflation lied at two percent, which is similar to the years before. In 2011, credit activity experienced a downward trend and the bank financing situation aggravated. The interim growth in general government expenditure was lower than the increase in income, leading to a smaller public finance deficit than in the same period in 2010.

In 2011, gross domestic product (GDP) reduced by 0.2 percent in real terms according to preliminary estimates. In the last quarter of 2011, GDP was in real terms 2.8 percent lower than in the same quarter of 2010. Since GDP decreased for several quarters in a row, the Slovenian economy was in recession in 2011. Domestic consumption again declined in real terms. In the last quarter of 2011, it was 4.4 percent below the respective 2010 figure. The drop is due to the real decrease in household expenditure (by 1.8 percent), government expenditure (by 2.6 percent) and smaller investment spending (by 12.3 percent).

Added value recorded a real decrease in the last quarter of 2011 in most activities. As for the manufacturing, it fell by 2.6 percent compared to the previous year, in construction by 15.5 percent, in trade, transport, accommodation and food service activities it went down by 1.5 percent and as for professional, scientific and similar activities it declined by 0.5 percent. However, added value grew in the predominantly non-market activity group (public administration, education, health care, i.e. by 1.0 percent) and in real estate trading (by 0.5 percent).

3.2 Economic Environment in Central and South-Eastern Europe

After the improvement in economic situation and growth in 2010, the economic conditions in most European countries again deteriorated in 2011. Beside the effects of the global financial crisis, European economies faced in 2011 the debt crisis within the EU Member States. The economic developments in Europe were strongly influenced by state borrowing and by the increase in budget deficit as well as by the unpredictable situation in Greece, Spain, Portugal, Italy and Ireland.

In 2011, two trends predominated: growth in export-oriented countries headed by Germany and on the other hand economic stagnation and recession in most peripheral countries of the EU. Rating agencies downgraded nine European countries and stated negative outlooks on economic growth in most EU countries, except Germany and Slovakia. The area of South-Eastern Europe was characterised by a high unemployment rate and relatively high inflation.

4 OPERATIONAL PERFORMANCE OF THE GROUP IN 2011

4.1 Performance Ratios of the Group

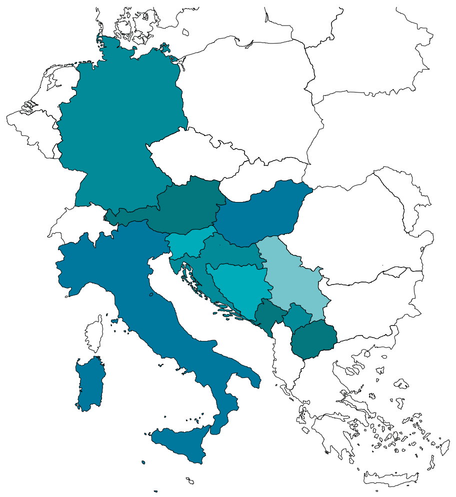
RATIOS	2011	2010
Equity financing rate: equity/liabilities	0.37300	0.42584
Long-term financing rate: (equity + long-term liabilities)/liabilities	0.46557	0.42750
Operating fixed assets rate: fixed assets/assets	0.34372	0.26303
Long-term investment rate: (fixed assets + long-term fin, assets + investment property + long-term receivables)/assets	0.34485	0.27705
Equity to fixed operating assets: equity/fixed assets	1.08520	1.61899
Equity to long-term assets: equity/long-term assets	1.05462	1.43956
Immediate solvency ratio: liquid assets (cash + short-term listed fin. assets)/short-term liabilities	0.44672	0.37922
Quick ratio: (liquid assets + short-term receivables)/short-term liabilities	2.27226	1.29272
Current ratio: short-term assets/short-term liabilities	2.32904	1.33112
Operating effectiveness ratio: operating revenue/operating expenses	1.00376	1.00041
Participation rate of labour costs in operating revenue: labour costs/operating revenue	0.00461	0.00975
Participation rate of material costs in operating revenue: costs of material/operating revenue	0.98270	0.96394
Participation rate of net profit in revenue: net profit/revenue	0.00216	-0.00113
Net return on equity: net profit for the period/average equity	0.03818	-0.01067
Dividend ratio of equity:	0.00000	0.00000

4.2 Trading Operations

In 2011, Interenergo Group successfully expanded its trading activities. Interenergo is mainly focused on short term trading, but also concluded several long term contracts for the next years. It was very active on the bilateral (OTC) market and on several energy exchanges (BSP Southpool, EEX and EPEX). The main profit in electricity trading was realized by deals concluded through classical commercial arbitrage.

At the beginning of the year, the Group commenced bilateral trading on the Hungarian energy market, and in 2012 it plans to trade on the Hungarian power exchange (HUPX) and on the regional power exchange BSP Southpool Serbia. Through successful performance and penetration to new energy markets, the Group has been increasing its visibility on the target markets.

In 2011, most of trading was conducted in Slovenia, Austria, Germany, Croatia, Bosnia and Herzegovina, Serbia and Hungary. A significant portion of the Group's net sales totalling to EUR 206,755,314 was generated by the parent company Interenergo d.o.o.



Presence of the Group on international markets

4.3 Investment Operations

The Group has been successfully pursuing its long-term goal of establishing a stable portfolio of investments in electricity production facilities that will lead to long-term stable revenue.

In the area of investments, the started projects were successfully continued and new ones launched. We continued building the small hydropower plant Novakovići on the Ugar River that will begin trial operation in May 2012. Furthermore, we prepared the construction of the small hydropower plant Zapeće on the same river. We are preparing to build a small hydropower plant on the Sana River and a small hydropower plant in Republika Srpska. We successfully completed the takeover and management of the small hydropower plants Sastavci and Duboki Potok in Bosnia and Herzegovina.

Map of Interenergo Group hydropower plants

5 SOCIAL RESPONSIBILITY

Interenergo Group practices social responsibility through the following aspects of its operations:

- Reliable production and supply of electricity
- Compliance with environmental and technological standards in the construction and refurbishment of facilities
- Business-efficient operations
- Investing in employees
- Open communication
- Integration of local environments in investment projects (hiring local labour force, promoting the development of local environments)
- Supporting professional, cultural and educational institutions and projects that enrich society and contribute to development

The Interenergo Group is aware that socially-responsible actions set the foundations for long-term success. That is why our corporate policy stipulates fair and ethical conduct of business, responsible attitude to the environment and care for the wider social environment.

5.1 Business Responsibility

Business responsibility is primarily based on the strategic orientation of the Group towards renewable energy sources that are becoming an increasingly important segment of the energy industry. Interenergo's operations are transparent and fair. The Group's management and employees pursue a well-though-out and sustainable corporate strategy that is based on achievable objectives and secures long-term existence of the Group. The development of the Group is based on investments in renewable energy sources that in 2011 totalled EUR 11.9 million. Group companies do not borrow from financial institutions to finance development plans and investments; instead, they provide all the funds necessary in the form of equity or shareholder loans.

The Group's financial status is solid. Its return rate is not yet comparable with companies that have been operating on the energy market for a longer period, since Interenergo is still in the initial phase of developing its business potential. The 100% owner Kelag Group has an A (stable) rating according to S&P. This enables group companies to pursue ambitious business strategies even in the stringent economic situation.

5.2 Employees

The parent company Interenergo and the group companies offer to employees a stimulating work environment with opportunities for personal and professional development. The managements of each of the companies are aware that highly educated and motivated personnel are a precondition for the realisation of business objectives. The parent company management sees to the professional training of employees that is tailored to the requirements of the local environments where the Company and the Group operate. Interenergo is in the early development stage, which represents a great challenge to all employees and the management. Investment projects and trading on international markets introduce considerable dynamics to the employees' assignments. There are variable remuneration systems in place that are customised to the nature of employees' work to promote proactive performance and dedication.

5.3 Environmental Responsibility

Investment projects of the companies are implemented in line with the environmental standards of the Kelag Group. When placing facilities in the environment, the Interenergo Group complies with all legislative frameworks. All constructed and refurbished facilities are technologically sophisticated, made of environment-friendly materials and meet the highest safety standards. This provides a minimum environmental impact of the facilities.

5.4 General Social Responsibility

When it comes to general social responsibility, the parent company Interenergo d.o.o. is the most active by supporting artistic creativity, organisation of energy conferences, issuing of professional publications and promotes modern teaching in schools.

6 RISK MANAGEMENT

Entrepreneurial activity means that “opportunity is not without risk”. Therefore it is a key objective of Interenergo to ensure adequate monitoring of the companies risk exposure at any time and to ensure efficient management and identification of risks. To this end, Interenergo operates a risk management system that addresses risks from its own activities as well as risks from its market environment.

The group-wide rules and minimum standards ensure a systematic and uniform risk management system. It is the Group’s strategic goal to raise risk awareness at all levels, to systematically consider risk aspects in all business decisions, to improve performance of internal control systems and reporting and to establish a value-oriented risk culture at all levels of the Group, beyond the scope of the requirements set by the legal minimum standards.

The main focus of group-wide risk management relates to five risk categories – market risks, credit risks, legal risks, operational risks and other risks. Risks are identified and managed for each business division.

6.1 Market Risks

Energy price changes and exchange rate fluctuations constitute the key market risks within Interenergo.

The market price risk describes the potential loss as a result of price changes in the market. This risk arises as a result of holding an open position and increases as price fluctuations increase (volatility). The volatility and development of commodity prices considerably affect the companies earnings and is therefore constantly monitored. Interenergo monitors open positions by comparing against the various limits laid down in its policies, rules and Management's decisions. The companies policies do not allow major open positions.

The currency risk arises from the sale/purchase of products the origin of which lies outside the buyer's/seller's currency area, or if indices are expressed in different currencies. To keep the currency risk as low as possible, all the contracts on purchase and sale of electricity are EUR-denominated.

6.2 Credit Risk

Credit or counterparty risk is the risk that a contractual party will fail to meet its contractual obligations, thus affecting the Company's cash flow. The credit risk exists both for open and closed positions up to the actual performance date (settlement risk) and the end of the delivery contract (replacement risk).

Interenergo manages this risk by means of the EFET standard contracts which lay down the general legal framework. These risks are furthermore mitigated by executing an initial credit worthiness screening and ongoing credit worthiness monitoring in line with the value of contracts with each trading partner. Collaterals and trading limits are expressed in value terms and limits for each partner laid down in an adequate credit limit system which is frequently monitored. In 2011, Interenergo did not record any losses related to credit risk.

6.3 Legal Risks

Legal risks are defined as the risk of loss of value due to non-compliance with relevant laws and regulations and arise in particular as a result of contracts and agreements not being clearly specified or documented. Legal risks are to be taken into consideration above all in countries into which the company is expanding, in particular in politically unstable economies. Risk can arise from the poor legal environment in certain countries.

Interenergo has the necessary legal competencies and cooperates with local law offices where necessary. EFET framework agreements as well as standard wordings for legally based documents (bank guarantees, parent company guarantees, comfort letters, etc.) are in place. Legal risks are constantly and closely monitored by risk management and the legal department.

6.4 Operational Risks

Operational risks are defined as the risks associated with an entity's information technology system, internal controls and employees. If such risks materialise, the Company can suffer a financial loss.

The Company manages operational risk by defining in great detail its business processes, internal controls, job descriptions, etc.. Furthermore, the respective employees are constantly educated and trained and the 4 eyes principle is implemented in the necessary business process steps.

6.5 Other Risks

The company is facing several other risks such as: Liquidity Risks, Regulatory Risks, Political Risks, Investment Risk, etc. which are covered by Interenergo's risk management system and closely monitored by the respective units within the company.

7 SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

There were no significant events after the 2011 year-end.

8 REPORT ON RELATIONS WITH THE CONTROLLING COMPANY IN 2011

The controlling company and companies in the Group with the controlling company:

Relationship Type	Company
Controlling company	KI-KELAG International GmbH, Klagenfurt, Austria
Group companies	KELAG Netz GmbH, Klagenfurt, Austria
	KELAG-Kärntner Elektrizitäts-Aktiengesellschaft, Klagenfurt, Austria
	KELAG Wärme GmbH, Villach, Austria
	EKO-TOPLOTA Energetika d.o.o., Ljubljana, Slovenia
	SWH – Strom und Wärme aus Holz, Heizwerk Errichtungs-Betriebs GmbH, Purkersdorf, Austrija
	Biowärme Imst GmbH, Imst, Austrija
	SBH Biomasseheizkraftwerk GmbH, Enns, Austrija
	Alternative Energie Salzburg GmbH, Salzburg, Austrija
	Biowärme Friesach GmbH, Friesach, Austrija
	Biofernwärme Fürstenfeld GmbH, Fürstenfeld, Austrija
	KWH Kraft & Wärme aus Holz GmbH, St. Gertraud, Austrija
	Bio-Teplo Czechia s.r.o., Znaim, Tschechien
	KELAG Finanzierungsvermittlungs GmbH, Klagenfurt, Austria
	Interenergo d.o.o., Ljubljana, Slovenia
	Interenergo d.o.o. Zagreb, Zagreb, Croatia
	EHE d.o.o. Banja Luka, Banja Luka, Bosnia and Herzegovina
	Interenergo d.o.o. Sarajevo, Sarajevo, Bosnia and Herzegovina
	PLC Interenergo d.o.o. Beograd, Belgrade, Serbia
	Hidrowatt d.o.o. Beograd, Belgrade, Serbia
	Interenergo Makedonija d.o.o.e.l., Skopje, Macedonia
	IEP energija d.o.o. Gornji Vakuf-Uskoplje, Gornji Vakuf Uskoplje, Bosnia and Herzegovina
	Windfarm MV I s.r.l., Bucharest, Romania
	Lumbardhi Beteiligungs GmbH, Klagenfurt, Austria
	KelKos d.o.o., Pristina, Kosovo
	Windfarm Balchik 1 OOD, Sofia, Bulgaria
	Windfarm Balchik 2 OOD, Sofia, Bulgaria
	Windfarm Balchik 4 OOD, Sofia, Bulgaria
	KelaVENT Charly srl, Bucharest, Romania
	Wärmeversorgung Arnoldstein Errichtungs- und Betriebsgesellschaft mbH, Arnoldstein, Austrija
	KRV Kärntner Restmüllverwertungs GmbH, Arnoldstein, Austrija
	Waldensteiner Kraftwerke GmbH, Waldenstein, Austrija
	Waldensteiner Kraftwerke GmbH & Co KG, Waldenstein
	Stadtwerke Kapfenberg GmbH, Kapfenberg, Austrija

Along with the controlling company KI-KELAG International GmbH and companies that are affiliated with the controlling company within the Group, Interenergo d.o.o carried out the following legal transactions in 2011.

Purchases from the controlling company and related companies in 2011 in EUR:	
1. Electricity	27,299,908
2. Services	19,617
Total:	**27,319,525**

Of the total value of purchases in 2011, the outstanding liabilities to Group suppliers abroad totalled EUR 10,831 as at 31 December 2011; short-term accrued costs and deferred revenue referring to group companies abroad were formed in the amount EUR 1,769,676.

Sales to the controlling company and the related entities related companies in 2011 in EUR:	
1. Electricity	32,382,835
2. Services	260,400
Total:	**32,643,235**

Of the total value of sales in 2011, short-term deferred costs and accrued revenue referring to buyers in the Group amounted to EUR 3,021,618 as at 31 December 2011.

Loans to the controlling company and related companies in 2011

In 2011, no loans were given to the controlling company and related entities.

As at 31 December 2011, the Interenergo Group recorded liabilities to the controlling company for loans received in the amount EUR 3,900,000. Financial expenses for the loan extended by the controlling company totalled to EUR 174,261 in 2011.

Considering the circumstances known to us at the time of each and every legal transaction with the controlling company and related companies, Interenergo always received adequate compensation and did not make any transactions or take or omit any actions that would be to its detriment.

9 STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The management hereby confirms the consolidated financial statements for the period ended 31 December 2011, the notes thereto on pages 27 to 48 as well as the accounting policies applied.

The management is responsible for the preparation of the annual report so that the annual report gives a true and fair view of the financial position of the Group and the results of its operations for the period ended 31 December 2011.

The management hereby confirms that the relevant accounting policies were applied consistently and that the accounting estimates were prepared in compliance with the principles of prudence and due diligence. The management also confirms that the consolidated financial statements and the notes thereto were prepared on a going concern basis and in accordance with the applicable legislation and the Slovenian Accounting Standards (SAS).

Furthermore, the management is responsible for appropriate accounting and for taking adequate measures to secure the assets of the Company and for the prevention and identification of fraud and other forms of misconduct.

Within five years after the end of the year in which the tax is to be assessed, tax authorities have the right to perform a tax audit, which may consequently lead to additional liabilities for tax payment, default interest and penalties referring to corporate income tax or other taxes and levies. The management is not informed on the circumstances that might result in significant liabilities arising therefrom.

Managing Director:
Christian Schwarz

Managing Director:
Anton Papež

Ljubljana, 30 May 2012

II. ACCOUNTING REPORT OF THE INTERENERGO GROUP

1 CONSOLIDATED FINANCIAL STATEMENTS

1.1 Consolidated Balance Sheet as at 31 December 2011

ASSETS	Note	in EUR 31 Dec 2011	in EUR 31 Dec 2010
		42,242,434	18,355,414
A. LONG-TERM ASSETS		14,940,337	5,429,787
I. Intangible assets and long-term deferred costs and accrued revenue	2.3.1	785,731	3,892
1. Concessions, patents, licences, trademarks and similar rights		0	3,419
3. Advances for intangible assets		780,325	0
5. Long-term deferred costs and accrued revenue		5,406	474
II. Property, plant and equipment	2.3.2	13,733,669	4,824,116
2. Buildings		159,641	0
3. Manufacturing plant and equipment		4,490,165	15,339
5. Property, plant and equipment being acquired		8,063,650	3,977,123
6. Advances for property, plant and equipment		1,020,213	831,653
IV. Long-term investments	2.3.3	46,898	47,390
1. Long-term investments, excluding loans		46,898	47,390
c) Other shares and interests		460	0
d) Other long-term investments		46,438	47,390
V. Long-term operating receivables	2.3.4	950	209,991
3. Long-term operating receivables due from others		950	209,991
VI. Deferred tax assets	2.3.5	373,089	344,398
B. CURRENT ASSETS		15,092,472	9,146,920
III. Short-term investments	2.3.6	367,939	263,881
2. Short-term loans		367,939	263,881
a) Short-term loans to others		367,939	263,881
IV. Short-term operating receivables	2.3.7	11,829,699	6,277,193
1. Short-term oper. receivables due from group companies		0	2,633,103
2. Short-term trade receivables		4,261,019	1,627,692
3. Short-term operating receivables due from others		7,568,680	2,016,399
V. Cash	2.3.8	2,894,834	2,605,846
C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUE	2.3.9	12,209,625	3,778,690

LIABILITIES AND EQUITY	Note	in EUR	
		31 Dec 2011	31 Dec 2010
		42,242,434	18,355,414
A. EQUITY	2.3.10	15,756,434	7,816,513
I. Called-up capital		10,200,000	10,200,000
1. Share capital		10,200,000	10,200,000
II. Capital surplus		7,950,000	450,000
III. Revenue reserves		95,722	95,722
1. Legal reserves		95,722	95,722
V. Retained losses		-2,485,079	-2,854,066
VI. Net profit or loss for the period		0	-81,030
VII. Consolidated equity adjustments		-10,012	4,716
VIII. Non-controlling interest		5,803	1,171
C. LONG-TERM LIABILITIES		3,910,384	30,447
I. Long-term financial liabilities	2.3.11	3,900,000	0
1. Long-term financial liabilities to group companies		3,900,000	0
II. Long-term operating liabilities	2.3.12	10,384	30,447
5. Other long-term operating liabilities		10,384	30,447
D. SHORT-TERM LIABILITIES		6,480,131	6,871,600
II. Short-term financial liabilities	2.3.13	1,200	802,283
1. Short-term financial liabilities to group companies		0	802,283
2. Short-term financial liabilities to banks		126	0
3. Other short-term financial liabilities		1,074	0
III. Short-term operating liabilities	2.3.14	6,478,931	6,069,316
1. Short-term operating liabilities to group companies		10,831	507,004
2. Short-term trade payables		1,998,141	3,306,787
3. Other short-term operating liabilities		4,469,959	2,255,526
E. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUE	2.3.15	16,095,485	3,636,854

1.2 Consolidated Income Statement for the Financial Year Ended 2011

	Note	in EUR	
		2011	2010
1. Net sales	2.3.16	207,012,550	70,659,500
3. Own work capitalized	2.3.17	417,776	568,525
4. Other operating revenue (including reval. oper. revenue)	2.3.18	546,661	205,262
5. Costs of goods, materials and services	2.3.19	-205,784,652	-69,905,874
a) Costs of goods sold and materials used		-204,378,049	-68,857,571
b) Costs of services		-1,406,603	-1,048,303
6. Labour costs	2.3.21	-958,242	-695,965
a) Payroll costs		-759,613	-546,808
b) Social security costs		-60,567	-50,492
c) Pension insurance costs		-84,009	-53,189
d) Other labour costs		-54,053	-45,476
7. Write-downs in value	2.3.22	-154,186	-56,399
a) Amortisation and depreciation expense		-61,230	-30,366
c) Revaluation operating expenses associated with current operating assets		-92,956	-26,034
8. Other operating expenses	2.3.23	-300,671	-745,655
OPERATING PROFIT		**779,236**	**29,394**
10. Financial revenue from loans	2.3.24	36,748	16,419
b) Financial revenue from loans to others		36,748	16,419
11. Financial revenue from operating receivables	2.3.24	0	145,554
b) Financial revenue from oper. receivables due from others		0	145,554
12. Financial expenses due to impairment and write-offs of investments	2.3.25	-135,622	-12,515
13. Financial expenses for financial liabilities	2.3.25	-186,439	-2,283
a) Financial expenses for financial liabilities to group companies		-174,261	0
d) Financial expenses for other financial liabilities		-12,178	-2,283
14. Financial expenses for operating liabilities	2.3.25	0	-232,175
c) Financial expenses for other operating liabilities		0	-232,175
PROFIT OR LOSS FROM ORDINARY ACTIVITIES		**493,923**	**-55,605**
TOTAL PROFIT OR LOSS BEFORE TAX		**493,923**	**-55,605**
17. Income tax	2.3.26	-70,736	-24,025
18. Deferred taxes		31,462	-318
NET PROFIT OR LOSS FOR THE PERIOD		**454,649**	**-79,948**
Of which attributable to:			
equity holders of the parent		450,017	-81,030
non-controlling interest		4,632	-1,081

1.3 Consolidated Statement of Other Comprehensive Income for the Financial Year Ended 31 December 2011

	in EUR	
	2011	2010
NET PROFIT OR LOSS FOR THE PERIOD	**454,649**	**-79,948**
Profits and losses arising from the translation of financial statements of group companies (effect of changes in foreign exchange rates)	-14,728	4,716
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**439,921**	**-75,232**
a) Total comprehensive income attributable to equity holders of the parent	435,289	-74,151
b) Total comprehensive income attributable to non-controlling interest	4,632	-1,081

1.4 Consolidated Statement of Cash Flows for the Financial Year Ended 31 December 2011

	in EUR	
	2011	2010
A. Cash flows from operating activities		
a) Items of income statement		
Profit or loss before tax	493,923	-55,605
Income tax and other taxes not included in operating expenses	-39,274	0
Adjustments for amortisation / depreciation	61,230	30,366
Adjustments for revaluation operating revenue	0	-4,926
Adjustments for revaluation operating expenses	92,956	26,034
Adjustments for financial revenue	-36,748	-161,973
Adjustments for financial expenses	322,061	234,458
Total items of income statement	**894,148**	**68,354**
b) Changes in net operating assets in balance sheet items		
Opening less closing operating receivables	-5,716,810	-3,526,048
Opening less closing deferred costs and accrued revenue	-8,430,935	-3,773,649
Opening less closing deferred tax assets	-28,691	872
Closing less opening operating liabilities	389,552	7,088,059
Closing less opening accrued costs and deferred revenue	12,458,631	0
Closing less opening deferred tax liabilities	0	22,803
Total changes in net operating assets in balance sheet items	**-1,328,253**	**-187,963**
c) Net cash from operating activities	-434,105	-119,609
B. Cash flows from investing activities		
a) Cash receipts from investing activities		
Interests and dividends received from investing activities	36,748	110,597
Cash receipts from disposal of intangible assets	0	32,892
Cash receipts from disposal of tangible assets	1,915,235	0
Cash receipts from disposal of short-term investments	0	3,033,920
Total cash receipts from investing activities	**1,951,983**	**3,177,409**
b) Cash payments for investing activities		
Cash payments to acquire intangible assets	-779,852	0
Cash payments to acquire property, plant and equipment	-6,871,830	-1,685,935
Cash payment to acquire long-term investments	-3,989,489	-47,390
Total cash payments for investing activities	**-11,641,171**	**-1,733,325**
c) Net cash used in investing activities	-9,689,188	1,444,084
C. Cash flows from financing activities		
a) Cash proceeds from financing activities		
Cash proceeds from paid-in capital	7,500,000	0
Cash proceeds from increase in long-term financial liabilities	3,900,000	0
Cash proceeds from increase in short-term financial liabilities	0	800,000
Total cash proceeds from financing activities	**11,400,000**	**800,000**
b) Cash payments from financing activities		
Interest paid on financing activities	-186,636	-220,253
Cash repayments of short-term financial liabilities	-801,083	0
Total cash payments for financing activities	**-987,719**	**-220,253**
c) Net cash used in financing activities	10,412,281	579,747
D. Closing balance of cash		
a) Net cash inflow or outflow for the period	288,988	1,904,222
b) Opening balance of cash	2,605,846	701,624
c) Total closing balance of cash	2,894,834	2,605,846

1.5 Consolidated Statement of Changes in Equity for the Financial Year Ended 31 December 2011

2011 (in EUR)	SHARE CAPITAL	CAPITAL SURPLUS	REVENUE RESERVES	RETAINED EARNINGS OR LOSSES	NET PROFIT OR LOSS FOR THE PERIOD	CONSOLIDATED EQUITY ADJUSTMENT	EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
A.1. Balance as at 1 Jan 2011	**10,200,000**	**450,000**	**95,722**	**-2,854,066**	**-81,030**	**4,716**	**7,815,342**	**1,171**	**7,816,513**
B1.) Changes to equity – transactions with owners	**0**	**7,500,000**	**0**	**0**	**0**	**0**	**7,500,000**	**0**	**7,500,000**
d.) Additional paid-in capital	0	7,500,000	0	0	0	0	7,500,000	0	7,500,000
B.2. Total comprehensive income for the period	**0**	**0**	**0**	**0**	**450,017**	**-14,728**	**435,289**	**4,632**	**439,921**
a) Entry of profit for 2011	0	0	0	0	450,017	0	450,017	4,632	454,649
c) Consolidated equity adjustment	0	0	0	0	0	-14,728	-14,728	0	-14,728
B.3. Changes within equity	**0**	**0**	**0**	**368,987**	**-368,987**	**0**	**0**	**0**	**0**
b) Settlement of loss as a deduction component of equity	0	0	0	368,987	-368,987	0	0	0	0
C. Balance as at 31 Dec 2011	**10,200,000**	**7,950,000**	**95,722**	**-2,485,079**	**0**	**-10,012**	**15,750,631**	**5,803**	**15,756,434**

2010 (in EUR)	SHARE CAPITAL	CAPITAL SURPLUS	REVENUE RESERVES	REVALUATION SURPLUS	RETAINED EARNINGS OR LOSSES	NET PROFIT OR LOSS FOR THE PERIOD	CONSOLIDATED EQUITY ADJUSTMENT	EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
A.1. Balance as at 1 Jan 2010	**10,200,000**	**450,000**	**95,722**	**-223,351**	**-1,534,139**	**-1,163,398**	**0**	**7,824,833**	**-4,922**	**7,819,911**
B.2. Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**-81,030**	**4,716**	**-76,314**	**0**	**-76,314**
a) Entry of profit for 2010	0	0	0	0	0	-81,030	0	-81,030	0	-81,030
b) Consolidated equity adjustment	0	0	0	0	0	0	4,716	4,716	0	4,716
B.3. Changes within equity	**0**	**0**	**0**	**223,351**	**-1,319,927**	**1,163,398**	**0**	**66,822**	**6,093**	**72,915**
b) Settlement of loss as a deduction component of equity	0	0	0	0	-1,163,398	1,163,398	0	0	6,093	6,093
c) Other reallocation of components of equity	0	0	0	223,351	-156,529	0	0	66,822	0	66,822
C. Balance as at 31 Dec 2010	**10,200,000**	**450,000**	**95,722**	**0**	**-2,854,066**	**-81,030**	**4,716**	**7,8215,341**	**1,171**	**7,816,513**

Accounting policies are a constituent part of the financial statements.

2. ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis for the Preparation of Consolidated Financial Statements

The consolidated financial statements are prepared in accordance with the Slovenian Accounting Standards and the Companies Act, using the accrual and going concern fundamental assumptions. The qualitative accounting characteristics are understandability, relevance, reliability, and comparability. The same accounting policies were applied as in the previous reporting period.

Assets and liabilities expressed in a foreign currency are translated to the local currency at the balance sheet date by applying the reference exchange rate of the ECB.

As at the balance sheet date, the Interenergo Group consists of following group companies:

- Interenergo d.o.o. Ljubljana as the controlling company
- Interenergo d.o.o. Zagreb; in sole ownership (100%) of the controlling company Interenergo d.o.o. Ljubljana
- Interenergo d.o.o. Sarajevo; in sole ownership (100%) of the controlling company Interenergo d.o.o. Ljubljana
- PLC Interenergo d.o.o. Belgrade; in sole ownership of (100%) of the controlling company Interenergo d.o.o. Ljubljana
- Interenergo Makedonia d.o.o.e.l.; in sole ownership (100%) of the controlling company Interenergo d.o.o. Ljubljana
- EHE d.o.o. Banja Luka; in sole ownership (100%) of the controlling company Interenergo d.o.o. Ljubljana
- IEP energija d.o.o. Gornji Vakuf; in sole ownership (100%) of the controlling company Interenergo d.o.o. Ljubljana
- Hidrowatt d.o.o. Belgrade; owned by PLC Interenergo d.o.o. holding an 80% share
- IE electric d.o.o. Banja Luka; owned by the controlling company holding a 27% share

All aforesaid companies are accounted for within the consolidated financial statements at 31 December 2011, except the company IE electric d.o.o. Banja Luka, which is not consolidated under the equity method.

The consolidated financial statements of the Interenergo Group include balances as at 31 December 2011 and items for 2011 that refer to transactions with the companies KI - KELAG International GmbH and KELAG - Kärntner Elektrizitäts-Aktiengesellschaft, which are acting as controlling companies of the Interenergo Group. Consequently, the balances and transactions are not eliminated upon the consolidation of the Interenergo Group.

The consolidated financial statements for the period from 1 January 2011 to 31 December 2011 were approved by the management on 30 May 2012.

The consolidated financial statements for the Interenergo Group are available at the registered office of Interenergo d.o.o. The consolidated financial statements for the widest Group of companies are available at the headquarters of KI-KELAG International GmbH, Arnulfplatz 2, Postfach 176, Klagenfurt, Austria.

Consolidated financial statements

A group of entities is an economic yet not a legal entity, and as such not an independent holder of rights and duties. Consolidated financial statements are compiled on the basis of separate financial statements of consolidated entities together with the appropriate consolidation adjustments.

A group consists of the parent and the entities controlled by the parent as a result of its equity interest.

Long-term investments included in the consolidated financial statements, are in separate financial statements of the parent company valued at cost.

Financial statements of subsidiaries are prepared for the same financial year as the financial statements of the parent company by applying the uniform accounting policies.

Items in the consolidated balance sheet and the consolidated income statement include all items of the controlling company and its subsidiaries. Items of the consolidated financial statements are not carried on separate accounts; instead, they are transferred from primary balance sheets and income statements of the consolidated entities on the basis of supplementary information and adjustments associated with the elimination of intra-group business relations, and with eliminations and inclusions for various reasons.

The fundamental consolidated financial statements include:

- the consolidated balance sheet, which shows the value of its assets and liabilities at the end of the financial year,
- the consolidated income statement, which shows its revenue and expenses, as well as its profit or loss for the financial year,
- the consolidated statement of other comprehensive income,
- the consolidated statement of cash flows, which shows the change in cash over the reporting period, and
- the consolidated statement of changes in equity, which shows changes in equity components in the financial year.

The selected format of the consolidated income statement is identified as Format I by the Slovenian Accounting Standards.

The cash flow statement has been prepared in the abbreviated form of the format II. Theoretically possible items that are not relevant to a specific entity are not presented. Revenue of any type was offset against expenses of any type apart from depreciation or amortization. Instead of these items, profit or loss before tax is included as a new line item in cash flows from operating activities. However, profit or loss before tax as well as income taxes has been adjusted for depreciation and other non-monetary items, and the items whose monetary effects result in cash flows from investing and financing activities. In addition, changes during the period in net operating assets in the balance sheet items (including accruals and deferrals) have been taken into account.

Information about major line items (cash receipts and cash payments) of the cash flow statement has been obtained:

a) by adjusting operating revenue and operating expense items as well as financial revenue items from operating receivables and operating expenses in the income statement for the changes in current operating assets, accruals and deferrals, provisions and deferred taxes during the period; and

b) from the books of account (regarding cash flows from financing activities).

2.2 Summary of the Fundamental Accounting Policies

Intangible assets and long-term deferred costs and accrued revenue

The item of intangible assets includes primarily advances for acquisition of intangible assets. Long-term deferred costs and accrued items represent long-term deferred costs and expenses.

An intangible asset shall be recognised in the books of account if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and the cost of the asset can be measured reliably. Intangible assets are measured at cost.

Intangible assets with finite useful life are amortised in their useful life. Straight-line method of amortisation is applied. The amortisation method and useful lives are checked at the end of each financial year.

Following rates of amortisation have been applied by the Group in 2011:

Concessions for small hydropower plants	0 %
Long-term property rights	50 %

The recognition of an intangible asset shall be reversed and eliminated from the books of account on disposal or when no future economic benefits are expected from its further use and subsequent disposal.

In the books of account an intangible asset shall be carried at its cost, accumulated depreciation and accumulated impairment losses shall be recorded separately; in the balance sheet, however, intangible assets are disclosed exclusively at their carrying amount.

Property, plant and equipment

The item of property, plant and equipment includes mostly equipment in small hydropower plants, small hydropower plants in construction and advances for acquiring property, plant and equipment.

An item of property, plant and equipment shall be recognised as an asset in the books of account if it is probable that the future economic benefits that are associated with the item will flow to the entity and the cost of the item can be measured reliably. Upon initial recognition, the cost of an asset comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to the condition necessary for its intended use. Subsequent expenditure on an item of property, plant and equipment increases its cost if it increases its future economic benefits in excess of the originally assessed.

The cost of a self-constructed or developed item of property, plant and equipment comprises the cost of construction or production of the asset and the indirect costs of its construction or production that may be allocated to it. Own work capitalised refers to capitalised Group's engineering services within their small hydropower plants. Internal profits or losses are not generated.

Items of property, plant and equipment are depreciated individually, using the straight-line method without considering the remaining value.

In 2011, the Group applied the following depreciation rates:

Computer and computer equipment	50 %
Other equipment not located in the small hydropower plants	20 %
Plants and equipment in the small hydropower plants	3.03 %

An item of property, plant and equipment shall be derecognised in the books of account and in the balance sheet on its disposal or when no future economic benefits are expected from its use or disposal. Difference between the net profit on disposal and the carrying amount of the disposed item of property, plant and equipment is included in the income statement.

While assessing whether there is any indication that an asset may be impaired, the Group at each reporting date considers following: possible evidence that the economic efficiency of the asset was lower; evidence on the asset's obsolescence or damage; significant changes to the scope or manner of present or expected use of asset have occurred or are expected in near future having a negative impact on the company. These changes include non-use of the asset, plan on the halt or reorganisation of operations, of which the asset is part of or sale of the asset before the expected date.

As for the books of account, the cost is disclosed separately and the same applies to accumulated depreciation; the balance sheet, however, discloses solely the carrying amount.

Investments

Long-term investments comprise deposits given and other shares and interests.

On initial recognition, long-term investments are measured at cost. The cost of a long-term investment is increased by the transaction costs directly attributable to its acquisition or issue. At each reporting date, the Group assesses whether there is any indication that the investments may be impaired, and whether the carrying amount of net assets exceeds their market value.

To account for any required impairments, loans are categorised into groups with similar credit risk levels. Long-term investments in deposits given are measured at amortised cost.

Short-term investments represent granted loans which are initially recognised at fair value. At each reporting date, the Group assesses whether there is any indication that the loans may be impaired. To account for any required impairments, loans are categorised into groups with similar credit risk levels. Short-term investments are measured at amortised cost.

Operating receivables

Receivables of all categories are initially recognised at amounts recorded in the relevant documents, under the assumption that they will be recovered. Receivables are revalued for impairment if their carrying amount exceeds their fair value. Receivables believed not to be settled by their due date or in their full amount are considered

as doubtful receivables or, in the case of litigation, as disputable receivables; allowances are formed for such receivables and charged against revaluation operating expenses. To account for impairment, receivables are categorised into groups with similar credit risk levels, based on their maturity. Allowances for receivables are formed individually by taking into account management's assessment that is made based on previous experiences.
A significant part of receivables refers to input VAT receivables.

Cash

Cash comprises cash on hand, deposit money in bank accounts, cash in transit and cash equivalents. Cash equivalents are short-term deposits with banks and call deposits with a maximum maturity of up to three months.

Deferred costs and accrued revenue

Deferred costs and accrued revenue comprise short-term deferred costs or expenses and short-term accrued revenue. They are disclosed separately and classified into major categories. They mostly refer to services referring to the sale of electricity that had already been rendered in the reporting period but not yet invoiced.

Deferred costs and accrued revenue are disclosed in amounts recorded in the relevant documents evidencing their accrual.

Equity

Total equity comprises called-up capital, capital surplus, revenue reserves, retained earnings or retained losses and consolidated equity adjustment. Non-controlling interest is presented separately.

Total comprehensive income for the period consists of the net profit or loss for the period and other comprehensive income that includes items of revenue and expenses not recognised in the profit or loss.

Financial liabilities

Financial liabilities are loans and borrowings received based on loan contracts. Financial liabilities are either long-term if they are to be repaid in a period longer than one year, or short-term.

Financial liabilities are initially recognised at the amounts arising from the relevant documents, which evidence the receipt of cash or the settlement of other liability. After recognition they are measured at amortised cost by using the effective interest rate method.

Operating liabilities

Operating liabilities are supplier credits for goods or services purchased, payables to employees for their work performed, and liabilities to the state arising from taxes. A significant part of liabilities refers to input VAT liabilities.
A specific class of operating liabilities are liabilities to customers arising from advances and short-term collaterals received.

Operating liabilities are either long-term if they are to be settled in a period longer than one year, or short-term liabilities, which include those already due (but not yet settled and those due within the period of one year.

They are initially recognised at amounts recorded in the relevant documents that prove the receipt of products or services or work performed, or the accounted costs or expenses in the reporting period.

Accrued costs and deferred revenue

Short-term accrued costs and deferred revenue comprise short-term accrued costs or expenses and short-term deferred revenue. They are recognised separately and classified into major categories. They mostly refer to the services related to the sale of electricity, for which no invoices were yet received by the end of the reporting year. The revenue and expenses incurred in the sale and purchase of electric energy are accrued on the basis of the past trading results. Operating expenses are accrued on the basis of information relating to the previous months.

Revenue

Revenue is recognised if it is possible that increases in economic benefits shall occur and those increases can be measured reliably. Revenue is classified into operating revenue, financial revenue and other revenue. Operating revenue and financial revenue are ordinary revenue. Operating revenue comprises revenue from sale of electricity and electrical capacities and other operating revenue associated with products and services. Financial revenue is revenue generated by investment activities. It arises in relation to investments, as well as in relation to receivables.

Sales revenue shall be recognised when the entity has transferred to the buyer the significant risks and rewards of ownership; the amount of revenue can be measured reliably; when it is probable that economic benefits associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group is engaged in wholesale of electricity. Revenue generated on sale of electricity are recognised when the electricity is supplied to the wholesale dealer and the contractually-agreed place of supply, and all the risks are transferred from seller to buyer.

Expenses

Expenses shall be recognised if decreases in economic benefits during the accounting period are associated with decreases in assets or increases in liabilities and such decreases can be measured reliably. Expenses are classified as operating expenses, financial expenses and other expenses. Operating expenses and financial expenses are ordinary expenses. Financial expenses include financing expenses and investment expenses. The former primarily comprise interest paid, while the latter predominantly have the nature of revaluation financial expenses.

The Group is engaged in wholesale of electricity. Expenses are recognised when the electricity is received at the contractually-agreed place of supply, and all the risks are transferred from seller to buyer.

Revaluation operating expenses arise in connection with current assets as a result of their impairment.

Costs of materials and services

Costs of materials and services include expenses incurred in connection with materials and services.

Labour costs

Labour costs include wages and salaries earned by employees, in their gross amount; compensations to which the employees are entitled under the law, collective bargaining agreement or employment contracts for the period of absence from work, and which an entity is obliged to cover in their gross amounts; and taxes and contributions additionally accrued on these items and charged against the employer.

Labour costs shall be recognised on the basis of documents evidencing the work performed and on other accounting bases used to calculate the gross amounts of wages.

Income tax

Current tax liabilities (assets) for the current and prior financial years are measured at the amount expected to be paid or recovered from the taxation authorities, using the tax rates enacted by the balance sheet date.

Deferred taxes

Deferred tax assets and deferred tax liabilities are accounted for using the liability method. Only those deferred tax assets and liabilities are recognised which derive from temporary differences. A deferred tax asset is recognised also for unused tax losses and tax credits, which are transferred to the next financial year if it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

At each balance sheet date an entity reassesses deferred tax assets and reduces or impairs a part of the deferred tax asset if it is no longer probable that sufficient taxable profit will be available to allow the unused tax losses to be utilised. Deferred tax assets are not discounted.

Deferred tax assets or deferred tax liabilities are measured using the tax rates expected to be used when the asset is realised or the liability settled. In this relation, the Group uses tax rates enacted as at the balance sheet date.

2.3 Notes to the Consolidated Financial Statements

2.3.1 Intangible assets

	in EUR	
	31 Dec 2011	31 Dec 2010
Intangible assets	**785,731**	**3,892**

Movement of intangible assets in 2011 in EUR:

COST	Concessions, patents, licences, trademarks and similar rights	Advances for intangible assets	Long-term deferred costs and accrued revenue	Total
Opening balance	33,250	0	474	33,724
Additions	1	780,325	4,932	785,258
Closing balance	33,251	780,325	5,406	818,982
ACCUMULATED AMORTISATION	**Concessions, patents, licences, trademarks and similar rights**	**Advances for intangible assets**	**Long-term deferred costs and accrued revenue**	**Total**
Opening balance	-29,831	0	0	-29,831
Amortisation	-3,420	0	0	-3,420
Closing balance	-33,251	0	0	-33,251
CARRYING AMOUNT	**Concessions, patents, licences, trademarks and similar rights**	**Advances for intangible assets**	**Long-term deferred costs and accrued revenue**	**Total**
Opening balance	3,419	0	474	3,892
Closing balance	**0**	**780,325**	**5,406**	**785,731**

Advances for intangible assets refer to concessions for two small hydropower plants on the Ugar river in Bosnia and Herzegovina.

Intangible assets are not pledged as collateral for liabilities. In 2011, intangible assets were not impaired.

2.3.2 Property, plant and equipment (PPE)

	in EUR	
	31 Dec 2011	31 Dec 2010
Property, plant and equipment	**13,733,669**	**4,824,116**

Movement of tangible assets in 2011 in EUR:

COST	Buildings	Manufacturing plant and equipment	PPE in course of construction	Advances for acquisition of PPE	Total
Opening balance	0	34,128	3,987,960	831,653	4,853,741
Additions	0	4,000,765	4,746,085	2,103,795	10,850,645
Transfer for use	172,751	503,981	-676,732	0	0
Disposals	0	-3,107	0	-1,915,235	-1,918,342
Revaluation	0	7	6,337	0	6,344
Closing balance	172,751	4,535,774	8,063,650	1,020,213	13,792,388
ACCUMULATED DEPRECIATION	**Buildings**	**Manufacturing plant and equipment**	**PPE in course of construction**	**Advances for acquisition of PPE**	**Total**
Opening balance	0	-18,789	-10,837	0	-29,626
Depreciation	-13,408	-19,267	0	0	-32,675
Transfer for use	0	-10,939	10,939	0	0
Disposals	0	3,107	0	0	3,107
Revaluation	298	279	-102	0	475
Closing balance	-13,110	-45,609	0	0	-58,719
CARRYING AMOUNT	**Buildings**	**Manufacturing plant and equipment**	**PPE in course of construction**	**Advances for acquisition of PPE**	**Total**
Opening balance	0	15,339	3,977,123	831,653	4,824,116
Closing balance	**159,641**	**4,490,165**	**8,063,650**	**1,020,213**	**13,733,669**

The value of the building relates to the small hydropower plant on the Poštica river in Serbia.

The item of manufacturing plant and equipment (machines) represents the small hydropower plant in Serbia (EUR 480,795) and the two small hydropower plants in Bosnia and Herzegovina (EUR 3,978,814).

Property, plant and equipment in course of construction include assets invested in the construction of two small hydropower plants on the Ugar river in Bosnia and Herzegovina. Also advances for the acquisition of property, plant and equipment refer to these two power plants.

Manufacturing plant and equipment in course of construction are not subject to depreciation.

Property, plant and equipment are not pledged as collateral for liabilities and were not impaired in the reporting period.

2.3.3 Long-term investments

	in EUR	
	31 Dec 2011	31 Dec 2010
Long-term investments	**46,898**	**47,390**
Other shares and interests	460	0
Other long-term investments	46,898	47,390

Other shares and interests in the amount of EUR 460 refer to the 27% share in the company IE electric d.o.o. from Banja Luke acquired in 2011.

Other long-term investments in the amount of EUR 46,438 refer to the deposit given by the company Interenergo Zagreb to Hrvatska elektroprivreda d.d. in relation to electricity trading.

2.3.4 Long-term operating receivables

	in EUR	
	31 Dec 2011	31 Dec 2010
Long-term operating receivables due from others	**950**	**209,991**

Long-term operating receivables in the amount of EUR 950 as at 31 December 2011 represent the long-term granted collateral of Interenergo Ljubljana.

2.3.5 Deferred tax assets

	in EUR	
	31 Dec 2011	31 Dec 2010
Deferred tax assets	**373,089**	**344,398**

Deferred tax assets relate to the impairment of investments (EUR 119,157), to impairment of receivables by Interenergo Ljubljana (EUR 244,623), and to the tax loss of the company EHE d.o.o., Banja Luka (EUR 9,309).

2.3.6 Short-term investments

	in EUR	
	31 Dec 2011	31 Dec 2010
Short-term loans	**367,939**	**263,881**

The item of short-term loans includes the loan of Interenergo Ljubljana extended in the amount of EUR 115,862 to a company located in Slovenia, and loans of the company EHE d.o.o. Banja Luka in the amount of EUR 251,082 that were extended to two companies in Bosnia and Herzegovina. The loans are not secured.

During the consolidation procedure, intra-group liabilities were offset with intra-group receivables in the amount of EUR 9,682,379. No consolidation differences arose in connection with this item.

2.3.7 Short-term operating receivables

	in EUR	
	31 Dec 2011	31 Dec 2010
Short-term operating receivables	**11,829,699**	**6,277,193**
Short-term operating receivables due from group companies	0	2,633,103
Short-term trade receivables	4,261,019	1,627,692
Short-term operating receivables due from others	7,568,680	2,016,399

The item of short-term operating receivables due from others includes mostly VAT receivables that account for EUR 4,057,792, whereas the remaining amount represents collaterals granted to foreign operations, as well as other receivables.

Minor part of receivables is secured by bank or parent company guarantees, but mostly receivables are not secured. As at the balance sheet, the Group recorded no receivables due from members of the management, members of the supervisory board and internal owners.

Short-term trade receivables are undue.

During the consolidation procedure, intra-group liabilities were offset with intra-group receivables in the amount of EUR 6,006,633. Accordingly, consolidation differences amounted to EUR 1,328.

2.3.8 Cash

	in EUR	
	31 Dec 2011	31 Dec 2010
Cash	**2,894,834**	**2,605,846**
Cash in hand	21,680	47,297
Bank balances	2,873,154	2,558,549

2.3.9 Short-term deferred costs and accrued revenue

	in EUR	
	31 Dec 2011	31 Dec 2010
Short-term deferred costs and accrued revenue	**12,209,625**	**3,778,690**

As at the balance sheet date, the Group formed short-term accruals and deferrals for revenues that had not yet been invoiced and refer to sale of electricity in the month of December 2011. Revenue to group companies not yet invoiced is recorded in the amount of EUR 3,021,618 and refers to the sale of electricity to the company Kelag. Revenue not yet invoiced to other customers is recorded at EUR 8,734,320.

During the consolidation procedure, no off-sets were carried out, hence no consolidation differences occurred in connection with short-term deferred costs and accrued revenue.

2.3.10 Equity

	in EUR	
	31 Dec 2011	31 Dec 2010
Equity	**15,756,434**	**7,816,513**
Share capital	10,200,000	10,200,000
Capital surplus	7,950,000	450,000
Legal reserves	95,722	95,722
Retained losses	-2,485,079	-2,854,066
Net profit or loss	0	-81,030
Consolidation equity adjustment	-10,012	4,716
Non-controlling interest	5,803	1,171

The net profit for the period was allocated to cover retained losses from previous periods as required under the Companies Act.

Capital surplus amounted to EUR 7,950,000 as at the balance sheet date and increased over the previous year by EUR 7,500,000 due to the additional payments of capital made by the owner.

Taking into account the revaluation of the opening balance of equity (EUR 7,816,513), adjusted to the cost-of-living index which in 2011 lied at 1.9%, equity should be increased by EUR 148,514 to account for maintaining its purchasing power (opening balance of equity * % cost-of-living index). The adjusted result for the period would thus correspond to EUR 598,531 (loss for the period minus increase in equity) ((opening balance of equity * % cost-of-living index) +/- profit or loss for the period).

Consolidation equity adjustment results from exchange rate differences incurred upon translation from foreign currencies and the consolidation of the financial statements of subsidiaries. The items in the balance sheet are translated to euro using the closing exchange rate of the ECB, while the average exchange rate of the ECB was applied in the income statement.

Non-controlling interest amounts to EUR 5,803 and is held by the minority shareholder, i.e. the company Hidrowatt d.o.o., Serbia, which holds 20% of the total capital.

2.3.11 Long-term financial liabilities

	in EUR	
	31 Dec 2011	31 Dec 2010
Long-term financial liabilities	**3,900,000**	**0**

Long-term liabilities refer to the loan in the amount of EUR 3,900,000 that was granted by the parent company KI-KELAG International GmbH. The said loan bears the market interest rate and is not secured. The maturity of the loan is in the end of 2030.

The Group records no long-term liabilities to members of the management and members of the supervisory board.

2.3.12 Long-term operating liabilities

	in EUR	
	31 Dec 2011	31 Dec 2010
Long-term operating liabilities	**10,384**	**30,447**

Long-term operating liabilities represent other operating liabilities of the company EHE d.o.o. Banja Luka.

2.3.13 Short-term financial liabilities

	in EUR	
	31 Dec 2011	31 Dec 2010
Short-term financial liabilities	**1,200**	**802,283**
Short-term financial liabilities to group companies	0	802,283
Short-term financial liabilities to banks	126	0
Other short-term financial liabilities	1,074	0

Short-term financial liabilities in prior year refer to the loan extended by the company KI-KELAG International GmbH.

The Group records no short-term liabilities to members of the management and members of the supervisory board.

During the consolidation procedure, intra-group financial liabilities were offset with intra-group financial receivables in the amount of EUR 9,682,379. No consolidation differences arose in connection with this item.

2.3.14 Short-term operating liabilities

	in EUR	
	31 Dec 2011	31 Dec 2010
Short-term operating liabilities	**6,478,931**	**6,069,316**
Short-term operating liabilities to group companies	10,831	507,004
Short-term trade payables	1,998,141	3,306,787
Other short-term operating liabilities	4,469,959	2,255,527

Short-term operating liabilities to group companies comprise short-term liabilities to Kelag. Short-term trade payables refer to liabilities due to domestic and foreign suppliers.

Other short-term liabilities include predominantly payables to the state i.e. VAT and other taxes (EUR 3,892,645) and advances received EUR 414,990.

During the consolidation procedure, intra-group liabilities were offset with intra-group receivables in the amount of EUR 6,006,633. Accordingly, consolidation differences amounted to EUR 1,328.

2.3.15 Short-term accrued costs and deferred revenue

	in EUR	
	31 Dec 2011	31 Dec 2010
Short-term accrued costs and deferred revenue	**16,095,485**	**3,636,854**

As at the balance sheet date, the Group formed short-term accruals and deferrals for accrued costs that refer to sale of electricity in the month of December 2011. Accrued costs due from group companies are recorded in the amount of EUR 1,769,676 and refer to the purchase of electricity from the company Kelag. Accrued costs of electricity due from other suppliers are recorded at EUR 13,581,122.

During the consolidation procedure, no off-sets were carried out, hence no consolidation differences occurred in connection with short-term accrued costs and deferred revenue.

2.3.16 Net sales

	in EUR	
	2011	2010
Net sales	**207,012,550**	**70,659,500**
Net sales generated on the domestic market	20,633,794	10,405,564
Net sales generated on the foreign market	186,378,756	60,253,936

Of the total net sales recorded by the Interenergo Group, EUR 187,810,303 (2010: EUR 61,579,661), was generated by Interenergo d.o.o. Slovenija, which accounts for 91% (2010:87%) of the total net sales of the Group.

Revenue generated with the company Kelag based on sale of electricity amounted to EUR 32,382,835 in the reporting period.

2.3.17 Own work capitalized

	in EUR	
	2011	2010
Own work capitalized	**417,776**	**568,525**

The item of own work capitalized refers to the engineering services capitalised within the Group's small hydropower plants, in particular within the plant on the Ugar river in Bosnia and Herzegovina. No intra-group profits or losses were generated during the capitalisation.

2.3.18 Other operating revenue

	in EUR	
	2011	2010
Other operating revenue	**546,661**	**205,262**

Exchange gains generated during electricity trading amounted to EUR 269,458 and are attributable mostly to the movements of the RSD exchange rate.

Other operating revenue are recorded at EUR 277,203, of which EUR 206,400 relates to revenue from services charged to the company Kelag.

2.3.19 Costs of goods, materials and services

	in EUR	
	2011	2010
Costs of goods, materials and services	**-205,784,652**	**-69,905,874**
Costs of goods sold and costs of materials used	-204,378,049	-68,857,571
Costs of services	-1,406,603	-1,048,303

Costs of goods sold comprise the electricity purchased and costs of electricity transfer, which include the transfer capacity costs, export duties, forwarding services and other.

Electricity worth EUR 27,299,908 was purchased from Kelag in 2011.

Significant costs of services that were incurred in 2011 include:

- costs of professional and personal services (EUR 388,494),
- exchange losses relating to electricity trading (EUR 388,280),
- costs of banking services (EUR 162,550),
- costs of rentals and other costs relating to business premises (EUR 107,899),
- costs of taxes and duties but exclusive of income tax (EUR 90,739),
- costs of subscriptions (EUR 61,795),
- costs of business trips (EUR 50,338).

Costs of other services referring to the company Kelag amounted to EUR 19,617 in the reporting period.

The costs of auditing services in 2011 were recorded in the amount of EUR 32,590 (2010: EUR 18,743) and represent the audit of the consolidated annual report for the controlling company and its subsidiaries.

2.3.20 Costs by function

	in EUR	
	2011	2010
Costs of goods sold	-204,378,049	-68,857,571
Selling expenses	-1,409,851	-1,273,161
Costs of general and administrative services	-1,409,851	-1,273,161
Total costs by function	**-207,197,751**	**-71,403,893**

2.3.21 Labour costs

	in EUR	
	2011	2010
Labour costs	**-958,242**	**-695,965**
Payroll costs	-759,613	-546,808
Social security costs	-60,567	-50,492
Pension insurance costs	-84,009	-53,189
Other labour costs	-54,053	-45,476

As at 31 December 2011, the Group employed 21 staff (full-time employment).
No claims by staff are recorded that would be contradicted by the company.

Structure of employees in terms of their education is shown below.

EDUCATIONAL STRUCTURE	2011			
	no. of employees as at 1 Jan 2011	leavers / new entrants	no. of employees as at 31 Dec 2011	share
Secondary school education	5	-2	3	14%
High school education	0	2	2	10%
University education	12	2	14	67%
Master's degree	1	1	2	10%
TOTAL	**18**	**3**	**21**	**100%**

	in EUR	
	2011	2010
Total remuneration paid to groups of persons in Interenergo d.o.o.:	**526,074**	**278,502**
Members of the management and holder of procuration	282,387	193,275
Other employees under individual contracts	243,687	85,227

2.3.22 Write-downs in value

	in EUR	
	2011	2010
Write-downs in value	**-154,186**	**-56,399**
Amortisation and depreciation expense	-61,230	-30,366
Revaluation operating expenses associated with current operating assets	-92,956	-26,034

The item of revaluation operating expenses associated with current operating assets includes mostly allowances formed for receivables and advances.

2.3.23 Other operating expenses

	in EUR	
	2011	2010
Other operating expenses	**-300,671**	**-745,655**

Other operating expenses refer to other expenses that occurred as a result of conducting the Group's core activity; the biggest share thereof was incurred by the Group's parent company.

2.3.24 Financial revenue

	in EUR	
	2011	2010
Financial revenue	**36,748**	**161,973**
Financial revenue from loans to others	36,748	16,419
Financial revenue from operating receivables due from others	0	145,554

Financial revenue from operating receivables refers to the interest received on deposits, interest paid by customers and other interest.

2.3.25 Financial expenses

	in EUR	
	2011	2010
Financial expenses	**-322,061**	**-246,973**
Financial expenses due to impairment and write-offs of investments	-135,622	-12,515
Financial expenses for loans from group companies	-174,261	0
Financial expenses for other financial liabilities	-12,178	-2,283
Financial expenses for other operating liabilities	0	-232,175

Financial expenses due to impairment and write-offs of investments refer to the impairment of the loan extended to an unrelated entity in Slovenia.

The item of financial expenses for loans from group companies relates to the company KI-KELAG International GmbH and amounted to EUR 174,261.

2.3.26 Income tax

	in EUR
	2011
Profit before tax	493,923
Adjustment of expenses to account for tax qualifying expenses	662,901
Utilised tax benefits	-130,007
Other	-673,137
Total tax base	**353,680**
Level of income tax	20%
Income tax	**-70,736**

2.3.27 Contingent liabilities

The Group does not record contingent liabilities that would not have been included in the consolidated balance sheet as at 31 December 2011.

2.3.28 Significant events after the balance sheet date

No events have occurred after the reporting period that would have an impact on the Group's consolidated financial statements for 2011.

Managing Director:	Managing Director:
Christian Schwarz	**Anton Papež**

Ljubljana, 30 May 2012

III. INDEPENDENT AUDITOR'S REPORT

KPMG

Independent Auditor's Report

To the Shareholders of Interenergo d.o.o.

We have audited the accompanying consolidated financial statements of Interenergo d.o.o. and its subsidiaries (the Interenergo Group), which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Slovene Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Interenergo Group as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with Slovene Reporting Standards.

Other matters

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying consolidated financial statements.

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Simona Korošec Lavrič, M.Sc.Ec.	Katarina Sitar Šuštar, B.Sc.Ec.
Certified Auditor	*Certified Auditor*
	Partner

Ljubljana, 30 May 2012

KPMG Slovenija, d.o.o.
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The Independent Auditor's Report hereof is a translation of the original Independent Auditor's Report in Slovene, issued on the financial statements and the notes thereto in Slovene. This translation is provided for reference purposes only and is not to be signed.

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a kelag company

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