Hotel Shareholding Company
“EXCELSIOR”A.D., BEOGRAD

Financial Statements
Year Ended December 31, 2009 and
Independent Auditors’ Report

Translation of the auditors’ report issued in the Serbian language

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of the Hotel Shareholding Company "Excelsior" a.d., Beograd

We have audited the accompanying financial statements (pages 3 to 30) of the Hotel Shareholding Company "Excelsior" a.d., Beograd (the "Company"), which comprise the balance sheet as at December 31, 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Translation of the auditors' report issued in the Serbian language

INDEPENDENT AUDITORS' REPORT

To the Shareholders of the Hotel Shareholding Company "Excelsior" a.d., Beograd (Continued)

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Excelsior a.d., Beograd as of December 31, 2009, and its financial performance and its cash flows for the year then ended, in accordance with the accounting regulations of the Republic of Serbia.

Emphasis of Matter

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

a) The Company incurred a net loss of RSD 8,410 thousand during the year ended December 31, 2009 and, as of that date, the Company's current liabilities exceeded its current assets by RSD 21,126 thousand. As disclosed in Note 2.4, the majority owner of the Company, Eteria Ellinikon Ksenodohion Lampsa AE, Athens, Greece, committed to provide financial and other support to the Company for at least 12 months from date of this report.

b) As disclosed in Note 24 to the financial statements, land and buildings stated as of December 31, 2009 in the amount of RSD 642,396 thousand are in the Company's ownership based on the denationalization performed in an earlier period. Pursuant to the Agreement on the Acquisition of Socially-Owned Capital executed with the Serbian Business Registers Agency, the majority owner is also aware that the Company's assets include nationalized property and agrees to handle such property pursuant to the relevant law. Until the issuance of these financial statements, laws and other formal acts regulating this sphere had not yet been enacted. The Company's management judges that the Company will not suffer adverse effects arising from the issue of regulating nationalized property and will not be required to make payments in this respect.

Belgrade, March 19, 2010

Žarko Mijović
Certified Auditor

INCOME STATEMENT
Year Ended December 31, 2009
(thousands of RSD)

	Note	2009	2008
OPERATING INCOME			
Sales	5	45,918	34,732
Other operating income	6	1,231	1,299
		47,149	36,031
OPERATING EXPENSES			
Cost of materials	7	(11,079)	(8,814)
Staff costs	8	(17,702)	(25,616)
Depreciation and amortization	14	(10,774)	(7,991)
Other operating expenses	9	(14,992)	(9,905)
		(54,547)	(52,326)
LOSS FROM OPERATIONS		(7,398)	(16,295)
Finance income	10	610	243
Finance expenses	11	(5,293)	(1,870)
Other income		327	474
Other expenses	12	(40)	(3,648)
LOSS BEFORE TAX		(11,794)	(21,096)
Income taxes:	13		
- current income tax benefit		3,384	3,312
LOSS FOR THE YEAR		(8,410)	(17,784)

The accompanying notes on the following pages
are an integral part of these financial statements.

These financial statements were approved by the Company’s management and submitted to the Serbian Business Registers Agency on March 1, 2010.

Signed on behalf of the Hotel Shareholding Company “Excelsior” a.d., Beograd:

Christoph Bruckner	Lidija Lončar
General Director	Preparer of Financial Statements

BALANCE SHEET
As at December 31, 2009
(thousands of RSD)

	Note	December 31, 2009	December 31, 2008
ASSETS			
Non-current assets			
Intangible assets	14	88	-
Property and equipment	14	692,556	617,900
		692,644	617,900
Current assets			
Inventories	15	657	730
Accounts receivable	16	1,302	342
Cash and cash equivalents	17	9,227	1,497
Value added tax and prepayments	18	12,514	525
		23,700	3,094
Deferred tax assets	13	5,758	3,312
Total assets		722,102	624,306
EQUITY AND LIABILITIES			
Equity			
Share capital	19	77,312	77,312
Reserves		480,272	480,272
Accumulated losses		(28,171)	(19,761)
		529,413	537,823
Long-term borrowings	20	94,738	-
Current liabilities			
Short-term borrowings	21	42,295	24,200
Accounts payable	22	1,906	5,012
Other current liabilities and accruals	23	625	3,208
		44,826	32,420
Deferred tax liabilities	13	53,125	54,063
Total equity and liabilities		722,102	624,306

The accompanying notes on the following pages
are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year Ended December 31, 2009
(thousands of RSD)

	Share Capital	Socially-Owned Capital	Revaluation Reserves	Accumulated Losses	Total
Balance, January 1, 2008	-	75,179	-	(8,273)	66,906
Transformation	75,179	(75,179)	-	-	-
Appraisal surplus	-	-	540,633	-	540,633
Transfer to deferred tax liabilities	-	-	(54,063)	-	(54,063)
New share issue	2,133	-	-	-	2,132
Reversal of revaluation reserves	-	-	(6,298)	6,298	-
Other	-	-	-	(2)	(2)
Loss for the year	-	-	-	(17,784)	(17,784)
Balance, December 31, 2008	77,312	-	480,272	(19,761)	537,823
Loss for the year	-	-	-	(8,410)	(8,410)
Balance, December 31, 2009	77,312	-	480,272	(28,171)	529,413

The accompanying notes on the following pages
are an integral part of these financial statements.

CASH FLOW STATEMENT
Year Ended December 31, 2009
(thousands of RSD)

	2009	2008
Operating activities		
Cash receipts from customers	45,985	38,525
Other cash received from operating activities	1,231	1,299
Cash paid to suppliers	(42,871)	(18,582)
Cash paid to and on behalf of employees	(17,702)	(28,764)
Interest paid	(2,674)	(1,868)
Other duties paid	(3,554)	(641)
Net cash used in operating activities	(19,585)	(10,031)
Investing activities		
Interest received	-	187
Purchases of intangible assets, property and equipment	(85,518)	(13,201)
Net cash used in investing activities	(85,518)	(13,014)
Financing activities		
Net proceeds from long-term borrowings	112,833	-
Net proceeds from short-term borrowings	-	24,200
Net cash provided by financing activities	112,833	24,200
Net increase/(decrease) in cash and cash equivalents	9,738	1,155
Cash and cash equivalents, beginning of year	1,497	342
Cash and cash equivalents, end of year	9,227	1,497

The accompanying notes on the following pages
are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
All amounts are expressed in thousands of RSD, unless otherwise stated.

1. ESTABLISHMENT AND ACTIVITY

The Hotel Shareholding Company involved in hotel, accommodation and tourist services "Excelsior" a.d., Belgrade (hereinafter: the "Company") was established based on the Decision enacted by the Labor Council of the Hotel Company "Unija" at the meeting held on November 2, 1993.

Based on the Agreement on the Acquisition of Socially-Owned Capital via public auction dated February 27, 2008, 70% of the socially-owned capital was sold to the entity Eteria Ellinikon Ksenodohion Lampsa AE, Athens, Greece.

Based on the March 14, 2008 Decision issued by the Privatization Agency, the Company's shares were transferred free of charge to employees and former employees in the amount of the balance of 30% share capital in the procedure of selling the Company.

Pursuant to the Decision issued by the Company's Assembly on April 4, 2008 regarding the change in the organization form, the socially-owned company was transformed into a shareholding company. The aforementioned ownership transformation was registered with the Serbian Business Registers Agency on April 23, 2008.

The primary business activity of the Company includes the hotel, accommodation and touristic activities and other business activities, required or adequate for the realization of principal activities necessary for successful primary business activity. The Company's registered office is in Belgrade, on Kneza Milosa 5.

The Company's tax identification number is 100279522 and its registration number is 06934218.

As of December 31, 2009, the Company had 26 employees (December 31, 2008: 35 employees).

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION

2.1. Basis of Preparation and Presentation of Financial Statements

Pursuant to the Law on Accounting and Auditing (Official Gazette of the Republic of Serbia no. 46 of June 2, 2006), legal entities and entrepreneurs incorporated in Serbia are required to maintain their books of account, to recognize and value assets and liabilities, income and expenses, and to present, submit and disclose financial statements in conformity with the prevailing legislation and professional rules which include: the Framework for the Preparation and Presentation of Financial Statements (the "Framework"), International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as well as the related interpretations representing an integral part of these standards which were in effect as at December 31, 2002.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

2.1. Basis of Preparation and Presentation of Financial Statements (Continued)

The amendments to IAS, as well as the newly-issued IFRS and the related interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"), in the period between December 31, 2002 and 2007, were officially adopted pursuant to a Decision enacted by the Ministry of Finance of the Republic of Serbia ("Ministry") and published in the Official Gazette of the Republic of Serbia number 16 of February 12, 2008. The Ministry also established (based on the Decision number 401-00-1456/2008-16) and published the official translation of the amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and to IFRS 7 "Financial Instruments: Disclosures" in the RS Official Gazette number 116 as of December 17, 2008.

However, until the preparation date of the accompanying financial statements, not all amendments to IAS/IFRS and IFRIC in effect for annual periods beginning on or after January 1, 2009 had been translated (particularly subsequent to the aforementioned Decision of the Ministry). In addition, the accompanying financial statements are presented in the format prescribed under the "Guidelines on the Prescribed Form and Content of the Financial Statements of Enterprises, Cooperatives and Entrepreneurial Ventures" (Official Gazette of the Republic of Serbia, no. 114 of December 22, 2006 and 119 as of December 26, 2008). Such statements represent the complete set of financial statements as defined under the law, which differ from those defined under the provisions of IAS 1, "Presentation of Financial Statements," and differ in some respects, from the presentation of certain amounts as required under the aforementioned standard. Standards and interpretations issued, but not yet adopted and translated in Republic of Serbia and standards and interpretations in issue not yet in effect are disclosed in Notes 2.3 and 2.4.

In accordance with the aforedescribed, and given the potentially material effects which the departures of accounting regulations of the Republic of Serbia from IAS and IFRS may have on the fairness presentations made in the financial statements, the accompanying financial statements cannot be treated as a set of financial statements prepared in accordance with IAS and IFRS.

2.2. Standards and Interpretations in Issue, but not yet Adopted and Translated

As of the financial statements issuance date, the following standards, amendments were issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee but were not officially adopted and translated in the Republic of Serbia for the annual accounting periods commencing on or after January 1, 2009:

- Amendments to IFRS 4 "Insurance contracts" and IFRS 7 "Financial Instruments: Disclosures" - Improving disclosures about financial instruments (effective for annual periods beginning on or after January 1, 2009),

- Amendments to IFRS 1 "First-time Adoption of IFRS" and IAS 27 "Consolidated and Separate Financial Statements" – Cost of investment in a subsidiary, jointly-controlled entity or associate (effective for annual periods beginning on or after January 1, 2009),

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

2.2. Standards and Interpretations Issued, but not yet Adopted and Translated (Continued)

- Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on May 22, 2008 (IAS 1, IFRS 5, IAS 8, IAS 10, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40, IAS 41) primarily with a view to removing inconsistencies and clarifying wording (most amendments are to be applied for annual periods beginning on or after January 1, 2009),

- Amendments to IAS 32 “Financial Instruments: Presentation” and IAS 1 “Presentation of Financial Statements” – Puttable financial instruments and obligations arising on liquidation (effective for annual periods beginning on or after January 1, 2009),

- IAS 1 (revised) “Presentation of Financial Statements” – A revised presentation (effective for annual periods beginning on or after January 1, 2009),

- IAS 23 (revised) “Borrowing Costs” (effective for annual periods beginning on or after January 1, 2009),

- Amendments to IFRS 2 “Share-based Payment” – Vesting conditions and cancellations (effective for annual periods beginning on or after January 1, 2009),

- Amendments to IFRIC 9 “Reassessment of Embedded Derivatives” and IAS 39 “Financial Instruments: Recognition and Measurement” -Embedded Derivatives (effective for annual periods ending on or after June 30, 2009),

- IFRIC 13 “Customer Loyalty Programmes” (effective for annual periods beginning on or after July 1, 2008),

- IFRIC 14 Interpretation on IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for the accounting periods starting January 1, 2008);

- IFRIC 15 “Agreements for the Construction of Real Estate” (effective for annual periods beginning on or after January 1, 2009),

- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation” (effective for annual periods beginning on or after October 1, 2008).

2.3. Standards and Interpretations in Issue not yet in Effect

At the date of issuance of these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after January 1, 2013),

- IFRS 3 (revised) “Business Combinations” (effective for annual periods beginning on or after July 1, 2009),

- IFRS 1 (revised) “First-time Adoption of IFRS” (effective for annual periods beginning on or after July 1, 2009),

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

2.3. Standards and Interpretations in Issue not yet in Effect (Continued)

- Amendments to IFRS 1 “First-time Adoption of IFRS”- Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after January 1, 2010),

- Amendments to IFRS 2 “Share-based Payment” - Group cash-settled share-based payment transactions (effective for annual periods beginning on or after January 1, 2010),

- Amendments to IAS 24 “Related Party Disclosures” – Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party (effective for annual periods beginning on or after January 1, 2011),

- Amendments to IAS 27 “Consolidated and Separate Financial Statements” (effective for annual periods beginning on or after July 1, 2009),

- Amendments to IAS 32 “Financial Instruments: Presentation” – Accounting for rights issues (effective for annual periods beginning on or after February 1, 2010),

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – Embedded derivatives (effective for annual periods beginning on or after July 1, 2009),

- Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on April 16, 2009 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16) primarily with a view to removing inconsistencies and clarifying wording, (most amendments are to be applied for annual periods beginning on or after January 1, 2010),

- Amendments to IFRIC 14 “IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” - Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after January 1, 2011),

- IFRIC 17 “Distributions of Non-Cash Assets to Owners” (effective for annual periods beginning on or after July 1, 2009),

- IFRIC 18 “Transfers of Assets from Customers” (effective for transfer of assets from customers received on or after July 1, 2009),

- IFRIC 19 “Extinguishing Liabilities with Equity Instruments” (effective for annual periods beginning on or after July 1, 2010).

The financial statements were prepared at historical cost principle, unless otherwise stipulated in the accounting policies presented hereunder.

In the preparation of the accompanying financial statements, the Company adhered to the accounting policies described in Note 3. These accounting policies have been consistently applied to all presented reporting periods.

The Company’s financial statements are stated in thousands of dinars (RSD). The dinar is the official reporting currency in the Republic of Serbia.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

2.4. Going Concern

The Company incurred a net loss of RSD 8,410 thousand, during the year ended December 31, 2009 and, as of that date, the Company's current liabilities exceeded its current assets by RSD 21,124 thousand.

The majority owner of the Company, Eteria Ellinikon Ksenodohion Lampsa AE, Athens, Greece, committed to provide financial assistance in the period of at least12 months from the issuance of the Auditors' report on these financial statements.

In order to absorb the accumulated losses and take preventive measure in respect of the global and financial and economic crisis, the Company's management in most part reconstructed 6 floors of the hotel building, restaurant and lobby during the year. Also, it is planned to decorate the banquet room and take over the Night Club. Other cost management measures, i.e. cost reduction to the minimum, are also planned. Based on the aforementioned, the Company expects to realize sufficient income and cash inflows in the period following the reconstruction and will be able to settle its current liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Income and Expense Recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and value added tax.

At the time when income is recognized, the relating expenditure is also recognized (the matching principle).

Interest income and interest expense is recognized on an accrual basis.

Expenses are recognized in the accounting period when the liability is incurred but the criteria for recognition as assets are not met.

3.2. Foreign Exchange Translation

Transactions denominated in foreign currencies are translated into dinars at the official exchange rates in effect at the date of each transaction. Assets and liabilities denominated in foreign currencies are translated into dinars by applying the official exchange rates prevailing at the balance sheet date. Foreign exchange gains or losses arising upon the translation of transactions, and assets and liabilities in foreign currencies are credited or charged to the income statement.

3.3. Taxes and Contributions

Current Income Taxes

Current income tax represents an amount that is calculated and paid in accordance with the effective Republic of Serbia Income Tax Law. Income tax is payable at the rate of 10% on the tax base reported in the annual corporate income tax return as reduced by any applicable tax credits. The taxable base stated in the income tax return includes the profit shown in the statutory statement of income, as adjusted for differences that are specifically defined under statutory tax rules.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3. Taxes and Contributions (Continued)

Current Income Taxes (Continued)

The tax regulations in the Republic of Serbia do not envisage that any tax losses of the current period be used to recover taxes paid within a specific carryback period. However, any current year losses may be used to reduce or eliminate taxes to be paid in future periods, but only for duration of no longer than ten ensuing years.

Deferred Income Taxes

Deferred income taxes are provided using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. The currently-enacted tax rates or the substantively-enacted rates at the balance sheet date are used to determine the deferred income tax amount. Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, and the tax effects of income tax losses and credits are available for carryforward, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the tax loss/credits of the carryforwards can be utilized. Deferred income taxes are either charged or credited to the Income Statement, except in so far as they relate to items that are directly credited or charged to capital, and in that instance, the deferred taxes are then also recognized under equity.

3.4. Employee Benefits

In accordance with the regulations effective in the Republic of Serbia, the Company has an obligation to pay contributions to various state social security funds. These obligations involve the payment of contributions on behalf of an employee, by the employer in an amount calculated by applying the specific, legally-prescribed rates. The Company is also legally obligated to withhold contributions from gross salaries to employees, and on their behalf to transfer the withheld portions directly to the appropriate government funds. These contributions payable on behalf of the employee and employer are charged to expenses in the period in which they arise.

According to the regulations of the Republic of Serbia, the Company is under obligation to pay to its employees retirement benefits, in consideration of the number of years spent with the Company in the amount of three average salaries which the retiree earned in the month preceding his/her retirement. In the opinion of the Company’s management, the present value of retirement benefits is immaterial for the financial statements taken as a whole and therefore these financial statements do not include the provisions thereof.

3.5. Property and Equipment

An item of property and equipment is initially measured at its cost less any accumulated depreciation and any accumulated impairment losses.

For the purpose of fair value adjustment of its property and equipment, the Company engaged an independent appraiser to value its property and equipment as of February 28, 2008 (ownership transformation date). As a result, the appraisal surplus was recorded within revaluation reserves whereas the appraisal deficit was charged to the income statement. The appraisal of property and equipment was performed by applying the market value method. Selling prices have been determined based on the information available on the market in respect of the purchase and sale transactions as adjusted for any and all relevant departures in respect of the property being compared.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5. Property and Equipment (Continued)

Additions are recorded at cost. Cost represents the prices billed by suppliers together with all costs incurred in bringing new fixed assets into use.

The depreciation of property and equipment is computed on a straight-line basis during the estimated useful life.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

Repairs and maintenance are expensed as incurred and are shown as operating expenses.

The estimated remaining useful life, determined by independent appraisers, used for computation of depreciation of major categories of property and equipment is as follows:

Buildings	45 years
Rooms furniture	2 - 5 years
Kitchen furniture and equipment	2 - 5 years
Office furniture	2 - 5 years
Electric appliances and computers	3 - 4 years
Other equipment and furniture	10 years

3.6. Inventories

Material and spare parts are stated at cost, whereas the material produced by the Company is stated at the lower of cost and net realizable value.

Cost includes invoice value, costs of transportation and other expenses.

The net realizable value is the price at which inventories can be realized in the normal course of business, after allowing for the costs of realization.

The cost of raw materials and spare parts is determined by applying weighted average cost method.

3.7. Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the greater of net selling price and value in use. An impairment loss is recognized as an expense of the current period and is recorded within the income statement, unless the respective asset is carried at a revalued amount, in which instance, the impairment loss is treated as a revaluation decrease up to its revalued amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7. Impairment of Assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable value. However, this is performed so that the increased carrying amount does not exceed the carrying value that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the respective asset is carried at a revalued amount, in which instance, the reversal of the impairment loss is treated as a revaluation increase.

3.8. Financial Instruments

Financial assets and liabilities are recognized on the Company’s balance sheet at the moment in which the Company has become a party to the contractual provisions of a particular financial instrument.

Financial assets cease to be recognized when the Company loses control of the contractual rights governing such instruments, which occurs when the rights of use of such instruments have been realized, expired, abandoned, and/or ceded. Financial liabilities cease to be recognized when the Company fulfills the obligations, or when the contractual repayment obligation has either been cancelled or has expired.

Accounts Receivable

Accounts receivable are stated at nominal value, less any allowance for doubtful receivables, based on management’s estimate as to the likelihood of their collectability.

Financial Liabilities

Borrowings were presented in the amount of funds disbursed net of transaction costs. Thereafter, these instruments are measured at their amortized values calculated by applying contractual interest rates corresponding to effective interest rate.

Operating Liabilities

Short-term trade payables are carried at the amount due and payable.

3.9. Segment Reporting and Earnings per Share

The Company elected not to present earnings per share and segment reporting disclosure required by IAS 33 “Earnings per Share” and IAS 14 “Segment Reporting” as the Company is a closed shareholding company whose equity or debt instruments are not quoted on the Stock Exchange or any other active market.

4. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES

The presentation of the financial statements requires the Company’s management to make best estimates and reasonable assumptions that influence the assets and liabilities amounts, as well as the disclosure of contingent liabilities and receivables as of the date of preparation of the financial statements, and the income and expenses arising during the accounting period. These estimations and assumptions are based on information available to us, as of the date of preparation of the financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES (Continued)

4.1. Estimates and Assessments

What follows are the key assumptions in respect of the future events and other sources of estimations, uncertainties as of the balance sheet date which represent risk from material adjustments to the amounts of balance sheet items in the following fiscal year.

4.2. Depreciation and Amortization Charge and Rates Applied

The calculation of depreciation and amortization, as well as depreciation and amortization rates are based on the economic useful life of property, equipment and intangible assets. Once a year, the Company assesses the economic useful life based on the current estimates.

4.3. Impairment of Assets

At each balance sheet date, the Company’s management reviews the carrying amounts of the Company’s fixed and intangible assets. If there is any indication that such assets have been impaired, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount.

4.4. Deferred Tax Assets

Deferred tax assets are recognized for all unused tax credits as arising from capital expenditures, to the extent that it is probable that taxable profit will be available against which these tax credit carryforwards can be utilized. The Company’s management needs to make prudent assessments of deferred tax assets which may be recognized, based on the period when these arise and the amount of future taxable income and tax policy planning strategy.

4.5. Allowance for Impairment of Receivables

The Company calculates the allowance for impairment of doubtful receivables based on the estimated losses arising from customer’s default. The assessment is based on the aging analysis of accounts receivable, historical write-offs, customer creditworthiness and changes in the terms of payment. This includes the assumptions on the future customer behavior and the resultant future collections.

4.6. Fair Value

The fair value of financial instruments for which an active market does not exist is determined by applying adequate valuation methods. The Company applies its professional judgment in the selection of adequate methods and assumptions.

It is a policy of the Company to disclose the fair value information of those components of assets and liabilities for which published or quoted market prices are readily available, and of those for which the fair value may be materially different than their recorded amounts. In the Republic of Serbia, sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables and other financial assets or liabilities, for which published market prices are presently not readily available. As a result of this, fair value cannot readily or reliably be determined in the absence of an active market. The Company’s management assesses its overall risk exposure, and in instances in which it estimates that the value of assets stated in its books may not have been realized, it recognizes a provision. In the opinion of management, the reported carrying amounts are the most valid and useful reporting values under the present market conditions.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
All amounts are expressed in thousands of RSD, unless otherwise stated.

5. SALES

	Year Ended December 31, 2009	2008
Sale of services:		
- accommodation	37,344	22,492
- food	1,302	8,227
- daily rests	1,451	1,360
- other	5,821	2,653
	45,918	34,732

6. OTHER OPERATING INCOME

Other operating income presented in the balance sheet for the business year 2009 in the amount of RSD 1,231 thousand entirely relate to the lease charged to the entity Telenor d.o.o. Beograd.

7. COST OF MATERIALS

	Year Ended December 31, 2009	2008
Material		
- food	2,171	2,397
- beverage and other restaurant goods	320	1,394
- cleaning and washing material	407	756
Cost of overhead material	3,025	427
Electricity	1,796	2,523
Heating	3,172	935
Other expenses	188	382
	11,079	8,814

8. STAFF COSTS

	Year Ended December 31, 2009	2008
Gross salaries	12,523	20,083
Taxes and contributions charged to the employer	2,229	3,585
Author’s fees	1,257	555
Transport of employees to and from work	626	656
Retirement benefits	851	531
Other staff costs	216	206
	17,702	25,616

NOTES TO THE FINANCIAL STATEMENTS
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9. OTHER OPERATING EXPENSES

	Year Ended December 31, 2009	2008
Telecommunications	465	317
Maintenance	833	534
Marketing and advertizing	53	60
City sanitation	248	286
Water charges	783	814
Sanitation	95	356
Security	1,148	964
Cost of consultant and lawyer services	3,195	2,216
Entertainment	141	203
Insurance premiums	443	162
Bank charges	994	310
Cost of securing guest arrivals	1,295	-
Membership fees	19	26
Indirect taxes and contributions	86	133
Fees for the use of city construction land	3,468	1,885
Other non-material expenses	1,726	1,639
	14,992	9,905

10. FINANCE INCOME

	Year Ended December 31, 2009	2008
Interest income	-	187
Foreign exchange gains	610	56
	610	243

11. FINANCE EXPENSES

	Year Ended December 31, 2009	2008
Interest expenses	2,675	1,868
Foreign exchange losses	2,618	2
	5,293	1,870

12. OTHER EXPENSES

	Year Ended December 31, 2009	2008
Write-off of receivables	-	7
Litigations	-	1,200
Impairment of property, plant and equipment	-	1,429
Impairment of receivables	-	387
Other expenses, not mentioned	40	625
	40	3,648

All amounts are expressed in thousands of RSD, unless otherwise stated.

13. INCOME TAXES

a) Components of Income Taxes

	Year Ended December 31, 2009	Year Ended December 31, 2008
Current income tax expense	-	-
Deferred income tax income	3,384	3,312
	3,384	3,312

b) Numerical reconciliation between tax expense and the product of the accounting result multiplied by the statutory tax rate

	December 31, 2009	December 31, 2008
Loss before tax	(11,794)	(21,096)
Income tax at the statutory tax rate of 10%	(1,179)	(2,110)
Tax effects of expenses unrecognized in tax balance	726	(135)
Subsequently recognized tax losses	-	(1,317)
Tax credits for capital expenditures realized in the current year	(1,993)	-
Other	(938)	250
Total income taxes	(3,384)	(3,312)

c) Deferred tax assets and liabilities

	December 31, 2009	December 31, 2008
Deferred tax assets		
Tax loss carryforwards	3,630	3,177
Tax credit carryforwards	2,128	135
	5,758	3,312
Deferred tax liabilities		
Balance, beginning of year	(54,063)	-
Temporary differences on property and equipment	938	(54,063)
	(53,125)	(54,063)
Net	(47,367)	(50,751)

NOTES TO THE FINANCIAL STATEMENTS
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All amounts are expressed in thousands of RSD, unless otherwise stated.

13. INCOME TAXES (Continued)

c) Deferred tax assets and liabilities (Continued)

Tax loss and tax credit carryforwards expire in the following periods:

Origination Year	Expiration Year	Tax Losses	Tax Credits	Total
2003	2013	102	-	102
2004	2014	228	-	228
2005	2015	193	-	193
2006	2016	501	-	501
2007	2017	293	-	293
2008	2018	1,860	135	1,995
2009	2019	453	1,993	2,446
		3,630	2,128	5,758

14. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	Land	Buildings	Equipment	Construction in progress	Total PP&E	Intangible assets
Cost						
Balance at January 1, 2008	235	80,905	5,965	-	87,105	155
Appraisal records:	-	-	-	-	-	-
- appraisal surplus	200,551	340,082	-	-	540,633	-
- appraisal deficit	-	-	(1,429)	-	(1,429)	-
Additions	-	173	-	13,028	13,201	-
Balance at December 31, 2008	200,786	421,160	4,536	13,028	639,510	155
Balance at January 1, 2009	200,786	421,160	4,536	13,028	639,510	155
Additions	-	2,868	13,346	69,211	85,425	93
Transfer from construction in progress	-	45,395	159	(45,554)	-	-
Other	-	-	-	-	-	(155)
Balance at December 31, 2009	-	469,423	18,041	36,685	724,935	93
Accumulated Depreciation and Amortization						
Balance at January 1, 2008	-	10,281	3,336	-	13,617	155
Charge for the year	-	7,727	264	-	7,991	-
Other decreases	-	-	2	-	2	-
Balance at December 31, 2008	-	18,008	3,602	-	21,610	155
Balance at January 1, 2009	-	18,008	3,602	-	21,610	155
Charge for the year	-	9,805	964	-	10,769	5
Other	-	-	-	-	-	(155)
Balance at December 31, 2009	-	27,813	4,566	-	32,379	5
Net Book Value						
December 31, 2009	200,786	441,610	13,475	36,685	692,556	88
December 31, 2008	200,786	403,152	934	13,028	617,900	-

NOTES TO THE FINANCIAL STATEMENTS
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15. INVENTORIES

	December 31, 2009	December 31, 2008
Material	326	418
Tools and inventory	3,836	1,610
	4,162	2,028
Advances to suppliers	267	248
Allowance for impairment of material	(3,772)	(1,546)
	657	730

16. ACCOUNTS RECEIVABLE

	December 31, 2009	December 31, 2008
Domestic accounts receivable	2,122	2,185
Foreign accounts receivable	1,032	25
Receivables from employees	50	20
Other receivables	17	94
	3,221	2,324
Less: Allowance for impairment	(1,919)	(1,982)
	1,302	342

17. CASH AND CASH EQUIVALENTS

	December 31, 2009	December 31, 2008
Dinar account	5,630	1,259
Foreign currency accounts	3,161	217
Other	436	21
	9,227	1,497

18. VALUE ADDED TAX AND PREPAYMENTS

	December 31, 2009	December 31, 2008
Value added tax receivables	12,085	292
Accruals	429	233
	12,514	525

NOTES TO THE FINANCIAL STATEMENTS
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19. SHARE CAPITAL

On February 27, 2008, 70% of socially-owned capital in the entity Eteria Ellinikon Ksenodohion Lampsa AE, Athens Greece was sold.

On March 14, 2008, the Privatization Agency issued a Decision on share transfer free of charge to employees and former employees in the amount of the remaining 30% share capital.

Pursuant to the Decision issued by the Company’s Assembly on April 4, 2008 regarding the change in the organization form, the socially-owned company was transformed into a shareholding company. The aforementioned ownership transformation was registered with the Serbian Business Registers Agency on April 23, 2008.

On February 27, 2008, 70% of the Company’s socially-owned capital was sold Eteria Ellinikon Ksenodohion Lampsa AE, Greace.

Total registered share capital comprises 75,179 common shares with the individual par value of RSD 1,000.00.

Based on the Decision on the issuance of common shares whereby the Company’s share capital increased so as to comply with its commitments to invest, a number of 2,133 shares were issued in the individual par value of RSD 1000.00. Namely, subject to Item 6.1.1. of the Agreement on the Acquisition of Socially-Owned Capital via public auction, the Purchaser committed to invest in the Company’s equipment the total of RSD 2,133 thousand within 12 months. The investment was effectuated as an increase in the core capital. The Company registered the aforementioned changes with the Serbian Business Registers Agency on October 10, 2008.

The Company’s shareholding structure, as presented in the Company’s books of account at December 31, 2009 and 2008 was as follows:

	Number of Common Shares	December 31, 2009	Share in %
Lampsa AE, Athens, Greece	54,758	54,758	70.79
Other shareholders – private individuals	22,554	22,554	29.21
	77,312	77,312	100.00

20. LONG-TERM BORROWINGS

The long-term borrowing stated as of December 31, 2009 in the amount of RSD 118,423 thousand (including current portion of RSD 23,685 thousand) was approved by the National Bank of Greece SA London Branch, in the initial amount of EUR 1,235,000 for the needs of hotel refinancing and adaptation. The loan was approved for the period of 5 years at an annual interest rate of three-month EURIBOR+3.5 %. The borrowing is repaid in quarterly installments with the first one due on March 31, 2010.

NOTES TO THE FINANCIAL STATEMENTS
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All amounts are expressed in thousands of RSD, unless otherwise stated.

21. SHORT-TERM FINANCIAL LIABILITIES

	December 31, 2009	December 31, 2008
Current portion of long-term borrowing	23,685	-
Short-term borrowings:		
- Vojvođanska banka a.d., Novi Sad	-	24,200
- Beogradsko Mešovito Preduzeće a.d., Beograd	18,610	-
	42,295	24,200

The short-term borrowing stated as of December 31, 2009 in the amount of RSD 18,610 thousand was approved by a related party Beogradsko Mešovito Preduzeće a.d, Beograd for an indefinite period at an interest rate of 300 basis points above three-month LIBOR rate.

22. ACCOUNTS PAYABLE

	December 31, 2009	December 31, 2008
Advances from customers	51	271
Domestic accounts payable	1,855	4,741
	1,906	5,012

23. OTHER CURRENT LIABILITIES AND ACCRUALS

	December 31, 2009	December 31, 2008
Net refundable benefits to salaries	47	44
Refundable taxes and contributions to salaries	25	27
Other liabilities	69	63
Other liabilities		
Accrued expenses:	47	1,600
- litigations and lawyer fees	-	281
- Interest	-	603
- public utilities	437	590
	625	3,208

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Equity Risk Management

There is no legal framework for managing equity risk in the Company. The Company considers equity risk in order to diminish it and under the assumption that the Company will be able to continue its business operations in the foreseeable future, maximizing profits to the owners b optimizing the debt to equity ratio. The structure of the Company's capital includes debts, including long-term and short-term borrowings explained in Notes 20 and 21, cash and cash equivalents and equity attributed to owners which entails share capital, other capital, reserves, as well as accumulated loss.

The persons controlling finances on the Company level review the equity structure on annual basis. As a part of such review, the Company takes into consideration the price of equity and risk related to the different types of equity.

All amounts are expressed in thousands of RSD, unless otherwise stated.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Equity Risk Management (Continued)

The debt to equity ratios of the Company as of the year end were as follows:

	December 31, 2009	December 31, 2008
Indebtedness a)	137,033	24,200
Cash and cash equivalents	9,227	1,497
Net indebtedness	127,806	22,703
Equity b)	529,413	537,822
Debt to equity ratio	0.24	0.04

a) Debt is related to long-term and short-term borrowings.

b) Equity includes share capital, reserves, as well as accumulated loss.

Significant Accounting Policies Regarding Financial Instruments

The review of significant accounting policies, including the basis for measurement and recognition of income and expenses for each category of financial assets and financial liabilities, are set out in Note 3 to the financial statements.

Categories of Financial Instruments

	December 31, 2009	December 31, 2008
Financial assets		
Accounts receivable	1,235	228
Cash and cash equivalents	9,227	1,497
	10,462	1,725
Financial liabilities		
Long-term borrowings	118,423	-
Short-term borrowings	18,610	24,200
Accounts payable	1,855	4,741
	138,888	28,941

The Company's basic financial instruments comprise cash and cash equivalents, receivables, financial placements related to the Company's business operations, as well as short-term and long-term borrowings and accounts payable mainly intended to finance the Company's current operations. In the regular course of business, the Company is exposed to the risks enumerated in the following passages.

All amounts are expressed in thousands of RSD, unless otherwise stated.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Equity Risk Management (Continued)

Objectives of Financial Risk Management

Financial risks include market risk (foreign currency and interest rate risk), credit risk and liquidity risk. Financial risks are considered on time basis and are primarily mitigated by reducing the Company’s exposure to these risks. The Company does not make use of any financial instruments as a hedge against the effects of financial risks on business operations because such instruments are neither widely used, nor is there an organized market for such instruments in the Republic of Serbia.

Market Risk

In its business operations, the Company is exposed to financial risks inherent in foreign currency and interest rate changes.

The exposure to the market risk is measured by means of the sensitivity analysis. There were neither significant changes in the exposure of the Company to the market risk, nor in the manner in which the Company manages or measures that risk.

Foreign Currency Risk

The Company is exposed to foreign currency risks inherent in long-term borrowings denominated in foreign currency. It does not make use of any special hedging instruments given that such instruments are uncommon in the Republic of Serbia.

The stability of economic environment in which the Company operates is greatly dependent upon the economic measures taken by the Republic of Serbia’s Government including the establishment of an adequate legal and legislative framework.

The carrying values of the Company’s monetary assets and liabilities denominated in foreign currency as of the reporting date were as follows:

	Assets		**Liabilities**	
	December 31, 2009	**December 31, 2008**	**December 31, 2009**	**December 31, 2008**
EUR	-	-	1,235,000	-
		-		
	-	-	1,235,000	-

The Company is sensitive to the movements in the EUR exchange rates. The following table gives details on the Company’s sensitivity analysis to the increase and decrease of 10% in the dinar to foreign currency exchange rate. These sensitivity rates were used to report on the foreign currency risk and represent the management’s best estimate of reasonably expected fluctuations in exchange rates. The sensitivity analysis includes only the outstanding foreign currency assets and liabilities denominated in foreign currency and it adjusts their translation at the period end for the fluctuation of 10% in foreign exchange rates. The positive number from the table points to the increase in the results of the current period.

All amounts are expressed in thousands of RSD, unless otherwise stated.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Market Risk (Continued)

Foreign Currency Risk (Continued)

In case of 10% Dinar depreciation as compared with the foreign currency in question, the impact on the result of the current period would be the exact opposite of the result stated for the previous scenario.

	December 31, 2009 EUR impact		December 31, 2008 EUR impact	
	10%	**-10%**	**-10%**	**10%**
Profit/Loss	(11,842)	11,842	-	-

The Company’s sensitivity to changes in foreign exchange rates has marked a rise in the current period, mostly due to the effects of the nominal increase in liabilities stated in Euros which principally relate to long-term borrowings (Note 20).

Interest Rate Risk

The Company is exposed to interest rate risk inherent in assets and liabilities with floating interest rate. This risk depends upon the financial market since the Company does not have any instruments that could alleviate its influence.

The carrying values of financial assets and liabilities at the end of the period under review are presented in the following table:

	December 31, 2009	December 31, 2008
Financial Assets		
Non-interest bearing		
Accounts receivable	1,235	228
Cash and cash equivalents	9,227	1,497
	10,462	1,725
Financial liabilities		
Non-interest bearing		
Accounts payable	1,855	4,741
Variable interest rates		
Long-term borrowings	118,423	-
Short-term borrowings	18,610	24,200
	137,033	24,200
	138,888	28,941

All amounts are expressed in thousands of RSD, unless otherwise stated.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Market Risk (Continued)

Interest Rate Risk (Continued)

The sensitivity analysis presented in the following text has been established based on the Company's exposure to interest rate risk inherent in non-derivative instruments as of the balance sheet date. For the liabilities with variable interest rate, the analysis has been prepared under the assumption that the outstanding balance of assets and liabilities as of the balance sheet date remained constant throughout the year. The increase or decrease in interest rates of 1 percentage point represents the fluctuation reasonably anticipated by the management. Had the interest rate been 1 percentage point higher/lower and other variables remained unchanged, the Company would have incurred a loss/profit in the year ended December 31, 2009 in the amount of RSD 1,370 thousand (December 31, 2008: RSD 242 thousand). Such situation is attributed to the Company's exposure arising from the variable interest rates applied to short-term and long-term borrowings.

Credit Risk

Managing Accounts Receivable

Credit risk relates to the exposure inherent in the possibility that the contractual party fails to act upon its contractual commitments and cause the Company to suffer loss. The Company's exposure to this risk is limited to the amount of accounts receivable as of the balance sheet date.

The structure of accounts receivable as of December 31, 2009 is presented in the following table:

	Gross Exposure	Allowance for Impairment	Net Exposure
Accounts receivable, not matured	1,235	-	1,235
Accounts receivable matured and provided for	1,919	(1,919)	-
	3,154	(1,919)	1,235

The structure of accounts receivable as of December 31, 2008 is presented in the following table:

	Gross Exposure	Allowance for Impairment	Net Exposure
Accounts receivable, not matured	228	-	228
Accounts receivable matured and provided for	1,982	(1,982)	-
	2,210	(1,982)	228

All amounts are expressed in thousands of RSD, unless otherwise stated.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit Risk (Continued)

Managing Accounts Receivable (Continued)

Accounts Receivable, not Matured

Accounts receivable, not matured as of December 31, 2009 in the amount of RSD 1,235 thousand (December 31, 2008: RSD 228 thousand) mostly refer the accounts receivable arising from the hotel accommodation services. All these receivables mature in the following period, depending on the maturities agreed upon. The average days' sales outstanding in 2008 counted 6 days (2008: 15 days).

Accounts Receivable Matured and Provided for

In the previous periods, the Company calculated an allowance for impairment of matured receivables in the amount of RSD 1,919 thousand (December 31, 2008: RSD 1,982 thousand) due from those customers whose creditworthiness has changed and which will not be collected in full.

Managing Accounts Payable

Accounts payable as of December 31, 2009 were stated in the amount of RSD 1,906 thousand (December 31, 2008: RSD 4,741 thousand) where the major portion is associated with payables towards public enterprises. These suppliers charge penalty against matured liabilities, whereas the Company duly settles accounts payable, as in accordance with financial risk management policies.

Liquidity Risk

The ultimate responsibility for liquidity risk management resides with the Company's management, which is also responsible for managing the Company's short-term, medium-term and long-term financing and liquidity management. The Company manages liquidity by maintaining the necessary level of cash reserves, based on continued monitoring over the planned and actual cash flows, as well as by matching the maturities of financial assets and liabilities.

Tables of Liquidity and Credit Risk

The following tables give the details of outstanding contractual maturities of assets of the Company. The amounts presented are based on the undiscounted cash flows arising from financial assets based on the earliest date upon which the Company will be able to collect such receivables.

Maturities of Financial Assets

December 31, 2009

	Less than One Month	**From 1 to 3 Months**	**From 3 Months to 1 year**	**From 1 to 5 Years**	**Over 5 Years**	**Total**
Non-interest bearing	1,235	-	-	-	-	1,235
	1,235	-	-	-	-	1,235

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
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24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Liquidity Risk (Continued)

Tables of Liquidity and Credit Risk (Continued)

Maturities of Financial Assets (Continued)

	Less than One Month	From 1 to 3 Months	From 3 Months to 1 year	From 1 to 5 Years	Over 5 Years	December 31, 2008 Total
Non-interest bearing	228	-	-	-	-	228
	228	-	-	-	-	228

Maturities of Financial Liabilities

The following tables give the details of outstanding contractual liabilities of the Company. The amounts presented are based on the undiscounted cash flows arising from financial liabilities based on the earliest date upon which the Company will be due to settle such payables.

	Less than One Month	From 1 to 3 Months	From 3 Months to 1 year	From 1 to 5 Years	Over 5 Years	December 31, 2009 Total
Non-interest bearing	1,855	-	-	-	-	1,855
Variable interest rate						
- principal	-	5,921	36,373	94,738	-	137,033
- Interest	-	1,402	3,869	9,656	-	14,928
	-	7,323	40,242	104,394	-	151,961
	1,855	7,323	40,242	104,394	-	153,816

	Less than One Month	From 1 to 3 Months	From 3 Months to 1 year	From 1 to 5 Years	Over 5 Years	December 31, 2008 Total
Non-interest bearing	5,935	-	-	-	-	5,935
Variable interest rate						
- principal	-	-	24,200	-	-	24,200
- Interest	-	-	2,904	-	-	2,904
	-	-	27,104	-	-	27,104
	5,935	-	27,104	-	-	33,039

All amounts are expressed in thousands of RSD, unless otherwise stated.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair Value of Financial Instruments

The following table represents the present value of financial assets and liabilities and their fair value as of December 31, 2009 and 2008.

	December 31, 2009		December 31, 2008	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial Assets				
Accounts receivable	1,235	1,235	228	228
Cash and cash equivalents	9,227	9,227	1,497	1,497
	10,462	10,462	1,725	1,725
Financial Liabilities				
Long-term borrowings	118,423	118,423		
Short-term borrowings	18,610	18,610	24,200	24,200
Account Payable	1,855	1,855	4,741	4,741
	138,888	138,888	28,941	28,941

Assumptions for the Assessment of Financial Instruments' Fair Value

Given that the sufficient market experience, stability and liquidity do not presently exist for the purchase and sale of financial assets or liabilities, and given that the quoted prices, which could be used for the purposes of disclosing fair value of financial assets and liabilities are unavailable, the method here applied is that of discounted cash flows. In using this method of measurement, interest rates for financial instruments with similar characteristics have been used, with the aim to arrive at the relevant assessment of market values of financial instruments as of the balance sheet date.

25. CONTINGENT LIABILITIES

Land and building property stated as of December 31, 2009 in the amount of RSD 642,396 thousand are in the Company's ownership based on denationalization of property performed in an earlier period. Pursuant to the Agreement on the Acquisition of Socially-Owned Capital executed with the Serbian Business Registers Agency, the majority owner is also aware that the Company's assets include nationalized property and agrees to handle such property pursuant to the relevant law. Until the issuance of these financial statements, laws and other formal acts regulating this sphere had not yet been enacted. The Company's management judges that the Company will not suffer adverse effects arising from the issue of regulating nationalized property and will not be required to make payments in this respect.

26. LITIGATIONS

As of December 31, 2009, the Company, as the member of the Hotel Company "Unija" was named a defendant in the litigation filed by HUP "Balkan," Dimitrovgrad associated with ownership titles to a motel. The Company's management did not form provisions based on the aforementioned legal suit, as the Company's management assesses that the Company will not be exposed to potential losses in the forthcoming period.

In addition, at December 31, 2009, the worth of litigations filed by the Company against third parties amounted to RSD 2,710 thousand and pertains to receivables for hotel services rendered and business offences.

All amounts are expressed in thousands of RSD, unless otherwise stated.

27. CURRENT ECONOMIC SITUATION AND ITS IMPACT ON THE COMPANY

The Company’s operations were under the influence of the recent financial crisis and deteriorating economic conditions. Due to the current global crisis in the market and its weakening effects on domestic economic activities on the local market in the Republic of Serbia, the Company will probably operate in more difficult and uncertain economic environment. The impact of this crisis on the Company’s business operations is currently not possible to fully predict and therefore there is an element of general uncertainty.

So far, the ongoing financial crisis has had a limited impact on the financial position and performance of the Company. During 2009, the Company had no liquidity issues.

However, the deteriorating economic situation in the country will probably impact the position of certain industries and the ability of some clients to meet their obligations which may impact the amount of necessary allowance for impairment and provisions formed against credit losses incurred in 2010, as well as other fields which require significant estimates from the management, and where the actual results may depart from the estimates.

28. EXCHANGE RATES

The official exchange rates for major currencies used in the translation of balance sheet components denominated in foreign currencies, into RSD were as follows:

	December 31, 2009	**December 31, 2008**
EUR	95.8888	88.6010
USD	66.7285	62.9000