

On the basis of Article 66 of the Law on Market of Securities and Other Financial Instruments ("Official Gazette" of the Republic of Serbia", no. 47/2006) and Article 3 of the Bylaw on contents and manner of reporting of public companies and notification of holding the shares with voting right

EXCERPT FROM THE FINANCIAL STATEMENT for 2007

AD TELEFONIJA, Belgrade , Kumodraska 241

I BASIC DATA

1. Short name:	AD TELEFONIJA	3. registration no.:	7018509
2. Address:	Kumodraska 241	4. tax identification number:	100002895

II FINANCIAL STATEMENTS

BALANCE SHEET (in 000 dinars)

ASSETS	2007	2006	LIABILITIES	2007	2006
A. PERMANENT ASSETS	1.646.708	1.111.564	A. CAPITAL	1.164.889	845.605
I Unpaid subscribed capital			I Fixed capital	424.512	179.208
II Goodwill			II Unpaid subscribed capital		
III Intangible investments	19.655	26.469	III Reserves	19.963	87.680
IV Real estates, plants, equipment and biological resources	1.409.893	874.052	IV Revaluation reserves	585.030	369.320
V Long term financial investments	217.160	211.043	V Undistributed profit	135.384	210.955
B. WORKING ASSETS	767.985	460.401	VI Loss		
I Stocks	160.743	103.838	VII Purchased own shares		1.558
II Permanent assets intended for sale and business assets being terminated			B. LONG TERM RESERVATIONS AND LIABILITIES	1.249.804	726.360
III Short term receivables, investments and cash	607.009	352.795	I Long term reservations		
IV Deferred tax assets	233	3.768	II Long term liabilities	424.168	412.486
C. BUSINESS ASSETS	2.414.693	1.571.965	III Short term liabilities	757.070	313.874
D. LOSS ABOVE THE AMOUNT OF CAPITAL			IV Deferred tax liabilities	68.566	
E. TOTAL ASSETS	2.414.693	1.571.965	V. TOTAL LIABILITIES	2.414.693	1.571.965

F. NON-BALANCE ASSETS				
			G. NON-BALANCE LIABILITIES	

REPORT ON CASH FLOWS (in 000 dinars)
Profit and loss account (in 000 dinars)

A. CASH FLOWS FROM BUSINESS ACTIVITIES	2007.	2006.	A. INCOMES AND EXPENDITURES FROM CURRENT OPERATION	2007.	2006.
I Cash inflows from business activities	1.094.667	1.046.372	I Business incomes	1.174.359	1.146.348
II Cash outflows from business activities.	1.345.002	1.004.897	II Business expenditures	1.075.182	1.065.819
III Net inflow/ outflow of cash	-250.335	41.475	III Business profit/loss	99.177	80.529
B. CASH FLOWS FROM INVESTMENT ACTIVITY			IV Financial incomes	39.402	47.542
I Cash inflows from investment activities	31.714	1.774	V Financial expenditures	74.350	59.298
II Cash outflows from investment activities	25.743	281.912	VI Other incomes	5.006	11.243
III Net inflow/outflow of cash	5.971	-280.138	VII Other expenditure	11.897	23.126
C. CASH FLOWS FROM FINANCING ACTIVITY			VIII Profit/ loss from current business operation before taxation	57.338	56.890
I Cash inflows from financing activities	461.362	361.730	IX Net profit/loss of business operation being terminated		
II Cash outflows from financing activities	215.065	108.430	B. PROFIT/ LOSS BEFORE TAXATION	57.338	56.890
III Net inflow/ outflow of cash	246.297	253.300	C. TAX ON PROFIT	4.528	3.953
D. TOTAL CASH INFLOWS	1.587.743	1.409.876	Deferred tax incomes/expenditures of the period	1.286	1.931
			D. Paid personal incomes to the employer		
			E. NET PROFIT/LOSS	51.524	54.868

E. TOTAL CASH OUTFLOWS	1.585.810	1.395.239	F. NET PROFIT BELONGING TO MINORITY INVESTORS		
F. NET INFLOW/OUTFLOW OF CASH	1.933	14.637	G. NET PROFIT BELONGING TO OWNERS OF PARENT LEGAL ENTITY		
G. CASH AT START OF ACCOUNTING PERIOD	19.686	5.026	H. INCOME PER SHARE		
H. POS. / NEG. EXCHANGE RATE DIFFERENCES BASED ON CASH RECALCULATION		23	1. Basic income per share		
			2. Decreased (diluted) income per share		
I. CASH AT END OF ACCOUNTING PERIOD	21.619	19.686			

Report on changes in capital (in 000 dinars)

	2007.				2006			
	Start of year status	Increase during year	Decrease during year	End of year status	Start of year status	Increase during year	Decrease during year	End of year status
Fixed capital	175.351	245.304		420.655	49.580	125.771		175.351
Other capital	3.857			3.857	3.857			3.857
Unpaid subscribed capital								
Issue premium	82.400	10.303	78.020	14.683	48.737	33.663		82.400
Reserves	5.280			5.280	5.280			5.280
Revaluation reserves	369.320	357.132	141.422	585.030	152.232	217.088		369.320
Undistributed profit	210.955	186.935	262.506	135.384	71.797	139.158		210.955
Loss to the amount of capital								
Purchased own shares	1.558	380	1.938		2.527	1.558	2.527	1.558

TOTAL	845.605	799.294	480.010	1.164.889	328.956	516.649		845.605
Loss above the amount of capital								

III FINAL OPINION OF AUDITORS "DELOITTE" D.O.O. BELGRADE ON FINANCIAL STATEMENTS

"In our opinion, the financial statements present in a truthful and objective manner, as to all materially significant issues, the financial status of the Company on 31 December 2007, as well as the results of its business operation, the changes on capital and cash flows for the year ending on that date, in accordance with the accounting regulations of the Republic of Serbia."

IV SIGNIFICANT CHANGES OF THE LEGAL AND FINANCIAL STATUS OF THE COMPANY AND OTHER IMPORTANT CHANGES OF THE DATA CONTAINED IN THE PROSPECTUS FOR PUBLICATION, AND THE PROSPECTUS FOR ORGANISED TRADE IN SECURITIES

There were no significant changes

V PLACE AND TIME FOR ACCESS TO FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The access can be made every working day between 8 a.m. and 4 p.m. in the head office of the company and in the website www.telefonija.co.yu