

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of P.S. "Telefonija" a.d. Beograd

We have audited the accompanying consolidated financial statements (pages 3 to 45) of the joint-stock company P.S. "Telefonija" a.d. Beograd (hereinafter referred to as the "Company"), which comprise the Consolidated Balance Sheet on December 31st, 2008, and related Consolidated Profit and Loss Account, Capital Changes Statement, Cash Flow Statement for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The management is responsible for composing and objectively presenting these consolidated financial statements in accordance with accounting regulations of the Republic of Serbia. This responsibility encompasses the following: establishing, implementing and maintaining internal control relevant for composing and objectively presenting consolidated financial statements which do not contain material misstatement, arising out of criminal activities or errors; selecting and applying the appropriate accounting policies, as well as making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements on the basis of our auditing. We have conducted the auditing in accordance with International Accounting Standards and Accounting and Auditing Law of the Republic of Serbia. These standards require our compliance with ethical requirements, planning and performing auditing to obtain reasonable assurance that the financial statements do not contain material misstatement.

Auditing involves the implementation of procedures with a view to obtain audit evidence on the amounts and information disclosed in the consolidated financial statements. The selected procedures depend on the auditor's judgment, inclusive of risk assessment of material misstatement of the financial statements, arising out of criminal activities or errors. On making this risk assessment, the auditor considers internal control relevant for composing and objectively presenting financial statements, with a view to establish the best auditing procedures, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. In addition, auditing includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 show the financial position of the Company on December 31st, 2008 veritably and objectively in all material respects, as well as business results of the Company, capital and cash flow changes for the year then ended, in accordance with the accounting regulations of the Republic of Serbia.

In Belgrade,
April 30th, 2009

Zoran Nešić
Certified Auditor