

REPUBLIC OF SERBIA

Prosecution for Organized Crime

KTO No. 6/13

Belgrade, 9th May 2013

Pursuant to Article 42, Paragraph 1, Item 5 and Article 331 of the Criminal Procedure Code 2, as well as Article 2, Paragraph 1, Item 4 of the Law on the Organization and Jurisdiction of Government Authorities in Suppression of Organized Crime, Corruption and other severe criminal offences, I hereby bring

INDICTMENT

Against:

1. Miroslav Miskovic, personal identification number 0507945781014, from father Djordje and mother Vera, maiden name Djukic, born on 5th July 1945 in Bosnjani, the Municipality of Varvarin, with the residence in Belgrade, Uzicka Street No. 36, the citizen of the Republic of Serbia, an economist, graduated from the Faculty of Economics, married, father of two children; he and members of his family own a family house in Belgrade at the above address and a house in Herceg Novi; not convicted, **in detention since 12th December 2012 according to the Solution of the Higher Court in Belgrade, the Special Department, Ki-Po1 31/12 of 14th December 2012;**

2. Milo Djuraskovic, personal identification number 020296527011, from father Dusan and mother Stanusa, maiden name Scekcic, born on 2nd February 1965 in Berane, the Republic of Montenegro, with the residence in Belgrade, Ustanicka Street No. 67 and with the residence in Belgrade, Vojvode Vlahovica Street No. 26, the citizen of the Republic of Serbia, an electrical technician, finished Secondary Electrical Engineering School, married, father of five children, three of whom are under age; he and members of his family own a family house in Belgrade at the above second address and a family house in Pržno, Montenegro; not convicted; against him there is a procedure before the Special Department of the Higher Court in Belgrade on the subject K PO1 70/11 for the criminal act in Article 234 of the Criminal Law, **in detention since 12th December 2012 according to the Solution of the Higher Court in Belgrade, the Special Department, Ki-Po1 31/12 of 14th December 2012;**

3. Marko Miskovic, personal identification number 2607981781049, from father Miroslav and mother Ljiljana, born on 26th July 1981 in Krusevac, residing in Belgrade, Uzicka street No. 36, with the residence in Belgrade, Paje Adamova Street No. 2, an economist, graduated from the American University for Business, not married, father of one minor child; he has no property in

his name; not convicted; in detention between 12th December 2012 to 3rd April 2013 according to the Solution of the Higher Court in Belgrade, the Special Department, Ki-Po1 31/12 of 14th December 2012; released from detention according to the Solution of the Higher Court in Belgrade, the Special Department, Ki. Po 1 No. 31/12 of 3rd April 2013 and sent to house arrest with the prohibition of leaving the place of residence and under electronic surveillance;

4. Risto Ristic, personal identification number 0909961151137, from father Svetozar and mother Zorka, maiden name Glibo, born on 9th September 1961 in Belgrade, with the residence in Grocka, Republic Square No. 21, the citizen of the Republic of Serbia, a clerk, finished Grammar School, married, father of two children; he and members of his family own a house at the above address; not convicted; against him there is a procedure before the Special Department of the Higher Court in Belgrade on the subject K PO1 70/11 for the criminal act in Article 234 of the Criminal Law; in detention from 12th December 2012 to 11th January 2013 according to the Solution of the Higher Court in Belgrade, the Special Department, Ki-Po1 31/12 of 14th December 2012; defends himself from liberty;

5. Milutin Gasevic, personal identification number 2209949730038, from father Bozidar and mother Jovana, maiden name Vasovic, born on 22nd September 1949 in Retkocer, Municipality of Medvedja, with the residence in Nis, Miladina Popovica Street No. 6, the citizen of the Republic of Serbia, a civil engineer, graduated from the Faculty of Civil Engineering, married, father of two children; he and members of his family own a house in Calije, Nis, and a house at the above address, three cars; not convicted; defends himself from liberty;

6. Zoran Mihailovic, personal identification number 1808959710032, from father Nikola and mother Stojanka, maiden name Krasic, born on 18th August 1959 in Belgrade, with the residence in New Belgrade, Antifasisticke borbe No. 23D/17, the citizen of the Republic of Serbia, a civil engineer, graduated from the Faculty of Civil Engineering, married, father of two children; he and members of his family own an apartment in New Belgrade, Antifasisticke borbe No. 31, an apartment in New Belgrade, Zorana Djindjica No. 103, an apartment in New Belgrade, Arsenija Carnojevic No. 74, an apartment in New Belgrade, Antifasisticke borbe No. 23V; not convicted; against him there is a procedure before the Basic Court in Nis; in detention from 12th December 2012 to 11th January 2013 according to the Solution of the Higher Court in Belgrade, the Special Department, Ki-Po1 31/12 of 14th December 2012; defends himself from liberty;

7. Dejan Jevtic, personal identification number 1608969710317, from father Radivoje and mother Negoslava, maiden name Maksimovic, born on 16th August 1969 in Belgrade, with the residence in New Belgrade, Ljutice Bogdana No. 2, the citizen of the Republic of Serbia, a lawyer, graduated from the Faculty of Law, divorced, father of one underage child; he and members of his family own two apartments at the above address; not convicted; against him there is a procedure before the Special Department of the Higher Court in Belgrade on the subject K PO1 70/11 for the criminal act in Article 234 of the Criminal Procedure Code; in detention from 12th December 2012 to 18th January 2013 according to the Solution of the Higher

Court in Belgrade, the Special Department, Ki-Po1 31/12 of 14th December 2012; defends himself from liberty;

8. Zdravko Raso, personal identification number 0503956710156, from father Mirko and mother Stoja, maiden name Grahovac, born on 5th March 1956 in Mostar, with the residence in New Belgrade, Marka Celebonovica No. 49, the citizen of the Republic of Serbia, an economist, graduated from the Faculty of Economics, widower, father of one child; he and members of his family own an apartment at the above address; not convicted; in detention from 12th December 2012 to 11th January 2013 according to the Solution of the Higher Court in Belgrade, the Special Department, Ki-Po1 31/12 of 14th December 2012; defends himself from liberty;

9. Predrag Filipovic, personal identification number 0301977773628, from father Slobodan and mother Jela, maiden name Maletic, born on 9th January 1977 in Loznica, with the residence in New Belgrade, Nede Spasojevic No. 3, the citizen of the Republic of Serbia, Master of European Business, graduated from the Faculty of International Management, married, father of two underage children; he and members of his family own an apartment at the above address, an apartment in Belgrade, Djuke Dinica No. 16, an apartment in Zlatibor, Golija 66, an apartment in Belgrade, Djordja Stanojevica No. 9a, a garage in Belgrade, Raska Dimitrijevic No. 25 and two cars; not convicted; defends himself from liberty;

10. Zivojin Petrovic, personal identification number 0309969710146, from father Svetozar and mother Zorica, maiden name Lalovic, born on 3rd September 1969 in Belgrade, with the residence in Belgrade, Sundeciceva No. 36, the citizen of the Republic of Serbia, a manager, PhD in management sciences, married, father of two underage children; he and members of his family own an apartment at the above address, a house in Belgrade, Boze Jankovica No. 39 and a weekend cottage in Grocka; not convicted; defends himself from liberty;

11. Jadranka Bardic, personal identification number 1111956175003, from father Mile and mother Zora, maiden name Milinkovic, born on 11th November 1956 in Mokro, Bosnia and Herzegovina, with the residence in Belgrade, Brace Jerkovic No. 161 and in Belgrade, Brace Jerkovic No. 135, the citizen of the Republic of Serbia and of the Republic of Bosnia and Herzegovina, an economist, married, mother of one child; she and members of her family own two apartments at the above addresses, an apartment in Belgrade, Sarajevska No. 12/III and an apartment in Belgrade, Hadži Prodanova No. 4; not convicted; defends herself from liberty.

ON THE GROUNDS THAT

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Miroslav Miskovic, Milo Djuraskovic, Marko Miskovic, Risto Ristic, Milutin Gasevic, Zoran Mihailovic, Dejan Jevtic, Zdravko Raso and Predrag Filipovic

In the period between 2005 and 2010 in Belgrade and Nis, as responsible persons in legal entities “Sher corporation”, “Nibens corporation”, PZP “Nis”, “Hemslade Trading Limited”, “Mera Investment fund B.V.” as well as other related legal entities, by using their positions and authorizations on the grounds of their positions, ownership and invested financial funds in the abovementioned legal entities, according to their previous agreement planned, coordinated and directed their business by conducting activities of management and control over them and their property, and thus gained unlawful benefit to themselves and others in the total value of over 200.000.000,00 dinars. Namely, Miroslav Miskovic as the owner of “Hemslade Trading Limited”, “Hitomi financial limited” and “Delta M”, Milo Djuraskovic as the owner, controlling member and director of “Sher corporation” and “Nibens corporation”, and Marko Miskovic as the owner and controlling member of "Parmidoli Investment corp.", “Mera Investment Fund B.V.”, “Mera Invest” PLC and “Mercuren group”, and at the same time working together as the owners of the control package of shares in PZP “Nis” and PZP “Belgrade”, and through them of other road maintenance companies from the “Nibens group” system, with rights, obligations and restrictions as the controlling shareholders pursuant to the regulations of the Law on Business Companies (“Official Gazette” of the Republic of Serbia No. 125/04), by appearing to conduct regular legal businesses among related legal entities, unlawfully increased the value of capital and gained financial means and property from the privatized road maintenance companies, in order to gain property for themselves as well as for the legal entities in their ownership and under their control, at the same time inflicting damage to privatized road maintenance companies, banks and other creditors, whereby they were with premeditation helped by Milutin Gasevic and Zoran Mihailovic as responsible persons – directors of the PZP “Nis”, Dejan Jevtic as the responsible person – “Nibens corporation” procurator, Risto Ristic as the authorized person, or director of “Sher corporation”, Zdravko Raso as the authorized auditor and Predrag Filipovic as the director of the broker dealer company “Delta broker”, where all the accused were conscious of their acts, the fact that they are illegal but still pursued conducting them.

Therefore, according to their mutual agreement, Milo Djuraskovic, Miroslav Miskovic and Marko Miskovic on 8th March 2005 established the Consortium PZP “Nis”, “Delta M” and “Emissio broker”, which as the best bidder won the public tender for the purchase of 70% shares of the state capital of PZP “Belgrade”. Afterwards, after the signing of the Agreement about Purchase of PZP “Belgrade” with the Privatization Agency at the price of 18.800.000 EUR on 23rd June 2005, Miroslav Miskovic provided financial means for this purchase through the payment of the amount of 23.000.000,00 EUR by “Hemslade Trading Limited” and according to the Agreement about Financial Loan of 23rd May 2005 signed by Miroslav Miskovic as the authorized person on behalf of “Hemslade Trading Limited” and Milutin Gasevic on behalf of PZP “Nis”. In this way, through financial investments which had previously been approved by the decision of the Board of Directors of PZP “Nis” for the acquisition of domestic equipment for road mechanization, Miroslav Miskovic, together with Milo Djuraskovic, hiding that it was

an investment, actually became the controlling member in PZP "Nis", PZP "Belgrade", as well as in PZP "Vojvodina" and PZP "Vranje", which were subsequently bought by PZP "Nis" in the privatization process with the funds provided by the abovementioned loan and by loans from other road maintenance companies which had already been privatized by then.

Therefore, according to the mutual agreement by Milo Djuraskovic, Miroslav Miskovic and Marko Miskovic, in order to confirm this formally and legally gained ownership and to control the activities of PZP "Nis" and through this company other related legal entities and their preparation for sale to the strategic partner, the General Meeting of PZP "Nis" Shareholders made a decision on 14th April 2006 about distributing common shares of the fifth emission of securities in the amount of 282.977.280,00 dinars, or 262.016 shares, the individual nominal value of 1.080,00 dinars without public tender, for the known investor with the aim of increasing founders' capital. The decision was signed by Milo Djuraskovic as the president of the General meeting and on the basis of it the emission and sale of the shares of PZP "Nis" was performed at the price of 2.801,00 dinars each to the professional investor "Mera Investment fund B.V.", the legal entity, indirectly, through its founder "Parmidoli Investment corp." owned by Marko Miskovic, and which was subsequently, on 9th May 2006, purposefully founded for this transaction. In this way Marko Miskovic became the controlling shareholder of PZP "Nis" pursuant to Article 367 and Article 368 of the Law on Business Companies ("Official Gazette" of the Republic of Serbia No. 125/2004) together with Milo Djuraskovic and "Sher corporation", thus gaining the same number of the PZP "Nis" shares, owned at that time by Milo Djuraskovic and "Sher corporation" together, and which made 47,59% of the capital value of the company.

At the same time, Milo Djuraskovic started taking out the capital from PZP "Nis" by asking, through formally submitted requests of PZP "Nis", from Zdravko Raso as the authorized auditor in the auditing and bookkeeping enterprise "Focus team revizija" PLC to make a report about the estimated stakes over 49.008 common shares of the enterprise "Nemetali" in the nominal value of 1.000,00 dinars each in the ownership of PZP "Nis", which this company entered as a stake into "Sher corporation". Subsequently Zdravko Raso did as instructed on 9th May 2006 determining in his report that the value of the stated shares was 49.008.000,00 dinars, or 565.585,69 euros, which PZP "Nis" entered as its investment into "Sher corporation" as a new member on entering on 15th May 2006, thus gaining 99.07% of the founders' capital in "Sher corporation", while Milo Djuraskovic remained the owner of 0,93%. On 7th September 2006 Milo Djuraskovic and Zoran Mihailovic on behalf of PZP "Nis" closed the Agreement on Transferring Founders Rights according to which PZP "Nis" transferred its whole stake of "Nemetali" shares in "Sher corporation" onto Milo Djuraskovic for the amount of 49.500.000,00 and thus left the ownership of "Sher corporation". In that way Milo Djuraskovic became 100% owner of "Sher corporation" and thus the majority owner of the enterprise "Nemetali", a joint-stock company.

After this the monetary funds in the amount of 733.906.816,00 dinars upon the instruction by Miroslav Miskovic and Marko Miskovic were transferred from the "Hemslade Trading Limited" account through the "Hitomi financial limited" account and the "Parmidoli investment corp." account onto the account of "Mera Investment Fund B.V.", and then on 25th August 2006 paid into the account of PZP "Nis". These monetary funds were on the same day used to repay the first installment of the loan to "Hemslade Trading Limited" and in the period from 6th February 2008 to 21st April 2008 with the money from loans taken out from the related legal entities

“Srem put”, “Vojvodina put – Backa put”, “Nemetali”, PZP “Vranje”, PZP “Belgrade” and “Europark”, and also from the loans taken out by PZP “Nis” from “AIK bank” and “Erste bank”, so that the abovementioned loan from “Hemslade Trading Limited” was completely paid out with Euribor interest plus 3% annually before the agreed deadline through payments amounting to 26.283.275,08 EUR.

Moreover, in order to enable Marko Miskovic to leave the ownership of the privatized road maintenance companies and Milo Djuraskovic to take them over completely, they in mutual agreement started to take the financial means out of the road maintenance companies with the aim of gaining unlawful property for Miroslav Miskovic and Marko Miskovic, taking into consideration that the shares, due to the decline in the value of the operational business of the road maintenance companies, were completely depreciated, as well as due to the fact that Milo Djuraskovic already, after determining the value of the PZP “Nis” capital at the time of its recapitalization had gained 49.008 “Nemetali” shares transferring them from the ownership of PZP “Nis” into his own ownership.

Miroslav Miskovic, Milo Djuraskovic and Marko Miskovic, acting contrary to Article 117 of the Law on the Organization and Jurisdiction of Government Authorities in Suppression of Organized Crime, Corruption and other severe criminal offences (“Official Gazette” of the Republic of Serbia No. 47/2006) took action in the organized market of securities exclusively with the aim of increasing the price of PZP “Nis” shares and encouraging other investors to buy those shares, as well as creating a false impression about the range of the turnover of PZP “Nis” shares. Milo Djuraskovic through Dejan Jevtic persuaded Zoran Kaitovic to buy PZP “Nis” shares and Zoran Kaitovic signed six blank daily orders to buy PZP “Nis” shares to his stock broker “Synergy capital” whose value in the stock exchange at the time amounted to 3.300,00 dinars, while at the same time Milo Djuraskovic through his stock exchange broker “Emissio broker” gave daily orders for the sale of PZP “Nis” shares, thus creating an impression of the allegedly greater demand than supply of the stated shares and constantly increased the offered price of the shares within the maximum allowed daily fluctuation. In the period between 12th June and 26th June 2008 the total turnover of the PZP “Nis” shares in the stock exchange was 324.880,00 dinars for the total of 37 shares traded between Zoran Kaitovic and Milo Djuraskovic in this period, increasing the price of the shares in the stock exchange from 3.300,00 dinars to 9.730,00 dinars.

Subsequently this was used for the evaluation of the PZP “Nis” shares in the stock exchange by firm “Conzit” PLC, at the request of Predrag Filipovic, director of “Delta broker”, with the exclusive request to use the method of the average pondered value on 27th June 2008, with the formal submission of the simultaneous orders by Milo Djuraskovic and “Mera Investment Fund B.V.” to make these evaluations, whereby it was determined that the price of PZP “Nis” shares was 8.780,54 dinars or 110,8072 EUR each. This evaluation was also used on entering 225.736 shares of PZP “Nis” by “Mera Investment Fund B.V.” as the founder into “Mera Invest” PLC Belgrade, with the aim of increasing the non-monetary capital to the amount of 25.013.174,09 euros, as well as on entering 157.000 shares of PZP “Nis” by Milo Djuraskovic as the founder into “Nibens corporation” with the aim of increasing the non-monetary capital to the amount of 17.396.730,40 euros.

Then Milo Djuraskovic, “Sher corporation”, “Mera Invest” PLC and Zoran Kaitovic as the shareholders of PZP “Nis”, through their attorneys, on 10th July 2008 at the General Meeting of

Shareholders made a decision to close down the joint-stock company PZP "Nis", thus leaving the PZP "Nis" shares out of the non-stock market and preventing their trading in the stock exchange. On 1st October 2008 they made a decision that PZP "Nis" refuses the offer of "Mera Invest" PLC to buy as the shareholder with the right of first purchase 225.736 shares at the price of 110,748839 EUR per share and thus enabled "Nibens corporation", owned by Milo Djuraskovic, founded on 21st July 2008, with the aim of buying shares from "Mera Invest" PLC, to close an agreement about the purchase of 41% shares of PZP "Nis" at the stated price, for the total amount of 25.013.174,09 EUR whose equivalent in dinars was 1.941.260.005,59.

This money, in agreement with other controlling members of PZP "Nis" Miroslav Miskovic and Marko Miskovic, was provided by Milo Djuraskovic, who on behalf of "Nibens corporation" closed on 1st October 2008 the Agreement about the long-term investment loan No. P 3499/08 with "UniCredit" bank in Serbia, for the amount of 25.000.000 EUR. The Agreement was also, at Milo Djuraskovic's request, signed by responsible persons of solidary debtors PZP "Nis", PZP "Belgrade", "Vojvodina put – Backa put", PZP "Vranje", PZP "Kragujevac", "Srem put" Ruma and the Lubricants Factory "FAM" without the consent of the Privatization Agency and contrary to the regulations of the Privatization Agreement, where Miroslav Miskovic, Milo Djuraskovic and Marko Miskovic were aware that "Mera Investment Fund B.V." had no other property apart from PZP "Nis" shares, that it would not do the registered activities and therefore would not have any income in order to repay this loan. In that way, taking in consideration that PZP "Nis" as a shareholder gave guaranteeing means to "Nibens corporation" for gaining PZP "Nis" shares, consciously broke the regulations of Article 190 of the Law on Business Companies ("Official Gazette" of the Republic of Serbia No. 125/2004), having in mind that the regress right which PZP "Nis" and other road maintenance companies had towards "Nibens corporation" actually represented the regress right of PZP "Nis" on its own capital.

Afterwards through the court settlement on 29th November 2010 between PZP "Nis", "Mera Invest" PLC, "Sher corporation" and "Mercuren group", in which they settled their mutual, allegedly debt-creditor relations, "Mera Invest" PLC transferred the remaining 36.280 shares of PZP "Nis" onto "Sher corporation" in order to return the debt in the amount of 3.789.675 euros, or 335.768.994,67 dinars of "Mercuren group" towards PZP "Nis". On the basis of this, "Sher corporation" transferred to it the ownership of the management building PZP "Partizanski put" in Belgrade, in Takovska Street No. 6, of 3.031,74 m², which "Mercuren group" had previously bought, according to the Agreement about the purchase of 14th April 2008, from PZP "Nis", not paying the agreed amount.

Afterwards "Sher corporation", in the exclusive ownership of Milo Djuraskovic, which in the meantime became the owner of 100% stake in "Nemetali" PLC on 18th December 2009, sold the stake in "Nemetali" – 49% to "Kappa holding" AG for 9.815.000 euros, 1% to "THV" AG for 70.000 euros and 1% to "Sher House" for 1% for 1.015.730,00 dinars and on 29th September 2010 the remaining stake of 49% to "Kappa holding" AG for 8.205.540 euros.

In the realization of this agreement the people listed below helped them with premeditation in the following way:

Milutin Gasevic as the director of PZP "Nis" in the period up to 23rd June 2005 closed on 9th March 2005 the Agreement on the Consortium about buying 70% state capital of PZP "Belgrade" with enterprises "Delta M" and "Emissio broker". Accordingly, the participation of

the Consortium members in the offer was as follows: PZP “Nis” 51%, “Delta M“ 48% and “Emissio broker” 1%. As the representative of the abovementioned Consortium Milutin Gasevic closed on 23rd June 2005 the Agreement with the Privatization Agency after which, pursuant to the decision of the PZP “Nis” Board of Directors of 23rd May 2005 approving the foreign loan debit of 23.000.000 EUR for the acquisition of domestic equipment for road maintenance mechanization, on 25th May 2005 he closed with Miroslav Miskovic as the representative and owner of the creditor “Hemslade Trading Limited”, the Agreement about financial loan, knowing that PZP “Nis” would not use the loan means in compliance with the decision of the Board of Directors and that it could not repay such a large loan from its own profits made in regular business activities. Afterwards as the president of the Board of Directors of PZP “Nis” Gasevic signed decisions on changing the regulation of the Agreement about financial loan of 25th May 2005 defining the deadline for loan repayment, on the basis of which decisions Zoran Mihailovic then signed with Miroslav Miskovic the annexes to the Agreement changing the terms and date of loan repayment.

Zoran Mihailovic as the director of PZP “Nis” in the period from 23rd June 2005 to 27th May 2008 signed six Appendices to the Agreement about financial loan with “Hemslade Trading Limited” in which the terms and the date of payment were changed. After the decision by the General Meeting of Shareholders about emitting the fifth emission of PZP “Nis” shares without public tender and with the aim of increasing the founders’ capital, Zoran Mihailovic on behalf of the known buyer instructed the order to sell 262.016 shares at the emission price of 2.801,00 dinars as the average pondered price realized in trading with shares of PZP “Nis” from the previous emissions in Belgrade Stock Exchange and on 15th May 2006 he closed the Access Agreement of the public limited company according to which PZP “Nis” joined “Sher corporation” as a new member, entering on behalf of non-monetary part of founders’ capital as its investment the right over 49.008 “Nemetali” shares or 49.500.000,00 dinars. Owing to this, PZP “Nis” made the capital losses amounting to 146.379.762,00 dinars, having in mind that the bookkeeping evidence of PZP “Nis” the value of 49.008 “Nemetali” shares was registered in the total amount of 195.387.762,00 dinars, after which on 7th September 2006 Zoran Mihailovic signed with Milo Djuraskovic the Agreement about the transfer of founders’ rights according to which, with the compensation of 49.500.000,00 dinars PZP “Nis” transferred its complete founders’ stake in “Sher corporation”.

Dejan Jevtic at Milo Djuraskovic’s request with the aim of increasing the price of PZP “Nis” shares and creating the false impression about the turnover of the stated shares in the stock-exchange, claimed that it is profitable to invest in PZP “Nis” shares and thus persuaded Zoran Kaitovic to turn to stock broker “Synergy capital” and make it buy 37 shares in the period between 12th June and 26th June 2008 for the total amount of 324.880,00 dinars. Knowing about these offers, Milo Djuraskovic used this and offered through “Emissio broker” to sell the PZP “Nis” shares constantly increasing their price within the maximum allowed daily fluctuation, increasing their market value from 3.300,00 dinars to 9.730,00 dinars, after which transactions he once again influenced Zoran Kaitovic suggesting that he should stop further investments in PZP “Nis” shares. After that, as the attorney of the shareholders Milo Djuraskovic, “Sher corporation” and Zoran Kaitovic, he took part in the decision of the General Meeting of PZP “Nis” shareholders of 10th July 2008 to close down the joint-stock company PZP “Nis”, thus leaving the PZP “Nis” shares out of the non-stock market and disturbing the previously increased market value of these shares. At the same time as the president of the General Meeting of PZP “Nis”

shareholders he signed the Meeting's decision and then as the attorney of the shareholder Zoran Kaitovic he participated in the decision of the General Meeting of PZP "Nis" shareholders of 1st October 2008 according to which PZP "Nis" as the joint-stock company refused the offer of "Mera invest" PLC to buy with the right of first purchase its own 225.736 shares at the price of 110,748839 EUR per share and thus approved the purchase of these shares by "Nibens corporation", owned by Milo Djuraskovic. He signed this decision as the president of the General Meeting and thus enabled "Nibens corporation" to sign the agreement about the purchase of these shares of the issuer PZP "Nis" at the stated price, for the total amount of 1.941.260.005,59 dinars on that same day. He signed this agreement personally as the procurator of "Nibens corporation" with the director of "Mera invest" PLC.

Risto Ristic as the director of "Sher corporation" agreed with the following decisions of the General Meeting of PZP "Nis" shareholders where he participated as the representative of the shareholder, that is "Sher corporation": the decision of 14th April 2006 about distributing common shares of the fifth emission of securities, the total of 262.016 shares, worth 282.977.280,00 dinars, the individual nominal value of 1.080.00 dinars without public tender, for the known investor with the aim of increasing founders' capital, thus enabling the formal and legal confirmation of Miroslav Miskovic's and Marko Miskovic's ownership over the PZP "Nis" capital, which was actually gained through the Agreement about Financial Loan of 23rd May 2005; the decision of 10th July 2008 about closing down the joint-stock company PZP "Nis" and the decision of 1st October 2008 about refusing the offer by "Mera invest" PLC to buy 225.736 shares of PZP "Nis", which enabled the trading of the stated shares, which was realized on 1st October 2008 between "Nibens corporation" and "Mera invest" PLC. Afterwards, Risto Ristic on behalf of "Sher corporation" closed the court settlement of 29th November 2010 with the authorized representatives of PZP "Nis", "Mera invest" PLC and "Mercuren group", according to which they settled their mutual claims and relations created in the previous period, and thus the debt of "Mercuren group" towards PZP "Nis" in the amount of 335.768.994,67 dinars, created on the basis of the Agreement about the purchase of real estate – the management in Belgrade, in Takovska Street No. 6, of 14th April 2008. On 25th December 2009, pursuant to the Agreement about debt takeover with "Mercuren group", "Sher corporation" took over completely the debt towards PZP "Nis" and paid it, thus creating the debt by "Mercuren group" towards "Sher corporation", which was taken over by "Mera invest" PLC and paid it by transferring its ownership right over 36.280 shares of PZP "Nis", and thus through his active participation by closing the above-stated contracts and the court settlement, as the director of "Sher corporation", enabled the exchange of the ownership of "Sher corporation" over the management building in Belgrade, Takovska Street No. 6 for the ownership over 6,59% of PZP "Nis" capital.

Zdravko Raso premeditatedly helped Milo Djuraskovic to make the unlawful financial gain by taking the capital out of PZP "Nis". As the authorized auditor in the auditing and bookkeeping enterprise "Focus team revizija" PLC, at Milo Djuraskovic's request, formally submitted by PZP "Nis" on 5th May 2006, Zdravko Raso made a report about the evaluation of stakes in the rights over 49.008 common shares of the issuer "Nemetali", which are entered as a stake into "Sher corporation". He stated that as a starting point he had used the method of book value, whereby the bookkeeping evidence of PZP "Nis" the value of 49.008 shares of "Nemetali" was already included in the total amount of 195.387.762,00 dinars, and as the basic evaluation

method he had used the method of market value although for the evaluation he had used the method of nominal value, on the basis of which he estimated the value of 49.008 shares to the amount of 49.008.000,00 dinars, or 565.585,65 EUR on 5th May 2006. When PZP “Nis” joined as the second member of “Sher corporation”, he entered the “Nemetali” shares as the stake into “Sher corporation”, whereby PZP “Nis” had capital losses in the amount of 146.379.762,00 dinars. Milo Djuraskovic used the stated estimation when closing the Agreement about transferring founders’ rights on 7th September 2006. Whereby PZP “Nis” transferred the whole stake in “Sher corporation” on Milo Djuraskovic for the amount of 49.500.000,00 dinars and thus enabled Milo Djuraskovic to become 100% owner of “Sher corporation” and at the same time the majority owner in “Nemetali”, joint-stock company.

Predrag Filipovic premeditatedly helped Milo Djuraskovic, Miroslav Miskovic and Marko Miskovic to increase without any grounds the capital value of PZP “Nis”. After increasing the value of PZP “Nis” shares from 3.300,00 dinars to 9.730,00 dinars through trading shares of PZP “Nis” in the amount of 324.880,00 dinars in the period 12–26th June 2008 for 37 shares traded in the stock exchange between Zoran Kaitovic and Milo Djuraskovic, Predrag Filipovic at their personal request engaged the company “Conzit” PLC to estimate in order to determine the value of the founders’ stake and register with the relevant institutions, the average pondered price of the shares on 27th June 2008 according to the turnover and overall range of trading with shares of PZP “Nis” in the stock exchange, while simultaneously submitting the identical formal orders by Milo Djuraskovic and "Mera Investment Fund B.V." for this evaluation. Thus determined average pondered price of the PZP “Nis” shares in the amount of 8.780,54 dinars was used upon transferring 225.736 shares of PZP “Nis” by "Mera Investment Fund B.V." as the founder to the newly founded “Mera invest” PLC, with the aim of increasing the non-monetary capital to the amount of 25.013.174,09 euros, as well as on the entry of 157.000 shares of PZP “Nis” by Milo Djuraskovic as the founder into “Nibens corporation”, with the aim of increasing non-monetary capital to the amount of 17.396.730,40 euros.

Therefore the suspects through these activities created unlawful property gain for:

“Mera invest” PLC in the amount of **2.277.028.616,51 dinars**, which is the sum of 1.941.260.005,59 and 335.768.994,67 dinars, realized through the sale of 262.016 shares of depreciated PZP “Nis” shares to “Nibens corporation”,

“Hemslade Trading Limited” in the amount of **217.064,45 euros**, which represents the difference between the payment on the basis of the loan in the amount of 23.000.000 EUR and the payment on the basis of returning the stated loan plus 3% on the annual basis and the amount of 26.283.275,08 EUR, which was on those grounds returned by PZP “Nis” according to the calculation submitted by “Hemslade Trading Limited”,

“Sher corporation” in the amount of **829.270.448,44 dinars**, which represents the difference in price between 49.500.000,00 dinars for which Milo Djuraskovic bought 49.008 shares of the issuer “Nemetali” PLC as the stake in “Sher corporation” and the price of 878.830.426,89

dinars at which “Sher corporation” sold those shares within the 100% stake in “Nemetali” PLC to legal entities “Kappa holding”, “THV” AG” and “Sher house”.

At the same time, having in mind that after closing the Agreement about long-term investment credit R3499/08 with UniCredit bank on 1st October 2008 in the amount of 25.000.000,00 euros, “Nibens corporation” during the grace period paid the interest on the main part of the credit in the amount of 679.137.794,18 dinars from the monetary funds provided through enforcement from “Sher corporation” in the amount of 320.236.105,97 dinars, as well as from the activated guarantees and loans from PZP “Kragujevac”, PZP “Belgrade”, “Nibens group”, “ZGOP”, Lubricants Factory “FAM” and “Srem put” in the total amount of 339.001.688,21 dinars, which on 7th October 2009 brought to the permanent blockade of the accounts of PZP “Nis”, and during 2010 the blockade of other road maintenance companies’ accounts, which lead to the initiation of bankruptcy procedures over PZP “Nis”, PZP “Vranje” and PZP “Kragujevac”, as well as the breach of the privatization agreements with PZP “Belgrade”, “Vojvodina put – Backa put”, Lubricants Factory “FAM” and “Partizanski put”. In this way the accused caused losses to the road maintenance companies and their creditors for the total amount of 16.950.571.881,69 dinars, or the difference between the liquidation value of their property and the value of their liabilities.

On the basis of these facts, the accused Miroslav Miskovic, Milo Djuraskovic and Marko Miskovic as accomplices committed the criminal act of position abuse by a responsible person pursuant to Article 234, Paragraph 3 in reference to Paragraph 1 of the Criminal Law of the Republic of Serbia in reference to Article 33 of the Criminal Code, while Risto Ristic, Milutin Gasevic, Zoran Mihailovic and Dejan Jevtic, Zdravko Raso and Predrag Filipovic respectively committed the criminal act of position abuse by a responsible person in assistance pursuant to Article 234, Paragraph 3 in reference to Paragraph 1 in reference of the Criminal Law in reference to Article 35 of the Criminal Law.

II

Miroslav Miskovic, Marko Miskovic, Zivojin Petrovic and Jadranka Bardic

In the period from 22nd September 2008 to 7th October 2008 in Belgrade Miroslav Miskovic as the person with the greatest influence on the management, doing business and making business decisions in the companies owned by Marko Miskovic, in his deliberate actions with his advice helped Marko Miskovic, the owner of the legal entity "Parmidoli Investment corp." from Panama (the owner of the legal entity "Mera Investment fund B.V." from the Dutch Antilles, and thus the of "Mera Invest", the private limited company from Belgrade), with the intention of avoiding tax payment in case of obligatory tax return, to hide the facts affecting the determination of these liabilities and thus avoid paying the withholding tax on capital gains of “Mera Investment fund B. V.” in the amount of over 7.500.000,00 dinars. In this action Marko Miskovic was also helped deliberately by Zivojin Petrovic as the director of “Mera Invest” PLC and the person responsible for the legal functioning of this company and Jadranka Bardic as the director of the company "Camastra" PLC, which was in charge of keeping business books and assessment of tax duties

for "Mera Invest" so that the shares of the Road Maintenance Company PZP "Nis", which became the property of "Mera Investment fund B.V." on 24th August 2006 by paying 632.286.536,00 dinars for 225.736 shares at the emission price of 2.801,00 dinars, after the conducted assessment determining the average pondered value of PZP "Nis" shares on 27th June 2008 in the amount of 110,8072 euros, or 8.780,54 dinars per share. On 23rd September 2008, pursuant to the Founders' Decision about capital increase of "Mera Investment fund B.V.", these shares were entered into "Mera Invest" and registered them as the non-monetary capital in the value of 25.013.174,09 euros, or 1.913,377.749,37 dinars. In this transfer, pursuant to Article 27 and Article 28 of the Enterprise Profit Tax Law ("Official Gazette of the Republic of Serbia, No. 25/01... and 84/04), the exchange was made of the property rights of "Mera Investment Fund B. V." over 225.736 shares of PZP "Nis" as the other transfer with compensation for the property right over 100% stake in "Mera Invest" PLC, where these facts essential for the assessment of the tax liability on income made by "Mera Investment Fund B. V." as a non-resident taxpayer on the basis of capital gains of 1.281.091.213,37 dinars from "Mera Invest" as a resident taxpayer, upon Marko Miskovic's instruction, were hidden by Jadranka Bardic and Zivojin Petrovic. Thus Marko Miskovic was deliberately helped by Jadranka Bardic who did not assess the tax liability and by Zivojin Petrovic who did not apply the tax form about the assessed and paid withholding tax at the rate of 20% on income on the basis of the capital gain by non-resident taxpayer "Mera Investment Fund B. V.", in which way Marko Miskovic with their assistance hid the economic essence of the mentioned legal business having in mind that in further sale of those shares on 1st October 2008 by "Mera Invest" PLC to "Nibens corporation" for the amount of 1.941.260.005,59 dinars, taking as the acquisition price the actually paid price of 1.913.377.749,37 dinars, he acted in compliance with the regulations of tax laws regulating the manner of assessing tax on capital gains, since "Mera Invest" PLC calculated, reported and paid the tax at the rate of 10% on minimum capital gain made in this sale, with the intention of hiding the moment of selling shares by introducing "Mera Invest" PLC as yet another participant in the turnover in order to create the impression that in the first transaction between "Mera Investment Fund B. V." and "Mera Invest" PLC no shares were sold, while in the second transaction between "Mera Invest" PLC and "Nibens corporation" the shares were sold, in which way, acting against the regulations of Articles 40 and 71 of the Enterprise Profit Tax Law ("Official Gazette of the Republic of Serbia, No. 25/01... and 84/04) and Article 41, Paragraph 3, of the Law on Tax Procedure and Tax Administration ("Official Gazette of the Republic of Serbia, No. 80/02, 84/02... and 61/07), Marko Miskovic as the founder and owner avoided paying withholding tax on capital gains of the non-resident taxpayer "Mera Investment Fund B. V." in the amount of **320,272,803,34 dinars**, where all the accused were conscious of their acts, the fact that they are illegal but still pursued conducting them.

According to this Marko Miskovic committed the criminal act of tax evasion pursuant to Article 229, Paragraph 3 in reference to Paragraph 1 of the Criminal Law, and Miroslav Miskovic, Zivojin Petrovic and Jadranka Bardic respectively committed the criminal act of assisting in tax evasion pursuant to Article 229, Paragraph 3 in reference to Paragraph 1 of the Criminal Law in reference to Article 35 of the Criminal Law.

Milo Djuraskovic

In the period from 26th September 2008 to 15th October 2008 in Belgrade Milo Djuraskovic as a physical person, with the intention of avoiding tax payment in case of obligatory tax return, hid the facts affecting the determination of these liabilities and thus avoided paying the tax on personal income in the amount of over 7.500.000,00 dinars, by selling 157.000 shares of PZP “Nis”, over which he gained ownership as a physical person through Agreement on purchase of the state capital in a public tender by paying 614.979.990,00 dinars in the period between 31st January 2003 to 1st February 2008, after the conducted assessment determining the average pondered value of PZP “Nis” shares on 27th June 2008 in the amount of 110,8072 euros, or 8.780,54 dinars per share. On 23rd September 2008, pursuant to the Decision about capital increase he made as the founder of “Nibens corporation”, he entered 157.000 shares of PZP “Nis” into this company as the founders’ capital and registered them as the non-monetary capital in the value of 17.396.730,40 euros, or 1.378,544.780,00 dinars. In this transfer, pursuant to Article 72 and Article 73 of the Law on Personal Income Tax (“Official Gazette of the Republic of Serbia, No. 24/01, 80/02... and 65/06), the exchange was made of the property rights over 157.000 shares of PZP “Nis” as the other transfer with compensation for the property right over 100% stake in “Nibens corporation”. Milo Djuraskovic did not report duly this fact essential for the assessment of the tax liability at the rate of 20% on capital gains in the amount of 763.564.790,00 dinars, having in mind the difference between the sale price of the shares and their acquisition price. Moreover, he did not report tax returns for determining tax on capital gains, which is contrary to the regulations of Article 38 of the Law on Tax Procedure and Tax Administration (“Official Gazette of the Republic of Serbia, No. 80/02, 84/02... and 61/07) and Article 95, Paragraph 1 of the Law on Personal Income Tax (“Official Gazette of the Republic of Serbia, No. 24/01, 80/02... and 65/06), thus avoiding to pay tax on personal income in the amount of **152.712.958,00 dinars**, where he was conscious of his act, the fact that it is illegal but still pursued conducting it.

According to this Milo Djuraskovic committed the criminal act of tax evasion pursuant to Article 229, Paragraph 3 in reference to Paragraph 1 of the Criminal Law.

HEREBY I PROPOSE

That the Special Department of the Higher Court in Belgrade should set the date and hold the main public hearing with the presence of the following:

1. The Prosecutor for Organized Crime

2. **The accused:** Miroslav Miskovic, Milo Djuraskovic, Marko Miskovic, Risto Ristic, Milutin Gasevic, Zoran Mihailovic, Dejan Jevtic, Zdravko Raso, Predrag Filipovic, Zivojin Petrovic and Jadranka Bardic, from the above-mentioned addresses.

3. **The court expert for economics and finance**, specializing in accounting, financial reports auditing and finance, Bojan Brankovic from Belgrade, Silerova No. 11/6

4. **The authorized representatives of the aggrieved parties:** PZP "Nis", Nis, Generala Tranijska No. 13a, PZP "Belgrade", Belgrade, Vidska No. 24, PZP "Partizanski put", Belgrade, Kornetska No. 28, **the Lubricants Factory "FAM"**, Krusevac, Jug Bogdanova No. 42, PZP "Vranje", Vranje, Bore Stankovica No. 19, PZP "Kragujevac", Kragujevac, Tanaska Rajica No. 16, "Vojvodina put – Backa put", Novi Sad, Jovana Djordjevic No. 2.

5. **The witnesses:** Ivana Veselinovic from Belgrade, Loputaska No. 3, **Katarina Cerovic** from Belgrade, Cara Nikolaja No. 61b, **Ljiljana Milovanovic** from Belgrade, Lepasave Mihailovic No. 51, **Slobodan Jovanovic** from Belgrade, Slavka Curuvije No. 45, **Tatiana Ieronymides (Tatjana Jeronimides)** from Cyprus, Nicosia, 39, Thali Milisiou, **Bosko Markovic** from New Belgrade, Spanskih boraca No. 69/2, **Ana Petkovic** from Belgrade, Zadarska No. 12, **Ilija Drazic** from Belgrade, Flore Sends No. 11, **Dragica Mircetic** from Belgrade, Indire Gandi No. 17, **Zoran Kaitovic** from Loznica, Zikice Jovanovica No. 013, **Katarina Petrovic** from New Belgrade, Jurijska Gagarina No. 14 H/30, **Tomislav Milovanovic** from Belgrade, Brace Ribnikar No. 24, **Gordana Blagojevic** from New Belgrade, Bul. Zorana Djindjica No. 80, **Ivan Smiljkovic** from Belgrade, Zivka Davidovica No. 59, **Ljiljana Goranovic** from Belgrade, Antifasisticke borbe No. 20/6, **Jovica Stevanovic** from Nis, Jovana Ristica No. 12/6, **Bogoljub Nikolic** from Nis, Vojislava Ilica No. 42/2, **Goran Djurkovic** from Belgrade, Ilije Stojadinovica No. 26, **Ivana Rajkovic** from Belgrade, Skenderbegova No. 9, **Srdjan Vidovic** from Belgrade, Svetogorska No. 4, **Zeljko Kisic** from Belgrade, Mlade Bosne No. 3, **Sanja Ilic-Vidic** from Belgrade, Maksima Gorkog No. 56/2, **Svetlana Cerovic** from Belgrade, Maksima Gorkog No. 20, **Igor Petkovic** from Belgrade, Dimitrija Tucovica No. 87, **Branislav Radovanovic** from Belgrade, Tadeusa Kosciuska No. 16.

The following documents **should be read as evidence** at the main hearing:

From the file "**Documentation 1**"

Registration documentation of **PZP "Nis"** – Solutions of the Trade Court in Nis, Solutions of the Serbian Business Registers Agency, extract from the Central Register about the structure of the emitter PZP "Nis" capital on 01.11.2006 and the Statute of PZP "Nis" of 14.04.2006 (**pp. 1–93**)

Registration documentation of "**NIBENS CORPORATION**" – Solutions of the Serbian Business Registers Agency (**pp.94–104**)

Registration documentation of "**MERA INVEST**" PLC- Solutions of the Serbian Business Registers Agency (**pp. 105–129**)

Registration documentation of "**MERCUREN GROUP**" PLC– Solutions of the Serbian Business Registers Agency and the Agreement about joining of a new member of the enterprise for construction, trade and services "MERCUREN GROUP" PLC Belgrade of 26.04.2011 (**pp. 130–144**)

Registration documentation of "**MERA INVESTMENT FUND B. V.**" and "**MERAINVESTMENT FUND LIMITED**"– certificates of the Public Registries of Panama and Cyprus (**pp. 145–262**)

Registration documentation of "**HEMSLADE TRADING LIMITED**" and "**HITOMI FINANCIAL LIMITED**" from the Department for Company Registration of the Republic of Cyprus together with the certificates about ownership over the shares of these legal entities and certificates about appointing directors, as well as the documentation of "Banca Intesa" about opening and managing the current account of a foreign legal entity (**pp. 263–307**)

Registration documentation of "**EMISSIO BROKER**" – Solutions of the Serbian Business Registers Agency and Agreements about offering services with PZP "Nis", "Nemetali" a.d. and PZP "Belgrade" (**pp. 308–317**)

From the file "**Documentation 2**"

Agreement on sale of the state capital **PZP "Nis"** by public tender No. 1-303-745/02 of 04.02.2003 (**pp. 318–339**)

Agreement about investments of 30.09.2003 (**pp. 340–342**)

Agreement about consortium of 20.01.2003with Annex 1 of 20.01.2003(**pp. 343–353**)

Internal memos of the Privatization Agency about PZP "Nis" recapitalization of 18.02.2005 and of 28.12.2004 with the amendment of the report by the authorized auditor (**pp. 354–355**)

Solution of the Privatization Agency of 19.03.2008 (**pp. 356–357**)

From the file "**Documentation 3**"

Minutes from the sessions of the Board of Directors PZP "Nis" of 22.02.2005 (**pp.709–715**)

Opinion of the Privatization Agency of 30.03.2005 (**p. 716**)

Agreement on sale of the state capital **PZP "VRANJE"** of 14.06.2005 (**pp. 741–801**)

Agreement on sale of the state capital **PZP "KRAGUJEVAC"** of 16.06.2005 (**pp. 802–873**)

Agreement on sale of the state capital "**VOJVODINA-BACKAPUT**" of 07.11.2005(**pp.882–949**)

Agreement on Loan Framework of "Delta bank", loan tranche 00-420-1300178.7 of 28.11.2005 (**pp. 950–959**)

Annex No. 1 to No. 4 of the Agreement on Loan Framework (pp. 960–966)

Tabular review of debts on the basis of the loan of "Delta bank" (pp. 967–973)

Excerpts of "Delta bank" for PZP "Nis" No. 225, 226, 228, for the period from 30.11 to 05.12.2005 (pp. 980–984)

Agreement about loan with "AIK" bank of 05.12.2005 (p. 986-993)

Public call of the Privatization Agency (p. 996)

Agreement about consortium of 08.03.2005 (pp. 997–1002)

Memo to the Privatization Agency with the accompanying documentation of 21.07.2005 (pp. 1003–1008)

Agreements about privatization **PZP "Belgrade"** (pp. 1009–1040)

Decisions of the Board of Directors **PZP "Nis"** of 23.05.2005, 15.01.2006 and 20.11.2007 (pp. 1041–1043)

Agreement about financial loan of 25.05.2005 (pp. 1044–1045)

Annexes to the Agreement about financial loan 1 to 5 (pp. 1046–1050)

SWIFT "Hemslade Trading Limited" of 29.06.2005 (p. 1069)

Notice of "Barclays Bank" of 22.11.2012 with payment receipts (pp. 1072–1074)

Annex to the Agreement about consortium of 21.07.2005 (pp. 1075–1077)

Solutions of the Serbian Business Registers Agency of the Republic of Serbia BD 39677/2005 of 23.06.2005 (p. 1078-1081)

Agreement about work, rights, obligations and responsibilities of 31.08.2004 (pp. 1082–1087)

Decision of the Board of Directors No. 3328/7, of 27.05.2005 (pp. 1088–1093)

Agreement about work under changed conditions of 21.06.2005 (p. 1094)

Notice about the intention to close a loan business by foreign debit of 30.05.2005 (p. 1095)

Registration of closed loan business by foreign debit of 30.05.2005 with the plan of using repayment by loan debit of 30.06.2005(pp. 1096–1097)

Decision about changing decision No. 3328/2-1of the Board of Directors PZP "Nis" of 20.06.2005 (pp. 1098–1099)

Request for purchase and use of funds **PZP "Nis"** of 01.07.2005 (pp. 1102–1103)

Request for purchase and use of funds **PZP "Nis"** of 29.06.2005 (p. 1105)

Submitted documentation upon loan registration No. 613106 PZP "Nis" of 05.07.2005 (**pp. 1107–1108**)

Request for purchase and use of funds **PZP "Nis"** of 10.08.2005 (**pp. 1110–1111**)

Submitted documentation upon loan registration No. 613106 PZP "Nis" of 15.08.2005 (**p. 1113**)

Agreement about financial loan of 25.05.2005 (**pp. 1114–1115**)

Decision of the Board of Directors **PZP "Nis"** of 23.05.2005 (**p. 1116**)

Statement of PZP "Nis" to the National Bank of Serbia of 23.05.2005 (**pp. 1117–1118**)

Solution of the Serbian Business Registers Agency of the Republic of Serbia of 21.03.2005 (**pp. 1122–1125**)

Certificates of "**HEMSLADE TRADING LIMITED**" of 21.12.2004 (**pp. 1126–1134**)

Submitted documentation for the registration of the business in the amount of 23.000.000,00 euros of 26.05.2005 (**pp. 1135–1136**)

Submitted documentation for the registration of the business in the amount of 23.000.000,00 euros of 31.05.2005 (**pp. 1137–1139**)

Submitted documentation upon loan registration No. 613106 PZP "Nis" of 21.06.2005 (**p. 1140**)

Annex 1 to the Agreement of 30.05.2005 (**p. 1141**)

Decision about change of the Decision No. 3328/2-1 of the Board of Directors **PZP "Nis"** of 23.05.2005 (**pp. 1142–1144**)

Use–repayment of the loan with foreign debit of 14.03.2006 (**pp. 1145–1148**)

Annex 2 to the Agreement of 16.01.2006 (**p. 1149**)

Decision about change of the Decision No. 3328/2-1 of the Board of Directors PZP "Nis" of 15.01.2006 (**p. 1150**)

Submitted documentation upon loan registration No. 613106 PZP "Nis" of 07.03.2006 (**p. 1151**)

Use–repayment of the loan with foreign debit from February 2006 with the submitted documentation about loan registration PZP "Nis" of 14.03.2006 (**pp. 1152–1154**)

Use–repayment of the loan with foreign debit of 04.08.2006 (**pp. 1155–1156**)

Annex 3 to the Agreement of 05.07.2006 (**p. 1157**)

Decision about change of the Decision No. 3328/2-3 of the Board of Directors PZP "Nis" of 17.04.2006 (**p. 1158**)

Submitted documentation upon loan registration No. 613106 PZP "NIS" of 02.08.2006 (**p. 1159**)

Use–repayment of the loan with foreign debit of 22.08.2006 (**p. 1160**)

Two SWIFTs of 29.08.2006 (**pp. 1161–1162**)

Submitted documentation upon loan registration No. 613106 PZP "Nis" of 21.09.2006 (**p. 1163**)

Accounting "**HEMSLADE TRADING LIMITED**" of 19.09.2006 (**p. 1164**)

Annex 4 to the Agreement of 19.09.2006 (**p. 1165**)

Decision about change of the Decision No. 3328/2-4 of the Board of Directors PZP "Nis" of 13.09.2006 (**p. 1166**)

Submitted documentation upon loan registration No.613106 PZP "Nis" of 29.09.2006 (**p. 1167**)

Use–repayment of the loan with foreign debit of 02.10.2006 (**pp. 1168–1171**)

Use–repayment of the loan with foreign debit of 19.10.2006 (**p. 1172**)

Order to execute transfer abroad on behalf of "**HEMSLADE TRADING LIMITED**" of 04.10.2006 (**p. 1173**)

SWIFT of 04.10.2006 (**pp. 1174–1175**)

Submitted documentation upon loan registration No. 613106 PZP "Nis" of 19.10.2006 (**p. 1176**)

Use–repayment of the loan with foreign debit of 31.12.2007 (**pp. 1177–1178**)

Annex 5 of 21.11.2007 (**p. 1179**)

Decision about change of the Decision No. 3328/2-5 of the Board of Directors PZP "NIS" of 20.11.2007 (**p. 1180**)

Submitted documentation upon loan registration No. 613106 PZP "Nis" of 28.12.2007 (**p. 1181**)

Submitted filed forms about turnover upon registration of loan debit by the National Bank of Serbia of 31.12.2007 (**p. 1182**)

Use–repayment of the loan with foreign debit of 30.01.2008 (**pp. 1183–1184**)

Annex 6 to the Agreement of 19.01.2008 (**p. 1185**)

Decision about change of the Decision No.3328/2-6 of the Board of Directors PZP "Nis" of 18.01.2008 (**pp. 1186–1187**)

Submitted documentation upon loan registration No.613106 PZP "NIS" of 29.01.2008 (**p. 1188**)

Submitted filed forms about turnover upon registration of loan debit by the National Bank of Serbia of 31.01.2008 (**p. 1189**)

Use–repayment of the loan with foreign debit of 12.05.2008 (**p. 1190**)

Submitted documentation upon loan registration No. 613106 PZP "Nis" of 09.05.2008 (**p. 1191**)

Submitted filed forms about turnover upon registration of loan debit by the National Bank of Serbia of 14.05.2008 (p. 1192)

From the file "**Documentation 4**"

Calling the General Meeting of Shareholders of 05.04.2006 with the Decision about distributing common shares of the fifth emission and the Decision about distributing undistributed gains (pp. 1193–1198)

Minutes from the General Meeting of Shareholders of 14.04.2006 with the Decision about distributing without public tender, the Decision about distributing shares of the fourth emission without public tender, the Decision about adjusting the Articles of Association (pp. 1199–1210)

Decisions S.A. 340-20/1-1, 340-20/1-2, 340-20/3, 340-20/7, 340-20/10, 340-20/13,340-20/14, of 14.04.2006 (distribution of common shares of the fifth emissions, Decision about distributing undistributed gains, Decision about distributing shares of the fourth emission without public tender) (pp. 1211–1220)

Solutions of the Commission for Securities No. 4/0-06-2554/07-06 of 03.08.2006 No. 4/0-06-2554/10-06, of 24.08.2006 (p. 1221)

Order for sale "EMISSIO BROKER" No.5/PZP of the fifth-emission common shares (p. 1222)

Excerpt from the Register of the Serbian Business Registers Agency of the Republic of Serbia for PZP "Nis" until 17.10.2006 (pp. 1229–1232)

Excerpt 4 of PZP "Nis" in "Univerzal Bank" a.d. Belgrade of 29.08.2006 (p. 1233)

Verified translations of the documents of "Mera Investment Fund B.V." (pp. 1234–1237)

Calculation of withholding tax on gains (p. 1238)

Two accounts of "Hemslade Trading Limited" of 18.07.2006 and 10.02.2006 (pp. 1239–1240)

Content of an e-mail memo of 29.08.2006 (p. 1243)

Two SWIFTs of 29.08.2006 (pp. 1244–1245)

SWIFT of 23.08.2006 (p. 1250)

Certificate of the executed transfer of "Univerzal Bank" of 24.08.2006 (p. 1254)

Turnover card of "Univerzal Bank" for 24.08 and 25.08.2006 (pp. 1255–1256)

Certificate of the executed transfer of 25.08.2006 (p. 1257)

Agreements No. R. 01-702-0000103.9 about maintaining foreign currency and dinar account for "Mera Investment Fund B.V." the Dutch Antilles in "Univerzal Bank" of 29.06.2006 (pp. 1258–1261)

Request for opening non-resident account with "Univerzal Bank" submitted by "Mera Investment Fund Limited" (p. 1262)

Certificate of the Tax Administration about executed registration of "Mera Investment Fund"(p. 1263)

Agreement about specific-purpose dinar account of the non-resident "Mera Investment Fund B.V." for buying shares No.1025 of 29.06.2006 of "Univerzal Bank" a.d. Belgrade together with the registration documentation of "Mera Investment Fund B.V." and "Mera Investment Fund Limited" as the founder of "Mera Invest" PLC and the copy of Marko Miskovic's identity card and passport as proof of the owner of the legal entity (pp. 1264–1300)

Agreement about opening and maintaining dinar account No.01-13531/08 of 06.10.2008 closed between "Univerzal Bank" and "MERA INVEST" PLC Belgrade, together with the submitted documentation – data about the founder, the Solutions of the Serbian Business Registers Agency and the deposited signature of the authorized person (pp. 1301–1334)

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Since there is grounded suspicion against the accused Miroslav Miskovic and Milo Djuraskovic, pursuant to the regulations of Article 211, Paragraph 1, Item 1 of the Criminal Procedure Code there are legal grounds to **extend their detention** by the Solution of the Special Department of the Special Court in Belgrade Kr Po1 No. 31/12 of 14th December 2012, starting as of 12th December 2012.

Justification

The facts and circumstances explained in the text of this Indictment have been stated during the investigation and on the basis of the proposed evidence.

During the investigation grounded suspicion has been confirmed that the accused **Miroslav Miskovic, Milo Djuraskovic and Marko Miskovic** in the period between 2005 and 2010 in Belgrade and Nis, as responsible persons in legal entities "Sher corporation", "Nibens corporation", PZP "Nis", "Hemslade Trading Limited", "Mera Investment fund B.V." as well as other related legal entities, by using their positions and authorizations on the grounds of their positions, ownership and invested financial funds in the abovementioned legal entities, **according to their previous agreement** planned, coordinated and directed their business by conducting activities of management and control over them and their property, and thus gained unlawful benefit to themselves and others in the total value of over 200.000.000,00 dinars. Namely, Miroslav Miskovic as the owner of "Hemslade Trading Limited", "Hitomi financial limited" and "Delta M", Milo Djuraskovic as the owner, controlling member and director of "Sher corporation" and "Nibens corporation", and Marko Miskovic as the owner and controlling member of "Parmidoli Investment corp.", "Mera Investment Fund B.V.", "Mera Invest" PLC and "Mercuren group", and at the same time working together as the owners of the control package

of shares in PZP “Nis” and PZP “Belgrade”, and through them of other road maintenance companies from the “Nibens group” system, with rights, obligations and restrictions as the controlling shareholders pursuant to the regulations of the Law on Business Companies, by appearing to conduct regular legal businesses among related legal entities, unlawfully increased the value of capital and gained financial means and property from the privatized road maintenance companies, in order to gain property for themselves as well as for the legal entities in their ownership and under their control, at the same time inflicting damage to privatized road maintenance companies, banks and other creditors, whereby they were with premeditation helped by Milutin Gasevic and Zoran Mihailovic as responsible persons – directors of the PZP “Nis”, Dejan Jevtic as the responsible person – “Nibens corporation” procurator, Risto Ristic as the authorized person, or director of “Sher corporation”, Zdravko Raso as the authorized auditor and Predrag Filipovic as the director of the broker dealer company “Delta broker”.

Therefore, according to their mutual agreement, Milo Djuraskovic, Miroslav Miskovic and Marko Miskovic on 8th March 2005 established the Consortium PZP “Nis”, “Delta M” and “Emissio broker”, which as the best bidder won the public tender for the purchase of 70% shares of the state capital of PZP “Belgrade”. Afterwards, after the signing of the Agreement about Purchase of PZP “Belgrade” with the Privatization Agency at the price of 18.800.000 EUR on 23rd June 2005, Miroslav Miskovic provided financial means for this purchase through the payment of the amount of 23.000.000,00 EUR by “Hemslade Trading Limited” and according to the Agreement about Financial Loan of 23rd May 2005 signed by Miroslav Miskovic as the authorized person on behalf of “Hemslade Trading Limited” and Milutin Gasevic on behalf of PZP “Nis”. In this way, through financial investments which had previously been approved by the decision of the Board of Directors of PZP “Nis” for the acquisition of domestic equipment for road mechanization, Miroslav Miskovic, together with Milo Djuraskovic, hiding that it was an investment, actually became the controlling member in PZP “Nis”, PZP “Belgrade”, as well as in PZP “Vojvodina” and PZP “Vranje”, which were subsequently bought by PZP “Nis” in the privatization process with the funds provided by the abovementioned loan and by loans from other road maintenance companies which had already been privatized by then. According to the mutual agreement by Milo Djuraskovic, Miroslav Miskovic and Marko Miskovic, in order to confirm this formally and legally gained ownership and to control the activities of PZP “Nis” and through this company other related legal entities and their preparation for sale to the strategic partner, the General Meeting of PZP “Nis” Shareholders made a decision on 14th April 2006 about distributing common shares of the fifth emission of securities, in the amount of 282.977.280,00 dinars, or 262.016 shares, the individual nominal value of 1.080,00 dinars without public tender, for the known investor with the aim of increasing founders’ capital. The decision was signed by Milo Djuraskovic as the president of the General meeting and on the basis of it the emission and sale of the shares of PZP “Nis” was performed at the price of 2.801,00 dinars each to the professional investor “Mera Investment fund B.V.”, the legal entity, indirectly, through its founder "Parmidoli Investment corp." owned by Marko Miskovic, and which was subsequently, on 9th May 2006, purposefully founded for this transaction. In this way Marko Miskovic became the controlling shareholder of PZP “Nis” pursuant to Article 367 and Article 368 of the Law on Business Companies together with Milo Djuraskovic and “Sher corporation”, thus gaining the same number of the PZP “Nis” shares, owned at that time by Milo Djuraskovic and “Sher corporation” together, and which made 47,59% of the capital value of the company. At the same time, Milo Djuraskovic started taking out the capital from PZP “Nis” by asking, through formally submitted requests of PZP “Nis”, from Zdravko Raso as the authorized

auditor in the auditing and bookkeeping enterprise "Focus Team revizija" PLC to make a report about the estimated stakes over 49.008 common shares of the enterprise "Nemetali" in the nominal value of 1.000,00 dinars each in the ownership of PZP "Nis", which this company entered as a stake into "Sher corporation". Subsequently Zdravko Raso did as instructed on 9th May 2006 determining in his report that the value of the stated shares was 49.008.000,00 dinars, or 565.585,69 euros, which PZP "Nis" entered as its investment into "Sher corporation" as a new member on entering on 15th May 2006, thus gaining 99.07% of the founders' capital in "Sher corporation", while Milo Djuraskovic remained the owner of 0,93%. On 7th September 2006 Milo Djuraskovic and Zoran Mihailovic on behalf of PZP "Nis" closed the Agreement on Transferring Founders Rights according to which PZP "Nis" transferred its whole stake of "Nemetali" shares in "Sher corporation" onto Milo Djuraskovic for the amount of 49.500.000,00 and thus left the ownership of "Sher corporation". In that way Milo Djuraskovic became 100% owner of "Sher corporation" and thus the majority owner of the enterprise "Nemetali", a joint-stock company. After this the monetary funds in the amount of 733.906.816,00 dinars upon the instruction by Miroslav Miskovic and Marko Miskovic were transferred from the "Hemslade Trading Limited" account through the "Hitomi financial limited" account and the "Parmidoli investment corp." account onto the account of "Mera Investment Fund B.V.", and then on 25th August 2006 paid into the account of PZP "Nis". These monetary funds were on the same day used to repay the first installment of the loan to "Hemslade Trading Limited" and in the period from 6th February 2008 to 21st April 2008 with the money from loans taken out from the related legal entities "Srem put", "Vojvodina put – Backa put", "Nemetali", PZP "Vranje", PZP "Belgrade" and "Europark", and also from the loans taken out by PZP "Nis" from "AIK bank" and "Erste bank", so that the abovementioned loan from "Hemslade Trading Limited" was completely paid out with Euribor interest plus 3% annually before the agreed deadline through payments amounting to 26.283.275,08 EUR. Moreover, in order to enable Marko Miskovic to leave the ownership of the privatized road maintenance companies and Milo Djuraskovic to take them over completely, they in mutual agreement started to take the financial means out of the road maintenance companies with the aim of gaining unlawful property for Miroslav Miskovic and Marko Miskovic, taking into consideration that the shares, due to the decline in the value of the operational business of the road maintenance companies, were completely depreciated, as well as due to the fact that Milo Djuraskovic already, after determining the value of the PZP "Nis" capital at the time of its recapitalization had gained 49.008 "Nemetali" shares transferring them from the ownership of PZP "Nis" into his own ownership. Miroslav Miskovic, Milo Djuraskovic and Marko Miskovic took action in the organized market of securities exclusively with the aim of increasing the price of PZP "Nis" shares and encouraging other investors to buy those shares, as well as creating a false impression about the range of the turnover of PZP "Nis" shares. Milo Djuraskovic through Dejan Jevtic persuaded Zoran Kaitovic to buy PZP "Nis" shares and Zoran Kaitovic signed six blank daily orders to buy PZP "Nis" shares to his stock broker "Synergy capital" whose value in the stock exchange at the time amounted to 3.300,00 dinars, while at the same time Milo Djuraskovic through his stock exchange broker "Emissio broker" gave daily orders for the sale of PZP "Nis" shares, thus creating an impression of the allegedly greater demand than supply of the stated shares and constantly increased the offered price of the shares within the maximum allowed daily fluctuation. In the period between 12th June and 26th June 2008 the total turnover of the PZP "Nis" shares in the stock exchange was 324.880,00 dinars for the total of 37 shares traded between Zoran Kaitovic and Milo Djuraskovic in this period, increasing the price of the shares in the stock exchange from 3.300,00 dinars to

9.730,00 dinars. Subsequently this was used for the evaluation of the PZP "Nis" shares in the stock exchange by firm "Conzit" PLC, at the request of Predrag Filipovic, director of "Delta broker", with the exclusive request to use the method of the average pondered value on 27th June 2008, with the formal submission of the simultaneous orders by Milo Djuraskovic and "Mera Investment Fund B.V." to make these evaluations, whereby it was determined that the price of PZP "Nis" shares was 8.780,54 dinars or 110,8072 EUR each. This evaluation was also used on entering 225.736 shares of PZP "Nis" by "Mera Investment Fund B.V." as the founder into "Mera Invest" PLC Belgrade, with the aim of increasing the non-monetary capital to the amount of 25.013.174,09 euros, as well as on entering 157.000 shares of PZP "Nis" by Milo Djuraskovic as the founder into "Nibens corporation" with the aim of increasing the non-monetary capital to the amount of 17.396.730,40 euros. Then Milo Djuraskovic, "Sher corporation", "Mera Invest" PLC and Zoran Kaitovic as the shareholders of PZP "Nis", through their attorneys, on 10th July 2008 at the General Meeting of Shareholders made a decision to close down the joint-stock company PZP "Nis", thus leaving the PZP "Nis" shares out of the non-stock market and preventing their trading in the stock exchange. On 1st October 2008 they made a decision that PZP "Nis" refuses the offer of "Mera Invest" PLC to buy as the shareholder with the right of first purchase 225.736 shares at the price of 110,748839 EUR per share and thus enabled "Nibens corporation", owned by Milo Djuraskovic, founded on 21st July 2008, with the aim of buying shares from "Mera Invest" PLC, to close an agreement about the purchase of 41% shares of PZP "Nis" at the stated price, for the total amount of 25.013.174,09 EUR whose equivalent in dinars was 1.941.260.005,59. Risto Ristic agreed with all these decisions. This money, in agreement with other controlling members of PZP "Nis" Miroslav Miskovic and Marko Miskovic, was provided by Milo Djuraskovic, who on behalf of "Nibens corporation" closed on 1st October 2008 the Agreement about the long-term investment loan No. P 3499/08 with "UniCredit" bankin Serbia, for the amount of 25.000.000 EUR. The Agreement was also, at Milo Djuraskovic's request, signed by responsible persons of solidary debtors PZP "Nis", PZP "Belgrade", "Vojvodina put – Backa put", PZP "Vranje", PZP "Kragujevac", "Srem put" Ruma and the Lubricants Factory "FAM" without the consent of the Privatization Agency and contrary to the regulations of the Privatization Agreement, where Miroslav Miskovic, Milo Djuraskovic and Marko Miskovic were aware that "Mera Investment Fund B.V." had no other property apart from PZP "Nis" shares, that it would not do the registered activities and therefore would not have any income in order to repay this loan. In that way, taking in consideration that PZP "Nis" as a shareholder gave guaranteeing means to "Nibens corporation" for gaining PZP "Nis" shares, consciously broke the regulations of Article 190 of the Law on Business Companies, having in mind that the regress right which PZP "Nis" and other road maintenance companies had towards "Nibens corporation" actually represented the regress right of PZP "Nis" on its own capital.

Afterwards through the court settlement on 29th November 2010 between PZP "Nis", "Mera Invest" PLC, "Sher corporation" and "Mercuren group", in which they settled their mutual, allegedly debt-creditor relations, "Mera Invest" PLC transferred the remaining 36.280 shares of PZP "Nis" onto "Sher corporation" in order to return the debt in the amount of 3.789.675 euros, or 335.768.994,67 dinars of "Mercuren group" towards PZP "Nis". On the basis of this, "Sher corporation" transferred to it the ownership of the management building PZP "Partizanski put" in Belgrade, in Takovska Street No. 6, of 3.031,74 m², which "Mercuren group" had previously bought, according to the Agreement about the purchase of 14th April 2008, from PZP "Nis", not paying the agreed amount. Afterwards "Sher corporation", in the exclusive ownership of Milo Djuraskovic, which in the meantime became the owner of 100% stake in "Nemetali" PLC on

18th December 2009, sold the stake in “Nemetali” – 49% to “Kappa holding” AG for 9.815.000 euros, 1% to “THV” AG for 70.000 euros and 1% to “Sher House” for 1% for 1.015.730,00 dinars and on 29th September 2010 the remaining stake of 49% to “Kappa holding” AG for 8.205.540 euros. In the realization of this agreement the following people **helped with premeditation** the accused Miroslav Miskovic, Milo Djuraskovic and Marko Miskovic: **Milutin Gasevic** as the director of the PZP “Nis”, **Zoran Mihailovic** as the director of the PZP “Nis”, **Dejan Jevtic** as the attorney of the shareholder Milo Djuraskovic, “Sher corporation” and Zoran Kaitovic, as well as the “Nibens corporation” procurator, **Risto Ristic** as the director of “Sher corporation”, **Zdravko Raso** as the authorized auditor in the auditing and bookkeeping enterprise “Focus Team revizija” PLC and **Predrag Filipovic** as the director of the broker dealer company “Delta broker”. Moreover, grounded suspicion has been confirmed that the accused Marko Miskovic, Miroslav Miskovic, Zivojin Petrovic and Jadranka Bardic in the period from 22nd September 2008 to 7th October 2008 in Belgrade, Miroslav Miskovic as the person with the greatest influence on the management, doing business and making business decisions in the companies owned by Marko Miskovic, in his deliberate actions with his advice helped Marko Miskovic, the owner of the legal entity "Parmidoli Investment corp." from Panama (the owner of the legal entity "Mera Investment fund B.V." from the Dutch Antilles, and thus the of "Mera Invest", the private limited company from Belgrade), with the intention of avoiding tax payment in case of obligatory tax return, to hide the facts affecting the determination of these liabilities and thus avoid paying the withholding tax on capital gains of “Mera Investment fund B. V.” in the amount of over 7.500.000,00 dinars. In this action Marko Miskovic was also helped deliberately by Zivojin Petrovic as the director of “Mera Invest” PLC and the person responsible for the legal functioning of this company and Jadranka Bardic as the director of the company "Camastra" PLC, which was in charge of keeping business books and assessment of tax duties for "Mera Invest" so that the shares of the Road Maintenance Company PZP "Nis", which became the property of “Mera Investment fund B.V.” on 24th August 2006 by paying 632.286.536,00 dinars for 225.736 shares at the emission price of 2.801,00 dinars, after the conducted assessment determining the average pondered value of PZP "Nis" shares on 27th June 2008 in the amount of 110,8072 euros, or 8.780,54 dinars per share. On 23rd September 2008, pursuant to the Founders' Decision about capital increase of “Mera Investment fund B.V.”, these shares were entered into “Mera Invest” and registered them as the non-monetary capital in the value of 25.013.174,09 euros, or 1.913,377.749,37 dinars. In this transfer, pursuant to Article 27 and Article 28 of the Enterprise Profit Tax Law, the exchange was made of the property rights of “Mera Investment Fund B. V.” over 225.736 shares of PZP “Nis” as the other transfer with compensation for the property right over 100% stake in “Mera Invest” PLC, where these facts essential for the assessment of the tax liability on income made by “Mera Investment Fund B. V.” as a non-resident taxpayer on the basis of capital gains of 1.281.091.213,37 dinars from “Mera Invest” as a resident taxpayer, upon Marko Miskovic's instruction, were hidden by Jadranka Bardic and Zivojin Petrovic. Thus Marko Miskovic was deliberately helped by Jadranka Bardic who did not assess the tax liability and by Zivojin Petrovic who did not apply the tax form about the assessed and paid withholding tax at the rate of 20% on income on the basis of the capital gain by non-resident taxpayer “Mera Investment Fund B. V.”, in which way Marko Miskovic with their assistance hid the economic essence of the mentioned legal business having in mind that in further sale of those shares on 1st October 2008 by “Mera Invest” PLC to “Nibens corporation” for the amount of 1.941.260.005,59 dinars, taking as the acquisition price the actually paid price of 1.913.377.749,37 dinars, he acted in compliance with the regulations of

tax laws regulating the manner of assessing tax on capital gains, since “Mera Invest” PLC calculated, reported and paid the tax at the rate of 10% on minimum capital gain made in this sale, with the intention of hiding the moment of selling shares by introducing “Mera Invest” PLC as yet another participant in the turnover in order to create the impression that in the first transaction between “Mera Investment Fund B. V.” and “Mera Invest” PLC no shares were sold, while in the second transaction between “Mera Invest” PLC and “Nibens corporation” the shares were sold, in which way, acting against the regulations of Articles 40 and 71 of the Enterprise Profit Tax Law and Article 41, Paragraph 3, of the Law on Tax Procedure and Tax Administration, Marko Miskovic as the founder and owner avoided paying withholding tax on capital gains of the non-resident taxpayer “Mera Investment Fund B. V.” in the amount of 320,272,803,34 dinars, while the accused Milo Djuraskovic, in the period from 26th September 2008 to 15th October 2008 in Belgrade, as a physical person, with the intention of avoiding tax payment in case of obligatory tax return, hid the facts affecting the determination of these liabilities and thus avoided paying the tax on personal income in the amount of over 7.500.000,00 dinars, by selling 157.000 shares of PZP “Nis”, over which he gained ownership as a physical person through Agreement on purchase of the state capital in a public tender by paying 614.979.990,00 dinars in the period between 31st January 2003 to 1st February 2008, after the conducted assessment determining the average pondered value of PZP “Nis” shares on 27th June 2008 in the amount of 110,8072 euros, or 8.780,54 dinars per share.

On 23rd September 2008, pursuant to the Decision about capital increase he made as the founder of “Nibens corporation”, he entered 157.000 shares of PZP “Nis” into this company as the founders’ capital and registered them as the non-monetary capital in the value of 17.396.730,40 euros, or 1.378,544.780,00 dinars. In this transfer, pursuant to Article 72 and Article 73 of the Law on Personal Income Tax, the exchange was made of the property rights over 157.000 shares of PZP “Nis” as the other transfer with compensation for the property right over 100% stake in “Nibens corporation”. Milo Djuraskovic did not report duly this fact essential for the assessment of the tax liability at the rate of 20% on capital gains in the amount of 763.564.790,00 dinars, having in mind the difference between the sale price of the shares and their acquisition price. Moreover, he did not report tax returns for determining tax on capital gains, which is contrary to the regulations of Article 38 of the Law on Tax Procedure and Tax Administration and Article 95, Paragraph 1 of the Law on Personal Income Tax, thus avoiding paying tax on personal income in the amount of 152.712.958,00 dinars.

During the investigation the accused stated their defense and denied having committed the criminal acts they are charged with in this indictment.

The accused Miroslav Miskovic denied having committed the criminal acts they are charged with in this indictment stating that his involvement in the road maintenance companies was due to the financial investment in which he was the financial investor, and that the management and doing business were left to the other side, in this case to Djuraskovic. He was the one who decided that “Hemslade Trading Limited” should grant a loan to PZP “Nis”, and he was also the one who decided to enter PZP “Nis” through recapitalization.

Miskovic represent himself as the owner of the legal entities “Hemslade Trading Limited” and “Hitomi financial limited”, but not of “Delta M” and PZP “Nis” and thus of no other road maintenance companies. He sees himself only as the financial investor because he and Marko fully trusted others and authorized them to manage businesses in the road maintenance

companies. He points out that neither of them had their representatives in the Board of Directors in any of these road maintenance companies and that he did not know any directors of these companies. He says that his son Marko Miskovic was a clean financial investor and that he himself stood behind him and gave him recommendations where to invest and the same refers to investing in the road maintenance companies. Therefore he explains that he did not deal with investing in the road maintenance companies because he did not follow their finances and business but kept informed about it directly by Milo Djuraskovic with whom he met periodically, at Djuraskovic's initiative. The only decision he made in connection with the road maintenance companies were those about investing in the road maintenance companies and leaving the road maintenance companies.

Miroslav Miskovic met Milo Djuraskovic through his son Marko, who was on friendly terms with Milo Djuraskovic. Knowing that due to the previous sale of "Delta bank" they had some funds at their disposal, Djuraskovic recommended him to enter the business with the road maintenance companies. Therefore they agreed that Milo Djuraskovic should have 52% stake and the Miskovics 48% stake and that was the reason for establishing the consortium for buying PZP "Belgrade".

However, since Djuraskovic could not provide 52% of the funds for buying PZP "Belgrade", Miskovic personally decided to grant Djuraskovic "Hemslade" loan in the amount of 23.000.000 euros with 3% interest plus Euribor. He thinks that those conditions were extremely suitable for Milo Djuraskovic or PZP "Nis" because that interest rate was lower than the one offered by the Serbian banks at the time, and on the other hand the conditions also suited "Hemslade" because it could invest the free funds into the working capital.

However, since he considered that it was illogical to take at the same time the interest on behalf of the granted loan and the dividend on the basis of their 48% stake in PZP "Belgrade", they agreed to decrease the stake of "Delta M" in the consortium from 48% to 1%. As for the loan itself, it was completely paid off by PZP "Nis" in line with the potential of PZP "Nis", but he does not know what funds were used for that. Miskovic claims that he personally, after a certain period of time, decided that Marko Miskovic should invest in the recapitalization of PZP "Nis", where all the legal provisions referring to recapitalization were observed, and having in mind the results of this enterprise, he thought it was a good business. He knows that before the recapitalization the PZP "Nis" capital value was assessed by experts since it was a necessary precondition for recapitalization itself. He is not familiar with the way of determining the price of the shares or the way in which the value was determined for the recapitalization of PZP "Nis". The funds "Mera Investment Fund" used for recapitalization are the funds from "Hemslade" loan, derived from the sale of "Delta bank". This loan has not been repaid until today by "Mera invest" to "Hemslade". From the very beginning Milo Djuraskovic knew that Miskovic wanted to sell his shares in PZP "Nis" and, as far he knows, Milo Djuraskovic never had any objections to it.

After a certain period of time the offer came from "Strabag" – he was personally addressed by the people from the Government of Serbia telling him that they had a buyer for PZP "Nis" and thus he took initiative. He called Milo Djuraskovic and they together continued negotiations with "Strabag" and Oleg Deripaska. He had the impression that the interested buyers from "Strabag" would pay about 250.000 euros but he never talked about it with Djuraskovic. However, when the agreement was supposed to be realized and to sell the road maintenance companies to

“Strabag”, Djuraskovic did not agree and therefore at the same moment decided to sell their stake. Djuraskovic himself offered the price of 25.000.000 euros but Miskovic does not know in which way it was determined that 41% of the total PZP “Nis” capital is worth 25.000.000 euros. He does not know whether at that time the assessment of the share value was performed. He states that he never looked at the balances of PZP “Nis” because he generally never checks the balances of his companies as there are professionals who do that and Djuraskovic always told him that the road maintenance companies were doing a good job.

He never wanted to own more than 50% in PZP “Nis” and therefore as far as he knows the Agreement on Joint Action was never realized. He never took any dividend from PZP “Nis” or any other road maintenance company because that is the way of doing business in his companies, since he thinks that companies cannot progress by simultaneous taking of dividends and he is interested in developing companies and then selling them, thus making profit. By not taking the dividends balance goes up and a strong company is built which can be sold at a higher price. He does not know whether Milo Djuraskovic took dividends in the stated period.

The amount of 25.000.000 euros was determined by Milo Djuraskovic because that was the amount he could take from “Unicredit bank”. No other price apart from 25.000.000 euros for 41% of the PZP “Nis” shares was ever discussed by him and Djuraskovic. He knew that in the stated period the banks scrambled over “Nibens group” as a client and that is why Milo Djuraskovic could get a 25.000.000 euro loan from “Unicredit bank”, which he guaranteed by the shares of “Mera invest” he actually bought with money from this loan. Miskovic never spoke to anyone from “UniCredit” bank or had any contact with bankers concerning this loan.

He personally gave the order to his consultants to establish “Mera invest” with the head office in Belgrade so that 25.000.000 euros could be paid to that company in dinars and kept in Serbia, whereby he was not interested in whether Milo Djuraskovic had enough funds to repay the stated loan. As for the sale of the remaining 6% of PZP “Nis” shares, it was conducted by Marko Miskovic’s first associate and legal advisers. He and his son did not deal with it.

It is known that “Delta” duly paid taxes to the state although he himself was not responsible for the tax policy of the company. He particularly repeated that he was only the financial investor and that he had the responsibility only referring to the money entered into the companies.

The accused Milo Djuraskovic denied having committed the criminal act he is charged with. In his defense he states that in 2003 he bought 70% of the state capital in the road maintenance company PZP “Nis”.

Referring to the loan that PZP “Nis” took from “Hemslade” from Cyprus, he says that it was in the interest of PZP “Nis” and that the decision was made by the relevant authorities in PZP “Nis”. The amount of the loan was 23.000.000 euros, and the conditions were suitable. The technical departments of these two business companies discussed the conditions, terms of payment, interest and the amount of the loan itself, while he received the offer from Miroslav Miskovic at the meeting where the director of Hemslade” from Cyprus was present as well. The repayment date was 5 years, which was done in two installments – in 2006 and 2008. The first installment in the amount of over 8.000.000 euros was paid in 2006, after successful emission of PZP “Nis” in the

securities market, while the second installment was paid in 2008 from the funds of PZP “Nis” with the aid of other related entities which were in the group of the parent company PZP “Nis”. The annexes of this Agreement changed the repayment dates, and there were no special reasons for shortening the repayment period. The loan was being repaid to “Hemslade” before the deadline in order that PZP “Nis” could relax and take other loans from commercial banks in order to get possibly new financial benefits.

Non-monetary capital in the form of “Nemetali” shares PZP “Nis” entered into “Sher corporation” and thus became the owner of one part of the stake of “Sher corporation”, and after a while Milo Djuraskovic bought those stakes from PZP “Nis” and became the owner of that stake in “Sher”, while as a physical person he paid for the value of that stake to PZP “Nis”. The stake PZP “Nis” entered into “Sher” is 49% of “Nemetali”, but it is in the form of capital and not in the shares themselves because the shares still belonged to “Sher corporation”. He is not the owner of “Nemetali” but of the part of the stake in “Sher corporation”. From selling this stake PZP “Nis” got 49.000.000. PZP “Nis” entered the “Nemetali” shares into “Sher corporation” as non-monetary capital and in this legal business he did not see anything contentious having in mind that both PZP “Nis” and “Sher corporation” are private ownership, that both legal entities have a consolidated balance, that he is the owner of both legal entities and there is no possibility of having losses.

The emission of shares called by PZP “Nis” was in compliance with all legal provisions and in that way this business company was recapitalized, which was monitored by the relevant institutions of the Republic of Serbia. The amount of emission was about 9.000.000 euros. The investor was known – “Mera Invest Fund B.V.” from the Dutch Antilles. One part of the “Hemslade” loan was paid through recapitalization. “Mera Invest Fund B.V.” from the Dutch Antilles is mentioned for the first time during negotiations about calling the emission of PZP “Nis” shares and thus Djuraskovic considered this business company as the whole “Delta” system.

All the decisions in these legal transactions were in compliance with the legally stipulated limitations and made by the relevant authorities in PZP “Nis”, while broker-dealer company “Emissio broker” participated in the transactions themselves. The Consortium PZP “Nis” and “Delta M” was established for the purchase of 70% capital of PZP “Belgrade” because “Delta M” was a strong and reliable company. PZP “Belgrade” was bought at the price of 19.000.000 euros.

PZP “Nis” entered 49.000 shares into “Sher corporation” as the non-monetary capital and later on he as a physical entity bought the stakes of PZP “Nis”.

He met Miroslav Miskovic through Marko Miskovic and he had business relations with both of them. PZP “Nis” had a strategy of expanding to other road maintenance companies in the Republic of Serbia and thus intended to participate at tenders. Miroslav Miskovic had available monetary funds and he turned to him in order to persuade him to make a certain loan arrangement. This contact with Miskovic was made possible by Draginja Djuric, who was the director of “Delta bank” at the time. The amount of the loan of 23.000.000 euros was practically determined by the projection of the company PZP “Nis”, while the very decision of the Board of Directors of PZP “Nis”, which he signed as the president, states that the purpose of the loan is the acquisition of domestic equipment for road mechanization for ensuring technical and

technological conditions for conducting works of the road construction, although this was not the real reason for taking this loan. The real reason for taking this loan was in fact the privatization of the road maintenance companies and not exclusively of PZP “Belgrade”, although the Consortium PZP “Nis” and “Delta M” was established for the purchase of PZP “Belgrade”. The establishment of the Consortium was preceded by a meeting held at the initiative of PZP “Nis”, where the management of “Delta M” – Miroslav Miskovic and Ivana Veselinovic – were presented the initiative to buy PZP “Belgrade”. PZP “Nis” had a little more over 50% of the ownership. “Delta M” had over 40%, while the decision for such acting was mutual. “Emissio broker”, owned by “Sher corporation”, was also a member of this Consortium, participating from purely business reasons and because of the available funds. The amount of the offer for PZP “Belgrade” was determined on the basis of the capital evaluation and all the other parameters in the Privatization Agency. The working group gave its range (from-to), while Djuraskovic determined the final price, under no influence by Miroslav Miskovic as the owner of “Delta M”. PZP “Nis” paid the overall price for PZP “Belgrade” and immediately invoiced the amounts to other members of the Consortium in compliance with their stake in the Consortium. PZP “Nis” bought PZP “Belgrade” from the loan granted by “Hemslade”.

At the time of the negotiations about PZP “Belgrade” there was no mention of buying other road maintenance companies, which were mainly bought from the working funds or from part of the “Hemslade” loan. PZP “Nis” made profit in this period but that profit was paid to the shareholders themselves in a very small amount.

The fifth emission of the PZP “Nis” shares was issued due to strategic and financial reasons, having in mind that PZP “Nis” was obliged to invest in the purchase of PZP “Belgrade”, PZP “Vranje” and other road maintenance companies. PZP “Nis” had to find a way of financing this investment from its own means, both from its income and from loan arrangements, wince in 2005, at the time of buying PZP “Belgrade”, it had no available financial means and could not plan when it would have those means. The initiative about PZP “Nis” recapitalization from some other company which was not within the “Delta” system was given by “Delta” itself since it was a financial investor and was not interested in the operational business but only in profits.

He negotiated about “Mera Investment Fund” into PZP “Nis” with Marko Miskovic but also with the people from the “Delta” system, including Miroslav Miskovic, but he did not mind whether he negotiated with Marko Miskovic or with Miroslav Miskovic. During the PZP “Nis” recapitalization Djuraskovic was guided by a strategic decision – he wanted to have the maximum financial result and the minority package. He wanted to call as large as possible emission of shares but not the situation in which the investor might become the majority owner. At the moment of calling the emission of shares Djuraskovic was, according to his own estimation, the owner of over 80% of PZP “Nis”, but that percentage decreased during the emission and he personally, his “Sher corporation” and small shareholders were in majority again while “Mera” had 47,5%. He and “Mera” agreed to buy off the small shareholders with 50% each, but that agreement was not realized since “Sher corporation” bought off all the small shareholders’ shares and “Mera” withdrew. Djuraskovic does not know from which account the money came for buying off the fifth emission of the PZP “Nis” shares or whether the whole sum was paid at once, but he knows that that money was used for repayment of the “Hemslade” loan. At the moment when “Mera” entered the

fifth emission of the shares, through PZP "Nis" it practically became the owner of other road maintenance companies privatized by then.

The price of 9.000.000 euros was formed for 47,56% shares under the control of the Central Register and the control of the National Bank, while "Emissio broker" made the examination in the Central Register referring to the value of the shares as well as the other parameters necessary for calling the emission.

In 2008, although he did not really intend to sell the shares, Djuraskovic decided to test the market and release the PZP "Nis" shares in the stock exchange, having in mind that the price of shares depends on demand and supply at the given moment. He made this offer through "Emissio broker" and he knows that those shares were bought by the owner of "Electro Loznica" Zoran Kaitovic. He does not know whether there were any other physical and legal persons interested in the purchase of PZP "Nis" shares. He checked the price of the shares in the stock exchange because he had previously learnt that "Mera Invest" wanted to sell its shares and in this way he wanted to find out the real value of the shares in case "Mera" decided to leave this business but also because he had already had some contacts and talks with "Strabag". One of the talks with the representative and owner of "Strabag" was attended by Miroslav Miskovic as well as Draginja Djuric, where Miroslav Miskovic before this conversation did not know that "Strabag" was interested in PZP "Nis". Djuraskovic personally informed him about that. The initiative for buying this PZP came from "Strabag", who wanted to buy at least 70% of the shares.

Although "Mera invest" was one of the PZP "Nis" co-owners with 47% in its ownership, the communication with "Mera" was reduced to minimum and came down to the six-month financial reports, primarily because "Mera" was interested exclusively in the balance sheets and income statements and had no control over business activities of the road maintenance companies. "Mera" participated in decision making, it had a representative at the General Meeting, but could not influence decision making. Thus "Mera" controlled business activities of PZP "Nis" and other road maintenance companies mainly through the balance sheets and income statements. "Mera" had no representatives in the management bodies but only in the General Meeting and that was Ivan Smiljkovic. The decision to relinquish the legal and financial new diligence of "Strabag" was made by him, Bora Ilic and Sasa Stanojevic. Marko Miskovic and Miroslav Miskovic were informed about this decision because they did not participate in negotiations with "Strabag". Djuraskovic knew about intentions of "Mera" when it entered PZP "Nis" and that it referred only to financial profits "Mera" would have from that transaction. It suited him perfectly because he wanted to become the absolute owner of the system.

Miskovic was interested in continuing the talks with "Strabag" because he saw an opportunity of making profit. However, he did not want to negotiate with "Strabag" since "Strabag" wanted minimum 70%. Djuraskovic himself thought that the system was progressing, that there were excellent opportunities and good perspectives and, protecting his own interest, he began the process with "Mera" in reference to buying "Mera" package and at that time he negotiated both with Marko Miskovic and Miroslav Miskovic. At the time when "Mera" was within PZP "Nis" Djuraskovic periodically met Miroslav Miskovic, but those meetings were informal and mainly at his initiative. Miskovic never interfered and had no influence on him in making important decisions and he was never interested in becoming fully familiar with strategic data and strategic policy of the road maintenance companies. After the introductory negotiations "Strabag" wanted to examine the complete documentation from which they could derive the initial price, but at one moment he gave up because the financial and legal new diligence was a certain obligation. He and Miskovic never made the agreement about the price at which they would sell "Nibens".

PZP "Nis" is a closed shareholding company with two partners, and "Mera invest" as one of the partners could sell its shares to the other shareholder through direct agreement. He intended to buy those shares as the other shareholder in PZP "Nis". "Mera" had estimations of its share value and considered that they were worth more than 30.000.000, the amount which he offered for 47% share "Mera invest" had in PZP "Nis". He determined the amount of 30.000.000 with the aid of Bora Jelic and Goran Djurskovic who made the analysis.

He knows that the price share in the stock exchange is formed through demand and supply and he gave the order to sell 37 shares to "Emissio broker" in order to determine the approximate price of those shares, while he did not get fully involved in this stock exchange business and left it to the brokers. Over 200.000 PZP "Nis" shares were emitted but he personally does not know whether 37 shares can be used as a parameter for determining the value. He did not order "Conzit" to do the evaluation of the pondered price of PZP "Nis" shares and he does not know which methodology was used by "Conzit" in making the evaluation. The people from "Emissio broker" he most frequently communicated with were Bosko Markovic and Ljiljana Milovanovic.

Djurkovic examined the market and presented the interest of "UniCredit" bankin granting the loan so that he could buy off the shares from "Mera". The guarantee for this loan was the shares bought from this loan as well as his private shares which were absolutely free of debts. He does not know whether, since the other road maintenance companies become solidary guarantors, there was the approval of the Privatization Agency or whether such an approval was necessary at all. As far as he knows, the Boards of Directors gave their approval. The price of 25.000.000 euros was formed between the two partners, from the aspect of the price of the company capital and from the aspect of its balances.

His offer to buy the PZP "Nis" shares was in the amount of 25.000.000 euros for 41%. In his opinion, the whole company was worth between 200 and 250.000.000 euros with the risk of charging the claims from the public company "Putevi Srbije" which owed about 200.000.000 euros to "Nibens" as a group.

Miroslav and Marko Miskovic expected an offer higher than 25.000.000 euros for 41% stake of PZP "Nis", but he cannot remember whether they came up with a concrete sum. He cannot confidently claim whether he mentioned to anyone the concrete sum of 100.000.000 euros, but that number was somehow always in mind during the talks. At that moment he could not offer more than 25.000.000 euros for 41% stake and he asked that very amount from the bank.

Djurkovic was the one who led the negotiations with the bank referring to the loan granting, but Djuraskovic never saw the request for the loan submitted to "UniCredit bank". As far as he knows, Djurkovic was familiar with the assessment of the London evaluation house, but he does not know about his agreement with Miskovic referring to 100.000.000, namely 75.000.000 from his private funds and 25.000.000 from the loan. In order to guarantee the loan he gave his private shares free of debts, the deposited gain of PZP "Nis" which belonged to him through "Nibens corporation" and he guaranteed this loan by his private property later on.

At the very end of the negotiations with "UniCredit" bankhe attended a meeting where there were Igor Petkovic, Srdjan Vidovic and Bane Radovanovic. The bank activated the application for the loan on

the basis of parameters taken from the relations with “Strabag”. He cannot remember why it is stated in the application that there is an agreement between him and Miskovic about 100.000.000 euros, out of which 25.000.000 would be provided from the bank loan. Such a conclusion by the bank was logical and he does not remember whether he gave anyone this fact as a parameter for negotiations with the Bank. He does not remember either whether he ever told this to anyone from the bank. He does not remember anyone from “UniCredit” bank contacting him in order to check up this information and he never made another agreement with “Mera invest” PLC about selling 41% of the shares. The bank insisted on solidary guarantees and the initiative to give as a guarantee the shares owned by him and “Sher corporation” was not made by the bank but by “Nibens”. The initiative to prolong the grace period was also made by “Nibens” having in mind that in 2009 “Nibens” began negotiations about restructuring large loans “Nibens” got from other banks and not only from “UniCredit bank”.

The bank contacted “Nibens” because of fulfilling contractual obligation referring to completing the obligations of registering the pledge, or the mortgage over the property of solidary guarantors, but the mortgages over the property of solidary guarantors were not registered because other collaterals were given – the real estate of “Vatrosprem” and his family house. The bank took care only to have collaterals and did not request certain collaterals or mortgages over the road maintenance companies, and it was up to “Nibens” to choose those collaterals.

He does not know Zeljko Kistic from “UniCredit” bank but he knows Radovanovic, with whom he talked many times about the matters referring to this agreement and afterwards referring to the annex as well.

Miroslav Miskovic was in no way engaged in receiving this loan and he made no attempts to urge its granting. Marko Miskovic and Miroslav Miskovic were not familiar with the agreement that “Nibens” closed with “UniCredit” bank or with the guarantees themselves and the manner of securing the guarantees. Dejan Jevtic’s role in closing this agreement referred to collaterals but he does not know who actually made the agreement between “Mera invest” and “Nibens corporation”. This loan was supposed to be repaid by 2014 by “Nibens corporation” because it was established with the aim of placing the loan on its behalf. At the end of 2010 “UniCredit” bank blocked all the accounts of the road maintenance companies owing to the decrease of value or balance and because of its estimation that the placement and asking for additional guarantees were insecure. The bank’s condition was that “Nemetali” should give part of the funds.

PZP “Nis” sold the building of PZP “Belgrade” in Takovska Street No. 6 in Belgrade to “Mera” or “Mercuren group”, whereas “Sher corporation” claimed means for derivatives from PZP “Nis”. Finally “Sher corporation” set off those claims from PZP “Nis” and took over through “Mera” or “Mercuren” the compensation of 6.59% ownership in PZP “Nis”. The negotiations about the business building in Takovska Street were led by Risto Ristic and Zivojin Petrovic.

He does not know Predrag Filipovic and Zdravko Raso and he does not know whether “Sher corporation” had any business relation with “Mera invest” referring to loans and similar transactions.

The accused Marko Miskovic denied having committed the criminal act he is charged with. In his defense he states that he met Milo Djuraskovic in 2000 and several years later Milo Djuraskovic suggested that one of Marko Miskovic’s locations they should open a petrol station.

That is how their business cooperation began. He leased that petrol station to Milo Djuraskovic and later his lawyers entered that petrol station in the property of PZP “Nis”.

Through his company “Mera Invest Fund”, solely in his ownership, he became the co-owner of the road maintenance companies although this branch of economy did not interest him. Djuraskovic was the owner of PZP “Nis” and suggested that he should participate financially in that company in order to ensure its further expansion. Djuraskovic mostly had negotiations with his father Miroslav Miskovic, who considered that it was not a bad idea to enter PZP “Nis”. Djuraskovic and his father knew each other from earlier and as far as the agreement between Milo Djuraskovic and his father is concerned, he knows that money was needed in order to expand this company. In this concrete case it was recapitalization of about 46,7% and “Mera” gave monetary funds for that recapitalization. The money was paid into the “Mera invest” account by his father in the form of a loan, but he does not know from which funds the concrete loan was given.

Marko Miskovic was the co-owner of PZP “Nis” through “Mera Investment Fund” until 2008, but there was no agreement between him and Milo Djuraskovic about the business itself, management and so on. He never attended any meeting and the very aim of his entering PZP “Nis” was Milo Djuraskovic’s expansion of the company so that at some time they could sell it to a foreign investor. Milo Djuraskovic was familiar with this idea and both Marko and Miroslav Miskovic left all businesses connected with PZP “Nis” to Djuraskovic, primarily because they fully trusted him.

Marko Miskovic does not know whether the “Hemslade” loan given to PZP “Nis” has any connection with the purchase of 47% shares of “Mera invest”, but he knows that the “Hemslade” loan was repaid. He never made decisions in PZP “Nis” or in any other road maintenance companies or took part in any decision making. The management and decision making was done by Milo Djuraskovic and his managers.

Miroslav Miskovic never dealt with reports of the road maintenance companies and the two of them rarely talked about business activities of those companies. Milo Djuraskovic superficially informed Miroslav Miskovic about business activities and finances of those companies and he personally had no profit from these companies. He does not remember whether he himself gave the power of attorney to lawyer Drazic and he does not know whether any agreements about joint action and the agreement about joint action and enforced sale were closed between Milo Djuraskovic, or “Sher corporation”, and his company “Mera Investment Fund”. The profit from the road maintenance companies was large but all those funds were used for further investments and he and his father thought that the invested funds would bring an even larger financial benefit at the moment when they sold the company to a foreign investor.

The representative of his company at the General Meeting of PZP “Nis” shareholders was Ivan Smiljkovic, who was responsible for ascertaining that everything was in compliance with the law. Ivan Smiljkovic did not report to him because he was not interested in it. He was never interested in that business and thus had no representatives in the Boards of Directors, he was never in the premises of any road maintenance company and does not know any of the directors of the stated road maintenance companies.

“Strabag” wanted to take over all the road maintenance companies in Serbia and the negotiations were drawing to a close, but Milo Djuraskovic informed them that he did not want to sell PZP “Nis”. Having in mind that the package of shares he owned was not large enough for “Strabag”. Djuraskovic offered to buy off his shares. That is why he established “Mera invest” PLC. He does not know whether “Strabag” gave a concrete price for all the road maintenance companies because he was not present at the negotiations.

All the decisions in “Mera Investment Fund” and “Mera invest” PLC were made by his legal advisers, whereas strategic decisions were made by his father. The price of “Mera invest” leaving PZP “Nis” was determined by Milo Djuraskovic and he did not negotiate the price because it was the responsibility of lawyers and brokers.

He does not know whether there was any trading in the stock exchange with PZP “Nis” shares because he never dealt with it, and he does not know either whether PZP “Nis” had any “Nemetali” shares in its ownership.

“Delta broker” conducted the evaluation of PZP “Nis” shares but he does not know at whose order and he himself never dealt with selling the package of PZP “Nis” shares which belonged to “Mera invest” PLC, so that he does not know who determined the price since that job was done by his lawyers.

Djuraskovic’s “Nibens corporation” bought 41% shares for 25.000.000, and there remained another 6%, so that the price of the whole package was about 29.000.000. He heard from Milo Djuraskovic that “UniCredit” bank asked for the shares as the guarantee but he was interested in it. He does not know whether there was a request to constitute solidary guarantee of other road maintenance companies for that loan. He does not know that Miskovic and Djuraskovic agreed that Djuraskovic should pay Miskovic, under the same conditions offered by “Strabag group”, 100.000.000 euros for 41% PZP “Nis” shares and that Djuraskovic should pay 75% out of his private funds, while the remaining 25.000.000 would be financed by “UniCredit bank”.

He knows that there was a problem with 7% shares as Djuraskovic could not provide money for the whole package so that he took those 7% through compensation – the building in Takovska Street, in which compensation he lost a great sum of money. His father and other people from the world of business told him that the shares he had sold were worth much more than Djuraskovic offered but still, in cooperation with his father, he made a decision to leave the road maintenance companies. From the money paid to him by “Nibens corporation” he paid his housing loan and invested some of it in the film industry and football, which are his sole interest.

“Mercuren group” is also his company but he is not sure whether the legal entity “Parmidoli Investment corporation” also belongs to him. “Hemslade Trading Limited” is his father’s company, and as far as he knows the same refers to “Hitomi Financial”.

Complete business activities of “Mera invest” PLC were left to Zivojin Petrovic, who was the director of “Mera invest” PLC. The only thing he requested from Petrovic was that everything should be done in compliance with the law, since his father also instead on that. The information about paid taxes were given to him either by Zivojin Petrovic or lawyer Ivan Smiljkovic. He knows that “Mera invest” PLC bookkeeping was the responsibility of a certain Jadranka, but he never met her. He does not know whether Petrovic became the director of “Mera invest” PLC before or after the shares, for a reason

completely unknown to him, were entered by “Mera Investment Fund” into “Mera invest” PLC. Petrovic never contacted Miskovic in connection with taxes.

The accused Risto Ristic denied having committed the criminal act he is charged with. In his defense he states that he became the director of “Sher corporation” in 1996 and that he was in charge of the commercial part of the job. He does not know in which way “Sher corporation” got its first 18% shares of PZP “Nis” because he never mixed the ownership structure and ownership relations but only attended, as the representative of “Sher” shareholders, some sessions of the General Meeting of PZP “Nis” shareholders. He signed each document with previous consultation with the legal department or the bookkeepers and that then he consulted either Dejan Jevtic, who is a lawyer, of one of the bookkeepers in the book-keeping agency “Camastra”, while he always consulted Bosko Markovic or Ljiljana (whose last name he does not know) from “Emissio broker” about all the activities referring to the stock exchange or the shares.

In decision making he was independent and never received any order from any person for activities but only before signing certain decisions and acts he consulted the expert departments. He always informed Djuraskovic about his decisions.

He does not know when “Mera Investment Fund” entered the ownership structure of PZP “Nis” and he does not know how PZP “Nis” entered “Sher corporation”. At the time when it entered “Sher corporation”, PZP “Nis” entered the “Nemetali” shares and thus “Sher corporation” after all its ownership transformations became 100% owner of the “Nemetali” shares. The “Nemetali” shares were later sold to “Kappa Holding” in 2009 for the amount of 18.000.000 euros. He signed the agreement about purchase and beforehand he talked about it with Milo Djuraskovic. Out of those 18.000.000 euros, 10.000.000 was used for repaying the loan granted by “Kappa Holding” for buying the working funds. He does not know who the owner of “Kappa Holding” is and this company was represented by Serbian lawyers in the process of closing the purchase agreement.

He does not know whether “Focus team” made the assessment of the stakes in rights over “Nemetali” shares which were then entered by PZP “Nis” into “Sher corporation”. After entering “Sher corporation”, “Nemetali” was no longer a shareholders company because “Sher” became 100% owner of “Nemetali”. He is not familiar with PZP “Nis” business activities of with the company “Hemslade Trading Limited” or “Parmidoli Investment Corporation”.

He signed the approval about “Sher corporation” becoming a solidary debtor together with other road maintenance companies in “UniCredit” bankin order to guarantee the loan in the amount of 25.000.000 euros granted to “Nibens corporation” and he signed that approval because at that moment there were no consequences for “Sher corporation” itself.

He does not know why “Nibens corporation” was established or why the General Meeting of PZP “Nis” shareholders made a decision to close down the shareholding company PZP “Nis” although he was a member of the Board of Directors of that company. He signed the Agreement about joint action and the Agreement about joint action in enforcement, but he never dealt with the essence of the agreements. He cannot remember either that in 2006, together with Milo Djuraskovic and lawyer Ilija Drazic, who represented “Mera Investment Fund B.V.” he went to the Fifth Municipal Court in order to verify that agreement.

He signed the agreement about loan with “Mercuren group”, but he does not remember what the grounds for that loan were. The first information about certain agreements he received from the expert departments and not from Milo Djuraskovic, and therefore he went to him in order to present certain problems or findings and he does not know whether Milo Djuraskovic was already familiar with that information before he presented it. He participated in decisions about ownership transfer, share purchase and agreeing about joint activities only as the director and he realized those decisions technically but considered that it was his duty to inform the owner of the company Milo Djuraskovic about those activities.

He is familiar with “Mera invest” PLC and from that company he communicated only with its director Zika, whose last name he does not know.

He never met Miroslav or Marko Miskovic, he does not know Zdravko Raso or Predrag Filipovic, while he privately knows Zoran Kaitovic but has no idea whether Milo Djuraskovic knows him too.

The accused Milutin Gasevic denied having committed the criminal act he is charged with. In his defense he states that he spent his entire working career in PZP “Nis” and that he retired as the director of PZP “Nis”.

In the first bidding called he established the Consortium, but that bidding was cancelled and the second bidding was called. The Consortium participated in the second bidding and Milo Djuraskovic won the bidding. He was represented by the broker house “Emissio broker”. At that bidding PZP “Nis” was bought for almost 6.000.000 German marks although at that moment it had grave financial problems. After a short period of time Micko Mickovski, the member of the Board of Directors, Novakovic, Djuraskovic and Petrusic came to PZP “Nis” and the financial and commercial director was removed from the position. Djuraskovic took over all the activities in PZP “Nis” but he left him in the position of the general director. He stayed in that position until 27th May 2005 but he does not know whether Djuraskovic paid off the others who participated with him in the bidding.

On 25th May 2005 the decision was made about taking the loan in order to acquire equipment and he was present at that Board of Directors together with the people from expert departments, Milo Djuraskovic, Ljiljana Milutinovic and Bosko Markovic from “Emissio broker”. At the Board of Directors no one talked about the manner of repaying the loan. He as the director of PZP “Nis” considered the decisions made by the Board of Directors as binding and on 25th May 2005 he signed the Agreement which was brought to him by Dejan Jevtic, but he does not remember whether the Agreement was already signed by the other party. As far as he knows, the loan of 23.000.000 euros was taken for the purpose stated in the decision of the Board of Directors, although the money was not really taken for that purpose but to pay for the privatization of PZP “Belgrade” and enable Miroslav Miskovic to enter the road maintenance companies. He personally thought that Miskovic should not enter the road maintenance companies and that it was not good to get only 50% of PZP “Vranje”, PZP “Kragujevac”, PZP “Nis”, PZP “Belgrade” and “Backa” for the amount of 23.000.000 euros. He remembers that the agreement was extremely brief and scarce. After signing this agreement he was practically removed from the position of PZP “Nis” director, and he was replaced by Zoran Mihailovic while he was the President of the Board of Directors on 27th May 2005. As the president of the

Board of Directors he was equal with the other members – economists, lawyers and the director of the company.

Milo Djuraskovic wanted to buy PZP “Belgrade“ at any cost since that road maintenance company had an excellent turnover. He went to Belgrade in relation to this business together with Dejan Jevtic, Zoran Mihailovic and Bora Jelic in order to examine the documentation. He had great trust in Milo Djuraskovic but at that moment he had no impression that Djuraskovic wanted to buy all the road maintenance companies. At that moment PZP “Nis” did not fulfill the conditions for the purchase and therefore Milo Djuraskovic, without consulting him, decided to enter the Consortium.

Milutin Gasevic had the authorizations while signing the Agreement about privatizing PZP “Belgrade” as the representative of the Consortium or the bidder’s representative. The complete documentation was prepared in the lawyer’s office of Dejan Jevtic, where there were other lawyers too and Milo Djuraskovic decided who would enter the Consortium with what percentage – PZP “Nis” 51%, “Emissio broker” 1% “ and Miskovic 48%.

He knows Dejan Jevtic because first he was Djuraskovic’s lawyer and later became the main person for all the activities in the road maintenance companies.

He personally never received any orders from “Delta” or “Emissio broker” but only from Djuraskovic. He and Dejan Jevtic were told by Djuraskovic about the final offer for PZP “Belgrade” and it amounted to 18–19.000.000 euros for recapitalization, but he does not know the final price at which PZP “Belgrade” was eventually bought. Jevtic had contacts in the Privatization Agency and definitely knew how much to increase the price in order to displace other bidders, namely “Alpina” and “Consortium Miljkovic”.

He particularly emphasizes that Goran Djurkovic visited Dejan Jevtic twice at the time while they considered the tender conditions in order to help Djuraskovic with the tender. After the tender Djurkovic came as the person employed in PZP “Belgrade”, and he (Milutin Gasevic) as the President of the Board of Directors was contacted by Miodrag Djordjevic from the Privatization Agency because he realized that there was a conflict of interests. Therefore he informed Djuraskovic about that conversation and as far as he knows Goran Djurkovic was later employed in “Nibens”.

He is not familiar with the percentage of the “Nemetali” shares in the PZP “Nis” ownership but he knows that they were transferred into “Sher” after the decision of the Board of Directors which he attended, but he objected to that decision. He does not know the price at which the shares were sold, but Bosko Markovic, the broker, was also present at the meeting where it was decided so, as well as the lawyers who persuaded him that selling the shares was a correct decision. That is why he also voted in favour of that decision but at the next meeting. According to his knowledge there was no assessment of the share value. Everything connected with the business activities and the shares was done by Jevtic and the brokers at Djuraskovic’s orders.

The General Meeting at which it was decided about the shares and the recapitalization was led by Jevtic and the decision was made so that fresh capital would enter PZP “Nis”. The

shares were meant for a known buyer – Miskovic. He does not know whether the share value was assessed.

After the privatization of PZP “Nis” all the debts were paid but PZP “Nis” could not pay the debts from business activities since the interest was high, and therefore it took additional debts in order to cover all the claims. The state itself owed a lot of money to the road maintenance companies. Gasevic particularly emphasizes that PZP “Nis” could not finance the loan and privatization of other road maintenance companies. Decisions about loan debts were made by Goran Djuraskovic because he communicated with the banks. While he was the director of PZP “Nis”, he signed the approval on the basis of which PZP “Nis” took over the debt which Djuraskovic had towards “AIK” bank and personally he reminded him several times that Djuraskovic should fulfill his obligation.

He saw Miroslav Miskovic twice but he never saw him in PZP “Nis”. Both times he was in the company of Milo Djuraskovic and the two of them had excellent relations. Miskovic never suggested anything directly to PZP “Nis” but only to Djuraskovic. No one ever mentioned or saw Marko Miskovic. Miskovic wanted to sell everything to the Russians who examined the documentation and offered him the price of up to 200.000.000 euros, but Djuraskovic was against it although he advised him to sell his stake. After the Russians had examined the documentation Milo Djuraskovic told him that he would buy Miskovic’s stake, but he did not tell him the amount. He does not know whether Djuraskovic paid Miskovic out.

He knows Zoran Kaitovic and is familiar with the fact that Slobodan Kaitovic is a lawyer. He met him through Milo Djuraskovic and thus knows that he was also in the Board of Directors of “Backa put”.

The decline of the road maintenance companies began with the reprogramming. The business activities were reduced and “UniCredit” bank first blocked the companies. At the time of those blockades Gasevic had talks with the Prime Minister of Serbia at that time. The meeting with Prime Minister Cvetkovic, Mrkonjic, Tatjana Spasojevic and Cvetkovic from the Agency was attended by himself, Obrovic and Sonja. On that occasion the Prime Minister said that the Government would help the road maintenance companies to survive. After a while the privatizations were revoked, and PZP “Vranje”, PZP “Nis” and PZP “Kragujevac” went bankrupt.

PZP “Vranje”, PZP “Nis” and PZP “Kragujevac” were not obliged to have the Privatization Agency’s permission to burden their property with debts. However, other road maintenance companies, which were solidary debtors for the loan of 25.000.000 did not have the permission of the Privatization Agency, but they had the decisions of their Boards of Directors which were practically enforced. He does not know what the money was spent on but he knows that the loan was not repaid.

Djuraskovic met the conditions for buying PZP “Nis” and he fulfilled his investment obligations, but he does not know what sources he Djuraskovic was doing that. He particularly emphasized the fact that the road maintenance companies with their capital and their businesses could not repay the loan to “Nibens”. He does not know that “Nemetali” shares were sold to “Kappa holding”.

He does not know whether the dividends were paid to Milo Djuraskovic or to “Mera” or whether there were any annexes to the agreement about financial loan because he did not take part in making those decisions. He thinks that PZP “Nis” had no special interest in buying the building in Takovska Street in Belgrade.

The accused Zoran Mihailovic denied having committed the criminal act he is charged with. In his defense he states that after working for many years abroad he met Milo Djuraskovic who, six months later offered him a job in PZP “Nis”. Therefore he started working in PZP “Nis” in 2004 and in the beginning he helped Gasevic in managing the company.

He was familiar with the fact that Djuraskovic wanted to expand the business of PZP “Nis” because Djuraskovic wanted him to bring experts who specialized in civil engineering, mechanical engineering, electrical engineering and so on. Gasevic was very important to Milo Djuraskovic and that is why he did not take his position immediately. Although Gasevic was the director of the company, he made his own infrastructure.

Strategic decisions in the company were made by Milo Djuraskovic, while Gasevic looked for businesses and had the directors of the funds and directorates in smaller towns, such as Svrlijig, Aleksinac, Pirot and Dimitrovgrad to do projects for them. He personally had no connection with credits and loans while credits and loans were reasonable, and Gasevic did his best in managing that. With the passage of time all important decisions were made exclusively by Djuraskovic. Gasevic was in charge of the entire marketing system. He does not exactly what position Gasevic had, whether he was the secretary of the company, the president of the Board of Directors or something like that, but Gasevic was respected and most frequently opposed the owner in reference to all the significant issues for PZP “Nis” and therefore he became the director of PZP “Nis” in summer 2005.

Gasevic was in favour of the tactics of privatizing three “southern companies” and that the company should distance itself and go no further while Djuraskovic thought that they should buy PZP “Belgrade”. Gasevic thought that it was yet another trouble and wondered where they would get the money for that purchase. He found out that Djuraskovic was planning to take a credit, but he himself thought that things might go of well if “Delta” entered this transaction. He learnt from Djuraskovic that Miskovic’s “Hemslade” would enter this transaction and he also learned that the loan would be necessary in order to expand further privatization. Therefore it was necessary to buy PZP “Belgrade” so that PZP “Nis” would become the leader. Milo Djuraskovic negotiated about the terms of the loan.

He was involved in the PZP “Belgrade” privatization and his part of the job was to come to Belgrade, see what PZP “Belgrade” had and what the resources were. Djuraskovic gave these assignments to him, Jevtic and Bora Jelic. Jevtic examined the real estate, Bora Jelic the balances and he (Mihailovic) the machinery, road bases and similar things. They performed the same job for PZP “Vranje”, PZP “Vojvodina put” and PZP “Kragujevac”. In the end Jevtic was the one who spent most time dealing with the privatization agreements.

He does not know how Djuraskovic provided the funds for buying PZP “Belgrade”, PZP “Vranje”, PZP “Vojvodina put” and PZP “Kragujevac”.

In his opinion, with the existing realization, PZP “Nis” could service within five years PZP “Vranje” and PZP “Kragujevac” by their raising and their own realizations, but further realization would have meant a huge burden.

He does not know whether PZP “Nis” could alone service the loan of 25.000.000 euros towards “Hemslade”, but the decision to take the loan was nevertheless brought because Djuraskovic said that the company as the leader would have a great deal of business and that “Nibens” would become company number one in Serbia. The money from “Hemslade” was spent for the specific purpose although the decision of the Board of Directors states that the whole amount would be used for increasing the market share in the road industry of Serbia, acquisition of road mechanization, creating technical and technological conditions for appearing both in the national and foreign markets. The loan of 25.000.000 euros was repaid but he does not know from what funds.

He is not familiar with the details referring to the establishment of the Consortium with the aim of buying PZP “Belgrade”, but he is familiar with the fact that PZP “Nis” was its member. Apart from PZP “Nis”, the members of the Consortium were also “Emissio broker” and “Delta M”, but he does not know the percentage of their stakes. He does not know the reason for making several Annexes which he himself signed in “Emission broke”, but he did not deal more deeply with that part of the job because he knew that “Emissio broker” was Milo Djuraskovic’s broker house. Djuraskovic was Djuraskovic’s financial consultant and Ljiljana Milovanovic, who also worked in “Emissio broker”, was constantly in the supervisory board of PZP “Nis” in order to control its business activities. He also knows Katarina Cerovic and Bosko Markovic from “Emissio broker” because with the two of them as well as with Ljiljana Milovanovic he communicated most of the time in connection with stock exchange activities.

As the director he worked with the employees in charge of the legal department, finances and the broker house, so he does not know anything about the distribution of the fifth emission of PZP “Nis” securities. The decisions of the General Meeting were mostly prepared by Dejan Jevtic with Ljiljana Goranovic but he does not remember this decision because it was Gasevic’s responsibility although Gasevic was no longer the director. He signed the order about selling the shares but he does not know how the price was determined. Someone from the legal department told him to sign the order and Milo Djuraskovic gave the order to the legal department. He does not know the consequences of that sale apart from the fact that the ownership structure was changed in PZP “Nis”. The only person he was responsible to as the director was Milo Djuraskovic.

During the period when he was the director of PZP “Nis” – until the end of 2008 - PZP “Nis” gained profits but he does not know whether those profits were distributed to the shareholders.

He met Marko and Miroslav Miskovic at the annual meetings and he knows that the two of them were the shareholders of PZP “Nis”. Miroslav Miskovic did not interfere with business activities while Marko had absolutely no connection with PZP “Nis”. The only one who had contacts with the Miskovics was Milo Djuraskovic.

He, Gasevic and Bogoljub Nikolic had deposited signatures but he did not deal with the distribution or redistribution of the funds from the PZP “Nis” account. Djuraskovic and Gasevic,

as well as Bogoljub Nikolic, were in charge of that. The final decision about distribution was always made by Djuraskovic. PZP “Nis” had many arrangements with the banks and all those arrangements were approved by the Board of Directors which made the decision according to the text of the bank agreement written by the bank itself.

Only Milo Djuraskovic was able to make decisions about the division of jobs in PZP “Nis”, about the fifth emission of securities, about the number of shares, their value as well as about finding the investor or the known buyer, while “Emissio broker” had its role only if Djuraskovic gave it a specific task. He does not know the purpose of collecting funds from issuing securities in the fifth emission. He does not remember whether he submitted a request to the Commission for Securities for the distribution of securities. He does not know either the purpose for which the funds were used.

He is not familiar with “Focus team revizija” or with the fact that the value of “Nemetali” shares was assessed by Zdravko Raso, whom he does not know. The order for the assessment could have been given only by Djuraskovic. He does not know why PZP “Nis” joined “Sher corporation” by entering the “Nemetali” shares, but he knows that Gasevic objected to it at the time while Djuraskovic explained that all those companies belonged to him. He does not remember signing on 15th May 2006 but he remembers that it was explained to him that both companies belonged to Djuraskovic so that he could simply transfer the shares from one company into the other. He does not remember signing the Agreement about transferring founders’ rights on 7th September 2006 or the General Meeting of the shareholders held on 13th September 2006 in order to make a decision about the already signed agreement.

As the director of PZP “Nis” he had a certain degree of independence concerning the techniques of the business, tenders, appearing in the market, awarding and so on, but he had no independence when it came to making important decisions. He signed such decisions only at Djuraskovic’s order. All the agreements went through the secretary of PZP “Nis” Ljiljana Goranovic, a legal adviser, but the practice was that each act was first checked by her and then by the Board of Directors.

He was not familiar with the sale price of PZP “Nis” shares because it was in the sphere of “Emissio broker”, but he does not know in what way they worked, who gave them orders and how they performed transactions.

He knows that PZP “Nis” had capital losses and that for that reason there was a conflict between Gasevic and Djuraskovic, where Gasevic categorically refused to vote for the decision referring to “Nemetali”. Before 13th September and signing the agreement there was yet another session at which Gasevic also categorically refused to sign, but later on the people from “Emissio broker” persuaded him that it was also possible to transfer shares in this way, while Bora Jelic claimed that there would be no capital losses. After that Gasevic also voted in favour of making this decision.

He advised Djuraskovic to sell his stake in the company to “Strabag”, but Djuraskovic did not take his advice.

The meetings of “Nibens” collegiate board were attended by all the directors of the companies within the system. At those meetings they discussed a certain topic current at the time

and referring to the business activities of those companies, while in the second part of the meeting the discussion was led about income and expenses of each company within “Nibens” system, and then Djuraskovic decided about the way of transferring the funds from one company to the other. His decisions were realized by the analytics. Having in mind that Djuraskovic had the main say, the other members of the collegiate board had no influence on the decisions made by Djuraskovic in reference to possible debts. At one of those meetings there was the debate about the loan of 25.000.000 and Djuraskovic informed all the present at the meeting. Each road maintenance company had its local vision and Milo Djuraskovic saw the global picture so he told the directors of the road maintenance companies that they would continue their business with the aid of this loan.

He does not know whether these strategic decisions were formalized because it was the responsibility of Dejan Jevtic as the main person from the legal point of view.

Aleksandar Stanojevic used to be the director of “Backa put” and in “Nibens” he was in charge of development and technical preparation; Bora Jevtic was in charge of economic matters; Dejan Jevtic was in charge of legal matters, while Djurkovic and Milo Djuraskovic were in charge of financial arrangements. After his leaving PZP “Nis” for “Partizanski put” in 2008, his role and position were taken over by Jovica Stefanovic, the main operational engineer.

Dejan Jevtic participated in making all decisions, agreements and acts or gave instructions about making up a specific act. He was very close with Milo Djuraskovic because Jevtic knew best what Djuraskovic planned and wanted. He does not know whether Miroslav and Marko Miskovic directly or indirectly influenced decision making in PZP “Nis” because he never got such information from Milo Djuraskovic. He knows Risto Ristic and his independence as the director of “Sher corporation” was quite limited because he was the person Milo Djuraskovic trusted and therefore executed Djuraskovic’s orders while he could in no way influence Djuraskovic’s decisions. Milutin Gasevic did his best to influence Djuraskovic’s decisions and practically stoop him and therefore, while making decisions in the Board of Directors, he always had his own attitude as an engineer and a close contact of Ljiljana Goranovic, the legal adviser. He has seen Zoran Kaitovic only twice in his life and does not consider him an important person. He has never met Zdravko Raso and Predrag Filipovic. He is not familiar with the evaluation agency “Conzit”.

He knows that PZP “Nis” owed money to “Sher corporation”.

Djuraskovic wanted to sell the building in Takovska Street and Gasevic objected to that decision insisting that the evaluation should be performed by a court expert, which was subsequently done. As far as he knows, the money was sold on covering liabilities towards the state, different taxes and similar matters and not for recovering “Partizanski put”. He has never heard of “Mercuren group” and as far as he remembers there were certain compensations.

The accused Dejan Jevtic denied having committed the criminal act he is charged with. In his defense he states that he acted solely as the authorized person according to the order and powers of attorney by his parties, and that he voted at the General Meetings at which he was the representative of one of the parties.

He first cooperated with Djuraskovic in 2000 or 2001 when he sold the petrol station to Djuraskovic. They continued their business cooperation and in 2005, during the negotiations with the Privatization Agency about PZP "Nis", he commented on the agreement about privatization. Their cooperation continued in connection with other companies as well. He does not know with what funds Djuraskovic wanted to privatize those companies but he had some knowledge that a loan was in question and that PZP "Nis" had certain financial means. With them PZP "Nis" covered debts towards PZP "Vranje" and obligatory investments were started.

All decisions made by Djuraskovic were only his decisions and he was not involved in decision making except when it came to the legal domain of work referring to the privatizations themselves.

"Hemslade" owned by Miskovic lent money to PZP "Nis" but he did not know the amount of money in question, the purpose of the loan or how those funds were paid out. The content of the agreement with "Hemslade" was in his domain but also in the domain of Ljiljana Goranovic, who was the legal adviser in PZP "Nis". The final decision about determining the price and about obligatory investments was made exclusively by Milo Djuraskovic. He does not know in what period the Board of Directors made the decision about the loan indebtedness or about approval of the loan indebtedness by foreign investors. He knows that Annexes were signed together with "Hemslade" but he is not familiar with any details.

PZP "Nis" agreements were made up by Ljiljana Goranovic together with other legal consultants of PZP "Nis". He does not know who made up agreements referring to the transfer of stakes and shares of the very sale of shares or stakes. He was the member of the Board of Directors in the road maintenance companies but he cannot remember the meetings at which decisions were made about transferring shares and stakes. The agreements about joint action and the process of making the agreement about joint action in enforcement from 2006 between Milo Djuraskovic, "Sher corporation" and "Mera invest" were in charge of the brokers. He knows that at one moment "Mera" entered as the shareholder of PZP "Nis" with 47% or 48%. He does not know how much profit "Mera invest" gained on the basis of ownership over those shares.

He did not attend the General Meeting of PZP "Nis" shareholders at which the decision was made to distribute the fifth emission of securities. He found out later that "Mera invest" had entered as the shareholder into PZP "Nis". He learned that information directly from Djuraskovic while he learned that "Mera invest" was owned by Marko Miskovic from the legitimating documents in "UniCredit bank", only after Zivojin Petrovic, the director of "Mera invest" submitted the documentation to "UniCredit bank".

He knows Zoran Kaitovic because he frequently came to "Nibens". At one moment Kaitovic became the shareholder of PZP "Nis" but he does not know how he became that or whether and how he traded with shares. He does not know either whether Zoran Kaitovic was present at the General Meeting of PZP "Nis" shareholders at which the offer by "Mera" was declined. Zoran Kaitovic had a small number of PZP "Nis" shares but he does not know in what period.

He attended a great number of the General Meetings but then he had the power of attorney for voting. He got the instructions about voting from his superior and he informed him

after the General Meeting. He does not know whose power of attorney he had on 10th July 2008 when he was the president of the General Meeting.

Apart from PZP “Nis”, “Emissio broker” and “Delta M” also took part in the purchase of PZP “Belgrade”. He took part in making the agreements about the Consortium of these legal entities. The stakes of the legal entities in the Consortium was subsequently reduced in the Annex at Djuraskovic’s order. In connection with the agreement about the consortium he contacted the legal department of “Delta M” and also with Katarina Cerovic from “Emissio broker”. The agreement about the consortium was made up by his office but he does not know the stake with which each of the Consortium members participated in the purchase price. The stated agreement was in compliance with the order of the Privatization Agency and the drafts and there was not much room for negotiations. Djurkovic, who was in charge of the economic domain of the job, did not advise him in what way to direct the offer in the negotiations of the five-member committee and the employees of the Agency.

He does not know how the stakes in the form of “Nemetali” shares were transferred from PZP “Nis” to “Sher corporation”. He does not know whether in 2006 “Sher corporation” was his client. He does not know whether Zdravko Raso performed the assessment of the value of “Nemetali” shares, but he knows that Raso worked as the auditor of PZP “Belgrade”.

He was at one of the meetings held in the “Delta” building where the representatives of “Delta” said that they wanted to sign a letter about intentions in order to sell the whole “Nibens corporation” to “Strabag”, but Djuraskovic was against that.

“Mera invest” remained in PZP “Nis” until the sale of 41% shares to “Nibens corporation”. The loan from “UniCredit” bank was taken for the purchase of those shares, and Djurkovic negotiated the terms of the loan, while Djuraskovic, as the owner, made the decision to buy those shares. He never attended any negotiations and agreements between Miskovic and Djuraskovic referring to the purchase of the package of PZP “Nis” shares or participated in defining the terms of the loan granted by “UniCredit bank”. He signed the stated agreement only as the procurator of “Nibens corporation”. The funds from this loan was intended for buying shares from “Mera invest” and “UniCredit” bank granted the loan of 25.000.000 euros with the PZP “Nis” shares as a guarantee. The stated agreement was joined by the road maintenance companies as solidary debtors, but he does not know whether there was a decision by the Privatization Agency for such indebtedness or whether such a decision was necessary. The Board of Directors of PZP “Nis”, at the time when Milutin Gasevic was its president, decided that other road maintenance companies should be solidary guarantors, and because the bank requested that part of the procedure to be observed, it asked for the solidary guarantors. There was no need for “Mera invest” and “Sher corporation” to know about his decision of the Board of Directors. He personally did not negotiate or determine the terms of the loan but the bank estimated according to the business plan of the group and consolidated balance that it was possible to repay that loan. He personally did not submit any documentation to “UniCredit” bank referring to the pledge over shares – that was done by the broker houses.

He is not familiar with the value of PZP “Nis” shares in the stock exchange at that moment but he knows that the value of those shares was assessed. The job concerning the shares was conducted by “Emission broker” as a corporative agent of PZP “Nis”.

Having in mind that in the period when “UniCredit” bank approved this loan he had no contacts with Miroslav Miskovic. He received all the information in the contact with Milo Djuraskovic. He learnt from Djuraskovic that the minority partner Miskovic had unrealistic aspirations since he did not have the evaluation of the state of these companies and it was necessary to make the “financial diligence” in order to realize any business.

The price of 25.000.000 for 41% shares of PZP “Nis” was determined before the segment of the job which belonged to him, and he was familiar with the price before the loan was approved. The financial matters were dealt with by Djurkovic with Djuraskovic’s authorization because it was also Djurkovic’s job and therefore he communicated with the bank and submitted the necessary documentation. According to his findings, Marko and Miroslav Miskovic were not familiar with the fact what the bank would demand and what “Nibens corporation” would give as a guarantee for the loan of 25.000.000 euros. During the purchase of 41% shares there was not enough money for buying the remaining 6% shares and the bank granted a loan of 25.000.000 euros for buying 41% shares and that was the end of the transaction. He does not know whether at that moment there was any delay towards “UniCredit bank”.

He does not know that the bank was asked for a much larger loan or the details of the negotiations and conversations between Milo Djuraskovic and Miroslav Miskovic. The agreement about share purchase closed between “Nibens corporation” and “Mera invest” was made by the brokers because in this concrete case a specific matter is in question. He does not know who determined the elements of the agreement and he did not participate in negotiating them but he only signed the agreement as the procurator of “Nibens corporation”.

His participation in the transaction referring to the loan began after negotiating all the terms of the loan agreement since it could be considered as agreement upon joining, and his domain included the establishment of “Nibens corporation” at the request of the bank and thus also the entry of Djuraskovic’s shares as well as the entry of the shares from the purchase up to 51% in order to constitute collaterals.

The loan was declared due in 2010 although in 2009 certain collaterals were given – “Vatrosprem” and one hall, and the debt was joined by Milo Djuraskovic and “Sher corporation” as guarantors.

The negotiations with the bank in connection with the grace period were led exclusively by Djurkovic. The bank expected the privatizations to be over and to secure the loan by real estate but it did not happen.

He does not know whether the bank after the deadline for privatizations expired and before declaring the loan due addressed the road maintenance companies but he knows that the bank communicated with Djurkovic and with Dejan Simic who was in charge of signing that “sten style” and financial restructuring. They had communication with Dusan Mazir Pajic who was the consultant but he does not know whether the bank addressed them in connection with fulfilling the obligations referring to collaterals.

He communicated with Srdjan Vidovic and possibly with Ivan Rajkovic from whom he received instructions. The establishment of “Nibens corporation” is actually a construction and idea of the bank and neither Marko nor Miroslav had any knowledge referring to it, while Milo Djuraskovic was informed

about it. The idea of the bank was to open a new company so that Djuraskovic would put all his shares into it and into which later on the PZP “Nis” would be entered after being bought from “Mera invest”. He established “Nibens corporation”, executed the entry of Djuraskovic’s shares as well as the entry of the shares bought in the first stage.

“Nibens corporation” was established in 2008 in order to enable Djuraskovic to concentrate his existing shares in one place, to gain the shares of other shareholders as well as the shares he was going to buy from “Mera invest”. The shares were entered and pledged in “UniCredit” bank so as to concentrate the gain on the basis of which the loan would be repaid. He was the procurator of “Nibens corporation” and signed the agreement about the loan in which the conditions were already defined so he acted as technical person.

He did not submit any documentation to the female person in Srdjan Vidovic’s sector and the direct communication with the bank was conducted exclusively by Djurkovic and the financial departments acting upon his orders. The fact that was stated in the application for the loan and referring to the “Strabag” offer of 250.000.000 euros and Djuraskovic’s intention to pay 100.000.000 euros for 41% of PZP “Nis” shares – 25.000.000 from the loan and 75.000.000 from his private funds was, in his opinion, the bank’s projection since “Strabag” was never presented the available documentation. “Strabag” never performed either financial or legal part of the “diligence system” and there were only hypothetical assumptions of the value. He never received any exact data referring to the determined price.

He does not know whether he participated in making the agreement about buying the building in Takovska Street No. 6 between PZP “Nis” and “Merkuren group” but he signed the court settlement as the representative of “Sher”.

The accused Zdravko Raso denied having committed the criminal act he is charged with. In his defense he states that the broker house “Emissio broker” gave him the task to conduct the assessment of the value of the non-monetary stake of “Nemetali” shares which were in the ownership of PZP “Nis” with the aim of registering them in the capital of “Sher corporation”.

He conducted that assessment according to the nominal value of the shares although the value of the shares was higher in the bookkeeping value. He made the assessment according to the nominal price because in this concrete case it was the entry of the non-monetary stake in the company’s capital and in the final conclusion he stated that PZP “Nis”, in case his assessment is entered, would have the capital loss of about 150.000.000. The “Nemetali” shares were the property of PZP “Nis” and they were entered in the nominal value in “Sher corporation“. He was contacted by Bosko from “Emissio broker”, whose auditor he is, and he knows that Ljilja, Bosko and Katarina were the owners of “Emissio broker”. “Emissio broker” had all the financial reports because it was the corporative agent of both PZP “Nis” and “Sher corporation“. “Emissio broker” was the corporative agent of “Nibens group“ and the owner of “Nibens group“ was Milo Djuraskovic. He had no direct cooperation with PZP “Nis”.

The assessment was made for the entry of rights in “Sher corporation“ owned by Djuraskovic, but he does not know whether at the moment of assessment there were any “Nemetali” shares in “Sher”. He assumes that at the moment of assessment he knew whose ownership PZP “Nis” was.

He knew that the task was commissioned by PZP “Nis” but he contacted no one from PZP “Nis”. He got a spoken order to assess the value of the shares and he was familiar with the purpose of the assessment and of the report – that it would be used for increasing the capital of “Sher corporation“.

He made the report about estimated stakes in the rights of PZP “Nis” and with the aim of supplying documentation for registering the equity capital increase of the enterprise for domestic and foreign trade “Sher corporation“ by entering the stakes in rights.

When making the assessment he knew that in the past 3–6 months it was traded with one or two shares whose price in the stock exchange was higher than the bookkeeping price as many as twice or three times, and it was also higher than the price at which he assessed the shares. In practice it happens that the price in the stock exchange is equal to the nominal value. He does not know which price the shares reached in the stock exchange but as far as he remembers the price was between two and three thousand dinars. He does not remember if in the period of 2003, 2004 and 2005 there was any trading with “Nemetali” shares in the stock exchange.

The “Nemetali” shares were still the property of PZP “Nis” although they were entered into “Sher corporation“. It was not possible for PZP “Nis” to transfer its shares onto some other member of the corporation and for PZP “Nis” to leave “Sher corporation“. However, it was possible for PZP “Nis” to transfer its stake onto the other member, and he made the assessment with the aim of entering the stake which could have consisted of a great number of the shares.

In the assessment of the share value it is possible to apply the market, bookkeeping or nominal method, and he opted for the nominal method because the assessment involved the capital of the company. The appraiser is free to use a method for making the assessment but he always starts from the bookkeeping value. The real price of the shares is in fact a real price at which it can be sold in the stock exchange. The bookkeeping value of the shares is actually the value at which they were bought first time and afterwards the price could fall down or go up depending on the effects in the stock exchange. He made the assessment according to the nominal value thinking that at one moment in the future PZP “Nis” would make a capital gain. e He did not use the method of market value as a basic method in this assessment and he submitted his report to “Emissio broker” but he does not know whether he was paid for making this report.

It was also possible to determine the real value and to enter the PZP “Nis” shares as equity capital into “Sher corporation“ at that real value.

There would not have been any capital loss if his bookkeeping method had been used in assessment. His assessment was lower than the bookkeeping value but he stated in the report that there would be a capital loss. He did not want to use the bookkeeping value in making this report and he informed Boskovic from “Emissio broker” who did not object. No one ordered the precisely determined value of the shares and he does not know whether his assessment was later used at all. PZP “Nis” could independently of his assessment enter the shares at some other value.

He does not know whether these shares were traded in the stock exchange.

He has never met Miroslav and Marko Miskovic, Milo Djuraskovic or the other accused persons.

The accused Predrag Filipovic denied having committed the criminal act he is charged with. In his defense he states that in 2008 he was the authorized person in “Delta broker”. As for the business activities of “Mera Investment Fund” he communicated exclusively with the office from Cyprus, primarily with Tatyana Ieronimides with whom he agreed about the technical realization of certain matters from the broker sphere. “Delta broker” was established 100% by “Delta Real Estate” owned by “Hemslade”, and therefore he communicated with Tatyana Ieronimides according to the hierarchy. Until 2009 he was the director of “Delta broker” and from 2009 to 2011 he was the director of “Delta investment” which was the dependent company of “Delta broker”. At the moment he is employed in “Univerzal bank”.

In September 2008 he was contacted by Tatyana Ieronimides who asked him to find the appraising company for the assessment of the PZP “Nis” shares. He contacted Gordana Blagojevic from “Conzit” in order to see whether “Conzit” did such type of evaluation and on that occasion he informed her that the assessment was asked by “Mera invest” with the aim of increasing the capital since Tatyana Ieronimides gave him that information. His role was of purely technical nature.

In his contact with Tatyana Ieronimides he saw that there was trading in the stock exchange and he examined the period from 3 to 6 months, but he did not find out how many shares were traded with in that period or which was their value. Tatyana Ieronimides asked him whether the appraiser can make the assessment on the basis of trading in the stock exchange and he took her question as an order. Apart from the formal request by “Mera invest” from the Dutch Antilles to make the assessment he was also formally requested to make the assessment for Milo Djuraskovic too and he was commissioned to make that assessment by Tatyana Ieronimides. He does not know the relation between Tatyana Ieronimides and Milo Djuraskovic and he got oral requests from Tatyana Ieronimides.

Through his insight into the stock exchange he did not state the range of trading or the fact that only 37 shares were traded with in the period of 3 to 6 months, and he thinks that trading 37 shares during 12 days, taking into account the fact that there had been no trading for two years before that, can be considered as regular trading in the stock exchange.

“Conzit” is the appraising house which cooperated with “Delta” for a long period of time and that is why he addressed Gordana Blagojevic. He himself did not give either written or spoken order to “Conzit” or Gordana Blagojevic referring to the stated assessment. “Conzit” sent the offers for making the assessment to “Delta broker” and later on those shares were sent to Tatyana Ieronimides. The content of that offer referred to the assessment made by the methodology of having insight according to trading in Belgrade Stock Exchange. He informed “Conzit” that Tatyana wanted the assessment to be in this very manner. The offer also included the price and methodology of assessment and methodology of assessment was in fact the calculation of the pondered value of 3 to 6 months. “Conzit” submitted to his associates the agreement which was signed and returned to Gordana in “Conzit”, and he personally had no insight into who signed it but he assumes that it was one of the authorized lawyers. As far as he remembers, the agreement for Mister Djuraskovic was signed by Djuraskovic himself. He personally had no role referring to the signing of these agreements because that part of the job was done by Katarina Petrovic.

The assessment was used for “Mera Investment Fund” with the aim of increasing the non-monetary capital in “Mera invest” and because of the transfer from “Mera Investment Fund” from the

Dutch Antilles onto the daughter company “Mera invest” PLC Belgrade. He does not know why Milo Djuraskovic needed this assessment. According to him, the report which was made for Milo Djuraskovic and the report which was made for “Mera invest” did not differ in their contents. “Delta broker” submitted the reports but he cannot definitely claim whether the reports were submitted to the lawyer in Belgrade or directly to Cyprus.

The cost of making these assessments were borne by the ones who ordered them and it was not done through “Delta broker”.

The stated reports were not submitted directly to the ones who ordered them but to “Delta broker”, which forwarded them. He does not know why in the report itself the date was put as the end of June having in mind that the order was given in September. He does not know either why the assessment was made for Milo Djuraskovic or why it went through “Delta broker” and not through “Conzit”.

When submitting the documentation he contacted Zivojin Petrovic who was the director of “Mera investment” from Belgrade and he forwarded the documentation to the Central Register when reposting the purchase. He realized the tasks he got from Cyprus office which functioned as a holding office managing Miskovic’s offshore companies. The final owner of “Mera” from the Dutch Antilles was Marko Miskovic.

“Delta broker” made the reposting of the shares in the Central Register with “Mera Investment Fund” from the Dutch Antilles onto “Mera invest” from Belgrade and he knows that the shares were entered on the basis of the stated report about the assessed value. He remembers that it happened in October.

Mera Investment Fund” and Milo Djuraskovic had an agreement about joint action referring to the offer to take over the shares because it was a precondition for giving the offer after the fifth emission. “Delta broker” did not participate in the distribution of the fifth emission of the shares of in the takeover of the small shareholders’ shares, and he is familiar with this data because Tatyana from Cyprus submitted all the status documentation to “Delta broker” which then forwarded the documentation to “Emissio broker”. The owner of “Emissio broker” was Milo Djuraskovic.

He received the information about the capital increase in PZP “Nis” only after the General Meeting when he got the complete registration of the company from the Antilles and forwarded it to “Emissio broker” together with the power of attorney to lawyer Ilija Drazic who then signed the registration and other documentation referring to the entry and payment. “Mera Investment Fund” bought 47% shares through this fifth emission.

He does not know whether the shares were bought from the small shareholders or who gave the offer because this job was not done by “Delta broker”. According to his findings “Mera Investment Fund” from the Dutch Antilles did not change its percentage of stake in PZP “Nis” from the moment of buying 47,59% shares.

PZP “Nis” shares transferred to “Mera invest” PLC were recorded and later 41% or 42% were sold to” Milo Djuraskovic’s “Sher corporation at the price of 110 euros per share.

In the open shareholding company the price of the share when giving an offer for the takeover, is influenced by the prices at which the bidder gained the shares. The highest price is

taken or the price on the last date before stating the intention of giving the offer, or the pondered price during last three months. In a closed shareholding company there are no such conditions referring to the price.

The stated assessment could be performed according to the pondered price of the overall capital of a certain business company which would then be divided by the number of shares in order to determine the value of the share.

The bookkeeping value is a calculation category which is actually the balance of data which express the overall capital of a company divided by the number of the shares and thus the bookkeeping value may in fact be used only as information. The nominal value of the share is the value the share has at the moment of its issuing and with the passage of time companies either have gains or losses expressed in balances. Therefore if the gain is accumulated, the very bookkeeping share is worth more and in case there is a loss, and if that loss is not higher than the equity capital, then the bookkeeping value is positive. The market value is actually what determines the value of the shares.

He rarely cooperated with Miroslav Miskovic. He met Marko Miskovic on one occasion. He knows Zdravko Raso, but he does not know Milo Djuraskovic, Risto Ristic, Milutin Gasevic, Zoran Mihailovic Zoran Kaitovic and Dejan Jevtic.

The accused Zivojin Petrovic denied having committed the criminal act he is charged with. In his defense he states that he was the director of “Mera invest” PLC at the time when “Mera” capital was entered and increased by its founder “Mera Investment Fund B.V.”. As the director he hired reliable bookkeeping and auditing houses with certificates and licenses and thus for the bookkeeping activities he hired “Camastra” and for auditing – “Privredni savetnik”. He did not consult either “Camastra” or “Privredni savetnik” about the founder’s decision to enter the shares into “Mera” but they were familiar with that decision through the Serbian Business Registers Agency and did not warn him about the need to pay the tax. “Camastra” was in charge of applying the collective tax return and he does not know who was in charge of submitting that tax return. He does not remember whether he submitted subsequently a tax return when the shares were later sold to “Nibens corporation” and the auditor positively evaluated the business activities. He was in charge of submitting tax returns. He never consulted anyone about whether tax returns should be submitted or not. He never talked to Marko Miskovic about tax returns.

The accused Jadranka Bardic denied having committed the criminal act she is charged with. In her defense he states that she is the owner and responsible person of “Camastra” which did bookkeeping for “Mera invest” PLC from 1st October 2008.

According to the agreement with “Mera invest” PLC as the employer, the employer is responsible for accuracy, validity and lawfulness of businesses and documentation as well as of documentation about business changes submitted to the bookkeeper. The amount of the non-monetary capital in shares, or 25.000.000 euros in the books she showed as 1.913.000.000 dinars. She reached this amount on the basis of the mean rate of exchange on the date when the decision was made. As for the documentation, she received the decision of “Mera Investment

Fund B.V.” from the Dutch Antilles and the decision of the Serbian Business Registers Agency. She did not have the information that “Mera Investment Fund B.V.” had paid the shares it entered into “Mera invest” PLC. No one asked her advice or opinion about paying or not paying taxes while entering and increasing the equity capital in “Mera invest”. She did not treat it as the entry with compensation but as recapitalization, or the exchange of the shares for stakes.

She treated the entry of 1.913.000.000 dinars as the exchange of the shares for stakes and as actually paid, and such an entry was, according to the informal opinion by the Ministry from 2002 treated as entry without compensation. At the moment of recording she had no document stating that “Mera Investment Fund B.V.” had paid 9.000.000 euros and she does not know whether tax should have been paid for that difference.

According to her, by 2009 there was no opinion opposite to this one and she refused to answer whether the opinion she applied was contrary to the law in force in 2008. She did not ask from “Mera invest” PLC the document from which she would see that the shares had been paid since she did not know she needed that document.

She treated as the acquisition price the entry registered in the Serbian Business Registers Agency according to the decision of “Mera Investment Fund B.V.”, or the amount of 1.913.000.000, and as the sale price she wrote the amount of 1.941.000.000 paid by “Nibens corporation” to the account of “Mera invest” PLC. When she recorded the sale of the shares to “Nibens corporation”, the only document she received was the agreement between “Mera invest” PLC and “Nibens corporation”.

From “Mera invest” PLC she most frequently contacted the officers in the accounting department Ana Radonjic, Nikolina and Marija.

My opinion is that the defenses of the accused are directed towards avoiding criminal responsibility and also that they were denied by the statements of the interrogated witnesses, by written documentation which was recommended to be read in the evidential procedure, and also by the findings and opinion of the court expert specializing in economy and finances.

The following people were interrogated as witnesses: Ivana Veselinovic, Katarina Cerovic, Ljiljana Milovanovic, Slobodan Jovanovic, Tatiana Ieronymides (Tatjana Jeronimides), Bosko Markovic, Ana Petkovic, Ilija Drazic, Dragica Mircetic, Zoran Kaitovic, Katarina Petrovic, Tomislav Milovanovic, Gordana Blagojevic, Ivan Smiljkovic, Ljiljana Goranovic, Jovica Stevanovic, Bogoljub Nikolic, Goran Djurkovic, Ivana Rajkovic, Srdjan Vidovic, Zeljko Kistic, Sanja Ilic-Vidic, Svetlana Cerovic, Igor Petkovic and Branislav Radovanovic.

Witness Ivana Veselinovic states that she was the director of “Delta M” by 1st April 2005 and that afterwards she went to “Delta Holding” where she worked by 2007. The founder and owner of “Delta M” is “Hemslade Trading Limited”, founded and owned by “Hitomi” and the owner of “Hitomi” is Miroslav Miskovic.

“Delta M” signed the Consortium and it was a member of the Consortium as a financial investor and not as a strategic partner.

In “Delta” there was no debate about “Nibens” and the road maintenance companies; there were never meetings with that topic and no discussion at collegiate meetings as was the case with other investments. The participation in the Consortium was simply the investors’ decision to join the Consortium which had the intention of buying the road maintenance company.

Her job was to coordinate between executive departments which were preparing documentation and information on the basis of which Miroslav Miskovic made decisions and later those departments realized agreements Miroslav Miskovic achieved in a concrete case.

She does not remember whether Miskovic directly informed her that entering this Consortium was a financial investment or she herself reached that conclusion. The financial investment itself is practically investing money and waiting for it to bring benefit and how much benefit it would bring depends only on the market. Financial investment has nothing to do with management because a financial investor is practically only the owner of the money and therefore it is equal to putting money into the bank.

The idea about “Delta M” participating in the Consortium was given by Miroslav Miskovic and he informed her that she should sign the agreement. She does not remember in which way the decision itself reached her because there were a great many agreements being made by the expert departments of “Delta”. The legal department engaged lawyers’ offices specializing in specific type of business and with their aid they made up agreements she signed but she cannot tell which agreement was made up by a lawyers’ office and which by the legal department. She signed that agreement but she does not remember where and whether that signing was attended by other members of the Consortium. She is not familiar either whether and in what “Delta M” financed the purchase of PZP “Belgrade” in the percentage stated in the agreement about the Consortium or that the percentage was later reduced to 1%.

She does not remember having contacts with the representatives or owners of PZP “Nis” or “Emissio broker” and she does not know who exactly is “Emissio broker” while she knows Milo Djuraskovic from “Nibens group”. She does not know whether there were any annexes made up later but she knows the purposes of establishing the Consortium. She does not know which offer was made by the Consortium for the purchase of PZP “Belgrade” or in what way the finds were provided.

All decisions in “Delta Holding” were made by Miroslav Miskovic, where “Delta Holding” consisted of five “mini holdings” with their own executive directors and departments. Executive directors of the “mini holding” departments could not make a decision or realize it if Miskovic did not approve of it, but still Miskovic himself did not make decisions without consulting all the departments so that decisions were the product of teamwork. The final decision making was up to Miroslav Miskovic, but the preparation and source of information as well as documents came from the Delta M” departments. The same happened with making this concrete decision. “Delta M”, as far as she knows, did not make any gain on the basis of the financial investment by participating in this Consortium and did not have its representative in any of the management bodies. She does not know that departments took part in the final decision by Miroslav Miskovic to establish the Consortium and begin the purchase of PZP “Belgrade”.

Witness Katarina Cerovic has stated that she has been employed “Emissio broker” since 2009 and that in 2008 she became the associate while Ljiljana Milovanovic became the director of the company.

The owners of “Emissio broker” are 2 legal entities: “Sher corporation” and Construction Enterprise GP “Standard” and 4 physical entities. GP “Standard” had 11%, she as a physical entity 7%, Ljiljana Milovanovic 12% or 13%, Bosko Markovic 14%, and Biljana Cerovic 6%, while the remaining part was the ownership of “Sher corporation”. The representative of “Sher corporation” at the General Meeting of “Emissio broker” shareholders was Risto Ristic.

The General Meeting of “Emissio broker” made a decision to buy off the documentation of PZP “Belgrade” but she does not remember who concretely proposed that. “Emissio broker” learnt from “Sher corporation” that there was a possibility of participating in a tender and therefore it was necessary to collect documentation but she does not know who concretely from “Sher corporation” said that to “Emissio broker”. The documentation was bought off on behalf of “Emissio broker” and the funds were provided from their account.

After buying off the documentation, “Emissio broker” submitted it to “Sher corporation” although at that moment there was no agreement between - “Sher corporation” and “Emissio broker” about establishing the Consortium. “Emissio broker” itself bought the documentation although it had no conditions for the purchase of PZP “Belgrade” on the basis of that tender documentation for the purchase of the company and although it had no references for the purchase of that company.

“Emissio broker” was not engaged by anyone for buying the tender documentation of PZP “Belgrade” but that decision was made at the General Meeting. This broker house had no concrete interest in entering PZP “Belgrade” or in buying PZP “Belgrade” through the Consortium, but “Emissio broker” first bought the tender documentation and then got 1% in the Consortium. She personally, as the director of the company, signed the Agreement about establishing the Consortium, but she does not know the details referring to the participation of “Emissio broker” in the Consortium because it was the responsibility of Bosko Markovic, the manager, and later the controller in “Emissio broker”. According to her findings, he took part in the general meetings but she does not know whether his participation was based on giving advice.

She does not know who proposed the establishment of the Consortium or who established it. “Emissio broker” did not provide funds for entering the Consortium – the road maintenance company PZP “Nis” paid their stake of 1%, but she does not know why. She is not familiar either with how the stake of “Emissio broker” in the Consortium subsequently reduced or whether “Emissio broker” had its representative at the General Meetings of PZP “Belgrade”.

Broker house “Emissio broker” did not participate as adviser at the General Meetings of PZP “Nis” or gave any advice referring to the fifth emission of PZP “Nis” shares. Moreover, “Emissio broker” did not participate in the transfer of “Nemetali” shares from PZP “Nis” to “Sher corporation”.

Bosko Markovic, Ljiljana Milovanovic and she had contacts with the persons from the Commission for Securities because the work of all the broker houses is closely connected with the Commission for Securities. She cannot definitely say whether Ljiljana Milovanovic too was in the

supervisory board of PZP “Nis”, but she knows that Ljiljana Milovanovic was in certain supervisory boards. She does not know her role in those supervisory boards.

Witness Ljiljana Milovanovic has stated that since 2003 she has been employed in “Emissio broker” as the manager and that she has done different jobs in this broker-dealer company. The greatest shareholder of “Emissio broker” was Milo Djuraskovic with 90%, or 49,7 % while other shareholders were GP “Standard”, herself, Bosko Markovic and Biljana Cerovic.

At the moment when Milo Djuraskovic addressed it “Emissio broker” was a shareholding company and thus it turned to the Board of Directors. After that the decision was made to buy the tender documentation and “Emissio broker” as a broker-dealer company had right to it. At that moment the director of “Emissio broker” was Katarina Cerovic, while she herself and Bosko Markovic were managers. “Emissio broker” bought the documentation with its own money although “Emissio broker” was not supposed to buy PZP “Belgrade”. At that moment she did not know that “Emissio broker” would become one of the members of the Consortium. They submitted the bought documentation but she does not remember who to.

She does not know who and in what way came up with the idea of establishing the Consortium in which “Emissio broker” would have 1% shares or why the Consortium was established. She does not remember whether “Emissio broker” made a decision to enter the Consortium before signing the agreement or whether other shareholders discussed that.

“Emissio broker” did not pay for its stake in the Consortium but it was done on its behalf by PZP “Nis”, while “Emissio broker” did not cover this debt to PZP “Nis” because the debt of PZP “Nis” to “Emissio broker” was twice as high.

She does not know how the percentage of the “Emissio broker” stake in the Consortium was later changed. “Emissio broker” was in the ownership structure of PZP “Belgrade” until the breach of agreement about privatization.

The constitutive session of the Supervisory Board of PZP “Nis”, whose member she was too, was held in July 2004 and in September a session was held about the reports this company made according to the Law on Securities. Afterwards there was a session at which the final statement was prepared and another session for approving the inventories and in the end the final report of the Supervisory Board was presented to the General Meeting. The Supervisory Board did not give any reports outside the findings of the auditing house because their judgment was based on the report by an external auditor. She is not familiar with the decisions of the Board of Directors of PZP “Nis”.

In open shareholding companies capital increase can be achieved through the emission for all the buyers or through the emission for the known buyer or professional investor, and in this concrete case the Commission for Securities accepted the potential buyer as the professional investor. She is not familiar with the way and the reason of calling the fifth emission of securities of PZP “Nis”.

She does not know which broker concretely did the job referring to the fifth emission of securities but she knows that the Commission accepted the complete documentation, including the documentation of “Mera invest” as the buyer and professional investor. She does not know on what basis the Commission decides whether a buyer is a professional investor and on what basis it recognizes him as a professional investor.

“Emissio broker” took part in the subsequent sale of the shares of the issuer PZP “Nis” between “Mera invest” and “Nibens corporation” because “Nibens corporation” as the buyer in that transaction gave the order to “Emissio broker” and it forwarded the order to “Delta broker” which realized the whole procedure.

She does not remember whether “Emissio broker” gave its opinion concerning the takeover of PZP “Nis” shares within “Sher corporation” between PZP “Nis” and Milo Djuraskovic.

She does not know whether “Emissio broker” took part in making up the Agreement about joint action between Milo Djuraskovic, “Sher corporation” and “Mera Investment Fund” and the Agreement about joint action in enforcement referring to the purchase of the fifth emission. Moreover, she does not know whether the bank asks a certain assessment of the share value when approving the loan funds with the purpose of buying those shares.

All activities performed by a broker-dealer company are under strict control of Belgrade Stock Exchange, the Central Register and the Commission for Securities. The consultant services by “Emissio broker” referred to the way of bringing decisions in order to adjust them to the types of decisions the Commission for Securities demanded.

Witness Slobodan Jovanovic has stated that he was the director of PZP “Belgrade” from April 2004 and that he remained in that position until the privatization on 1st September 2005. After the privatization he was the director and also the manager according to the decision of the owner Milo Djuraskovic. He stayed in that position until 18th March 2008 when he became the director of “Nibens group”.

The prospect of selling PZP “Belgrade” was announced in 2004 and the tender itself was held at the beginning of 2005. Since he was interested in who will buy PZP “Belgrade”, he found out that there were three offers for the purchase of PZP “Belgrade” – by “Emissio broker”, by “MPC” and by “Alpine”, with which PZP “Belgrade” had already cooperated. The commission was formed consisting of two employees of PZP “Belgrade”: the financial director and the president of the union and as far as he remembers there was also a representative of the relevant Ministry and two representatives of the Privatization Agency. The process of opening the tender occurred in two stages: the first one was opening the references and prices but there was a certain delay in opening the references since “MPC” did not have them. He personally was not entitled to attending these commissions because he already received the information from his associates. As far as he can remember, “Alpina” offered 6,7 or 7.000.000 euros for PZP “Belgrade” while the Consortium of “Delta M” and PZP “Nis” offered 18,8 million euros.

He does not remember whether the evaluation of PZP “Belgrade” was performed but they themselves already knew how much that enterprise can be worth since they knew what it possessed. The value of PZP “Belgrade” at that moment was maximum 10.000.000 euros and he formed that opinion on the basis of the value of its mechanization, property and status. In 2004 PZP “Belgrade” had large claims and debts, primarily towards “Putevi Srbije” and twenty days before submitting the tender the financial delegation of “Alpina” directors visited PZP “Belgrade” in order to examine the financial situation in PZP “Belgrade”. PZP “Belgrade” was also visited by the people from “Emissio broker”, a certain Bosko and a woman but he never cooperated with them. That part of the job was done by Natasa Atanackovic who was the financial director of PZP “Belgrade”. These meetings were held in the stage of preparing the tender and in that period no one knew who was behind “Emissio broker”. He

found that out later from Dejan Bulajic as the technical director. He does not remember how long the preparation stage exactly lasted and he contacted “Alpina” most of the time because “Alpina” had its seat in PZP “Belgrade”. He had no contact whatsoever with the Consortium itself in any privatization stage.

After the companies bought off the tender documentation they were obliged to submit their offers in a short period of time. At Milo Djuraskovic’s initiative they had contacts and saw one another several times and that is how he found out that the members of the Consortium were PZP “Nis” and “Delta M”. He saw a document stating that PZP “Nis” had 99% stake in the Consortium while “Delta M” had 1%. At the meeting they held before submitting the offers, initiated by Djuraskovic, he found out that Djuraskovic wanted to collect certain information and on that occasion he told him that the value of PZP “Belgrade” was maximum 10.000.000 euros.

Since he worked for a long time in the road maintenance companies, he met Milo Djuraskovic in 2003 and afterwards they saw each other once or twice. Then they made a “gentlemen’s agreement” about a joint venture in case there was a good job in the market.

He saw Miroslav Miskovic for the first and last time when he met him through Milo Djuraskovic. That meeting was, apart from himself and Djuraskovic, attended by Zoran Mihailovic and Marko Miskovic. At that meeting Djuraskovic introduced him as the director of PZP “Belgrade” and after some time Miskovic addressed him. He was interested in his opinion about PZP “Belgrade” and Miskovic himself was well informed about all business activities of PZP “Belgrade” and its cooperation with “Alpina”. Then Miskovic told him that the payment would be effected in the following two months and that he together with Djuraskovic would see whether he would replace the director of PZP “Belgrade” because Miskovic obviously considered him as “Alpina” man.

He received the information about PZP “Nis” winning the tender from his associates but no one mentioned either “Emissio broker” or “Delta M”.

During the period when he was the director - manager of PZP “Belgrade” until his resignation on 1st September 2009 he considered Milo Djuraskovic as the only owner of PZP “Belgrade” and had communication only with him. He did not communicate with either Marko or Miroslav Miskovic. As the manager he did not deal with the recapitalization of the road maintenance companies.

All decisions concerning the participation in the tender, where and how it will be done were made by Milo Djuraskovic, but in his opinion Djuraskovic himself could not reach those decisions without expert people who worked in the road industry for a long period of time, primarily Sasa Stojanovic, Milutin Gasevic and Zoran Mihailovic.

“Nibens corporation” became a large group but there were turbulences in the market, so on many occasions he had arguments with Djuraskovic because of the bad financial situation in “Nibens”. Djuraskovic persuaded him that they would easily go out of the crisis, that he had a group of financiers monitoring the situation and so on. Milo Djuraskovic told him several times that he had seen Miskovic because of the consultations to see what to do and how to solve the existing problems, but he never asked him what they had concretely discussed.

Until its privatization PZP “Belgrade” regularly covered its liabilities both to the employees and to others. It was never in the blockade or gave loans. It did not buy anything but mechanization. At the

beginning of the privatization of PZP “Belgrade” and then with its entering “Nibens group” problems arose due to the fact that PZP “Belgrade” was a huge transaction for PZP “Nis”.

Within “Nibens group”, in the premises of “Nibens” there were monthly collegiate meetings attended by seven or eight managers and presided by Milutin Gasevic, and they discussed business activities, problems as well as consequences of not performing certain businesses or in case they failed to help one another.

In an informal conversation Milo Djuraskovic told him to go to the appointed meeting with Minister Dinkic because of the problem arising from the attempt to buy “Vencac”. The meeting was attended by Mrs. Grubjesic and Dinkic asked him if he knew what was happening with the company whose director he was and whether he had been told by the owner that the company was to be sold. Dinkic told him that the owner of that company was Miroslav Miskovic. He informed Milo Djuraskovic about this meeting in full detail whereas Djuraskovic did not have that information at the time and did not believe in it. After some time Djuraskovic confirmed that this information was true and that “Nibens corporation” was being sold to “Strabag”. He himself was in favour of selling to “Strabag” but Milo Djuraskovic told him that he would be the sole owner of Nibens group” and that Miskovic would not have its stake there. He did not talk with Djuraskovic about the way in which he wanted to do it.

He was in charge of everyday finances in PZP “Belgrade” together with Zoran Drobnjak who was his first associate while Natasa Atanaskovic was the financial director and Verica Tomic was her assistant. The financial policy of PZP “Belgrade” was exclusively the responsibility of “Nibens group” whose members were Milo Djuraskovic, Djurkovic and later Bogoljub and Gasevic. PZP “Belgrade” and PZP “Kragujevac” were sometimes in a better financial situation than the others in “Nibens” and therefore helped the others.

He is not familiar with guarantees being given or with the agreement with “UniCredit” bank because it was the responsibility of the financial director. As the manager he did not deal with the recapitalizations of the road maintenance companies.

Witness Tatyana Ieronimides has stated that she is the director of “Hemslade Limited”, a holding company dealing with international trade with the headquarters in Cyprus and that she has been employed in this company since 1991 and in the position of the director since 2005. Bookkeeping was done by company “One words” and auditing by company “BDO”. The owner and founder of “Hemslade Trading Limited” is “Hitomi Financial” with the headquarters in the British Virgin Islands, while its shareholder is Bolto Ninomininis, who keeps this company in trust for Miroslav Miskovic. In 2005 the director of “Hemslade Trading Limited” was Miroslav Miskovic who stayed in that position until 2010. “Delta M” is one of the companies owned “Hemslade Trading Limited”.

She realized the decisions of the company founder and its Board of Directors where the decisions were made by Miroslav Miskovic and she reported to him mostly in spoken form.

In May 2005 Miroslav Miskovic called her and told her that “Hemslade Trading Limited” should give to “Nis” a loan in the amount of 23.000.000 euros. In June the 20.000.000 euros was paid while the second part of 3.000.000 euros was paid in August. The loan was made according to the market

conditions and for its use the interest was determined consisting of 3% fixed part and of the variable part – Euribor, or the reference interest rate, but she does not know who defined the terms of the loan or where the loan was made. The entire loan was repaid by the end of April 2009 with the belonging interest but she does not know from what funds. The money “Hemslade” placed in the market through this loan was received from selling “Delta bank”.

She had no contacts with anyone from PZP “Nis” in connection with signing this agreement. Later on there were annexes made to this agreement referring to the change of the payment date by PZP “Nis”, but she does not know who made those annexes. The loan given by “Hemslade” to PZP “Nis” was not guaranteed but it was approved by Miroslav Miskovic and for her it was the best guarantee.

At the end of March 2006 Miroslav Miskovic called her and told her that it was necessary to organize a structure in which a fund will be established as a professional investor and which will gain the shares of PZP “Nis”. After this conversation she contacted Swiss company “Veco Trust” and it went on with further organization. “Mera Investment Fund” was founded by “Armi kop”, which means that it was actually a company controlled by “Veco Trust” and later “Parmidoli” took over “Mera investment fund” whose responsible person was **Colts Nomini** while “Veco Trust” managed the company itself. “Parmidoli” is a Panama company owned by “Veco Trust” on behalf of Marko Miskovic.

According to her there was no direct business contact between “Hemslade” and “Mera Investment Fund” but there was direct business contact between “Hitomi” and “Mera Investment Fund”. Namely, “Hitomi” gave a loan to “Parmidoli” in the amount of 9.000.000 euros at the initiative by Miroslav Miskovic who made that decision and then “Hitomi” gave a loan to “Parmidoli” according to the market conditions while afterwards “Parmidoli” gave a loan to “Mera”. “Hitomi” had the money for this loan because it is the owner of “Hemslade”, and “Hemslade” had the money from selling the bank and thus paid the dividend to “Hitomi”. There was no special reason for introducing “Parmidoli” into the series between “Hitomi” and “Mera Investment Fund” but it was a business decision and the organizational structure of the company itself. As far as she knows, apart from the amount of 9.000.000 euros there were no other business relations or transfers of loans from “Hemslade” or “Hitomi” through “Parmidoli” into “Mera”. “Parmidoli” is still the owner of “Mera” and exists as a company but the credit relations have not been completed yet. She does not know the connection between payment of 9.000.000 euros and repayment of “Hemslade” loan.

She cannot remember whether the same conditions existed between “Hitomi” and “Parmidoli” and between “Parmidoli” and “Mera”. The amount of 9.000.000 euros was intended for the purchase of 47% shares of the road maintenance company through the fifth emission and it was used for this transaction.

All decisions in “Mera Investment Fund” concerning all transactions were made by Miroslav Miskovic. “Mera Investment Fund” itself, apart from these shares, owned nothing else because it was founded exclusively for the purpose of buying these shares.

She communicated with the lawyers’ office Drazic because they had the power of attorney in Belgrade. As far as she knows the lawyers’ office of Ilija Drazic was given the power of attorney by **Colts Nomini** at the order of Miroslav Miskovic. Miroslav Miskovic did not tell her what lawyers to hire and he never made such decisions so she had a certain degree of independence in that

respect. The communication between “Veco Trust” and Belgrade went via her. She did not have contacts with the people from PZP “Nis”. She knew that PZP “Nis” had shares in the stock exchange – that it was listed.

“Mera Investment Fund” je professional investor on the basis of the Memorandum and this company can deal only with businesses it was founded for. It means that it can only buy shares listed or not listed in the stock exchange and invest, but not deal with trading those shares. She does not know whether the Memorandum on the basis of which “Mera Investment Fund” presents itself as a professional investor was submitted to the Serbian authorities or the Commission for Securities.

Moreover, she does not know whether there was any agreement among Miroslav Miskovic, Marko Miskovic and Milo Djuraskovic concerning the business activities of the road maintenance companies.

“Mera Investment Fund” had no management role in PZP “Nis” and she knows that it had its representative at the General Meetings of PZP “Nis” – lawyer Ivan Smiljkovic who submitted the report on his work and the documentation referring to the General Meeting to the director in order to be given the power of attorney. Marko Miskovic had no role whatsoever in “Mera” itself although he owned the shares of “Parmidoli”,

She does not know if “Mera Investment Fund”, apart from PZP “Nis” shares, also owned the shares of some other companies and she does not know the purpose of “Mera Investment Fund” entering into PZP “Nis” or whether it took the dividend.

“Mera Investment Fund” changed its seat in 2009 and on 20th March 2009 the Cyprus Agency issued a temporary solution and then on 1st June a final solution. Therefore “Mera Investment Fund” started functioning as a Cyprus company only on 1st June 2009. She does not remember the reason for this move. “Mera Investment Fund” is an active company in the sense of its existence but it has no employees. Its only property, since it is a holding company, is actually “Mera invest” PLC. Kristakis Mirantus and Jelena Naralambus are authorized to sign on behalf of “Mera invest” from Cyprus.

“Mera” from Cyprus had a certain income on the basis of its ownership of the shares through the dividend. That is how it repaid the loan to “Parmidoli” and then “Parmidoli” to “Hitomi”, which occurred during 2008. “Mera invest” PLC was founded because Miroslav Miskovic said that he wanted to sell the road maintenance companies’ shares and the money from those sales to remain in Serbia. At the moment when he informed of that decision, the shares were in the ownership of “Mera Investment Fund” and she does not know what the current price of those shares was. She contacted Predrag Filipovic from “Delta broker” in order to make the evaluation of the shares which were to be entered into “Mera invest” PLC and for the purpose of the financial report itself. She does not know whether before this conversation with Predrag Filipovic there was any trading with the PZP “Nis” shares in Belgrade Stock Exchange. As far as she remembers the assessment was made by company “Conzit” and she communicated only with Filipovic concerning this and had no contacts with Milo Djuraskovic. She cannot definitely tell whether she asked only for the pondered price of the shares but she thinks that it is possible. She does not know that immediately before this assessment 37 shares had been traded within 12 days between Milo Djuraskovic and one shareholder. She does not know who determined the purchase price of those shares or the parameters for determining the price. She does not know either the reason why Miroslav Miskovic decided to sell those shares. At

that moment there was no special reason for selling only 41% of the shares and not the remaining 6,59% at the price of 110 euros per share. Those 41% of the shares were bought by “Nibens corporation” but she does not know from what funds.

Witness Bosko Markovic has stated that he was employed in “Emissio broker” since 2003 and that he worked in this broker house until 1st October 2011, first as the manager and later as the internal controller of “Emissio broker”. He currently works in the Chamber of Commerce.

“Emissio broker” was established in 2002 and its owners are “Sher corporation” with 49,7 or 71%, Katarina Cerovic with 8%, GP “Standard” with 11%, Biljana with 6% and he himself with 14% of the shares. “Focus team” was a long-term auditor of “Emissio broker”.

At the beginning of 2005 Milo Djuraskovic, the owner of “Sher corporation”, came to this broker house and told them that “Emissio broker” should buy the tender documentation with the aim of participating in the purchase of PZP “Belgrade” although he was familiar with the fact that “Emissio broker” does not fulfill any conditions stated in the announcement for buying tender documentation so he insisted on holding a meeting with other shareholders of “Emissio broker” in order to explain that the purpose of buying tender documentation was a discretion so that the rival companies taking part in the tender would not recognize the real buyer. The shareholders of “Emissio broker” were told that the Consortium would be established and that “Emissio broker” would have 1% in it.

The shareholders of “Emissio broker” decided to buy the tender documentation and it was done so. Only when the Agreement about the Consortium was signed “Emissio broker” learnt the fact that the other members were “Delta M” and PZP “Nis”. Katarina Cerovic signed the Agreement about the Consortium in court. “Emissio broker” financed the buying of the tender documentation while the final purchase was financed by PZP “Nis” and then PZP “Nis” reported in the books the claims to “Emissio broker” for the amount of the shares belonging to “Emissio broker”.

He is not familiar with the way or the reason for the change in the ownership structure within the Consortium but he knows that “Emissio broker” accepted that and that an Annex was signed. After the recapitalization of PZP “Belgrade”, due to the amount of recapitalization of 11.000.000 euros, “Emissio broker” fell to 0,0001%.

He never took part in any of the management bodies of PZP “Belgrade”, but “Emissio broker” had its representative in the General Meeting – one of its employees. He knows that the representative of “Emissio broker” attended the General Meetings if it was necessary to answer questions concerning the shares and if it was not planned to discuss the shares at the General Meeting, “Emissio broker” gave the power of attorney to a person who would represent it at the General Meeting.

He does not know whether “Emissio broker” realized a dividend on the basis of its ownership. At the beginning of 2006 he as the representative of “Emissio broker” attended the General Meeting of PZP “Nis” since PZP “Nis” wanted recapitalization. At that meeting the decision was made to start the fifth emission for the known buyer and he on behalf of “Emissio broker” followed the complete procedure concerning the fifth emission of the shares because later on “Emissio broker” was supposed to perform all the necessary activities in the Commission for Securities and in the Central Register. “Emissio broker” was also the corporative agent of PZP “Nis”.

The purpose of the recapitalization itself was the inflow of fresh money and he personally did not know what purposes the money was provided in that way. Seven days passed from the General Meeting

to receiving the first solution by the Commission approving the emission to the known buyer. After that the Commission according to the report by “Emissio broker” made the solution about completing the fifth emission in which it states that the buyer’s obligation is not to alienate a single share in the following year.

“Emissio broker” submitted to the Commission for Securities the documentation of both the buyer and the seller, while the buyer’s documentation was submitted through the lawyer – in the original and with the translation with apostilles, but he says that he never took any documents to the Commission for Securities. In compliance with the law the Commission for Securities specifically demands a certain number of documents and specific documentation is submitted to the Commission for Securities as proof that in the concrete case the investment fund is in question. However, he does not know exactly which those acts are. He does not remember whether the Commission for Securities asked for additional documentation because in this particular case a foreign investment fund was in question.

Since this is a closed shareholding company, the sale of the shares within it did not go through it but it was only registered in the Central Register with the aim or reposting the shares from one owner to the other. He did not participate in those sales as an advisor or any other consultant, but he says that he may have been called for certain consultations referring to the procedure.

“Emissio broker” did not actually make up the agreements about joint action referring to the period before taking over the shares from small shareholders but it participated in fulfilling the form which should satisfy the Commission for Securities. In that way “Emissio broker” also participated in making up the agreements about joint action and the agreement about joint action in enforcement closed by Milo Djuraskovic, “Sher corporation” and “Mera investment fund”.

“Emissio broker” did not participate in making the requests for assessment of the value of “Nemetali” shares which were entered as the stake of PZP “Nis” into “Sher corporation”. In reference to that it gave no orders but it definitely gave certain recommendations to Zdravko Raso who assessed the value of “Nemetali” shares entered as the ownership of PZP “Nis” into “Sher corporation”. “Emissio broker” participated in the segment referring to reposting, getting the statements from the Serbian Business Registers Agency as well as in submitting this documentation and orders for transfer to “RC hooly”. He knows that this concrete case involved the assessment of the entry of rights and not the alienation of the shares and therefore the assessment was made on the basis of the nominal value, but there was a difference between the nominal value and the bookkeeping value of the road maintenance company. He knows that the road maintenance company did not give up those shares since it did not alienate those shares at that moment. The “Nemetali” shares were bought by Milo Djuraskovic, but he is not familiar with the price.

The authorized auditor doing the assessment on the basis of the communication with the person who gave him the order decides on the method of assessment – whether it would be the nominal, bookkeeping or market method.

The management has to have its own attitude towards taking over of small shareholding companies. The legal or physical entity that wants to buy certain shares, no matter whether he is already a shareholder or not, must announce the public call for the takeover of the shares. Only if the procedure is fully observed in compliance with the law, the Commission gives its approval and the Commission is primarily interested in whether the future buyer has enough funds to cover the costs other than the price of the shares.

None of this, the fifth emission, the entry of "Mera investment fund" into PZP "Nis" or the alienation of the "Nemetal" shares, reduced the price of the shares belonging to minority shareholders.

Witness Ana Petkovic has stated that she works in the lawyers' office "Drazic and Beatovic" which was engaged upon the special power of attorney to represent the company "Mera Investment Fund" from the Dutch Antilles and that the special power of attorney was given to several lawyers, including herself. She personally did not negotiate with anyone from "Mera Investment Fund" because the office mostly received orders from "Delta".

She took part in establishing the business company "Mera" PLC Belgrade and submitted the registration request while the entire documentation concerning this transaction reached her through "Delta broker", and they did not exchange e-mails with "Mera investment fund". She does not know who gave orders to the lawyers of "Delta broker" to make these decisions because their communication was completely technical.

Lawyers from "Delta broker" made a decision to increase the capital of "Mera invest" PLC, but she did not know the reasons for making such a decision. The decision was not verified but it was registered in the Serbian Business Registers Agency.

From "Mera invest" PLC she contacted director Petrovic and his assistant, and at that moment she knew that the founder of "Mera invest" PLC was "Mera Investment Fund" from the Dutch Antilles.

Witness Ilija Drazic has stated that he was the power of attorney and not the representative of "Mera Investment Fund B.V." from the Dutch Antilles. His office was authorized to sign certain documents at the owner's owner.

Business cooperation between his lawyers' office and "Delta" and Miroslav Miskovic has lasted for a long period of time and that is why his office was engaged through "Delta broker" by "Mera Investment Fund", a he saw Marko Miskovic twice. This business cooperation began in 2008 when a person from "Delta broker" called his office and asked if the lawyers from his office could be power of attorney if there was a need to sign an act for "Mera" owned by Marko Miskovic. The documents concerning "Mera" came from "Delta broker" because they were made there. He or one of his lawyers would check the technical correctness of that act and sign it but without checking the contents of the signed documents. They returned the signed documents to "Delta broker". The truthfulness of the content in the acts signed by him and other lawyers was guaranteed by the person who made those acts.

The reason for making the agreement about joint action of 16th August 2008, according to his assumption, was the mutual appearance in the market while this agreement was most probably made by a broker house because this concrete case involved the joint activities of the shareholders. He does not remember the content of the agreement or whether some of those agreements were later broken. He does not know either whether the agreement defined a certain percentage of the shareholders of the Fund, Djuraskovic, "Sher corporation" and small shareholders of the fifth emission shares.

He personally was not familiar with the decision about the purpose of the funds collected from the issue of securities but for him it was enough that his employer was informed and he only signed the statement. Having in mind that he has only the power of attorney he cannot be held responsible for the

content of the act itself because he only signs it on behalf of the other person. All the statements he signed for someone else and not for himself.

He is not familiar with business activities of “Mera Investment Fund”. He is not familiar with the contract he signed on behalf of “Mera” with “Conzit” and he does not remember it either. He does not know who made the contract and he is sure that his office did not make it. He knows that the company “Mera Investment Fund” changed its seat and moved from the Dutch Antilles to Cyprus but he does not know the details about it.

He had no contacts with the persons from “Mera Investment Fund” and he does not know whether “Mera Investment Fund” is an investment fund. He does not know the legal entities “Proservisis” and “Parmidoli” from the Dutch Antilles, but he knows that the owner of “Parmidoli” is Marko Miskovic.

He never had contacts with any of the representatives of “Mera Investment” and he does not know who its director is.

Witness Dragica Mircetic has stated that in 2006 she was the head of the Department for Securities Distribution. The practice was to prepare a subject and present it at the sessions, and before that at the collegiate meeting where the members of the Commission defined the agenda and made a decision about approval at the session itself.

In compliance with the law in effect at the time referring to issuing securities and the rulebook about issuing prospects, if the issuer issued securities and offers it to an indefinite number of investors by public tender, he had to issue those securities with a prospect, or the document giving sufficient information to the investors who were not qualified to assess the risk of their investments and the Commission approved those prospects in order to protect the buyers. There were exceptions when securities could be issued without the prospect if the emission was intended for the Republic of Serbia, the National Bank and professional investors. A professional investor or a legal person who, thanks to his profession, can assess himself the importance of the future investments in securities or some other financial instruments, and knows how to assess the risks of his investments and therefore need not be protected by the Commission. A professional investor was only responsible to give a statement that he is familiar with it and that he can assess all the risks concerning investments. Those are national and foreign banks, national and foreign insurance companies, companies for managing open investment funds and closed investment funds, pension funds and broker-dealer companies. The issuer of securities could give professional investors less data than those he had to give in the prospect obligatory at public tenders, or the minimum of information provided that he had the decision about the distribution of securities, the statement about intention, the copy of the statement about entering into the court register of legal entities of that professional investors, the copy of the agreement closed between the issuer and the agent if such an agreement was closed, the approval by the relevant authorities, name and last name, postal address and the telephone number of the issuer. In this concrete case “Mera Investment Fund” submitted the following documentation: the statement from the register on the basis of which it can be seen that it is a private company with limited responsibility, established on 8th March 2006, whose nominal capital is 1.000 shares, with the business address and the activity of the fund as well as the certificate by the public notary about the legal existence of “Mera Investment”. According to this it was stated that “Mera Investment Fund” was founded and registered.

The Commission for Securities controls all the necessary documentation, whether it is duly submitted, and the emission price paid to state that it is in compliance with the law. The law in effect at the time stipulated that securities should be issued at market prices if such securities were listed in the stock exchange, and it cannot be lower than the average pondered price within previous six months while the turnover in trading shares in the stock exchange was not defined.

Different rules applied to closed shareholding companies. Namely, there had to be some trading in the stock exchange and the Commission did not execute control or had authorities, while the transactions were registered only in the Central Register, which is controlled by the Commission. In this concrete case there was trading of the shares of PZP "Nis" in the stock exchange and the price of 2.800 dinars was determined in compliance with the Law on Business Companies in effect at the time. Regular trading in the stock exchange, according to the law in effect at the time, had no definition and she cannot remember in what way they determined in compliance with the law whether in this concrete case there was regular trading in the stock exchange or not.

There was no obligation to make an agreement about joint action in enforcement when it came to the purchase of the small shareholders' shares. If such an agreement was made in compliance with the law about transfer in effect at the time, the payer of the offer for transfer submitted a request to the Commission and in case he acted together with someone else, he submitted that agreement as well. The Commission checked up how many shares each of them had according to the Central Register because the offer had to refer to the entire remainder of the shares and that could be seen from the Central Register as well – the book of all the owners. The persons acting jointly must report to the Commission how many shares each of them has so that the difference to the full number of issued shares can be determined. It is necessary to state it in the agreement but that agreement does not define their structure in the ownership after the takeover. In that way it was possible to manipulate in the market and the share price could be increased or decreased and the Commission for Securities then reacted through the Sector of control dealing with investigating manipulations. The witness has stated that she does not know the details concerning the procedure of investigating manipulations. The Commission for Securities executes control of the changed share prices in the stock exchange or their increase or decrease through the Sector dealing with supervision and legal matters. The laws stipulate what is meant by manipulations in the market and the stock exchange also reacts in many cases and informs the Commission in a special report about noticed irregularities.

Witness Katarina Petrovic has stated that she has worked in "Delta broker" since August 2005 and that in September of October 2008 Predrag Filipovic contacted Gordana Blagojevic because of the assessment that should be done at the request of a client.

Her responsibility was to forward the documentation for signing, or to finish the technical part concerning the receipt of the agreement, forwarding it, returning it after signing and also forwarding the bills for the service. This concrete case referred to the purchase of a closed shareholding company and she was involved in the part referring to the request sent to the Central Securities Depository and Clearing House. The greatest part of the communication went through Predrag Filipovic, and several times she was contacted by Tatyana Ieronimides about submitting the documentation of the client selling the shares. In this concrete case "Mera Invest" from Belgrade was the seller of the shares and therefore she needed the entire status documentation of this company. She was personally involved in the sale of these shares. Predrag Filipovic asked her to forward the agreement about assessment which would be submitted to her by Gordana Blagojevic.

She had contacts with Tatyana Ieronimides who called “Delta broker” about “Mera era Investment Fund”. They communicated through e-mails and by telephone, while the documentation of “Mera Investment Fund” was submitted to “Delta broker” by associates of Tatyana Ieronimides or it was sent through “DHL” from Cyprus.

In connection with that assessment, the client of “Delta broker” was also one of the shareholders of PZP “Nis”, and the request reached “Delta broker” for that other client as well through Predrag Filipovic. She was not familiar with the purpose or aim of the assessment and she had no insight in the documentation itself. According to her findings, the assessment of the share value was connected with the bookkeeping of the Fund of Tatyana Ieronimides, or for the needs of the accountant or the auditor.

She personally did not get any concrete order from Tatyana Ieronimides about the assessment itself. She submitted the Agreement about assessment to “Conzit” but she does not know who gave the order to “Conzit” about the assessment and its purpose. Her task was to ensure the signing of the documentation by the person issuing the order and to return that agreement to “Conzit”. The documentation was signed on behalf of “Mera Investment Fund” who issued the order by someone with the power of attorney, but she does not know who signed on behalf PZP “Nis”. When the report on the assessment of value was submitted, she informed Predrag Filipovic about it but she does not know how the report was submitted to him. The report was forwarded to “Mera Investment Fund” through Tatyana Ieronimides.

“Delta broker” in this concrete case did not submit any documentation for “Mera Investment Fund” to the Commission for Securities. “Mera invest” informed “Delta broker” about closing the agreement about purchase of shares and first it had to check the way the purchase was performed in the Central Register since it was a closed shareholding company. Therefore “Delta broker” as a broker house of the seller of the shares had the task to prepare the documentation referring to the agreement about purchase and to forward the collected documentation to the Central Register for settlement and executing the purchase transaction itself. “UniCredit” bank submitted certificates about available funds on the buyer’s account which is a standard procedure in the Central Register.

She does not know whether “Delta broker” made the agreements about joint action for many shareholders, which referred to the subsequent takeover of the small shareholders’ shares through enforcement.

The Central Register has its strict rules and in this concrete case “Delta broker” submitted complete documentation to which the Central Register had no objection.

In the period while she worked for “Delta broker” Milo Djuraskovic was not their client.

Witness Tomislav Milovanovic has stated that he works in the Enterprise for business consulting, economic and marketing research “Conzit” PLC Belgrade and that he specializes in consulting jobs.

The report on assessment of the share value, on which he concretely worked, was made for “Mera Investment Fund” and for Milo Djuraskovic, and the complete communication between Djuraskovic and “Mera Investment Fund” with “Conzit” went through “Delta broker” or through Predrag Filipovic. Gordana Blagojevic worked with him on this concrete project.

“Conzit” made the agreement draft and that draft was sent by e-mail to “Delta broker”, namely to Predrag Filipovic. He knew that the same report was being made for two parties and that its purpose was to determine the value of the founding stake and the registration with the relevant authorities. Since it is a simple job technically speaking, he and his colleague Miodrag saw the turnover of the shares, supply and demand and the state of the shares for a certain period on the website of Belgrade Stock Exchange. In that way they stated that the turnover was done in the period from 12.06.2008 to 25.06.2008 and that during that period 37 shares were traded in the total value of 324.880,00 dinars, and according to that fact the average pondered price of 8.780,54 dinars was determined for the past three months. While collecting the data for the report, they followed the period during the previous 6 months. The average pondered price of the shares was made on 27th June 2008 and it was 110,8072 euros. “Conzit” submitted the final report through “Delta broker” to two subjects who ordered this job.

“Conzit” did not deal with determining whether the trading of 37 shares within 14 days, taking into consideration the fact that 2 years before that there had been no trading of shares, could be taken as regular trading of shares because there is no definition which could answer the question about the meaning of “continuous trading in the stock exchange”.

The value of the shares stated in the report was determined on the basis of the turnover. In order to determine the real value of the shares in the entire company one must pay attention to the size of the company, its performance, the period of monitoring and so on.

He knows that first the job was done and afterwards the agreements were signed, which is not a usual procedure. However, since in this concrete case this was a small job for “Conzit”, it made the report believing that it would be paid for it subsequently.

Although “Conzit” was engaged to make the concrete report in September 2008, since it had no direct correspondence with the parties which gave the orders, he cannot say definitely why it is stated in the agreement between “Conzit” and “Mera” that the executor of the job would realize the stated obligation until 31st July 2008. In his opinion, the agreement was made in such a way because the assessment was due on a certain date since the party giving the order usually defines the elements of the work, the purpose of the work and the date when the assessment should be made if it refers to a specific section.

He never telephoned “Mera Investment Fund” and Milo Djuraskovic. “Conzit” never worked for “Mera Investment” and for Marko Miskovic before or after this report, while “Conzit” made assessment for Milo Djuraskovic of the property value because of the International Accounting Standards. “Conzit” never made the assessment for any of the road maintenance companies.

Witness Gordana Blagojevic has stated that she is employed in “Conzit” and that Predrag Filipovic from “Delta broker”, since “Conzit” and “Delta broker” had cooperated for years, contacted her and told her that it was necessary to make the assessment of the value of the shares traded in the stock exchange for PZP “Nis” in the three-month and six-month period. She knew that it was necessary to make the report for Milo Djuraskovic as well as for “Mera investment fund” and therefore “Conzit” made the agreement draft for both parties. In that draft “Conzit” posed questions referring to the purpose of the assessment, its date and matter since the issuer of the order should give the appraiser the project task. She had her first contact with Predrag Filipovic on 25th September 2008, and the invoices for payment were released on 14th or 15th October 2008, but the report was made in

September. Katarina Lazarevic Petrovic was in charge of written correspondence with Predrag Filipovic about the operational aspect and the invoices.

These concrete assessments were made with the aim of determining the value of the founder's stake and registration with the relevant authorities. The subject of the assessment was the shares of PZP "Nis" which were traded in the stock exchange. The market value of the shares traded in the stock exchange is determined by calculating the pondered value in the period not shorter than three months and not longer than six months from the moment of assessment. For her colleagues it practically meant that they had to examine all the transactions in Belgrade Stock Exchange in the stated period, to examine the supply and the demand, how many shares were traded and then calculate the pondered value of the shares in the last three months.

"Conzit" had the task to assess the value of non-monetary stakes and determine so-called "fair market value", and market value actually represents the value in which the buyer and the seller are in the situation to buy and sell with no enforcement. An additional problem in this sort of assessment is caused by inaccurate regulations of the law in effect at the time. Regular trading in the stock exchange was also inaccurately stipulated by the law because it referred to the disagreeing shareholders. She does not know how much in retrospect the appraiser must monitor the turnover and the trading in the stock exchange since it is the responsibility of her colleagues doing the operational mathematics. The appraiser monitors three or six months the client asked for. In case of the assessment, the appraiser always puts three questions to the client – who ordered the job, what is the purpose of the assessment and when is the date of the assessment, but when the founder's stake is in question, the appraiser does not ask the client what he will found or what he will do with it.

The report made by "Conzit" contains three pages. The first one contains the data about the client, the purpose of the assessment, the subject of the assessment and basic information; the second page contains the review of trading in the stated period and there is the fact about trading realized with the total of 37 shares, while the last page gives the conclusion that the average pondered price of the shares on 27th June 2008 was 8.780,54 dinars, or 110,00 euros.

She never had contact before or after this assessment with Milo Djuraskovic or with Miroslav Miskovic. "Conzit" never made the assessment for any of the road maintenance companies.

She learnt from her colleague Tomislav Milovanovic that the account for "Mera Investment Fund" from the Dutch Antilles had been sent by post to the company's power of attorney.

Witness Ivan Smiljkovic has stated that he did some legal businesses for Marko Miskovic referring to the legal entities, to the purchase of real estate and so, and that for him he established the legal entities "Crawford investment", "Mercuren group" and "Hermet of picture".

Marko Miskovic engaged him as a lawyer to attend the General Meetings of PZP "Nis". He received the invitations and the agenda of the sessions from PZP "Nis", and he forwarded these acts by e-mail to "Mera Investment Fund". Afterwards he received the appropriate power of attorney for the session he was supposed to attend. His role was to follow the session, primarily its lawfulness and to vote in compliance with his power of attorney. His employer was familiar with the agenda and according to it gave him the power of attorney. He did not go into the content of the decisions he voted

for. He received a separate power of attorney for each session. He was not interested in the percentage of PZP "Nis" shares that "Mera Investment Fund" on 1st October 2008 and he does not know what percentage he represented at those sessions. He does not know whether the founder's capital of "Mera Investment Fund" from the Dutch Antilles was increased in this period.

The legal entity "Mera Investment Fund" had its first seat in the Dutch Antilles but it was later moved to Cyprus, while he himself was hired to report the change of the company's seat in the Serbian Business Registers Agency. He never had the power of attorney in which it was mentioned that he had to vote against a certain decision or to restrain from voting.

He cannot remember whether there were any small shareholders present at the first session he attended. He does not know who the representative of "Sher corporation" was at those sessions but he thinks it may have been Dejan Jevtic after all. He does not know either whether Zoran Kaitovic was present as a shareholder.

He was present at the session when the offer of "Mera Investment" shareholder was refused. After the first session he attended he called Marko Miskovic and informed him about his presence at the session. Marko Miskovic told him to keep the materials and in case someone from "Mera" or PZP "Nis" asked him for the documentation he could submit it to them. He did not care and he was not interested in the price at which the PZP "Nis" shares were sold. He did not take care of whether the founder's capital of PZP "Nis" was increased.

He had no role in founding "Mera" PLC Belgrade, but he knows that "Mera Investment Fund" founded "Mera Invest" and entered into it the non-monetary in the form of PZP "Nis" shares.

He acted with the power of attorney for "Mercuren" at the hearing in the Trade Court with the aim of verifying the court settlement. "Mera invest" was represented by Goran Stanivukovic. He is not familiar with the details of that settlement and he received the power of attorney to act like that by Zivojin Petrovic, the director of "Mercuren group". The only thing this concrete court settlement referred to was actually the compensation or the set-off of the shares with the building in Takovska Street.

Witness Ljiljana Goranovic has stated that she has worked in PZP "Nis" since 1990 as the graduate jurist and that she also worked as the secretary of this company. Her role in PZP "Nis" as the secretary of the company was to ensure that the General Meetings of shareholders were called in compliance with the law. As the secretary she took the minutes at the General Meeting about the presence of the shareholders or their representatives, as well as about the further process and about voting at the General Meeting. After the General Meeting her role was to report on the important event and to inform the Commission for Securities and Belgrade Stock Exchange.

At the Boards of Directors she called the session at the request of the President of the Board of Directors, submitted the agenda with the invitation and informed the expert departments in the company that the meeting of the Board of Directors would be held. At the meetings of the Board of Directors she took the minutes stating who was present, who reported on each item of the agenda as well as what the result of voting was. Her task was also to submit decisions to the expert departments for further realization.

She received all the decisions with financial elements from the financial sector in PZP "Nis". As for other decisions, they were made by other departments dealing with certain activities.

She does not remember the meeting at which the decision was made about the credit indebtedness through closing the agreement about financial loan of 23.000.000 euros with "Hemslade Trading Limited". She does not remember that such a loan was taken. The practice was that the department which proposed a decision made it itself and therefore the financial department was supposed to make this decision itself. She does not remember who was the manager and representative of the financial department in 2005 because three people held that position – Vitomir Spasic, Bogoljub Nikolic and Jelena Spasic.

She does not know what the ownership structure of PZP "Nis" was in 2005 when the shares were bought from the small shareholders. One part of the shares went to Milo Djuraskovic and the other part to "Sher".

She does not know in what period "Mera" appeared as one of the shareholders but she remembers that lawyer Ivan Smiljkovic had the power of attorney of "Mera invest". Smiljkovic never examined the material and at one moment Zoran Kaitovic appeared as one of the shareholders with an extremely small number of shares but he did not attend any General Meeting.

Dejan Jevtic had the power of attorney of "Sher corporation". He was also the member of the Board of Directors and in that function, since the Board of Directors adopted proposals for the General Meeting; he was familiar with the decisions which would be made at the General Meeting. She cannot definitely say whether "Sher corporation" changed its power of attorney or whether Risto Ristic was present at the General Meetings.

The decisions referring to the emission of the shares and thus to the capital increase were made by the people from "Emissio broker" – the corporative agent of PZP "Nis" – who practically made the proposals of decisions. She cannot definitely say who from "Emissio broker" came to PZP "Nis", but she knows that Ljiljana Milovanovic was the internal auditor of PZP "Nis" and the member of the Supervisory Board, while Bosko Markovic was also the member of the Supervisory Board in one period. She cannot remember whether they attended the General Meetings.

The decision about PZP "Nis" being in the Consortium for the purchase of PZP "Belgrade" was made at one of the General Meetings but she cannot decide in which period of time it happened. The decision was made to authorize Milutin Gasevic so that he could represent the road maintenance company PZP "Nis" in the Privatization Agency and participate in the tender procedure. She does not know whether the decision about participation in the Consortium for the purchase of PZP "Belgrade" was made at the same Board of Directors. The General Meeting of shareholders did not discuss or make any decision referring to the participation in this Consortium.

At one of the Boards of Directors Milutin Gasevic asked the brokers to attend the Board of Directors in order to make a decision about the "Nemetali" shares. At that meeting they discussed the entering of the "Nemetali" into PZP "Nis", while Gasevic did not even want to allow that question to be in the agenda. She does not know whether the assessment of the value of the "Nemetali" shares or the PZP "Nis" was made. She is not familiar with the appraising house "Focus team". Everything in connection with the shares was done by "Emissio broker".

It sometimes happened in urgent situations that a certain agreement was first signed and then approved by the Board of Directors. Those were mostly financial agreements. She does not remember whether the Board of Directors made a decision about acceding to the debt created while taking the loan of 23.000.000 euros from "UniCredit" bank.

She does not remember the General Meeting of shareholders held on 01.10.2008 where it was decided to refuse the offer by the shareholder “Mera invest” that PZP “Nis” should buy the shares from “Mera invest” using the right of first purchase.

The agreements in PZP “Nis”, depending on the area they referred to, were made by certain sectors, and apart from the legal department within PZP “Nis”, legal business was also dealt by the people from Belgrade, namely lawyer Dejan Jevtic who had his own team of associates. She does not know whether they dealt with those businesses as a lawyers’ office or on some other grounds because she never had an opportunity to see that agreement.

According to the law which was in effect in 2004, the president of the General Meeting was elected at that meeting of the Board of Directors and only for that particular General Meeting – the shareholder with the majority of votes was elected after establishing the quorum. The president had a protocol role and closely followed the agenda as well as the ones who reported on all the items of the agenda. In the end he put up a proposal for voting. The President of the General Meeting did not have larger responsibility than any other shareholder since they all voted on the basis of the share package they had at their disposal.

She knows Milutin Gasevic, Zoran Mihailovic, Milo Djuraskovic, Dejan Jevtic and Risto Ristic.

Witness Jovica Stefanovic has stated that he came to PZP “Nis” in 2004 at the invitation by Zoran Mihailovic, after meeting Milo Djuraskovic, in order to help him to modernize the company. Until 2009 his job was to make tenders and the company received new funds and participated in tenders expanding its business. By May 2009 he was the President of the Board of Directors and then that position was taken by Nenad Ilic, while he went to “Nibens” to the position of the main engineer for the roads.

Recapitalization of PZP “Nis” was completed in 2008. In the period while he was the director of PZP “Nis” it was transformed from the open to closed shareholding company. The Board of Directors discussed this transformation but his personal opinion is that the owner of the company wanted to keep the company for himself. He cannot definitely say who proposed to make a decision about changing from the open to closed shareholding company. He received the necessary information from the Board of Directors and from the legal experts. The Board of Directors made decisions but in the company itself there were legal and technical departments. He did not make his decisions under anyone’s influence and he mostly dealt with organizational matters and therefore he was not fully acquainted with all the decisions he signed.

The ownership structure of PZP “Nis” changed in the period while he was the director, but by the end of 2008 PZP “Nis” had formed one ownership structure because the small shareholders were paid out and in that way the privatization was completed.

At the moment when he became the director of PZP “Nis” no review of the state was made but official annual reports were introduced. However, the official review and takeover were not made. In making those decisions referring to credit indebtedness, guarantees and loans he was not independent because those questions were decided by the Board of Directors and the owner Milo Djuraskovic, whose task it was to provide finances. Milo Djuraskovic gave certain instructions and according to those

instructions the jobs were done by the people from the financial department. He knows Bogoljub Nikolic from the financial department.

As the director of PZP "Nis", in the premises of PZP "Nis", he signed the agreement about long-term investment loan by which PZP "Nis" became a solidary debtor for the loan of 25.000.000 euros granted by "UniCredit" bank to "Nibens corporation" for the current business. Having in mind that "Nibens" was a large company, it became necessary for the road maintenance companies to plan their budgets and funds together and that is why the management of "Nibens" dealt with important agreements, while the Board of Directors of PZP "Nis" dealt with investment „cash flows“, planning income and costs. He did not know the details of the terms of the loan. In connection with this agreement with "UniCredit" bank the Board of Directors made a decision that PZP "Nis" should be a solidary guarantor. The minutes from that Board of Directors clearly show who was present, and apart from him it was attended by Milo Djuraskovic, Dejan Jevtic and Milutin Gasevic. He does not remember the actual signing of that decision and the justifications for PZP "Nis" entering as a guarantor. He never went to "UniCredit" bank in connection with signing this agreement. The agreement was prepared by the financial department and he trusted both the legal and the financial department. While he was the President of the Board of Directors, no one tried to get the payment of this loan from PZP "Nis", and as far as he remembers the regulations of the agreement were not changed in the sense that more bills of exchange were given than on the occasion of signing the agreement.

He has never met either Miroslav or Marko Miskovic. At one of the General Meetings there was a lawyer from Belgrade as the representative of "Mera Investment Fund" but he does not remember his personal data. He does not know whether at the General Meeting of the PZP "Nis" shareholders it was decided to refuse the offer by "Mera Investment" for the purchase of the shares of PZP "Nis".

Witness Bogoljub Nikolic has stated that in 2000 he was employed in PZP "Nis" where he was the financial director, and in the period between 2003 and 2005 he worked in the operational bookkeeping department. From 2005 to the end of 2008 he again worked in the finances and at the end of 2005 he was the deputy general director for finances. In 2008 he went to "Nibens group".

In the period when "Hemslade" gave a loan to PZP "Nis" he did not deal with finances so that he does not have any direct knowledge about the loan. He learnt about the loan granted by "Hemslade" to PZP "Nis" only in the middle of 2008. He learnt about this loan through the reports made annually as well as from his associates and that the loan had been taken with the aim of buying companies and privatization processes. At the time of taking this loan Vitomir Stamenkovic already worked in the finances. Later on the annexes were made but he was not particularly interested in them because he thought that someone else had decided to make those annexes and he was nothing unusual in that. As the deputy general director he collected data about the companies within PZP "Nis" and made annual reports about indebtedness, short-term loans, long-term loans and so on. The loan granted by "Hemslade" was repaid in several installments but he only later found out that the first installment was paid to "Hemslade" from the money received from recapitalization but he had no direct knowledge of that.

Although he was the deputy general director for finances he did not participate in making and did not know about such important decisions since it was the responsibility of the Board of Directors, the directors and the shareholders, while he was only responsible to carry out their decision.

The banks always insisted that the Board of Directors should decide that it was possible to take a loan. The management of the company together with the majority shareholders made decisions about loans and about placing the money from that loan, while he was in charge of executing the obligation. He received the orders from the director and in that period the director was Zoran Mihailovic. Since he was neither the member of the Board of Directors or the General Meeting, he subsequently found out about the distribution of the fifth emission of securities for the known buyer – “Mera Invest”. He did not know the purpose in which the money received for the shares would be used in PZP “Nis”.

PZP “Nis” joined as the guarantor for the loan of 25.000.000 euros which “Nibens corporation” took from “UniCredit” bank. He had no direct connections with “Nibens corporation” and he did not sign the decision referring to that guarantee or participated in making that decision in any way. Since it was some time ago he cannot remember when that loan was placed or when it was taken from “UniCredit” bank but he knows that in 2008, when he came to “Nibens group”, the annexes to that agreement were being signed. He reported in the General Meeting only when adopting the annual financial report since he was not the member of the Board of Directors or of the General Meeting.

Witness Goran Djurkovic has stated that in the period from 2002 to 2005 he was employed in the Privatization Agency as the project manager. His task was the practical assessment of the capital value by applying certain methodology comprising some sub-methods, sub-variables and so on. He participated in the privatization of PZP “Belgrade”.

The estimated value of 70% capital of PZP “Belgrade” was between 15 and 23 million euros, which was the objective estimation of the capital, but he does not know whether it was precise since this difference in the price was created due to the application of several methods.

The privatization of PZP “Belgrade” was considered as successful because the current management of PZP “Belgrade” demanded from the future owner to invest from 12 to 13 million euros in the first year and there was the impression that they wanted to put off all the bidders.

The bidders at the tender have their own parameters for forming their offer having in mind the assessment of the capital in the Privatization Agency. The bidder himself receives all the important information and examines the entire financial and legal status of the company. After that the bidder buys off the tender documentation, negotiates with the director, the legal department and the unions, and then in “date room” the bidder is shown all the relevant documents of the company which is in the process of being privatized so that the experts hired by the future investor could make their evaluation, check up the documentation and decide about the final purchase of the company or entering the negotiation process with the Agency.

The evaluation process itself lasted for a very long time, between six and nine months. In the period before selecting the best bidder he had contacts with potential bidders but was not allowed to give them the information about the price of the capital or anything considered as confidential data in the Agency. His role at that moment was reduced to clarifying certain clauses of the agreement draft.

The Agency’s attitude was that the offered price could not be decreased but only increased and the difference in the price offered for PZP “Belgrade” by the representative of the Consortium of PZP

“Nis”, “Delta M” and “Emissio broker” Milutin Gasevic and the final price of 18.800.000 euros could be created due to the investment program and social program.

After the Privatization Agency he started working in “Nibens group”. He talked about his employment by “Nibens group” with the representatives of PZP “Nis” even during the breaks of the tender commission and at one of the informal meetings he expressed his desire to work in such a large system. Afterwards he made contact with Djuraskovic and had informal meetings with him too. The meetings took place in the period when the offers were opened in the Agency or in the period when the tender commissions met.

After going to work in “Nibens group” he never took part in providing the funds or consultations about repayment of the loan to “Hemslade Trading Limited” by PZP “Nis”.

In January of February 2008 it was noticed that the liquidity of “Nibens group” was drastically threatened since the state did not cover its debts and “Nibens” itself gave large means for the repayment of earlier loans. In 2007, because of the debt of the state owed it, “Nibens” had losses of 40.000.000 euros, that is large losses in its business activities.

In 2008 “Nibens” had the complete assessment of the capital value conducted by “ING” agency from London because it was their core business and it referred to the complete assessment of the capital value in the entire “Nibens group” with the purpose of the objective estimation of the capital value. Through this assessment of the capital value there was practically a “date room” made for future investors. There was no desire to enter any strategic cooperation but according to the assessment it was stated that “Nibens group”, despite its debts, was steady and sound. At that time there were no negotiations with the interested buyers of the road maintenance companies, but there were interested parties since “Nibens group” at that moment was a dominant and perspective company whose owner wanted to keep in his ownership so as to ensure its development. This fact contributed to the continuation of the negotiations with the bank and “UniCredit” bank was the most willing to start talks about crediting “Nibens corporation”, where it could buy 40% of the capital for a relatively small amount.

He knows that in 2007 “Strabag” was interested in buying “Nibens group”. Namely, he was not involved in the talks with “Strabag”, but in the autumn of 2007 he learnt from Djuraskovic that “Strabag” was interested in buying the whole system for the amount of 200.000.000 euros. He did not make up the documentation for “Strabag” because he was not involved in the negotiations themselves. He learnt that information in the conversation with Djuraskovic at the moment of the largest expansion of “Nibens”, but he does not know whether anyone else apart from Milo Djuraskovic took part in the talks. The loan of 25.000.000 euros from “UniCredit” bank was taken in order to pay out the other shareholder.

He participated in the negotiations with “UniCredit” bank in reference to approving the loan of 25.000.000 euros to “Nibens corporation” for the purchase of 41% shares of PZP “Nis” which were owned by “Mera Invest”. His role was to find a partner who would finance it and he received the order from Djuraskovic. These orders by Djuraskovic could not be realized without previous consent or clarification of the details by all the companies within “Nibens group”. The road maintenance companies within “Nibens” were not able to take a loan as independent legal entities because they could not accept that burned and the idea that “Nibens corporation” should take the loan came from the bank

itself. “UniCredit” bank considered “Nibens group” and all the road maintenance companies as related legal entities.

“UniCredit” bank was represented in the negotiations by Igor Petkovic and Srdjan Vidovic, and that is why he contacted them most. They received the documentation and examined it with their departments and then sent further for decision making. He also had contacts with Nikola Vuletic and Sanja Vidic, and in the period July-August 2008 he had a meeting with Klaus Priversek together with Djuraskovic. The idea of the legal department of “UniCredit” bank was to establish a company because of the functioning of a certain loan and the loan repayment and only because of that since it was necessary to concentrate the shares as collateral in one place. Since the property of the road maintenance companies could not be given as a guarantee, only the shares could be given as a collateral and “UniCredit” bank was sure that “Nibens group” would repay the granted loan, which is proved by the fact that the grace period for this concrete agreement was five years and that the bank itself accepted the shares which did not appear in the stock exchange and did not have their price. The bank approved the loan on the basis of the evaluation by “ING” from London and it was a sufficient indicator of the value of “Nibens group” for “UniCredit” bank. He does not know on what basis the value was assessed and he does not know whether the value of the PZP “Nis” shares was assessed.

It is possible that he told Srdjan Vidojevic at one of the meetings that “Strabag” was interested in the purchase and that it offered 250.000.000 euros for all the PZP “Nis” shares. He has stated that it is also possible that it was taken out of the context Djuraskovic would pay out the other shareholder partially from the loan and partially from some other funds because he was not familiar with the details of the negotiations between the shareholders but he was familiar with the offer by “Strabag”. In his opinion it is possible that in some of the informal conversations he also mentioned the remainder because the bank was familiar with the offer by “Strabag” for 100% shares. Moreover, in his opinion Djuraskovic had no means to pay the remainder over 25.000.000 euros, but he never explicitly said that to anyone from the bank.

“Nibens corporation” upon submitting the request for the loan approval to “UniCredit” bank also submitted a plan he had made on the basis of the information he received from the financial departments of the road maintenance companies. “Nibens corporation” itself, apart from 157.000 shares of PZP “Nis” had no other property and the business plan states that “Nibens corporation” would repay the loan on the basis of the profit gained from the ownership over the shares in PZP “Nis”. Other road maintenance companies appeared as solidary guarantors in this loan agreement with “UniCredit” bank upon the bank’s exclusive request because the bank wanted additional security. He does not know whether there was the obligation of the road maintenance companies to report this solidary guarantee to the Privatization Agency.

In 2009 a new agreement was closed with “UniCredit” bank on the basis of which “Sher corporation”, Milo Djuraskovic and “Vatrosprem” entered as additional solidary debtors and the number of bills of exchange was increased to thirty. This was done because the bank had made additional analyses and allowed another year of grace. This loan was not repaid but its repayment started. The year of 2010 was worse than 2009, the state invested little and the banks started to blackmail. The period from October 2010 to May 2011 was difficult for “Nibens” and there followed financial and organizational restructuring which showed the signs of realization in May 2011 and the agreement was signed which was the precondition for the banks restructuring debts of “Nibens group”.

He had no contacts with the employees in “Delta” or with the employees of “Emissio broker”. He heard about “Emissio broker” for the first time when it appeared as part of the Consortium. He does not know either Miroslav or Marko Miskovic.

Witness Ivana Rajkovic has stated that she was employed in “UniCredit” bank and that she was the head of the team for working with large business companies in the Directorate for Corporative Banking.

“UniCredit” bank considered “Nibens corporation” as an entire group for which Iva Stanisavljevic was responsible. Iva Stanisavljevic left “UniCredit” bank and she as the head of the team continued the work on this subject or the application. “Nibens corporation” was considered to be part of the entire group or “Nibens group”.

She cannot definitely remember whether there was a written request for the loan since “UniCredit” bank does not demand the written request from the client but enters the procedure of analyzing the risks of the client’s ability for repayment of the loan although there is no formal request for the loan. The application is actually an internal document of the bank filled in by the bank itself on the basis of the data received from the client, from the public media and in this case also from Srdjan Vidovic. She personally communicated mostly with Djurkovic and Dejan Jevtic, the procurator of “Nibens corporation”. The transaction was presented in spoken form and afterwards they started collecting information and considering the overall financial construction.

The data were entered into the application on 29th August 2008, and the agreement was closed in October 2008. The data were entered by Srdjan Vidovic on the basis of conclusions and conversations with the clients to whom the transaction itself was presented.

The fact that “Strabag” approached the owners of PZP “Nis” with the offer of 250.000.000 euros for 100% of the shares of PZP “Nis” was revealed to her by Srdjan Vidovic who was her superior. He also told her that the agreement between Djuraskovic and Miskovic was to sell 41% of PZP “Nis” for the amount of 100.000.000 euros. When Srdjan Vidovic presented the transaction to her she learnt also that out of the total amount of 100.000.000 euros Djuraskovic should pay 75.000.000 from his private funds while the remaining 25.000.000 euros would be financed externally by “UniCredit” bank of Serbia. The manner in which the transaction would be carried out was presented by the client. Out of all the information they checked only whether “Strabag” had really given the offer. There is no specific reason why the application mentions 100.000.000 euros and the agreement itself mentions 25.000.000 euros as the agreed price for 41% of the shares of PZP ”Nis”.

This credit was approved by the Credit Board of the local bank and then by the risk management in Vienna as well.

The bank asked the information how the amount of 75.000.000 euros would be financed but the bank did not participate in making up the agreement between the client and the seller. The bank insisted on a clause, which was stated in the bank's approval, referring to the payment of the purchase price so that through the payment of the purchase price the buyer became the exclusive owner of the subject of financing. He does not remember whether the bank insisted on establishing a new legal entity and the transfer of the shares onto that new legal entity and he does not remember either whether the bank assessed the value of the pledged property or shares because it was not customary to make the

assessment of the value of the pledged shares. The bank was not familiar with the fact whether the assessment of the share value had been previously made.

There were certain check-ups in the Privatization Agency, and the client submitted certain documentation. In this concrete case it was not possible to put the mortgage because of the agreement with the Privatization Agency.

The delay of 143 days in the group's paying the amount of 25.000 euros was considered as a risk for the bank, but the bank was aware that the delay was caused by the fact that its client was not paid the debt in this concrete case by the Public Enterprise "Putevi Srbije". In this concrete loan the shares themselves were not the material guarantee but the guarantee was given by the client's business, the comfort factor, the controlling package of the shares and the fact that the bank took 51% of the guarantee.

At the moment of approving the loan there was no agreement but it was given as a precondition before releasing the money and it was identified by the information that it was not known how Djuraskovic would 75.000.000 euros, and it was also identified as the risk itself. The bank always looks at the purpose of financing in compliance with the fact whether financing is expressed in the given value and then considers the participation of the bank in it.

The bank practically approved the financing of the transaction of 100.000.000 euros, and it approved the financing with 25.000.000 euros by the loan of 25.000.000 euros. The loan itself was influenced by the amount of the transaction which was presented to the bank and therefore the bank considers that transaction but also the credit capacity. The bank does not trade with collaterals but assesses the risk of the client evaluating his potential to repay the loan. The bank then analyzes the subject of financing and according to this the bank decides whether the client may repay the loan or not. In this concrete case the bank had a client which at the moment of the approval of the loan had excellent credibility, and a good market position, while the bank had the information that a strategic plan for road reconstruction had been made and thus created a picture of the future jobs. Despite the fact that the amount was large, the bank was sure that the client would generate the repayment capacity for the period approved by the bank.

After the loan was approved in 2008 she left "UniCredit" bank and returned to this same bank a year ago. After her return to the bank none of her colleagues contacted her in connection with the attempted collection of this loan.

Witness Srdjan Vidovic has stated that in "UniCredit" bank he was the director of the Department for working with large business companies and multinational clients at the time of this loan approval.

"Nibens group" was an important client with income of over 250 million and working with it belonged to his department. At the first meeting where the loan was discussed in July 2008, "Nibens" was represented by Goran Djurkovic while "UniCredit" bank was represented by Igor Petkovic, Nikola Vuletic, who led this group in the previous period and himself. At that time "Nibens" was an important client of "UniCredit" bank and it had the exposition of 14 million euros because it already had three loans – the dinar one in the amount of 550 million dinars, a bankers' guarantee of 3.100.000 euros and a banker's guarantee of 4,9million, where these banker's guarantees were issued by "UniCredit" bank of the Czech Republic for a long-term loan. "Nibens group" had certain business problems and that is why it

asked for the extension of these loan lines since they had claims from “Putevi Srbije”. “UniCredit” bank collected its claims from “Putevi Srbije”, the company which owed to “Nibens group”.

At that first meeting Goran Djurkovic asked for the loan of 25.000.000 euros which would serve for buying 41% of the PZP “Nis” shares from “Mera invest”. Then the representatives of “UniCredit” bank were told that “Strabag” was interested in buying the entire “Nibens group” and that one of the owners of “Nibens group” Marko Miskovic was interested in selling his stake, while Milo Djuraskovic wanted to continue this business alone. As far as he remembers, the capital value was estimated at between 100 and 150 million euros and at the meeting it was said that 40% of the shares would be bought for 25 million, while the remainder would be paid from the real estate in Takovska Street, the property of “Partizanski put” as well as from Djuraskovic's private funds. The bank as the creditor was not interested in the nature of those private funds and the exact amount which would be paid from those funds, but it was mentioned at the meeting that the amount was between 25 and 50 million euros. “Nibens” already owed about 200 million to the banks, and out of those 200 million euros 100 million euros were provided by the pledge over the “Nibens” had from “Putevi Srbije”, or by the cession. However, the real bookkeeping debt in the balances of the banks was 200 million euros, while the claims amounted to 100 million euros.

Since a large loan was in question, it was necessary to call a meeting within the bank and also within “Nibens”. The meeting was attended by the general director of the bank Klaus Privesek, Djuraskovic and Djurkovic, where Klaus Privesek expressed the willingness of “UniCredit” bank supporting “Nibens” in this transaction as well. Immediately before or immediately after this meeting the bank sent an indicative offer to Djurkovic, which Djurkovic accepted after short adjustment.

Since the range of activities in the bank was enlarged while the number of employees remained the same and the person in charge of the operational servicing of “Nibens group” left the bank, Ivana Rajkovic typed the application according to the instructions he received. The processing of this application lasted a month or two and after it was completed the application was sent to the credit risk and Zeljko Kisic took over this subject. He gave his own opinion about the transaction and then they together went before the Credit Board where they presented the subject so that the members of the Credit Board could decide whether to approve the loan or not. Neither he nor his colleagues made any decisions whether a certain loan should be approved or not but they only gave their recommendations. Since the client's exposition was already large the approval was asked from Vienna or from “UniCredit” Austria and the approval came two weeks later. After that “UniCredit” bank started making the agreement. Because it was done through the block-transaction in the stock exchange and there were some difficulties and technical obstructions, it took the bank two months to release the loan.

In 2007 “Nibens” had 270 million of income and a profit of 43 million euros, and the indebtedness which had to be returned from the future profit was about a hundred million euros. The bank had the guarantees of all the operational companies – the road maintenance companies “Belgrade”, “Nis”, “Vranje”, “Vojvodina put-Backa put” and “Fam” which generated the cash in the system because “Nibens corporation” itself had no business of its own but was founded only with the aim of taking this loan and buying the shares, while the bank relied on the profitability of the operational companies. The bank insisted that the road maintenance companies would be solidary guarantors and it would not be acceptable for the bank if the solidary guarantors were only some of the road maintenance companies because the bank looked at the consolidated balance.

The risk component of the loan itself was also the fact that there were no collaterals and all the operational companies were still in the process of privatization. That is why a clause was added to the agreement obliging each of the operational companies to submit to the bank at the end of the privatization process the estimated value of the fixed assets which at that moment amounted to 144 million euros in the books. In this way the bank obliged the guarantors to submit to the bank the mortgages in the relation 1:1 or 25 million euros at the moment of terminating the Agreement about Privatization.

He personally was in charge of the largest part of the communication with “Nibens”. He cannot remember whether Ivana Rajkovic had any direct contacts with the client.

He personally gave Ivana Rajkovic the information about the offer by “Strabag” in the amount of 250.000.000 euros, and as far as he can remember he did not give her the information referring to 100.000.000 euros for 41% of the PZP “Nis” shares. He gave her the information that 25.000.000 euros would be paid from the loan while the remainder would be paid from private funds and the building of “Partizanski put”. In his opinion she herself came to the amount of 75.000.000 euros which would be paid from the private funds because he never gave her that information. As far as he can remember he only signed the content of this application.

The bank checked the accuracy of the information referring to the offer by “Strabag” of 250.000.000 euros, but since the cooperation between “UniCredit” bank from Austria and “Strabag group” was poor, this information was not confirmed to “UniCredit” bank in Serbia but it was not denied either.

He personally saw the agreement about the purchase between “Mera invest” PLC and “Nibens corporation” in which as the price is stated the amount of 25.000.000 euros. “UniCredit” bank did not care about the fact that the loan would be used for financing the entire price of the purchase because the bank considered as important the debt capacity of the group. The bank itself did not have a single reason at the time to project the decline of income, the decline in the market and the decline in profitability.

The bank received the financial reports from the client and therefore the bank had a consolidated financial report of PZP “Nis” since it was the owner of the whole group. Therefore the bank was practically guided by this document when making the projection.

He does not remember who the owner of “Vatrosprem” was, but he thinks it is possible that Djuraskovic was its final owner through another legal entity, or “Sher corporation”. The bank did not have the estimated value of the “Vatrosprem” capital but had the estimated value of the property which, as far as he remembers, amounted to 6,7 – 6,8 million euros. In his opinion, there was an idea to repay the loan and he did not get the impression that Djuraskovic did not want to repay the loan.

The amount of 43.000.000 euros of income in 2007 was stated by the bank from the consolidated balances for that year, and the consolidated balances of the company which has daughter-companies give the most objective picture. As far as he remembers and knows, there was no payment of the dividend and the profit itself remained in the company. The shares as the security instrument in this concrete situation were less important because the companies' guarantees were more important.

If one company guarantees that it would repay the loan to the bank and if it gives the pledge over the shares, the bank can become the owner through activating the pledge over the shares and through activating the bill of exchange it become the creditor. The creditor with the bill of exchange

is not secured in the bankruptcy procedure and through activating the shares as the security instrument the bank gains the ownership. He never had any document proving the existence of any agreement or contract with another purchase price but he saw only the documents in which the price was stated in the amount of 25.000.000 euros.

For one year “Nibens” regularly fulfilled its obligations but the Public Enterprise “Putevi Srbije” had problems with liquidity and therefore the previously granted loans or bank guarantees were late. That is how the problem was created both for “Nibens” and for “UniCredit” bank, but the state approved the guarantee of “Putevi Srbije”, and thus “Putevi Srbije” covered its debts but still “Nibens” suffered losses. In the second year serious problems arose in the construction industry and the bad situation with “Nibens” culminated in December 2010. The bank declared the loan due and terminated the agreement blocking all the companies in the full amount of the loan and entered the negotiations at the end of December 2010 and the beginning of January 2011. As far as he remembers, the subsequent annexes to the agreement about the loan included “Sher corporation” as the guarantor but he cannot remember exactly when it happened. Milo Djuraskovic was the 100% owner of “Sher corporation” and as far as he can remember the sum of about 1.000.000 euros was paid to “UniCredit” bank by “Sher corporation” with the money from the sale of “Vencac” and “Nemetali” to “Kappa” and “Omnia”, whereas the money was paid into the account on the day Djuraskovic was arrested in 2011.

Since the investments of the state were reduced, the financial state of the loan drastically deteriorated in comparison to the state when it was approved. At the client's initiative there was a meeting attended by Djuraskovic, Djurkovic and Jevtic on behalf of “Nibens” and by Branislav Radovanovic, Georgi Zamanov, Zeljko Kisic and himself on behalf of “UniCredit” bank. “Nibens” asked for another year of grace period but he does not remember whether at that moment the companies had already fulfilled the obligations referring to the previous privatization. Since there were still no collateral planned by the bank beforehand, another collateral was given – Djuraskovic's house in Przno, the facilities of “Vatrosprem” and the holiday resort of the road maintenance company PZP “Belgrade” in Dobrota, which partially covered the bank. At that meeting it was agreed to submit to the bank the projections and the business plan for the next five years so that the bank could have insight into the situation and get the projections which would be presented to the Credit Board. The Credit Board approved the extension of the grace period for another year. The result of these negotiations was the agreement about mutual regulation of rights and obligations. The bank managed to collect about a million euros and after that Djuraskovic was arrested and things changed completely.

The bank always considered “Nibens” as a whole because that was the nature of its business. The bank suffered losses and actually bore the risk of the loan not being paid because during the realization of the loan placement the privatization agreements with the road maintenance companies were terminated.

Dejan Jevtic was the person in charge of the legal aspects of “Nibens” business activities but he never had any role in connection with this loan. He appeared on the very last day when the transaction was realized as the procurator of one of the guarantors. Jevtic did not participate in negotiating the terms because the terms were negotiated by Djurkovic and himself. Dejan Jevtic had a certain role in negotiations about reprogramming in December 2010 and January 2011 because the banks and the client found themselves in a complex legal situation and the bank even hired Luka Andric as a legal expert.

In the introductory talks the bank knew that “Nibens corporation” would repay the loan from PZP “Nis” dividends since it was presented in that way by the bank. At the moment of closing the agreement and when the transaction was performed, “Nibens corporation” owned a 93% of PZP “Nis”, but he does not remember whether during the next year any profit was paid on the basis of this 93% ownership.

It was all the same to the bank whether the debts would be paid by “Nibens corporation” from dividends or by any of the guarantors directly, and as far as he remembers the guarantors paid the debts in the meantime.

The final owner of “Mera invest” PLC was Marko Miskovic and during the negotiations about this loan the bank itself had no contacts with anyone from “Mera invest” PLC. Therefore the first contact between the bank and Zivojin Petrovic as the representative of “Mera invest” PLC occurred on the date when the loan was released.

He does not know whether anyone from “UniCredit” bank had contacts with Miroslav or Marko Miskovic in connection with this loan. “Delta” was an important client of “UniCredit” bank.

Witness Zeljko Kisichas stated that he was employed in “UniCredit” bank, where he worked in the Sector for Risk management and that the Sector based its opinions on the information stated in the application itself with no direct contact with the clients.

The loan of 25.000.000, given to the market leader at the moment, was approved in compliance with the procedures and by the foreign competency in Vienna and with all the necessary approvals so that at that moment the bank considered that it was justified to support this transaction having in mind that “Nibens” was the market leader and therefore the bank saw its benefit.

As his sector has no direct contacts with the clients, when filling in the application it fills only the “risk assessment” while the other part of the application is filled only by the colleagues who have direct contact with the client.

The information referring to the offer by “Strabag” and different interests of Djuraskovic and Miskovic, namely their agreement that Djuraskovic would pay 100.000.000 euros for 41% of the PZP “Nis” shares, was presented in the application so that the Sector for Risk Management accepted that information. His Sector checked the information which could be checked and thus the information that “Strabag” offered 250.000.000 euros was also checked in the available line. The group in Vienna was contacted but the answer from Vienna was that they had no such information and therefore the bank wrote that the information had not been actually confirmed.

The bank did not check up the information state in the application referring to the agreement between Djuraskovic and Miskovic that Djuraskovic would pay 100.000.000 euros for 41% of the PZP “Nis” shares because the bank could not check such information. Although it took the controlling package of PZP “Nis”, the bank did not make the assessment of the share value and had no information about the way in which Djuraskovic would pay additional 75.000.000 euros so it was only stated in the application.

The only acceptable idea for the bank was to have the controlling package of the shares at the moment of the loan release and therefore the bank insisted on the agreement being submitted to it before the actual release of the funds and that the agreement should define that by paying 25.000.000

euros “Nibens corporation” would become the owner of 41% of the shares regardless of the amount of 75.000.000 euros Djuraskovic would have to pay from its own funds. The bank was not interested in the payment of 75.000.000 euros because it had the collateral and it was a relation between two physical persons who were the owners of the company and it did not affect the ownership structure and the controlling package of the shares the bank would own.

The agreement between “Mera invest” PLC as the owner of the package of 41% shares and “Nibens corporation” was checked up by the other departments of the bank and he personally did not enter more deeply into the analysis of the agreement itself.

From the bank's point of view, the agreement of 25.000.000 euros was a good transaction because the loan was granted to the market leader. The bank practically took the controlling package of the entire “Nibens” which at that time, according to the information the bank had, was worth 250.000.000 euros and the fixed assets of “Nibens” amounted to 45 or 50.000.000 euros; the bank had the certificates of the auditing houses and in 2008 all the liabilities, from the viewpoint of the investment program, were covered and the bank actually had the controlling package and expected to get 25.000.000 euros at the moment of expiry of the privatization agreements. The extended grace period was practically initiated by the market and complete financial problems which arose, particularly the fact that “Putevi Srbije” owed a lot of money to the companies, and that “Nibens” was late in its payment to the banks. These circumstances influenced the fact that the bank should repack the loan giving another year of grace period.

A year and a half after the approval, the loan itself was “repacked” because of the financial problems which affected the market and also “Nibens”. That is when “UniCredit” bank gave a new grace period of one year. The whole placement was approved so that the amount of 25.000.000 euros was covered by the pledge over the controlling package of the PZP “Nis” shares and the obligation of “Nibens corporation”, or all the members of the group, to establish collaterals by 31st December 2009, but those collaterals were never established. The loan was declared as a risk and grave problems arose in 2010.

Witness Sanja Ilic-Vidichas stated that she has been employed in “UniCredit” bank since April 2010, in the sector for restructuring placement of the company and that the subject of “Nibens”, according to the decision of the central office in Vienna, was transferred to her sector. At that time her direct superior was Svetlana Cerovic.

The subject of “Nibens” was transferred to sector for restructuring because of the worsened financial situation. First the loan documentation was checked, then the possibility was considered of improving the bank's position and in the end the financial state of the company was checked. The bank wanted to improve its collateral position because the state of the company deteriorated substantially during 2010 due to the blocked accounts of several companies as well as to the unpaid claims.

The sector for restructuring does not check the basis of giving this concrete loan but it looks at the collaterals and whether the documentation is proper.

Until the problems were noticed “Nibens” guaranteed the loan repayment with 51% of the PZP “Nis” shares and with the “Vatrosprem” facility, and the client was obliged to provide the collateral by 31st December 2010 in the relation 1:1, and therefore the bank did not want to use the already

given factual securities but only to increase them. The bank did not perform the assessment of the value of 51% shares of PZP “Nis”.

In December 2010 the bank declared the loan due since the client could not provide additional collaterals. However, after declaring the loan due the client agreed to have further talks so in January 2011 the bank got additional collaterals – Djuraskovic's house in Milocer, real estate in Dobrota, pledge over the claims as well as over Djuraskovic's house in Belgrade. The bank collected part of its claims from the pledge over the claims themselves and after May 2011 “Nibens” did not pay anything to the bank.

She knows that from 2008 to 2010 “Nibens” actually paid only the interest, but she does not know from what funds. In December 2011 “Nibens” subject was transferred to the Department for Debt Enforcement and in the same year the internal auditing report was made for the bank and within the bank.

Witness Svetlana Cerovic has stated that at the time of the placement approval in August 2008 she was the executive director of the sector for risk management and the member of the Board of Directors of “UniCredit” bank. She personally did not take part in the negotiations since it is not the domain of her sector.

At the moment of approval of the loan “Nibens” was the market leader but the concrete transaction had certain faults from the very beginning, particularly having in mind the facts that the companies of “Nibens” group were in the process of privatization and there were no guaranteeing instruments. That is why the agreement itself included the suspensive condition referring to the fact that guaranteeing instruments had to be provided at one moment in compliance with the agreement about privatization. At the moment of approval of the loan “Nibens” was largely indebted because of the delayed collection of claims from its greatest clients and there was also a foreign currency risk. The concrete transaction with all its faults was presented to the Credit Board and it was approved by the Credit Board in Belgrade as well as by the Credit Board in Vienna. Because of lack of transparency, bad communication and delayed payment, as well as because of not fulfilling the conditions from the agreement itself, “Nibens” came to the “VOCH” and in 2010 the decision was made to transfer this placement into the competence of the Directorate for Restructuring. She personally as the director of the Directorate for Restructuring and Management of contentious placements had direct contact with the client and lead direct negotiations. She and the other employees of the Directorate for Restructuring examined the auditing reports and the privatization agreements so that the bank could see what property belonged to the companies and what property of the companies was pledged on behalf of other creditors. There were also meetings with the clients and negotiations and considerations of the available collaterals the client could give as additional guarantee. Since the bank could not achieve a suitable agreement, it declared the loans due at the end of 2010 on the basis of the bills of exchange about guarantees. The talks with the client were continued in January 2011. In those talks the bank reached a compromise with the client and a pledge was established over the claim from the sale of “Nemetali” and “Vencac”. On behalf of “Nibens corporation” Dejan Jevtic and Dejan Simic communicated with the bank and later Gasevic joined the negotiations.

In “UniCredit” bank Zeljko Kistic as the risk manager worked on the placement and his direct superior was Nikolaus Linaric and then herself. Her superior was Gregori Zamanov and his superior was Klaus. Since she was the member of the Credit Board at that moment, she was familiar with the content of the application and therefore was among those who signed it.

It is stated in the loan application itself by the risk management or Zeljko Kisic that the bank tried to reach certain information referring to the offer by “Strabag”, but it did not find the final and definite information.

In this concrete case it was the most important for the bank that “Nibens” after paying the amount of 25.000.000 euros from the loan became the owner of the shares because in that way the bank would reduce the risk of the transaction. She does not know whether the bank assessed the value of the PZP “Nis” shares and she did not see the agreement itself between “Nibens” and the other shareholder from which “Nibens” was buying the shares. She does not know why it is stated in the application, in the notes about the transaction, in the part signed by Zeljko Kisic, that the agreement must be submitted before the loan release and that “Nibens” will become the owner of remaining 41% shares by paying 25.000.000 euros.

She does not know the reason for demanding the extension of the grace period during which the interest was paid, according to her assumption, with the means from the regular business activities. She knows that during 2011 the internal auditing report was made in the bank but she is not familiar with the details.

She does not know how the procedure of execution is performed because it is the domain of the Department for management of contentious placements which cooperates with the commissioned legal offices. At the moment the director of the Department for management of contentious placements is Dane Cica.

She does not know whether anyone from the bank checked with Miroslav Miskovic whether he was really the seller of the shares since his name is, among other names, listed in the application as the name of the seller.

Witness Igor Petkovic has stated that in 2010 he was employed in “UniCredit” bank as the director of the sector and the member of the Credit Board.

One of the clients of “UniCredit” bank in that period was also “Nibens corporation” which until the approval of the loan of 25.000.000 euros was indebted with about 4–5.000.000 collectively in short-term loans and other banking transactions. “Nibens corporation” had business relations with the Road Directorate or with “Putevi Srbije” so that the bank, although the balance of “Nibens” was not perfect, had a “comfort factor” reflected in the fact that the bank could consider the state as the debtor too since the state owed to “Nibens corporation”. The bank mostly communicated with Djuraskovic because it considered him as the financial coordinator and the representative of “Nibens”. At one moment Djurkovic asked the bank if it could finance a large transaction. That is why the meeting was held of the top officials of “Nibens corporation” and the bank respectively, which was attended by himself, the general director and members of the Executive Board on behalf of the bank and Milo Djuraskovic and Jevtic on behalf of “Nibens”. Ivana Rajkovic had the main say on behalf of the bank in this transaction and she was assisted by Srdjan Vidojevic who was the head of the Directorate for important clients. The bank made the decision about this loan in the customary procedure and the final decision was made by the Directorate in Vienna. The application itself was signed by the members of the Credit Board: Klaus Priversek, Bane Radovanovic, Georgi Zemanov, as well as Ivana Rajkovic.

“Nibens” had business cooperation with a great many banks and probably they considered the risk of cooperating with “Nibens” through the transactions that “Nibens” had with the Road Directorate.

“Nibens” could not guarantee with the claims towards the Directorate for the loan of 25.000.000 euros because it was not realistic, primarily because there were no available claims for that since those funds had already been pledged either in “UniCredit” bank or in some other banks. From the talks and contacts the bank found out that the amount of 25.000.000 euros was intended for paying out the other shareholder –Marko Miskovic – and the guarantees for that loan were the shares themselves. He knows that the loan of 25.000.000 euros was approved and also that the same application states a larger amount. He also knows that there were certain problems with the rate of exchange on the date of releasing this loan because the transaction was conducted through the stock exchange as well. In reference to that problem a meeting was held with Jevtic and also with another man whose name he does not know. Because of this difference in the rate of exchange the bank released a smaller amount of money than it was agreed.

Since the shares belonged to the closed shareholding company and that they were the guarantee for the loan, the legal department of the bank participated in the overall procedure of approving this loan. He does not know whether there were any additional guarantees. He does not know either whether the value of the shares was assessed but the assessment was probably made as it is the responsibility of the one making the loan request.

Ivana Rajkovic and Srdjan Vidovic were in direct contact with the clients and most probably with Djurkovic and made the application on the basis of those talks.

As far as he remembers, since the shares were the guarantee for the loan, in case of delay they could be sold to “Strabag” because “Strabag” was also interested in the road maintenance companies. He was familiar with the fact that “Strabag” was interested because it was stated in the application itself and that interest must have been checked through the Directorate in Vienna as well. He does not know whether Djurkovic, Djuraskovic or Jevtic directly mentioned “Strabag” or whether the consideration of “Strabag” being interested in buying the shares was crucial for the assessment of the capital or the value of the guarantees but the banking rule is that the request should be approved on the basis of the repayment capacity and that the “cash flow” projection is important in banking transactions.

He knows that the price of the shares amounted to 25.000.000 euros and that the loan could generally be approved without participation of the bank's client.

He does not know whether Miskovic wanted to sell his part of the shares to “Strabag” and whether “Strabag” was ready to pay the amount of 250.000.000 euros for the entire PZP “Nis” but he was familiar with the fact that Djuraskovic should pay Miskovic the total of 100.000.000 euros for the shares – 25.000.000 euros from the loan and 75.000.000 euros from his own funds. He does not remember whether the bank asked that after the release of the loan all the shares should be transferred into “Nibens” ownership and he does not remember either the concrete Credit Board, but he thinks that in case the bank asked that all the shares should be transferred into “Nibens” ownership, the bank did it in order to protect itself.

In 2008 the bank had positive experience in business cooperation with “Nibens” which at that moment was company number one in Serbia and had repayment capacity so that the main incentive for approving this loan was not the fact that the shares would be sold to “Strabag” if “Nibens” did not repay the loan but that it was considered as a “comfort factor”. The problems in loan repayment arose after the grace period and a meeting was held where Djuraskovic on behalf of “Nibens” asked for

extension of the grace period. The balance of “Nibens” was checked up and the bank was against extending the grace period but he does not know whether in the end the grace period was extended.

No one from “Delta” had any talks about this loan although “Delta” also had business cooperation with “UniCredit” bank.

Witness Branislav Radovanovic has stated that since 2007 he has been in the position of the director of the sector for work with economy in “UniCredit” bank and that during 2008 he was been the member of the Executive Board and in 2009 he became the vice president of the Executive Board.

At the time of approving the loan of 25.000.000 euros he had no direct contacts with “Nibens corporation” or with Marko Miskovic from whom the shares were bought. The persons from the bank who had direct contacts with the client in connection with the loan were Srdjan Vidovic and Srdjan Petkovic.

He does not remember the Credit Board at which the loan was approved but he was familiar with the content of the application. The loan was first approved in Belgrade and then, because of the amount of the loan, by the central office in Vienna.

The information of the loan application is examined by the bank and the application itself contains the description of the transaction and financial parameters. In this concrete case the application was based on the financial reports which were not confirmed by the auditor but the bank always asked for new reports for each quarter in order to get a clear picture about the client and his business activities. The client is responsible for all the data given to the banks and the relationship itself is based on the relation bank-client while the bank is obliged to ask for the documentation in which the client confirms its statement which is not part of the financial report. The loan became problematic in 2009 but at that moment the auditor did not make the report. The report was requested in 2011 so that the auditor could have insight into the situation because the loan was not repaid regularly and the company was in the blockade at the end of 2010 and therefore “Nibens” was transferred into the sector for contentious placements. Namely, in 2009 “Nibens” had entered the reprogramming and in 2010 there were new problems in business because current liquidity did not ensure regular servicing of the loan.

The internal auditing report of the bank was made in order to examine the whole process of approving the loan and in order to state whether the bank and its employees had made some mistakes. He does not remember the report itself.

When considering the data in the application the bank did not make the assessment of the value of the shares but looked at the overall income, repayment capacity and indebtedness. All the data the bank collected seemed realistic and were in line with the financial reports.

As far as he knows the bank tried to check up the information whether “Strabag” was interested in buying the road maintenance companies but it did not get either a positive or negative answer. The most important thing for the bank was that the client should gain the full ownership of the shares and the amount of the whole transaction was not important because this was the contractual relation between the two persons. The most important thing for the bank was that Djuraskovic should gain the ownership of all the shares so that the bank itself could have the best possible guarantee.

He personally did not see the agreement between Djuraskovic and Marko Miskovic but in his opinion the agreement must have been seen by the employees working on it. The grace period was one year and the client asked for its extension in 2009 because of the harder servicing. At the meeting about reprogramming he first met Djuraskovic and Djurkovic, but he himself never had insight into the account of “Nibens corporation”.

From the papers and documentation taken from the Serbian Business Registers Agency as well as from the banks, since these papers and documentation were submitted to this Agency when opening the non-resident accounts of the foreign legal entities, it can be seen that legal entity “Hemslade Trading Limited” was founded on 13th March 1991 in the Republic of Cyprus as a public limited company whereas on 14th March 2006 the Ministry of Trade, Industry and Tourism, the Department for Business Registers and the official bankruptcy manager issued a certificate confirming that the only shareholder of “Hemslade Trading Limited” is Miroslav Miskovic with 10.000 shares. The same department of the Republic of Cyprus on 1st February 2007 issued a certificate that the directors of “Hemslade Trading Limited” are Miroslav Miskovic and Tatyana Ieronimides. According to the certificate of the Ministry of Finance and the Tax Administration of Belgrade of 18th July 2005 the stated legal entity was given the tax identification number (TIN) and from the agreement about opening and about maintaining the current account of a foreign legal entity of 15th January 2009 in “Intesa” bank it can be seen that “Hemslade Trading Limited” is represented by Miroslav Miskovic as the director.

From the certificate about establishing the legal entity “Hitomi Financial Limited” issued by the Sector for Trade Business in the British Virgin Islands it can be seen that the stated legal entity was founded on 14th July 2006 and that on 14th July 2006 Miroslav Miskovic was appointed director of the stated legal entity. According to the statement about power of attorney of 14th July 2006 it can be seen that “Bolton Nominees Limited” owned and disposed of 5.000 shares of “Hitomi Financial Limited”, which were registered in their name, while its representative and power of attorney was Miroslav Miskovic as the owner of the stated shares. According to the certificate of 8th December 2008 it can be seen that “Hitomi Financial Limited” became the owner of 10.000 shares of “Hemslade Trading Limited”. According to the certificate of 8th April 2010 directors of “Hemslade Trading Limited” are Miroslav Miskovic and Tatyana Ieronimides.

Therefore, according to the stated documentation there is no doubt that Miroslav Miskovic was the director of both “Hemslade Trading Limited” and “Hitomi Financial Limited” as well as the owner, just like today, of the shares of “Hemslade Trading Limited” and “Hitomi Financial Limited” and on those grounds the person with the greatest influence on the management, doing business and making business decisions in the stated legal entities.

From the documentation referring to “Parmidoli Investment Corporation” it can be seen that the stated legal entity was registered on 30th March 2006 with the capital of 10.000 US dollars divided into 10 shares of the nominal value of 100,00 dollars. Moreover it is clear that “Mera Investment fund B.V.” was registered in the Dutch Antilles on 9th May 2006, and with 10.000 shares of the nominal value of 1,00 dollar “Parmidoli Investment Corporation” is the owner of the stated legal entity. From the messages of “Veco Trust” sent to “UniCredit” bank on 9th July 2007 and 25th September 2008 it is clear that “Veco Trust” has the shares which are in the bearer’s name and represent the total capital of “Parmidoli Investment Corporation” holding them on behalf of and in the name of Mr. Marko Miskovic, at the same time proving that “Mera Investment

Fund B.V.” is in 100% ownership of “Parmidoli Investment Corporation”, whose sole owner is Marko Miskovic. From the statement by the Trade register of Curacao of 29th April 2009 it can be seen that “Mera Investment fund B.V.” was registered in the stated Trade register on 9th May 2006, while in compliance with the statement filed on 3rd April 2009 about deciding the business seat of the corporation should be moved to the Republic of Cyprus, the stated registration in the Dutch Antilles was made invalid on 3rd April 2009. At the same time, according to the certificate of the Ministry of Trade of the Republic of Cyprus of 21st December 2009 it can be seen that “Mera Investment Fund B.V.” was registered in Cyprus on 20th March 2009. The stated changes were also made in the Business Registers Agency of the Republic of Serbia since “Mera Investment Fund” is the founder of “Mera invest” PLC Belgrade. In reference to that it is clear that “Mera invest” PLC Belgrade was registered in the Serbian Business Registers Agency on 16th September 2008, that its founder with registered and paid monetary capital in the amount of 500,00 euros from 11th September 2008 is “Mera Investment Fund B.V.” from the Dutch Antilles and that Zivojin Petrovic is registered as its director and representative. According to the decision of “Mera Investment Fund B.V.” of 22nd September 2008 about capital increase the change was made in the Serbian Business Registers Agency by entering the non-monetary capital of 25.013.174,09 euros on 22nd September 2008 in the form of 225.736 shares of the road maintenance company PZP “Nis”. The change of the founder of “Mera invest” PLC, having in mind the change of the seat of the legal entity “Mera Investment Fund B.V.” was made in the Serbian Business Registers Agency on 22nd July 2009 by erasing “Mera Investment Fund B.V.” and registering “Mera Investment Fund Limited” as the founder of “Mera Invest” PLC. The certificate of the Ministry of Trade, Industry and Tourism of the Republic of Cyprus of 16th June 2009 confirms that “Parmidoli Investment Corporation” with 10.000 shares worth 1,00 dollar is the shareholder of “Mera Investment Fund Limited”. The Solution of the Serbian Business Registers Agency of 9th February 2010 proves that the change of the capital of “Mera invest” Belgrade was made by registering the non-monetary capital in the value of 4.020.085,22 euros in the rights over 36.280 common shares of PZP “Nis”. By the Solution of 28th April 2011 the change of the capital was made by erasing the value of 24.519.372,26 euros and entering the monetary capital paid in the amount of 28.673.990,90 euros. In this way the non-monetary capital in the rights over the shares of PZP “Nis” was erased and the monetary capital was registered.

From the Solution of the Serbian Business Registers Agency it is clear that “Mercuren group” PLC Belgrade was founded on 4th March 2008, that its founder is “Cawdor limited” from Cyprus with the monetary capital in the amount of 500,00 euros and the 100% stake and that its director is Zivojin Petrovic.

The documentation of the Serbian Business Registers Agency shows that Nibens corporation” was founded on 21st July 2008 with the registered and paid monetary capital in the amount of 500,00 euros, and that the founder, director and representative of this legal entity is Milo Djuraskovic, while Dejan Jevtic is the procurator of this legal entity. The Solution of the Serbian Business Registers Agency of 26th September 2008 shows that the change of the founder’s capital was made by stating the change of the equity capital of the business company because the non-monetary capital of 17.396.730,40 euros was registered in the form of 157.000 a shares of the road maintenance company “Nis”.

Moreover, the written documentation shows that on 4th February 2003 the Consortium of the physical entities closed the agreement about the purchase of the state capital with the Privatization

Agency by the method of public tender and for 70% of the state capital of the road maintenance company "Nis" at the price of 350.000.000,00 dinars. The Consortium of the physical entities included Nenad Novakovic, Dragan Petrusic and Milo Djuraskovic. On 20th October 2003 Milo Djuraskovic became the only owner of the bought capital, taking over all the obligations of the Consortium.

The documentation also shows that during the payment of the third installment of the purchase price of PZP "Nis" the agreement about the Consortium was signed on 8th March 2005 by PZP "Nis", "Delta M" and broker-dealer company "Emissio broker" with the aim of participating in the tender and submitting the offer for the purchase of 70% of the state capital of PZP "Belgrade". The stated agreement about the Consortium signed by Milutin Gasevic on behalf of PZP "Nis", Ivana Veselinovic as the director of "Delta M" and Katarina Cerovic as the director of "Emissio broker" determines the amount of the participation in the offer for the purchase of 70% of the state capital of PZP "Belgrade": in PZP "Nis" with 51%, "Delta M" with 48% and "Emissio broker" with 1%. Furthermore, as the reason for establishing the Consortium the facts were given that "Emissio broker" initiated the establishment of the Consortium with the aim of submitting its offer at the tender, that PZP "Nis" fulfilled the condition from the public call because its basic business activity was the construction of roads during minimum five years in the past and that "Delta M" had the income of at least 50.000.000 euros in 2003. The stated agreement about the Consortium gave the consent of the contractual parties that Milutin Gasevic could in the name and on behalf of the Consortium take legal and factual actions which he did since he himself signed the agreement with the Agency on the occasion of buying PZP "Belgrade". At that moment, which can also be seen from the documentation of the Serbian Business Registers Agency, "Emissio broker" was the open shareholding company and from 9th February 2004 it had an agreement with PZP "Nis" about offering services in the procedure of executing corporative activities of mediation in trading with securities and consulting. According to the statements of the interrogated witnesses it can be concluded that "Emissio broker" is owned by Milo Djuraskovic. After closing the agreement about the Consortium, and having in mind that the sale price for PZP "Nis", which was paid in installments, was paid in the amount of 45% of the sale price pursuant to Article 456 of the Law on Business Companies ("Official Gazette of the Republic of Serbia" No. 125/2004) and Article 4006 of the Law on Business Companies ("Official Gazette of the Federal Republic of Yugoslavia" No. 36/2002) the buyer Milo Djuraskovic gained the ownership right over the capital of PZP "Nis" and in line with it received the memo from the Privatization Agency that he could participate in the public tender for the purchase of the state capital of PZP "Vranje". The minutes from the Board of Directors of PZP "Nis" of 22nd February 2005 presided by Milo Djuraskovic show that the decision was made that PZP "Nis" should participate in the public tender with the aim of selling 70% of the capital of PZP "Vranje", PZP "Kragujevac" and PZP "Belgrade". The agreement about selling the state capital of PZP "Belgrade" clearly shows that on 23rd June 2005 the Privatization Agency closed the agreement with the Consortium of legal entities PZP "Nis", "Delta M" and "Emissio broker". Pursuant to that agreement 70% of the state capital of PZP "Belgrade" was sold for the amount of 18.800.000 euros. The agreement which the Privatization Agency closed with PZP "Nis" it can be seen that 70% of the state capital of PZP

“Vranje” was sold on 14th June 2005 for the amount of 2.050.000 euros; that 70% of the state capital of PZP “Kragujevac” was sold on 16th June 2005 for the amount of 5.100.000 euros; while the Privatization Agency sold 70% of the state capital of PZP “Vojvodinaput – Backaput” to PZP “Nis” on 7th November 2005 for the amount of 10.111.000 euros. It is clear and it has been confirmed by the statements of the suspects as well as of the interrogated witnesses that at that moment PZP “Nis” had no available funds from which it would finance 51% of the purchase price of PZP “Belgrade” or for the purchase of other maintenance companies, and therefore, having in mind that the stated Consortium, as well as PZP “Nis”, won the public tender for the purchase of the road maintenance companies, the collection of the monetary funds began.

At that time the agreement was reached by Milo Djuraskovic as the owner of PZP “Nis”, who wanted to ensure the monopoly in the road economy through the purchase of other road maintenance companies which were in the process of privatization at that moment, and Miroslav Miskovic and Marko Miskovic who had available financial means, to become partners. Djuraskovic was supposed to concede by selling half of his stake in PZP “Nis”. Through PZP “Nis” the Miskovics wanted to become the owners of the half of the capital and all the other road maintenance companies bought by PZP “Nis” in the process of privatization, but they did not want transparency of their becoming the owners of the road maintenance companies so this arrangement was realized through the agreement about financial loan which was subsequently signed.

Therefore, on 23rd May 2005 PZP “Nis” at the Board of Directors presided by Milo Djuraskovic decided to approve the loan indebtedness abroad through closing the agreement about financial loan with the loan-giver “Hemslade Trading Limited” in the amount of 23.000.000 euros for the period of 6 years. The abovementioned decision states that this loan would be repaid in 6 equal installments with the interest and that PZP “Nis” would pay the interest to the loan-giver for the granted loan at the rate Euribor plus 3% annually. It is also stated that PZP “Nis” would repay this loan from the income realized from doing the activities it is registered for and the full amount would be repaid by 31st December 2010 at the latest. As for the purpose of the loan, the decision states that the amount of the loan will be used for increasing the market share in the road economy of the Republic of Serbia, for the acquisition of domestic equipment for road mechanization for ensuring technical and technological conditions for conducting works of the road construction both in the domestic and foreign markets and within its registered business activity. In reference to the abovementioned loan afterwards the statement was made in the National Bank of Serbia, the Sector for Foreign Businesses confirming that the stated funds in the amount of 23.000.000 euros as the subject of the agreement about financial loan would be used for the purpose given in the decision itself and signed by Milutin Gasevic as the director of PZP “Nis”.

The Agreement about financial loan was signed on 25th May 2005 by Miroslav Miskovic as the director of “Hemslade Trading Limited” and Milutin Gasevic as the director of PZP “Nis”. Apart from the loan amount of 23.000.000 euros, the terms and the deadline of the loan payment were defined at the rate of Euribor plus 3% per year for the loan or any part of it for the remaining period of indebtedness. The stated loan was given without any guarantees and without

strictly determined Euribor, so it can be interpreted only as the annual Euribor pursuant to the regulation in Item 3 of the Decision by the Board of Directors which says “at the rate of Euribor plus 3% annually”. The stated loan was signed by Miroslav Miskovic and Milutin Gasevic as directors or responsible persons of the contractual parties and reported to the National Bank of Serbia.

The payment by “Hemslade Trading Limited”, which can be seen from the documentation of “Delta bank”, “Barclays bank” and “Banca Intesa”, was made on 29th June in the amount of 20.000.000 euros and on 10th August 2005 in the amount of 3.000.000 euros. By monitoring the bank statements of PZP “Nis” it is clear that the stated monetary funds were used in such a way that on 29th June 2005 the amount of 1.200.000 euros from the account of PZP “Nis” was forwarded for repayment of the existing loans while 8.000.000 dinars were paid to “Sher corporation”, and then on 4th July 2005 the amount of 18.800.000 euros was transferred to the Privatization Agency on behalf of the privatization of PZP “Belgrade”, by which the purchase price of the stated road maintenance company was fully paid. On 10th August 2005 the amount of 3.000.000 euros was transferred to the Privatization Agency on behalf of the purchase price of PZP “Belgrade”. From the documentation of “Barclays bank” it is clear that the money was paid onto the account of “Hemslade Trading Limited” by “Banca Intesa SPA” from London – on 21st February 2005 the amount of 60.000.000 euros and on 15th July 2005 the amount of 70.000.000 euros. Therefore, the whole sum of money was paid by PZP “Nis” for the purchase price for 70% of the state capital of PZP “Belgrade”, although there was the Agreement about the Consortium strictly defining the stakes in the offer for the purchase, after “Hemslade Trading Limited” made the payment on the basis of the taken loan. The statements of the interrogated witnesses and of the suspects have confirmed this fact. Therefore, “Emissio broker” and “Delta M” respectively did not pay to PZP “Nis” any amount of money on behalf of the possible refunding but after the stated payment to the Privatization Agency, PZP “Nis”, “Delta M” and “Emissio broker” signed the Annex to the Agreement about the Consortium which changed the percentage stakes of the contractual parties in such a way that PZP “Nis” increased its stake in the offer for the purchase to 98,9%, while the stakes of “Delta M” were reduced to 1% and of “Emissio broker” to 0,1%. It is obvious that the Miskovics in this way wanted additional insurance in their intention not to be exposed as the controlling members, together with Djuraskovic since through the loan to PZP “Nis” they actually bought the half of Djuraskovic’s ownership in PZP “Nis”, and thus through PZP “Nis” in all other road maintenance companies because PZP “Nis” was their majority owner.

After this change through the Annex to the Agreement about the Consortium, there were the Annexes to the Agreement about Financial Loan between PZP “Nis” and “Hemslade Trading Limited” whose signing by Zoran Mihailovic and Miroslav Miskovic was preceded by the decisions of the Board of Directors of PZP “Nis” signed by Milutin Gasevic as the president of the Board of Directors: the decision of 15th January 2006 followed by signing of Annex 3 which divided the repayment period into four annual tranches; the decision of 17th April 2006 followed by signing of Annex 4 which stated that the debt would be repaid in five annual tranches; the last change was made in the decision of 20th November 2007, according to which Annex 6 was signed defining the repayment of the loan in four

annual tranches. However, having in mind that the money paid on the basis of the loan was actually an investment of Miroslav Miskovic in the ownership of PZP "Nis" through which he, together with Djuraskovic, gained the controlling influence over management and business activities of this road maintenance company, and through it over other companies on the basis of the capital linking them, and because this factual property, because of the preparation for selling it to a strategic partner, it had to be formally and legally arranged, the recapitalization of PZP "Nis" began through the fifth emission of securities for the known investor "Mera Investment Fund B.V." from the Dutch Antilles. Therefore PZP "Nis" had to return the previously received money on the basis of the alleged loan.

At the moment of taking the loan from "Hemslade Trading Limited" it was clear that in this way PZP "Nis" was extremely burdened because it was not able to repay such a large loan and this fact proves that from the very beginning this was obviously not a loan but recapitalization. The money from the loan was not used for investing in PZP "Nis", as it was stated in the decision of the Board of Directors, but for the privatization of PZP "Belgrade", which is confirmed by the insight into business and bookkeeping documentation of PZP "Nis", as well as by the statement of Milutin Gasevic. That is why in the following period, after recapitalization and the official entry of Marko Miskovic through "Mera Investment Fund B.V." into PZP "Nis", six annexes to the stated Agreement about financial loan were signed by which the regulations of the Agreement were changed in reference to the terms of repayment. While the basic Agreement stipulated the repayment in six equal installments, after the decision by the Board of Directors of PZP "Nis" the annex was signed changing this regulation and stipulating repayment of the main debt in ten equal installments. After that, according to the decision of 18th September 2006 a new annex was signed stipulating the repayment of the main debt in four annual installments. None of the abovementioned annexes or in the original agreement mentions which Euribor rate would be used for calculating the interests. Since the decision of the Board of Directors of PZP "Nis" states the rate of Euribor plus 3% on the annual level, it can be concluded that the agreed Euribor was on the annual level but in the subsequent period the bi-monthly Euribor was calculated for the repayment of the stated loan because PZP "Nis" repaid the stated law in the way that "Hemslade Trading Limited" submitted the calculation and then the departments of PZP "Nis" made payments without checking. Everything was also submitted to the National Bank of Serbia which generally does not control the calculation but only the loan itself. That is why on behalf of repaying this loan PZP "Nis" paid more than it was supposed to pay. Since it was necessary to introduce the Miskovics formally and legally into the ownership of PZP "Nis", the decision was made about the distribution of the common shares of the fifth emission without public tender with the aim of increasing equity capital at the session of the General Meeting of the PZP "Nis" shareholders on 14th April 2006. The minutes from this session show the content of this decision about the distribution without public tender for the known investor with the aim of increasing founders' capital and that the shares of the fifth emission would be distributed in the total amount of 282.977.280,00 dinars or 262.016 shares with the nominal value of 1.080 dinar and that they would be sold at the emission price of 2.801,00 dinars each, which represents the average pondered price realized in trading with the shares of PZP "Nis" in the previous period, while the buyer is the professional investor "Mera Investment fund B.V.", which will enter and pay the shares in the total amount of

this emission. Furthermore, the written evidence, or documentation, shows that the Commission for Securities on 3rd August 2006, at its 168th session, issued the Solution by which it approved the distribution of the shares pursuant to Article 44 of the Law on securities and other financial instruments (“Official Gazette of the Federal Republic of Yugoslavia No. 65/02). Shorthand notes from 168th session of the Commission for Securities of 3rd August 2006 indicate that the Commission was familiar with the closed emission, private placement and the fact that the sale was meant for the investment fund established in the Dutch Antilles on 8th May 2006 and that the buyer declared himself as the professional investor pursuant to Article 5, Item 11 of the Law on Securities Market. From the documentation of “Barclays Bank” it can be seen that on 22nd August 2006 “Hemslade Trading Limited” transferred on the account of “Hitomi Financial Limited” 9.002.000 euros, and then “Hitomi Financial Limited” transferred the stated amount of money onto the account of “Parmidoli Investment Corporation”. This amount of money was transferred from the account of “Parmidoli Investment Corporation” to “Mera Investment Fund B.V.” and from the account of “Mera Investment Fund B.V.” through “Barclays Bank” the payment was made onto the account of “Univerzal” bank in the amount of 9.000.000 euros. The documentation of “Emissio broker” shows that in the stock exchange 262.016 shares of PZP “Nis” were bought and the payment was made on the account in “Univerzal bank” in the amount of 733.906.816,00 dinars for the purchase of the stated shares on 24th August 2006. The total sum of money was immediately used for buying foreign currency in the amount of 8.398.961,61 euros and on 29th August 2006 this money was used to repay part of the loan to “Hemslade Trading Limited”. Therefore, the money was not used for the purpose decided by the shareholders, or for increasing the capital and thus for the improvement and development of the road maintenance companies but exclusively for the personal benefit of the Miskovics and Djuraskovic.

In this was the Miskovics confirmed formally and legally their factual co-ownership over PZP “Nis” because “Mera Investment Fund B.V.” through buying 262.016 shares gained 47,59% stake and became the greatest individual owner of the shares of PZP “Nis” and the greatest individual owner of the capital because Milo Djuraskovic as the physical entity at that moment owned 33,92%, and “Sher corporation” 14,62% of the PZP “Nis” shares. Therefore, there is no doubt that the money for the purchase of 47,59% of the PZP “Nis” shares, the money that “Hemslade Trading Limited” lent to “Hitomi Financial Limited” and that “Hitomi Financial Limited” then lent to “Parmidoli Investment Corporation”, and “Parmidoli Investment Corporation” to “Mera Investment Fund B.V.”, which is proved by SWIFTS from the bank, after which upon the payment of “Mera Investment Fund B.V.” onto the account of PZP “Nis” this money was fully returned to “Hemslade Trading Limited” as the first installment of the loan of 23.000.000 euros.

Marko and Miroslav Miskovic on the one side and Milo Djuraskovic on the other became equal partners in the road maintenance companies and this can be proved by the fact that they closed the Agreement about joint action stating that at the moment of the purchase of the fifth emission of the common shares the percentage of ownership was 47,58943% respectively – Milo Djuraskovic and “Sher corporation” as a business company in his 100% ownership owned together the total of 262.016 shares,

and “Mera Investment Fund B.V.” also owned 262.016 shares, of the same number of the shares. The remainder of 4,82% was owned by small shareholders. Therefore, it is obvious that the fifth emission of the securities of PZP “Nis” in the certain number of shares was issued in order to enable “Mera Investment Fund B.V.” after the purchase of these shares to become formally the owner of the road maintenance companies in the same percentage as Milo Djuraskovic. This claim is confirmed by the content of the regulation of this agreement stating that after joint activities in taking over the target company, or after the enforced purchase of the shares from small shareholders, the proportion of the ownership would remain the same: Milo Djuraskovic and “Sher corporation” would own 50%, and “Mera Investment Fund B.V.” – 50% of the PZP “Nis” shares. Therefore it is clear that they acted together and that now formally too as the controlling shareholders pursuant to Article 367 of the Law on Business Companies (“Official Gazette of the Republic of Serbia”, No. 125/2004) they existed in PZP “Nis”. Subsequently closed agreement about joint action in enforcement came due to the fact that the Commission for Securities demanded that one shareholder should have over 51%, so the solution was reached that “Sher corporation” should buy the shares from the small shareholders and thus increase its ownership at the expense of Milo Djuraskovic, while it was still agreed that after the purchase of the shares from the small shareholders by “Sher corporation”, Djuraskovic and “Sher corporation” on the one side and “Mera Investment Fund B.V.” on the other should again have the same proportion, or 50% each. Moreover, it is clear that this agreement on joint action was closed before the recapitalization and payment into the account of PZP “Nis” because the agreement is dated 16th August 2006. This shows that before the fifth emission of the shares of PZP “Nis” there was an agreement between Djuraskovic and Miskovic about the formal and legal confirmation of Miskovic’s already gained ownership and control of the business activities of the road maintenance companies. This attitude about the existing agreement, which is stated in the Minutes from the session of the Commission for securities held on 14th August 2006, is also proved by the statement that the decision of the General Meeting of PZP “Nis” about the distribution of the fifth emission was made on 14th April 2006, when the shareholders agreed that the entire emission should be bought by “Mera Investment Fund B.V.”, whereas “Mera Investment Fund B.V.” was founded later, on 8th May 2006. It is also important to mention that, if the timeline of events is followed, the agreement about joint action was signed on 16th August 2006, after the Commission approved the issue of the shares, and the shares of PZP “Nis” appeared in the stock exchange on 23rd August 2006 since that is the date when the order for sale was given to “Emissio broker” by PZP “Nis”. The most important fact is that after the payment of 9.000.000.euros for recapitalization the same sum of money was fully repaid as the first installment of the loan of 25.000.000 euros. “Hemslade Trading Limited” is a company owned by Miroslav Miskovic which gave money for recapitalization through “Hitomi! and “Parmidoli” to the newly established company in the ownership of Marko Miskovic, “Mera Investment Fund B.V.” – the same company which previously gave money for the PZP “Nis” loan – so that the same money just circulated through the accounts of the others during recapitalization and then repaid through the first installment of the loan. Having in mind the content of the agreement about financial loan and the purpose and manner of use of this money, it is clear that this was the actual entry of Miskovic into the

co-ownership of PZP “Nis” and that subsequent recapitalization of PZP “Nis” just confirmed it formally.

The power of attorney of 20th November 2006 indicates that “Mera Investment Fund B.V.” authorized lawyer Ivan Smiljkovic from Belgrade as its representative for voting at the General Meeting of shareholders of PZP “Nis”. He had the right to vote on the basis of 262.016 shares. From the enclosed powers of attorney in the documents it can be seen that at the General Meetings of the PZP “Nis” shareholders in 2006, 2007, 2008 and 2009 lawyer Ivan Smiljkovic was authorized by “Mera Investment Fund B.V.” to vote so that Marko Miskovic had the opportunity to be informed about the state and business activities of PZP “Nis” as well as about the financial state of the company taking into consideration the domain of the work of the General Meeting.

In the following period, after “Mera Investment Fund B.V.” entered the ownership of PZP “Nis”: first “Hemslade Trading Limited” submitted the calculation of the installment amount and then the departments of PZP “Nis” made payments without checking, so that the total amount of 26.283.275,08 euros was returned instead of 26.066.210,63 euros as it can be concluded from the official calculation of “Commercial bank” of 8th February 2013. In this way unlawful property was gained for “Hemslade Trading Limited” and at the same time for Miroslav Miskovic as the final owner of this company in the amount of 217.064,45 euros. Since PZP “Nis” had no funds of its own, the stated loan in the period between 29th August 2006 and 18th April 2008 was repaid with the money from the loans PZP “Nis” took from other related legal entities – the road maintenance companies, as well as from the loans PZP “Nis” took from the business banks and which were later on repaid by other road maintenance companies. In this way the loan was actually repaid to “Hemslade Trading Limited” together with the interest, within three years, although in the meantime the annexes changed the deadline from six, over ten to four years. Having in mind the manner of securing money for repayment of these loans, it is clear that the actual burden of the purchase of PZP “Belgrade” and part of the purchase price of PZP “Kragujevac”, which were financed with the money from the loan taken from “Hemslade” obviously had to be borne by all the road maintenance companies within “Nibens” system. It is obvious that Miroslav and Marko Miskovic, regardless of the equal ownership in PZP with Djuraskovic they gained after “Mera Investment Fund B.V.” entered into PZP “Nis”, did not give up repaying the stated loan to “Hemslade Trading Limited” since the loan was repaid in the explained way during the first half of 2008, namely for three and not for six years as it was originally stipulated by the agreement, and it is with no doubt clear that neither of them had intention of improving and developing the bought companies but exclusively gaining benefit for themselves. It is obvious that after returning the first installment of the loan on 29th August 2006, on the same date when the money was paid on behalf of recapitalization and that the payment of the remainder in five installments between 6th February 2008 and 21st April 2008 was effected only when the Miskovics decided to leave the road maintenance business and that is the reason – adjusting the repayment deadlines – why the decisions were made by the Board of Directors of PZP “Nis” and why the Annexes to the agreement were made.

In the meantime, and it is clear from the report of the Central Register as well as from the report of the Belgrade Stock Exchange, the enforced purchase of the shares of the disagreeing shareholders was realized by 22nd December 2006, which means that by that date the minority shareholders had left the ownership of PZP "Nis". The last sale of the shares in the stock exchange was made on 19th December 2006 at the price of 3.300,00 dinars per share.

Since in the meantime, during 2007, and this can be seen from the documentation and e-mail correspondence submitted by "Strabag", the Board of Directors of "Strabag" showed its interest in the possible purchase of the majority stake "Nibens group", negotiations were begun and it is obvious that those negotiations were held in the premises of "Delta Holding" in the presence of the representatives of "Delta" and "Nibens", as well as by Miroslav Miskovic and Milo Djuraskovic, while it is obvious, according to "Strabag", that Miskovic had the main say. From this too it is obvious that the Miskovics were not only financial investors but also the shareholders with the controlling influence over the management and business activities of the road maintenance companies. It is also clear that in the middle of October 2007 Miroslav Miskovic and Milo Djuraskovic presented the sale price of "Nibens group" in the amount of up to 400.000.000 euros, but "Strabag" estimated that the turnover of the group amounted to about 200.000.000 euros, and its liabilities plus interests to about 150.000.000 euros, and that is why the offered price for the purchase was inadequate. In the following period the negotiations were delayed by the transferor, or seller, and that is why in the end "Strabag" did not make the real assessment of the target subject and the letter of intention was never signed.

Since in the middle of 2008 the beginning of the economic crisis in the world was substantially felt and that the road maintenance companies were encumbered by loans and interests for the stated loans, and that they had already pledged all their claims towards the Public Company "Putevi Srbije" as the guarantee of the stated loans, it is obvious that there was a grave crisis in the income of the road maintenance companies, which affected the value of the road maintenance companies, and the capital of Djuraskovic and Miskovic. These are the reasons why Miroslav Miskovic decided to leave PZP "Nis" and to take all the invested funds with the gain of 250%. On the other hand, the Miskovics had no other way to take such a large profit and it is a question whether they could take the invested 9.000.000 euros having in mind the fact that they knew that the PZP "Nis" shares were completely depreciated because of the decline in the value of the operational business of the road maintenance companies. This exclusive information that the business was declining was used by the Miskovics for personal gain contrary to Article 32, Article 33 and Article 34 Of the Law on Business Companies ("The Official Gazette of the Republic of Serbia" No. 125/2004), since as the persons with a personal interest and with the intention of leaving the road maintenance companies, they changed the order of payment to the creditors because they actually took their gain and left the creditors to find their own way. They used the property of the company with which as the contractual party they did a legal job, while at the same time both on the side of the seller and on the side of the buyer they used it for their personal gain. As controlling shareholders of PZP "Nis" they were obliged to work in the interest of that business company, conscientiously and with goodwill of a good businessman and with reasonable belief that they were working in the best interest of the company and not only in their own interest with the aim of becoming rich. The way in which they left PZP "Nis" with 25.000.000 euros caused damage of 16.950.571.881,69 dinars, or approximately 150.000.000 euros. If the stated 25.000.000 euros had been used for consolidation the company it may not have declined but in this way, several months after the Miskovics left them, all the

companies started being blocked and in the end the bankruptcy procedure was initiated or they were rescued from bankruptcy by terminating the privatization and restructuring.

That is why they began manipulating in the stock exchange and breaking Article 117 of the Law on securities and other financial instruments (“Official Gazette of the Republic of Serbia No. 47/2006).

Since Milo Djuraskovic as a physical entity had no available monetary funds for the purchase of the stated shares, Miskovic and Djuraskovic agreed to provide the funds from the loan in one of the business banks. However, it was necessary to give a for the stated loan and since Djuraskovic was not able to put the mortgage on some of the fixed assets in the ownership of the road maintenance companies, because the privatization procedure had not been completed yet, the only possibility was to enter the pledges over the very shares of PZP “Nis” for whose purpose the stated loan was taken. However, the stated shares at that moment had individual value of 3.300 dinars in the stock exchange and at that price they were bought off from the small shareholders in December 2006. Since they were not traded since then and that much larger monetary funds had to be provided, Miskovic and Djuraskovic agreed to increase the value of the shares in an artificial way. That is why Djuraskovic used Zoran Kaitovic with that aim and persuaded him to buy the shares of PZP “Nis” in the stock exchange. Zoran Kaitovic in March 2008, at Djuraskovic’s and Jevtic’s advice, addressed the broker house “Synergy Capital” and closed with it the agreement about opening and maintaining the security account by signing a blank order for trading with securities. In June 2008, more precisely in the period 12–26th June 2008, through artificially increased demand for the purchase of the PZP “Nis” shares higher than the supply of these shares, by daily trading only in two weeks Djuraskovic as the seller and Zoran Kaitovic as the buyer artificially increased the market price of the PZP “Nis” shares from 3.300,00 dinars to 9.730,00 dinars per share. In this period the turnover was made in the amount of 324.880,00 dinars for only 37 shares which Zoran Kaitovic bought from Milo Djuraskovic. In the stated period Zoran Kaitovic signed six blank orders for the purchase of the PZP “Nis” shares for the total of 53 shares through “Synergy Capital” as his broker-dealer house, while Milo Djuraskovic signed 6 orders for the purchase of 37 shares through “Emissio broker”. All these orders were daily orders and they precisely state the number of securities which should be bought or sold. Since Zoran Kaitovic deposited a certain amount of money onto the account for buying these shares, it is obvious that in the stated period “Synergy Capital” as his broker could buy off all the shares of PZP “Nis” which appeared in the stock exchange. However, there were no other offers for the purchase except for the offers by Djuraskovic and Kaitovic and that is why the orders were made on a daily basis for the purchase of five or two shares, and the eleven or twenty six shares. If these shares are compared to Djuraskovic’s orders given to “Emissio broker” as his broker, it is clear that in the stated period Djuraskovic offered for sale one or two shares, and then five and twenty six shares. In that way his offer for the sale of shares was much smaller than Kaitovic’s demand for the same shares which within the legal frame enabled everyday increase of the market price, or market value of the shares within the allowed 20%. In this way, after the sale of 37 shares owned by Milo Djuraskovic, there were 157.000 shares left which he bought in the privatization of PZP “Nis”. Therefore, during only two weeks through trading of thirty seven shares the

market price of these shares was increased by about 300%, which is the obvious breach of Article 117 of the Law on securities and other financial instruments (“Official Gazette of the Republic of Serbia No. 47/2006) which prohibits all activities in the organized market of securities with the exclusive aim of increasing the price of certain securities and instigating other investors to buy those securities, as well as the creation of the false impression referring to the range of the turnover of securities.

The next step was to ensure the assessment of the value of the shares by the official appraiser and it was done when Milo Djuraskovic through “Delta broker” and the suspect Predrag Filipovic submitted the request to the appraising house “Conzit” and at the same time at the order of Tatyana Ieronimides, Predrag Filipovic as the director of “Delta broker” submitted the same request on behalf of “Mera Investment Fund B.V.” to the same appraising house. The purpose of this assessment was stated as the determination of the value of the founder’s stake and its registration with the relevant authority. This purpose is true and justified in accordance with the law having in mind that afterwards new business companies were really established and the stated shares were entered into them as the founder’s stake. Therefore “Mera Investment Fund B.V.” founded “Mera invest” PLC in Belgrade, and Milo Djuraskovic founded “Nibens corporation”. The appraising house “Conzit” got the order to conduct the assessment of the shares of the road maintenance company PZP “Nis” on 27th June 2008. However, the contentious thing in the stated assessment is the fact that the appraising house “Conzit” treated the trading in the period 12–25th June 2008, in the amount of 37 shares with the legal maximum increase in the change of the price between two transactions as regular trading in the stock exchange. Moreover, during the two years preceding this transaction there was no trading with the shares of PZP “Nis” in the Stock Exchange, and within these thirteen days there was the transaction of only 37 shares between the same seller and buyer, while PZP “Nis” at that moment was the emitter of the total of 550.576 shares, and therefore this trading cannot be treated as regular trading at all. This trading represents trading with less than 0,01% of the total number of emitted shares of the PZP “Nis” and it cannot be treated as regular trading and in that case it was not possible to determine the price of the shares in the stated way as it is done by the appraising house quoting the regulation of Article 445 of the Law on Business Companies (“Official Gazette of the Republic of Serbia” No. 125/2004). Namely, in this concrete case the appraisers had to determine the market value of the stated shares by assessing the value of the capital of PZP “Nis” through the application of appropriate methods of assessment. However, by using methodology based on adding up values of the total realized turnover of the shares divided by the total range of trading with the shares in that same period the assessment was made and the average pondered price was determined of the PZP “Nis” shares on 27th June 2008. in the value of 8.780,54 dinars, or 110,8072 euros. Moreover, as it can be seen from the e-mails exchanged between “Conzit” and “Delta broker” in the period between the end of September and the middle of October 2008, or immediately before the purchase of the PZP “Nis” shares between “Mera Investment Fund B.V.” and “Nibens corporation” on 1st October 2008, the assessment of the value of the shares was requested on 27th June 2008, on the very date after the last performed transaction between Djuraskovic and Kaitovic. “Mera Invest” PLC was established by “Mera Investment Fund B.V.” and registered in the Serbian Business Registers Agency on 16th September 2008 through the payment of monetary capital of 500 euros, while the non-monetary capital in the amount of 25.013.174,09 euros in the rights over 225.736 of the PZP “Nis” shares was entered by the founder “Mera Investment Fund B.V.” into “Mera Invest” PLC on 23rd September 2008, while “Nibens corporation” was founded by Milo Djuraskovic and registered in the Serbian Business Registers Agency on 21st July 2008 through the

payment of the monetary capital or 500 euros, increased the capital on 26th September 2008 by entering the non-monetary capital in the amount of 17.396.7930,40 euros in the rights over 157.000 of the PZP “Nis” shares by Milo Djuraskovic in the form of the founder’s stake.

In the meantime, the PZP “Nis” shares, whose value was determined in this way and whose acquisition price paid both by “Mera Investment Fund B.V.” and by Milo Djuraskovic was much lower, were entered as the non-monetary capital into the stated newly founded business companies. According to the Law on Personal Income Tax (“Official Gazette of the Republic of Serbia” No. 84/2004) and to the Law on Private Income (“Official Gazette of the Republic of Serbia” No. 65/2006), “Mera Investment Fund B.V.” and Milo Djuraskovic in this way made capital gain because the shares bought by “Mera Investment Fund B.V.” through the fifth emission of the securities for the amount of 632.286.536 dinars in the meantime, in an artificial way, through the assessment by “Conzit” reached the value of 1.913.377.743,37 dinars at which they were now entered into “Mera Invest” PLC. In this way the ownership of “Mera Investment Fund B.V.” over the shares of PZP “Nis” was exchanged for the ownership of the stake in “Mera Invest” PLC. On the other hand, Milo Djuraskovic entered the shares gained through the privatization of PZP “Nis” at the price of 456.510.808,57 dinars, after their artificially increased market value, into “Nibens corporation” as the non-monetary stake in the amount of 1.378.544.780,00 dinars and in that way he also exchanged his ownership right for the ownership right of the stake in “Nibens corporation”. Such a transfer through the exchange of one right, or the ownership right over the shares for the other right, or the ownership right over the stake in a business company, pursuant to Article 27 and Article 28 of the Enterprise Profit Tax Law and Article 72, Article 73 and Article 77 of the Law on Personal Income Tax, is treated as a transfer with compensation, or as a sale and therefore the capital gain represents the difference between the acquisition price at which the taxpayer gained his right and the sale price which represents the market price of the right gained with compensation. Therefore, a capital gain is the difference between the price at which the shares were gained and the market price of the stake which was gained with compensation. In this particular case it is the value of the shares according to the stated assessment by “Conzit”, entered as the non-monetary stake into the new legal entity and because of that there is a legal liability of calculating and paying the tax. However, neither “Mera Investment Fund B.V.” nor Milo Djuraskovic calculated and paid the tax on this capital gain.

In the following period the negotiations ensued with “UniCredit” bank which was ready to finance the purchase of these shares having in mind that “Nibens group” was its client and that the road maintenance companies were involved and because the bank learnt that there was an offer by “Strabag” for the purchase of those same shares at the price of 320.000.000 euros. Having in mind the presented balances in which the real financial state of the road maintenance companies was not shown, “UniCredit” bank accepted the request of the client, in this case Milo Djuraskovic, that a loan in the amount of 25.000.000 euros should be approved to “Nibens corporation”. In the loan application there is the information which was confirmed by the bank employee Ivana Rajkovic in her statement as the witness and which she received from her colleague and her colleague from the client during the negotiations with the bank – that there was an agreement between the buyer, or Milo Djuraskovic and the seller, or Miskovic that the part which was bought in the amount of 100.000.000 euros would be paid in such a way that 75.000.000 euros would be financed from the private funds of Milo Djuraskovic, and 25.000.000 euros from the funds provided through this loan. This loan was approved with the obligation that all the bought shares of PZP “Nis, before the money was paid into the account of “Nibens corporation”, would be guaranteed by pledges in “UniCredit” bank. That is why, before the actual purchase, or before the payment of the money to “Mera invest” PLC by “Nibens corporation”,

there was the transfer of the shares by “Mera Investment Fund B.V.” to “Nibens corporation”. However, in order to ensure that in the stock exchange due to the large supply of the shares to be sold there would not be the decrease in their price because there was no demand for the shares of PZP “Nis” whatsoever since their price would be determined in the other way, through the assessment of the PZP “Nis” capital, at the extraordinary General Meeting of the shareholders of PZP “Nis” on 10th July 2008 it was decided to close down the shareholding company PZP “Nis”. In this way the trading of the PZP “Nis” shares was stopped in the stock exchange, not taking into consideration the wishes of the shareholders. Therefore they could be traded only through the agreement of the existing shareholders, which was done. The shareholders of PZP “Nis” – Milo Djuraskovic, “Sher corporation”, Zoran Kaitovic through the power of attorney Jevtic and “Mera Investment Fund B.V.” – at the General Meeting of shareholders on 1st October 2008 presided by Dejan Jevtic, refused to use the right of first purchase on the basis of the offer of the seller “Mera Invest” PLC that PZP “Nis” as a business company should buy its own shares. On the same occasion they approved that “Mera Invest” PLC should sell the stated shares to “Nibens corporation”. This agreement or the approval was, in agreement with Djuraskovic, signed by the shareholders: lawyer Ivan Smiljkovic with the power of attorney of “Mera Investment Fund B.V.”, Milo Djuraskovic as the shareholder, Risto Ristic with the power of attorney of “Sher corporation” and Dejan Jevtic with the power of attorney of Zoran Kaitovic. The sale was performed through the agreement about the purchase of the shares of 1st October 2008. at the price estimated by “Conzit” of 225.736 shares for the amount of 25.000.000.euros, and the money provided from the loan of “UniCredit” bank was transferred onto the account of “Mera Invest” PLC. At the same time, the bank got the guarantee through the written approval of the responsible persons of the road maintenance companies in such a way that all the road maintenance companies ceded to the agreement of “Nibens corporation” giving their approval that as the solidary debtors in the function of guarantors–payers they guaranteed to the bank with their entire property and gave their bills of exchange as pledges. These approvals were signed by the responsible persons of the road maintenance companies on the basis of the previously made decisions of the Boards of Directors of the road maintenance companies whose members and presidents were Djuraskovic and his closest associates who acted upon his instructions. In this way Milo Djuraskovic, Marko Miskovic and Miroslav Miskovic acted contrary to the regulations of the Law on Business Companies (“Official Gazette of the Republic of Serbia” No.125/2004) and its Article 190 forbidding a shareholding company to give guarantees for gaining its own shares. Since that all the road maintenance companies guaranteed with their entire property and gave their bills of exchange as the guarantee of the loan from “Nibens corporation” for the purchase of the PZP “Nis” shares which is also the owner of the shares of all other road maintenance companies as the parent company, they acted contrary to the regulation of Article 190 of the Law on Business Companies (“Official Gazette” No. 125/2004) because they gave the bills of exchange as guarantee for “Nibens corporation” gaining the shares of PZP “Nis”. If this procedure of the road maintenance companies is further analyzed, it is clear that in case their guarantee given through the bills of exchange was activated, they had the regress right towards “Nibens corporation” However, “Nibens corporation” owns only the shares of PZP “Nis” it bought with the money from the stated loan. Therefore, PZP “Nis” could ensure its regress right, in this concrete case, only through gaining its own shares, and that is exactly why the prohibition is stipulated in Article 190 of the Law on Business Companies. Therefore, factually looking at it, the regress right of the road maintenance company is zero and has no value at all.

Since the provided 25.000.000 euros on the basis of the assessed value of the shares could be used to pay only 41% of PZP “Nis”, or 225.736 shares, “Nibens corporation” did accordingly and in the

next two years Marko Miskovic, first through “Mera Investment Fund B.V.” and then, after the transfer of the seat of “Mera Investment Fund B.V.”, remained the owner of 6,59%, or 36.280 of the PZP “Nis” shares.

By insight into the business accounts and the business books of “Nibens corporation” it can be seen that “Nibens corporation” in the following period had no income whatsoever because it did not perform its registered activity and therefore, through the loans from the road maintenance companies during the grace period it provided the money to repay the interest to “UniCredit” bank for the granted loan. During 2009 there was refinancing of the existing loan in “UniCredit” bank when two other solidary debtors appeared – “Sher corporation” and “Vatrosprem” – as the companies in which Djuraskovic was the sole owner as well as the pledge debtor. At the same time, through the agreement about refinancing which extended the grace period of the loan repayment, the road maintenance companies were additionally encumbered because instead of five bills of exchange now they had to pledge as many as 30 bills of exchange as the guarantee. “Nibens corporation” still, apart from the stated 225.736 shares of PZP “Nis”, had no property whatsoever and that is why it was unable to realize the possible regress right of the road maintenance companies from “Nibens corporation”.

During 2010 Marko Miskovic began preparations to leave the ownership of PZP “Nis” and at the same time of all the road maintenance companies. The remainder of 6,58% shares which were in the meantime in 2009, with the change of the seat and the establishment of “Mera Investment Fund Limited” in Cyprus, was transferred from “Mera Investment Fund B.V.” from the Dutch Antilles and became the ownership of this legal entity and then they were entered as a stake into “Mera invest” PLC and then through the court settlement they were exchanged for the ownership of the former main building of “Partizanski put” in Belgrade, in Takovska Street. In the meantime, since PPZP “Nis” sold this building to “Mercuren group” for the amount of 3.789.675 euros, or the amount which is equivalent to the value of 36.280 shares of PZP “Nis”, or the remainder in the ownership of “Mera invest” PLC according to the “Conzit” assessment, through documents and transferring the loan through “Mercuren” onto “Mera invest” PLC and through PZP “Nis” onto “Sher corporation” the possibility arose to execute the factual exchange of the value through the court settlement, whereby “Sher corporation” became the owner of these shares. In that way Milo Djuraskovic actually became the exclusive owner of the PZP “Nis” shares because “Nibens corporation” and “Sher corporation” are in his 100% ownership.

In this way “Mera Invest” PLC and at the same time Marko Miskovic as its final owner created unlawful property gain in the amount of 2.277.028.616,51 dinars, which is the sum of 1.941.260.005,59 and 335.768.994,67 dinars, realized through the sale of 262.016 shares of the emitter PZP “Nis” shares to “Nibens corporation”. The stated shares at that moment, at the end of 2008, were depreciated due to the decline in the value of the operational business of the road maintenance companies, and it is also derived from the findings and opinions of the economic expert, and therefore Marko Miskovic gained benefit in the amount of the entire sum of the taken loan from “UniCredit” bank and also from the value of the building in Belgrade, in Takovska Street.

In 2010 the part of the loan was repaid through the enforcement from the account of “Sher corporation” as the solidary debtor of a certain sum of money, while other unpaid liabilities of “Nibens corporation” remained, as well as of all the road maintenance companies as solidary debtors towards “UniCredit” bank in the amount of 28.681.012.009,42 dinars. Since “Nibens corporation” had no funds and could no longer borrow from the road maintenance companies whose accounts were blocked in the following period, first of PZP “Nis” and then of other road maintenance companies, and at one moment the accounts of all of them were blocked by “UniCredit” bank in the amount of 25.000.000 euros, which, together with the inability to function and the inability to pay debts to the banks and to the creditors, led to the bankruptcy procedures in PZP “Nis”, PZP “Vranje” and PZP “Kragujevac”, as well as to the breach of the privatization agreements with PZP “Belgrade”, “Vojvodina put - Backa put”, Lubricants Factory “Fam” and “Partizanski put”. Therefore, this loan of 25.000.000 directly influenced the blockades of the road maintenance companies’ accounts and as a consequence had the bankruptcy procedures and breach of the privatization agreements.

This caused losses to the road maintenance companies in the total amount of 16.950.571.881,69 dinars, which is the difference between the liquidity value of their property and the value of their liabilities.

When it was agreed that Milo Djuraskovic should introduce Miroslav and Marko Miskovic as the new owners of the PZP “Nis” shares, in which he would lose 50% of the former capital in PZP “Nis”, Djuraskovic decided to transfer the shares of “Nemetali” A.D. Topola, which were also before the privatization of PZP “Nis” the ownership of PZP “Nis”, onto “Sher corporation”, whose 100% owner he was at that moment. “Sher corporation” at that moment already owned about 26.000 shares of “Nemetali”, and PZP “Nis” owned 49.008 shares. The transfer of the shares was made in that way that Zdravko Raso as the authorized auditor at the alleged request of the road maintenance company PZP “Nis”, and in fact of Milo Djuraskovic, made the report about the assessment of the stake that PZP “Nis” entered into “Sher corporation” on 5th May 2006. At that moment the book value of 49.008 shares, according to the report of the independent auditor on 31st December 2005, 195.387.762,00 dinars, and their nominal value was 1.000 dinars per share, while their price in the stock exchange in the last sale on 11th February 2005 amounted to 3.900,00 dinars per share, and then their price increased in the Stock Exchange in the following period. Zdravko Raso states in his report that the value of the shares was estimated on 5th May 2006 by using the method of the bookkeeping value as a starting point and the method of the market value as the basic method of assessment. However, it is obvious from the report itself that the assessment was in fact made by the method of the nominal value since 49.008 shares with the nominal value of 1.000 dinars were estimated to the total of 49.008.000,00 dinars, or 565.585,69 euros. The report itself states that the placement of these shares into the founding stake in the rights in “Sher corporation” would cause the capital loss in PZP “Nis”. However, having in mind that this assessment was ordered with the aim of making Milo Djuraskovic the owner of all the shares of “Nemetali” at the lowest price so that later through their sale at the real price he could make profit, the agreement about cession to the public limited company was signed by Milo Djuraskovic as the founder of “Sher corporation” and Zoran Mihailovic on behalf of PZP “Nis” on 15th May 2006. According to this agreement PZP “Nis” joined “Sher corporation” as the new member of the company and entered as its non-monetary stake of the founding capital into “Sher corporation” the right over the shares it owned in “Nemetali”. In this way the total written non-monetary capital of “Sher corporation” increased from 574,61 euros in the dinar equivalent after the entry of the stake in the

rights over 49,008 shares of “Nemetali” from the ownership account of PZP “Nis” onto the ownership account of “Sher corporation” by 565.585,69 euros in the dinar equivalent and now amounted to 570.896,49 euros in the dinar equivalent. In this way the founder of “Sher corporation” Milo Djuraskovic kept its ownership right in “Sher corporation” with 0,93% of the founder’s capital of the company and PZP “Nis” through the entry of these shares became the owner of 99,07% of the capital in “Sher corporation”. However, in the following period, since everything was done in order to enable Milo Djuraskovic to buy below their market price the shares of “Nemetali”, at that time a profitable company, a step further was taken. In agreement with Milo Djuraskovic, the Board of Directors of PZP “Nis” on 13th September 2006, presided by Milutin Gasevic as the President of the Board of Directors, and attended by the members of the Board of Directors Dejan Jevtic and Zoran Mihailovic, formally gave the approval of the previously closed agreement about transferring the founding rights of 7th September, due to the inexplicable urgency of the transaction, whereby it was stated that the agreement signed by Milo Djuraskovic as a physical entity and Zoran Mihailovic as the representative of PZP “Nis” had already received the spoken approval of this Board of Directors. The abovementioned agreement states that the contractual parties are co-owners of “Sher corporation”, where Milo Djuraskovic is the co-owner with 0,93%, and PZP “Nis” with 99,07%. In this co-ownership PZP “Nis” transferred its entire founding stake onto Milo Djuraskovic with the compensation of 49.500.000,00 dinars, or at the nominal value of 49.008 shares, the same amount which was actually assessed by Zdravko Raso beforehand. In the meantime the stated shares were in the stock exchange and they were traded on 23rd May 2006 and on 7th September 2006 at the price of 4.650,00 dinars per share. However, on the same day – 7th September – PZP “Nis” sold the stated shares as the stake in “Sher corporation” to Milo Djuraskovic with the compensation of 49.500.000,00 dinars, in line with the assessment by Zdravko Raso of 1.000,00 dinars per share, or their nominal value and not their market value.

In this way Milo Djuraskovic gained unlawful property in the amount of 178.389.200,00 dinars, which is the difference between the market value of 49.008 shares of “Nemetali” and their nominal value at which Milo Djuraskovic gained them. However, it was not the aim of Djuraskovic but only the beginning since these transactions enabled him to become, as the only owner of “Sher corporation”, the 100% owner of “Nemetali” a.d.. This company, after the change of its legal form from the shareholding company into the public limited company, Djuraskovic sold as a very profitable company in 2010 by selling 100% of the stake to the legal entities “Kappa Holding”, “THV” AG and “Sher house” and thus gaining the benefit of 1.820.095.077,19 dinars. Since 49.008 shares are 48,25% of the total number of 101.573 emitted shares of “Nemetali”, in relation to the total price at which 100% “Nemetali” was sold, the stated 48,25% of the value amounts to 878.178.448,44 dinars. Having in mind that Milo Djuraskovic gained those shares by paying 49.500.000,00 dinars, then the amount of 829.170.448,44 dinars represents an unlawful property gain for “Sher corporation”.

“Mera Investment Fund B.V.” from the Dutch Antilles, through recapitalization of the road maintenance company “Nis” by payment on 24th August 2006 of the amount of 733.906.816,00 dinars for the purchase of 262.016 shares at the emission price of 2.801,00 dinars per share, on the basis of entering the stated shares, became the owner of those shares. After the assessment conducted by the appraising house “Conzit”, which determined the average pondered price of the PZP “Nis” shares in the amount of 8.780,54 dinars, or 110,80 euros on 27th June 2008, “Mera Investment Fund B.V.” founded company “Mera Invest” PLC in Belgrade on 16th September 2008 with the founder’s capital of 500 euros, and then by entering 225.736 of the PZP “Nis” shares as the non-monetary capital in the amount of 25.013.174,09 euros on 22nd September 2008 it increased the equity capital of “Mera Invest”

PLC. This change was made on the basis of the decision to increase capital and of the agreement about amendments and supplements of the Decision about establishing "Mera Invest" PLC of 22nd September 2008. Therefore, in this way "Mera Investment Fund B.V." from the Dutch Antilles by entering 225.736 shares of PZP "Nis", gained at the price of 632.286.536,00 dinars (225.736 shares x 2.801,00 dinars per share) as the non-monetary stake in "Mera Invest" PLC in the total amount of 25.013.174,09 euros, or 1.913.377.749,37 dinars, made capital gain of 1.281.091.213,37 dinars (1.913.377.749,37 minus 632.286.536,00). Since the regulations of Article 40 the Enterprise Profit Tax Law ("Official Gazette of the Republic of Serbia" No.25/01...84/2004) stipulates that the gains made by a non-resident taxpayer from the resident taxpayer on the basis of capital gains, the non-resident taxpayer calculates and pays withholding tax at the rate of 20% if it is not stipulated otherwise by the international agreement about avoiding double taxation. So, having in mind that Serbia has not signed with the Dutch Antilles this agreement about avoiding double taxation, the regulations of the Enterprise Profit Tax Law of the Republic of Serbia in effect at the time of the tax payment should have been applied. That is why the valid regulation is Article 71 of the Enterprise Profit Tax Law stipulating that the payer, in this case "Mera Invest" PLC revokes and pays the withholding tax on the gains pursuant to Article 40 of this law. Therefore, the taxpayer of the capital gain is "Mera Investment Fund B.V.", while the income payer in this case is "Mera Invest" PLC which calculates, revokes and pays the withholding tax on capital gains. Articles 27, 28 and 29 of this law define as the capital gain any gain which is made by the taxpayer through sale or any other transfer with compensation, of, among other things, the stake in the capital of legal entities, shares and other securities. The capital gain represents the difference between the sale price of the property and its acquisition price.

In a transfer of rights by exchange for another right, the sale price is considered as the market price of the right in compensation. On the other hand, the acquisition price is the price at which the taxpayer gains property. From the stated regulations it is clear that in this concrete case both conditions were fulfilled – there was a transfer of property and that transfer was made with compensation. I think that there is no doubt that the transfer of rights was made through the exchange of the ownership right over shares of PZP "Nis" for the right in the stake in "Mera Invest" PLC. Therefore the sale price is taken as the market price given in compensation, or the market price of the stake in "Mera Invest" PLC. In this particular case, the sale price was 1.913.377.749,37 dinars as the value of the ownership rights over the stake in the capital of "Mera Invest" PLC, and the acquisition price is the amount of 632.286.536,00 dinars as the stated price of the shares gained by "Mera Investment Fund B.V.". Therefore, according to simple mathematics, by detracting monetary amount from the sale price we get the amount of realized capital gain in the amount of 1.281.091.213,37 dinars, while the tax rate of 20% on the stated amount is 320.272.803,34 dinars and represents the tax liability on the gain by the non-resident taxpayer "Mera Investment Fund B.V." from the Dutch Antilles on the capital gain of the resident taxpayer "Mera Invest" PLC. Since "Mera Invest" PLC as the payer did not calculate and pay the withholding tax at the rate of 20% , it acted contrary to the regulations of Article 40 and Article 71 of the Enterprise Profit Tax Law and avoided paying the tax in the stated amount.

Zivojin Petrovic as the director of "Mera Invest" PLC and Jadranka Bardic as the director of the bookkeeping agency "Camastra" were fully familiar with the legal provisions and it is proved by the fact that a week after "Mera Invest" PLC gaining 225.736. of the PZP "Nis" shares, this company sold the stated shares to "Nibens corporation" at the purchase price of 25.000.000 euros, or

1.941.260.005,22 in the dinar equivalent, when they calculated and reported the tax on this gain. Since in this particular case the tax was paid for the difference between the sale price of the shares and their acquisition price, where the acquisition price was treated as the amount of 1.913.377.749,37 dinars, it is obvious that in this concrete case the previous entry of the shares of “Mera Investment Fund B.V.” into “Mera Invest” PLC was treated as a transfer with compensation, as if the payment was made by “Mera Invest” PLC to “Mera Investment Fund B.V.”. Therefore, it is obvious that in the first case, on the entry of the shares of “Mera Investment Fund B.V.” into “Mera Invest” PLC, this entry was not treated as a transfer with compensation, while in the second case, on the occasion of selling these same shares of “Mera Invest” to “Nibens corporation”, that entry was treated as a transfer with compensation. If in the second case it had not been treated as a transfer with compensation which the taxpayer had to document as actually paid, then, having in mind that at that moment the shares of PZP “Nis” were not listed in the stock exchange because PZP “Nis” became a closed shareholding company, and thus their acquisition price was treated as their nominal price of 1.080,00 dinars, why in this concrete case the tax would have been much higher. In this way “Mera Invest” PLC paid the minimum amount of tax on capital gains because the previous entry of the shares was treated as a transfer with compensation, whose price the taxpayer “Mera Invest” PLC documented as actually paid.

From the written documentation it can be seen that Zivojin Petrovic since the foundation of “Mera Invest” PLC with the entry of 500 euros as the founder’s capital became the representative and director of “Mera Invest” PLC and on the basis of that also the responsible person in charge of calculating and paying taxes, while Jadranka Bardic, according to the agreement closed with “Mera Invest” PLC was the actual bookkeeper from 1st October 2008, but having in mind that “Mera Invest” PLC was founded on 9th September 2008 and that the shares of PZP “Nis” were entered on 22nd September and sold on 1st October 2008, and that in the meantime no one else was in charge of the bookkeeping in “Mera Invest” PLC and of calculating the tax, the complete documentation from the foundation of “Mera Invest” PLC was officially submitted to Jadranka Bardic as the bookkeeper. Pursuant to Article 41, Paragraph 3 of the Law on Tax Procedure and Tax Administration (“Official Gazette of the Republic of Serbia, No. 80/02... 20/09) she had to calculate and enter the collective withholding tax return since within 5 days of the end of the month in which this tax liability was created through the entry of the shares into “Mera Invest” PLC, namely on 5th October 2008, she was obliged to interpret the Enterprise Profit Tax Law and calculate the tax while Zivojin Petrovic was obliged to submit the tax return and pay the tax. That this was a deliberately made transfer the PZP “Nis” shares from “Mera Investment Fund B.V.” onto “Mera Invest” PLC with the aim of later selling it to “Nibens corporation” is proved by the fact that Jadranka Bardic differently applied the same regulations of the Enterprise Profit Tax Law in the case of the entry with compensation of the PZP “Nis” shares by “Mera Investment Fund B.V.” into “Mera Invest” PLC, and in the case of the sale of the same shares by “Mera Investment Fund B.V.” to “Nibens corporation”.

Milo Djuraskovic sold the shares of PZP “Nis” gained in the period between 31st January 2003 and 1st February 2008 by paying off the sale price through the Consortium of the physical entities to the

Privatization Agency, where he paid in installments the total of 456.510.808,57 dinars for the purchase of 70% of the capital of PZP "Nis", which made 157.037 shares at the price of 2.228,77 dinars. After the assessment conducted by the foreign appraising house "Conzit", which determined the average pondered price of the PZP "Nis" shares in the amount of 8.780,54 dinars, or 110,80 euros on 27th June 2008, Milo Djuraskovic on 21st July 2008 by the entry of 500 euros founded the company "Nibens corporation" into which, according to the decision about the capital increase for the amount of 17.396.730,40 euros he entered 157.000 shares. Therefore, in this way Milo Djuraskovic exchanged the ownership right over the shares of PZP "Nis" for the right over the stake in "Nibens corporation" which, pursuant to Articles 72 to 77 of the Law on Personal Income Tax ("Official Gazette of the Republic of Serbia" No. 24/2001...62/06), is considered as a transfer with compensation. Since the acquisition price of the stated shares was 614.979.990,00 dinars (456.403.710,00 dinars for 157.000 shares increased by the retail price increase index from the day of purchase to the day of sale), and the sale price was 17.396.730,40 euros in the dinar equivalent of 1.378.544.780,00 dinars (157.000 x 8.780,54 dinars), the capital gain was made in the amount of 763.564.790,00 dinars which he did not report. Since the tax rate on the capital gain is 20%, it means that Milo Djuraskovic in the explained way avoided paying taxes on personal income in the amount of 152.712.958,00 dinars.

The findings and opinion of the court expert Bojan Brankovic, MA, specializing in economy, confirmed the allegations of the indictment.

Namely, it was confirmed that the property of "Nibens corporation" in the period from 2008 to 2011 was made up only of the shares of PZP "Nis". It is also confirmed that the value of the regress of PZP "Nis" as well as of all its dependent companies as the solidary debtors according to the agreement about loan between "Nibens corporation" and "UniCredit" bank in which they appear as guarantors was – zero dinars. It has been confirmed that serving interests and the repayment of the stated loan to "UniCredit" bank" by "Nibens corporation" in the period between 2009 and 2011 was made from the funds provided by the loans from dependent companies of PZP "Nis". It is symptomatic that the creditors were PZP "Kragujevac", "Vojvodina put - Backa put" and "Fam" because they borrowed for the interest and PZP "Nis" did not give any money. It is obvious that in this way the real sources of finances were concealed because PZP "Nis", which was also the guarantor for the purchase of its own shares, was still obliged to report the consolidated balance so those loans had to be accounted and thus visible, which would have directly affected the financially consolidated balances.

By insight into the financial reports, which is also confirmed by the court expert himself, it is stated that the makers of the financial reports themselves, especially PZP "Belgrade" and PZP "Nis" in 2008 wrote in the notes that the assessment of goodwill should be made and that such an assessment should according to the international accounting standards account in a specific way, thus giving the right attitude and reserving from the data given in the financial reports. In the notes it can be seen that while assessing the goodwill in this concrete case there was no assessment of the value since the value was determined on the basis of the bookkeeping value instead of the fair value of the gained property. Goodwill created during the acquisition of the dependent companies is included in non-material investments. Goodwill created during the acquisition of the dependent companies is included in the

investments in the dependent companies. Goodwill is tested annually in order to determine whether its value has decreased and it is written as the cost minus accumulate expenses due to the reduced value. Gains or losses created in the alienation of a subject involve the bookkeeping amount of goodwill referring to the sold subject. Therefore, it is obvious that goodwill could not be treated in the way as it was done in the official financial reports because in the notes of the financial reports (balance sheets, income statements, cash flow reports and reports about changes of the capital) and their maker stated that there was no assessment of goodwill and it is obvious that it was entered into the financial report without any assessment.

From the consolidated balance the court expert exempted the reevaluated reserves since he did not receive the evaluations which must be made by the legal entities pursuant to International Accounting Standards 16 (real estate, facilities and equipment) and International Accounting Standards (property depreciation). Therefore it was impossible to examine the possibility of property depreciation in line with the general decrease in the real estate prices, which means that the road maintenance companies did not assess the value of their property on the annual basis. Without the assessment it is impossible to check whether there was any property depreciation or not. If the annual assessments of the property had been made and if the depreciation had been stated, the accounting would have treated it as the decrease in the value of the property and the decrease in the reevaluating reserve. The facts that there was the risk of property depreciation and that there was actual property depreciation are supported by the liquidation value of the property from the bankruptcy which is also shown in the findings and opinion of the court expert.

In his findings and opinion the court expert indicates the suspicion that certain road maintenance companies did not include non-balance guarantees in their financial reports. At the level of the consolidated balance the loan of 25.000.000 euros should have been shown as the obligation (in liabilities) and not as non-balance, as it is suspected. According to this, the interests which the road maintenance companies accounted as the loan to “Nibens corporation” should have been shown in the consolidated balance as a financial expense. The consequence of such admissions and revelations in financial reports is making a false picture about the property, financial and income status of the group.

Having in mind that the consolidated balance of PZP “Nis” was made regardless of the international accounting standards and that therefore it was not in compliance with the Law on Accounting and Auditing, the accounting was completely different and that affected the balances which showed the state which was not real, since it treated both goodwill and reevaluation reserves and it did not treat guarantees and interests. Through such financial reports the foreign partners and the bank which did not examine them got the picture that the operational business of the group was large and that the group had potential for loan repayment. However, from the findings and opinion of the court expert it can be seen that the value of the operational business on 31st December 2008 was zero since the companies within the group had a substantial negative result and therefore the operational business estimated by the discounted money flows method on the basis of the realized income statements in the five-year period from the given date of estimation had no value. On the other hand, when it comes to the value of the capital and determination of the fair market value, the court expert states that the

bookkeeping value of the consolidated property of PZP "Nis" on 31st December 2008 was 30.534.159.522,00 dinars, and the liability was 29.618.854.388,00 dinars. Therefore the bookkeeping value of the capital which represents the difference between the value of the consolidated property and of consolidated liabilities on 31st December 2008 was 915.305.134,00 dinars and the bookkeeping value of one share of PZP "Nis" on that day, having in mind the emitted number of 550.576 shares, was 1.662,00 dinars. This bookkeeping value of one share of PZP "Nis" points to the fact that the determined average pondered value the shares of PZP "Nis" on 27th June 2008 in the amount of 8.780,54 dinars is not objective and that it was used by Marko Miskovic for gaining unlawful property as well as for avoiding tax liabilities by "Mera Investment Fund B.V." and "Nibens corporation". On the other hand, the bookkeeping value of one share on 31st December 2009 was, according to the findings and opinion of the court expert, zero dinars since the value of the property was reduced and the value of liabilities increased so that the value of the capital on that day was - 1.15.620.678,00 dinars.

According to the data from the bankruptcy procedures and restructuring procedures taken from the financial reports made by the bankruptcy managers or the representatives of the state capital, and according to the findings and opinion of the court expert, it can be seen that the liquidation value of the property of PZP "Nis" and its dependent companies was 23.220.081.305,00 dinars, while the value of liabilities was 40.170.653.187,00 dinars, and therefore the damage caused to the road maintenance companies PZP "Nis", PZP "Belgrade", PZP "Vranje", PZP "Kragujevac", "Vojvodinaput – Backa put" and "Partizanski put" was collectively 16.950.571.881,69 dinars, which represents the difference between the liquidation value of their property and the value of their liabilities.

In his findings and opinion the court expert found the difference in the price at which on 7th September 2006 Milo Djuraskovic bought from PZP "Nis" 49.008 shares of "Nemetali" as the stake in "Sher corporation" and the price at which "Sher corporation" sold those shares within 100% stake in "Nemetali" to "Kappa holding". "THV" AG and "Sher house" in 2009 and the remainder to "Kappa holding" in 2010. Since Milo Djuraskovic bought 49.008 shares of "Nemetali" (which represents 48,25% of the total of 101.573 emitted shares) for 49.008.000,00 dinars, and that 100% of the stake in "Nemetali" was sold for the amount of 1.820.095.077,19 dinars, according to the court expert this difference is 829.170.448,44 dinars, which at the same time represents the amount of the unlawful property gain made by "Sher corporation" and thus by Milo Djuraskovic.

I hereby suggest **the extension of detention for the accused Miroslav Miskovic and Milo Djuraskovic** because there are legal grounds pursuant to Article 211, Paragraph 1, Item 1 of the Criminal Procedure Code, since I consider that there are still circumstances indicating the danger of their escape and the danger that by being free the accused might hide and thus become unavailable to the judicial authorities. Namely, from the case documentation there is grounded suspicion that the accused Miroslav Miskovic as the owner, controlling member and director of "Hemslade Trading Limited", "Hitomi Financial Limited" and "Delta M" and Milo Djuraskovic as the owner, controlling member and director of "Sher corporation" and "Nibens corporation" and at the same time acting together as the

controlling shareholders in PZP “Nis” and in PZP “Belgrade”, and through them in other road maintenance companies within “Nibens group” system with rights, obligations and restrictions as the controlling shareholders pursuant to the regulations of the Law on Business Companies, together with the other accused persons, primarily Marko Miskovic, by abusing their positions and authorizations on the basis of their functions, ownership and invested financial funds in the state road maintenance companies, and through the other related legal entities, planned, coordinated or directed their activities by performing management and supervision businesses over them and their property, by appearing to conduct regular legal businesses among related legal entities, unlawfully increased the value of capital and gained financial means and property from the privatized road maintenance companies, in order to gain substantial property for themselves as well as for the legal entities “Mera invest” PLC, “Hemslade Trading Limited” and “Sher corporation”, gained substantial monetary funds to “Mera Investment Fund B.V.”, whose final owner is Marko Miskovic, in the total amount of 2.277.028.616,51 dinars, to “Hemslade Trading Limited”, whose final owner is Miroslav Miskovic in the amount of 217.064,45 euros and to “Sher corporation”, whose owner is Milo Djuraskovic, in the amount of 829.170.448,44 dinars, whereby the stated monetary funds were not found in their private accounts or in the accounts of those legal entities, and were not confiscated from them either. Apart from that, Miroslav Miskovic is the owner, co-owner and responsible person in a great many legal entities with substantial property in its capital, both in the territory of the Republic of Serbia, for example “Delta M”, and with foreign seats, for example “Hemslade Trading Limited” from Cyprus and “Hitomi Financial Limited” from the Virgin Islands. Milo Djuraskovic is the owner of many companies in Serbia which at the moment are not in the bankruptcy procedure, including “Nibens corporation” and “Sher house”. These business companies also own the stakes in other related legal entities, for example “Sher House” has a stake in “Nemetali” and “Hemslade” and “Hitomi” are owners of the shares of a large number of companies, in which the accused directly as physical entities or indirectly through the business companies in their ownership possess stakes and property. In the previous period the accused made numerous private and business contacts both in the country and abroad and therefore, having in mind that they own property and have numerous contacts, as well as that the unlawfully gained property has not been found or confiscated, I hereby think that these fact and circumstances together represent the circumstances indicating the danger of each of them fleeing, or the possibility that if released from prison they might hide and thus become unavailable to the judicial authorities and thus obstruct the conduct of the criminal procedure since they might use the stated monetary funds and contacts for the purpose of organizing and financing their escape and hiding.

From the abovementioned I consider that the acts of the accused **Miroslav Miskovic** contain all the important characteristics of the criminal acts of position abuse by a responsible person in participation pursuant to Article 234, Paragraph 3 in reference to Paragraph 1 of the Criminal Law in reference to Article 33 of the Criminal Law and of tax evasion in assistance pursuant to Article 229, Paragraph 3 in reference to Paragraph 1 of the Criminal Law in reference to Article 35 of the Criminal Law; the acts of the accused **Milo Djuraskovic** contain all the important characteristics of the criminal acts of position abuse by a responsible person in participation pursuant to Article 234, Paragraph 3 in reference to Paragraph 1 of the Criminal Law in reference to Article 33 of the Criminal Law and of tax evasion

pursuant to Article 229, Paragraph 3 in reference to Paragraph 1 of the Criminal Law; the acts of the accused **Marko Miskovic** contain all the important characteristics of the criminal acts of position abuse by a responsible person in participation pursuant to Article 234, Paragraph 3 in reference to Paragraph 1 of the Criminal Law in reference to Article 33 of the Criminal Law and of tax evasion pursuant to Article 229, Paragraph 3 in reference to Paragraph 1 of the Criminal Law; that the acts of the accused **Risto Ristic, Milutin Gasevic, Zoran Mihailovic, Dejan Jevtic, Zdravko Raso and Predrag Filipovic** contain all the important characteristics of the criminal act of position abuse by a responsible person in assistance pursuant to Article 234, Paragraph 3 in reference to Paragraph 1 of the Criminal Law in reference to Article 35 of the Criminal Law; that the acts of the accused **Zivojin Petrovic and Jadranka Bardic** contain all the important characteristics of the criminal act of tax evasion in assistance pursuant to Article 229, Paragraph 3 in reference to Paragraph 1 of the Criminal Law in reference to Article 35 of the Criminal Law. Therefore I think that the accused have criminal responsibility because in committing the abovementioned criminal acts they were completely conscious with premeditation as a form of guilt.