ELEM
MACEDONIAN POWER PLANTS

Annual Report 2009

THE ENERGY OF OUR COUNTRY

Annual Report 2009

THE POWER OF OUR COUNTRY, FOR OUR FUTURE....

OUR VALUES

- RESPONSIBLE AND DEDICATED BUSINESS OPERATIONS
- CREATION OF ADDED VALUES
- STRAIGHTFORWARD AND CONSIDERATE RELATIONS
- IMPLEMENTATION OF ENVIRONMENTAL CONCERNS PRACTICE

Only in the last three years, JSC ELEM managed to climb, from 9th in 2007, up to the 4th place in 2009, on the list of the biggest companies in the Republic of Macedonia, in accordance with the total realized turnover in the specific branch. Concurrently, JSC ELEM managed to increase its financial turnover for almost double, from 150 millions of euro in 2007 to about 280 millions of euro in 2009.

Respected,

The past year was an important year for JSC Elektrani na Makedonija. It was a year of capital investments, of achieved and surpassed results, many successes and achievements, but it was also a year of new and important challenges. I can unreservedly conclude that through the year JSC ELEM has gradually but unquestionably developed into the biggest national investor in the Republic of Macedonia.
In our business operations, this year will be marked as a year of notable jubilees for the energy system - 100 years of electricity power generation in the Republic of Macedonia and four decades of operations of the HPP Shpilje. I sincerely hope that, in future, we shall have many similar and important successes that will permanently mark the progress of our company.

In line with the strengthening of the electricity power sector, the first quantities of coal from the new open cast mine in the mine Brod-Gneotino were delivered to the thermal plants of MPC Bitola. With this investment, the working cycle of our biggest power capacity will be extended for at least two decades. The new open cast mine Brod-Gneotino offers 108 million of tons of coal reserves, of which 32 million of tons are accessible for surface exploitation, with an annual excavation capacity of 2 million of tons of coal; figures that cannot be underestimated at all.

Last year, one of the bigger investment activities was the reconstruction and the modernization of the turbo generator plants in the subsidiary Energetika, which was transformed, from traditional, into the first national cogenerative thermal power-heating plant. By finishing the project for reconstruction, revitalization and modernization of the turbo generator plants, we managed to provide a combined cycle generation of electricity and heating energy altogether.

Moreover, this year we also started with explorations in the Mariovo coal basin, which demonstrated a total of 111 million of tons of coal reserves available at this depository, of shich 97 million of tons accessible for exploitation. It was a reason enough for the Department for Development and Investments, within JSC ELEM, to continue with the activities related to this depository and prepare a Project for Conducting Geological and Geometrical Explorations and Examinations in the Coal Mine Mariovo. The already confirmed reserves of coal

allow for opening a mine with pit excavation technology and construction of a thermal power plant with installed capacity of about 300 MW and generation of up to 2.000 GW/h electricity power per year, which is a complex process that will involve all human and finance potentials of our company.

JSC ELEM is a company that is completely aware about the importance of ecology and it is dedicated to the environmental protection and energy efficiency. That is why we have involved ourselves in the Project for Energy Efficiency in Macedonia, initialised by the World Bank and the Global Environment Fund (GEF) and based on a grant by GEF, contracted between the Republic of Macedonia and the World Bank– under the component for financing and assistance for establishing a company for provision of energy services (ESCO). Our company is in the process of upgrading and strengthening its business potentials. One of the key components in this process is the introduction of an integrated computerized business information system (BIS), a global system covering all aspects of operations.
In the year behind, we have also closed the project HPP Kozjak. At the end of 2009, the three-year guarantee period was finalized, wherein the Chinese company China International Water and Electric Corporation – CWE removed all the inconsistencies in the functioning of the hydro power plant Kozjak. Thus, we marked the finalization of the successful cooperation with the People's Republic of China and our partner company CWE for this nationally important project in HPP Kozjak.
Last year, we worked successfully and in accordance with the needs of the electricity power system in the country and the available technical potentials in the facilities. The good coordination between the managerial team and the employees, the sound planning, and the favourable hydrology contributed to the continuity of remarkable results achieved in the electricity power generation. Thus, the total projected annual production, according to the power balance, was surpassed for 4.9%. The thermal plants Bitola and Oslomej realized their projections and the hydro power plants have exceeded their production plan for around 300.000MWh or for remarkable 36.9% above the planned. Evidently, these results had an impact on the drastic reduction of electricity power import for as high as 50% more than the projected, and by that we as a company have managed to realize financial savings of about 21 millions of euro.

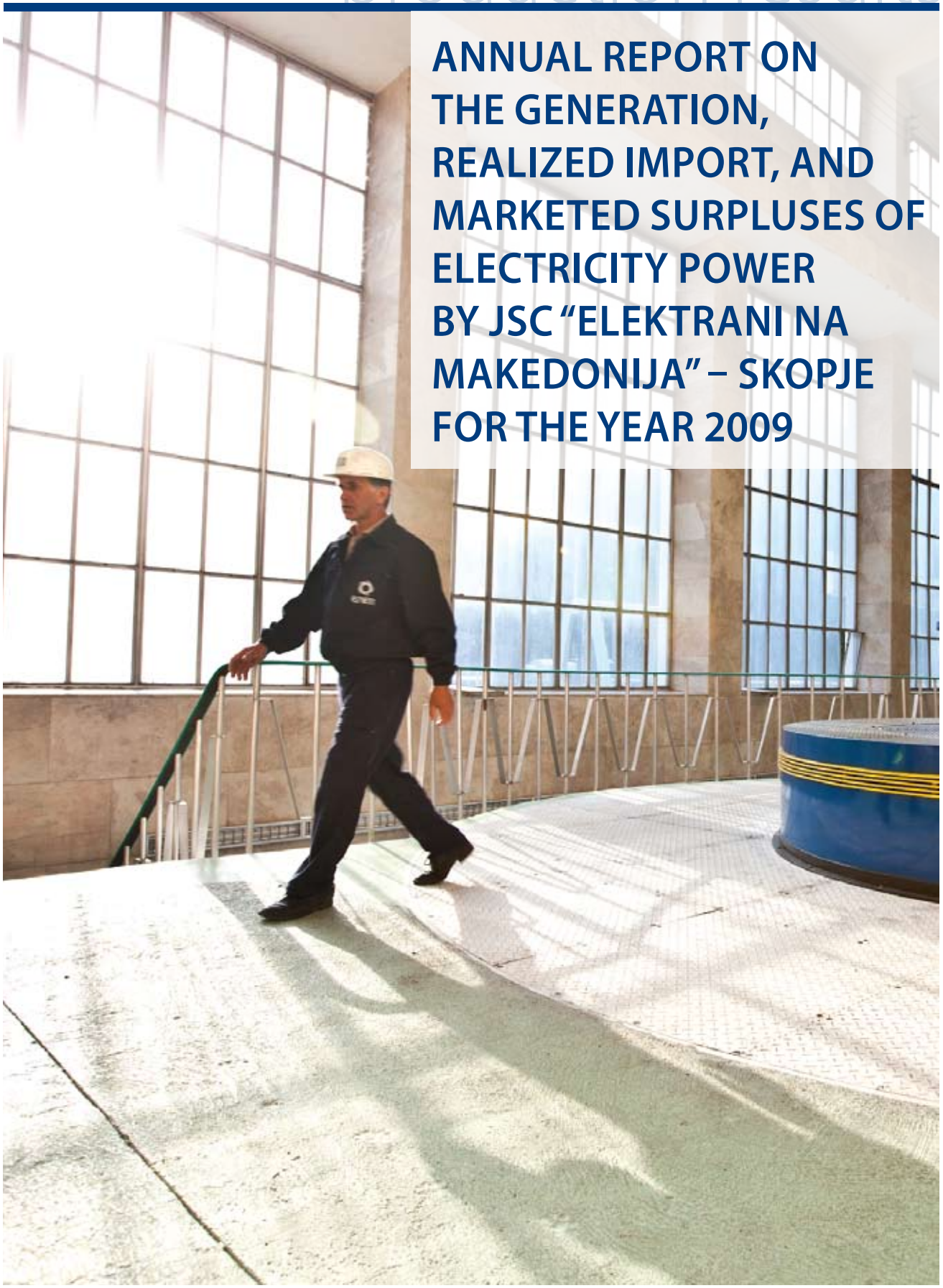
On the other hand, for the first time since its establishment, JSC ELEM, completely on its own, managed to realize sales of 277.000MWh electricity power surpluses, through 21 organized auctions, and thus realize a financial turnover of 9.5 millions of euro and a gain of 1.5 millions of euro, which was immediately reinvested in new development projects.
Only in the last three years, JSC ELEM managed to climb, from 9th in 2007, up to the 4th place in 2009, on the list of the biggest companies in the Republic of Macedonia, in accordance with the total realized turnover in the specific branch. Concurrently, JSC ELEM managed to increase its financial turnover for almost double, from 150 millions of euro in 2007 to about 280 millions of euro in 2009. These results are equitable indicators that can lead to the conclusion that today, JSC ELEM is the fastest growing big company, not only in the Republic of Macedonia, but in the region as well. All our employees are diligent and dedicated to the efficient consumption and maintenance of the electricity power of our country and to the power supply for our future.

I am convinced that, in future, we shall keep count of new successes, and continue with the creation of substantial and positive working conditions in the company, which will motivate our employees towards the search and development of new, contemporary, and alternative methods for a more efficient exploitation of national resources. We are entirely dedicated to the continuation of this successful trend of development and investments further on in the future, following the only strategy that leads to a greater success of all employees. We are committed to efficient and proactive business operations. I sincerely express my gratitude to all employees at JSC ELEM, to my colleagues from the Management and the Supervisory Board, and to all the clients for their support in the conduct of the company activities and the daily affairs in our company.

For the energy of our country!
Sincerely,

D-r Vlatko Cingoski
General Manager
and President of the Management Board
JSC Elektrani na Makedonija

ANNUAL REPORT ON THE GENERATION, REALIZED IMPORT, AND MARKETED SURPLUSES OF ELECTRICITY POWER BY JSC "ELEKTRANI NA MAKEDONIJA" – SKOPJE FOR THE YEAR 2009



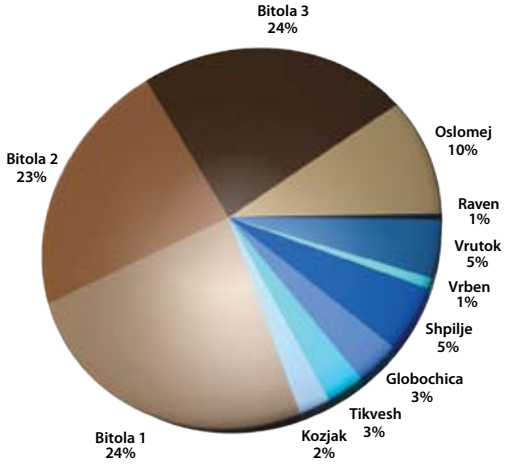
This report incorporates the basic indicators for the generation of electricity power by JSC ELEM in 2009.

1. RESULTS

Generation Results 2009

	Projected generation GWh	Realized Generation GWh	Index Realized/Projected
Thermal Power Plants	**4.806,0**	**4.788,6**	**99,6%**
Bitola 1	1.380,0	1.416,2	102,6%
Bitola 2	1.380,0	1.364,0	98,8%
Bitola 3	1.443,0	1.417,0	98,2%
Oslomej	603,0	591,4	98,1%
Hydro Power Plants	**802,0**	**1.097,6**	**136,9%**
Vrutok	199,0	266,7	134,0%
Raven	24,0	29,9	124,4%
Vrben	23,0	46,7	203,0%
Shpilje	230,0	287,1	124,8%
Globochica	131,0	182,1	139,0%
Tikvesh	92,0	157,1	170,8%
Kozjak	103,0	128,0	124,3%
TOTAL	**5.608,0**	**5.886,2**	**105,0%**

In accordance with the electricity power balance for 2009, JSC ELEM realized 5886,2 GWh (105,0 %) out of the planned generation, wherein the thermal power plants achieved 0,4 % lower generation than planned, and the hydro power plants generated 36,9 % more than planned, which results from the increased inflows and the favourable hydrological conditions during the year.

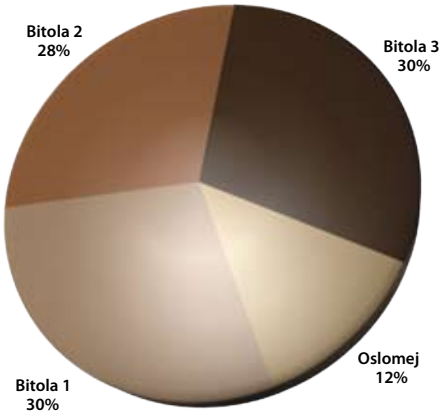


2. STRUCTURE OF ELEM

1. THERMAL POWER PLANTS

Thermal power plants are a priority in the electricity power system of Macedonia. The biggest thermal capacity is Bitola, with its three units Bitola 1, 2 and 3, with 225 MW each. They cover 80% of the electricity power generation in our country. Coal with average caloric value of 8.000 kJ/kg is used as a main fuel in MPC Bitola. Also integrated within the thermal power system of Macedonia is MPC Oslomej with its installed capacity of 125 MW and an average annual net-generation of 500 GWh. The main fuel used in MPC Oslomej is also coal with an average caloric value of 7.600 kJ/kg.

THERMAL POWER PLANTS	Installed Capacity	Net Generation	Start Year	Working Hours	Main Fuel	Fuel Energy Value
	MW	GWh		h		kJ/kg
Bitola 1	225	1.416,2	1982	7701:57:00	coal	7290
Bitola 2	225	1.364,0	1984	7323:46:00	coal	7290
Bitola 3	225	1.417,0	1988	7821:32:00	coal	7290
Oslomej	125	591,4	1980	6935:12:00	coal	6670
TOTAL	**800**	**4.788,6**				

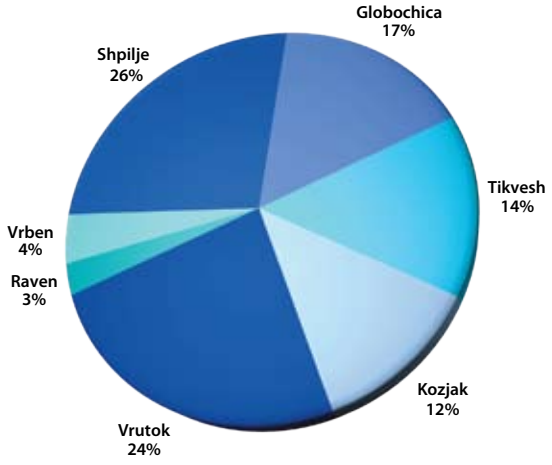


hydro power plants

2. HYDRO POWER PLANTS

The total installed capacity of the hydro power plants amounts at 502 MW, i.e. 40% out of the total capacities of JSC ELEM. There are seven hydro power plants within JSC ELEM, of which two are running-water systems, Raven and Vrben, and five are reservoir-water type - Vrutok, Shpilje, Globochica, Tikvesh, and Kozjak. Out of the total electricity power generation in JSC ELEM, the hydro generation provides about 17%, and it is primarily used for satisfying the daily variations of electricity power consumption and for provision of systematic services for regulation, which allows for a greater flexibility and accessibility of the electricity power system.

HYDRO POWER PLANTS	Number of Aggregates	Installed Capacity	Net Generation	Start Year	Plant Type
		MW	GWh		
Vrutok	4	150	266,7	1957/1973	Water-reservoir
Raven	3	19,2	29,9	1959/1973	Running-water
Vrben	2	12,8	46,7	1959	Running-water
Shpilje	3	84	287,1	1969	Water-reservoir
Globochica	2	42	182,1	1965	Water-reservoir
Tikvesh	4	114	157,1	1968/1981	Water-reservoir
Kozjak	2	80	128,0	2004	Water-reservoir
TOTAL	**20**	**502**	**1097,6**		

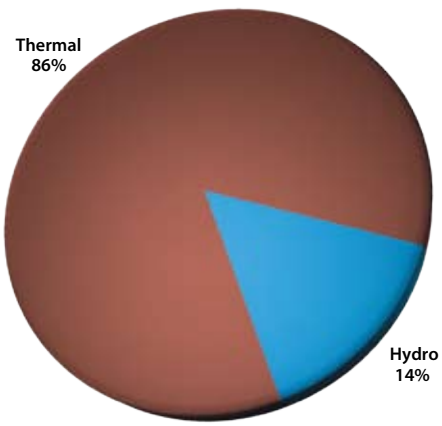


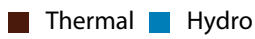
3. PLANNED ELECTRICITY POWER GENERATION FOR JSC ELEM IN 2009, ACCORDING TO THE ELECTRICITY POWER BALANCE

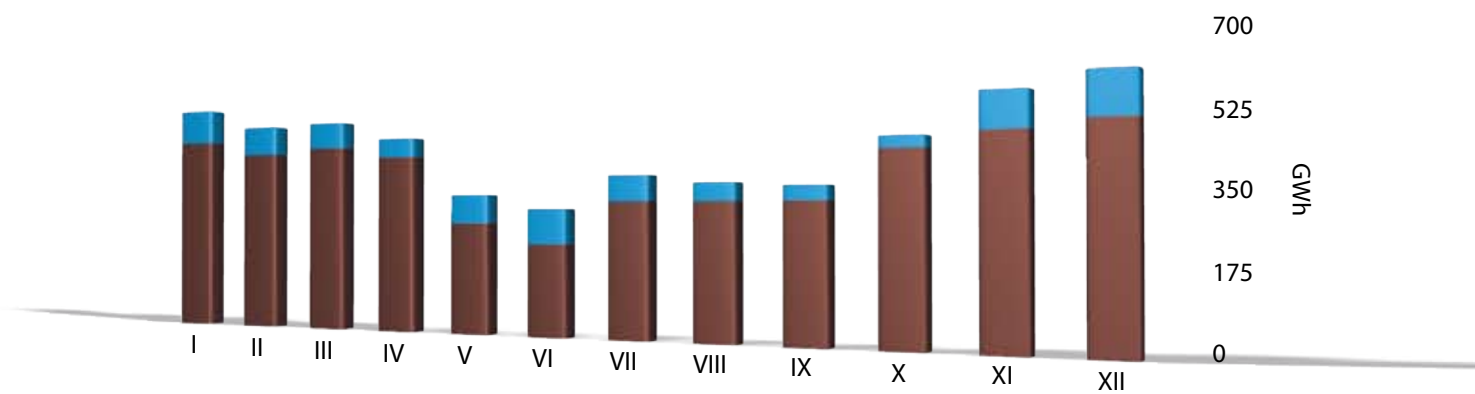
According to the electricity power balance for 2009, planned generation of JSC ELEM amounted at 5.608,0 GWh, of which 4.806,0 GWh (86 %) were to be generated by the thermal power plants and 802,0 GWh (14 %) by the hydro power plants.

MONTHLY BALANCE OF ELECTRICITY POWER **GWh**

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Thermal	497,0	462,0	474,0	447,0	278,0	227,0	332,0	331,0	331,0	446,0	480,0	501,0	4.806,0
Hydro	89,0	74,0	68,0	50,0	72,0	88,0	63,0	45,0	37,0	28,0	87,0	101,0	802,0
TOTAL	**586,0**	**536,0**	**542,0**	**497,0**	**350,0**	**315,0**	**395,0**	**376,0**	**368,0**	**474,0**	**567,0**	**602,0**	**5.608,0**







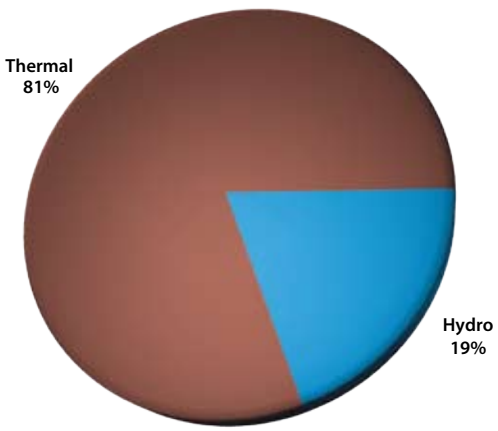
4. GENERATION OF ELECTRICITY POWER

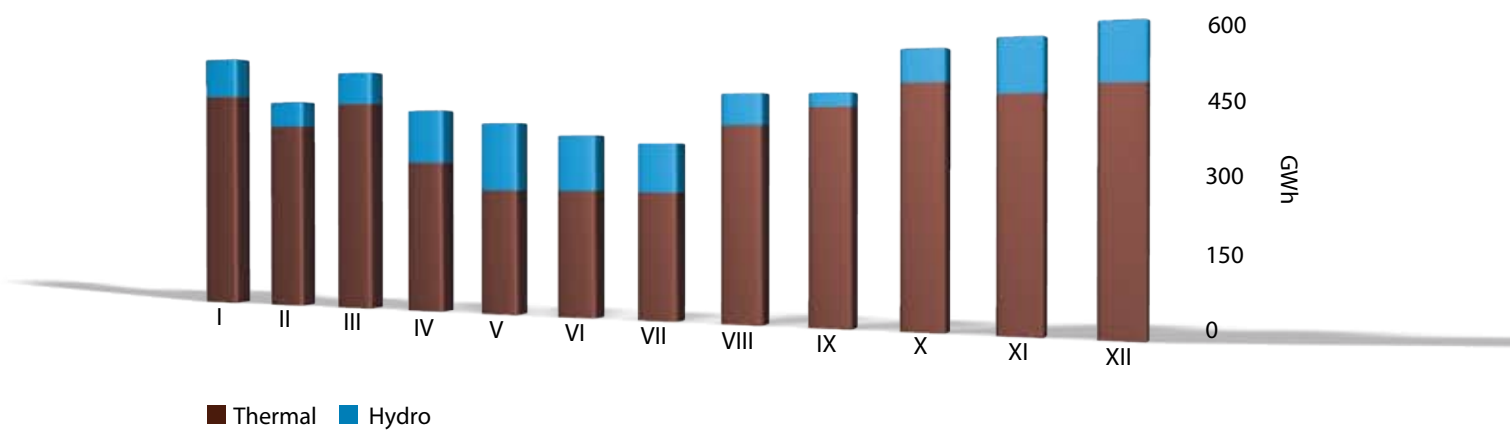
During 2009, JSC ELEM generated a total of 5.886,2 GWh electricity power, of which 4.788,6 GWh (81%) from the thermal power plants and 1.097,6 GWh (19%) from the hydro power plants.

4.1. REALIZED MONTHLY GENERATION

MONTHLY GENERATION OF ELECTRICITY POWER — **GWh**

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Thermal	486,5	414,9	464,2	331,5	270,6	271,3	268,7	408,4	442,3	487,5	462,6	480,0	4.788,6
Hydro	90,7	57,6	72,6	116,5	148,0	118,8	104,2	65,7	30,1	67,2	109,7	116,7	1.097,6
TOTAL	**577,2**	**472,5**	**536,8**	**448,0**	**418,6**	**390,0**	**372,9**	**474,1**	**472,4**	**554,7**	**572,3**	**596,7**	**5.886,2**





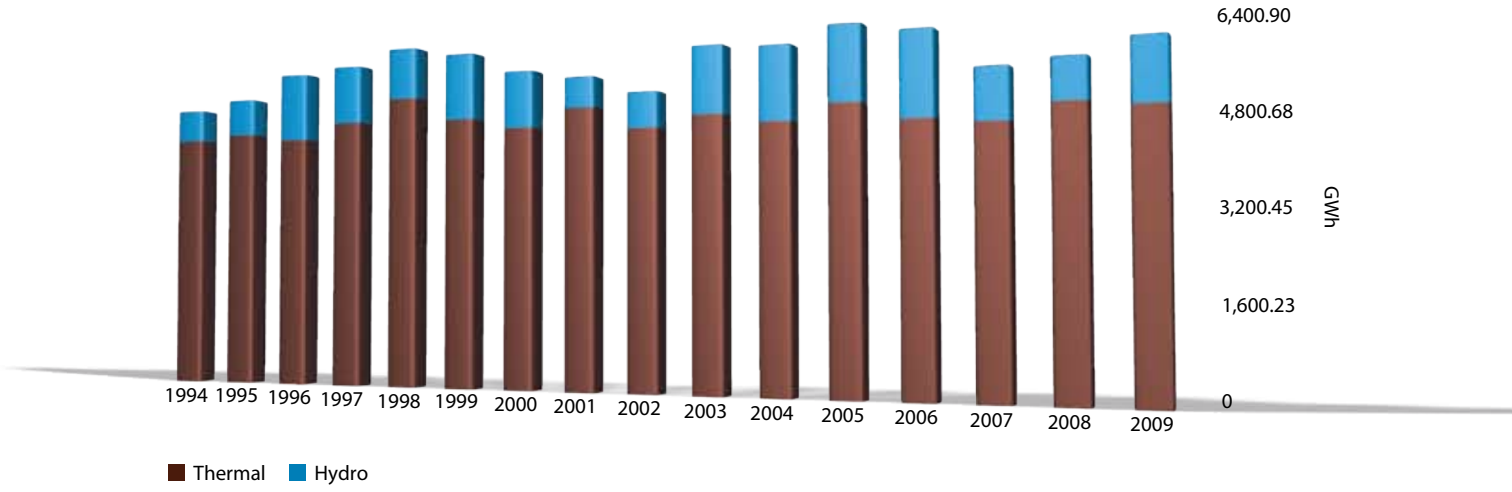
4.2. REALIZED ELECTRICITY POWER GENERATION FOR JSC ELEM BY YEARS

The generation of JSC ELEM in 2009 is 270,8 GWh (4,8 %) bigger than that in 2008.

ANNUAL GENERATION OF ELECTRICITY POWER GWh

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Thermal	4.794,6	4.879,4	4.734,9	5.028,8	5.445,3	5.003,9	4.805,8	5.124,4	4.714,5	4.906,5	4.735,0	5.007,8	4.690,9	4.602,7	4.877,3	4.788,6
Hydro	611,3	695,8	1.283,6	1.090,1	955,6	1.231,3	1.047,8	564,9	652,2	1.218,9	1.328,3	1.344,7	1.504,9	910,5	738,0	1.097,6
TOTAL	**5.405,9**	**5.575,2**	**6.018,5**	**6.118,9**	**6.400,9**	**6.235,2**	**5.853,6**	**5.689,3**	**5.366,7**	**6.125,4**	**6.063,3**	**6.352,5**	**6.195,8**	**5.513,2**	**5.615,4**	**5.886,2**

	2009	2008	09/08	09	08
	GWh	GWh	%	%	%
Thermal	4.788,555	4.877,326	-1,8	81,4	86,9
Hydro	1.097,6	738,028	48,7	18,6	13,1
TOTAL	**5.886,198**	**5.615,354**	**4,8**	**100,0**	**100,0**

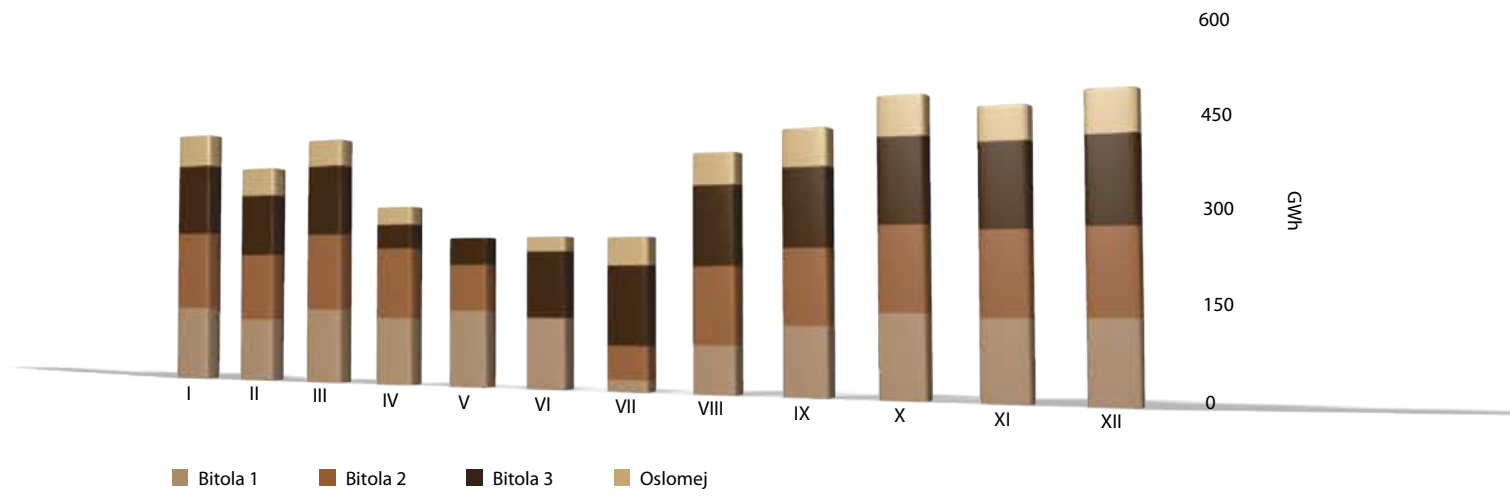


5. THERMAL POWER

In 2009, the thermal power plants generated 4 788,6 GWh, wherein Bitola 1 realized 1.416,2 GWh (29,6 %) out of the total thermal generation, Bitola 2 had 1.364,0 GWh (28,5 %), Bitola 3 - 1.417,0 GWh (29,6 %) and Oslomej - 591,4 GWh (12,4 %).

MONTHLY GENERATION - THERMAL POWER PLANTS **GWh**

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Bitola 1	140,6	118,5	138,5	124,4	138,6	126,9	21,2	83,3	117,2	139,9	133,0	134,0	1.416,2
Bitola 2	148,7	126,7	143,6	128,9	82,8	0,0	58,9	132,8	127,4	139,6	136,7	137,8	1.364,0
Bitola 3	135,1	115,8	131,1	44,4	49,7	117,5	138,0	136,5	133,0	140,8	136,3	138,8	1.417,0
Oslomej	62,1	53,9	51,0	33,7	-0,4	26,8	50,5	55,8	64,7	67,2	56,6	69,4	591,4
TOTAL	**486,5**	**414,9**	**464,2**	**331,5**	**270,6**	**271,3**	**268,7**	**408,4**	**442,3**	**487,5**	**462,6**	**480,0**	**4.788,6**



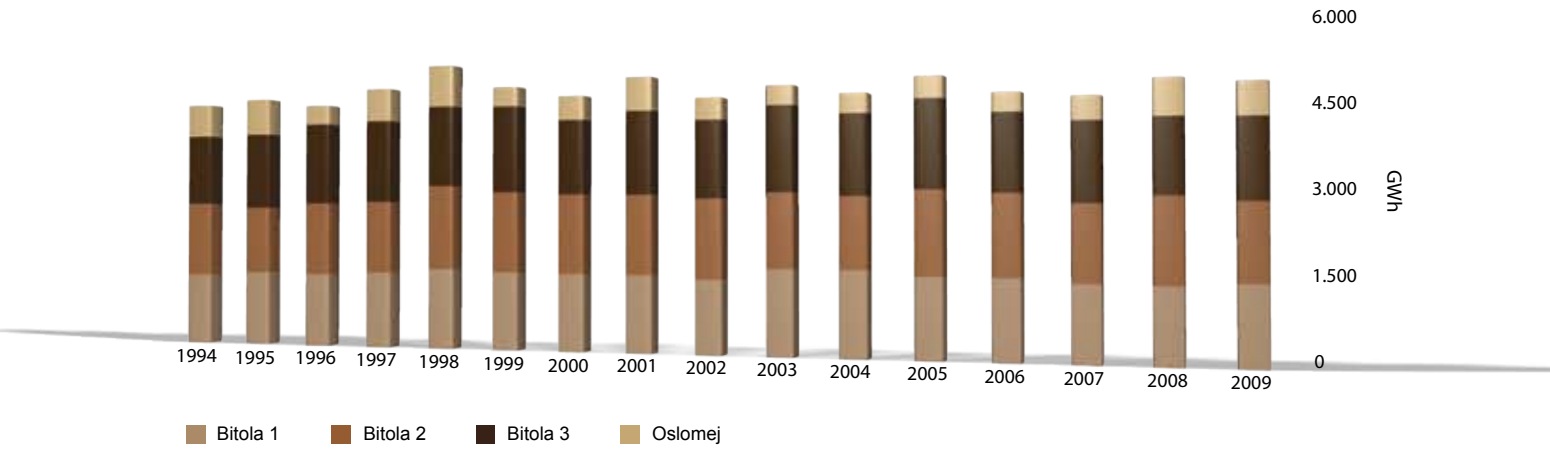
In 2009, the electricity power generation from the thermal power plants is lower for 88,8 GWh (1,82 %) if compared to that in 2008.
The generation in Bitola 2 is lower for 10,9 % if compared to 2008, which results from the capital reconstructions that were executed, and Bitola 1 and Bitola 3 realized 4,4 % higher generation, i.e. 6,63%, if compared to 2008, which is due to the shorter completion of capital reconstructions than it was planned.
The thermal plant Oslomej achieved 10,6 % lower generation, if compared to the previous year (2008).

GENERATION PER YEARS - THERMAL POWER PLANTS

GWh

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Bitola 1	1.375,4	1.434,2	1.406,6	1.451,7	1.537,9	1.483,1	1.463,7	1.452,5	1.389,4	1.590,3	1.585,3	1.478,0	1.465,9	1.386,3	1.357,0	1.416,2
Bitola 2	1.431,5	1.284,7	1.399,3	1.369,1	1.586,1	1.519,3	1.489,3	1.487,5	1.472,9	1.383,6	1.313,4	1.524,6	1.475,0	1.372,9	1.530,1	1.364,0
Bitola 3	1.350,5	1.451,3	1.542,4	1.572,1	1.527,6	1.624,6	1.389,1	1.545,8	1.435,4	1.566,6	1.463,5	1.600,9	1.393,1	1.407,3	1.328,9	1.417,0
Oslomej	637,2	709,2	386,6	635,9	793,7	376,9	463,7	638,6	416,8	366,0	372,8	404,3	356,9	436,2	661,4	591,4
TOTAL	**4.794,6**	**4.879,4**	**4.734,9**	**5.028,8**	**5.445,3**	**5.003,9**	**4.805,8**	**5.124,4**	**4.714,5**	**4.906,5**	**4.735,0**	**5.007,8**	**4.690,9**	**4.602,7**	**4.877,3**	**4.788,6**

Thermal Power Plants	2009	2008	09/08	09	08
	GWh	GWh	%	%	%
Bitola 1	1.416,2	1.357,0	4,4	29,6	27,8
Bitola 2	1.364,0	1.530,1	-10,9	28,5	31,4
Bitola 3	1.417,0	1.328,9	6,6	29,6	27,2
Oslomej	591,4	661,4	-10,6	12,4	13,6
TOTAL	**4.788,6**	**4.877,3**	**-1,8**	**100**	**100,0**



6. RECONSTRUCTION ACTIVITIES AND OUTAGES

This year marked the start and finalization of the planned reconstruction activities in all of the power plants, in accordance with the previously determined dynamics and timelines.

HPP / MPC	Date		Description
	Start-up	Completion	
MPC Bitola			
Unit 1	7/6/2009	8/13/2009	Revision of the turbo aggregate; Increased monitoring of the metal in the boiler ; Required works on the boiler and the reinforced construction
Unit 2	5/20/2009	7/17/2009	Capital reconstruction of the turbo aggregate; Increased monitoring of the metal in the boiler ; Required works on the boiler and the reinforced construction
Unit 3	4/13/2009	5/19/2009	Revision of the turbo aggregate; Increased monitoring of the metal in the boiler ; Required works on the boiler and the reinforced construction
MPC Oslomej			
Aggregate A	5/1/2009	6/16/2009	Reconstruction of the turbine; Executed measurements for turbine vibrations before and after the reconstruction; Increased monitoring of the metal in the boiler ; Required works on the boiler and the reinforced construction; AB funnel mending
HPP Vrutok			
Aggregate A	4/1/2009	4/11/2009	Complete revision of the aggregate and the equipment
	8/10/2009	9/23/2009	Outages resulting from the anti-corrossion protection of Duff siphon
Aggregate B	4/1/2009	4/17/2009	Complete dismounting and mounting of the aggregate to remove vibrations; Reconstruction of the braking system servomotor ; Replacement of the servomotor control circuits with a regulation pin No 2
	8/10/2009	9/23/2009	Outages resulting from the anti-corrossion protection of Duff siphon
Aggregate C	4/20/2009	5/8/2009	Revision of the aggregate and the equipment; • Reconstruction of the braking system servomotor ; Repairment of the regulation pin No 1; • Replacement of old oil pumps on the Unit transformer
Aggregate D	8/10/2009	9/18/2009	Revision of the aggregate and the equipment; Reconstruction the regulation pin 3; • Replacement of old oil pumps on the Unit transformer ; Revision of the Unit transformer and complete instalation of a new cooling system
HPP Raven			
Aggregate A	4/1/2009	4/12/2009	Revision of the aggregate and the equipment; • Replacement of the wire gaskets;
Aggregate B	4/13/2009	4/24/2009	Revision of the aggregate and the equipment; • Replacement of gaskets and processing of the collet
Aggregate C	4/27/2009	5/8/2009	Revision of the aggregate and the equipment
HPP Vrben			
Aggregate A	9/23/2009	10/15/2009	Revision of the aggregate and the equipment; • Reparation of a broken cooler in the lubricating system; Minor di-electric oil penetration in the Unit transformer that led to reparation at Rade Koncar -Skopje
Aggregate B	9/23/2009	10/15/2009	Revision of the aggregate and the equipment

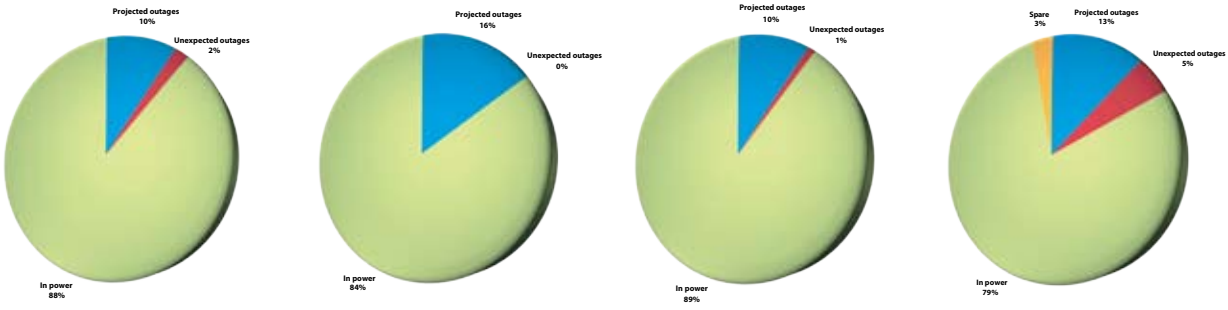
HPP / MPC	Date		Description
	Start-up	Completion	
HPP Tikvesh			
Aggregate A	6/1/2009	6/4/2009	Revision of the aggregate and the equipment
Aggregate B	6/8/2009	6/12/2009	Revision of the aggregate and the equipment
Aggregate C	6/15/2009	6/18/2009	Revision of the aggregate and the equipment
Aggregate D	6/22/2009	6/25/2009	Revision of the aggregate and the equipment
HPP Globochica			
Aggregate A	9/28/2009	10/1/2009	Repairment of the pre-turbine cap
	10/26/2009	11/2/2009	Revision of the aggregate and the equipment; Profilactic experiments
Aggregate B	9/28/2009	10/1/2009	Repairment of the pre-turbine cap
	10/13/2009	10/21/2009	Revision of the aggregate and the equipment; Profilactic experiments
HPP Shpilje			
Aggregate A	3/3/2009	3/6/2009	Revision of the aggregate and the equipment
	11/26/2009	11/26/2009	Profilactic experiments
Aggregate B	3/16/2009	3/20/2009	Revision of the aggregate and the equipment
	11/25/2009	11/25/2009	Profilactic experiments
Aggregate C	3/9/2009	3/13/2009	Revision of the aggregate and the equipment
	11/24/2009	11/24/2009	Profilactic experiments
HPP Kozjak			
Aggregate A	9/1/2009	11/1/2009	Revision of the aggregate and the equipment
Aggregate B	8/24/2009	11/30/2009	Revision of the aggregate and the equipment; Solution to the shaft issues related to hesitation and vibrations

An overview of the duration of planned and unexpected outages in the thermal power plants in 2008.

Outages h

Thermal Power Plants	Bitola 1		Bitola 2		Bitola 3		Oslomej	
	P	U	P	U	P	U	P	U
January	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	7:06:00	0:00:00	67:20:00
February	0:00:00	5:43:00	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	33:35:00
March	0:00:00	0:00:00	0:00:00	6:27:00	0:00:00	0:00:00	0:00:00	61:50:00
April	0:00:00	8:07:00	0:00:00	0:00:00	431:14:00	0:00:00	276:44:00	0:00:00
May	0:00:00	0:00:00	281:11:00	24:20:00	443:43:00	7:48:00	743:55:00	0:00:00
June	0:00:00	0:00:00	720:00:00	0:00:00	0:00:00	31:18:00	375:45:00	0:00:00
July	621:38:00	0:00:00	394:42:00	0:00:00	0:00:00	0:00:00	0:00:00	49:54:00
August	292:29:00	0:00:00	0:00:00	0:00:00	0:00:00	6:36:00	0:00:00	63:00:00
September	0:00:00	68:13:00	0:00:00	9:34:00	0:00:00	0:00:00	0:00:00	0:00:00
October	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00
November	0:00:00	31:16:00	0:00:00	0:00:00	0:00:00	10:43:00	0:00:00	144:00:00
December	0:00:00	30:37:00	0:00:00	0:00:00	0:00:00	0:00:00	0:00:00	7:45:00
TOTAL	**914:07:00**	**143:56:00**	**1395:53:00**	**40:21:00**	**874:57:00**	**63:31:00**	**1396:24:00**	**428:24:00**
	1058:03:00		**1436:14:00**		**938:28:00**		**1824:48:00**	

Projected outages Unexpected outages



The following charts illustrate a comparison of the number of outages and reconstructions and their duration as compared to the previous years.

If compared to 2008, the number of outages is smaller for 10 (52,63%), and if compared to 2007 it is bigger for 6 (26,09%), if compared to 2006 it is bigger for 3 (11,54%), and if compared to 2005 it is bigger for 13 (81,25%).

The total time duration for the outages and reconstructions in 2009 amounts at 5257:33:00 hours and it is lower for 7,49% if compared to 2008, lower for 33,53% if compared to 2007, for 31,82% if compared to 2006, and for 28,28% if compared to 2005, which results from the short-term unexpected outages, as well as from the expeditious actions of the responsible employees for removal of defects.

NUMBER OF OUTAGES AND RECONSTRUCTIONS

T.1. Number of outages and reconstructions per years and aggregates

		MPC Bitola				MPC Oslomej	
		Unit 1	Unit 2	Unit 3	TOTAL	Aggregate 1	TOTAL MPC
Outages	2004	4	2	3	**9**	7	**16**
	2005	1	1	4	**6**	7	**13**
	2006	2	3	7	**12**	14	**26**
	2007	5	2	7	**14**	5	**19**
	2008	4	5	2	**11**	4	**15**
	2009	8	3	5	**16**	9	**25**
Reconstructions	2004	no reconstructions	1	no reconstructions	**1**	1	**2**
	2005	1	1	no reconstructions	**2**	1	**3**
	2006	no reconstructions	no reconstructions	no reconstructions	**no reconstructions**	no reconstructions	**no reconstructions**
	2007	1	1	1	**3**	1	**4**
	2008	1	1	1	**3**	1	**4**
	2009	1	1	1	**3**	1	**4**
TOTAL	2004	4	3	3	**10**	8	**18**
	2005	2	2	4	**8**	8	**16**
	2006	2	3	7	**12**	14	**26**
	2007	6	3	8	**17**	6	**23**
	2008	5	6	3	**14**	5	**19**
	2009	9	4	6	**19**	10	**29**
Comparison of 2008 to previous years [%]	2004	125,00%	33,33%	100,00%	**90,00%**	25,00%	**61,11%**
	2005	350,00%	100,00%	50,00%	**137,50%**	25,00%	**81,25%**
	2006	350,00%	33,33%	-14,29%	**58,33%**	-28,57%	**11,54%**
	2007	50,00%	33,33%	-25,00%	**11,76%**	66,67%	**26,09%**
	2008	80,00%	-33,33%	100,00%	**35,71%**	100,00%	**52,63%**

DURATION OF OUTAGES AND RECONSTRUCTIONS

T.2. Hourly duration of outages and reconstructions per years and aggregates

		MPC Bitola				MPC Oslomej	
		Unit 1	Unit 2	Unit 3	TOTAL	Aggregate 1	TOTAL MPC
Outages	2004	594:00:00	813:28:00	1255:00:00	**2662:28:00**	49:00:00	**2711:28:00**
	2005	80:21:00	2:48:00	850:00:00	**933:09:00**	216:00:00	**1149:09:00**
	2006	1071:00:00	1268:00:00	125:21:00	**2464:21:00**	762:49:00	**3227:10:00**
	2007	340:39:00	82:19:00	120:14:00	**543:12:00**	300:51:00	**844:03:00**
	2008	132:47:00	29:05:00	89:04:00	**250:56:00**	191:49:00	**442:45:00**
	2009	143:56:00	40:21:00	63:31:00	**247:48:00**	705:08:00	**952:56:00**
Reconstructions	2004	0:00:00	917:32:00	0:00:00	**917:32:00**	3776:00:00	**4693:32:00**
	2005	1086:39:00	986:12:00	00:00:00	**2072:51:00**	4109:00:00	**6181:51:00**
	2006	0:00:00	0:00:00	1419:09:00	**1419:09:00**	3064:51:00	**4484:00:00**
	2007	1061:42:00	1298:39:00	1068:30:00	**3428:51:00**	3637:12:00	**7066:03:00**
	2008	1503:55:00	931:10:00	1396:01:00	**3831:06:00**	1409:10:00	**5240:16:00**
	2009	914:07:00	1395:53:00	874:57:00	**3184:57:00**	1119:40:00	**4304:37:00**
TOTAL	2004	594:00:00	1731:00:00	1255:00:00	**3580:00:00**	3825:00:00	**7404:00:00**
	2005	1167:00:00	989:00:00	850:00:00	**3006:00:00**	4325:00:00	**7331:00:00**
	2006	1071:00:00	1268:00:00	1544:30:00	**3883:30:00**	3827:40:00	**7711:10:00**
	2007	1402:21:00	1380:58:00	1188:44:00	**3972:03:00**	3938:03:00	**7910:06:00**
	2008	1636:42:00	960:15:00	1485:05:00	**4082:02:00**	1600:59:00	**5683:01:00**
	2009	1058:03:00	1436:14:00	938:28:00	**3432:45:00**	1824:48:00	**5257:33:00**
Comparison of 2008 to previous years [%]	2004	78,12%	-17,03%	-25,22%	**-4,11%**	-52,29%	**-29,00%**
	2005	-9,34%	45,22%	10,41%	**14,20%**	-57,81%	**-28,28%**
	2006	-1,21%	13,27%	-39,24%	**-11,61%**	-52,33%	**-31,82%**
	2007	-24,55%	4,00%	-21,05%	**-13,58%**	-53,66%	**-33,53%**
	2008	-35,35%	49,57%	-36,81%	**-15,91%**	13,98%	**-7,49%**

7. MINES

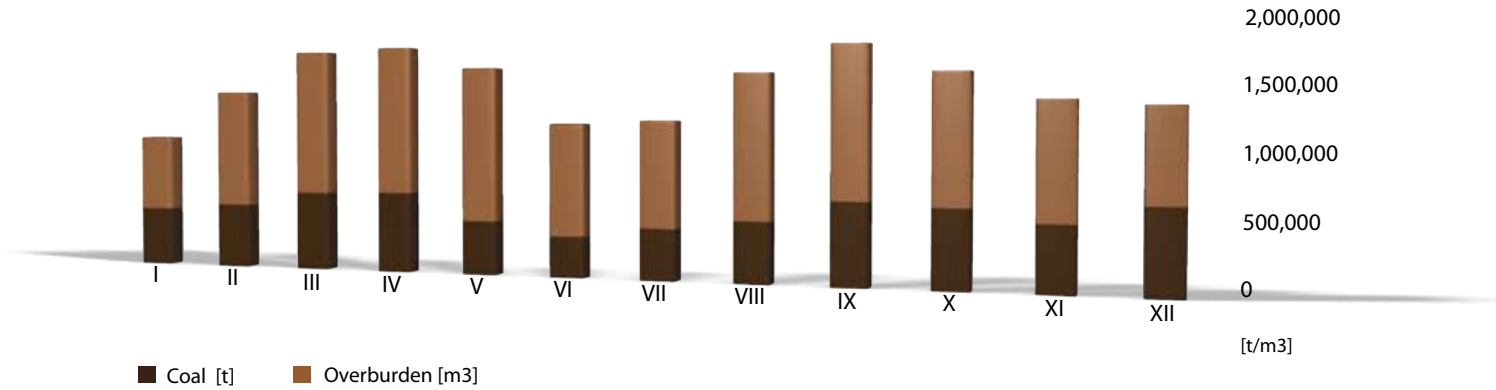
In 2009, there were 7.453.804 [t] of coal extracted in our mines. For the needs of TPP Bitola, 6.297.095 [t] were extracted from the Suvodol Mine. For the needs of TPP Oslomej, 851.299 [t] of coal were extracted from the Oslomej – Zapad Mine, and by the opening of the cast in the local mine Star Rudnik (Old Mine), is part of the former Oslomej – Istok Mine, a delivery of 305.410 [t] of coal have been facilitated for this year, by the method of discontinuous mechanisation.

BITOLA

Suvodol Mine - 2009

Extraction of coal and overburden

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
coal [t]	468.275	515.714	627.799	640.555	428.976	324.460	403.566	478.480	640.973	608.199	510.133	649.965	6.297.095
overburden [m3]	608.025	940.736	1.153.697	1.172.323	1.216.837	882.114	831.442	1.126.155	1.177.277	1.003.345	898.612	716.926	11.727.489



Brod-Gneotino Mine - 2009

Extraction of coal and overburden

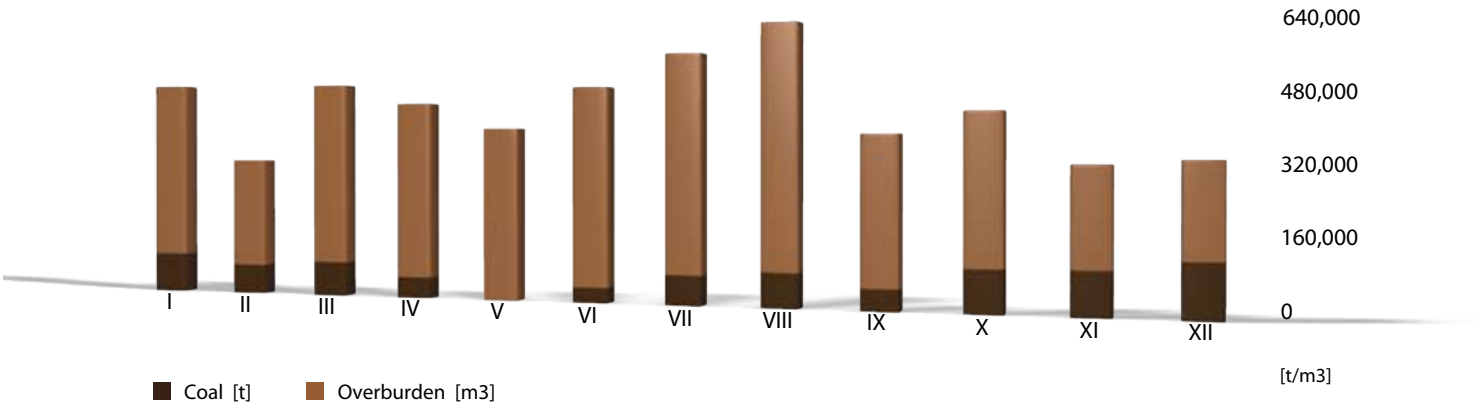
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
coal [t]													0
overburden [m3]	184.757	303.496	341.510	479.166	661.848	608.532	358.677	811.495	545.756	513.460	354.907	456.967	5.620.571

Oslomej

Oslomej-Zapad Mine - 2009

Extraction of coal and overburden

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
coal [t]	93.620	70.153	81.150	49.574		35.709	69.478	80.429	49.826	97.902	100.496	122.962	851.299
overburden [m3]	418.403	258.183	429.432	414.549	404.238	463.272	504.452	559.269	340.849	341.851	223.528	211.383	4.569.409



Star Rudnik Mine - 2009

Extraction of coal and overburden

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
coal [t]		20.621	43.456		12.751	15.764	47.506	56.719	56.123	41.203	11.267		305.410
overburden [m3]													0

7.1. CONSUMPTION OF COAL AND FUEL FOR ELECTRICITY POWER GENERATION

For the generation of 4.788,6 GWh the thermal power plants consumed the following amounts:

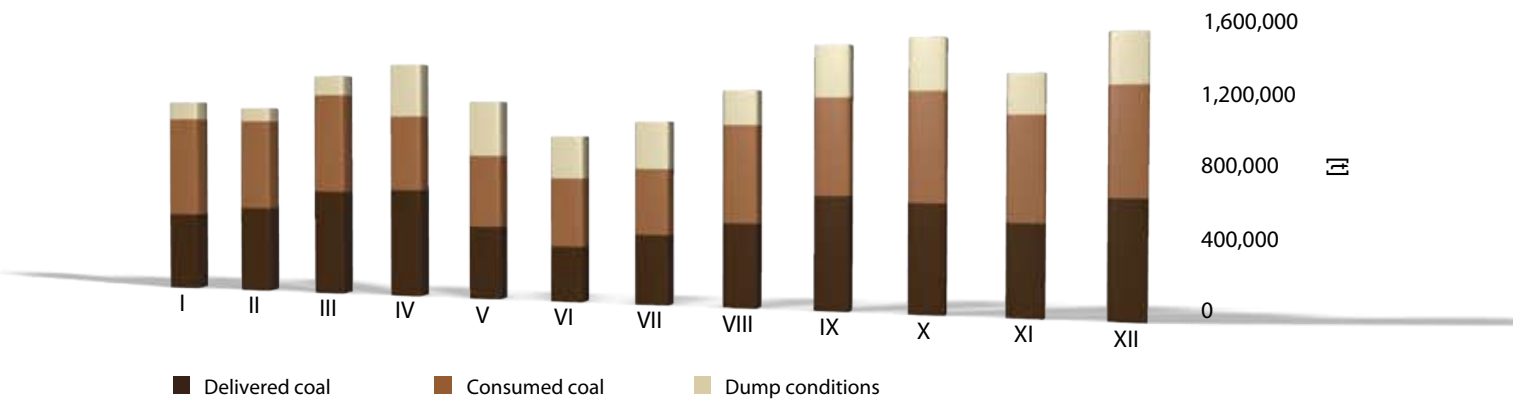
Coal ..... 7.307.121,00 [t] or 1,53 kg/kWh

Fuel ..... 14.033,00 [t] or 2,93 gr/kWh

Thermal plants production has been realized with 108 780 [t] less coal [1,46 %] and 739 [t] extra fuel [5,55 %], if compared to the amounts spent in 2008. The increased consumption of fuel results from the lower purity coal used, which can easily be seen from the caloric value of this coal expressed in kJ/kg.

COAL CONSUMPTION - MPC BITOLA t

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Delivered coal	468.275	515.714	627.799	640.555	428.976	324.460	403.566	478.480	640.973	608.199	510.133	649.965	6.297.095
Consumed coal	603.290	543.359	590.611	445.189	423.900	397.498	378.268	553.960	545.300	610.269	577.909	593.892	6.263.445
Dump conditions	113.343	85.698	122.886	318.252	323.328	250.290	275.588	200.108	295.781	293.711	225.935	282.008	
Caloric value kJ/kg	7.167,8	7.230,6	7.255,7	7.477,6	7.213,9	6.945,9	6.548,2	6.987,8	7.314,3	7.795,8	7.720,5	7.825,1	7.290



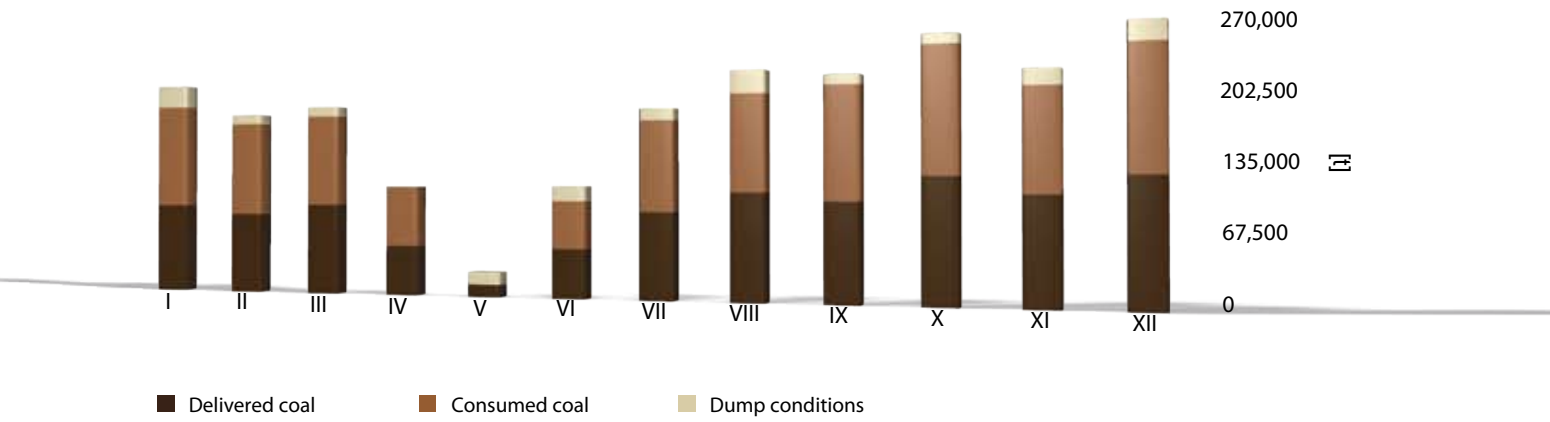
OIL FUEL CONSUMPTION - MPC BITOLA t

I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
855	1.150	553	633	756	655	1.323	982	865	113	628	619	9.132

COAL CONSUMPTION - MPC Oslomej

t

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Delivered coal	91.712	82.985	93.228	51.209	12.751	50.035	87.314	106.740	98.228	122.717	105.564	123.537	1.026.020
Consumed coal	106.528	96.040	93.013	61.209	0	47.786	90.314	95.740	111.228	122.717	99.564	119.537	1.043.676
Dump conditions	23.184	10.129	10.344	344	13.095	15.344	12.344	23.344	10.344	10.344	16.344	20.344	
Caloric value kJ/kg	7.004	6.579	6.440	6.600		6.712	6.650	6.875	6.780	6.378	6.626	6.731	6.670



OIL FUEL CONSUMPTION - MPC Oslomej

t

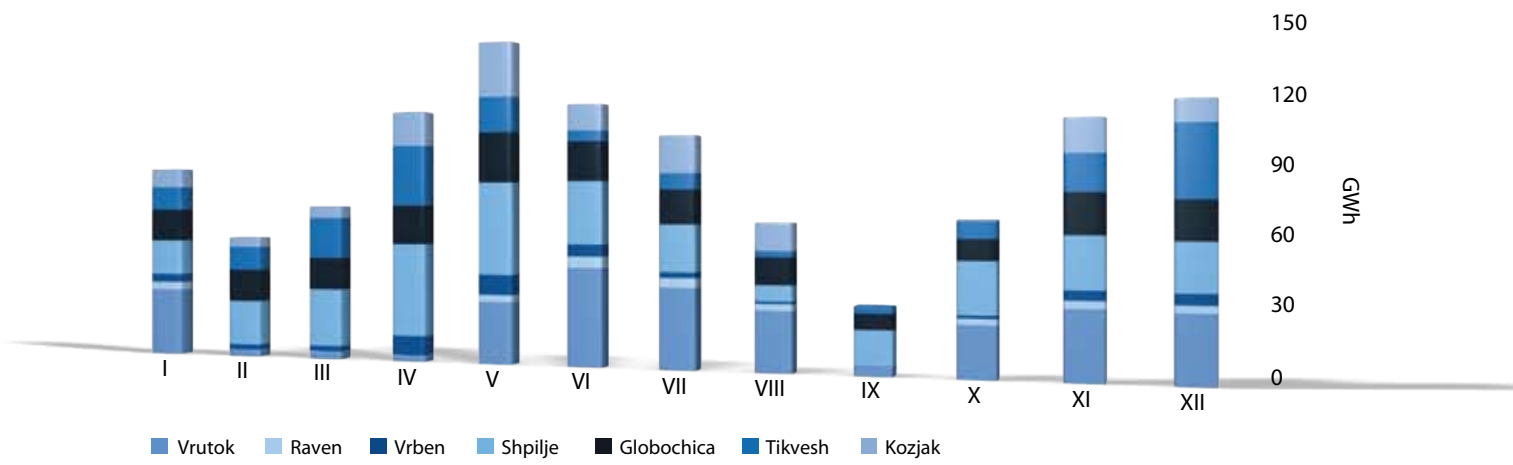
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
118	742	1.015	308	54	530	695	250	49	272	286	582	4.901

8. HYDRO POWER

In 2009, the hydro power plants generated 1.097,6 GWh electricity power, wherein Vrutok generated 266,7 GWh (24,3 %) out of the total hydro generation, Raven 29,9 GWh (2,7 %), Vrben 46,7 GWh (4,3 %), Shpilje 287,1 GWh (26,2 %), Globochica 182,1 GWh (16,6 %), Tikvesh 157,1 GWh (14,3 %) and Kozjak 128 GWh (11,7 %).

MONTHLY GENERATION - HYDRO POWER PLANTS **GWh**

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Vrutok	31,6	3,0	3,3	2,8	28,6	44,8	36,7	27,3	5,1	23,1	30,7	29,7	266,7
Raven	3,7	0,3	0,3	0,3	3,2	5,2	4,1	3,0	0,5	2,6	3,4	3,2	29,9
Vrben	3,8	2,6	2,5	9,1	9,2	5,4	2,6	1,0	0,1	1,5	4,1	4,8	46,7
Shpilje	16,6	20,9	26,9	42,8	42,3	28,5	21,3	7,1	14,2	22,7	22,7	21,1	287,1
Globochica	15,0	15,0	14,8	17,9	23,1	17,9	15,4	12,2	6,9	9,1	17,9	17,0	182,1
Tikvesh	10,9	11,0	19,0	27,8	16,2	4,8	7,2	2,6	3,2	7,5	16,0	31,0	157,1
Kozjak	9,1	4,8	5,7	15,9	25,3	12,1	16,9	12,4	-0,0	0,8	14,9	10,1	128,0
TOTAL	**90,7**	**57,6**	**72,6**	**116,5**	**148,0**	**118,8**	**104,2**	**65,7**	**30,1**	**67,2**	**109,7**	**116,7**	**1.097,6**

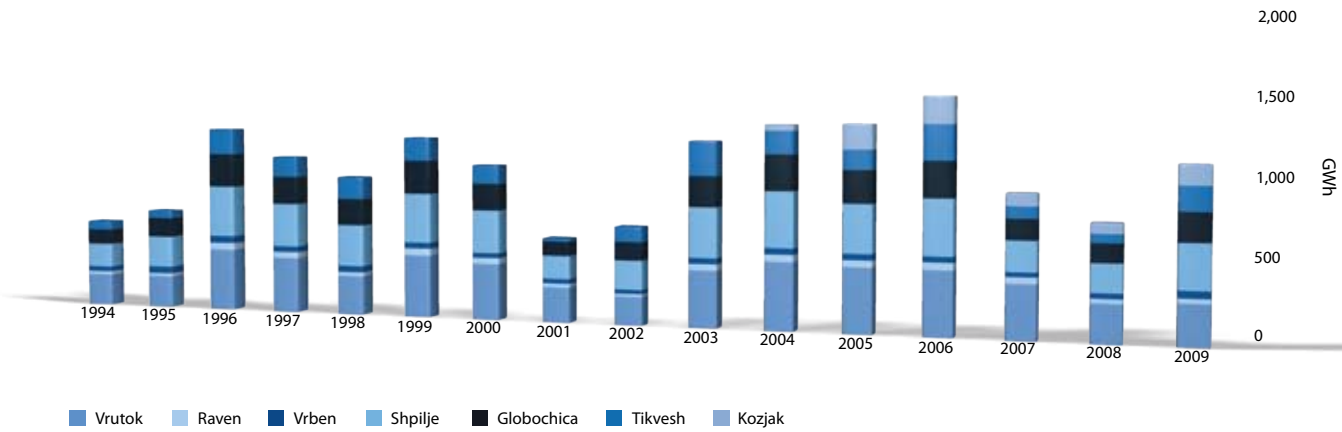


Electricity power generation in the hydro power plants marks an increase of 359,6 GWh (48,73%) as compared to 2008. The increased generation is primarily due to the increased inflows and the favourable hydrological conditions throughout the year.

GENERATION PER YEARS - HYDRO POWER PLANTS GWh

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Vrutok	219,7	220,1	425,4	378,8	264,9	421,7	376,8	235,4	190,1	378,1	448,4	425,9	423,5	353,5	250,0	266,7
Raven	25,7	25,8	49,9	44,3	31,1	50,3	43,2	28,5	21,2	41,3	45,4	46,5	48,9	41,2	28,8	29,9
Vrben	32,0	44,1	45,5	37,1	40,0	40,3	31,4	28,7	25,6	39,0	41,2	38,0	34,7	30,8	34,4	46,7
Shpilje	165,8	216,4	352,9	297,6	283,9	332,4	289,9	154,3	193,2	330,4	365,6	316,7	363,4	196,0	182,0	287,1
Globochica	104,8	134,6	229,6	191,6	182,0	225,0	178,2	96,8	122,7	201,1	233,5	212,9	232,6	132,6	120,2	182,1
Tikvesh	63,3	54,8	180,3	140,7	153,3	161,6	128,3	21,2	99,4	229,0	149,9	128,8	227,4	74,8	55,1	157,1
Kozjak	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	44,3	165,9	179,6	81,7	67,4	128,0
TOTAL	**611,3**	**695,8**	**1.283,6**	**1.090,1**	**955,2**	**1.231,3**	**1.047,8**	**564,9**	**652,2**	**1.218,9**	**1.328,3**	**1.334,7**	**1.510,1**	**910,6**	**738,0**	**1.097,6**

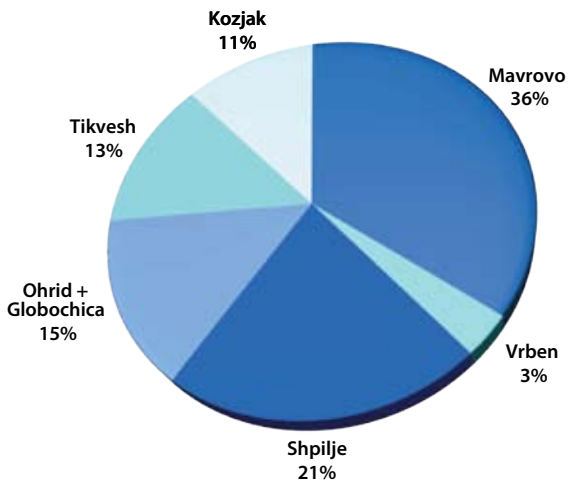
HYDRO POWER PLANTS	2009	2008	09/08	09	08
	GWh	GWh	%	%	%
Vrutok	266,7	250,0	6,66	24,3	33,9
Raven	29,9	28,8	3,56	2,7	3,9
Vrben	46,7	34,4	35,88	4,3	4,7
Shpilje	287,1	182,0	57,74	26,2	24,7
Globochica	182,1	120,2	51,47	16,6	16,3
Tikvesh	157,1	55,1	185,03	14,3	7,5
Kozjak	128,0	67,4	89,93	11,7	9,1
TOTAL	**1.097,6**	**738,0**	**48,73**	**100,0**	**100,0**

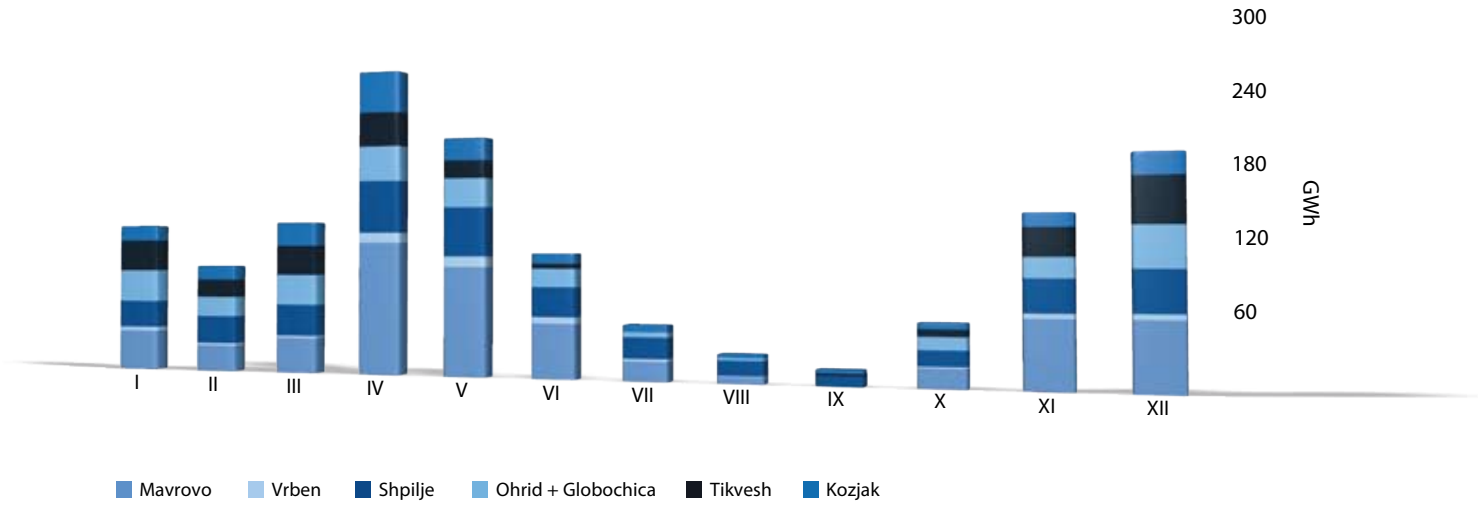


AN OVERVIEW OF THE MONTHLY INFLOW IN THE WATER-RESERVOIRS FOR 2009

WATER-RESERVOIR INFLOWS **GWh**

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTAL
Mavrovo	36,0	23,3	31,6	118,0	96,7	48,2	17,1	6,1	0,1	16,7	57,6	57,5	508,8
Vrben	3,8	2,6	2,5	9,1	9,3	5,4	2,6	1,0	0,1	1,5	4,1	4,8	46,9
Shpilje	24,1	24,3	27,5	46,2	42,9	25,7	18,0	12,5	8,9	13,0	27,6	34,8	305,5
Ohrid +Globochica	28,6	18,1	27,4	31,1	25,7	16,2	4,7	2,3	-0,3	10,9	17,0	34,3	216,1
Tikvesh	27,9	15,9	26,4	30,3	15,7	4,1	0,3	-0,3	1,8	6,1	23,6	38,2	190,0
Kozjak	14,0	12,5	21,2	36,8	20,2	9,4	5,7	3,2	3,1	5,2	11,6	18,6	161,5
TOTAL	**134,4**	**96,9**	**136,6**	**271,5**	**210,5**	**109,0**	**48,4**	**24,8**	**13,7**	**53,4**	**141,5**	**188,2**	**1.428,8**

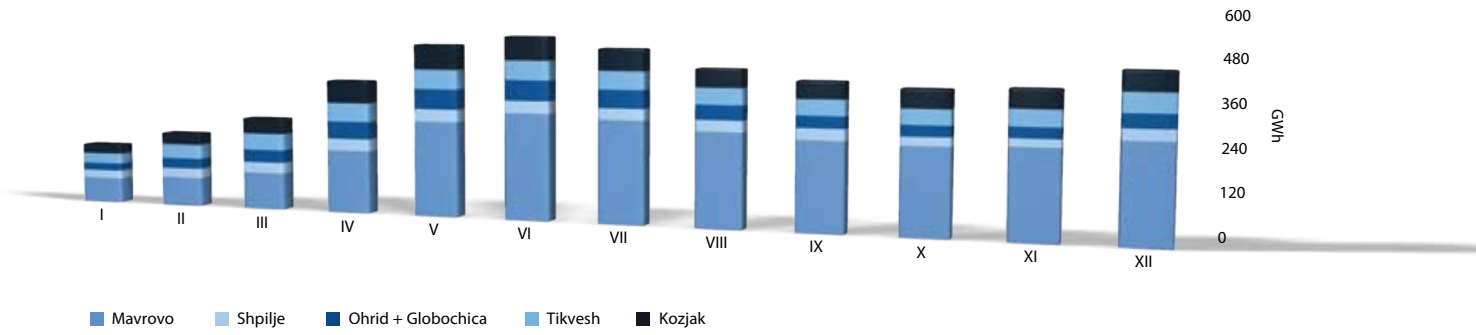




AN OVERVIEW OF THE AVERAGE MONTHLY CONDITIONS IN THE WATER-RESERVOIRS FOR 2009

AVERAGE MONTHLY CONDITION IN WATER-RESERVOIRS — GWh

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Mavrovo	75,23	85,80	110,18	186,18	279,17	310,67	298,16	271,92	256,37	248,80	254,61	278,89
Shpilje	24,29	29,93	31,83	34,65	36,43	35,19	32,37	33,31	33,46	25,56	22,35	31,97
Ohrid+ Globochica	21,95	30,04	37,83	51,41	59,25	59,64	53,39	42,21	33,42	30,75	31,11	39,32
Tikvesh	32,07	43,48	49,57	55,75	56,47	56,13	52,50	47,37	45,19	43,78	46,77	54,38
Kozjak	27,61	34,28	46,05	66,12	73,91	70,14	63,29	52,41	49,45	53,30	53,46	56,07
TOTAL	**181,15**	**223,54**	**275,46**	**394,11**	**505,22**	**531,77**	**499,70**	**447,23**	**417,88**	**402,20**	**408,30**	**460,62**



9. IMPORT OF ELECTRICITY POWER FOR THE NEEDS OF TARIFF CONSUMERS

JSC ELEM has taken over the responsibility to import electricity power for the needs of the tariff consumers from JSC MEPSO, on 5th September 2008, when the new Energy Law entered into force.

Unlike the foregoing practice for import of projected amounts of electricity power for the whole following year at once, as of 1st January 2009, JSC ELEM began importing electricity power for the needs of tariff consumers on quarterly basis.

Thus, it achieved optimal management with national generation capacities, substantial planning, and maximum utilization of the hydrological conditions, which led to reduced import of electricity power for up to 50% less than the projected amounts, in proportion to the energy balance.

According to the last year balance, for the needs of tariff consumers, JSC ELEM was expected to import 704 GWh electricity power, and it only imported 355 GWh.

Number of companies supplying import:	4
Total import amounts [MWh]:	355.110

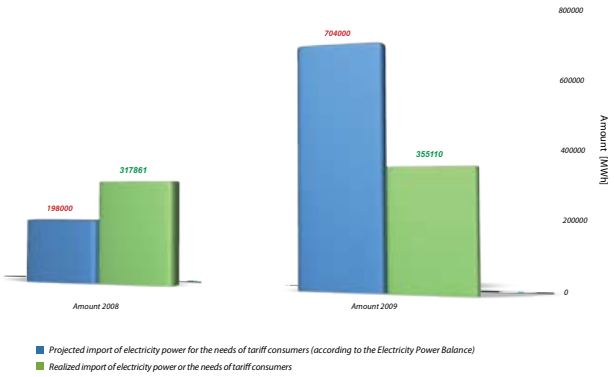
Economic operators supplying import:

1. EFT AG – Switzerland
2. EFT Macedonia
3. GEN-I – Slovenia
4. JSC MEPSO - Skopje

Comparable data on annual basis (2008/2009):

Period	Total Import
	[MWh]
2008*	317.861
2009	355.110
Variation [%]	▲ 11,72

* As of September 2008



* As of September 2008

Comparable data on monthly basis:

Period	Total imported
	[MWh]
Sep-08	47.736
Sep-09	9.600
Variation [%]	▼ 79,89

Period	Total imported
	[MWh]
Oct-08	42.444
Oct-09	0
Variation [%]	▼ 100

Period	Total imported
	[MWh]
Nov-08	72.415
Nov-09	4.800
Variation [%]	▼ 93,37

Period	Total imported
	[MWh]
Dec-08	155.266
Dec-09	56.864
Variation [%]	▼ 63,38

IMPORT OF ELECTRICITY POWER FOR THE NEEDS OF TARIFF CONSUMERS FOR 2009

JSC ELEM	Projected import of el.power for the needs of tariff consumers (according to the Electricity Power Balance)	Realized import of el.power or the needs of tariff consumers
month	MWh	MWh
Jan-09	126.000	129.094
Feb-09	83.000	69.440
Mar-09	20.000	17.952
Apr-09	0	0
May-09	69.000	0
Jun-09	100.000	10.336
Jul-09	33.000	45.600
Aug-09	47.000	11.424
Sep-09*	40.000	9.600
Oct-09	0	0
Nov-09*	54.000	4.800
Dec-09**	132.000	56.864
TOTAL 2009	**704.000**	**355.110**

* In the month of September 2009, the following import of average electricity power was realized by JSC MEPSO

(8.9 - 9.9.2009) - 100 MW (00.00 - 24.00)h

(27.9 - 28.9.2009) - 100 MW (00.00 - 24.00)h

Total electricity power 9.600 MWh

* In the month of November 2009, the following import of average electricity power was realized by JSC MEPSO

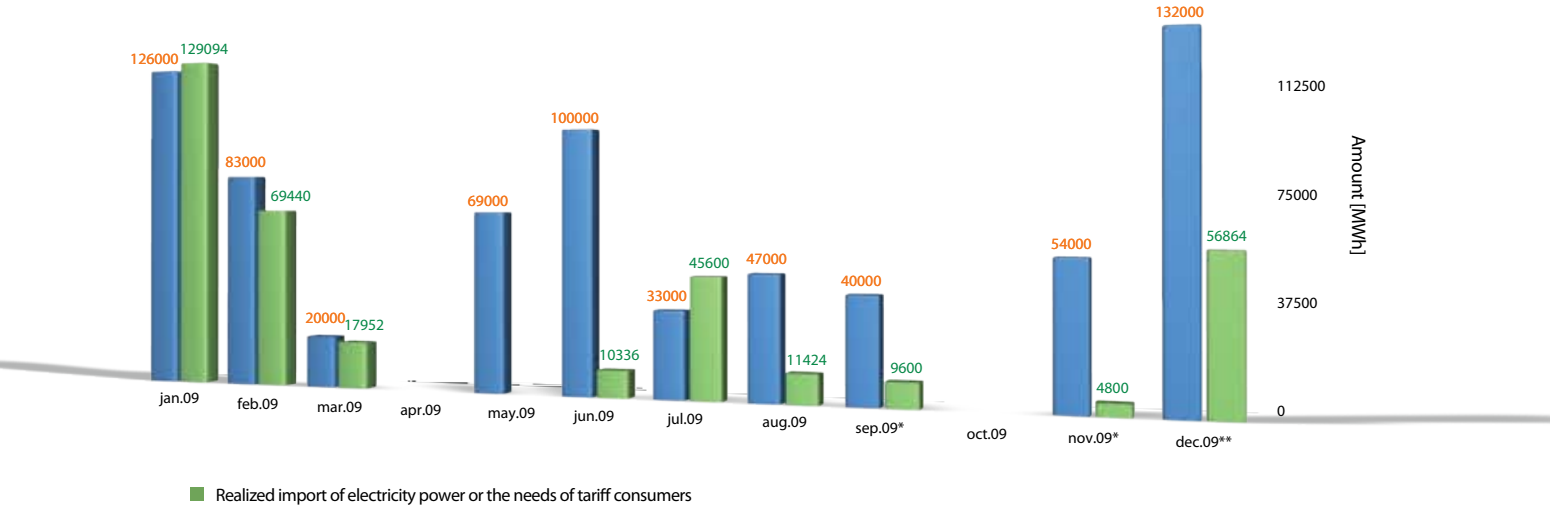
(14.11 - 15.11.2009) - 100 MW (00.00 - 24)h

Total electricity power 4.800 MWh

** In the month of December 2009, apart from the import by EFT Macedonia, the following import of average electricity power was realized by JSC MEPSO

(25.12 - 25.12.2009) - 100 MW (13:00 - 23:00)h

Total electricity power 1.000 MWh



10. PLACED ELECTRICITY POWER SURPLUSES

Last year, in accordance with the amendments in the Energy Law, JSC ELEM continued with the transparent and indiscriminating organization of auctions for electricity power surpluses. A total of 277,3 GWh electricity power was sold, on 21 auctions.

AUCTIONS FOR 2009

Number of realized auctions:	21
Number of active (registered) participants at the auctions:	10
Total volume of traded electricity power [MWh]:	277.327
Average amount of traded electricity power per auction [MWh]:	13.206
Amount of nationally traded electricity power [MWh]:	267.818
Amount of traded electricity power abroad - export [MWh]:	9.509

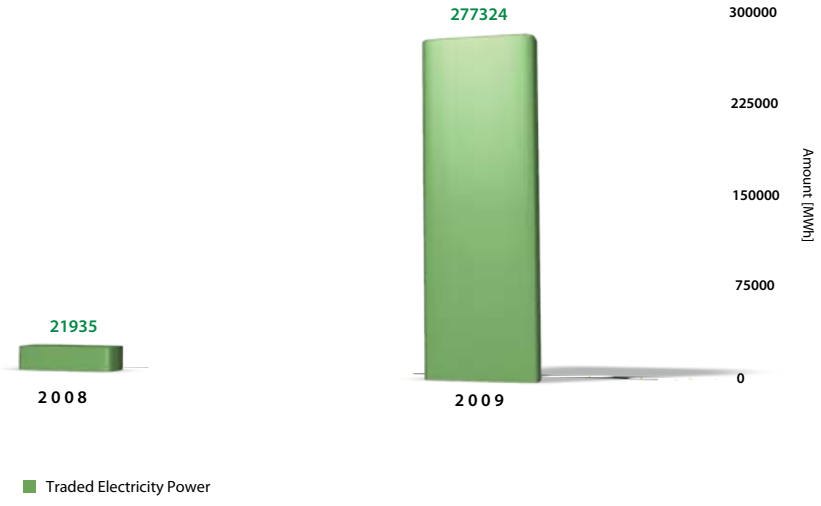
COMPARABLE DATA ON ANNUAL BASIS (2008/2009):

Period	Total traded	National trade	Foreign trade
	[MWh]	[MWh]	[MWh]
2008*	21.935	17.595	4.340
2009	277.327	267.818	9.509
Variation [%]	▲ 1.164,31	▲ 1.422,13	▲ 119,10

* As of September 2009

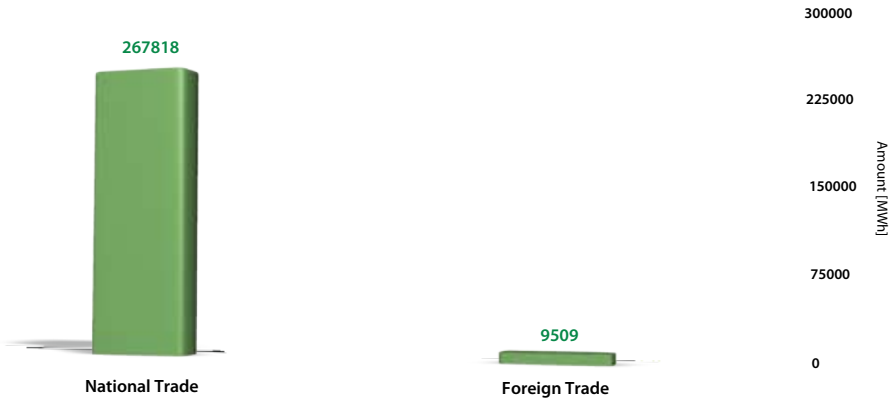
COMPARABLE DATA

1. AMOUNTS 2008/2009



* As of September 2009

2. TRADED IN THE COUNTRY/TRADED ABROAD 2009



COMPARABLE DATA ON MONTHLY BASIS:

Period	Total traded	National trade	Foreign trade
	[MWh]	[MWh]	[MWh]
Sep-08	1.585	975	610
Sep-09	93.900	93.900	0.00
Variation [%]	▲ 5.824,29	▲ 9.530,77	/

Period	Total traded	National trade	Foreign trade
	[MWh]	[MWh]	[MWh]
Oct-08	4.860	3.335	1.525
Oct-09	62.160	58.891	3.269
Variation [%]	▲ 1.179,01	▲ 1.665,85	▲ 114,36

Period	Total traded	National trade	Foreign trade
	[MWh]	[MWh]	[MWh]
Nov-08	12.718	10.513	2.205
Nov-09	9.600	9.600	0,00
Variation [%]	▼ 24,52	▼ 8,68	▼

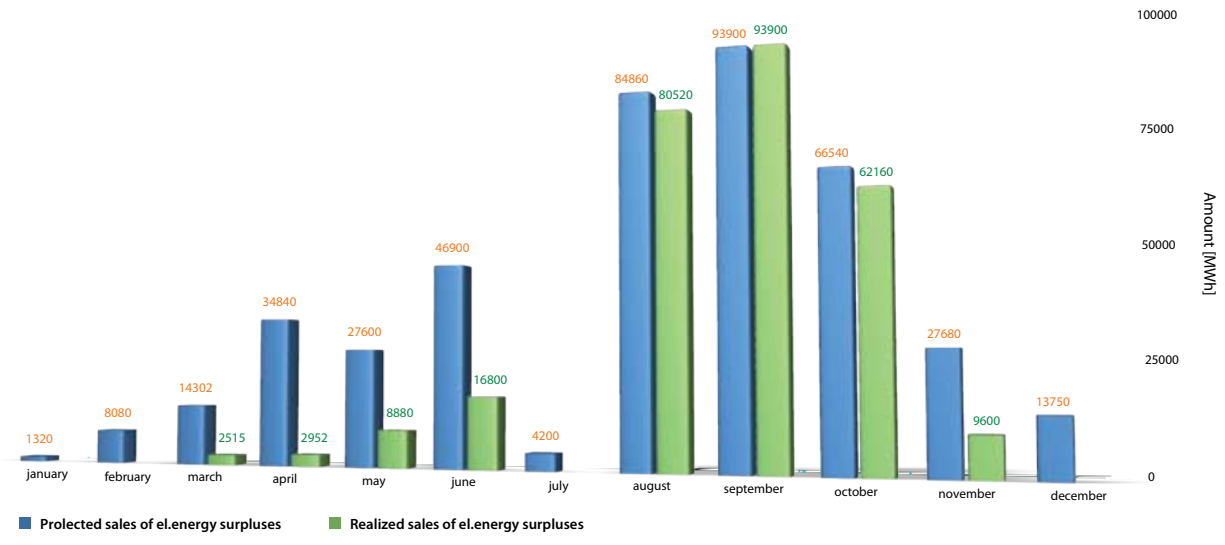
Period	Total traded	National trade	Foreign trade
	[MWh]	[MWh]	[MWh]
Dec-08	2.772	2.772	0,00
Dec-09	0,00	0,000	0,00
Variation [%]	▼ 100	▼ 100	/

* As of September 2009

MARKETED ELECTRICITY POWER SURPLUSES FOR 2009

JSC ELEM 2009	Prolected sales of el.energy surpluses	Realized sales of el.energy surpluses
month	MWh	MWh
January	1.320	0
February	8.080	0
March	14.302	2.515
April	34.840	2.952
May	27.600	8.880
June	46.900	16.800
July	4.200	0
August	84.860	80.520
September	93.900	93.900
October	66.540	62.160
November	27.680	9.600
December	13.750	0
TOTAL 2009	**382.542**	**277.327**

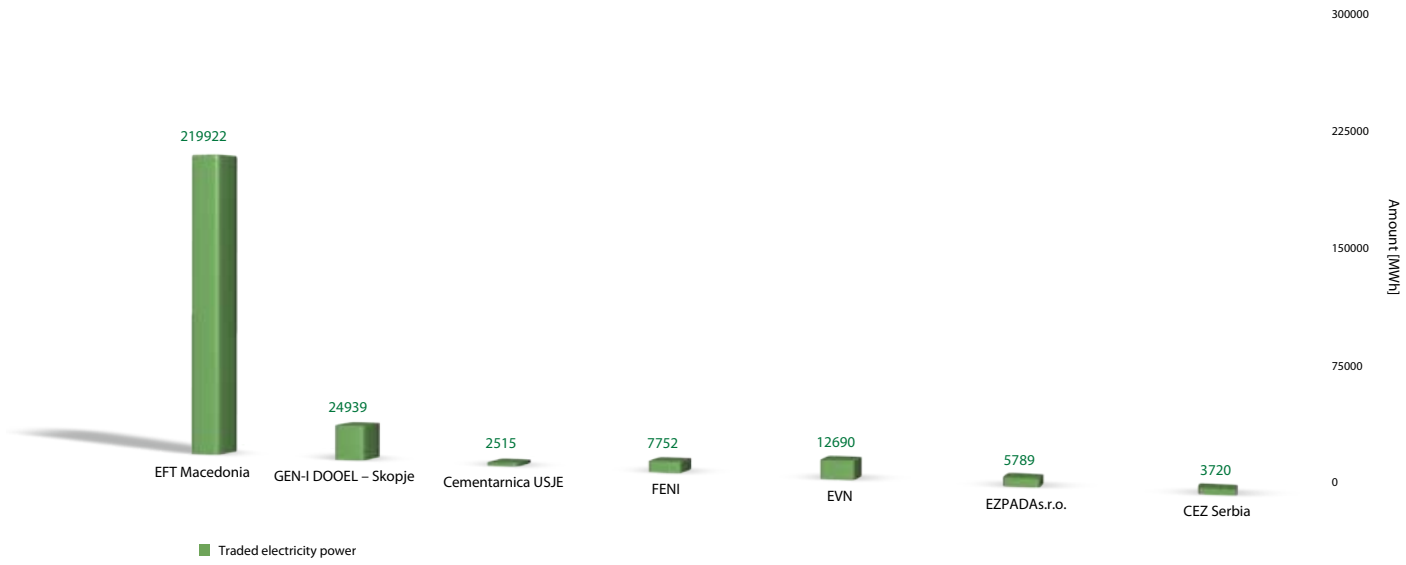
PLANNED AND REALIZED SALES OF ELECTRICITY POWER SURPLUSES FOR 2009



Registered participants at the auctions:

EFT Macedonia dooel
GENI-I ltd - Skopje
RUDNAP ltd – Skopje
CEZ Serbia ltd
EZPADA s.r.o
EZPADA ltd – Skopje
JSC Cementarnica USJE Skopje
JSC FENI INDUSTRY
SILMAK ltd, Jegunovce
EVN TRADING, ltd - Skopje

PLACED ELECTRICITY POWER SURPLUSES BY ECONOMIC OPERATORS FOR 2009



11. CONCLUSIONS

• In 2009, the electricity power generation by JSC ELEM amounts at 5886,2 GWh, which, if compared to the projected 5608 GWh according to the electricity power balance, marks an increase for 5 %.
The thermal power plants have realized 0,4 % lower generation than the planned, and the hydro power plants have generated 36,9 % more than the planned, which results from the favourable hydrological conditions, the good coordination between the thermal and the hydro power plants, their optimal management, and the reduced import of electricity power.

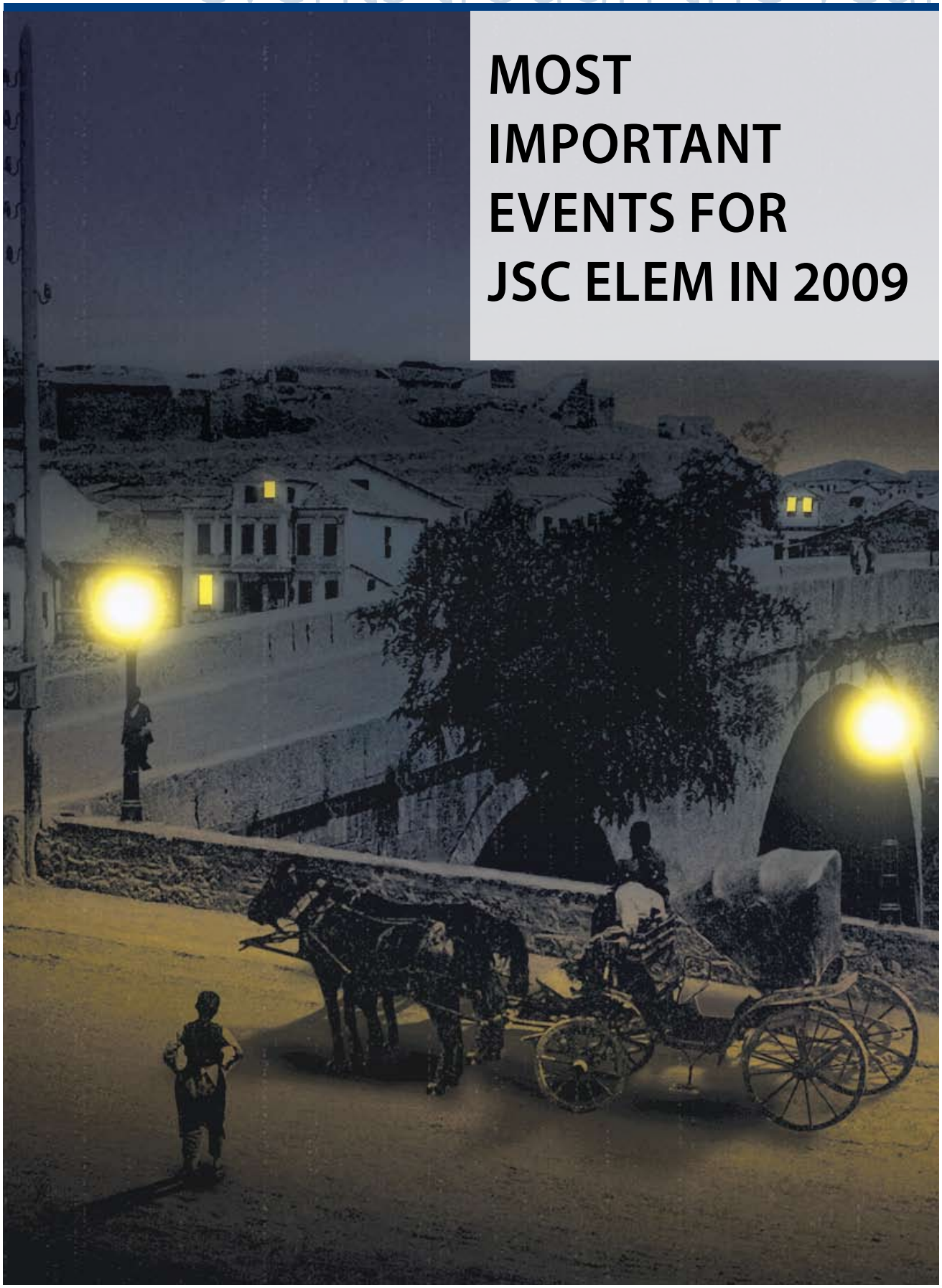
• The hydro generation of electricity power amounts at 1097,6 GWh for this year and, if compared to the previous year (2008), it is increased for 359,6 GWh (48,73 %); while in regard to the electricity power balance for 2009, it marks an increase for 295,6 GWh (36,9%). This is due to the favourable hydrological conditions throughout the year, with an annual inflow of 1428,8 GWh, unlike the previous two years - 2008 and 2007, which were hydrologically unfavourable and marked an annual inflow of about 750 GWh.
JSC ELEM marked the end of 2009 with high 496 GWh of power accumulated in the water-reservoirs, which presents 90% of the maximum achievable accumulated power, which is 550 GWh. This situation in the water-reservoirs allows for the possibility of even higher hydro generation in 2010.

• The thermal electricity power generation for this year amounts at 4788,6 GWh, and if compared to the last year it marks a decrease for 88,8 GWh (1,8 %), and in regard to the electricity power balance for 2009 this decrease is 17,4 GWh (0,4%). In view of that, the thermal power plants have fulfilled the projections with 99,6%. MPC Bitola achieved a generation of 4197,1 GWh (99,86%), whereas MPC Oslomej generated 591,4 GWh (98,1%).

• The import of electricity power for the needs of tariff consumers amounts at 355 GWh, in 2009, and if compared to the projected 704 GWh, it marks a decrease of 50 %.
This arises from the change in the buying procedures for electricity power. Instead of buying the total projected annual amounts at once, JSC ELEM started a quarterly based import that allowed for a more precise optimization of the resources and for a maximum utilization of the favourable hydrological conditions.

• JSC ELEM continued with the transparent and indiscriminating sales of electricity power surpluses by organizing auctions for electricity power surpluses. In 2009, 277,3 GWh electricity power was traded, on 21 auctions.

MOST IMPORTANT EVENTS FOR JSC ELEM IN 2009



100 YEARS OF JSC ELEKTRANI NA MAKEDONIJA

Try to imagine life without electricity. Streets lit with lanterns and houses lit with petroleum lamps. No water pipe-lines and water supply is limited to wells only. There are no washing machines and you have to wash your clothes in a cauldron and then you rinse them in a basin... That is how life in Macedonia looked like before the emergence of the electricity power. The turning point took place in 1909 and it changed life forever. This year is the year when the first light bulb started glowing in Skopje. The small diesel power plant was used as power supply for a pump station in the water pipe-line system, then for lighting the municipal building and a street, and the Inn of the Turkish Valija (governor). This event epitomized a real revolution in the urban life and it is closely related to many lifestyle changes, improvement of hygienic conditions, health and population's progress. This little power plant represents the embarkation of JSC Elektrani na Makedonija – a huge system for electricity power generation, comprised of hydro plants, thermal power plants, mines, etc… The first diesel power plant, built in 1909, could not satisfy the needs of the urban life in development. For that reason, in the period between 1909 and 1924, a number of additional aggregates were put into function in the capital city, and electricity power supply reaches a few other towns like Tetovo, Bitola, Veles, Kumanovo, Prilep... In the following years, construction works were in the process for the construction of a hydro plant on the river Treska. Electricity power was present in numerous facilities and houses, but its consumption was still very low, primarily due to the high prices for that period. The richer urban population replaced the old oil lamps in their homes with luxurious chandeliers and table lamps, which they bought from stores in Thessaloniki, Wien, or Paris. City saloons were richly lit and they represented a kind of prestige for the richer part of the population. People started using electrical devices more and more frequently – cookers and fans from famous international brands. Life was changing and what was once a fantasy became an everyday routine. After the Second World War has ended and PR Macedonia was instituted as a constitutional part of the newly formed Yugoslav Federation, the second development phase in the electricity power industry begun. The first electricity power company was established and it marks the beginning of the Electricity Power Industry in Macedonia (Elektrostopanstvo na Makedonija). The contemporary type of an electricity power system in Macedonia dates back in the 1980s, when its initial stages took place, and has been in the process of development until present day. By the end of the 1970s, the following thermal plants were built: TPP Negotino in 1978; MPC Oslomej two years later, and the three thermal units in MPC Bitola. In June 2005, JSC Elektrani na Makedonija (Power Plants of Macedonia) was formed, as a company for electricity power generation, and as a result of the transformation of the company Elektrostopanstvo na Makedonija. Today, the biggest part of the electricity power generation in Macedonia is a responsibility of JSC ELEM. 100 years after the first light bulb was lit, electricity power represents an incorporated part of our lives. Life without electricity is simply inconceivable.

TRANSFORMATION OF THE SUBSIDIARY ENERGETIKA – FROM A CONVENTIONAL INTO A COGENERATIVE THERMAL POWER PLANT

With the reconstruction and the modernization of the turbo generators in the subsidiary Energetika, we have ended the first phase from the planned project for transformation from a conventional into a cogeneration plant. By finishing the project for reconstruction, revitalization, and modernization of the turbo generators, we have provided conditions for the turbines to operate under a cogenerative regime and as combined they are going to produce electricity and thermal power for heating. The exploitation of the cogeneration plant has a production efficiency of more than 80%, which is two-three times higher if compared to the conventional production of electricity power. Having realised this project, the electricity power system of Macedonia gained at its disposal 30MW of new installed power capacity and the anticipations are that Energetika will generate around 160 GW/h electricity power, with a possibility for production of up to 200 GW/h heating energy. The natural gas that is used as motor fuel at the power plant will significantly influence the reduction of the pollution of the surroundings. In winter conditions, the capacity of the revitalised turbo generators will amount at 20.4 MWe, 40 MWt - technological steam and 76.8 MWt heating energy. The annual production of electricity and heating energy, with the present conditions of construction and utilisation of the hot water system, is expected to amount at 25-30 GW/h electricity power and 85-100 GW/h heating energy. The total investment for the realisation of the project for reconstruction, revitalization, and modernization of the two turbo generator plants in Energetika amounts at 3.6 millions of euro. What is going to be a priority investment at the subsidiary is the construction and the expansion of the city's hot water system for the purpose of supplying the municipality of Avtokomanda. By the expansion of the hot water system and the increase in consumption, there will be conditions for a cogenerative annual production of 65-75 GW/h electricity power and 210-220 GW/h heating energy.

FOUR DECADES OF HPP SHPILJE

Some forty years ago, in the distant 1964, the initial activities for construction of HPP Shpilje took place and since then it has grown into a strategic hydro power facility of today. A couple of years later, on 4th November 1969, this hydropower plant was officially opened for functioning. This power plant has been an important source of electricity power since its inclusion in the electricity power system, in 1969, when the first kilowatt hours started flowing. The electricity power generation in HPP Shpilje amounted at one third of the total electricity power generation in 1970s. Since it was first put into function, this hydro power plant has generated 10.625.000 MWh of electricity power. Within the frame of the programme for modernization, the power plant has seen many positive effects. Within the first phase of the reconstruction, the basic equipment – the turbine, the generator, and the transformers - was revitalized. The greatest benefit is the increased capacity for up to 6 MWh per aggregate. The newly installed power capacity of the aggregates amounts at 28 MWh per aggregate, which is a total of 84 MWh. Thus, with this additional capacity, the hydro power plant is made capable for uninterrupted operations for the next 30 years. With the second phase of the revitalization, from 2001 to 2005, the installed power for hydro generation was increased and as a result the primary and the secondary regulation of the system were improved. The hydro electricity power generation has increased, and the operational expenses for the hydro power plant functioning have been reduced, as well as the possibilities for outages in the hydro aggregates. Depending on the hydrologic conditions, the electricity power generation in HPP Shpilje amounts at 17 – 30.000.000 KWh per year. In proportion to the available hydro potential, the confluence of the river Radika belongs to the richest river basins in the Republic of Macedonia. The confluence of the river Radika has been studied many times, however the last study results gained through a research of HPP Shpilje indicated that the water potential is technically and economically viable for consumption. Wherein, there are real technical potentials for construction of several pump-reservoir-water hydro plants with short-term construction deadlines, which will provide significant amounts of electricity power and, on the other hand, stimulate other industrial branches in the region and wider to further development. Provided that all projected facilities are entirely constructed, the town of Debar can have the opportunity to grow into a strong power hub, with installed power capacity of 266 MW and a generation capacity of 838 millions KW/h of electricity power, and thus stand in line with the biggest electricity power capacities in the country.

COAL TRANSPORT FROM THE BROD-GNEOTINO OPEN PIT MINE TO THE THERMAL PLANTS OF MPC BITOLA HAS STARTED

The first quantities of coal from the mine Brod-Gneotino to the thermal plants of MPC Bitola arrived in October, when the transport of coal from the new open pit mine begun. Together with the coal coming from the existing open pit mine Suvodol and the underlying coal series, these quantities will provide security in electricity power production for the biggest power plant during the next couple of decades. The new open pit mine Brod-Gneotino offers 108 million tons of coal from which 32 million tons are available for exploitation, and an annual capacity of excavation is 2 million tons of coal. The opening activities for this open pit mine started earlier in 2004 and were then speeded up in 2007, when the first BTO - system (Dredge, Transporter, Dumper) started operating. In the three-year period we finalised the revision of the major mining project, constructed the notch at the opening, revitalised the rotor dredger SRs 2000, and built a transmission line and a substation, which will provide power supply for the mine. The estimated investment value for this open pit mine amounts at 95 millions of euro - the equipment is worth 62 millions of euro and additional 33 millions of euro have been planned for the infrastructure. So far, for the realisation of this project we have an investment of 43 millions of euro, of which 19 millions are credit lines and 24 millions are assets owned by JSC ELEM. At the mounting plateau in Production Unit Termoelektrani (Thermal Power Plants) we have finalized the mounting of the disposer A2RSB 5500 and, after executing the functional trials, started with transport to the open pit mine Brod-Gneotino, which will operate on trial basis in the following six months. At the plateau in Production Unit Rudnici (Mines) the mounting works on the dredger SRs 1050 are coming to an end, which together with the dumper will complete the second BTO overburden system and thus enable the start of the opening of the underlying coal series in the Suvodol mine, along the 2-kilometre long transport line. Moreover, there are intensified activities around the mounting of the two dredgers – dredge-line ES 10/70, and one of them will be directly involved in the production for the new open pit mine Brod-Gneotino and the other will work on the opening of the underlying coal series at the Suvodol mine. The transport system is planned to be finished by the end of 2010, which will round the production cycle of the new open pit mine Brod-Gneotino.

EXPLORATIONS IN THE COAL DEPOSITORY - MARIOVO

The Construction Institute Macedonia started with exploration activities on the site of the coal depository, within the territory of the villages of Vitolishte, Beshishte, Polchishte, and Manastir, 50 kilometres south-east from Prilep, at an altitude of 700 to 1.000 metres. These explorations should provide accurate information about the volume of the exploitation reserves, the economic viability, the quality of coal lying in this deposit and its various attributes. For a longer period, coal will remain a considerable and important energy source for our country, and in line with this, Elektrani na Makedonija is building their development policy on the timely provision of exploitation coal reserves and it continuously takes proper actions for additional explorations on the potential sites. The Mariovo depository is subject to research for a longer period and, thus, this only signifies continuity of the activities that first started in the 1970s. Those explorations demonstrated that up to 97 million of tons of coal, out of the total 111 million of tons present in this deposit, are available for exploitation. It was a solid ground for the Development and Investment Sector of JSC ELEM to continue with the activities related to this depository by elaborating a Project for Implementation of Geological and Geo-mechanical Research and Explorations Activities in the coal mine Mariovo. This project outlines the exploration works according to their type, size, location, and means of implementation from a geological and geotechnical point of view, which is an important precondition for gathering the required data for the geological, tectonic, engineering-geological, hydro geological, geo-mechanical, and exploitation characteristics of the terrain. This project, estimated at around 2 millions of euro, is an individual investment of JSC ELEM, and it foresees implementation of 88 strips with a total length of more than 10 kilometres, which will provide relevant data about the geological features and the exploitation performances of the depository. By the implementation of the projected field work and laboratory research, important information will be provided that will serve for the elaboration of the major mine project for coal exploitation from the Mariovo depository. JSC ELEM started a procedure for selection of a designer for the major mine project, who would be monitoring the implementation of explorations and, after the results being received, immediately start with the preparation of the project for opening of the mine.

The already confirmed coal reserves allow for opening of a mine with pit technology excavation and construction of a thermal power plant with installed capacity of up to 300 MW and production of up to 2.000 GW/h of electricity power per year. The planned projects are to be realized during the period from 2010 to 2013, and the total investment that involves mine opening and a thermal power plant is estimated to cost around 460 millions of euro, of which 15% are to be provided by JSC ELEM, from its own finance resources.

SUCCESSFUL CLOSURE OF THE PROJECT HPP KOZJAK

JSC ELEM and the Chinese company China International Water and Electric Corporation-CWE signed a protocol for execution of the tasks from the Agreement for Construction of the Hydro Power Plant Kozjak. By signing this protocol, CWE has completely rounded the technical issues outlined in this Agreement for construction of HPP Kozjak.

This has signalled the closure of the successful cooperation with PR China and our partners from the Chinese company China International Water and Electric Corporation, in reference to the very important project HPP Kozjak. This state company from China started with the implementation of the project HPP Kozjak in November 2002, by signing the Annex-Agreement.

The hydro power plant started operating in 2004 and it provides 1/8 of the total hydro generation in Macedonia. In HPP Kozjak, two aggregates are installed and synchronised, with a power capacity of 80 MW, which if under average hydrologic conditions, can annually generate about 652.000 MWh of electricity power. In the previous period of exploitation, this dam and its supporting facilities, the electro-mechanical and the hydro-mechanical equipment, have proved their guaranteed quality and capacity.

Within a three-year guarantee period, expert teams from CWE have removed all the technical inconsistencies, and after the conducted measurements, by independent Croatian companies, it was concluded that the aggregates are functioning unremittingly; thus, the required conditions for closing the project HPP Kozjak have been fulfilled. All duties between ELEM and CWE, stated in the Agreement and its Annex-Agreement, have been concluded and finalized by the Chinese partner.

Within a three-year guarantee period, expert teams from CWE have removed all the technical inconsistencies, and after the conducted measurements, by independent Croatian companies, it was concluded that the aggregates are functioning unremittingly; thus, the required conditions for closing the project HPP Kozjak have been fulfilled.

ESCO-PROJECT

This project for energy efficiency in Macedonia was initialised by the World Bank and the Global Environment Fund (GEF) and it is based on the grant issued by GEF, as agreed between the Republic of Macedonia and the World Bank – under the component for financing and assistance in establishing a company for energy services (ESCO). JSC ELEM and JSC Toplifikacija (Pipe Heating) signed a Memorandum of Understanding and agreed to establish a joint company for energy services ET-ESCO. The purpose of this Memorandum of Understanding is to coordinate the activities between the two parties during the establishment of the company ET-ESCO, in accordance with the laws of the Republic of Macedonia. ET-ESCO will be initially sponsored and co-financed by JSC ELEM and JSC Toplifikacija and it is going to be supported by the GEF component. There is a projected grant of 800.000 USD for business development and financing of the first projects and for engaging a consultant who is going to define the strategy, prepare the financial plans, provide capacity and grounds for the start up phase of market development as well as development of operational tools and techniques. Company's project activities are going to be closely related to the National Strategy on Energy Efficiency and Renewable Resources. ET-ESCO is going to be an engineering company, which is going to provide client services in the field of energy efficiency, renewable energy, and reduction of greenhouse gases. At the beginning, major clients will come from public, municipal, institutional entities, but in future additional commercial and industrial entities are expected to be involved. In the field of energy efficiency, ET-ESCO will provide full range of energy solutions that will incorporate detailed energy studies about the optimisation of central electricity power systems, improvement of power capacity, increase in the capacity of heating and cooling systems, improvement and systematisation of the lightning systems, monitoring of the required and consumed energy and related power systems. ESCO projects will generate reduced emissions of CO2 and it will provide its clients with an added value by selling to international buyers on the market for confirmed credits for reduced emissions (CER), in accordance with the Kyoto Protocol for clean development. Target clients should have high power engagements and outdated facilities. This company will develop and implement strategies for increased awareness among the clients fin relation to the offer and the benefits from the projects for energy efficiency. All working procedures, including the criteria for project qualification, will be elaborated in the operational manual of ET-ESCO, which needs to be approved by the World Bank before it is included in the Project Implementation Plan (PIP).

ELEM IMPLEMENTS A NEW BUSINESS INFORMATION SYSTEM

Our Company is in the process of upgrading and strengthening its business options. One of the key components in this process is introducing an integrated computerized business information system (BIS).
A contract was signed with the consultant VI ALTO from Hungary, which marked the start-up phase for the needs assessment of JSC ELEM in relation to the business information system. In accordance with the projected dynamics, this phase should be finalized later this year and a tender is to be published for software supply. The purpose of this project is to provide a system that would improve quality and optimize all business processes in JSC ELEM, which will allow for reduced expenses in the company operations.

HOTEL MOLIKA CELEBRATED ITS FIFTEENTH ANNIVERSARY

Hotel Molika is located within the area of the National Park Pelister, on the site of Begova Cheshma, at an altitude of 1.420 metres. The hotel offers a range of single, double and triple bedrooms, and three apartments with a view over the lovely molika forest. The hotel's restaurant has a wonderful summer garden and a capacity of 200 restaurant seats and 16 seats at the banquet hall, which offers an extraordinary ambience abounding with massive wood and deep carvings. Hotel Molika employees have just celebrated their jubilee - fifteen years from the construction of this hotel pearl of mountain Pelister. During the celebration there was a video presentation about the hotel's development and acknowledgements were given to honoured employees and individuals. Hotel Molika is attractive and, despite the economic crisis, interesting to the tourists coming both from the country and abroad. Many visitors frequently come to this hotel pearl, which can be confirmed by the fact that majority of the hotel rooms are already booked for the next summer and winter seasons. It is expected that during the following period Molika will be visited by visitors from Albania, Netherlands and England, according to their bookings for the hotel services. By the end of this year it is expected that Molika will receive its four stars title, as recognition for the high quality services and facilities that it offers to its visitors.

JSC ELEM AND THE RUSSIAN COMPANY SILOVIE MASHINI SIGNED AN AGREEMENT FOR MODERNIZATION OF THE THREE AGGREGATES IN MPC BITOLA

JSC ELEM and the Russian company Silovie Mashini (Power Machines), from Sankt Petersburg, have signed an Agreement for Modernization of the Three Aggregates in MPC Bitola, in accordance with tender published in September 2008. In compliance with this Agreement, during the period from 2010 to 2012, this Russian company is obliged to carry out the modernization and automation of the turbo aggregates and the generators in the three power units in MPC Bitola, based on the principle "hand-over-the-keys". In other words, in the following 3 years, a complete modernization of the turbines is planned and it includes replacement of the existing rotors with new ones, as well as modernization of the vital generator parts, the system for vibro-diagnostic monitoring of the turbo aggregates, and the system for unit management and automation of processes.

With these modernization processes, the installed power of each aggregate should increase for additional 8.32 MW per unit, which is additional 25 MW installed power capacity for the three units in total. This increase in the installed power should be realized through the extension of the level of useful operation of the aggregates, without any additional increase of the specific consumption of coal in between. Moreover, this modernization should result in the expansion of the exploitation lifespan of the thermal plants for additional 120.000 working hours, as well as in reduction of the dynamics and the operational expenses for reparations and maintenance of the power plant.
The realization of the project for modernization of the power the units in the thermal plant Bitola will additionally provide for higher system stability and increased electricity power generation in the thermal plants, reduction of expenses for unit maintenance, and it will create the necessary preconditions for quality regulation and system administration.

The total installed power capacity of the thermal plant Bitola amounts at 675 MW. The three units in the power plant have been operating since 1982, 1984, and 1988, respectively for unit 1, unit 2, and unit 3, which means that they have been continuously functioning for over 25 years approximately. The units are originally projected to operate for about 200.000 working hours and so far they have operated for: unit 1 - 198.736 hours, unit 2 - 187.977 hours, and unit 3 - 159.349 hours.

The total investment for the realization of the project for modernization and automation of all three aggregates in the thermal plant Bitola amounts at 55,9 millions of euro, of which 30 millions are credit loans and the rest of the funds are direct participation by JSC Elektrani na Makedonija. This is also the biggest investment in the thermal plants Bitola since they started operating in 1988.

MANAGEMENT BOARD

MEMBERS OF THE MANAGEMENT BOARD OF JSC ELEM – SKOPJE:

D-r Vlatko Cingoski, PhD.E.Eng. Chairman of the Management Board, General Manager;
Asan Jakupi, BSc.Ecc. Member of the Management Board, Deputy General Manager;
Vladimir Ognjanovski, B.Sc. Law Member of the Management Board, Manager for Personnel and Legal Affairs;
Dimitar Tanurkov, BSc.Mech.E. Member of the Management Board, Manager for Electricity Power Generation;
Jasna Ivanova Davidovik, BSc.Civ.Eng. Member of the Management Board, Manager for Development and Investments;
Slavica Besova, BSc.Ecc. Member of the Management Board, Manager for Finance Affairs;
Kosta Papasterevski, BSc.El.Eng. Member of the Management Board, Manager for Commercial Affairs.

In 2009, the Management Board of JSC ELEM-Skopje had to decide on a number of issues that are important for the work of the Company and managed to reach several decisions, among which the most significant are:

· Decision for adoption of amendments and addendums to the Collective Agreement for JSC ELEM-Skopje.
· Decision for adoption of a Manual of Operations for physical-technical provision of human resources and inventory for JSC ELEM – Skopje.
· Report for the completed inventory record for JSC ELEM-Skopje, as found on 31.12.2008.
· Decision for adoption of the Finance Report for the period 01.01 – 31.12.2008, for JSC Elektrani na Makedonija, state property, Skopje.
· Decision for adoption of the Annual Balance for the period 01.01 – 31.12.2008, for JSC Elektrani na Makedonija, state property, Skopje.
· Decision for adoption of the consolidated Annual Balance for the period 01.01 – 31.12.2008, for JSC ELEM-Skopje.
· Decision for adoption of a Draft Agreement for provision of systematic services, approved amounts of electricity power required for covering the technical loses during electricity power transformation and transport and other regulated services – MEPSO.
· Decision for conducting an unsolicited inventory record at the storehouses of MPC Bitola – Novaci.
· Decision for aproval of funds for employee salary payments in accordance with the Agreements for termination of employment contracts within JSC ELEM-Skopje.
· Decision for adoption of the Annual Report the achieved business results for JSC ELEM – Skopje in 2008.
· Decision for approval of the Protocol signed between JSC ELEM, CWE i Tianjin ALSTOM.
· Decision for adoption of the Auditing Report for 2008, prepared by the independent auditor Grant Thornton.
· Decision for adoption of the Evaluation Report for the offers related to the open call for activity consignation and renting of the facilities and equipment of the Restaurant for Community Catering - ROI DOOEL – Oslomej, JSC ELEM-Skopje.
· Decision for adoption of the Evaluation Report for the offers related to the open call for renting property, facilities and equipment owned by AK Livadishte - Struga.
· Decision for adoption of grid rules for electricity power distribution.
· Decision for adoption of the text for the Draft-Agreement for trade of electricity power by JSC ELEM-Skopje.
· Decision for adoption of the Consolidated Auditing Report for 2008, prepared by the independent auditor Grant Thornton for JSC ELEM-Skopje
· Letter of Intent between JSC ELEM-Skopje and BSP Regional Energy Exchange LL C for active participation to the electricity power market.
· Decision for implementation of a campaign and signing an agreement for electricity power savings.
· Decision for adoption of Draft-Grid Rules for distribution of heating energy.
· Decision for increased funds for signing a loan contract for the modernization of TPP Bitola.
· Decision for carrying out a regular inventory record for assets, claims, and liabilities for JSC ELEM-Skopje, for 2009, and establishing a Central Inventory Commission.
· Decision for adoption of the procedure for monitoring realized expenses and generated electricity power per production capacities.
· Decision for starting a procedure for assessment of property owned by JSC ELEM-Skopje.
· Decision for issuing authorisation for submission of a request for approval of income and price for electricity power for 2010.
· Electricity Power Balance of JSC Elektrani na Makedonija, state property, Skopje for 2010.
· Decision for development of projects in accordance with the Mechanism for Clean Development.
· Decision for adoption of the Annual Investment Programme of JSC ELEM - Skopje for 2010.
· Decision for adoption of the Financial Plan of JSC ELEM-Skopje for 2010.
· Decision for adoption of the Annual Plan for Public Procurement of JSC ELEM - Skopje for 2010.
· Decision for starting with the implementation of the quality management system ISO 9001.
· Decision for setting-up the company DOOEL ELEM TREJD-Skopje.
· Decision for adoption of the Declaration for Corporate Social Responsibility of JSC ELEM-Skopje.
· Draft-Decision for selection of an authorised auditor for the auditing of the Annual Balance and financial reports for 2009.

COMPANY ORGANIZATION

Major organisational divisions of the Company are: the Head Office and eight subsidiaries, which do not have an independent legal entity status.
The Head Office is situated in Skopje, and the subsidiaries are: MPC Bitola - Novaci with a head office in the municipality of Novaci, MPC Oslomej - Oslomej with a head office situated in Oslomej, HPP Mavrovo - Gostivar with a head office situated in Gostivar, HPP Globochica - Struga with a head office in Struga, HPP Shpilje - Debar with a head office in Debar, HPP Treska - Skopje with a head office in Skopje, HPP Tikvesh - Kavadarci with a head office in Kavadarci, and Energetika - Skopje with a head office situated in Skopje.
Each subsidiary is operated by a Director, i.e. Directors, appointed by the Management Board, and their responsibilities are determined by the Company Statute. The Internal Organization Manual narrowly defines the internal organization of the Company by: sectors, departments, units, job positions, and terms of reference for each particular post.

PRINCIPAL ASSETS

The principal assets of the company amount at 31.738.878.000 denars or 517.818.006 euros in accordance with the average exchange rate of the National Bank of R. Macedonia. The principal assets of the company are divided into 31.738.878 standard shares with a nominal value of 1.000 denars.

EMPLOYEES AND THEIR EDUCATIONAL STRUCTURE

On 31.12.2009, JSC ELEM – Skopje had 3.809 employees, out of which 2.185 are in employment with the subsidiary MPC Bitola - Novaci, 647 in MPC Oslomej - Oslomej, 342 in HPP Mavrovo - Gostivar, 107 in HPP Globochica - Struga, 71 in HPP Shpilje - Debar, 82 in HPP Tikvesh - Kavadarci, 102 in HPP Treska - Skopje, 138 in Energetika – Skopje, and 135 employees in the Head Office.
Out of the total number of employees, 5 employees have VIII degree education, 20 employees - VII/2 degree, 434 - VII/1 degree, 176 - VI degree, 99 - V degree, 1.445 - IV degree, 1.115 - III degree, 412 - II degree, and 103 employees with I degree.

COMPANIES WITH LIMITED LIABILITY FOUNDED BY JSC ELEM - SKOPJE

By the division of Elektrostopanstvo na Makedonija (Electricity Power Industry of Macedonia), JSC ELEM - Skopje acquired nine companies with limited liability (DOOELs) founded by the former JSC ESM:

- Company for Catering and Tourism Molika DOOEL - Bitola, JSC ELEM-Skopje , founded on 28.03.1996;
- Company for Catering and Tourism Krushino 96 DOOEL -Kichevo, JSC ELEM-Skopje , founded on 28.03.1996;
- Company for Catering and Tourism Popova Shapka DOOEL - Tetovo, JSC ELEM-Skopje , founded on 24.07.1998;
- Factory for Production of Quartz, Building Materials and Services Separacija DOOEL Oslomej, JSC ELEM-Skopje , founded on 24.10.1996;
- Company for Dry Transformers Svetlina 2001 DOOEL - Kumanovo, JSC ELEM-Skopje , founded on 11.09.2000;
- Factory for Equipment and Spare Parts FOD DOOEL – Novaci, JSC ELEM – Skopje , founded on 21.04.1997;
- Factory for Maintenance, Reparations, and Transport FORT DOOEL – Oslomej, JSC ELEM – Skopje , founded on 24.10.1996;
- Restaurant for Community Catering ROI DOOEL-Oslomej, JSC ELEM-Skopje , founded on 26.02.2004;
- Restaurant for Community Catering and Accommodation ROIS DOOEL-Novaci, JSC ELEM-Skopje, founded on 26.02.2004;

Due the unfavourable financial results of the majority of the DOOEL (one person LTD) subsidiaries and the long term coverage for the losses of JSC ELEM-Skopje, as their fundamental and sole co-operator, measures for operations improvement are being taken.

By signing the Agreement for Establishment of an Energy Community in South-East Europe, and in line with the EU directives and regulations that cover the basics for legal framework related to this Agreement, there was a necessity for forming an independent legal entity for electricity power trading, separate from JSC ELEM-Skopje. For that purpose, JSC ELEM established the company ELEM TREJD DOOEL Skopje.

This necessity for separating the sales from the generation process in JSC ELEM-Skopje results from the effort to provide greater protection for the consumers against any monopolist policies, and to retain an objective, transparent, and indiscriminating behaviour towards all consumers. By separating the electricity power trade, JSC ELEM-Skopje will be able to dedicate itself to its primary activity - electricity power generation, as well as realization of funds that would support the realization of further investment projects, from the aspect of upgrade and modernization of existing power plants, as well as construction of new power facilities.

The aims and tasks of ELEM TREJD DOOEL Skopje stem from its primary activity, as defined, and are related to a more successful realization of obligations in line with the electricity power trade, and they are as follows:

-Carrying out transparent and non-discriminating auctions for sales of electricity power surpluses from the regulated supplier in the Republic of Macedonia;

-Implementation of new methods for more successful sales of electricity power surpluses;

-Presence at the markets in the neighbouring countries and wider, through participation to electricity power stock markets;

-Trading electricity power with other dealers in the country and abroad, sales of electricity power to qualified consumers, transport and distribution system operators, as well as to suppliers, in near future;

The benefits from the newly established Company will be double - on one side, JSC ELEM – Skopje can concentrate on a higher quality performance in its primary activity, i.e. power generation, and, on the other, it will generate funds for infrastructural projects.

Vlatko Cingoski,
General Manager

Only within the last three years, JSC ELEM managed to climb, from 9th in 2007, to the 4th place, in 2009, on the list of the biggest companies in the Republic of Macedonia, in accordance with the total realized turnover in the specific branch. Concurrently, JSC ELEM managed to increase its financial turnover for almost double, from 150 millions of euro in 2007 to about 280 millions of euro in 2009. These results are equitable indicators that can lead to the conclusion that, today, JSC ELEM is the fastest growing big company, not only in the Republic of Macedonia, but in the region as well. All our employees are diligent and dedicated to the efficient consumption and maintenance of the electricity power of our country and to the power supply for our future.

Vladimir Ognjanovski,
Department for Legal and Personnel Affairs

"Within the lines of its duties, the Department for Legal and Personnel Affairs marked a number of important activities in 2009, which were realized through the following units: Standardisation Unit, Legal Affairs Unit, Personnel Affairs Unit, and the Human Resource Unit.
One of the central activities in 2009 is the initiative for a willing-contractual leave with a severance pay off, which will positively influence the age structure of the employees, i.e. make the company younger by employing new, young and skilled human resources "

Slavica Besova,
Department for Financial Affairs

"In the past 2009, the Department for Financial Affairs has fully responded to the tasks posed ahead of it, in line with the its activities and responsibilities, making systematic efforts in achieving better results, and primarily in realizing a positive financial result, improvement of the company liquidity through regular and timely management of liabilities towards national and foreign suppliers, as well as loan maturities, and continuous monitoring of and adjustments to the regulations in the Republic of Macedonia, in addition to the constant improvements in the financial information system and its approximation to the international standards. "

Kosta Papasterevski,
Commerce Sector

"The Department for Sales and Electricity Power Measurements is continually active in organizing and monitoring the sales of electricity power generated within the production capacities of JSC ELEM and supplied from other companies as well.
By introducing a new method of planning for the required procurement in JSC ELEM, and through strict monitoring of the procurement processes and consistent application of legal and internal procedures, the Department for Public Procurement managed to achieve rationalization and efficient utilization of resources in the procedures for assigning public procurement contracts. This method of operations contributes to the quality control for the supplied goods and services and it considerably improves the management of energy resources."

Dimitar Tanurkov,
Department for Electricity Power Generation

„Stability and quality of the electricity power supply are top priorities for JSC ELEM. This implies employment of highly professional human resources, sophisticated planning systems, and monitoring and optimization of the operations. Managing the natural resources for electricity power generation for the needs of the citizens of the Republic of Macedonia is an important commitment of the present and the future generations."

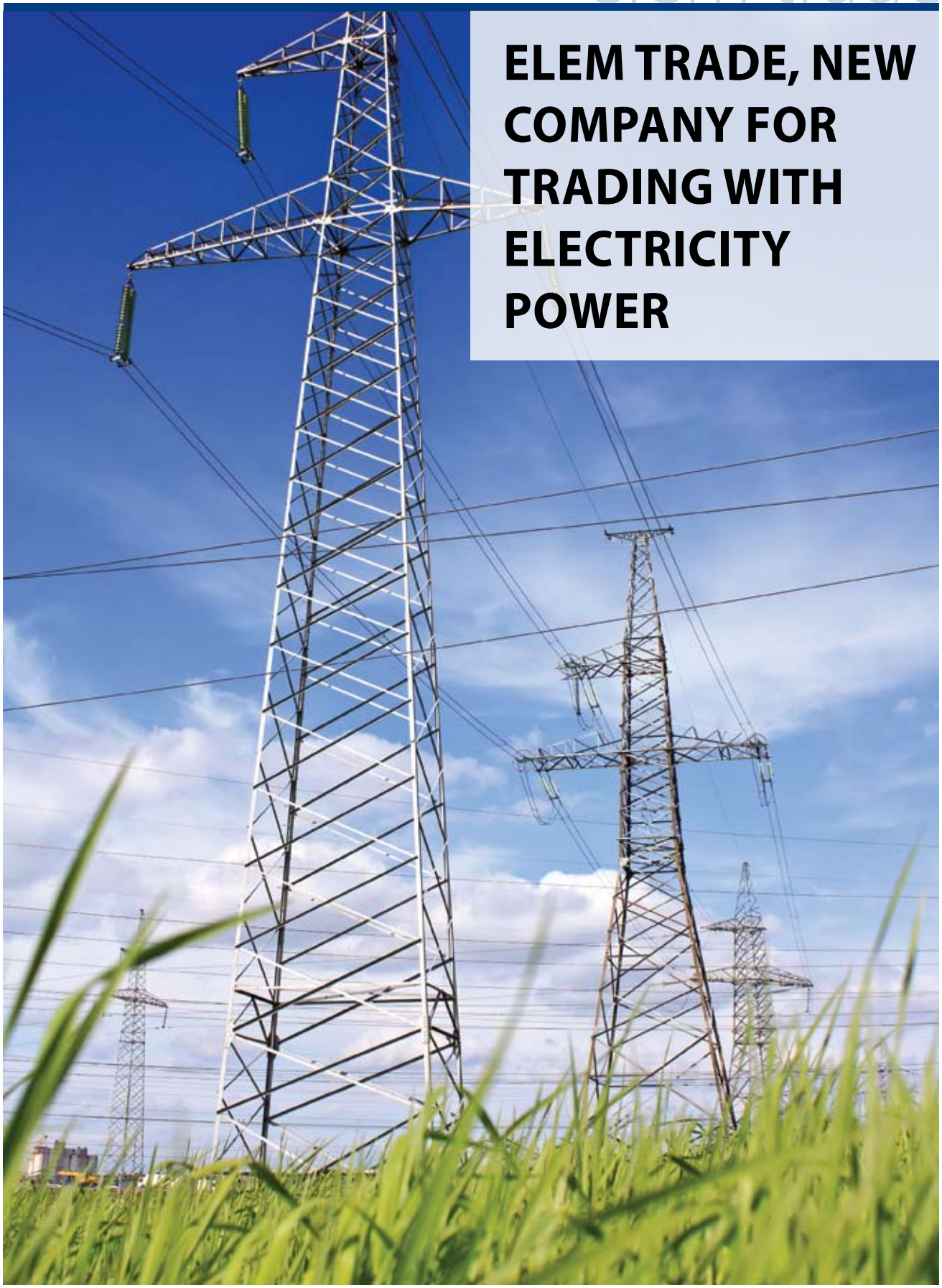
Jasna Ivanova-Davidovik,
Department for Development and Investments

"In2009, we initiated a huge investment cycle. Important projects have started related to the modernization of the TPP Bitola units, supply and mounting of equipment for the mines in MPC Bitola, construction works in HPP St. Petka went on relentlessly, and the turbines and the generators in our subsidiary Energetika were modernized. These investment activities amount at around 40 millions of euro."

Asan Jakupi,
Deputy-General Manager

"JSC ELEM is continuously monitoring the level of power reserves and strives to apply the most efficient solutions for their optimization. This is the keystone for the successful operations of our company. JSC ELEM is a company that is strategically important to the Republic of Macedonia and, therefore, it unconditionally implements the quality policy, as an inevitable part of its commitment for successful operations. Hence, the company is compelled to profile itself into a socially responsible enterprise that makes strong efforts in the implementation of the business standards."

ELEM TRADE, NEW COMPANY FOR TRADING WITH ELECTRICITY POWER



JSC Elektrani na Makedonija (Power Plants of Macedonia) has reached a Decision for establishing a new limited trade liability company – ELEM TRADE, for trading with electricity power. This decision for creating a separate company fully complies with the European directives for energy and the related division between regulated and non-regulated activities. ELEM TRADE will work as a company that is fully established by JSC ELEM - 100%, with an organization chart that is oriented towards the adjustment to the newly created and changeable market conditions.

The new entity is expected to provide greater protection of consumers against the existence of monopolistic structures, to strengthen the process of fulfilling working duties related to trading with electricity power, that is: conducting transparent auctions for sales of electricity power surpluses, implementation of new methods for more successful trading with electricity power surpluses, presence on the markets in the neighbouring countries and wider, through participation to regional stock markets for electricity power and by attracting new clients.

In accordance with the amendments in the Energy Law, JSC ELEM, as a regulated electricity power generator, can also carry out buying of required amounts of electricity power from other electricity power generators, in a clearly defined, transparent, and non-discriminatory way, which guarantees equal access to all foreign and national entities. At the same time, in accordance with the Law, the regulated generator can also realize sales of electricity power surpluses and electricity power, in line with the market conditions, and in an open, transparent and non-discriminatory way.

The main objective for the amendments to this Law was to introduce gradual liberalization of the energy market, according to the dynamics defined in the Athens Memorandum, and in accordance with the European directives for energy. Ever since these amendments were put into force, JSC ELEM has been successfully performing the abovementioned activities and it properly implements all the paragraphs stated in the Act 69 from the Energy Law, having separate bank accounts for power supply and market sales. Thus, JSC ELEM has met the minimum criterion for financial allotment between the activities both within the regulated and non-regulated part of the electricity power market. By establishing the new DOOEL ELEM TRADE, JSC ELEM also manages to legally divide these two activities, by which it entirely adapts to all the existing European directives for energy.

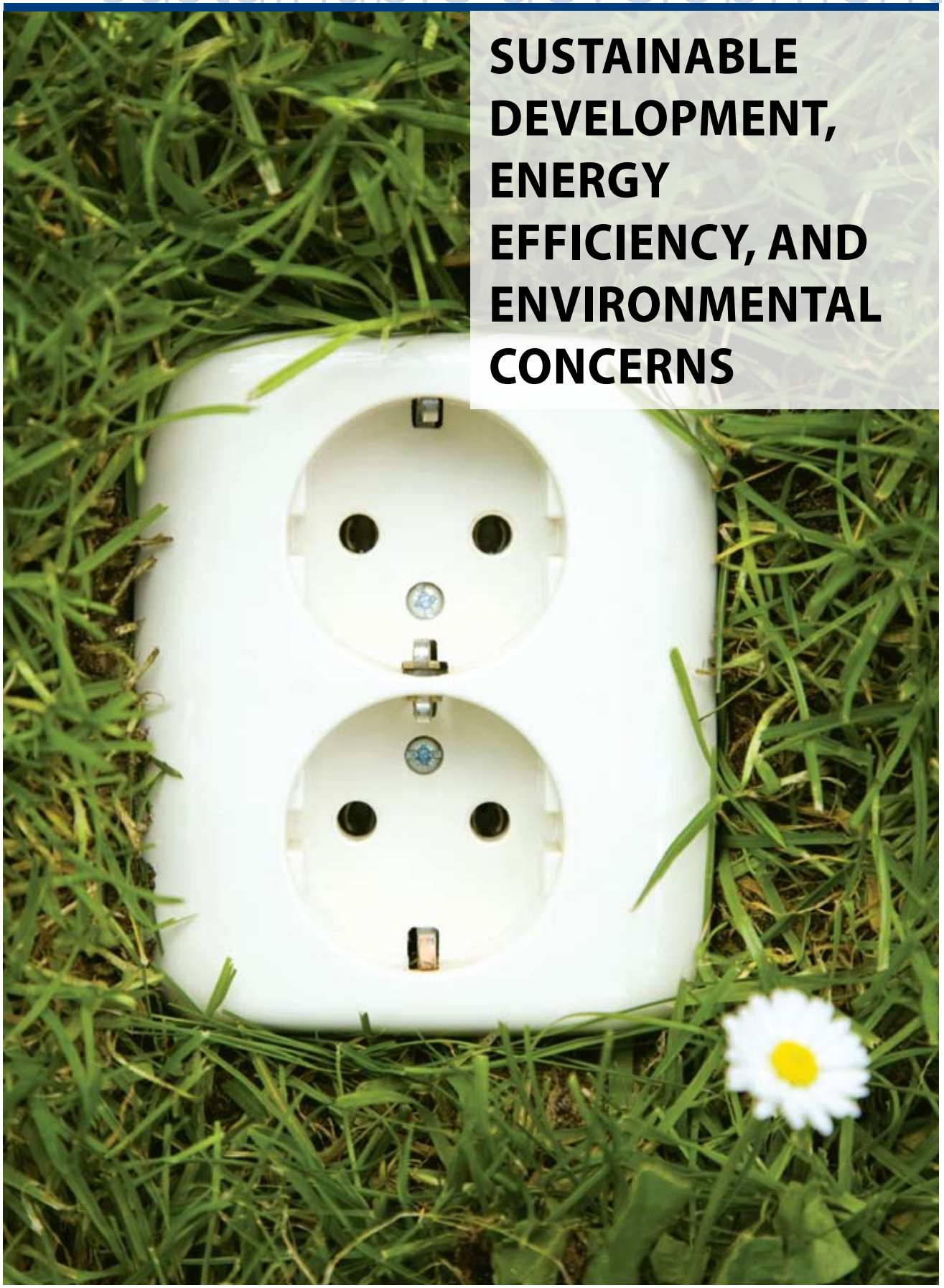
The benefits from the transformed business structure, i.e. separating the trade activity from JSC ELEM, are double; on one hand, the central company can concentrate on an improved qualitative performance of its primary activity - production of electricity power and, on the other hand, new possibilities are created for generating funds for new infrastructural projects in line with those sectors in the power industry that are of a wider national interest.

Economically speaking, electricity power is a fortune that can be traded. The electricity power market is a system for realizing trade, regardless whether we deal with supply through offers/demands for buying, sales through offers for sales, or short-term trade. Electricity power cannot be kept in warehouses and that is what makes trade very specific and complex. Electricity power trade is compliant to laws, market regulations, rules for transport, etc, which imposes extraordinary commitment and awareness of the human resource in this sector, simultaneously necessitating good knowledge of all the aforementioned regulatory aspects.

Market surveillance and analysis are very complex and inevitable for timely insight and projections of the future price ranges for electricity power. Within the frame of ELEM TRADE, these activities are considered to be the tools that bring topmost results.

In the period to come, ELEM TRADE will focus on the completion of the activities that represent the main attributes for a company that deals with electricity power trade and it will devotedly work on its adaptation to the new conditions, which will be imposed by the adoption of the new Energy Law as well as the new energy market regulations.

SUSTAINABLE DEVELOPMENT, ENERGY EFFICIENCY, AND ENVIRONMENTAL CONCERNS



RENEWABLE ENERGY

In 2009, the generation from the hydro power plants amounted at 36.25% out of the total generation of electricity power by JSC ELEM. In 2009, hydrological conditions were favourable, which resulted in 48.7% increase in the generation as compared to 2008.

- **Wind Park Bogdanci**

The main objective of this pilot project, first of this kind in Macedonia is to complete the envisaged legal procedure for construction of the wind parks and to demonstrate a positive signal to all interested investors. In 2009, during the preparation of the Feasibility Study, by the Infrastructure Project Facilities, analyses of the measurement results were performed, as well, and the most favourable location for construction of the wind park was also selected. Within the project frame, in August 2009, JSC ELEM installed four additional measuring stations.

During the selection of the most favourable location, the following were taken into consideration: nearby access roads to the park, possibilities for grid connections, land property, and the wind characteristics that were defined by the analysis of the measurement results. The decision for construction of the Wind Park Bogdanci was reached on the basis of these particular indicators, which actually demonstrate if there are favourable conditions for construction of a wind park.

The Wind Park Bogdanci is going to be located on the territory of the municipality of Bogdanci, with a total installed power capacity of about 50 MW, and a projected annual generation of electricity power of about 120 GWh.

- **Small HPP Boshava**

JSC ELEM has prepared a pre-feasibility study for reconstruction of the existing facilities of HPP Tikvesh for implementation of four new small hydro plants on the Boshava River. This study also elaborates the models of financing, putting an accent on the public private partnership model. Presented results indicate a hydro potential of 5899 kW and an annual production amounting at 23 995 MWh. Moreover, this study reveals the economic viability of the project, and it can serve as a basis for selection of a private partner for HPP Tikvesh, in accordance with The Law on Concessions and other types of public private partnerships.

- **PAHPP Tashmanurishte**

In accordance with the needs for flattening of the daily diagram of consumption and the identified possible locations for a pump-accumulation hydro power plant (PAHPP) in Macedonia, JSC ELEM prepared a project outline for elaboration of a pre-feasibility study for PAHPP Tashmanurishte. Parallel to the project outline, we announced a tender for selection of the most favourable bidder – project designer for PAHPP Tashmanurishte.

- **Solar power plants**

In 2009, a prospect was prepared as an initial project proposal for start-up analyses referring to the utilization of the solar energy within a large system based on thermal principles. Suvodol open cast mine was selected as a potential location for a concentrated thermodynamic system for steam generation, being in the nearby surroundings of MPC (Mining Power Complex) Bitola. The elaborated project outline foresees two possible variants: a hybrid (solar energy and coal) plant with one unit of TPP Bitola or a stand-alone solar power plant of 50 MW.

The Terms of Reference are the basis for selection of a design company that would prepare a feasibility study for a solar power plant. Last year, an application for grants from the European funds for the Western Balkans was prepared; this grant would serve for the elaboration of the feasibility study.

Concurrently, an application for approval of grants for elaboration of the feasibility study was prepared and submitted to the Spanish Government.

COGENERATION

Reconstruction of 2 x 15 MW turbo aggregates in the subsidiary Energetika

JSC ELEM expands its activities in the field of cogeneration plants, in its attempts to find efficient power solutions for the industrial consumers. In 2009, we realized the contract signed with ALSTOM from Croatia for the reconstruction and commissioning of the two turbo aggregates in the subsidiary Energetika in Skopje.

AIR EMISSIONS

The total air emissions in 2009 were higher than the emissions registered in the previous year, due to the fact that the thermal power plants utilized coal with lower purity because of the inhomogeneous coal seam in the mine Suvodol. This is an isolated case and it results from the increased number of intermediate seams of coal and overburden. Air emissions remained within the prescribed limits. In Energetika, as opposed to the previous year when one boiler was stoked, three boilers were stoked with oil fuel, from January to April, and with natural gas, from April to December 2009.

		MPC Bitola	MPC Oslomej	Energetika	
				Oil fuel	Natural gas
SO_2	T	75.044,99	19.681	55,0	-
CO	T	904	1.125	0,9	3,9
NO_x	T	16.768	3.188	7,5	9,0
CO_2	T	8.817.909	1.470.192	-	-
Dust	T	9.150	5.031	-	-
Ash	T	1.456.617	222.929	-	-
Slag	T			-	-

AIR QUALITY

• Regular measurements are performed for controlling the air quality in the subsidiaries. In MPC Bitola air quality is measured at three measure points in the surrounding areas and the results are analysed once a week. In MPC Oslomej, air quality is measured on daily basis at two measure points, the first measure point being in the surroundings of the subsidiary and the second in the mine. So far, these measures show that the air quality is within the preferred limits.

• In accordance with the new EU directives 2001/80/EC, regulating the emission reduction of particular air polluters from the big power plants, which enters into force as of 2016, there are ongoing preparations for start-up activities for modernization of the three steam boilers in MPC Bitola. The ultimate goal of this project is to reduce pollutant emissions and allow for approximation with the abovementioned regulations, with a particular accent on NOx.

HYDRO RESOURCES

RESERVOIR WATER MONITORING

Dam Monitoring

In the HPP Globochica subsidiary there is a Service Department for Technical Monitoring and Maintenance of Dams and Other Construction Facilities within JSC ELEM. It aims at providing rational and efficient control of the safety and stability as well as timely interventions. This Department prepares annual elaborates based on the annual plan for technical monitoring and in accordance with the international recommendations of ICOLD (International Commission for Large Dams).

In HPPs Mavrovo, Tikvesh, Shpilje, Globochica and Kozjak regular measurements of the level of reservoir water, as well as of the inflows and outflows of water are performed.

Average monthly inflow in the reservoir water in m^3/sec - 2009

HPP	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Annual average
2009	8.591	7.576	7.323	34.741	27.280	13.808	5.518	1.641	0.742	5.051	15.719	15.585	11.965

Average monthly outflow in the reservoir water in m^3/sec – 2009

HPP	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Annual average
2009	9.865	1.072	1.080	0.912	8.061	12.499	10.459	8.555	1.666	7.029	9.826	9.204	6.730

Average monthly level of reservoir water in metres above sea level (altitude) – 2009

HPP	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
2009	1.214,05	1.214,01	1.215,6	1.217,8	1.255,6	1.229,5	1.229,4	1.228,1	1.226,5	1.226,2	1.225,6	1.226,9

WASTEWATER AND COOLING WATER MONITORING

Waste water analyses are performed at the Chemical-Technological Department in MPC Bitola and MPC Oslomej. These analyses comply with the regulations stated in the Law on Waters and include well-known standard titration methods, spectral-photometric, photometric, grapho-metric and suitable chemical analysers for specific conductivity and measuring of pH values.

· In 2009, there was a complete reinstatement of the system for waste water refinement in MPC Oslomej.

According to the measurements, all waste waters going down to the Temnica River comply with the water quality standards.

In Energetika, processed waters are accumulated in a pool located within the water treatment system and, during each drainage, there are compulsory measurements of the Ph value of the water, whereby in accordance with the needs the Ph value is normalized to Ph=7.5. When a neutral value is achieved, the water is drained by pumps through the joint collector.

Treated waste waters		MPC Bitola	MPC Oslomej	Energetika
Amount of waste waters –Department for Chemical-Technological Waste Water Treatment	m^3	25.801 m^3	693.500 t/year	6.000 t/year

BIODIVERSITY AND LANDSCAPE

During the exploitation of the landscape in the mines Bitola and Oslomej the soil and the flora are being degraded. In order to protect the landscape and the flora, various activities are being performed: foresting, expansion of green areas, planting agricultural husbandry, founding of recreational centres.

- We have forested the surroundings in MPC Oslomej with pines and oak trees
- We have cultivated the terrain around the reconstructed basin of the Temnica River
- We have planted 5000 young trees and various evergreen and deciduous plants in MPC Oslomej

WASTE

- In MPC Oslomej, we have closed the existing ash waste depot by a 40.000 m2 layer of soil with a thickness of 20-30 cm.
- Additional control and mending of the existing dams was performed at the cascades of the ash waste depot

ENVIRONMENTAL IMPACT ASSESSMENT

- **Environmental Impact Assessment Study – Wind Park Bogdanci**

In 2009, JSC ELEM prepared a Notification for the Intention of Implementation of the Project; the Ministry for Environment and Spatial Planning made a resolution about the necessity for an environmental impact assessment for this project, and within the frame of the IPF (the Infrastructure Project Facility) Project, the Environmental Impact Assessment Study was preprared. This study is to be published on the Ministry's web site in 2010 and a public debate is going to be organized. Among the rest, this Study includes an Action Plan for Managing the Environment during all the project phases (before, during, and after the construction of the Wind Park Bogdanci).

- In order to assess the project itself, the company Technolab prepared a study called Environmental Impact Assessment of the Site of Oslomej-South and the Effects of the Exploitation of the Mineral Raw Material - Coal.

- **Study about the Technical Rehabilitation and Performance Improvement of TPP Bitola**

For the purpose of rehabilitating TPP Bitola and improvement of the thermal power plant performances, in 2009, the Italian company MWH (Montgomery Watson Harza) Italy Spa prepared a Study financed by the European Bank for Reconstruction and Development (EBRD).

Expected results from the Study:

- Improvement of the system for fuel preparation
- Improvement of the combustion system
- Revitalization of the heat transfer surfaces
- Modernization of air pre-heaters
- Improvement of the monitoring system
- Improvement of environmental performances to allow compliance with the EU-directive for existing LCP (Large Combustion Plants) which enters into force as of 2016.

CLIMATE CHANGES

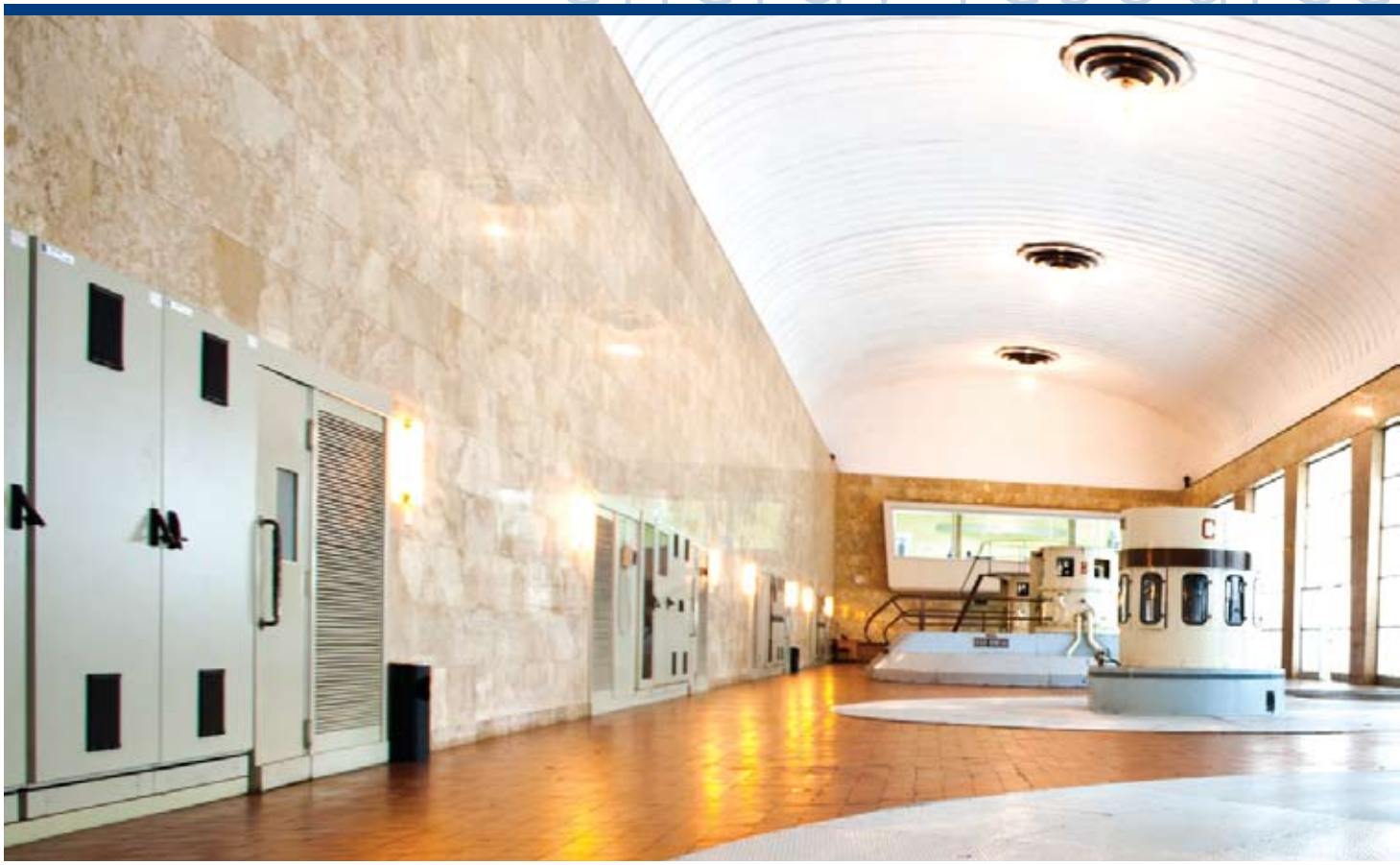
In accordance with the tendency for reduction of the CO2 emissions and other greenhouse gases, in October 2009, the Management Board of JSC ELEM reached a Decision for development of projects with a significant potential for reduction of the greenhouse gas emissions, within the frame of the Mechanism for Clean Development:

- HPP St. Petka
- Rehabilitation of the three units in TPP Bitola
- CCHPP Energetika
- HPP Chebren and Galishte
- Wind Park Bogdanci
- The Project: Vardarska Dolina (Vardar Valley Project)
- HPP Boshkov Most
- Rehabilitation of the 6 big Hydro Power Plants (second phase)
- Storage Lukovo Pole
- Solar Power Plant

The estimated investments for the projects, the potential for reduction of the greenhouse gases, and the coverage for these investments within the CDM-component are given in the following table:

	Tons of CO2 annual reductions	Annual profit from CERs [million euros]	*21 year loan period [million euros]	CDM coverge of the investment %
HPP St. Petka	60.000	0,6	12,6	18,53
HPP Chebren and Galishte	414.000	4,1	86,1	14,30
Modernization of TPP Bitola	128.550	1,2	25,2	72,00
Storage Lukovo Pole	148.000	1,48	31,08	77,70
HPP Boshkov Most	106	1,06	22,26	27,15
CCHPP Energetika	554.000	5,54	116,34	60,91
WP Bogdanci	96.075	0,96	20,16	26,88
Solar power plant	94.640	0,94	19,74	8,77
TOTAL	**1.495.371**	**15,88**	**333,48**	**25,30**

JSC ELEM has prepared a basic analysis for the possibilities for reduction of the emissions of greenhouse gases for these projects and, parallel to the development and the implementation of these projects, it is going to elaborate the necessary project documentation for registration and inclusion of these projects in the UN Framework Convention for Climate Changes.




ABB

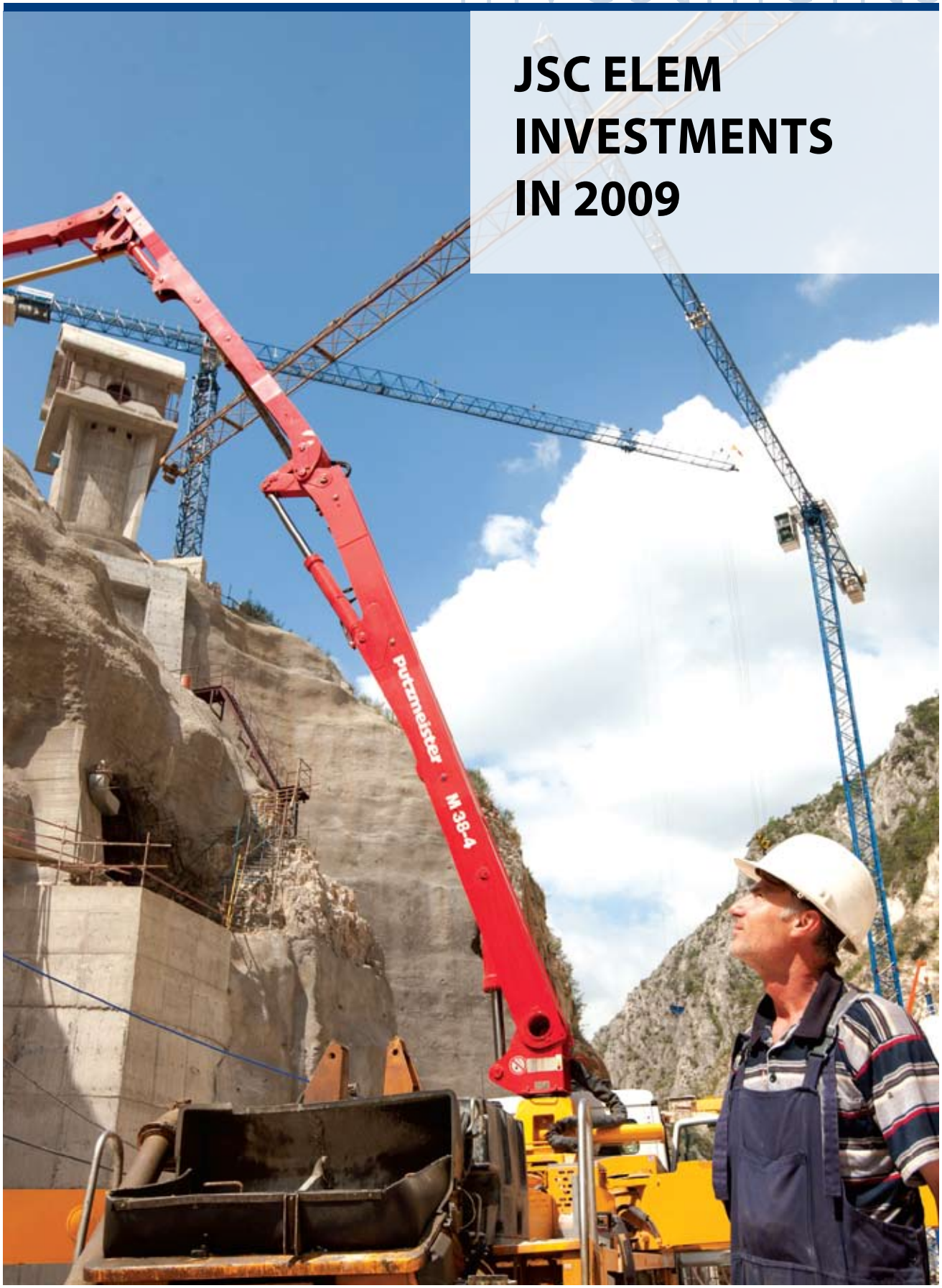
HYDRO POWER PLANTS (in general)

The only renewable resource with energy, economic, and ecological parameters that are confirmed and proven worldwide is the hydro potential. Our country offers significant hydro potential. In JSC ELEM there are seven hydro power plants, of which two are running water type - Raven and Vrben and five are reservoir-water: Vrutok, Shpilje, Globochica, Tikvesh, and Kozjak. The total instalment of the hydro plants amounts at 528,4 MW, that is 40% of the total capacities of JSC ELEM. Out of the total generation of electricity power in JSC ELEM, hydro generation supplies 21%, which primarily serve for satisfying the daily variations in electricity power consumption which results in greater flexibility and availability of the electricity power system. Hydro power presents a renewable energy resource and everywhere in the world it acquires attention due to its multi-purpose exploitation: electricity power generation, water supply, industrial watering, recreation, and fishing.

THERMAL POWER PLANTS (in general)

The largest part of the total electricity power generation in Macedonia is provided by MPC Bitola and MPC Oslomej, from the coal based in the mines of Suvodol and Oslomej. Coal is going to become an important energy source for our country. The development policy of Elektrani na Makedonija is based upon the principle of timely provision of exploitation reserves of coal and it continually and systematically performs activities for further explorations of the potential sites. We can strategically conclude that the future of the energy system in Macedonia lies in the established and in the potential reserves of coal. The biggest thermal plant is Bitola, with its three units - Bitola 1, 2 and 3, each with 225 MW. They provide 80% of the electricity power generation in our country. Coal with average caloric value of7.900 kJ/kg is the main fuel of MPC Bitola. Another unit in the thermal power system of Macedonia is MPC Oslomej with installed power capacity of 125 MW and an annual net-generation of 400 GWh. Likewise, coal with average caloric value of 7.900 kJ/kg is the main fuel in MPC Oslomej, as well. Thermal plants are a priority in the national electricity power system.

JSC ELEM INVESTMENTS IN 2009



What is a priority of JSC ELEM is to e consistently and continuously implement its investment policy. The company makes efforts to find the most suitable means and options for investments in development projects. In 2009, JSC ELEM invested approximately 37 millions of euro. With these investments we clearly confirmed that we are the pillar of our country's economy and the main drive for the economic activities in the country. Investments initiated in 2009 are related to projects that started and were finished in the current year, but they also refer to projects being in their final phase of realization. Capital investments are intended for the realisation of projects that are inevitable not only for our company, but for the country as well: the open cast mine Brod-Gneotino- which enables the continuous functioning of TPP Bitola for the following 20 years, the construction of HPP St. Petka, which rounds the hydro system Treska, the reconstruction and modernization of the production capacities, the preparation of studies and technical documentation for elaboration of mine projects for coal exploitation from the mines, and the supply of equipment for improvement of the company's performances. For the purpose of complete modernization and strengthening of the production capacities, we shall continue to invest in new projects which will contribute to an overall energetic stability, development of the power system, and sustainable energy development in the Republic of Macedonia.

Open pit mine Brod-Gneotino

In the surroundings of our biggest power plant MPC Bitola, the open cast mine Brod-Gneotino is situated. With the exploitation of this mine, the working life of TPP Bitola is prolonged for two decades. In 2009, we supplied one part of the mining equipment – a dredger and a disposer ESH 10/70, and mounted it on the plateau, and we also invested funds for coal mining, by which we realized investment activities of 8.8 millions of euro.

Construction of HPP St. Petka

In 2009, JSC ELEM invested 3.6 millions of euro for the construction of HPP St. Petka, which will finalize the hydro system Treska. These finances are used for supply and delivery of the two generators with accompanying equipment; then an injection gallery was paved on the left bank together with the opening portal, and dam exhumations were completed at the main body. The machinery building and the tail race exhumations are in their final phase, as well as the preparations for paving.

Reconstruction of the turbo aggregates in the subsidiary Energetika

In November 2009, the two reconstructed turbo aggregates in the subsidiary Energetika were put into functioning. JSC ELEM invested funds for modernization of the old turbines, manufactured in the period between 1964 and 1966, which were out of function for many years. After the realization of the project, the turbo aggregates are operating under a cogenerative regime, in other words they comprehensively generate electricity and heating energy.

With the realization of the project, JSC ELEM gained additional 30 MW of installed power capacity at its disposal, for the needs of the electricity power system of the Republic of Macedonia. The total value of the investment amounts at 3.6 millions of euro, and in 2009 investment activities of 3.2 millions of euro were realized.

Modernization of TPP Bitola

The realization of the capital project for MPC Bitola started in 2009, with the agreement signed with the Russian company Power Machines (Silovie Mashini). The project involves modernization and automation of the turbine generators and it is expected that it will increase the capacity of TPP Bitola for additional 8.32 MW per unit or for 24.96 MW per total capacity. The project is going to be realized in a period of three years and the turbine modernization will provide for improvement in the level of utilization of the aggregates, without additional increase in the present specific consumption of coal. The project value amounts at 56 millions of euro, and in 2009 an advance payment of 4.4 millions of euro was made for the first unit.

Additional explorations of the coal reserves in the Mariovo Basin

Priority of JSC ELEM is to invest in construction of new power generation capacities, which would be of huge importance not only to the energy stability of the country, but also to the sustainable energy development. Having in mind all previous findings about the coal deposit in the Mariovo Basin, in 2009, we signed a contract with the Construction Institute Macedonia and started with exploration activities at the coal site in the Prilep part of Mariovo, on the territory among the villages of Vitolishte, Beshishte, and Polchishte. These explorations should provide a precise answer for the volume of the exploitation reserves, the economic viability, the quality of coal lying in this deposit and its various attributes. Based on the results from the executed assessments, we have prepared an elaborate that would serve as groundwork for the elaboration of the major mine project, which will define the technology for coal exploitation, the annual extraction capacity for this raw material, and the necessary investments for the realisation of the required phases for the opening and exploitation of coal from this site. The project preparation will be worth 700 thousands of euro and it will last approximately two years. In 2009, we have selected a designer for the elaboration of the major mine project for opening and coal exploitation with pit technology from the site of Mariovo. The additional explorations in the Mariovo Basin will cost 2 millions of euro and these are a personal investment of JSC ELEM. In accordance with the results received from the exploration activities, JSC ELEM will invest in construction of a new thermal power plant that would use coal from the above mentioned underground mine.

Establishment of a Management Dispatch Centre - SCADA

JSC ELEM invests 2.2 millions of euro of own funds for the establishment of the Management Dispatch Centre-SCADA. The new Dispatch Centre is aimed at providing accurate planning and regulation of the electricity power generation in the existing thermal and hydro power plants, processing with measurements from all generation capacities, performing automatic control (AGC) and control of the primary and the secondary regulation of the power plants. Hardware and software solutions are implemented by the renowned German company Siemens.

FROM US TO THE CHILDREN

JSC Elektrani na Makedonija took part in a charity project aimed at the children from the Special Institution Demir Hisar (a psychiatric hospital). ELEM donated 150.000 denars for Christmas presents. The Special Institution Demir Hisar continually performs its activities allowing to a great number of persons with disabilities to really integrate and socialize with others. It remains as our hope that charity actions of this type will continue in future and become a tradition that makes everybody happy, and above all the children.

THE PROBLEM WITH WATER SUPPLY IN THE VILLAGE OF VRBEN HAS BEEN SOLVED

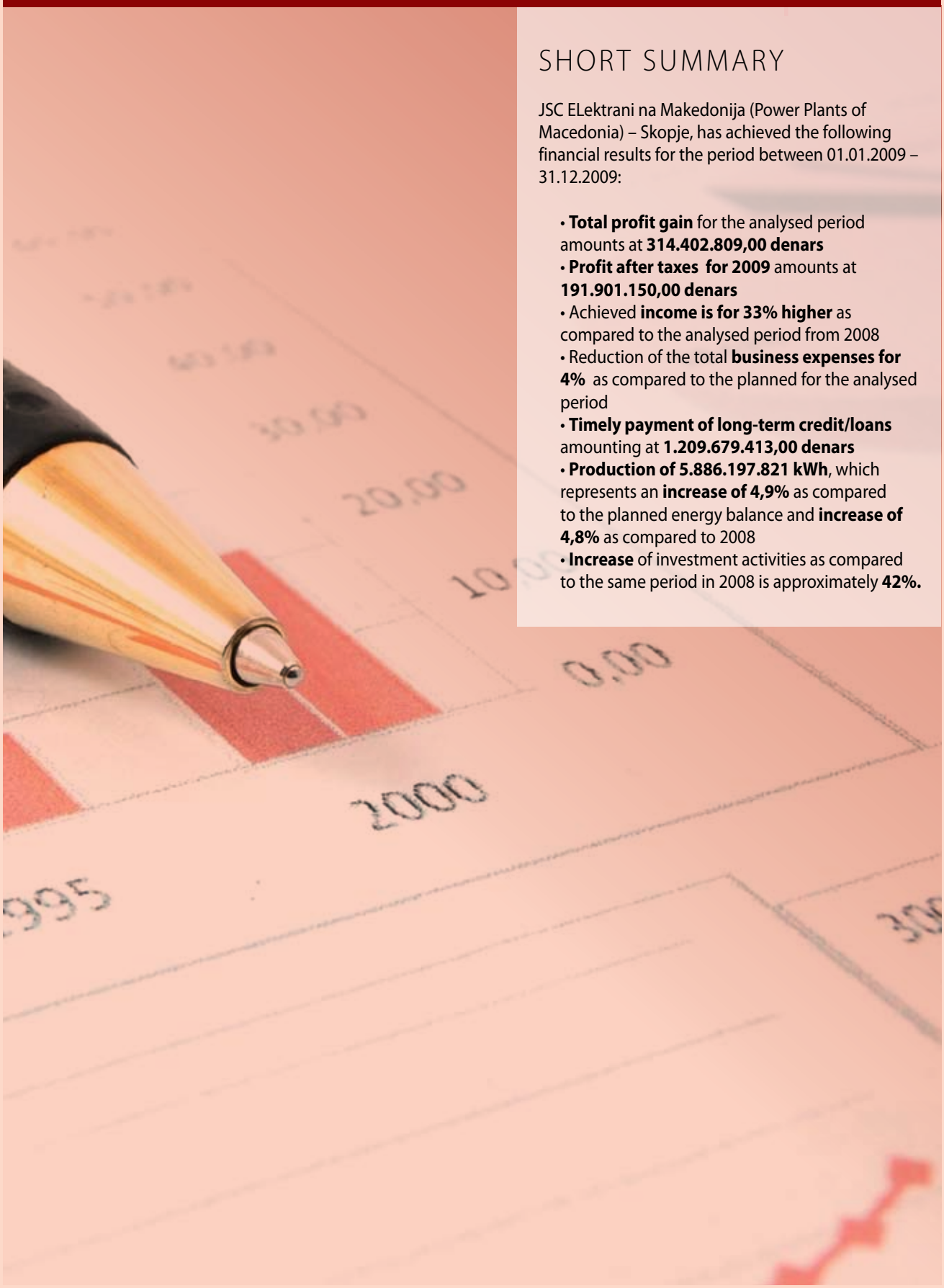
For a longer period, the village of Vrben has been using the water pipe system owned by HPP Mavrovo, built sometime in the last century. Due to the system's obsolesce and certain disruptions within the source zone, it often happened that there were water shortages both for the needs of the population and for the cooling of the aggregates in HPP Vrben. The solution was to construct a new pipe-system. HPP Mavrovo conducted all the construction activities in cooperation with the local community. A new zone with sources was explored, and their stability was monitored throughout the year, and in the end an average inflow of 1.2 to 1.5 l/s was reached. Along the line routing, two captive constructions were embedded – one chamber and a pipeline with 600m length. By this investment, we solved the problem with drinking water supply for the employees in HPP Vrben and with the aggregate cooling in the power plant, where there were pressure drop downs for a couple of times that caused the aggregates to fall off. Moreover, it provided one part of the fill line for satisfying the basic sanitary water needs at the plant. The terrain composition and the high downfalls imposed a chamber construction in the nearby surroundings of the plant, which provided for a normal working pressure that satisfies the power plant's needs. The old fill line is not used for sanitary needs anymore and it entirely serves for cooling the aggregates, which rules out any possibilities for pressure drop downs in this fill line. The new fill line and the existing grid were put into operations and they are functioning perfectly.

OHRID LAKE ENRICHED WITH YOUNG EELS

Every year, JSC Elektrani na Makedonija donates funds for enriching the Ohrid Lake with eels. This year 33.000 pieces of young eels were released in the lake, which is double if compared to the last year. The young eels started swimming in the waters at Kaneo and Gorica, two points that are most suitable, according to the experts, for the survival of the young eels due to their thick vegetation and availability of food. Ohrid Lake is the only open lake in Europe that is artificially enriched with fish. As of 1970, with the construction of the two hydro plants Globochica and Shpilje on the river of Crn Drim, the natural path of the eels, which breed in the Sagarian Sea, was physically broken. This enrichment with eels in Ohrid Lake is the only way to keep the species alive, because of the extraordinary trait of the European eels to lay eggs exclusively in salty waters, from 500 to 4.000 metres deep, at one unique spot, in the Sagarian Sea, south-west from the Azores, in the Atlantic Ocean. When they reach the stadium of larvae, eels start their journey along the gulfs of the Sagarian Sea towards the sweet continental waters. While in this larvae stadium, eels are collected and transferred to the closed fish-hatcheries. There, they reach the optimal size for survival in the open sweet waters. In compliance with the agreement that JSC ELEM has signed, it was projected that eels are to be delivered in three lots to the hatchery Shum in Struga. The Admission Commission from JSC ELEM was present at the delivery on all the three occasions. In compliance with the rules for import of animals, eels have to spend at least 30 days in quarantine in order to determine their health condition and to be absolutely confident that they are healthy and they will not endanger the rest of the flora and fauna in the lake. In the hatchery, required bacteriological and pathological examinations are being performed and, after permission is received by the State Veterinary Inspectorate, eels are released in the waters of the Ohrid Lake.

JSC ELEM AWARDED THE BEST STUDENT AT FEIT

We believe that young and skilled human resources are an important element in the power of our country. Therefore, again this year, within the frame of the Programme for tertiary education financing, JSC ELEM supported the studies at FEIT (Faculty for Electronic and Information Technologies) and awarded the best student Darko Mitrovski, majoring in electricity power systems(EPS), with an appropriate reward – a laptop. This reward was handed to Mitrovski by d-r Vlatko Cingoski, general manager of JSC ELEM. D-r Cingoski congratulated for the success and wished Mitrovski good health and a prosperous career.
- This type of human resources is vital for the Republic of Macedonia. If you constantly upgrade your knowledge, you will become one of the key chains for the strengthening of the electricity power sector in Macedonia –d-r Cingoski highlighted.
Education is the greatest capital of every country, in the opinion of the management team at JSC ELEM, since it is the essential drive for the economic development. The energy sector can only be developed through creating expert human resources that meet the needs of the developed world, which makes progress on daily basis. These awards represent not only a personal stimulus, but a possibility for inclusion in the contemporary young engineering forces.



SHORT SUMMARY

JSC ELektrani na Makedonija (Power Plants of Macedonia) – Skopje, has achieved the following financial results for the period between 01.01.2009 – 31.12.2009:

- **Total profit gain** for the analysed period amounts at **314.402.809,00 denars**
- **Profit after taxes for 2009** amounts at **191.901.150,00 denars**
- Achieved **income is for 33% higher** as compared to the analysed period from 2008
- Reduction of the total **business expenses for 4%** as compared to the planned for the analysed period
- **Timely payment of long-term credit/loans** amounting at **1.209.679.413,00 denars**
- **Production of 5.886.197.821 kWh**, which represents an **increase of 4,9%** as compared to the planned energy balance and **increase of 4,8%** as compared to 2008
- **Increase** of investment activities as compared to the same period in 2008 is approximately **42%.**

STATE OF BALANCE

	Note	31 December 2009	31 December 2008
		000 MKD	000 MKD
Assets			
Physical assets			
Intangible assets	5	9.945	11.927
Immovable assets, plants and equipment	5	28.893.767	27.715.504
Investments:	7		
- Investments in unconsolidated subsidiaries	7.1	865.925	109.703
- Marketable financial assets	7.2	9.389	9.389
Other financial assets	9	12.793	13.624
		29.791.819	**27.860.147**
Liquid assets			
Tangible assets	10	2.710.068	3.102.712
Buyers' and other requisitions	11	9.398.673	10.887.210
Expenses paid	12	1.050.749	867.976
Short-term bank deposits	13	91.700	50.455
Monetary assets and equivalents	14	1.985.334	2.549.494
		15.236.524	**17.457.847**
Assets intended for misappropriation	8	-	764.020
Total assets		**45.028.343**	**46.082.014**
Equity and liabilities			
Equity	15		
Shareholders capital		31.738.878	31.738.878
Reserves		1.046.658	1.046.653
Other equity		1.429.567	1.430.355
Unallocated profit		209.996	18.095
Total equity		**34.425.099**	**34.233.981**
Liabilities			
Illiquid liabilities			
Borrowings with interest	16	5.377.896	6.177.650
Delimited assistance	17	14.438	17.963
		5.392.334	**6.195.613**
Current liabilities			
Interest loans and current maturities	16	1.029.733	1.048.885
Liabilities towards suppliers and other	18	4.181.177	4.603.535
		5.210.910	**5.652.420**
Total liabilities		**10.603.244**	**11.848.033**
Total equity and liabilities		**45.028.343**	**46.082.014**

PERFORMANCE BALANCE

	Note	Year [ending on 31 December	
		2009	2008
		000 MKD	000 MKD
Incomes from sales of electricity power	19	13.584.362	10.213.837
Other operational incomes	20	536.766	521.858
Expenses for production of lignite	21, 22, 23, 24, 25	(4.455.893)	(3.815.393)
Amortisation	21	(1.429.589)	(1.547.975)
Expenses for employees	22	(1.658.112)	(1.332.004)
Expenditures for maintenance and insurance	23	(999.116)	(871.132)
Raw materials and consumable goods	24	(3.046.500)	(2.688.789)
Other operational expenditures	25	(1.101.516)	(696.598)
Expenditures from unpaid requisitions	11	(840.200)	(42.643)
Profit/(Loss)		**590.202**	**(258.839)**
Financial income	26	119.004	605.500
Financial (expenditures)	26	(394.803)	(566.847)
Net financial (expenditures) / income		(275.799)	38.653
Profit / (Loss) before taxes		**314.403**	**(220.186)**
Profit tax	27	122.502	-
Profit / (Loss) for the current year		191.901	(220.186)

REPORT ON CAPITAL FLOATING

000 MKD

	Share capital	Reserves	Other equity	Accumulated gain	Total
On 1st January 2008	**31.738.878**	**1.037.233**	**1.428.460**	**210.939**	**34.415.510**
Profit increase for 2007 according to the PRO decision	-	-	-	36.783	36.783
Accumulated gain scheme	-	9.441	-	(9.441)	-
(Loss) for the current year	-	-	-	(220.186)	(220.186)
Internal transfers of fixed assets	-	-	1.610	-	1.610
Expenditures of construction facilities	-	(21)	(360)	-	(381)
Other floats	-	-	645	-	645
31st December 2008	**31.738.878**	**1.046.653**	**1.430.355**	**18.095**	**34.233.981**
On 1st January 2009	**31.738.878**	**1.046.653**	**1.430.355**	**18.095**	**34.233.981**
Annual profit	-			191.901	191.901
Other floats	-	5	(788)	-	(783)
31st December 2009	**31.738.878**	**1.046.658**	**1.429.567**	**209.996**	**34.425.099**

REPORT ON MONETARY FLOWS

	Note	Year [ending on 31 December	
		2009	2008
		000 MKD	000 MKD
Operational activities			
Profit/ (Loss) before taxes		314.403	(220.186)
Corrections for:			
Amortisation	5	1.684.082	1.781.268
Expenditures from past donations formerly registered as incomes		-	25.137
(Income) from amortisation of delimited assistance	17	(3.525)	(7.174)
Expenditure from signing off debts up to absolute value	7	8.104	2.086
Currency exposures, net		(49.451)	108.771
Expenditures by interests	26	312.704	271.076
Expenditure from deducted uncollectable requisitions	11.3	840.200	42.643
Capital interest rates by loans	5	(169.480)	-
Correction of capital currency exposures from past years	5	(3.277)	-
Revenues from deducted liabilities	20	(13.806)	-
Correction of tangible assets/stocks from past periods	10	21.452	-
Operational profit before the working capital floating		**2.941.406**	**2.003.621**
Floating in working capital			
Tangible assets/Stocks	10	371.192	(922.665)
Requisitions from buyers and other requisitions	11	465.607	(1.113.956)
Liabilities towards suppliers and other liabilities	18	(514.294)	1.779.986
		3.263.911	**1.746.986**
Paid interest		(312.704)	(271.076)
Paid profit tax		(16.755)	(74.857)
		2.934.452	**1.401.053**
Investment activities			
Supply of material and intangible assets	5	(2.687.606)	(1.264.266)
(Investments in)/Payments for short-term bank deposits	13	(41.245)	13.869
Investments in subsidiaries	7	(306)	-
Payment of other financial assets		-	118
		(2.729.157)	(1.250.279)
Financial activities			
Inflows/(Payment) by loans, net		(769.455)	1.258.054
		(769.455)	1.258.054
Net floats of monetary assets		**(564.160)**	**1.408.828**
Monetary assets at the start	14	2.549.494	1.140.666
Monetary assets at the end	**14**	**1.985.334**	**2.549.494**

1. INCOME FROM ELECTRICITY POWER SALES

	2009	2008
Income from electricity power sales for JSC EVN Macedonia, Skopje	11.808.071	4.659.434
Income from electricity power sales for JSC Mepso, Skopje	673.386	4.899.094
Income from sales of night surpluses	586.602	91.720
Heating power and heated water	245.873	308.692
Income from sales to end consumers	197.508	187.268
Other qualified consumers	72.922	67.629
	13.584.362	**10.213.837**

2. OTHER OPERATIONAL PROFIT

	2009	2008
Indemnity for insurance losses	148.163	116.690
Income after corrections of invoices issued to EVN, and in accordance with the protocol	110.396	248
Income from sales of other products and services	97.275	206.541
Corrections of inventories from 2008	52.296	-
Collected annuities by loans	33.805	35.839
Income from transport of employees to MPC Bitola (salary withdrawal)	18.892	-
Incomes from paid damages	16.181	394
Signing off of short-term liabilities	13.806	5.593
Income from paid bank guarantees	12.844	-
Income from rent	4.672	3.481
Income from amortisation of donations	3.525	7.174
Income from sold tender documentation	3.138	2.848
Income from previously deducted requisitions	609	-
Income from discounts	147	30.927
Surpluses in inventories of materials, spare parts and small inventory	46	48.913
Income from employees indebted for shortages after inventories	-	52.231
Other	20.971	10.979
	536.766	**521.858**

3. AMORTISATION

	2009	2008
Amortisation calculated for the year	1.684.082	1.781.268
Decreased for the amount of expenses for lignite production	(254.493)	(233.293)
	1.429.589	**1.547.975**

4. EXPENSES FOR EMPLOYEES

	2009	2008
Net salaries, personal tax and other compensations from salaries	2.692.847	2.130.535
Other compulsory reimbursements to employees	448.259	334.031
	3.141.106	**2.464.566**
Decreased for the amount of expenses for lignite production	(1.482.994)	(1.132.562)
	1.658.112	1.332.004

5. EXPENSES FOR MAINTENANCE AND INSURANCE

	2009	2008
Expenses for maintenance	2.448.621	2.036.293
Expenses for insurance	231.814	234.100
	2.680.435	**2.270.393**
Decreased for the amount of expenses for lignite production	(1.681.319)	(1.399.261)
	999.116	**871.132**

6. RAW MATERIALS AND CONSUMABLE GOODS

Administrative and sales expenses as well as other operational expenditures are analysed in accordance with their type, in the following manner:

	2009	2008
Purchase price of sold electricity power	2.135.110	1.812.468
Spare parts	842.584	721.680
Oil fuel	352.784	299.423
Natural gas	138.354	278.688
Liquid fuel	119.242	160.523
Water	119.272	131.996
Raw materials	162.295	72.580
Expenditures of small inventory	13.013	12.216
Spent electricity power	8.861	5.504
Expenses for pipe heating	3.956	3.932
Oils and liniments	-	31
Other	-	3.584
	3.895.471	**3.502.625**
Decreased for the amount of expenses for lignite production	(848.971)	(813.836)
	3.046.500	**2.688.789**

7. OTHER OPERATIONAL EXPENDITURES

	2009	2008
Expenses for electricity power transfer	346.052	368.340
Expenses for working contracts	233.452	120.930
Compulsory health checks	169.854	-
Other production services	117.905	31.340
Correction of inventories from 2008	73.748	-
Contribution for water	57.679	56.322
Indemnity for production of electricity power from fossil fuels	37.235	5.891
Sponsorships	34.313	26.144
Transport services	29.759	38.792
Communal taxes and expenses	23.663	22.143
Contributions for road construction	22.205	1.660
Phone and postal expenses	21.338	24.760
Expenses for current occupational safety	18.597	21.602
Court expenses	14.348	7.813
Promotional materials and activities	10.271	11.374
Bank provisions	9.844	12.952
Loss due to value depreciation	8.104	-
Membership fees	8.097	5.891
Professional training	5.013	7.142
Marketing	565	903
Taxes and contributions that are not result dependable	538	38.048
Shortages	11	52.005
Corrections from previous periods related to donations of assets	-	25.740
Grants	-	4.960
Other expenditures	47.041	48.287
	1.289.632	**933.039**
Decreased for the amount of expenses for lignite production	(188.116)	(236.441)
	1.101.516	**696.598**

8. FINANCIAL INCOME AND EXPENDITURES

	2009	2008
Income		
Income from interest	33.651	420.082
Positive currency exposures	85.353	185.418
	119.004	**605.500**
(Expenditures)		
Expenditures by interest	(300.717)	(263.358)
Interest for delayed payments	(11.987)	(7.718)
Negative currency exposures	(82.099)	(295.771)
	(394.803)	**(566.847)**
Net financial (expenditures)/ income	**(275.799)**	**38.653**

9. MONETARY ASSETS AND EQUIVALENTS

	2009	2008
Monetary assets in banks		
- in denars	485.819	966.039
- in foreign currencies	61.781	13.021
- funded account	1.437.333	1.569.913
Monetary assets in the treasury	401	521
	1.985.334	2.549.494

Funded account

On July 4th 2006, the Company signed an Agreement for a funded account with the independent contractor for the construction of the hydro power plant St.Petka – the foreign company RIKO doo Ljubljana, and with NLB Tutunska Bank ad, Skopje, for depositing assets amounting at 80% (32,830,097 Euros or 2,016,172 thousands of denars) of the value of the signed Agreement. The interest rate for the deposited assets amounts at 1.2% per year. On 31st December 2009, this funded account had a state of balance that amounted at 23,496,115 Euros or 1,437,333 thousands of denars.

10. EQUITY AND RESERVES

Shareholders capital

On 31st December 2009 and 2008, the share capital of the Company, according to the Shareholders Book, amounted at 31,738,878 thousands of denars and it was divided into 31,738,878 regular nominal shares with the right to vote. The nominal value per share amounts at 1,000 denars. The total shareholder capital of the Company is owned by the Government of the Republic of Macedonia.

Reserves

The reserve components with a balance from 3rd December 2008 and 2009, are as follows:

	Revalorized Reserves	Compulsory Reserves	Total
On 1st January 2008	**996.595**	**40.638**	**1.037.233**
Accumulated gain scheme	-	9.441	9.441
Expenditures on construction facilities	(21)	-	(21)
On 31st December 2008	**996.574**	**50.079**	**1.046.653**
On 1st January 2009	**996.574**	**50.079**	**1.046.653**
Other	5	-	5
On 31st December 2009	**996.579**	**50.079**	**1.046.658**

Other capital

On 31st December 2009, other equity amounts at 1,429,567 thousands of denars (2008: 1,430,355 thousands of denars). Flotation in the account for other capital in 2009, which amount at net 788 thousands of denars (total 831 thousands of denars decreased by the additionally approved discounts amounting at 43 thousands of denars), refer to paid requisitions from sales of apartments in public ownership.

11. BUYERS AND OTHER REQUISITIONS

	2009	2008
Buyers		
- Domestic	9.050.963	9.926.788
- Foreign	51.629	51.308
	9.102.592	**9.978.096**
Decreased for: reserves due to damages	(1.195.449)	(1.195.449)
Buyers, net	**7.907.143**	**8.782.647**
Other requisitions		
Requisitions from interest	1.053.479	1.053.049
Requisitions by loans from EBRD (see: Note 18)	215.850	260.686
Requisitions from subsidiaries	178.759	157.548
Requisitions from employees	17.708	71.706
Requisitions from insurance companies	20.814	42.210
Other requisitions	4.920	519.364
	1.491.530	**2.104.563**
Total	**9.398.673**	**10.887.210**

11. 1 Requisitions from buyers

On 31st December 2009, the balance for the requisitions from buyers amounted at 9,103,170 thousands of denars (2008: 9,978,096 thousands of denars) including requisitions from:

	2009	2008
- JSC EVN Macedonia, Skopje	7.773.145	8.020.911
- JSC Mepso, Skopje	973.492	1.635.897
- Other	355.955	321.288
	9.102.592	**9.978.096**

The analysis of the age structure of the requisitions from buyers, including other requisitions as well, shows the following balance for 31st December 2009 and 2008:

			2009
	Domestic	Foreign	Total
Up to 30 days	1.300.587	260.755	1.612.650
From 1 - 3 months	664.028	-	664.028
From 3 - 6 months	316.702	-	316.702
From 6 - 12 months	128.336	-	128.336
Over 1 year	7.872.406	51.308	7.872.406
	10.282.059	**312.063**	**10.594.122**
Decreased for reserves due to damages	(1.195.449)	-	(1.195.449)
	9.086.610	**312.063**	**9.398.673**

			2008
	Domestic	Foreign	Total
Up to 30 days	2.314.118	-	2.314.118
From 1 - 3 months	189.884	-	189.884
From 3 - 6 months	1.767.981	-	1.767.981
From 6 - 12 months	380.301	-	380.301
Over 1 year	7.379.067	51.308	7.430.375
	12.031.351	**51.308**	**12.082.659**
Decreased for reserves due to damages	(1.195.449)	-	(1.195.449)
	10.835.902	**51.308**	**10.887.210**

On 31st December 2009, the balance of the requisitions from buyers, including other requisitions as well, can be analysed according to the following credit risk categories:

	Non-matured non-indemnified	Non-matured non-indemnified	Indemnified	Total
Purchase price	1.612.650	1.109.066	7.872.406	10.594.122
Value correction	-	-	(1.195.449)	(1.195.449)
Net registered value	**1.612.650**	**1.109.066**	**6.676.957**	**9.398.673**

Flotation in the account reserves due to indemnities for the periods discussed are as follows:

	Domestic buyers	Foreign buyers	Total
On 1st January 2008	**1.195.449**	**-**	**1.195.449**
Correction of the value of requisitions from JSC EVN	-	133	133
Deducted requisitions	-	(133)	(133)
On 31st December 2009	**1.195.449**	**-**	**1.195.449**
On 1st January 2009	**1.195.449**	**-**	**1.195.449**
Correction of the value of requisitions	394.370	-	394.370
Deducted requisitions	(394.370)	-	(394.370)
On 31st December 2009	**1.195.449**	**-**	**1.195.449**

During the 2009, the Company managed to claim previously deducted requisitions amounting at 609 thousands of denars. These claims are acknowledged in favour of the current income (see: Note 20).

11.2 Other requisitions

Requisitions by interest
On 31st December 2009, the balance of the requisitions from interest amounted at 1,053,479 thousands of denars (2008: 1,053,049 thousands of denars), and it mostly refers to the requisitions from interest from JSC MEPSO, Skopje amounting at 1,041,709 thousands of denars (2008: 1,041,709 thousands of denars).

Requisitions by loans
On 31st December 200, requisitions by loans show a balance that amounts at 215,850 thousands of denars, which stands for the requisitions from JSC EVN Macedonia amounting at 99,623 thousands of denars and JSC MEPSO amounting at 116,227 thousands of denars. These requisitions are acknowledged on the basis of the part from the long-term loan approved by EBRD, which is paid by JSC EVN Macedonia and JSC MEPSO, in accordance with the Contracts for Regulation of Liabilities for Payment of the Loan by EBRD, signed on 13 December 2005.

Expenditures from deducted uncollectable requisitions
On 31st December 2009, the Company made a deduction based on the uncollectible requisitions on the account of the current expenditures amounting at 840,200 thousands of denars. The analysis of the deducted requisitions is as follows:

Deduction of other old requisitions from EVN	501.400
Deduction of requisitions from EVN (by protocol)	334.212
Deduction of other requisitions according to the decision of the MB	4.588
	840.200

12. LIABILITIES TOWARDS SUPPLIERS AND OTHER LIABILITIES

	2009	2008
Liabilities towards suppliers		
- Domestic	2.553.923	2.129.294
- Foreign	178.733	956.125
	2.732.656	**3.085.419**
Other liabilities		
Liabilities towards subsidiaries	96.126	82.322
Advance payments accepted from buyers	254.800	184.615
Liabilities for salaries	36.767	34.000
Liabilities for contributions and personal income taxes	190.731	178.534
Liabilities for profit tax	106.750	-
Liabilities for VAT	35.642	131.595
Liabilities for water contribution	12.243	16.515
Other liabilities	313	313
	733.372	**627.894**
Previously calculated expenses		
Previously calculated liabilities from interest	227.605	88.818
Calculated annuities by loan from EBRD	215.850	260.686
Paid annuities towards EBRD by the Ministry of Finance	-	90.380
Reserved expenses for services surpassing the agreed sum	-	272.733
Other previously calculated expenses	271.694	177.605
	715.149	**890.222**
	4.181.177	**4.603.535**

On 31st December 2009, the balance for the previously calculated liabilities from interest is as follows:

	2009	2008
EBRD	13.446	18.813
Stopanska Bank, Skopje	6.155	-
KfW, Frankfurt	41.211	-
DEPFA Investment Bank limited	89.572	-
CWE, China	5.551	3.807
Bank of China	71.670	66.198
	227.605	**88.818**