

Consolidated Financial Statements and Independent
Auditors' Report

Prishtina International Airport Holding J.S.C.

31 December 2008

Contents

	Page
Independent auditors' report	1
Consolidated balance sheet	3
Consolidated statement of income	4
Consolidated statement of changes in equity	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7



Grant Thornton

Independent Auditors' Report

Grant Thornton DOO
M.H.Jasmin 52 v-1/7
1000 Skopje
Macedonia

T +389 (2) 3214 700
F +389 (2) 3214 710
www.grant-thornton.com.mk

To the Management and Shareholders of
Prishtina International Airport Holding J.S.C.

We were engaged to audit the accompanying consolidated financial statements of Prishtina International Airport Holding J.S.C. ("the Company"), which comprise of the Consolidated balance sheet at 31 December 2008, and the Consolidated statement of income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 4 to 28.

The consolidated financial statements of Prishtina International Airport Holding J.S.C. as of and for the year ended 31 December 2007 were audited by another auditor whose report dated 09 February 2009 expressed a disclaimer of opinion on that consolidated financial statements. Therefore, we do not express an opinion on the comparative figures presented as of and for the year ended 31 December 2007. Furthermore, any related adjustments, which might have been determined as necessary to the consolidated financial statements as of and the year ended 31 December 2007, could have a significant impact on the Company's consolidated financial position, results of operations, changes in equity and cash flows for the year ended 31 December 2008.

Management's responsibility for the consolidated financial statements

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

Basis for disclaimer of opinion

As it is disclosed in note 5 to the accompanying consolidated financial statements, at 31 December 2008, the net carrying value of Company's property, plant and equipment amounts to Euro 36,135 thousands. According to the accepted accounting policy disclosed further in Note 2 to the consolidated financial statements, items of property, plant and equipment existing on 01 January 2005 – the date of Company's incorporation and opening balance sheet date, were recognized in the Company's accounts at their revalued amounts determined by independent external valuers. The accepted revaluation model requires revaluations to be made with sufficient regularity to ensure that the carrying amounts of revalued assets do not differ materially from that which would be determined using fair value at the end of the reporting period. Owing to the nature of the Company's records, we were not able to satisfy ourselves with the management assessments of the fair values of Company's property, plant and equipment as of 31 December 2008.

In addition, the accepted accounting policy regarding the impairment of non – financial assets requires at each balance sheet date items of property, plant and equipment to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We were not provided with any evidence that such impairment test has been performed as of the balance sheet date.

Furthermore, owing to the nature of accounting and other relating records, as well as the applied policies and procedures, we were not able to obtain reliable assurance with the completeness, accuracy and net carrying amount of the Company's property, plant and equipment as of the balance sheet date.

As it is further disclosed in note 11 and note 21 to the accompanying consolidated financial statements, the balance and transactions relating to bank account at Pro Credit bank have not been accounted for and disclosed in these consolidated financial statements. The outstanding balance of this bank account as at 31 December 2008 amounts to Euro 1,406 thousand. Under a letter from Ministry of Economy and Finance dated 20 March, 2009 the Ministry has no authority and control over Pro Credit bank account. Owing to the nature of the Company's records, we were unable to ascertain the adjustments that might have been necessary and the resulting impact of transactions taken place from this account, if any, on the balance sheet and the consolidated statement of income as at and for the year ended 31 December 2008.

Furthermore, the Company did not account for and recognize in its consolidated financial statements as of and for the year ended 31 December 2008 any deferred tax assets or liabilities based upon the timing differences between tax and accounting basis related to items of property, plant and equipment carried in the Company's accounts and the valuation. We were not able to assess the possible effects in the Company's consolidated financial statements as of and for the year ended 31 December 2008 arising from the omission to account for and recognize deferred tax assets or liabilities.

As it is further disclosed in note 22 to the accompanying consolidated financial statements, during March 2008, the Kosovo Police arrested the General Director and Procurement Manager of the Company on the allegations of misuse of powers related to certain procurements. The Company initially suspended both the employees and later through a decision of the Board of Directors dated 22 August, 2008 terminated their employment contracts. Based on management representation, we understand that the allegations against those two employees are investigated and in absence of any agreement with the Company to perform additional procedures, we were unable to satisfy ourselves with respect to the possible effects, if any, of the claimed fraudulent act as well as whether it was in isolation.

Disclaimer of opinion

Due to the significance of the matters discussed in the preceding paragraphs, we are not in the position to and we do not express an opinion on the Company's consolidated financial statements as of and for the year 31 December 2008.



Grant Thornton,

Skopje,
09 December 2009