

Cash flows deficit about 50 milliard dinars, according to previous Yearly Business Program, is reduced to six billion dinars. MB is also familiar with problems concerning the implementation of Public Procurement Law, that PE EPS and PLCs have to cope with. The members of the Managing Board of the Public Enterprise "Electric Power Industry of Serbia"/EPS/, approved the Yearly Program on the Yearly Business Program amendments of PE EPS and the PLCs for the year 2013, as well as the Yearly Business Program of the company "EPS Supply".

Mr. Dejan Trifunovic, Assistant Minister for Energy, Development, and Environment Protection, also attended the session, at which the plan acts of the public enterprises in Kosovo and Metohija for the year 2013 were approved. By these decisions, Yearly Business Programs Rebalances in the whole EPS-System for this year were approved. As Mr. Alexander Surla, Director of the Economic and Financial Affairs, explained, the revenue increased by 21 billion in this Rebalance, while the expenses remained unaltered. He said that the lack of money flows in the previous YBP of 50 billion was reduced to six billion in the new Rebalance.

- Previously projected negative net result for the year 2013 in amount of 21.5 billion dinars will be, according to the adopted Amendments, 0.8 billion dinars - said Surla . - Compared to the original YBP, the approved Rebalance shows much better business results.

The Member of the MB and the President of the Workers Union of EPS, Mr. Milan Djordjevic, pointed at a big long weakness related to the shift work, and asked that all the competent in EPS should be more involved in the long-term solutions to this problem. At the meeting, they also discussed the work of the newly formed the company "EPS Supply." Mr. Životije Jovanovic, Deputy General Manager of EPS, explained that the plan for this company is to have 70 employees until the end of the year, and that as early as March next year, all the employees who have been involved in supplying companies for the distribution of electricity, will be engaged in the company "EPS Supply ."

- More than five years ago, the lists of people who are supposed to deal with supply were drawn up, so it should be no problems. The Energy Law must be respected, and there is no reason or need for any disputes - Jovanovic explained.

The Members of MB EPS adopted the decision on criteria for transfer prices establishing, and the decision on transfer prices. The MB is familiar with the problems the PE EPS and subsidiary companies are facing, relating to implementation of the Law on Public Procurement. The MB members agreed that the establishment of measures to overcome the problems in the implementation of this law is essential, in order to allow normal operations and production processes in PE EPS .

Mr. Mladen Maleševic, Director of EPS for the management and control of public procurement, informed the members of MB EPS about the meeting with the leaders of the Public Procurement Office and the Commission for Tenderer Rights Protection, who are

willing to help the EPS, in completing the procedures the most efficiently. Mr. Malešević pointed out that one of the possible solutions is to exclude from the Law on Public Procurements the PLCs that are either engaged in market activity or exposed to competition, together with the adoption of the Rules of Procurement. He explained that similar principle was applied to "Telekom Serbia ", where mobile telephony activities were excluded from public procurement, and fixed telephony was not. MB members agreed that the law obstructs production processes in the system, but it is necessary to take care to avoid abuses.

Risks

One of the main external risks for the completion of the Yearly Business Program is related to the uncertainty concerning recovery of Serbian economy, which depends both on the recovery of economies of euro zone and the region, as well as on the inflow of foreign capital. The external risks also include variations of interest rates and import prices. Internal risks are related to the postponement of the reforms and economic policies, as well as possible volatility of the exchange rate of dinar to euro, decline of foreign investments and increase of the risk premium on foreign loans. The costs are increased by each percent of higher inflation by 906 million dinars per year, and by exchange rate by 339 million dinars.

Source; Serbia Energy/EPS Kwh