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SERBIAN IT MARKET – THE NEW OLD STAR

FEBRUARY 2012

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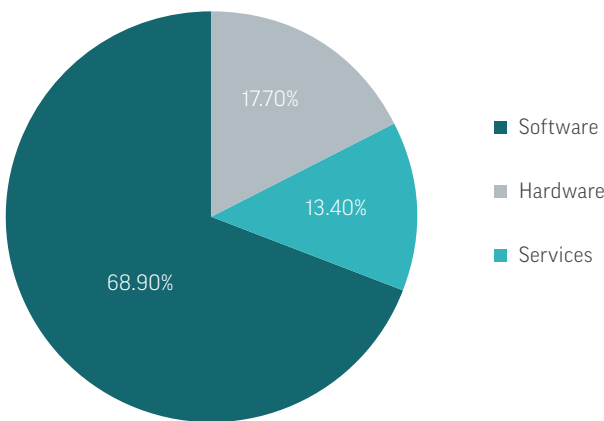
SERBIAN IT MARKET – THE NEW OLD STAR

Domestic market

In 2011 Serbian IT market declined by 24.8% to EUR 410 mln from its peak in 2008, amounting to EUR 545 mln, shows the survey of local market research company Mineco Computers.

There are some disadvantages, which affect the domestic IT market such as poor IT infrastructure, high unemployment (23.7% in November 2011) and the low average salary in the country. On the other hand, Serbia has introduced a lower level of VAT of 8.0% for computers instead of regular 18% VAT aiming to encourage the IT sector.

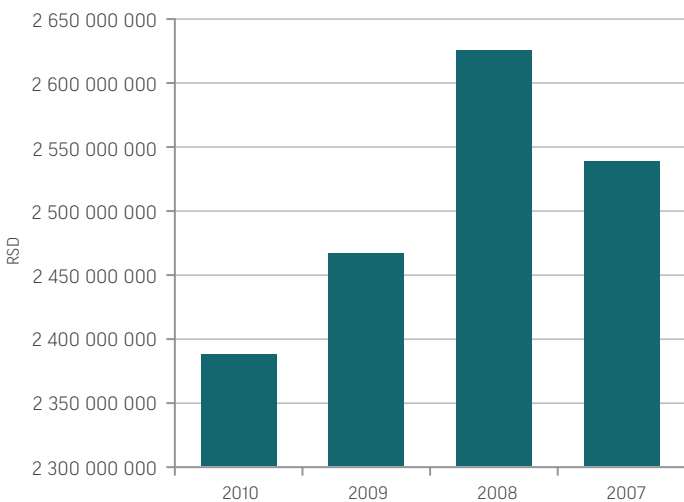
STRUCTURE OF DOMESTIC IT MARKET IN 2010



Source: IDC Adriatics

The revenue of the IT industry in 2010 stood at RSD 2,402 mln (EUR 22.8 mln), down by 3.14% from the previous year according to Serbian Chamber of Commerce (SCC).

REVENUES OF IT INDUSTRY IN SERBIA

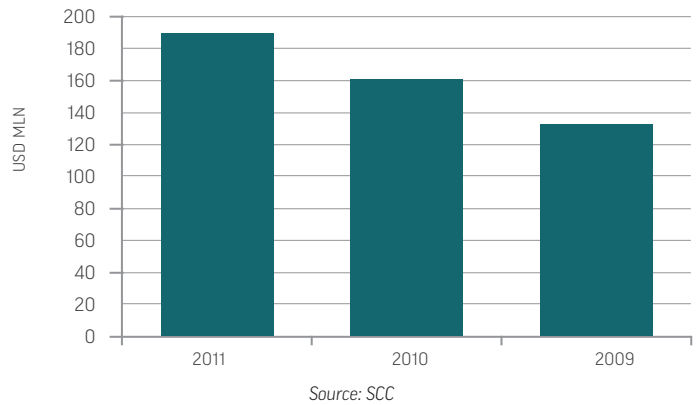


Source: SCC

Export

The export of IT services and software grows each year. According to Informatics association of Serbian Chamber of Commerce (SCC), export of IT services and software reached USD 200 mln in 2011.

EXPORT OF IT SERVICES AND SOFTWARE



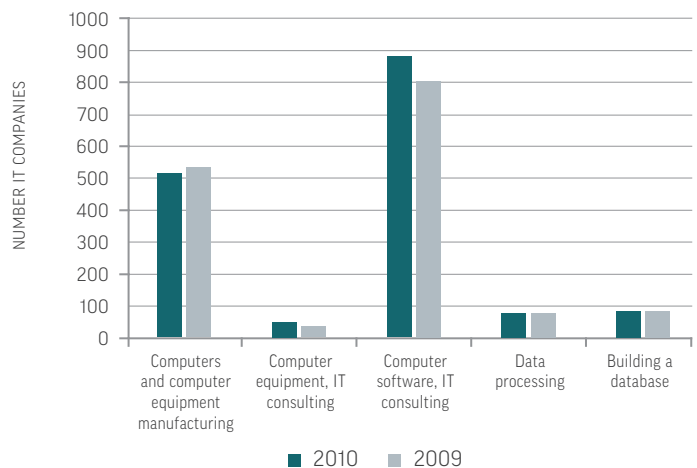
Source: SCC

Serbia exported computer, electronic and optical products for EUR 143.2 mln in 2011, up 2.3% from the previous year according to Statistical Office of the Republic of Serbia.

IT companies

The Serbian IT industry is concentrated in three cities - Belgrade, Novi Sad and Nis and more than 50% of all companies are in Belgrade. The Serbian Chamber of Commerce registered 1,750 IT companies in 2010.

NUMBER IT COMPANIES IN SERBIA BY SEGMENT

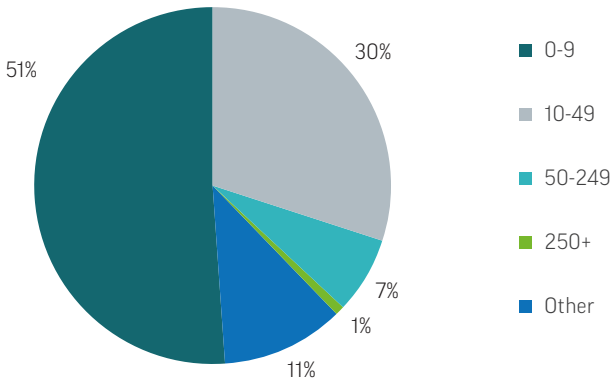


Source: SCC

The Serbian IT industry is marked by a large number of small and micro companies. According to the Statistical Office of the Republic of Serbia, a total of 51% of the companies have 9 or less employees in four sub-sectors: Manufacture of computer, electronic and optical products; Computer programming, consultancy and related activities; Information service activities; and Repair of computers and personal and house-

hold goods.

IT COMPANIES BY NUMBER OF EMPLOYEES

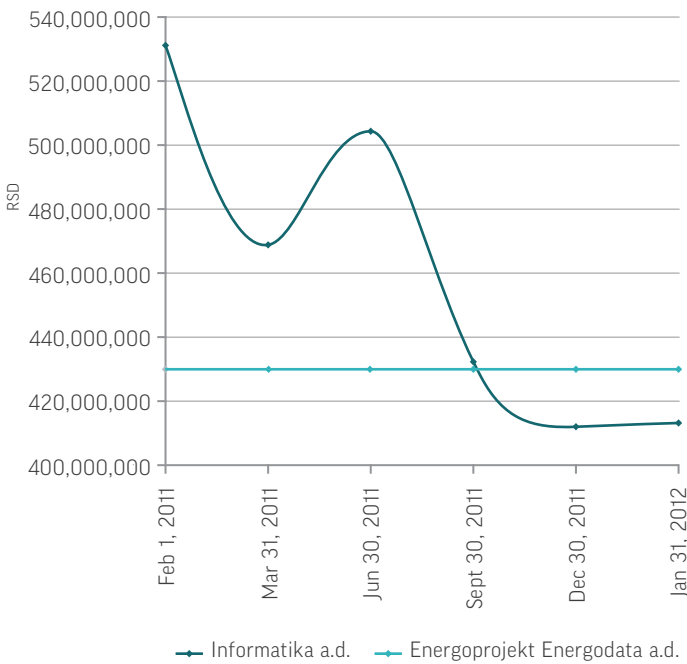


Source: Statistical Office of the Republic of Serbia

Listed companies

As of January 2012 the shares of two local companies are traded on the Belgrade Stock Exchange (BSE), and Informatika a.d. is included in the benchmark index of the BSE - BELEXline index.

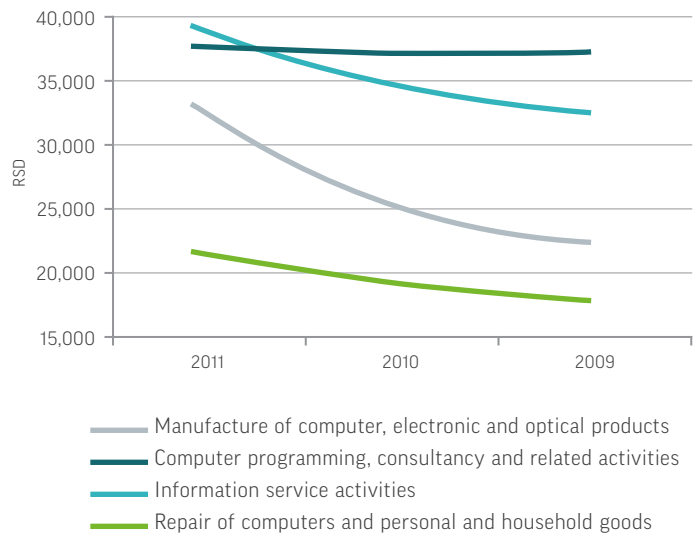
MARKET CAPITALISATION OF LISTED SERBIAN COMPANIES



Source: BSE

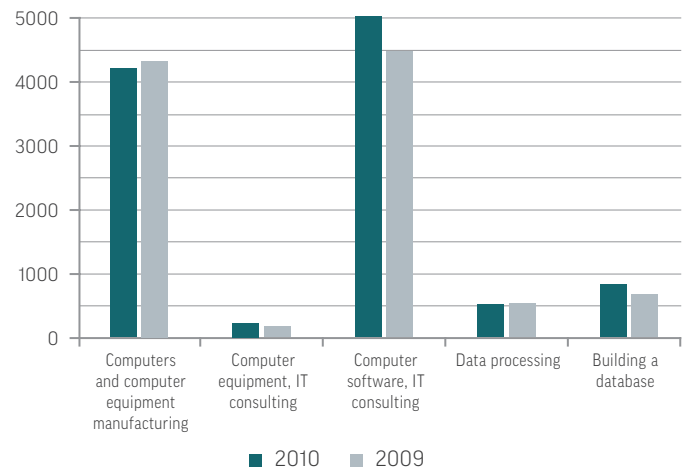
An average net salary in Serbian IT sector in 2011 was at RSD 37,976 (EUR 364) according to the Serbian Statistical Office. The sector employs more than 11,000 persons.

AVERAGE NET SALARIES IN IT SUB-SECTORS



Source: Statistical Office of the Republic of Serbia

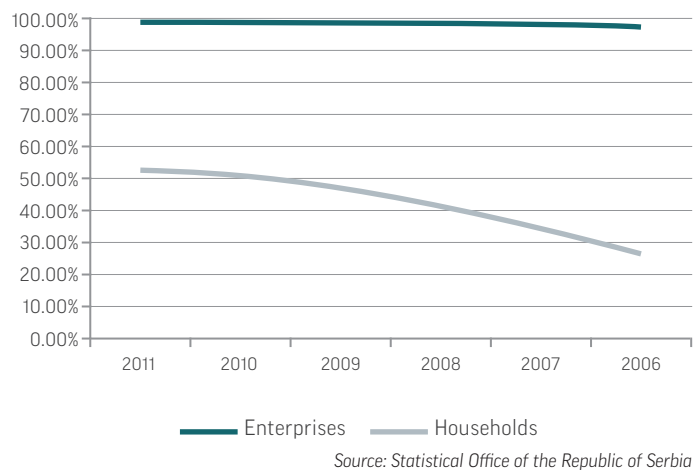
NUMBER OF EMPLOYEES IN SERBIAN IT SECTOR BY SEGMENT



Source: SCC

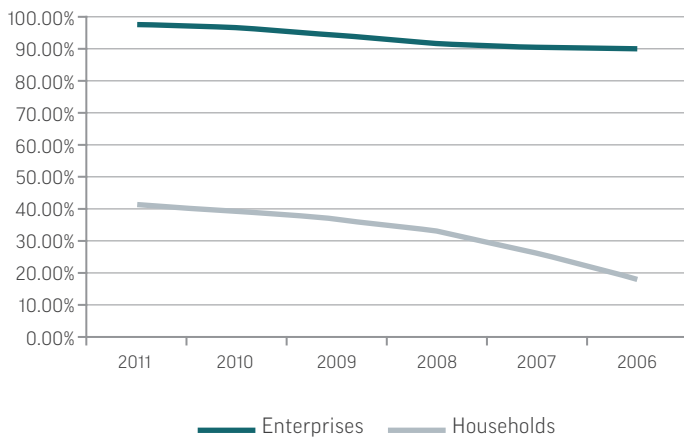
In 2011 the share of households, which possessed computers exceeded 50%, the households with laptops accounted for more than 15% of the total, and 98% of the companies used computers and the Internet, shows statistical data.

SHARE OF COMPUTERS USERS



Source: Statistical Office of the Republic of Serbia

SHARE OF INTERNET USERS



Source: Statistical Office of the Republic of Serbia

Investments

Many leading global ICT companies set up their business in Serbia like Cisco Systems, Ericsson, IBM, INTEL, Microsoft, Motorola, Oracle, Redhat, Siemens, and T-Mobile. Serbia is attractive to investors due to its low Corporate profit tax rate of 10%. The survey of Mineco Computers indicates that investments per capita in IT sector are still low, accounting for only EUR 60 in comparison with EUR 250 in EU countries.

The government also confirms its intentions to invest significant funds for the development of information technology in the next years.

Future plans and expectations

Analysts from Business Monitor International (BMI) expect Serbian IT market to grow at a Compound Annual Growth Rate (CAGR) of 15% in the period 2012-2016. The forecasted growth of services is 19%, of hardware - 14% and of software - 12%.

To stimulate employment and to prevent brain drain, the government announced its plans to exempt from taxes the salaries of employees in the IT sector in 2012, following the good practice of Romania. The good business environment including the acceleration of economic reforms and privatisation has to result in an increase of spending on IT products and services, too.

Serbia could become an operation centre of IT industry in South Eastern Europe, especially for the neighbouring countries like Macedonia, Montenegro and Bosnia and Herzegovina.

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