



I E F

**FINANCIAL STATEMENTS
FOR 2011 AND
INDEPENDENT AUDITOR'S REPORT**

**CENTRAL REGISTER, DEPOSITARY AND CLEARING OF
SECURITIES**

BELGRADE

Belgrade, March 2012

I E F



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"I E F" d.o.o. was founded and registered in the Registry of auditing enterprises based on the opinion of the Federal Ministry of Finance in September 2000. The actual registration as the auditing enterprise is based on the Decision of the Ministry of Finance of the Republic of Serbia No 023-02-00112/2008-16, of 7th April 2008. The member of the Chamber of Authorized Auditors, rb registration 18, is based on the Decision of the Council of the Chamber No 67/07 of 18th June 2007. Registration in the Agency for economic registries is made on 24th March 2006, registration No BD 52416. MB: 17303252; PIB: 100120147



R 15/12

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Board of Directors and Stockholder of
Central register, depository and clearing of securities, Belgrade

We have audited the accompanying financial statements of Central register, depository and clearing of securities, Belgrade, which comprise the statement of financial position as at December 31, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting regulations prevailing in the Republic of Serbia, based on the Law on Accounting and Auditing and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with accounting regulations prevailing in the Republic of Serbia, based on the Law on Accounting and Auditing.

Special Attention to Be Paid

It has been stated in the Note I 5. that the deepening of the world financial crises reflected in the domestic market through lower interest for trading, which led to a stagnation of development, drop in trade and transaction volume at the Belgrade Stock Exchange and resulted in decrease of Business Entity's revenue. Possible additional negative effects of the crises upon the Business Entity's financial position and business operation results in the subsequent reporting periods cannot be forecast with certainty.

A reservation in our opinion has not been expressed concerning the above-mentioned issue.

Belgrade, March 06th, 2012



Certified auditor

Miroslav M. Milojević

C o n t e n t s

AUDITOR'S OPINION

PART A.

FINANCIAL STATEMENTS

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PART A.

THE 2011 FINANCIAL STATEMENTS

**STATEMENT OF FINANCIAL POSITION**

Central register, depositary and clearing of securities - Belgrade

on 31 December

(in RSD 000)

| Item | Notes* | 2011. | 2010. |
|--|--------|----------------|----------------|
| FIXED ASSETS | | 85.658 | 94.644 |
| Intangible assets | II.1. | 26.998 | 28.992 |
| Property, plant, equipment and biolog.assets | II.2. | 58.660 | 65.652 |
| CURRENT ASSETS | | 89.697 | 89.036 |
| Inventories | II.3. | 6 | |
| Receivables | II.4. | 18.468 | 13.992 |
| Receivables for prepaid income tax | II.5. | 636 | 636 |
| Cash and cash equivalents | II.6. | 69.590 | 72.922 |
| Value added tax (VAT) and prepayments and accrued income | II.7. | 997 | 1.486 |
| A S S E T S | | 175.355 | 183.680 |
| CAPITAL | | 170.540 | 178.950 |
| Basic capital | II.8. | 190.178 | 190.178 |
| Reserves | II.8. | 36.012 | 36.012 |
| Retained profit | II.8. | 3.725 | 3.725 |
| Loss | II.8. | 59.375 | 50.965 |
| SHORT-TERM LIABILITIES | | 1.439 | 1.323 |
| Liabilities from business operations | II.9. | 1.071 | 1.113 |
| Other short-term liabilities | II.10. | 79 | |
| Liabilities for VAT and other taxes and accruals and deferred income | II.11. | 289 | 210 |
| DEFERRED TAX LIABILITIES | II.12. | 3.376 | 3.407 |
| L I A B I L I T I E S | | 175.355 | 183.680 |

*Notes refer to individual Statement of Financial Position items and they are presented as notes to the Financial Statements



STATEMENT OF COMPREHENSIVE INCOME
Central register, depositary and clearing of securities - Belgrade

in period from 1 January to 31 December
(in RSD 000)

| Item | Notes* | 2011. | 2010. |
|--|---------|--------------|---------------|
| INCOME AND EXPENSES FROM ORDINARY OPERATING | | | |
| I OPERATING INCOME | III.1. | 108.512 | 88.931 |
| Income from sale | | 89.752 | 67.711 |
| Other operating income | | 18.760 | 21.220 |
| OPERATING EXPENSES | | | |
| OPERATING EXPENSES | III.1. | 121.094 | 115.395 |
| Costs of material | | 5.213 | 4.504 |
| Costs of salaries, fringe benefits and other personal expenses | | 65.713 | 57.784 |
| Expenses of depreciation and reservations | | 15.188 | 17.410 |
| Other operating expenses | | 34.980 | 35.697 |
| OPERATING LOSS | III.1. | 12.582 | 26.464 |
| FINANCIAL INCOME | III.2. | 4.112 | 3.787 |
| FINANCIAL EXPENSES | III.2. | 13 | 10 |
| OTHER INCOME | III.3. | 44 | 305 |
| OTHER EXPENSES | III.3. | 2 | 32 |
| LOSS FROM ORDINARY OPERATING BEFORE TAXATION | III.4. | 8.441 | 22.414 |
| PROFIT FROM TERMINATING OPERATIONS | III.5. | | |
| LOSS FROM TERMINATING OPERATIONS | III.5. | | |
| LOSS BEFORE TAXATION | III.6. | 8.441 | 22.414 |
| TAX ON PROFIT | | | |
| Tax expenses of the period | III.7. | | |
| Deferred tax expense of the period | III.7. | | 48 |
| Deferred tax income of the period | III.7. | 31 | |
| Salaries paid to the employer | III.8. | | |
| NET LOSS | III.9. | <u>8.410</u> | <u>22.462</u> |
| NET PROFIT TO BE DESTRIUTED TO MINORITY SHAREHOLDERS | III.10. | | |
| NET PROFIT TO BE DESTRIUTED TO THE OWNERS OF PARENT COMPANY | III.11. | | |
| EARNINGS PER SHARE | | | |
| Base earnings per share | III.12. | | |
| Diluted earnings per share (decreased) | III.13. | | |

* Notes refer to individual Statement of Comprehensive Income and they are presented as notes to the Financial Statements



STATEMENT OF CASH FLOWS

Central register, depositary and clearing of securities - Belgrade

in period from 1 January to 31 December

(in RSD 000)

| Positions | Notes * | 2011. | 2010. |
|---|--------------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | IV.1. | | |
| Cash inflows from operating activities | | 108.189 | 93.383 |
| Sale and received advances | | 84.242 | 68.771 |
| Interest received from operating activities | | 4.153 | 4.049 |
| Other inflows from operating activities | | 19.794 | 20.563 |
| Cash outflows from operating activities | | 105.309 | 97.607 |
| Payments to suppliers and given advances | | 39.028 | 39.820 |
| Salaries and wages | | 65.634 | 57.784 |
| Payments based on other public income | | 647 | 3 |
| Net cash inflow from operating activities | | 2.880 | |
| Net cash outflow from operating activities | | | 4.224 |
| CASH FLOWS FROM INVESTING ACTIVITIES | IV.2. | | |
| Cash inflows from investing activities | | | |
| Cash outflows from investing activities | | 6.202 | 11.639 |
| Purchase of intangible assets, property, plant, equipment and biological assets | | 6.202 | 11.639 |
| Net cash outflow from investing activities | | 6.202 | 11.639 |
| CASH FLOWS FROM FINANCING ACTIVITIES | IV.3. | | |
| Cash inflows from financing activities | | | |
| Cash outflows from financing activities | | | |
| Net cash inflow from financing activities | | | |
| Net cash outflow from financing activities | | | |
| TOTAL CASH INFLOWS | | 108.189 | 93.383 |
| TOTAL CASH OUTFLOWS | | 111.511 | 109.246 |
| NET CASH INFLOW | | | |
| NET CASH OUTFLOW | | 3.322 | 15.863 |
| CASH AT THE BEGINN.OF THE ACCOUNTING PERIOD | IV.4. | 72.922 | 88.752 |
| FOREIGN EXCHANGE GAINS FROM CONVERSION OR CASH | IV.5. | 3 | 43 |
| FOREIGN EXCHANGE LOSSES FROM CONVERSION OF CASH | IV.6. | 13 | 10 |
| CASH AT THE END OF THE ACCOUNTING PERIOD | IV.7. | 69.590 | 72.922 |

* Notes refer to individual Statement of Cash Flows items and they are presented as notes to the Financial Statements



STATEMENT OF CHANGES IN EQUITY

Central register, depositary and clearing of securities - Belgrade

(in RSD 000)

| DESCRIPTION | Notes* | Basic capital | Other basic capital | Reserves | Retained profit | Loss up to the amount of capital | Total |
|-------------------------------|--------|----------------|---------------------|---------------|-----------------|----------------------------------|----------------|
| Balance on 01 January 2010 | II.8. | <u>165.870</u> | <u>24.308</u> | <u>36.012</u> | <u>3.725</u> | <u>28.503</u> | <u>201.412</u> |
| Total adding in last year | | | | | | 22.462 | |
| Total reduces in last year | | | | | | | 22.462 |
| Balance on 31 December 2010 | II.8. | <u>165.870</u> | <u>24.308</u> | <u>36.012</u> | <u>3.725</u> | <u>50.965</u> | <u>178.950</u> |
| Total adding in current year | | | | | | 8.410 | |
| Total reduces in current year | | | | | | | 8.410 |
| Balance on 31 December 2011 | II.8. | <u>165.870</u> | <u>24.308</u> | <u>36.012</u> | <u>3.725</u> | <u>59.375</u> | <u>170.540</u> |

*Notes refer to individual Statement of Changes in Equity items and they are presented as notes to the Financial Statements

PART B.

NOTES TO THE FINANCIAL STATEMENTS



I THE COMPANY AND BASES FOR FINANCIAL REPORTING

1. The Company

The stock company - Central register, depositary and clearing of securities - was founded on 10th December 2003. It was registered in the Registry of economic entities with the Agency for economic registries according to the Decision BD 152/2005 of 21st January 2005. Central register, depositary and clearing of securities is a closed stock company which performs the operations of unique (uniform) records of legal holders of securities and other financial instruments and the rights arising from those securities i.e. instruments, then records of rights of third parties on securities and other financial instruments and records of those parties, as well as the operations of clearing and balancing securities, and balancing payments and receipts arising from the operations with securities. Central register, depositary and clearing of securities performs other operations in accordance with the Law on the market of securities and other financial instruments, and other regulations and Bylaws.

The Company was registered in the registry of the Agency for economic registries from December 10th 2003. Company performs its operations under the shortened name Centralni registar HoV a.d., Belgrade, registry number 17518968 and tax identification number 103154145.

The Company is registered for auxiliary activities of financial agent operations not mentioned elsewhere. The Company performs its activities with the capital of its founder Republic of Serbia which has 100% share in the fixed capital.

Management bodies of the Company are:

- Assembly,
- Board of Directors and
- Director.

The Company, according to the data included in the Registry of the Agency for economic registries, is represented with unlimited authority by Vida Uzelac, General Director.

The average number of employees in the Company in 2011 as presented in the Financial statements is 35.

Submitted individual financial statements were approved by the Director of Company on February 21st, 2012.

2. Bases for Preparation and Presentation of Financial Statements

Submitted financial statements were prepared in compliance with regulations in force in the Republic of Serbia, based on the Law on Accounting and Audit ("Official Gazette of Republic of Serbia" no 46/2006 and 111/2009 and 99/2011- state law), which prescribes International Accounting Standards, that is, International Financial Reporting Standards as the basis for preparation and presentation of financial statements, and on relevant regulations issued by the Republic of Serbia Ministry of Finance.

The Company's financial statements for 2011 are prepared in accordance with historical cost concept and the principle of legal entity's permanence.

The amounts in these financial statements are stated in thousands, unless otherwise indicated. Dinar (RSD) is the reporting currency of the Company. All transactions in currencies which are not a functional currency are treated as transactions in foreign currencies.

Financial statements are presented in a format prescribed by the Rulebook on content and form of financial templates for business entities, co-operatives, other legal entities and entrepreneurs ("Official Gazette of RS", no 114/2006, 5/2008 - corrected, 119/2008 and 2/2010) which differs in presentation and titles of certain general purpose financial statements, as well as in manner of presentation of certain balance sheet items as it is prescribed by revised IAS "Financial Statement Presentation", whose implementation was mandatory for the accounting period commencing on 1 January 2009. Consequently, submitted Business Entity's financial statements are not complied with all IFRS requirements and cannot be regarded as financial statements prepared and presented in compliance with IFRS.

In the preparation of these financial statements, the Company has applied the accounting policies disclosed in Note I.4. The accounting policies and estimates used in preparing these financial statements are consistent with the accounting policies and estimates applied in the annual financial statements for 2010.

3. Comparable Data

Comparable data are the data from the financial statements of the Company for the year ended on December 31, 2010 which was subject of the audit.

4. Significant Accounting Policies

a) **Fixed Assets**

Fixed assets include intangible investments and immovables, plants and equipment.

Intangible Investments

Intangible investments include Licenses for Microsoft software and computer programs for performing activities.

Initial measurement of intangible investments is made at purchase price or cost price. Subsequent measurement after initial recognition of intangible investments is made according to expense model from IAS 38 „Intangible Investments“, i.e. at purchase value or cost price less provisions for accumulated depreciation and impairment.

Calculation of depreciation of intangible investments is made by applying proportionate method of writing off. Remaining useful life for each intangible asset is determined by the Commission formed by Director General of the Enterprise together with Director of financial and general sector based on the relevant documentation. Director of financial and general sector, together with the Commission, verifies the remaining useful life of intangible investments at the date of the Balance Sheet. Director of financial and general sector charges a qualified staff member to assess the eventual residual value of intangible investment, when it is put into operation, in case this residual value is significant. The threshold of significance for residual value of intangible investment is RSD 20 thousand. The level of the significance threshold can be changed by the Enterprise's Board of Directors at the proposal of the Director of financial and general sector.

Immovables, Plants, Equipment and Biological assets

Immovables, Plants, Equipment and Biological Means which include plants and equipment and other immovables, plants and equipment make 33,45% of total operating assets as at 31st December 2011.

Initial measurement of real estate, plants and equipment that fulfill conditions for being recognized as fixed assets is made at purchase value or cost price. Subsequent measurement after initial recognition of real estate, plants and equipment is made according to the expense model from IAS 16 „Real estate, plants and equipment“, i.e. at purchase value or cost price less provisions for accumulated depreciation and impairment.

Calculation of depreciation of real estate, plants and equipment is made by applying proportionate method of writing off. The Director of financial and general sector can, for individual assets or groups of assets (such as tools and inventory which are calculatively written off), determine the depreciation calculation to be made by applying some other method. Calculation of depreciation is made separately for each asset except for tools and inventory which are calculatively written off and for which the Director of financial and general sector can decide to be written off by groups.

The remaining useful life and residual value for each asset separately is determined by the Commission formed by the Enterprise's Director General. The Commission is obligated to verify, at the date of each Balance Sheet, the remaining useful life of assets. The threshold of significance for the residual value is determined in the amount of threshold of significance for residual value of intangible investments.

All purchases of equipment during 2011 are stated at purchase price. The purchase price includes all expenses recognized according to the provisions of IAS 16 "Property, plants and equipment".



Depreciation rates applied in 2011 are as follows:

| Depreciation groups | Rates |
|----------------------------|--------------|
| Equipment | 20% |
| Vehicles | 10% |
| Furniture | 25% |

b) **Inventories**

Stocks bought from the supplier are evaluated according to purchase value, while those produced by the Company itself are evaluated at cost price or net realisable value, if lower. Tools and inventory in use is written off in the accounting period.

c) **Short Term Receivables and Investments**

Write-off of short term receivables and investments where there is probability of unrecovery, is made by indirect writing off, while in the cases when impossibility of collection is certain and documented, write-off, fully or partially, is made by direct writing off.

Likelihood of impossibility of collection in each concrete case based on documented reasons (bankruptcy, i.e. liquidation of debtor, overburdened with debts, disposal (sale) of assets, compulsory settlement, out-of-court settlement, expiry, court decision, managing body's bylaw etc.).

Short term receivables that were not collected within 60 days period since the expiry of the date for collection, are indirectly written off in the amount of 100% of nominal value of receivables, except in the case when it is explained in the proposal of the financial and general sector, that although these receivables were not collected within 60 days period since the expiry of the date for collection, these are not receivables where unrecovery is certain.

In other cases decision on indirect write-off, based on the explained proposal of the financial and general sector, is passed by Director General of the Enterprise.

The decision on direct write-off, based on the explained proposal of the financial and general sector and approval by Director General, is passed by the Enterprise's Board of Directors.

d) **Cash equivalents and cash**

Cash equivalents and cash include cash with banks in national currency, cash on hand, along with highly liquid financial assets with original maturity date of three months or less, which can be easily converted into known amounts of cash and are subject to insignificant risk of changes in their fair value.

e) **Accruals (Accrued Income and Accrued Expenses)**

Accrued income is consisted of expenses paid in advance.

f) **Liabilities to suppliers and other short-term liabilities**

The obligation of the current case is expected to be settled in the ordinary course of business cycles of the Company, or which become due during the period of 12 months after the balance sheet date. All other liabilities are classified as long-term.

Liabilities to suppliers and other short-term liabilities are measured at their nominal value.

g) **Income and Expenses**

Income from fees and other income are recognized at the moment of rendering services in the amount that corresponds to fair value which is received, in net amount after decrease for VAT.

Income from fees and income from membership fees are calculated in accordance with the Bylaws on tariff of Central Register subject to previous approval by the Commission for securities of the Republic of Serbia. In accordance with the Bylaws on tariff annual membership fee for the members of the Central Register is RSD 240 thousand while other fees are calculated in fixed amounts or in certain percentage of transaction value depending on the type of service and transaction amount.



Certain types of activities that the Business Entity pursues are not included in the existing Tariff Regulation, since they did not exist in the time when it was issued. Additionally, the Business Entity does not account or charge for balancing of the first sale of free shares which is conducted by 31st December 2012, and it is under official obligation to open personal accounts to all subjects of right in its data base free of charge, pursuant to the Law on Free Shares and Monetary Compensation Exercised by Citizens in the Privatisation Process.

The charge is not paid for the services that the Business Entity provides at the request of the state authorities.

Expenditures are calculated on accrual basis and posted to the accounting period they relate to. Operating expenditures are calculated on accrual basis and posted to the accounting period they relate to. Operating expenditures involve all costs incurred in relation to generated operating revenue and include: costs of material, energy and fuel, salaries and fringe benefits, depreciation, lease costs, other production services and other operating expenditures.

Costs of lease are recognised and charged to Profit and Loss Account at the moment they are incurred, in accordance with relevant lease agreements.

Income from interest and expenses for interest are recorded in favor or charged to the accounting period to which they relate.

h) Conversion of Foreign Exchange Means of Payment and Accounting Treatment of Exchange Differences and Effects according to Currency Clause

Transactions performed in foreign currency are converted at the date of the transaction change into RSD at the mean exchange rate determined at the inter banking foreign exchange market. Assets and liabilities stated in foreign exchange at the statement of financial position date are converted and stated in RSD at the mean exchange rate determined at the inter banking foreign exchange market and effective at the date of preparation of financial statements.

Realized positive or negative exchange differences resulting from conversion of business transactions in foreign currency are presented in favour or charged to statement of comprehensive income as income or expenses for exchange differences.

Official exchange rates for most frequently applied foreign currencies at the date of preparation of financial statements are as follows:

| Currency | For | Mean exchange rate: | 31.12.2011 | 31.12.2010 |
|----------|-----|---------------------|------------|------------|
| EUR | 1 | | 104,6409 | 105,4982 |
| USD | 1 | | 80,8662 | 79,2802 |
| CHF | 1 | | 85,9121 | 84,4458 |

i) Contingent Liabilities and Contingent Assets

Contingencies are not recognized in financial statements. Contingencies are disclosed in notes to financial statements except if probability of out-flows of resources containing economic benefits is little.

The Company does not recognize contingent assets in financial statements. Contingent assets are disclosed in notes to financial statements if in-flow of economic benefits is likely.

j) Taxes and Contributions

Current Tax

Current tax on profit is calculated and paid in accordance with the Law on tax on profit in the Republic of Serbia. Tax on profit in the amount of 10% is paid on tax basis determined by tax balance. Tax basis presented in tax balance includes profit presented in the official statement of comprehensive income and adjustments defined by tax regulations of the Republic of Serbia. Tax regulations of the Republic of Serbia do not foresee the possibility that tax losses from the current period could be used as the basis for return of tax paid in the previous periods. However, losses from the current period can be transferred to the account of profit from the future accounting periods but not longer than 10 years.



Deferred Tax

Deferred tax on profit is calculated for all temporary differences between tax basis of assets and liabilities and their book value. Currently effective tax rates at the date of the balance are used for calculating the amount of deferred tax. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for deducted temporary differences and for the effects of transferred loss and unused tax credits from the previous periods up to the level to which it is likely the future taxable profit will exist at charge of which deferred tax assets can be used. Book value of deferred tax assets is reexamined at the date of each balance sheet and is decreased to the extent to which it is no more certain that the level of expected profit is sufficient for total value or part of the value of deferred tax assets to be used. Deferred tax assets that are not recognized are assessed at the date of each balance sheet and are recognized to the extent to which it is certain that the level of expected future taxable benefits is sufficient for deferred tax assets to be used.

Current and deferred taxes are recognized as income and expenses and are included in net profit of the period.

Taxes and Contributions that Do not Depend on the Results

Taxes and contributions that do not depend on the results include tax on assets, and other taxes and contributions in accordance with republic and municipal regulations.

k) Earnings of Employees

Taxes and contributions to funds for social security of employees

In accordance with the regulations of the Republic of Serbia the Company has the obligation to calculate and pay contributions to government funds by which social security of employees is provided. These liabilities include contributions for employees that are charged to employers and employees in the amounts calculated at rates as prescribed by relevant regulations. These contributions represent expenses of the period to which they relate.

Liabilities for Severance Wages

According to the Labour Act the Company is obligated to pay compensation to employees when they are to be retired, in the amount of three average monthly earnings realized in the Company or in the amount of average in the Republic of Serbia (the option that is more favourable for the employee) in the month preceding the month of retirement.

According to the opinion of the management of the Company, the present value of liabilities for severance wages for retirement after fulfilled conditions is not significant for financial statements as a whole and because of that reservations on this basis are not made in these financial statements.

5. Global economic crisis

Global economic crisis and its unfavourable effect on domestic economic activities in Serbian market, represent the cause of great fall in stock-exchange and off-stock-exchange trading what led to decrease of volume of turnover and transactions. Strengthening of world financial crisis in domestic capital market was reflected in decrease of interest in trading this leading to development stagnation. Fall in volume of turnover and transactions in the Belgrade stock exchange is the cause and consequence of income decrease of the Enterprise. Fall of liquidity in trading has significant effect on financial position and successful operating of the Enterprise.

An aggravating circumstance affecting Entity's business operations is a fact that certain types of activities that the Business Entity performed were not encompassed by a previous Rulebook on Tariff in force until October 13th, 2011, since they did not exist at the time when the previous Rulebook on Tariff was adopted. Since October 13th, 2011, the Business Entity has been charging a fee for the services it renders pursuant to Central securities depository and clearing house Rulebook on Tariff ('Official Gazette of RS' no. 76/2011 of October 13th, 2011), which was adopted by the Business Entity's Managing Board at a session held on October 5th, 2011, and approved by Securities Commission on October 7th, 2011.

II STATEMENT OF FINANCIAL POSITION ITEMS WITH NOTES

1. Intangible assets

Intangible investments in the amount of RSD 26.998 thousands relate to:

| CHANGES ON INTANGIBLE INVESTMENTS | in RSD 000 | | |
|-----------------------------------|---|---------------------------------|--------|
| | Copy rights for model, sample, brand, stamp, trade mark | Other intangible investments | Total |
| Purchase value: | | | |
| Balance at January 01, 2010 | 11.364 | 33.399 | 44.763 |
| Increase: | 10.564 | | 10.564 |
| New purchases | 10.564 | | 10.564 |
| Balance at December 31, 2010 | 21.928 | 33.399 | 55.327 |
| Provision: | | | |
| Balance at January 01, 2010 | 7.577 | 11.813 | 19.390 |
| Increase: | 4.139 | 2.806 | 6.945 |
| Depreciation | 4.139 | 2.806 | 6.945 |
| Balance at December 31, 2010 | 11.716 | 14.619 | 26.335 |
| Present value: | | | |
| Balance at December 31, 2010 | 10.212 | 18.780 | 28.992 |
| Purchase value: | | | |
| Balance at January 01, 2011 | 21.928 | 33.399 | 55.327 |
| Increase: | 2.298 | | 2.298 |
| New purchases | 2.298 | | 2.298 |
| Decrease: | 11.363 | 1.863 | 13.226 |
| Write-off | 11.363 | 1.863 | 13.226 |
| Balance at December 31, 2011 | 12.863 | 31.536 | 44.399 |
| Provision: | | | |
| Balance at January 01, 2011 | 11.716 | 14.619 | 26.335 |
| Increase: | 1.486 | 2.806 | 4.292 |
| Depreciation | 1.486 | 2.806 | 4.292 |
| Decrease: | 11.363 | 1.863 | 13.226 |
| Write-off | 11.363 | 1.863 | 13.226 |
| Balance at December 31, 2011 | 1.839 | 15.562 | 17.401 |
| Present value: | | | |
| Balance at December 31, 2011 | 11.024 | 15.974 | 26.998 |

Under other intangible investments the Company presented computer programs purchased separately.



2. Immovables, plants, equipment and biological means with summary of changes

In special detailed accounts of equipment appropriate records of purchase value and adjustments are provided. New purchases in 2011 are stated at purchase value that includes all expenses recognized in accordance with IAS 16 "Immovables, plants and equipment".

CHANGES ON EQUIPMENT

in RSD 000

| | Equipment | Other equipment | Equipment in preparation | Advance for equipment | Total |
|--|-----------|-----------------|--------------------------|-----------------------|---------|
| Purchase value: | | | | | |
| Balance at January 01, 2010 | 122.500 | 571 | | | 123.071 |
| Increase: | 1.251 | | 1.075 | | 2.326 |
| New purchases | 1.075 | | 1.075 | | 2.150 |
| Correction of an error from previous years | 176 | | | | 176 |
| Decrease: | | | 1.075 | | 1.075 |
| Putting into operation | | | 1.075 | | 1.075 |
| Balance at December 31, 2010 | 123.751 | 571 | | | 124.322 |
| Provision: | | | | | |
| Balance at January 01, 2010 | 48.029 | | | | 48.029 |
| Increase: | 10.641 | | | | 10.641 |
| Depreciation | 10.465 | | | | 10.465 |
| Correction of an error from previous years | 176 | | | | 176 |
| Balance at December 31, 2010 | 58.670 | | | | 58.670 |
| Present value: | | | | | |
| Balance at December 31, 2010 | 65.081 | 571 | | | 65.652 |
| Purchase value: | | | | | |
| Balance at January 01, 2011 | 123.751 | 571 | | | 124.322 |
| Increase: | 3.903 | | 3.903 | 3.234 | 11.040 |
| New purchases | 3.903 | | 3.903 | 3.234 | 11.040 |
| Decrease: | 605 | | 3.903 | 3.234 | 7.742 |
| Write-off | 605 | | | | 605 |
| Putting into operation | | | 3.903 | 3.234 | 7.137 |
| Balance at December 31, 2011 | 127.049 | 571 | | | 127.620 |
| Provision: | | | | | |
| Balance at January 01, 2011 | 58.670 | | | | 58.670 |
| Increase: | 10.895 | | | | 10.895 |
| Depreciation | 10.895 | | | | 10.895 |
| Decrease: | 605 | | | | 605 |
| Write-off | 605 | | | | 605 |
| Balance at December 31, 2011 | 68.960 | | | | 68.960 |
| Present value: | | | | | |
| Balance at December 31, 2011 | 58.089 | 571 | | | 58.660 |

3. Inventories

Inventories are presented as follows:

in RSD 000

| Inventories | 2011. | 2010. |
|-------------------------------------|--------------|--------------|
| Materials | 1.283 | 1.664 |
| Payments in advance for inventories | 6 | |
| Total: | 1.289 | 1.664 |
| Provision for material | (1.283) | (1.664) |
| Total: | 6 | |



Supplies of material consist of:

| | in RSD 000 | |
|---------------------------------------|--------------|--------------|
| | 2011. | 2010. |
| Tools | | |
| Packing material in use | 909 | 1.071 |
| Tools and inventory in use | 312 | 463 |
| Tires in use | 62 | 130 |
| Total: | 1.283 | 1.664 |
| Provisions tools and inventory in use | (1.283) | (1.664) |
| Total: | | |

Payments in advance for inventories and services presented in the amount of RSD 6 thousands have the following structure:

| | in RSD 000 | |
|--|--------------|----------|
| | 2011. | |
| Payments in advance for inventories | | |
| Službeni glasnik, Belgrade | | 3 |
| Privredni savetnik, Belgrade | | 2 |
| Kemoipex, Belgrade | | 1 |
| Total: | | 6 |

4. Receivables

In 2011, the Company balanced receivables in the amount of RSD 18.468 thousand.

| | in RSD 000 | |
|---|---------------|---------------|
| | 2011. | 2010. |
| Receivables | | |
| Receivables from sales - domestic trade receivables | 15.504 | 9.994 |
| Other receivables | 2.964 | 3.998 |
| Total: | 18.468 | 13.992 |

Presented receivables from domestic debtors include:

| | in RSD 000 | |
|---|--------------|---------------|
| | 2011. | |
| Trade receivables - domestic | | |
| AIK Banka a.d. Niš | | 1.319 |
| Banka Poštanska štedionica a.d., Belgrade | | 1.194 |
| Eurobank EFG a.d. Belgrade | | 990 |
| Vojvođanska banka a.d., Novi Sad | | 672 |
| Unicredit banka Srbija a.d. Belgrade | | 600 |
| Raiffeisen banka a.d., Belgrade | | 562 |
| Tandem financial a.d., Novi Sad | | 499 |
| Banka Intesa a.d., Belgrade | | 437 |
| Euro Fineks broker | | 436 |
| Agrobanka | | 426 |
| Jorgić broker, Belgrade | | 417 |
| AS Financial center a.d., Belgrade | | 355 |
| BDD Ilirika Investments, Belgrade | | 353 |
| Other domestic trade receivables | | 7.244 |
| Total: | | 15.504 |

Other receivables are presented in total amount of RSD 2.964 thousand and relate to:

| | in RSD 000 | |
|----------------------------|--------------|--------------|
| | 2011. | 2010. |
| Other receivables | | |
| Receivables from employees | 2.859 | 2.751 |
| Other receivables - fonds | 105 | 1.247 |
| Total: | 2.964 | 3.998 |

Receivables from employees are related to:

| | in RSD 000 | |
|---|--------------|--------------|
| | 2011. | 2010. |
| Receivables from employees | | |
| Business travel allowances | 8 | 14 |
| Receivables due from employees for gas vouchers | 61 | 57 |
| Other receivables due from employees | 2.790 | 2.680 |
| Total: | 2.859 | 2.751 |



5. Receivables for prepaid income tax

Receivables for prepaid income tax are presented in the amount of 636 thousands.

6. Cash Equivalents and Cash

Cash and convertible securities are presented in the amount of RSD 69.590 thousand and relate to:

in RSD 000

| Cash and cash equivalents | 2011. | 2010. |
|----------------------------------|---------------|---------------|
| Current (business) accounts | 69.282 | 72.568 |
| Foreign exchange account | 308 | 354 |
| Total: | 69.590 | 72.922 |

7. Tax on VAT and Accruals

Tax on VAT and accruals are presented in total amount of RSD 997 thousand and relate to

in RSD 000

| Tax on VAT and accruals | 2011. | 2010. |
|--------------------------------|--------------|--------------|
| Prepayments and accrued income | 997 | 1.486 |
| Total: | 997 | 1.486 |

Prepayments and accrued income relates to:

in RSD 000

| Prepayments and accrued income | 2011. | 2010. |
|---|--------------|--------------|
| Prepaid insurances costs | 429 | 596 |
| Prepaid for experts journals | 36 | 106 |
| Other accruals (internet, guarantee, fees...) | 532 | 784 |
| Total: | 997 | 1.486 |

8. Capital

Capital relates to:

in RSD 000

| Capital | 2011. | 2010. |
|---------------------|----------------|----------------|
| Share capital | 165.870 | 165.870 |
| Other basic capital | 24.308 | 24.308 |
| Reserve | 36.012 | 36.012 |
| Retained profit | 3.725 | 3.725 |
| Loss | 59.375 | 50.965 |
| Total: | 170.540 | 178.950 |

Other capital stated in the amount of RSD 24.308 thousand represents the value of equipment transferred to Central register by the National Bank of Serbia without any compensation, in accordance with the Article 260 of the previously effective Law on the market of securities and other financial instruments (which was effective till the date of the beginning of implementation of the Law on the market of securities and other financial instruments, published in the Official Gazette of the Republic of Serbia No 47/2006), according to which, at the date of foundation of the Central Register, the Enterprise takes over all documentation relating to the operations with securities, equipment and information system of the National Bank of Serbia, and the employees of the National Bank of Serbia who performed those operations till the foundation of the Central Register. The mentioned amount of capital is not registered/subscribed with the Agency for economic registries of the Republic of Serbia nor till 31st December 2011 the issue of shares was made on this basis.



9. Liabilities from business operations

Operating liabilities have the following structure:

| | in RSD 000 | |
|---|--------------|--------------|
| | 2011. | 2010. |
| Liabilities from business operations | | |
| Advances received | 49 | 49 |
| Trade payables - domestic | 1.022 | 1.064 |
| Total: | 1.071 | 1.113 |

The received advances and deposits are balanced in the amount of RSD 49 thousand and in their entirety refer to down payments received from buyers in the country.

Trade payables - domestic are presented in the amount of RSD 1.022 thousand and related to:

| | in RSD 000 | |
|--|--------------|--------------|
| | 2011. | |
| Trade payables - domestic | | |
| Telekom Serbia, Belgrade | | 341 |
| DVD Vračar, Belgrade | | 205 |
| Elektrodistribucija, Belgrade | | 160 |
| Savez samostalnih sindikata Srbije, Belgrade | | 143 |
| BMK higijena | | 79 |
| Telenor, Belgrade | | 52 |
| Del - Vel pro | | 32 |
| SZTR Tamo | | 8 |
| JP RTS, Belgrade | | 1 |
| AV Com | | 1 |
| Total: | | 1.022 |

10. Other short term liabilities

Presented other short-term liabilities are as follows:

| | in RSD 000 | |
|--|--------------|--------------|
| | 2011. | 2010. |
| Other short term liabilities | | |
| Liabilities for taxes on salaries and fringe benefits charged to employees | 79 | |
| Total: | 79 | |

11. Liabilities for VAT, other public income and accrued liabilities

Under liabilities for VAT, other public income and accruals the following is presented:

| | in RSD 000 | |
|--|--------------|--------------|
| | 2011. | 2010. |
| Liabilities for VAT, other public income and accruals | | |
| Liabilities for Value Added Tax | 289 | 210 |
| Total: | 289 | 210 |

12. Deferred tax liabilities

Deferred tax liabilities are presented in the amount of RSD 3.376 thousand. Movements in balance of deferred tax liabilities in 2011 are the following:

| | in RSD 000 | |
|---|--------------|--------------|
| | 2011. | 2010. |
| Movement of changes in balance of deferred tax liabilities | | |
| Balance at the beginning of the year | 3.407 | 3.359 |
| The increase of deferred tax liabilities credited to deferred tax expenditure on the basis of temporary tax differences | | 48 |
| The decrease of deferred tax liabilities credited to deferred tax income on the basis of temporary tax differences | (31) | |
| Total: | 3.376 | 3.407 |

III DESCRIPTION OF STATEMENT OF COMPREHENSIVE INCOME ITEMS WITH NOTES

1. Operational income and expenses

a) Operational income consist of different sources of income:

| | | in RSD 000 |
|-------------------------|----------------|---------------|
| Operating income | 2011. | 2010. |
| Income from sale | 89.752 | 67.711 |
| Other operating income | 18.760 | 21.220 |
| Total: | 108.512 | 88.931 |

b) Operational expenses consist of:

| | | in RSD 000 |
|--|----------------|----------------|
| Operating expenses | 2011. | 2010. |
| Costs of material | 5.213 | 4.504 |
| Costs of salaries, fringe benefits and other personal expenses | 65.713 | 57.784 |
| Expenses of depreciation and reservations | 15.188 | 17.410 |
| Other operating expenses | 34.980 | 35.697 |
| Total: | 121.094 | 115.395 |

c) **Operating loss** (12.582) (26.464)

2. Financial income and expenses

a) Financial income is derived from:

| | | in RSD 000 |
|-------------------------|--------------|--------------|
| Financial income | 2011. | 2010. |
| Income from interest | 4.107 | 3.744 |
| Forex exchange gains | 3 | 43 |
| Other financial income | 2 | |
| Total: | 4.112 | 3.787 |

b) Financial expenses are presented on the following bases:

| | | in RSD 000 |
|---------------------------|--------------|--------------|
| Financial expenses | 2011. | 2010. |
| Forex exchange losses | 13 | 10 |
| Total: | 13 | 10 |

c) **Financing profit** 4.099 3.777

3. Other income and expenses

a) Other income results from:

| | | in RSD 000 |
|-----------------------------------|--|--------------|
| Other income | | 2011. |
| Collected written-off receivables | | 2 |
| Other no mention income | | 40 |
| Total: | | 42 |



Income from assets valuation adjustments is derived from:

| | | in RSD 000 |
|---|--------------|--------------|
| | 2011. | 2010. |
| Income from assets valuation adjustments | | |
| Change in value of assets available for sale | 2 | 7 |
| Total: | 2 | 7 |
| Difference between Trial Balance Sheet and Income Statement | | 298 |
| Total: | 2 | 305 |
| b) Other expenses are as follows: | | |
| | | in RSD 000 |
| Other expenses | 2011. | 2010. |
| Other expenses | | 31 |
| Total: | | 31 |
| Expenses resulting from impairment of the property relate to: | | |
| | | in RSD 000 |
| Expenses from assets valuation adjustments | 2011. | 2010. |
| Impairment - Receivables and short term investments | 2 | 1 |
| Total: | 2 | 1 |
| c) Other profit | 42 | 273 |
| 4. Loss from ordinary operating before taxation | (8.441) | (22.414) |
| 5. Profit (loss) from terminating operations | | |
| In the examined period there were no profit or losses realized from terminating operations. | | |
| 6. Loss before tax | (8.441) | (22.414) |
| 7. Tax expenses of the period | | |
| a) Parts of tax on profit | | |
| | | in RSD 000 |
| Tax on profit | 2011. | 2010. |
| Tax expenses of the period | | |
| Deferred tax expense of the period | | 48 |
| Deferred tax income of the period | 31 | |
| 8. Salaries paid to the employer | | |
| 9. Nett loss | (8.410) | (22.462) |
| 10. Net profit belonging to minor share holders | | |
| 11. Net profit belonging to the owners of the parent company | | |
| 12. Basic income per share | | |
| 13. Reduced income per share | | |

IV ITEMS OF CASH FLOWS STATEMENT WITH NOTES

1. Cash inflows from operating activities

a) Cash inflows from operating activities:

in RSD 000

| | 2011. | 2010. |
|---|----------------|---------------|
| Cash inflows from operating activities | | |
| Sale and received advances | 84.242 | 68.771 |
| Interest received from operating activities | 4.153 | 4.049 |
| Other inflows from operating activities | 19.794 | 20.563 |
| Total: | 108.189 | 93.383 |

b) Cash outflows from operating activities:

in RSD 000

| | 2011. | 2010. |
|--|----------------|---------------|
| Cash outflows from operating activities | | |
| Payments to suppliers and given advances | 39.028 | 39.820 |
| Salaries and wages | 65.634 | 57.784 |
| Payments based on other public income | 647 | 3 |
| Total: | 105.309 | 97.607 |

| | | |
|--|-------|---------|
| c) Net inflow (outflow) from operating activities | 2.880 | (4.224) |
|--|-------|---------|

2. Cash flows from investing activities

a) Cash inflows from investing activities:

Cash inflows from investing activities in the examined period were not realized.

b) Cash outflows from investing activities:

in RSD 000

| | 2011. | 2010. |
|---|--------------|---------------|
| Cash outflows from investing activities | | |
| Purchase of intangible assets, property, plant, equipment and biological assets | 6.202 | 11.639 |
| Total: | 6.202 | 11.639 |

| | | |
|---|---------|----------|
| c) Net outflow from investing activities | (6.202) | (11.639) |
|---|---------|----------|

3. Cash flows from financing activities

Cash inflows and outflows from financing activities in the examined period were not realized.

| | | |
|---|--------|--------|
| 4. Cash at the beginning of the accounting period | 72.922 | 88.752 |
| 5. Foreign exchange gains from conversion of cash | 3 | 43 |
| 6. Foreign exchange losses on conversion of cash | 13 | 10 |
| 7. Cash at the end of the accounting period | 69.590 | 72.922 |

V EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Till the end of the audit of financial statements for 2011 there were no events that could affect the fairness of the Company's financial statements for 2011.

VI OTHER NOTES

1. Tax risks

Tax regulations of the Republic of Serbia are often interpreted in different ways and are frequently changed. Interpretations of effective tax regulations by tax authorities for some transactions and activities of the Company may be different from interpretations of responsible staff of the Company. Because of this some transactions can be contested by tax authorities so that some additional amount of tax or interest, which may be significant, can be determined. The expiry period of tax obligation is five years i.e. the tax authority has the right to determine payments of unfulfilled liabilities within five years period since the obligation are incurred.

2. Risks from court disputes

Certain court disputes were initiated against the Company based on which, according to the analysis of the available legal documentation and information obtained from the republic public attorney's office, expert services and legal advisers, it is not expected that material losses might occur for the Company.

Belgrade, March 06th, 2012

IEF d.o.o.

Belgrade, Bulevar Mihajla Pupina 10 B-I/II



Certified Auditor



Miroslav M. Milojević

IEF d.o.o.

10 B/I Bulevar Mihajla Pupina Street
11070 Novi Beograd
Serbia

March 05th 2012

LETTER ON PRESENTED FINANCIAL STATEMENTS

This letter was composed with respect to the audit of financial statements of Central register, depositary and clearing of securities s.c., Belgrade (hereinafter referred to as 'the Entity'), for the fiscal year ending 31st December 2011, on the basis of which you are to express the opinion whether the financial statements give fair and truthful view of the financial position of the Entity as of 31st December 2011, as well as of its operational results and cash flows for the year then ending according to the accounting regulations of the Republic of Serbia.

It is known to us that the audit was performed in compliance with International Auditing Standards, which involve examination of accounting systems, systems of internal control and data, in the scope that is considered necessary in given circumstances, as well as that the purpose of audit is not, or it is not expected, to identify and disclose of all possible embezzlements, shortfalls, errors and existence of other irregularities.

Certain presentations in this letter are limited to materially significant information and issues. Materially significant information and issues, regardless of their scope and amount, are information and issues whose omitting or erroneous presentation could influence sensible judgment of the persons relying on that information or issue.

With respect to the above-stated, according to our best knowledge and belief, I hereby confirm the following:

Financial statements, records and comparative data

1. I, in the capacity of legal representative, confirm my responsibility for fair and truthful presentation of financial statements. I consider that the financial statements present a fair and truthful financial position, operational results and cash flows, in accordance with accounting regulations of the Republic of Serbia, and that they do not contain materially significant erroneous statements. The financial statements were approved by the management.
2. Significant accounting policies applied in drawing up of financial statements are adequately described in financial statements.
3. Every item within financial statements is adequately classified, described and disclosed according to relevant regulations, and the financial statements were drawn up according to going concern principle. I consider that the system of internal control is organised in a manner that enables drawing up of financial statements in compliance with the accounting regulations of the Republic of Serbia.
4. I accept responsibility with respect to the fact that the internal control system is organised in a manner which enables drawing up of financial statements in compliance with the accounting regulations of the Republic of Serbia.
5. There are no significant items, that we are aware of, which would require adjustment of comparative data in financial statements.

Errors and embezzlements

6. I confirm my responsibility for the design and implementation of the systems of internal control, which enable prevention of occurrence of errors and embezzlement and their timely noticing.
7. I consider that the financial statements do not contain materially significant erroneous statements, resulting from embezzlement.
8. I am not aware of the existence of embezzlement, nor I doubt that embezzlement has been committed by the management or someone among employees, occupying an important role within the system of internal control or having impact on financial statements.

Compliance with the laws and other regulations

9. There were no non-compliances with the requirements of the regulatory authorities, which could have materially significant impact on financial statements, in case of non-compliance with the above stated requirements.
10. Business operations of the Entity for the year ending 31st December 2011 were not the subject of control by the state authorities or other external controls.

Information completeness and relevance

11. For the purposes of the audit, I place at your disposal all accounting records, on the basis of which the financial reports were drawn up, noting that they present an accurate reflection of operational changes occurred in the course of the examined accounting period. All other records and relevant information that can influence truthfulness and fairness, or necessary clarifications of annual account, including minutes from the meetings of managing board or managing authorities or other relevant authorities, I place at your disposal and there is no information that is unavailable to you.
12. There are no significant transactions, which present the basis for drawing up of financial statements, that are not adequately included in the accounting records.

Priznavanje, vrednovanje i obelodanjivanje

Recognition, valuation and disclosure

13. I confirm that significant assumptions, applied in valuation of items in the amount of their fair value, and disclosures used in drawing up of financial statements, are adequate, taking into consideration the current operational conditions. These assumptions reflect our intention and capability to further continue our business operations.
14. There are no future plans or intentions that could have materially significant impact on accounting value or classification of assets and liabilities, presented in financial reports as of 31st December 2011.

Provisions

15. The current value of liabilities based on retirement severance pays upon meeting the retirement requirements is not materially significant for financial statements viewed in their entirety and, therefore, provisions on that basis are not made in these financial statements.

Ownership and limitations on assets

16. The Entity possesses adequate documentation related to acquiring right to ownership of the assets it owns.
17. There are no other encumbrances on assets, except for those presented to you.
18. All assets owned by the Entity are presented in the balance sheet.

Real and potential liabilities

19. We posted or, in an appropriate manner, disclosed all liabilities, real or potential, and presented all guarantees issued to third parties.
20. There are no other potential liabilities of the entity, based on surety or guarantees to third parties.
21. We have informed you on involvement in all current and potential disputes. There are no other legal disputes, except for those submitted and that are still in progress. There are no, nor are expected, other lawsuits that may have a materially significant impact on financial statements.
22. I am not aware of violations or possible violations of legal regulations whose effects should be disclosed in financial statements or for which provisions should be made against possible losses, or existence of other liabilities or potential liabilities/losses for which it is necessary to conduct posting of potential losses.

Events after balance sheet date

23. There were no events occurred after balance sheet date which could require disclosure in financial statements or adjustment of financial statements.
24. I believe that the effects of errors in financial statements are immaterial, individually or totally, for the financial statements in their entirety.


PRESIDENT AND CEO
Vida Uzelac

