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RP 11/16

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Assembly of the  
Central Securities Registry, Depository and Clearing House a.d., Belgrade

### Report on Financial Statements

We have audited the accompanying financial statements of Central Securities Registry, Depository and Clearing House a.d., Belgrade, which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive income for the year then ended, 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 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 Central Securities Registry, Depository and Clearing House a.d., Belgrade as at December 31, 2015, 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.

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# IEF

Correspondent Firm of RSM International Network

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## Report on Other Legal and Regulatory Requirements

In accordance with the Law on Accounting of the Republic of Serbia, Central Securities Registry, Depository and Clearing House a.d., Belgrade is responsible for the preparation of the accompanying annual business report. Our responsibility is to express an opinion on consistency of the annual business report with the financial statements for the same year. In this regard, we performed procedures, which are limited to the assessment of consistency of the annual business report with the financial statements.

In our opinion, financial information disclosed in the annual business report for 2015 is consistent with the audited financial statements for the year ended December 31, 2015.

Belgrade, March 15, 2016



Certified Auditor

A handwritten signature in black ink, appearing to read 'M. Milojević', is written over the printed name.

Miroslav M. Milojević

# **FINANCIAL STATEMENTS FOR 2015**

**STATEMENT OF FINANCIAL POSITION**on 31 December  
(in RSD 000)

Item	Notes*	31.12.2015.	31.12.2014.	01.01.2014.
SUBSCRIBED CAPITAL UNPAID				
FIXED ASSETS		56.149	54.185	63.622
INTANGIBLE ASSETS	3.1, 5	13.200	17.695	19.915
Research and development costs				
Concession, patents, licences, brands and service marks, software and other rights		13.200	17.695	19.915
Goodwill				
Other intangible assets				
Intangible assets in progress				
Advances paid for intangible assets				
PROPERTY, PLANT AND EQUIPMENT	3.1, 6	42.949	36.490	43.707
Land				
Buildings				
Plant and equipment		41.910	35.726	42.587
Investment property				
Other property, plant and equipment		571	571	571
Property, plant and equipment under construction				549
Leashold of property, plant and equipment under construction				
Advances for property, plant and equipment		468	193	
NATURAL ASSETS				
Forests and plantations				
Livestock				
Biological assets in progress				
Advances for natural assets				
LONG-TERM FINANCIAL INVESTMENTS				
Investments in capital of parent companies and subsidiaries				
Investments in capital of affiliated entities and Joint Ventures				
Investments in other legal entities and other securities available for sale				
Long-term investments in parent companies, subsidiaries and other associated entities - domestic				
Long-term investments in parent companies, subsidiaries and other associated entities - foreign				
Long-term domestic investments				
Long-term foreign investments				
Securities held to maturity				
Other long-term financial investments				
LONG-TERM RECEIVABLES				
Long-term receivables from parent companies and subsidiaries				
Long-term receivables from other associated entities				
Long-term trade receivables on credit sales				
Trade receivables from contracts of financial leasing (from sales via financial leasing)				
Long-term receivables for guarantees				
Doubtful receivables and receivables under litigation				
Other long-term receivables				
DEFERED TAX ASSETS		269.461	224.617	195.432
CURRENT ASSETS				
INVENTORIES				
Material, spare parts and tools				
Work and services in progress				
Finished goods				
Merchandise				
Assets held for trading				
Advances paid for inventories and services				
RECEIVABLES FROM SALES	3.3, 7	19.671	12.779	20.408
Trade receivables - domestic parent companies and subsidiaries				
Trade receivables - foreign parent companies and subsidiaries				
Trade receivables - domestic other associated entities				
Trade receivables - foreign other associated entities				
Trade receivables - domestic		19.671	12.779	20.408
Trade receivables - foreign				
Other trade receivables				
RECEIVABLES FROM SPECIFIC BUSINESS OPERATIONS		4.157	3.213	4.129
OTHER RECEIVABLES				
FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE THROUGH STATEMENT OF COMPREHENSIVE INCOME				
SHORT-TERM FINANCIAL INVESTMENTS		130.000		
Short-term loans and investments in parent companies and subsidiaries				
Short-term loans and investments in other associated companies				
Short-term loans and borrowings - domestic				
Short-term loans and borrowings - foreign				
Other short-term financial investments	9	130.000		
CASH AND CASH EQUIVALENTS	3.4, 8	114.945	207.802	169.395
VALUE ADDED TAX (VAT)				
PREPAYMENTS AND ACCRUED INCOME	10	688	823	1.500
ASSETS		<u>325.610</u>	<u>278.802</u>	<u>259.054</u>
OFF-BALANCE SHEET ASSETS	3.6, 11	726.270		

**STATEMENT OF FINANCIAL POSITION**on 31 December  
(in RSD 000)

Item	Notes*	31.12.2015.	31.12.2014.	01.01.2014.
CAPITAL		317.272	273.611	251.307
BASIC CAPITAL	12	190.178	190.178	190.178
Share capital	12a	165.870	165.870	165.870
Stakes in limited liability companies				
Stakes				
State owned capital				
Socially owned capital				
Stakes in co-operatives				
Share issuing premiums				
Other basic capital	12b	24.308	24.308	24.308
SUBSCRIBED CAPITAL UNPAID				
OWN SHARES AND STAKES PURCHASED				
RESERVES		39.641	37.647	36.012
REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT				
UNREALIZED GAINS IN SECURITIES AND OTHER COMPONENTS OF STATEMENT OF OTHER COMPERHESIVE INCOME				
UNREALIZED LOSSES IN SECURITIES AND OTHER COMPONENTS OF STATEMENT OF OTHER COMPERHESIVE INCOME				
RETAINED PROFIT		87.453	45.786	32.686
Retained profit from previous years		23.849	5.901	
Retained profit from current year	22	63.604	39.885	32.686
SHARES WITHOUT CONTROL RIGHTS				
LOSS				7.569
Previous year's losses				7.569
Current year loss				
LONG-TERM PROVISIONS AND LIABILITIES				
LONG-TERM PROVISIONS				
Provisions for costs during the warranty period				
Provisions for recovery of natural resources				
Provisions for restructuring costs				
Provisions for employees benefits				
Provisions for costs of litigation				
Other long-term provisions				
LONG-TERM LIABILITIES				
Liabilities which can be converted into capital				
Liabilities to parent companies and subsidiaries				
Liabilities to other associated companies				
Liabilities for long-term securities				
Long-term loans and borrowings - domestic				
Long-term loans and borrowings - foreign				
Long-term liabilities for financial leasing agreement				
Other long-term liabilities				
DEFERRED TAX LIABILITIES	3.12, 13	1.531	2.477	3.601
SHORT-TERM LIABILITIES		6.807	2.714	4.146
SHORT-TERM FINANCIAL LIABILITIES				
Short-term loans from parent companies and subsidiaries				
Short-term loans from other associated entities				
Short-term loans and borrowings - domestic				
Short-term loans and borrowings - foreign				
Liabilites for fixed assets and assets from terminating operations held for trading				
Other short-term financial liabilities				
RECEIVED ADVANCES, SHORT-TERM DEPOSITS AND CAUTION MONEY				132
LIABILITIES FROM BUSINESS OPERATIONS	3.3, 14	923	1.266	1.463
Trade payables - parent companies and subsidiaries - domestic				
Trade payables - parent companies and subsidiaries - foreign				
Trade payables - other associated companies - domestic				
Trade payables - other associated companies - foreign				
Trade payables - domestic		875	1.209	1.463
Trade payables - foreign				
Other liabilities from business operations		48	57	
OTHER SHORT-TERM LIABILITIES		535		
LIABILITIES FOR VALUE ADDED TAX (VAT)		709	805	911
LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS, AND OTHER DUTIES	15a, 15b	4.640	643	1.640
ACCRUALS AND DEFERRED INCOME				
LOSS EXCEEDING THE AMOUNT OF CAPITAL				
LIABILITIES		325.610	278.802	259.054
OFF-BALANCE SHEET LIABILITIES	3.6, 11	726.270		

\*Notes refer to individual positions and they are presented as notes to the Financial Statements

These financial statements were approved for publication on 24.02.2016. godine and were signed by the legal representative Centralni registar HOV a.d., Beograd.

Ana Jovanović

CEO

**STATEMENT OF COMPREHENSIVE INCOME**

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

Centralni registar HOV a.d., Beograd

	Notes*	2015.	2014.
<b>INCOME AND EXPENSES FROM ORDINARY OPERATING</b>			
<b>OPERATING INCOME</b>			
<b>SALES OF MERCHANDISE</b>	3.7, 16	200.075	158.941
Sales of merchandise to parent companies and subsidiaries - domestic market			
Sales of merchandise to parent companies and subsidiaries - foreign market			
Sales of merchandise to other associated companies - domestic market			
Sales of merchandise to other associated companies - foreign market			
Sales of merchandise to domestic customers			
Sales of merchandise to foreign customers			
<b>SALES OF GOODS AND SERVICES RENDERED</b>	16	186.575 #	145.061
Sales of finished goods and services rendered to parent companies and subsidiaries - domestic market			
Sales of finished goods and services rendered to parent companies and subsidiaries - foreign market			
Sales of finished goods and services rendered to other associated entities - domestic market			
Sales of finished goods and services rendered to other associated entities - foreign market			
Sales of finished goods and services rendered to domestic customers		186.575	145.061
Sales of finished goods and services rendered to foreign customers			
<b>INCOME FROM PREMIUMS, SUBVENTIONS, DONATIONS, ETC.</b>			
<b>OTHER OPERATING INCOME</b>		13.500	13.880
<b>EXPENSES FROM ORDINARY OPERATING</b>			
<b>OPERATING EXPENSES</b>	3.7	135.568	130.703
Cost of goods sold			
Income from undertaking of outputs and goods for own purposes			
Increase of finished goods, work in progress and services in progress			
Decrease of finished goods, work in progress and services in progress			
Costs of material	19	959	1.057
Costs of fuel and energy	19	3.271	3.147
Costs of salaries, fringe benefits and other personal expenses	20	69.211	71.214
Costs of production services	21	26.823	25.409
Costs of depreciation	3.2, 4.2	19.328	17.550
Costs of long-term provisions			
Non-production costs	21	15.976	12.326
<b>OPERATING PROFIT</b>		64.507	28.238
<b>OPERATING LOSS</b>			
<b>FINANCIAL INCOME</b>		10.496	13.154
<b>FINANCIAL INCOME FROM TRANSACTIONS WITH RELATED PARTIES AND OTHER FINANCIAL INCOME</b>			
Financial income incurred with parent companies and subsidiaries			
Financial income incurred with other associated companies			
Income from share in gains of affiliated entities and Joint Ventures			
Other financial income			
<b>INCOME FROM INTEREST (RELATED TO THIRD PARTIES)</b>	17	10.490	12.809
<b>FX GAINS AND INCOME FROM THE EFFECTS OF CURRENCY CLAUSE (RELATED TO THIRD PARTIES)</b>	18	6	345
<b>FINANCIAL EXPENSES</b>		80	53
<b>FINANCIAL EXPENSES FROM TRANSACTIONS WITH RELATED PARTIES AND OTHER FINANCIAL EXPENSES</b>			
Financial expenses incurred with parent companies and subsidiaries			
Financial expenses incurred with other associated companies			
Expenses for share in loss of affiliated entities and Joint Ventures			
Other financial expenses			
<b>COSTS OF INTEREST (RELATED TO THIRD PARTIES)</b>		48	26
<b>FX LOSSES AND LOSSES FOR CURRENCY CLAUSE EFFECTS (RELATED TO THIRD PARTIES)</b>	18	32	27
<b>PROFIT FROM FINANCIAL ACTIVITIES (FINANCIAL PROFIT)</b>		10.416	13.101
<b>LOSS FROM FINANCIAL ACTIVITIES (FINANCIAL LOSS)</b>			
<b>REVENUES FROM VALUE ALIGNMENT OF OTHER ASSETS WHICH ARE VALUED AT FAIR VALUE THROUGH STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>EXPENSES FROM VALUE ALIGNMENT OF OTHER ASSETS WHICH ARE VALUED AT FAIR VALUE THROUGH STATEMENT OF COMPREHENSIVE INCOME</b>	3.3,4.3	907	36
<b>OTHER INCOME</b>			714
<b>OTHER EXPENSES</b>		40	1.000
<b>PROFIT FROM ORDINARY OPERATING BEFORE TAXATION</b>		73.976	41.017
<b>LOSS FROM ORDINARY OPERATING BEFORE TAXATION</b>			
<b>NET PROFIT FROM TERMINATING OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICES AND EFFECTS OF ERRORS FROM PREVIOUS PERIODS</b>		2	29
<b>NET LOSS FROM TERMINATING OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICES AND EFFECTS OF ERRORS FROM PREVIOUS PERIODS</b>			
<b>PROFIT BEFORE TAXATION</b>	22	73.978	41.046
<b>LOSS BEFORE TAXATION</b>			
<b>TAX ON PROFIT</b>			
Current Tax	3.11, 15a	11.320	
Deferred tax expense of the period			
Deferred tax income of the period	3.12, 15a	946	
Salaries paid to the employer			
<b>NET PROFIT</b>		<u>63.604</u>	<u>39.885</u>
<b>NET LOSS</b>			
<b>NET PROFIT TO BE DESTRIIBUTED TO MINORITY SHAREHOLDERS</b>			
<b>NET PROFIT TO BE DESTRIIBUTED TO MAJORITY SHAREHOLDERS</b>			
<b>NET LOSS TO BE DESTRIIBUTED TO MINORITY SHAREHOLDERS</b>			
<b>NET LOSS TO BE DESTRIIBUTED TO MAJORITY SHAREHOLDERS</b>			
<b>EARNINGS PER SHARE</b>			
Base earnings per share		3	2
Diluted earnings per share (decreased)			

\*Notes refer to individual positions and they are presented as notes to the Financial Statements

**STATEMENT OF OTHER COMPREHENSIVE INCOME**

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

Item	Notes*	2015.	2014.
NET OPERATING PROFIT OR LOSS			
NET OPERATING PROFIT OR LOSS		63.604	39.885
NET LOSS			
OTHER COMPREHENSIVE PROFIT OR LOSS			
Components that will not be a part of Statement of Comprehensive Income in future			
Change in value of revaluation of intangibles, property, plant and equipment			
Increase in value of revaluation reserves			
Decrease in value of revaluation reserves			
<i>Actuarial gains and losses</i>			
Gains			
Losses			
<i>Gains and losses in investments in equity capital instruments</i>			
Gains			
Losses			
<i>Gains and losses in shares in other comprehensive income of associated entities</i>			
Gains			
Losses			
Components that might be additionally a part of Statement of Comprehensive Income in future			
<i>Gains and losses from valuating of foreign business financial statements</i>			
Gains			
Losses			
<i>Gains and losses in foreign business net investments</i>			
Gains			
Losses			
<i>Gains and losses on hadging instruments</i>			
Gains			
Losses			
<i>Gains and losses in securities available for sale</i>			
Gains			
Losses			
OTHER COMPREHENSIVE PROFIT			
OTHER COMPREHENSIVE LOSS			
TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS			
OTHER COMPREHENSIVE NET PROFIT			
OTHER COMPREHENSIVE NET LOSS			
TOTAL COMPREHENSIVE NET INCOME FOR PERIOD			
TOTAL COMPREHENSIVE NET PROFIT		<u>63.604</u>	<u>39.885</u>
TOTAL COMPREHENSIVE NET LOSS			
TOTAL COMPREHENSIVE NET PROFIT OR LOSS			
Profit attributable to majority shareholders			
Profit attributable to minority shareholders			

\*Notes refer to individual positions and they are presented

**STATEMENT OF CASH FLOWS**

Central Securities Registry, Depository and Clearing House – Belgrade

in period from 1 January to 31 December

(in RSD 000)

Positions	<u>2015.</u>	<u>2014.</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflows from operating activities	201.830	180.711
Sale and received advances	177.833	152.947
Interest received from operating activities	10.497	13.884
Other inflows from operating activities	13.500	13.880
Cash outflows from operating activities	<u>123.426</u>	<u>116.607</u>
Payments to suppliers and given advances	47.392	44.185
Salaries and wages	69.211	71.214
Interest paid	48	26
Income tax	6.679	1.076
Payments based on other public income	96	106
Net cash inflow from operating activities	<u>78.404</u>	<u>64.104</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflows from investing activities	-	-
Sale of intangible assets, property, plant, equipment	-	-
Cash outflows from investing activities	151.292	8.113
Purchase of intangible assets, property, plant, equipment	21.292	8.113
Other financial investments (net outflow)	130.000	-
Net cash outflow from investing activities	<u>151.292</u>	<u>8.113</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflows from financing activities		
Cash outflows from financing activities	19.943	17.582
Dividens paid	19.943	17.582
Net cash inflow from financing activities		
Net cash outflow from financing activities	<u>19.943</u>	<u>17.582</u>
TOTAL CASH INFLOWS	201.830	180.711
TOTAL CASH OUTFLOWS	294.661	142.302
NET CASH INFLOW		38.409
NET CASH OUTFLOW	92.831	
CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD	207.802	169.395
FOREIGN EXCHANGE GAINS FROM CONVERSION OR CASH	6	25
FOREIGN EXCHANGE LOSSES FROM CONVERSION OF CASH	32	27
CASH AT THE END OF THE ACCOUNTING PERIOD	<u>114.945</u>	<u>207.802</u>



**STATEMENT OF CHANGES IN EQUITY**

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

Positions	Notes*	Components of capital					Components of other income						Total capital	Loss exceeding the amount of capital			
		Basic capital	Subscribed unpaid capital	Reserves	Loss	Own shares purchased	Retained profit	Revaluation reserves	Actuarial gains and losses	Gains and losses in investments in equity capital instruments	Gains and losses in shares in other comprehensive income of associated entities	Gains and losses from valuating of foreign business financial statements			Gains and losses on hedging instruments	Gains and losses in securities available for sale	
Opening balance on 01 January 2014																	
Account debit balance					7.569												251.307
Account credit balance		190.178		36.012			32.686										
Correction of material misstatements and accounting politic changes																	
Changes on debit side of an account																	
Changes on credit side of an account																	
Corrected opening balance on 01 January 2014																	
Corrections on debit side of an account					7.569												251.307
Corrections on credit side of an account		190.178		36.012			32.686										
Changes in the previous year																	
Balance on the debit side of an account							26.785										22.304
Balance on the credit side of an account				1.635	7.569		39.885										
Ending balance of the previous year on 31 December 2014																	
Account debit balance																	273.611
Account credit balance		190.178		37.647			45.786										
Correction of material misstatements and accounting politic changes																	
Changes on debit side of an account																	
Changes on credit side of an account																	
Corrected opening balance current year on 01 January 2015																	
Corrections on debit side of an account																	273.611
Corrections on credit side of an account		190.178		37.647			45.786										
Changes in the current year																	
Balance on the debit side of an account							21.937										43.661
Balance on the credit side of an account				1.994			63.604										
Ending balance of the current year on 31 December 2015																	
Account debit balance																	317.272
Account credit balance		190.178		39.641			87.453										

\*Notes refer to individual positions and they are presented