



I E F

FINANCIAL STATEMENTS  
FOR 2010 AND  
INDEPENDENT AUDITOR'S REPORT

CENTRALNI REGISTAR, DEPO I KLIRING HARTIJA  
OD VREDNOSTI

BELGRADE

Belgrade, May 2011

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## INDEPENDENT AUDITOR'S REPORT on the Financial Statements

To the Board of Directors and Stockholder of  
Centralni registar, depo i kliring hartija od vrednosti a.d., Belgrade

We have audited the accompanying financial statements of Centralni registar, depo i kliring hartija od vrednosti a.d., Belgrade (hereinafter the Company), which comprise the balance sheet as at December 31, 2010, and the income statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting regulations prevailing in the Republic of Serbia.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

### *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 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.

### *Auditor's Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2010 and the results of its operations and its cash flows for the year then ended, in accordance with accounting regulations prevailing in the Republic of Serbia.

### *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, 04 May 2011



Authorised public accountant

  
Stanimirka Svičević



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### AUDITOR'S OPINION

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**PART A.**

**THE 2010 FINANCIAL STATEMENTS**







## STATEMENT OF FINANCIAL POSITION

Centralni registar, depo i kliring hartija od vrednosti - Belgrade

on 31 December

(in RSD 000)

Item	Notes*	2010.	2009.
<b>FIXED ASSETS</b>		94.644	100.415
Intangible assets	II.1.	28.992	25.373
Property, plant, equipment and biolog.assets	II.2.	65.652	75.042
<b>CURRENT ASSETS</b>		89.036	106.579
Inventories			3
Receivables	II.3.	13.992	14.536
Receivables for prepaid income tax	II.4.	636	636
Cash and cash equivalents	II.5.	72.922	88.752
Value added tax (VAT) and prepayments and accrued income	II.6.	1.486	2.652
<b>A S S E T S</b>		<u>183.680</u>	<u>206.994</u>
<b>CAPITAL</b>		178.950	201.412
Basic capital	II.7.	190.178	190.178
Reserves	II.7.	36.012	36.012
Retained profit	II.7.	3.725	3.725
Loss	II.7.	50.965	28.503
<b>SHORT-TERM LIABILITIES</b>		1.323	2.223
Liabilities from business operations	II.8.	1.113	2.010
Liabilities for VAT and other taxes and accruals and deferred income	II.9.	210	213
<b>DEFERRED TAX LIABILITIES</b>	II.10.	3.407	3.359
<b>L I A B I L I T I E S</b>		<u>183.680</u>	<u>206.994</u>

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

## STATEMENT OF COMPREHENSIVE INCOME

Centralni registar, depo i kliring hartija od vrednosti - Belgrade

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

Positions	Notes*	2010.	2009.
<b>A. INCOME AND EXPENSES FROM ORDINARY OPERATING</b>			
<b>I OPERATING INCOME</b>	III.1.	88.931	102.904
Income from sale		67.711	79.964
Other operating income		21.220	22.940
<b>II OPERATING EXPENSES</b>	III.1.	115.395	132.535
Costs of material		4.504	3.667
Costs of salaries, fringe benefits and other personal expenses		57.784	72.924
Expenses of depreciation and reservations		17.410	18.268
Other operating expenses		35.697	37.676
<b>III OPERATING PROFIT (I-II)</b>	III.1.		
<b>IV OPERATING LOSS (II-I)</b>	III.1.	26.464	29.631
<b>V FINANCIAL INCOME</b>	III.2.	3.787	2.851
<b>VI FINANCIAL EXPENSES</b>	III.2.	10	801
<b>VII OTHER INCOME</b>	III.3.	305	1
<b>VIII OTHER EXPENSES</b>	III.3.	32	439
<b>IX PROFIT FROM ORDINARY OPERATING BEFORE TAXATION</b>	III.4.		
<b>X LOSS FROM ORDINARY OPERATING BEFORE TAXATION</b>	III.4.	22.414	28.019
<b>XI PROFIT FROM TERMINATING OPERATIONS</b>	III.5.		
<b>XII LOSS FROM TERMINATING OPERATIONS</b>	III.5.		
<b>B. PROFIT BEFORE TAXATION</b>	III.6.		
<b>C. LOSS BEFORE TAXATION</b>	III.6.	22.414	28.019
<b>D. TAX ON PROFIT</b>			
1. Tax expenses of the period	III.7.		
2. Deferred tax expense of the period	III.7.	48	484
3. Deferred tax income of the period	III.7.		
<b>E. Salaries paid to the employer</b>	III.8.		
<b>F. NET PROFIT</b>	III.9.		
<b>G. NET LOSS</b>	III.9.	22.462	28.503
<b>H. NET PROFIT TO BE DESTRIIBUTED TO MINORITY SHAREHOLDERS</b>	III.10.		
<b>I. NET PROFIT TO BE DESTRIIBUTED TO THE OWNERS OF PARENT COMPANY</b>	III.11.		
<b>J. EARNINGS PER SHARE</b>			
1. Base earnings per share	III.12.		
2. 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

Centralni registar, depo i kliring hartija od vrednosti - Belgrade

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

Positions	Notes *	2010.	2009.
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>IV.1.</b>		
I Cash inflows from operating activities		93.383	125.256
Sale and received advances		68.771	106.257
Interest received from operating activities		4.049	2.827
Other inflows from operating activities		20.563	16.172
II Cash outflows from operating activities		97.607	120.088
Payments to suppliers and given advances		39.820	45.248
Salaries and wages		57.784	72.924
Interest paid			115
Payments based on other public income		3	1.801
III Net cash inflow from operating activities			5.168
III Net cash outflow from operating activities		4.224	
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>IV.2.</b>		
I Cash inflows from investing activities			
II Cash outflows from investing activities		11.639	1.936
Purchase of intangible assets, prop., plant, equip.and biological assets		11.639	1.936
III Net cash inflow from investing activities			
III Net cash outflow from investing activities		11.639	1.936
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>IV.3.</b>		
I Cash inflows from financing activities			
II Cash outflows from financing activities			16.839
Paid dividends			16.839
III Net cash inflow from financing activities			
III Net cash outflow from financing activities			16.839
<b>D. TOTAL CASH INFLOWS</b>		93.383	125.256
<b>E. TOTAL CASH OUTFLOWS</b>		109.246	138.863
<b>F. NET CASH INFLOW</b>			
<b>G. NET CASH OUTFLOW</b>		15.863	13.607
<b>H. CASH AT THE BEGINN.OF THE ACCOUNTING PERIOD</b>		88.752	103.020
<b>I. FOREIGN EXCHANGE GAINS FROM CONVERSION OR CASH</b>		43	25
<b>J. FOREIGN EXCHANGE LOSSES FROM CONVERSION OF CASH</b>		10	686
<b>K. CASH AT THE END OF THE ACCOUNTING PERIOD</b>		72.922	88.752

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



## STATEMENT OF CHANGES IN EQUITY

Centralni registar, depo i kliring hartija od vrednosti - Belgrade

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

DESCRIPTION	Notes*	Basic capital	Other basic capital	Reser.	Retain. profit	Loss up to the amount of capital	Total
Balance on 01 January 2009	II.7.	<u>165.870</u>	<u>24.308</u>	<u>34.930</u>	<u>21.646</u>		<u>246.754</u>
Correction of crucial important mistakes and accounting politic changes in last year – increase							
Correction of crucial important mistakes and accounting politic changes in last year – decrease					604		604
Corrected opening balance on 01 January 2009		165.870	24.308	34.930	21.042		246.150
Total adding in last year				1.082		28.503	(27.421)
Total reduces in last year					17.317		17.317
Balance on 31 December 2009	II.7.	<u>165.870</u>	<u>24.308</u>	<u>36.012</u>	<u>3.725</u>	<u>28.503</u>	<u>201.412</u>
Correction of crucial important mistakes and accounting politic changes in current year – increase							
Correction of crucial important mistakes and accounting politic changes in current year – decrease							
Corrected opening balance on 01 January 2010		165.870	24.308	36.012	3.725	28.503	201.412
Total adding in current year						22.462	(22.462)
Total reduces in current year							
Balance on 31 December 2010	II.7.	<u>165.870</u>	<u>24.308</u>	<u>36.012</u>	<u>3.725</u>	<u>50.965</u>	<u>178.950</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 ENTERPRISE AND BASES FOR FINANCIAL REPORTING

## 1. The Enterprise

The stock company - Central register, depository 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, depository 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, depository 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.

Centralni registar, depo i kliring hartija od vrednosti a.d., Trg Nikole Pašića 5 (hereinafter in the text: the Enterprise) is registered in the Registry of economic entities with the Agency of economic registries according to the Decision No BD 116154/2008. The Enterprise operates its activities under the shortened name: Centralni registar HoV a.d., Belgrade, registration No 17518968 and tax identification No 103154145.

The Enterprise is registered for auxiliary activities of financial agent operations not mentioned elsewhere. The Enterprise did not have any auxiliary activities. All funds are engaged in the basic activity.

The average number of employees in the Enterprise during 2010 stated in the official statements is 32.

The Enterprise performs its activities with the capital of its founder Republic of Serbia which has 100% share in the fixed capital.

Management bodies of the Enterprise are:

- Assembly,
- Board of Directors and
- Director.

The Enterprise, according to the data included in the Registry of the Agency for economic registries according to the Decision No 152/2005 dated 21.01.2005., is represented with unlimited authority by Vida Uzelac, General Director.

## 2. Bases for Preparation and Presentation of Financial Statements

The business books, recognition and assessments of assets and liabilities, income and expenses, preparation, presentation and disclosure of financial statements are organized in accordance with legal provisions and professional regulations which assume: the Law on accounting and auditing ("The Official Gazettes of the Republic of Serbia No 46/2006 and 111/2009), International Financial Reporting Standards (IFRS), including International Auditing Standards (IAS) and Interpretations of Standards issued by the International Auditing Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC).

The attached financial statements prepared for the period January 1st till December 31st 2010 are presented in the format as prescribed by the Bylaws on the content and format of financial statements for enterprises, cooperatives, other legal entities and entrepreneurs (the Official Gazettes of the Republic of Serbia No 114/2006, 5/2008, 119/2008 and 2/2010).

The amounts in these financial statements are stated in thousands, unless otherwise indicated. Dinar (RSD) is the reporting currency of the Company.

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 2009.



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

### 3. Comparable Data

Comparable data are the data from the financial statements of the Enterprise for the year ended on 31<sup>st</sup> December 2009 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 35,74% of total operating assets as at 31<sup>st</sup> December 2010.

Initial measurement of real estate, plants and equipment that fulfil 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 2010 are stated at purchase price. The purchase price includes all expenses recognized according to the provisions of IAS 16 – Immovables, plants and equipment.





Depreciation rates applied for 2010 are as follows:

<b>Depreciation groups</b>	<b>Rates</b>
Computers and computer equipment	10 - 50%
Vehicles	20%
Furniture	10%
Other equipment	25%

**b) 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.

**c) 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.

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

Accrued income is mostly consisted of calculated but not invoiced income for services rendered during the current period but which are invoiced in the subsequent period as well as expenses paid in advance.

**e) Liabilities to Banks and Suppliers**

Liabilities to suppliers and other short term operating liabilities are valued at nominal value. The liability is current if it is expected to be fulfilled in the ordinary operating cycle of the Enterprise i.e. which is due in the period of 12 months after the date of the Balance Sheet. All other liabilities are classified as long term.

**f) 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.

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



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.

**g) 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 interbanking foreign exchange market. Assets and liabilities stated in foreign exchange at the Balance Sheet date are converted and stated in RSD at the mean exchange rate determined at the interbanking 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 favor or charged to Income Statement 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:	31.12.2009	31.12.2008
EUR	1		105,4982	95,8888
USD	1		79,2802	66,7285
CHF	1		84,4458	64,4631

**h) Reservations, Contingent Liabilities and Contingent Assets**

Reservations are recognized and made when the Enterprise has legal or agreed liability as the result of past events and when it is likely that there will be out-flows of resources for fulfillment of liability, and when the amount of liability can be reliably assessed.

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 Enterprise 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.

**i) 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 income statement 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.

j) **Earnings of Employees**

*Taxes and contributions to funds for social security of employees*

In accordance with the regulations of the Republic of Serbia the Enterprise 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 Labor Act the Enterprise is obligated to pay compensation to employees when they are to be retired, in the amount of three average monthly earnings realized in the Enterprise or in the amount of average in the Republic of Serbia (the option that is more favorable for the employee) in the month preceding the month of retirement.

According to the opinion of the management of the Enterprise 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.

6. **Financial Statements Which Are Subject of This Audit**

Financial statements prepared in accordance with the provisions of the Law on accounting and auditing and documentation for preparation was subject of this audit as follows:

- Balance Sheet;
- Income Statement;
- Statement of Cash Flows;
- Statement of Changes in Capital;
- Statistics Annex.

## II. BALANCE SHEET ITEMS WITH NOTES

### 1. Intangible investments

Intangible investments in the amount of RSD 28.992 thousands relate to:

CHANGES ON INTANGIBLE INVESTMENTS			in RSD 000
	Copy rights for model, sample, brand, stamp, trade mark	Other intangible investments	Total
<b>Purchase value:</b>			
Balance at January 01, 2009	11.364	33.399	44.763
Balance at December 31, 2009	11.364	33.399	44.763
<b>Provision:</b>			
Balance at January 01, 2009	3.789	7.718	11.507
Increase:	3.788	4.095	7.883
Depreciation	3.788	4.095	7.883
Balance at December 31, 2009	7.577	11.813	19.390
<b>Present value:</b>			
Balance at December 31, 2009	3.787	21.586	25.373
<b>Purchase value:</b>			
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
<b>Provision:</b>			
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
<b>Present value:</b>			
Balance at December 31, 2010	10.212	18.780	28.992

### 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 2010 are stated at purchase value that includes all expenses recognized in accordance with IAS 16 – Immovables, plants and equipment. The Enterprise does not have any limitations relating to management of equipment.

CHANGES ON EQUIPMENT					in RSD 000
	Equipment	Other equipment	Equipment in preparation	Advance for equipment	Total
<b>Purchase value:</b>					
Balance at January 01, 2009	134.790	571		1.243	136.604
Increase:	3.179		1.005		4.184
New purchases	3.179		1.005		4.184
Decrease:	15.469		1.005	1.243	17.717
Sale (disposal)	15.469				15.469
Activation			1.005	1.243	2.248
Balance at December 31, 2009	122.500	571			123.071



## CHANGES ON EQUIPMENT

in RSD 000

	Equipment	Other equipment	Equipment in preparation	Advance for equipment	Total
<b>Provision:</b>					
Balance at January 01, 2009	53.113				53.113
Increase:	10.385				10.385
Depreciation	10.385				10.385
Decrease:	15.469				15.469
Sale (disposal)	15.469				15.469
Balance at December 31, 2009	48.029				48.029
<b>Present value:</b>					
Balance at December 31, 2009	74.471	571			75.042
<b>Purchase value:</b>					
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
<b>Provision:</b>					
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
<b>Present value:</b>					
Balance at December 31, 2010	65.081	571			65.652

## 3. Receivables

In 2010 receivables in the amount of RSD 13.992 thousand are presented. Provision and write-off of uncollected receivables are made and charged to other expenses.

	in RSD 000	
Receivables	2010.	2009.
Receivables from sales	9.994	11.195
Other receivables	3.998	3.341
<b>Total:</b>	<b>13.992</b>	<b>14.536</b>

Receivables for sale are:

	in RSD 000	
Receivables from sales	2010.	2009.
Trade receivables - domestic	9.994	11.195
<b>Total:</b>	<b>9.994</b>	<b>11.195</b>

Presented receivables from domestic debtors include:

	in RSD 000
Trade receivables - domestic	2010.
Uprava za javni dug, Belgrade	701
Vojvođanska banka, Novi Sad	609
Unicredit bank Srbija, Belgrade	514



in RSD 000

**Trade receivables - domestic**

	<b>2010.</b>
Raiffeisen banka, Novi Beograd	455
Banca Intesa, Novi Sad	394
Eurobank EFG, Belgrade	341
Komercijalna banka, Belgrade	332
Beomonet, Belgrade	313
AS financial center, Belgrade	311
Hipo Alpe Adria banka, Novi Belgrade	299
BDD Ilirika investments, Belgrade	232
Dunav Stockbroker, Belgrade	224
BDD Tema broker, Belgrade	223
Tandem financial, Novi Sad	194
Other domestic debtors	4.852
<b>Total:</b>	<b>9.994</b>

Other receivables are presented in total amount of RSD 3.998 thousand and relate to:

in RSD 000

	<b>2010.</b>	<b>2009.</b>
<b>Other receivables</b>		
Receivables from employees	2.751	2.932
Other receivables - fonds	1.247	409
<b>Total:</b>	<b>3.998</b>	<b>3.341</b>

Receivables from employees are related to:

in RSD 000

	<b>2010.</b>	<b>2009.</b>
<b>Receivables from employees</b>		
Business travel allowances	14	
Receivables due from employees for gas vouchers	57	67
Other receivables due from employees	2.680	2.865
<b>Total:</b>	<b>2.751</b>	<b>2.932</b>

## 4. Receivables for prepaid income tax

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

## 5. Cash Equivalents and Cash

Cash and convertible securities are presented in the amount of RSD 72.922 thousand and relate to:

in RSD 000

	<b>2010.</b>	<b>2009.</b>
<b>Cash and cash equivalents</b>		
Current (business) accounts	72.568	88.627
Foreign exchange account	354	125
<b>Total:</b>	<b>72.922</b>	<b>88.752</b>

## 6. Tax on VAT and Accruals

Tax on VAT and accruals are presented in total amount of RSD 1.486 thousand and relate to:

in RSD 000

	<b>2010.</b>	<b>2009.</b>
<b>Tax on VAT and accruals</b>		
Prepayments and accrued income	1.486	2.652
<b>Total:</b>	<b>1.486</b>	<b>2.652</b>

Under accruals total amount of RSD 1.486 thousand is presented and relates to:

in RSD 000

	<b>2010.</b>	<b>2009.</b>
<b>Prepayments and accrued income</b>		
Prepaid insurances costs	596	667
Prepaid for experts journals	106	60
Other accruals (internet, guarantee, fees...)	784	1.925
<b>Total:</b>	<b>1.486</b>	<b>2.652</b>



## 7. Capital

Capital relates to:

	in RSD 000	
<b>Capital</b>	<b>2010.</b>	<b>2009.</b>
Share capital	165.870	165.870
Other basic capital	24.308	24.308
Reserves	36.012	36.012
Retained profit	3.725	3.725
Loss	50.965	28.503
<b>Total:</b>	<b>178.950</b>	<b>201.412</b>

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 2010 the issue of shares was made on this basis

## 8. Liabilities from business operations

Operating liabilities have the following structure:

	in RSD 000	
<b>Liabilities from business operations</b>	<b>2010.</b>	<b>2009.</b>
Advances received	49	190
Trade payables - domestic	1.064	1.820
<b>Total:</b>	<b>1.113</b>	<b>2.010</b>

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

Trade payables - domestic are presented in the amount of RSD 1.064 thousand and related to:

	in RSD 000	
<b>Trade payables - domestic</b>	<b>2010.</b>	
Telekom Serbia, Belgrade		341
G4S Security Services, Belgrade		220
Savez samostalnih sindikata Srbije, Belgrade		155
Other trade payables - domestic		348
<b>Total:</b>		<b>1.064</b>

## 9. 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	
<b>Liabilities for VAT, other public income and accruals</b>	<b>2010.</b>	<b>2009.</b>
Liabilities for Value Added Tax	210	213
<b>Total:</b>	<b>210</b>	<b>213</b>



## 10. Deferred tax liabilities

Deferred tax liabilities are presented in the amount of RSD 3.407 thousand. Movements in balance of deferred tax liabilities in 2010 are the following:

	in RSD 000	
<b>Movement of changes in balance of deferred tax liabilities</b>	<b>2010.</b>	<b>2009.</b>
Balance at the beginning of the year	3.359	2.875
The increase of deferred tax liabilities credited to deferred tax expenditure on the basis of temporary tax differences	48	484
<b>Balance at the end of the year</b>	<b>3.407</b>	<b>3.359</b>





### III DESCRIPTION OF INCOME STATEMENT ITEMS WITH NOTES

#### 1. Operational income and expenses

##### a) Operational income consists of different sources of income:

	in RSD 000	
<b>Operating income</b>	<b>2010.</b>	<b>2009.</b>
Income from sale	67.711	79.964
Other operating income	21.220	22.940
<b>Total:</b>	<b>88.931</b>	<b>102.904</b>

##### b) Operational expenses consist of:

	in RSD 000	
<b>Operating expenses</b>	<b>2010.</b>	<b>2009.</b>
Costs of material	4.504	3.667
Costs of salaries, fringe benefits and other personal expenses	57.784	72.924
Expenses of depreciation and reservations	17.410	18.268
Other operating expenses	35.697	37.676
<b>Total:</b>	<b>115.395</b>	<b>132.535</b>

c) **Operating loss** (26.464) (29.631)

#### 2. Financial income and expenses

##### a) Financial income is derived from:

	in RSD 000	
<b>Financial income</b>	<b>2010.</b>	<b>2009.</b>
Income from interest	3.744	2.826
Forex exchange gains	43	25
<b>Total:</b>	<b>3.787</b>	<b>2.851</b>

##### b) Financial expenses are presented on the following bases:

	in RSD 000	
<b>Financial expenses</b>	<b>2010.</b>	<b>2009.</b>
Costs of interest		115
Forex exchange losses	10	686
<b>Total:</b>	<b>10</b>	<b>801</b>

c) **Financing profit** 3.777 2.050

#### 3. Other income and expenses

##### a) Other income results from:

	in RSD 000	
<b>Other income</b>	<b>2010.</b>	<b>2009.</b>
Collected written-off receivables		1
<b>Total:</b>		<b>1</b>

##### Income from assets valuation adjustments is derived from:

	in RSD 000	
<b>Income from assets valuation adjustments</b>	<b>2010.</b>	<b>2009.</b>
Change in value of assets available for sale	7	
<b>Total:</b>	<b>7</b>	
Difference between Trial Balance Sheet and Income Statement	298	
<b>Total:</b>	<b>305</b>	



## b) Other expenses are as follows:

in RSD 000

	2010.	2009.
<b>Other expenses</b>		
Other expenses	31	201
<b>Total:</b>	<b>31</b>	<b>201</b>

## Expenses resulting from impairment of the property relate to:

in RSD 000

	2010.	2009.
<b>Expenses from assets valuation adjustments</b>		
Impairment - Receivables and short term investments	1	238
<b>Total:</b>	<b>1</b>	<b>238</b>

## c) Other profit (loss)

273 (438)

## 4. Loss from ordinary operating before taxation

(22.414) (28.019)

## 5. Profit from terminating operations

## a) Profit from terminating operations consists of:

in RSD 000

	2010.	2009.
<b>Profit from terminating operations</b>		
Income, effects for change of accounting policy and correction of errors from previous years	298	
<b>Total:</b>	<b>298</b>	
Difference between Trial Balance Sheet and Income Statement	(298)	
<b>Total:</b>		

## b) Loss from terminating operations:

In the examined period there were no losses realized from terminating operations.

## c) Net profit from terminating operations

## 6. Loss before tax

(22.414) (28.019)

## 7. Tax expenses of the period

## a) Parts of tax on profit

in RSD 000

	2010.	2009.
<b>Tax on profit</b>		
Tax expenses of the period		
Deferred tax expense of the period	48	484
Deferred tax income of the period		

## 8. Salaries paid to the employer

## 9. Net loss

(22.462) (28.503)

## 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	
	2010.	2009.
<b>Cash inflows from operating activities</b>		
Sale and received advances	68.771	106.257
Interest received from operating activities	4.049	2.827
Other inflows from operating activities	20.563	16.172
<b>Total:</b>	<b>93.383</b>	<b>125.256</b>

###### b) Cash outflows from operating activities:

	in RSD 000	
	2010.	2009.
<b>Cash outflows from operating activities</b>		
Payments to suppliers and given advances	39.820	45.248
Salaries and wages	57.784	72.924
Interest paid		115
Payments based on other public income	3	1.801
<b>Total:</b>	<b>97.607</b>	<b>120.088</b>

c) **Net inflow (outflow) from operating activities** (4.224) 5.168

##### 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	
	2010.	2009.
<b>Cash outflows from investing activities</b>		
Purchase of intangible assets, property, plant, equipment and biological assets	11.639	1.936
<b>Total:</b>	<b>11.639</b>	<b>1.936</b>

c) **Net outflow from investing activities** (11.639) (1.936)

##### 3. Cash flows from financing activities

###### a) Cash inflow from financing activities:

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

###### b) Cash outflows from financing activities:

	in RSD 000	
	2010.	2009.
<b>Cash outflows from financing activities</b>		
Paid dividends		16.839
<b>Total:</b>		<b>16.839</b>

c) **Net cash outflow from financing activities** (16.839)

4. Cash at the beginning of the accounting period 88.752 103.020

5. Foreign exchange gains from conversion of cash 43 25

6.	Foreign exchange losses on conversion of cash	10	686
7.	Cash at the end of the accounting periodated	72.922	88.752

## V EVENTS AFTER THE BALANCE SHEET DATE

Till the end of the audit of financial statements for 2010 there were no events that could affect the fairness of the Enterprise's financial statements for 2010.

## VI. NOTES RELATING TO RISKS

### 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 Enterprise may be different from interpretations of responsible staff of the Enterprise. 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 Enterprise 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 Enterprise.

Belgrade, 04. May 2011.

IEF d.o.o.

Belgrade, Bulevar Mihajla Pupina 10 B-I/II



Authorised public accountant

  
 Stanimirka Svičević

I E F d.o.o.  
Bulevar Mihajla Pupina 10 B-I/II  
11070 Belgrade

April 20<sup>th</sup> 2011

#### **S T A T E M E N T**

on the presented financial statements of the Enterprise Centralni registar, depo i kliring hartija od vrednosti a.d.,  
Belgrade for 2010

1. For the audit purpose we make available the annual accounts for 2010, accounting records based on which they are prepared, and other records and information, and necessary explanations attached to the annual accounts.
2. As managers we are aware of our responsibility to provide the following:
  - Reliable accounting records and accurate financial statements prepared based on these records;
  - The fair and true presentation of balances and changes in assets, liabilities, capital and financial results of in the 2010 Financial Statements.

3. For the audit of the financial statements I put at your disposal all accounting records with the note that they fairly reflect business changes that occurred during the accounting period. I hereby certify that all income and expenses are fully and correctly calculated and recorded in business books and other documents in the corresponding accounting period, and in accordance with law provisions and general acts of the Enterprise Centralni registar, depo i kliring hartija od vrednosti a.d., Belgrade on the policy that regulates these issues. All other records and appropriate information are available to you, together with necessary explanations attached to the annual accounts, including the minutes from managing bodies and management that might affect accuracy and fairness of presented financial statements. There is no information of significance for the audit of financial statements that is inaccessible.

4. I have no knowledge of any violations of regulations, instructions of competent authorities and institutions, and general acts of the Enterprise Centralni registar, depo i kliring hartija od vrednosti a.d., Belgrade that may result in paying any significant fines, penalties or losses.

Since the date of the preparation of these financial statements till the date of writing this letter the circumstances have not been changed neither the events occurred that would require any adjustments in the annual accounts or in the explanations attached to the annual accounts intended for management bodies or other users of financial statements.

5. I hereby certify that all the data and information consisted in the presented summaries, annexes and information, and in the explanations relating to certain issues for preparation of audit report, and all other information, are carefully prepared, and are not ambiguous or confusing, and are considered and adopted by the management of the Enterprise Centralni registar, depo i kliring hartija od vrednosti a.d., Belgrade.

Director

Vida Uzelac