

IEF d.o.o., Beograd

Correspondent Firm of the RSM International Network

CENTRAL SECURITIES REGISTRY, DEPOSITORY AND
CLEARING HOUSE - BELGRADE

Financial Statements for 2016 in accordance with
accounting regulations prevailing in the
Republic of Serbia

and

Independent auditor's report

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RP 8/17

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, 2016, 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.

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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, 2016, 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.

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 2016 is consistent with the audited financial statements for the year ended December 31, 2016.

Belgrade, March 10, 2017



Certified Auditor

Miroslav M. Milojević

STATEMENT OF FINANCIAL POSITIONon 31 December
(in RSD 000)

Item	Notes*	31.12.2016.	31.12.2015.	01.01.2015.
SUBSCRIBED CAPITAL UNPAID				
FIXED ASSETS		47.350	56.149	54.185
INTANGIBLE ASSETS	3.1, 5	10.688	13.200	17.695
Research and development costs				
Concession, patents, licences, brands and service marks, software and other rights		10.688	13.200	17.695
Goodwill				
Other intangible assets				
Intangible assets in progress				
Advances paid for intangible assets				
PROPERTY, PLANT AND EQUIPMENT	3.1, 6			36.490
Land				
Buildings				
Plant and equipment				35.726
Investment property				
Other property, plant and equipment				571
Property, plant and equipment under construction				
Leashold of property, plant and equipment under construction			468	193
Advances for property, plant and equipment				
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				
CURRENT ASSETS		288.116	269.461	224.617
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	12.652	19.671	12.779
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		12.652	19.671	12.779
Trade receivables - foreign				
Other trade receivables				
RECEIVABLES FROM SPECIFIC BUSINESS OPERATIONS				
OTHER RECEIVABLES		8.726	4.157	3.213
FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE THROUGH STATEMENT OF COMPREHENSIVE INCOME				
SHORT-TERM FINANCIAL INVESTMENTS		180.000	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	180.000	130.000	
CASH AND CASH EQUIVALENTS	3.4, 8	85.952	114.945	207.802
VALUE ADDED TAX (VAT)				
PREPAYMENTS AND ACCRUED INCOME	10	786	688	823
ASSETS		<u>335.466</u>	<u>325.610</u>	<u>278.802</u>
OFF-BALANCE SHEET ASSETS	3.14, 11	421.684	726.270	

STATEMENT OF FINANCIAL POSITION

on 31 December
(in RSD 000)

Item	Notes*	31.12.2016.	31.12.2015.	01.01.2015.
CAPITAL		329.571	317.272	273.611
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		42.821	39.641	37.647
REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT		1.950		
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		94.622	87.453	45.286
Retained profit from previous years		52.471	23.849	5.901
Retained profit from current year		42.151	63.604	39.885
SHARES WITHOUT CONTROL RIGHTS				
LOSS				
Previous year's losses				
Current year loss				
LONG-TERM PROVISIONS AND LIABILITIES		2.354		
LONG-TERM PROVISIONS		2.354		
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		2.354		
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	3,9, 13	1.477	1.531	2.477
SHORT-TERM LIABILITIES	3,3, 14	2.064	6.807	2.714
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				
Liabilities for fixed assets and assets from terminating operations held for trading				
Other short-term financial liabilities				
RECEIVED ADVANCES, SHORT-TERM DEPOSITS AND CAUTION MONEY		218		
LIABILITIES FROM BUSINESS OPERATIONS	3,6, 14	1.195	923	1.266
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		1.136	875	1.209
Trade payables - foreign				
Other liabilities from business operations		59	48	57
OTHER SHORT-TERM LIABILITIES			535	
LIABILITIES FOR VALUE ADDED TAX (VAT)		651	709	805
LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS, AND OTHER DUTIES			4.640	643
ACCRUALS AND DEFERRED INCOME				
LOSS EXCEEDING THE AMOUNT OF CAPITAL				
LIABILITIES		335.466	325.610	278.802
OFF-BALANCE SHEET LIABILITIES	3,14, 11	421.684	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 24.02.2017. and were signed by the legal representative Central Securities Registry, Depository and Clearing House - Belgrade.

Ana Jovanović
Director

STATEMENT OF COMPREHENSIVE INCOME

In period from 1 January to 31 December

(In RSD 000)

Positions

	Notes*	2016.	2015.
INCOME AND EXPENSES FROM ORDINARY OPERATING			
OPERATING INCOME			
SALES OF MERCHANDISE			
Sales of merchandise to parent companies and subsidiaries - domestic market		169,933	200,075
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			
SALES OF GOODS AND SERVICES RENDERED			
Sales of finished goods and services rendered to parent companies and subsidiaries - domestic market		157,093	186,575
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	3.11, 16.		
Sales of finished goods and services rendered to foreign customers			
INCOME FROM PREMIUMS, SUBVENTIONS, DONATIONS, ETC.			
OTHER OPERATING INCOME			
	17.		
EXPENSES FROM ORDINARY OPERATING			
OPERATING EXPENSES			
Cost of goods sold		127,628	135,568
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	20	1,385	959
Costs of fuel and energy	20	2,476	3,271
Costs of salaries, fringe benefits and other personal expenses	21		
Costs of production services	22		
Costs of depreciation	3.2, 4.2, 22		
Costs of long-term provisions	3.6, 14, 22		
Non-production costs	22		
OPERATING PROFIT			
OPERATING LOSS			
		42,305	64,507
FINANCIAL INCOME			
FINANCIAL INCOME FROM TRANSACTIONS WITH RELATED PARTIES AND OTHER FINANCIAL INCOME			
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			
INCOME FROM INTEREST (RELATED TO THIRD PARTIES)			
FX GAINS AND INCOME FROM THE EFFECTS OF CURRENCY CLAUSE (RELATED TO THIRD PARTIES)	18	7,440	10,490
	19	9	6
FINANCIAL EXPENSES			
FINANCIAL EXPENSES FROM TRANSACTIONS WITH RELATED PARTIES AND OTHER FINANCIAL EXPENSES			
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			
COSTS OF INTEREST (RELATED TO THIRD PARTIES)			
FX LOSSES AND LOSSES FOR CURRENCY CLAUSE EFFECTS (RELATED TO THIRD PARTIES)	19	55	48
		10	32
PROFIT FROM FINANCIAL ACTIVITIES (FINANCIAL PROFIT)			
LOSS FROM FINANCIAL ACTIVITIES (FINANCIAL LOSS)			
		7,384	10,416
REVENUES FROM VALUE ALIGNMENT OF OTHER ASSETS WHICH ARE VALUED AT FAIR VALUE THROUGH STATEMENT OF COMPREHENSIVE INCOME			
EXPENSES FROM VALUE ALIGNMENT OF OTHER ASSETS WHICH ARE VALUED AT FAIR VALUE THROUGH STATEMENT OF COMPREHENSIVE INCOME			
			907
OTHER INCOME			
OTHER EXPENSES	22	937	40
		20	
PROFIT FROM ORDINARY OPERATING BEFORE TAXATION			
LOSS FROM ORDINARY OPERATING BEFORE TAXATION			
NET PROFIT FROM TERMINATING OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICES AND EFFECTS OF ERRORS FROM PREVIOUS PERIODS		50,606	73,976
NET LOSS FROM TERMINATING OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICES AND EFFECTS OF ERRORS FROM PREVIOUS PERIODS		5	2
PROFIT BEFORE TAXATION			
LOSS BEFORE TAXATION			
	23	50,611	73,978
TAX ON PROFIT			
Current Tax	23	8,514	
Deferred tax expense of the period			
Deferred tax income of the period		54	
Salaries paid to the employer			
NET PROFIT			
	23	<u>42,151</u>	<u>63,604</u>
NET LOSS			
NET PROFIT TO BE DISTRIBUTED TO MINORITY SHAREHOLDERS			
NET PROFIT TO BE DISTRIBUTED TO MAJORITY SHAREHOLDERS			
NET LOSS TO BE DISTRIBUTED TO MINORITY SHAREHOLDERS			
NET LOSS TO BE DISTRIBUTED TO MAJORITY SHAREHOLDERS			
EARNINGS PER SHARE			
Base earnings per share		2	3
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*	2016.	2015.
NET OPERATING PROFIT OR LOSS			
NET OPERATING PROFIT OR LOSS		42.151	63.604
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 hedging instruments</i>			
Gains			
Losses			
<i>Gains and losses in securities available for sale</i>			
Gains			
Losses			
OTHER COMPREHENSIVE PROFIT		1.950	
OTHER COMPREHENSIVE LOSS			
TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS			
OTHER COMPREHENSIVE NET PROFIT		1.950	
OTHER COMPREHENSIVE NET LOSS			
TOTAL COMPREHENSIVE NET INCOME FOR PERIOD			
TOTAL COMPREHENSIVE NET PROFIT		<u>44.101</u>	<u>63.604</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 FLOWSin period from 1 January to 31 December
(in RSD 000)

Positions

	Notes*	2016.	2015.
CASH FLOWS FROM OPERATING ACTIVITIES		183.695	201.830
Cash inflows from operating activities		164.330	177.833
Sale and received advances		7.347	10.497
Interest received from operating activities		12.018	13.500
Other inflows from operating activities		128.957	123.426
Cash outflows from operating activities		45.254	47.392
Payments to suppliers and given advances		67.719	69.211
Salaries and wages		55	48
Interest paid		15.871	6.679
Tax on profit		58	96
Payments based on other public income		54.738	78.404
Net cash inflow from operating activities			
Net cash outflow from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows from investing activities			
Sale of stocks and shares (net inflows)			
Sale of intangible assets, property, plant, equipment and biological assets			
Other financial investments (net inflows)			
Received interest			
Received dividends		51.928	151.292
Cash outflows from investing activities		1.928	21.292
Purchase of stocks and shares (net outflows)		50.000	130.000
Purchase of intangible assets, property, plant, equipment and biological assets			
Other financial investments (net outflows)			
Net cash inflow from investing activities		51.928	151.292
Net cash outflow from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows from financing activities			
Increase of fixed capital			
Long term loans (net inflows)			
Short term loans (net inflows)			
Other long term liabilities			
Other short term liabilities		31.802	19.943
Cash outflows from financing activities			
Purchase of own stocks and shares			
Long term loans (net outflows)			
Short term loans (net outflows)			
Other liabilities (net outflows)			
Financial leasing		31.802	19.943
Paid dividends			
Net cash inflow from financing activities		31.802	19.943
Net cash outflow from financing activities			
TOTAL CASH INFLOWS		183.695	201.830
TOTAL CASH OUTFLOWS		212.687	294.661
NET CASH INFLOW		28.992	92.831
NET CASH OUTFLOW		114.945	207.802
CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD		9	6
FOREIGN EXCHANGE GAINS FROM CONVERSION OR CASH		10	32
FOREIGN EXCHANGE LOSSES FROM CONVERSION OF CASH			
CASH AT THE END OF THE ACCOUNTING PERIOD		85.952	114.945

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

STATEMENT OF CHANGES IN EQUITYin 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 2015																	
Account debit balance																	
Account credit balance		190.178		37.647			45.786										273.611
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 2015																	
Corrections on debit side of an account																	
Corrections on credit side of an account		190.178		37.647			45.786										273.611
Changes in the previous year																	
Balance on the debit side of an account							21.937										
Balance on the credit side of an account				1.994			63.604										
Ending balance of the previous year on 31 December 2015																	
Account debit balance																	
Account credit balance		190.178		39.641			87.453										317.272
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 2016																	
Corrections on debit side of an account																	
Corrections on credit side of an account		190.178		39.641			87.453										317.272
Changes in the current year																	
Balance on the debit side of an account							34.982										
Balance on the credit side of an account				3.180			42.151	1.950									
Ending balance of the current year on 31 December 2016																	
Account debit balance																	
Account credit balance		190.178		42.821			94.622	1.950									329.571

*Notes refer to individual positions and they are presented