

INDEPENDENT AUDITOR'S REPORT

**To the assembly of shareholders „Centralni registar, depo i kliring hartija od vrednosti“ a.d.,
Belgrade**

We have audited the accompanying financial statements of the company „Centralni registar, depo i kliring hartija od vrednosti“ a.d., Belgrade, (hereinafter referred to as the „Company“) which comprise the balance sheet for the year ending December 31st 2018, and the income statement, statement of other results, statement of changes in equity, cash flow statement and a summary of significant accounting policies and notes to the financial reports.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and the Law on Accounting of the Republic of Serbia, 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 the Law on Auditing of the Republic of Serbia and the 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 auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, 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 purposes 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.

This is a translation of the original Independent Auditors' Report issued in the Serbian language. All due care has been taken to produce a translation that is as faithful as possible to the original. However, if any questions arise related to interpretation of the information contained in the translation, the Serbian version of the document shall prevail.

TC Stari Merkator | Palmira Toljatija 5/III | 11070 Novi Beograd | Republika Srbija | Tel/fax: +381 11 30 18 445
www.pkf.rs | mat.br. 08752524 | PIB 102397694 | t.r. 285-2011000000084-52 Sberbank | šifra delatnosti 6920

PKF d.o.o., Beograd je članica PKF International Limited, familije pravno nezavisnih firmi i ne prihvata odgovornosti i obaveze proistekle delovanjem ili nedelovanjem ostalih pojedinačnih firmi koje su članice mreže.

PKF d.o.o., Belgrade, is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

INDEPENDENT AUDITOR'S REPORT (Continue)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the „Centralni registar, depo i kliring hartija od vrednosti“ a.d., Belgrade as of December 31st 2018, the results of its operations and cash flows for the year then ended, in accordance with the accounting policies set out in the Notes to the Financial Statements and the Accounting Law of the Republic of Serbia.

Statement on other legal and regulatory requirements

The Company is responsible for the preparation of the Annual business report, in accordance with the requirements of the Law on Accounting of the Republic of Serbia (Official Gazette of the Republic of Serbia No. 62/2013). It is our responsibility to express our opinion on the compliance of the Annual business report with financial statements for 2018. In this regard, our procedures are conducted in accordance with the International Standard on Auditing 720 - Responsibility of the auditor in relation to other information in the documents containing the financial statements that were subject to the audit, and we are limited to the assessment of the compliance of the report on operations with the financial statements.

In our opinion, the Annual business report is in accordance with the financial statements that were audited.

Belgrade, March 19th 2019

**This is English translation of the
original issued in Serbian language**



Slobodan Skurtić
Slobodan Skurtić
Certified auditor

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STATEMENT OF FINANCIAL POSITION

on 31 December
(in RSD 000)

Item	Notes*	31.12.2018.	31.12.2017.	01.01.2017.
SUBSCRIBED CAPITAL UNPAID				
FIXED ASSETS		29.112	40.526	47.350
INTANGIBLE ASSETS		3.971	7.085	10.688
Research and development costs				
Concession, patents, licences, brands and service marks, software and other rights		3.971	7.085	10.688
Goodwill				
Other intangible assets				
Intangible assets in progress				
Advances paid for intangible assets				
PROPERTY, PLANT AND EQUIPMENT		24.181	32.481	36.662
Land				
Buildings				
Plant and equipment		19.818	27.601	36.091
Investment property				
Other property, plant and equipment		571	571	571
Property, plant and equipment under construction				
Leashold of property, plant and equipment under construction		3.792	4.309	
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		960	960	
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				
Daubtful receivables and receivables under litigation				
Other long-term receivables		960	960	
DEFERED TAX ASSETS				
CURRENT ASSETS		306.891	300.462	288.116
INVENTORIES		75	173	
Material, spare parts and tools				
Work and services in progress				
Finished goods				
Merchandise				
Assets held for trading				
Advances paid for inventories and services		75	173	
RECEIVABLES FROM SALES		8.262	12.242	12.652
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		8.262	12.242	12.652
Trade receivables - foreign				
Other trade receivables				
RECEIVABLES FROM SPECIFIC BUSINESS OPERATIONS				
OTHER RECEIVABLES		11.005	9.165	8.726
FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE THROUGH STATEMENT OF COMPREHENSIVE INCOME				
SHORT-TERM FINANCIAL INVESTMENTS		250.000	210.000	180.000
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		250.000	210.000	180.000
CASH AND CASH EQUIVALENTS		36.846	68.273	85.952
VALUE ADDED TAX (VAT)				
PREPAYMENTS AND ACCRUED INCOME		703	609	786
ASSETS		<u>336.003</u>	<u>340.988</u>	<u>335.466</u>
OFF-BALANCE SHEET ASSETS		357.595	423.757	421.684

STATEMENT OF FINANCIAL POSITION

on 31 December
(in RSD 000)

Item	Notes*	31.12.2018.	31.12.2017.	01.01.2017.
CAPITAL		331.330	335.936	329.571
BASIC CAPITAL		190.178	190.178	190.178
Share capital		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		24.308	24.308	24.308
SUBSCRIBED CAPITAL UNPAID				
OWN SHARES AND STAKES PURCHASED				
RESERVES		46.301	44.929	42.821
REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT		1.668	1.909	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		93.183	98.920	94.622
Retained profit from previous years		84.070	71.480	52.471
Retained profit from current year		9.113	27.440	42.151
SHARES WITHOUT CONTROL RIGHTS				
LOSS				
Previous year's losses				
Current year loss				
LONG-TERM PROVISIONS AND LIABILITIES		2.354	2.354	2.354
LONG-TERM PROVISIONS		2.354	2.354	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	2.354	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		228	910	1.477
SHORT-TERM LIABILITIES		2.091	1.788	2.064
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		70	70	218
LIABILITIES FROM BUSINESS OPERATIONS		1.238	880	1.195
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		1.196	805	1.136
Trade payables - foreign				
Other liabilities from business operations		42	75	59
OTHER SHORT-TERM LIABILITIES				
LIABILITIES FOR VALUE ADDED TAX (VAT)		748	693	651
LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS, AND OTHER DUTIES		35	145	
ACCRUALS AND DEFERRED INCOME				
LOSS EXCEEDING THE AMOUNT OF CAPITAL				
LIABILITIES		336.003	340.988	335.466
OFF-BALANCE SHEET LIABILITIES		357.595	423.757	421.684

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

These financial statements were approved for publication on 27.02.2019. and were signed by the legal representative CSD OF SERBIA.

ANA JOVANOVIĆ

DIREKTOR

STATEMENT OF COMPREHENSIVE INCOME

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

CSD OF SERBIA

	Notes*	2018.	2017.
INCOME AND EXPENSES FROM ORDINARY OPERATING			
OPERATING INCOME		125.078	148.829
SALES OF MERCHANDISE			
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			
SALES OF GOODS AND SERVICES RENDERED		113.248 ##	132.491
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		113.248	132.491
Sales of finished goods and services rendered to foreign customers			
INCOME FROM PREMIUMS, SUBVENTIONS, DONATIONS, ETC.			
OTHER OPERATING INCOME		11.830	16.338
EXPENSES FROM ORDINARY OPERATING			
OPERATING EXPENSES		122.923	124.012
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		2.228	1.112
Costs of fuel and energy		2.969	3.152
Costs of salaries, fringe benefits and other personal expenses		67.951	65.723
Costs of production services		20.718	23.031
Costs of depreciation		11.931	13.065
Costs of long-term provisions			
Non-production costs		17.126	17.929
OPERATING PROFIT		2.155	24.817
OPERATING LOSS			
FINANCIAL INCOME		7.507	7.672
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)		7.506	7.672
FX GAINS AND INCOME FROM THE EFFECTS OF CURRENCY CLAUSE (RELATED TO THIRD PARTIES)		1	
FINANCIAL EXPENSES		13	68
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)			28
FX LOSSES AND LOSSES FOR CURRENCY CLAUSE EFFECTS (RELATED TO THIRD PARTIES)		13	40
PROFIT FROM FINANCIAL ACTIVITIES (FINANCIAL PROFIT)		7.494	7.604
LOSS FROM FINANCIAL ACTIVITIES (FINANCIAL LOSS)			
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			
OTHER INCOME		1.656	439
OTHER EXPENSES		20	60
PROFIT FROM ORDINARY OPERATING BEFORE TAXATION		11.285	32.800
LOSS FROM ORDINARY OPERATING BEFORE TAXATION			
NET PROFIT FROM TERMINATING OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICES AND EFFECTS OF ERRORS FROM PREVIOUS PERIODS			
NET LOSS FROM TERMINATING OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICES AND EFFECTS OF ERRORS FROM PREVIOUS PERIODS		55	
PROFIT BEFORE TAXATION		11.230	32.800
LOSS BEFORE TAXATION			
TAX ON PROFIT			
Current Tax		2.799	
Deferred tax expense of the period			
Deferred tax income of the period		682	
Salaries paid to the employer			
NET PROFIT		<u>9.113</u>	<u>27.440</u>
NET LOSS			
NET PROFIT TO BE DESTRIIBUTED TO MINORITY SHAREHOLDERS			
NET PROFIT TO BE DESTRIIBUTED TO MAJORITY SHAREHOLDERS			
NET LOSS TO BE DESTRIIBUTED TO MINORITY SHAREHOLDERS			
NET LOSS TO BE DESTRIIBUTED TO MAJORITY SHAREHOLDERS			
EARNINGS PER SHARE			
Base earnings per share			1
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*	2018.	2017.
NET OPERATING PROFIT OR LOSS			
NET OPERATING PROFIT OR LOSS		9.113	27.440
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		241	41
<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		241	41
TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS			
OTHER COMPREHENSIVE NET PROFIT			
OTHER COMPREHENSIVE NET LOSS		241	41
TOTAL COMPREHENSIVE NET INCOME FOR PERIOD			
TOTAL COMPREHENSIVE NET PROFIT		<u>8.872</u>	<u>27.399</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

CSD OF SERBIA

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

Positions	Notes*	2018.	2017.
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows from operating activities		137.137	155.486
Sale and received advances		117.228	132.753
Interest received from operating activities		6.401	5.755
Other inflows from operating activities		13.508	16.978
Cash outflows from operating activities		114.315	116.245
Payments to suppliers and given advances		42.807	45.407
Salaries and wages		67.951	65.723
Interest paid		0	2
Tax on profit		3.557	5.113
Payments based on other public income		0	0
Net cash inflow from operating activities		22.822	39.241
Net cash outflow from operating activities		0	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows from investing activities		0	436
Sale of stocks and shares (net inflows)		0	0
Sale of intangible assets, property, plant, equipment and biological assets		0	436
Other financial investments (net inflows)		0	0
Received interest		0	0
Received dividends		0	0
Cash outflows from investing activities		40.517	36.241
Purchase of stocks and shares (net outflows)		0	0
Purchase of intangible assets, property, plant, equipment and biological assets		517	6.241
Other financial investments (net outflows)		40.000	30.000
Net cash inflow from investing activities		0	0
Net cash outflow from investing activities		40.517	35.805
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows from financing activities		0	0
Increase of fixed capital		0	0
Long term loans (net inflows)		0	0
Short term loans (net inflows)		0	0
Other long term liabilities		0	0
Other short term liabilities		0	0
Cash outflows from financing activities		13.720	21.075
Purchase of own stocks and shares		0	0
Long term loans (net outflows)		0	0
Short term loans (net outflows)		0	0
Other liabilities (net outflows)		0	0
Financial leasing		0	0
Paid dividends		13.720	21.075
Net cash inflow from financing activities		0	0
Net cash outflow from financing activities		13.720	21.075
TOTAL CASH INFLOWS		137.137	155.922
TOTAL CASH OUTFLOWS		168.552	173.561
NET CASH INFLOW		0	0
NET CASH OUTFLOW		31.415	17.639
CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD		68.273	85.952
FOREIGN EXCHANGE GAINS FROM CONVERSION OR CASH		1	0
FOREIGN EXCHANGE LOSSES FROM CONVERSION OF CASH		13	40
CASH AT THE END OF THE ACCOUNTING PERIOD		36.846	68.273

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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 2017																
Account debit balance																
Account credit balance		190.178		42.821			94.622	1.950								329.571
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 2017																
Corrections on debit side of an account																
Corrections on credit side of an account		190.178		42.821			94.622	1.950								329.571
Changes in the previous year																
Balance on the debit side of an account							23.183	41								
Balance on the credit side of an account				2.108			27.481									
Ending balance of the previous year on 31 December 2017																
Account debit balance																
Account credit balance		190.178		44.929			98.920	1.909								335.936
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 2018																
Corrections on debit side of an account																
Corrections on credit side of an account		190.178		44.929			98.920	1.909								335.936
Changes in the current year																
Balance on the debit side of an account							27.440	241								
Balance on the credit side of an account				1.372			21.703									
Ending balance of the current year on 31 December 2018																
Account debit balance																
Account credit balance		190.178		46.301			93.183	1.668								331.330

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