

CENTRAL DEPOSITORY AGENCY AD, PODGORICA

**Financial Statements
Year Ended December 31, 2013
and Independent Auditors' Report**

'This Report is translation of the part of Auditors' Report issued in the Montenegrin language. Notes to the financial statements which form an integral part of these financial statements are not translated and presented within this Report. In the case of any discrepancy between the Montenegrin and English versions, the Montenegrin shall prevail

CENTRAL DEPOSITORY AGENCY AD, PODGORICA

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Central Depository Agency AD, Podgorica

We have audited the accompanying financial statements (pages 2 to 5) of Central Depository Agency AD, Podgorica (hereinafter referred to as the "Company"), which comprise the statement of financial position as of December 31, 2013 and the related statement of comprehensive income, statement of changes in equity and cash flow statement 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 the Law on accounting and audit of Montenegro, as well as for internal control which management consider to be relevant to 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 and the Law on Accounting and Auditing of Montenegro. 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 solid basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Depository Agency AD, Podgorica as of December 31, 2013, as well as of its financial performance and cash flows for the year then ended in accordance with the accounting regulations of Montenegro.

Other Matters

The financial statements of Central Depository Agency AD, Podgorica for the year ended December 31, 2013 were audited by another auditor who expressed an unmodified opinion on those statements as at March 18, 2013.

Deloitte d.o.o., Podgorica
Podgorica, Montenegro
March 20, 2014

Žarko Mionić, Certified Auditor
(Licence No. 062, issued on March 10, 2011)

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STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2013
(In €s)

No. of standard form	Category/Position	Notes	(Audited by another auditor)	
			Current 2013	Previous 2012
	OPERATING INCOME		<u>590,338</u>	<u>566,008</u>
1	Sales		590,338	566,008
	OPERATING EXPENSES		<u>(662,288)</u>	<u>(623,344)</u>
2	Cost of material		(16,152)	(17,441)
3	Wages, salaries and other personal expenses		(434,360)	(456,125)
4	Depreciation and provision costs		(56,176)	(40,087)
5	Other operating expenses		<u>(155,600)</u>	<u>(109,691)</u>
A	OPERATING RESULT		<u>(71,950)</u>	<u>(57,336)</u>
I	Finance income		10,031	14,852
II	Financial expenses		<u>(2)</u>	<u>(2)</u>
B	FINANCIAL RESULT		<u>10,029</u>	<u>14,850</u>
I	Other income		7,051	5,009
II	Other expenses		<u>(52,383)</u>	<u>(31,055)</u>
C	RESULT FROM OTHER ACTIVITIES		<u>(45,332)</u>	<u>(26,046)</u>
D	RESULT FROM OPERATING ACTIVITIES BEFORE TAX		(107,253)	(68,532)
F	RESULT BEFORE TAX		(107,253)	(68,532)
H	Income tax expense		<u>(4,226)</u>	<u>(7,825)</u>
2	Deferred tax income/expense		<u>(4,226)</u>	<u>(7,825)</u>
I	NET RESULT		<u><u>(111,479)</u></u>	<u><u>(76,357)</u></u>
	Earnings/(Loss) per share		<u>(1,115)</u>	<u>(764)</u>

The accompanying notes on the following pages
are an integral part of these financial statements.

These financial statements were adopted by the management of Central Depository Agency AD, Podgorica on March 20, 2014.

Signed on behalf of Central Depository Agency AD, Podgorica:

Preparer of the Financial
Statements

(Tatjana Blagojević)

Executive Director

(Vladimir Kaščelan)

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STATEMENT OF FINANCIAL POSITION
As of December 31, 2013
(In €s)

No. of standard form	Category/Position	Notes	(Audited by another auditor)	
			December 31, 2013	December 31, 2012
	ASSETS			
B	LONG-TERM ASSETS		361,545	382,883
II	INTANGIBLE ASSETS		307,201	312,057
III	PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS		54,344	70,826
1	Plant, Property and Equipment		54,344	70,826
E	CURRENT ASSETS		491,436	569,330
I	INVENTORIES		-	-
II	SHORT TERM RECEIVABLES, INVESTMENTS AND CASH		491,436	569,330
1	Receivables		241,571	204,150
2	Receivables for overpaid income tax		5,707	5,707
3	Short - term financial investments		100,000	200,000
4	Cash and cash equivalents		143,442	159,386
5	Value added tax and accruals		716	87
F	TOTAL ASSETS		852,981	952,213
	EQUITY AND LIABILITIES			
A	CAPITAL		798,257	909,736
I	SHARE CAPITAL		255,646	255,646
III	RESERVES		50,228	50,228
IV	POSITIVE REVALUATION RESERVES AND UNREALIZED GAINS ON FINANCIAL ASSETS AVAILABLE FOR SALE		7,902	7,902
VI	RETAINED EARNINGS		595,960	672,317
VII	LOSS		(111,479)	(76,357)
B	LONG-TERM PROVISIONS AND LONG- TERM LIABILITIES		9,586	14,739
I	LONG-TERM PROVISIONS		9,586	14,739
C	DEFERRED TAX LIABILITIES		11,575	7,349
D	SHORT-TERM PROVISIONS AND LIABILITIES		33,563	20,389
I	SHORT TERM LIABILITIES		33,563	20,389
3	Liabilities from operations		15,805	10,888
4	Other short-term liabilities and accruals		20	-
5	Liabilities for value added tax and other public income liabilities		17,738	9,501
E	TOTAL LIABILITIES AND EQUITY		852,981	952,213

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STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2013
(In €s)

<u>Content / Description</u>	<u>Share capital</u>	<u>Other reserves</u>	<u>Revaluation reserves</u>	<u>Loss</u>	<u>Retained Earnings</u>	<u>Total</u>
<i>(Audited by another auditor)</i>						
Balance, January 1, 2012	255,646	50,228	7,902	(112,192)	784,509	986,093
Covering of loss	-	-	-	112,192	(112,192)	-
Net profit for the year	-	-	-	(76,357)	-	(76,357)
Balance, December 31, 2012	<u>255,646</u>	<u>50,228</u>	<u>7,902</u>	<u>(76,357)</u>	<u>672,317</u>	<u>909,736</u>
Covering of loss	-	-	-	76,357	(76,357)	-
Net loss for the year	-	-	-	(111,479)	-	(111,479)
Balance, December 31, 2013	<u>255,646</u>	<u>50,228</u>	<u>7,902</u>	<u>(111,479)</u>	<u>595,960</u>	<u>798,257</u>

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CASH FLOW STATEMENT
For the Year Ended December 31, 2013
(In €s)

<u>Category/Position</u>	Current year 2013	<i>(Audited by another auditor)</i> Previous year 2012
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers and received advances	631,550	638,937
Other receipts from operating activities	3,561	2,347
Cash paid to suppliers and payments in advance	(187,838)	(165,186)
Gross salaries and wages	(460,639)	(467,403)
Interests paid	(2)	-
Other tax paid	(78,028)	(64,928)
	<u>(91,396)</u>	<u>(56,233)</u>
<i>Net cash used in operating activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES		
Other financial investments (net receipts)	100,000	200,050
Interests received from investing activities	10,290	15,109
Purchase of intangible assets, property, plant, equipment and biological assets	(34,838)	(171,108)
	<u>75,452</u>	<u>44,051</u>
<i>Net cash generated from investing activities</i>		
CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>-</u>	<u>-</u>
<i>Net cash generated from financing activities</i>		
NET CASH FLOW	(15,944)	(12,182)
CASH AT THE BEGINNING OF THE REPORTING PERIOD	<u>159,386</u>	<u>171,568</u>
CASH AT THE END OF THE REPORTING PERIOD	<u><u>143,442</u></u>	<u><u>159,386</u></u>

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