

**THE INDEPENDENT AUDITOR'S  
REPORT FOR THE YEAR ENDED  
31 DECEMBER 2013  
SARANTIS LTD BELGRADE,  
SERBIA**

- Translation of the Official Serbian version -

*February 2014*

# ***FINODIT***

*Audit company  
Belgrade, Imotska 1*

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SARANTIS DOO  
MILUTINA MILANKOVICA 27  
BELGRADE, SERBIA

## INDEPENDENT AUDITOR'S REPORT

TO: THE DIRECTOR OF THE COMPANY SARANTIS DOO, BELGRADE

We have audited the accompanying financial statements of SARANTIS DOO BELGRADE which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, 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 accounting regulations 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 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.

-continued on next page-

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## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

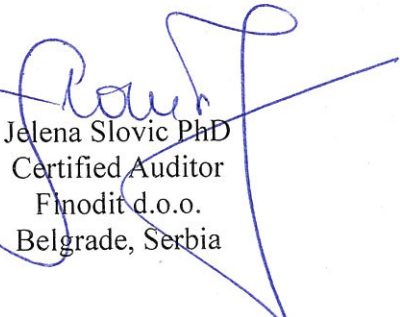
TO: THE DIRECTOR OF THE COMPANY SARANTIS DOO, BELGRADE

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SARANTIS DOO BELGRADE as of 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with accounting regulations of the Republic of Serbia.

In Belgrade, 21 February 2014.



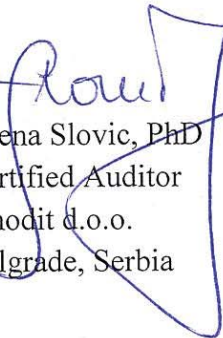
  
Jelena Slovic PhD  
Certified Auditor  
Finodit d.o.o.  
Belgrade, Serbia

**INDEPENDENCE CONFIRMATION**  
**FOR THE AUDIT OF**  
**SARANTIS LTD, BELGRADE, SERBIA**

We confirm that:

1. We have read and understand the independence requirements applicable to Greece audit clients for local auditors and, with respect to **SARANTIS S.A. GREECE** and all of its related entities indicated on the listing provided to us. **FINODIT, AUDITING COMPANY, BELGRADE, SERBIA** is independent in accordance with the Greece independence rules and the independence rules of Serbia, i.e. International Auditing Standards independence requirements.
2. The partner and staff who work on the audit engagement are independent in accordance with my firm's independence rules, Greece independence rules and the independence rules of Serbia, i.e. International Auditing Standards independence requirements.
3. I have carried out the necessary enquiries and based on my personal knowledge. We are not aware of any actual, or potential, threats to the firm's independence or the objectivity of the engagement partner and audit staff, including those arising from the provision of non-audit services.
4. We will ensure that the group engagement partner is notified of any other relationships which exist between the firm and its related entities and the client entity and its related entities that may reasonably be thought to bear on the firm's independence and the objectivity of the engagement partner and audit staff.

In Belgrade, 21 February 2014

  
Jelena Slovic, PhD  
Certified Auditor  
Finodit d.o.o.  
Belgrade, Serbia







Sarantis d.o.o. Beograd  
Sedište: Milutina Milankovića 27  
11070 Beograd, Srbija  
matični broj 17162403  
šifra delatnosti 46.45  
pib 100180969  
tekuci racun 275-0000220007271-82  
205-77291-45

**SARANTIS S.A. GROUP**  
**Management Representation Letter**

Date 05 February 2014

To FINODIT, Audit Company  
Belgrade, Serbia

This representation letter is provided in connection with your audit of the reporting package of SARANTIS L.T.D. BELGRADE, SERBIA as of December 31, 2013 for the purpose of expressing an opinion as to whether the reporting package presents fairly the financial position and results of operations in accordance with the SARANTIS S.A. Group guidelines for consolidated financial statements and the supplementary instructions.

We confirm, to the best of our knowledge and belief, the following representations:

We acknowledge our responsibility for the fair presentation of the reporting package in accordance with the SARANTIS S.A. Group guidelines for consolidated financial statements and the supplementary instructions as well as for the design, implementation and operation of the accounting system and internal controls to prevent and detect fraud and material errors.

1. The reporting package is in compliance with the SARANTIS S.A. Group guidelines for consolidated financial statements and is free from material misstatements (e.g. inaccurate recognition, assessment, presentation and disclosure of business transactions or incomplete or missing information).
2. We have provided you with all accounting records, receipts and business correspondence as well as minutes of all shareholders general meetings and board of directors meetings. There are no resolutions which could have a material impact on the financial statements, which we have not informed you of.
3. All business transactions and all assets and liabilities, which require to be recorded in the business year, are included in the reporting package. In particular, the following have been fully and properly recorded and, if required, adequately disclosed in the reporting package:
  - Assets pledged as collateral. The company has satisfactory legal title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in the reporting package.
  - Liabilities and disclosures in the reporting package, in particular current liabilities, impairments, provisions, anticipated losses arising from sale and purchase commitments, liabilities in connection with the recapitalization of potential pension plan deficit,

guarantees, or other contingent liabilities as well as comparable guarantees given in favour of third parties;

- Balances and transactions with related parties – also the information provided regarding the identification of related parties is complete;
  - In our opinion, significant assumptions made in connection with the valuation and disclosure of all items are adequate, comply with our intentions and are in accordance with the SARANTIS S.A. Group guidelines for consolidated financial statements.
4. Contracts, credit arrangements, litigations or alterations which are not disclosed in the reporting package but are material for the assessment of the financial statements of the company do not exist.
  5. We confirm that there were no violations of law or other regulations (e.g. regarding direct taxes; VAT; social security laws; environmental requirements) or we have informed you of all violations of law or other regulations that we are aware of. The company has complied with all aspects of contractual agreements and legal prescriptions that could have a material effect on the financial statements in the event of non-compliance.
  6. We believe the effects of the uncorrected financial statement misstatements aggregated by you during the audit are immaterial, both individually and in aggregate, to the financial statements taken as a whole. A summary of such items is attached to this document.
  7. We have disclosed to you the result of our assessment of the risk that the financial statements may be materially misstated due to fraud. We confirm that we are not aware of any material fraud or fraud where members of the board of directors, members of management or employees with an important role in the internal controls are involved.
  8. We are not aware of any allegations regarding fraud which could have a material impact on our financial statements. Such allegations could have been made, for example, by employees or third parties.
  9. We have no plans or intentions,
    - and we are not aware of any events which could pose substantial doubts regarding SARANTIS L.T.D. BELGRADE, SERBIA going concern;
    - that may materially alter the carrying value or classification of assets or liabilities in the financial statements;
    - That will result in any excess or obsolete inventory or in an impairment of tangible assets. Inventory is not stated in excess of net realisable value nor is any tangible assets valued above the value in use or net selling price.
  10. Up to the date of the completion of your audit, all known events, which have to be disclosed in the financial statements, are reflected in the reporting package. All subsequent events of which we become aware up to the date of the annual general meeting, which have an impact on the financial statements, will be communicated to you without delay.

Yours sincerely

Petar Labudović  
Chief Executive Officer  
Sarantis Ltd., Belgrade, Serbia

Branka Kosovac  
Chief Financial Officer  
Sarantis Ltd., Belgrade, Serbia



Enclosure:

- Signed reporting package



## I. BASIC COMPANY INFORMATION

Company name - full:	“SARANTIS” ltd Beograd, Milutina Milankovića no 27
Registered office:	Milutina Milankovića no 27, Belgrade
Legal form:	Limited Liability Company
Registration number:	17162403
TIN:	100180969
Business activity:	4645 - Wholesale cosmetic products
Number of employees:	68
Company size:	Large
Responsible person:	Petar Labudović
Financial manager:	Branka Kosovac
Person responsible for preparation and signing of financial statements:	Branka Kosovac
Company founder:	GR Sarantis Cyprus limited, Nicosia, Cyprus
Last registration with the Business registers agency:	13 January 2012
Audit from previous year:	Confida Finodit ltd Belgrade
Has consolidation performed:	Yes
Company acts:	Founding act Accounting policies and regulations Group Accounting policies and regulations

## II. FINANCIAL STATEMENTS

### BALANCE SHEET AS AT 31 DECEMBER 2013

- in thousand RSD -

Group of accounts, account	I T E M	AOP	Amount	
			Current year	Previous year
	<b>ASSETS</b>			
	<b>A. FIXED ASSETS (002+003+004+005+009)</b>	001	<b>77,519</b>	<b>497,176</b>
00	I. SUBSCRIBED CAPITAL UNPAID	002	-	
012	II GOODWILL	003	-	
01 excl.012	III INTANGIBLE ASSETS	004	32,909	25,299
	IV PROPERTY PLANT AND EQUIPMENT AND BIOLOGICAL AGENTS (006+007+008)	005	32,329	39,791
020, 022, 023, 026, 027(part), 028(part), 029	1. Property, plant and equipment	006	32,329	39,791
024, 027(part), 028(part)	2. Investment property	007	-	-
021, 025, 027(part), 028(part)	3. Biological agents	008	-	-
	V LONG-TERM FINANCIAL INVESTMENTS (010+011)	009	707,281	432,086
030 to 032, 039(part)	1. Share in equity	010	706,221	431,026
033 to 038, 039(part) excl. 037	2. Other long-term financial investments	011	1,060	1,060
	<b>B. CURRENT ASSETS (013+014+015)</b>	012	<b>1,172,527</b>	<b>1,136,488</b>
10 to 13, 15	I. INVENTORIES	013	245,719	304,195
14	II FIXED ASSETS HELD FOR SALE AND FROM ACTIVITIES BEING SUSPENDED	014	-	-
	III SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015	926,808	832,293
20, 21 and 22, excl. 223	1. Receivables	016	590,916	691,437
223	2. Receivables from prepaid profit tax	017	-	-
23 minus 237	3. Short-term financial investments	018	288,470	85,289
24	4. Cash and cash equivalents	019	41,481	55,088
27 and 28 excl. 288	5. Value added tax and accruals	020	5,941	479
288	V. DEFERRED TAX ASSETS	021	720	1,071
	<b>C. BUSINESS ASSETS (001+012+021)</b>	022	<b>1,945,766</b>	<b>1,634,735</b>
29	<b>D. LOSS ABOVE EQUITY</b>	023	-	-
	<b>E. TOTAL ASSETS (022+023)</b>	024	<b>1,945,766</b>	<b>1,634,735</b>
88	<b>F. OFF-BALANCE ASSETS</b>	025	-	-

- in thousand RSD -

Group of accounts, account	I T E M	AOP	Amount	
			Current year	Previous year
	<b>EQUITY AND LIABILITIES</b>			
	<b>A. EQUITY (102+103+104+105+106-107+108-109-110)</b>	<b>101</b>	1,621,544	1,373,913
30	I. SHARE CAPITAL	102	70,663	76,709
31	II. SUBSCRIBED CAPITAL UNPAID	103	-	-
32	III. RESERVES	104	12,380	6,334
330 and 331	IV. REVALUATION RESERVES	105	-	-
332	V. UNREALIZED GAINS FROM SECURITIES	106	-	-
333	VI. UNREALIZED LOSSES FROM SECURITIES	107	-	-
34	VII. RETAINED EARNINGS	108	1,538,501	1,290,870
35	VIII. LOSS	109	-	-
037 and 237	IX. BOUGHT-BACK SHARES	110	-	-
	<b>B. LONG-TERM PROVISIONS AND LIABILITIES (112+113+116)</b>	<b>111</b>	324,222	260,822
40	I. LONG-TERM PROVISIONS	112	-	-
41	II. LONG-TERM LIABILITIES (114+115)	113	-	-
414, 415	1. Long-term loans	114	-	-
41 excl. 414 and 415	2. Other long-term liabilities	115	-	-
	III. SHORT-TERM LIABILITIES (117+118+119+120+121+122)	<b>116</b>	324,222	260,822
42, excl. 427	1. Short-term financial liabilities	117	-	-
427	2. Liabilities for fixed assets held for sale and from activities being suspended	118	-	-
43 and 44	3. Liabilities from operating activities	119	268,325	237,510
45 and 46	4. Other short-term liabilities	120	2,127	9
47, 48 excl. 481 and 49 excl. 498	5. Liabilities for value added tax and other public revenue and accruals	121	43,578	19,053
481	6. Corporate profit tax liabilities	122	10,192	4,250
498	<b>C. DEFERRED TAX LIABILITIES</b>	<b>123</b>	-	-
	<b>D. TOTAL EQUITY AND LIABILITIES (101+111+123)</b>	<b>124</b>	1,945,766	1,634,735
89	<b>E. OFF-BALANCE SHEET LIABILITIES</b>	<b>125</b>	-	-

## INCOME STATEMENT

- in thousand RSD -

Group of accounts, account	I T E M	AOP	Amount	
			Current year	Previous year
	<b>A. INCOME AND EXPENSES FROM OPERATING ACTIVITIES</b>			
	<b>I. OPERATING INCOME (202 + 203 + 204 - 205 + 206)</b>	201	<b>1,928,723</b>	<b>1,836,856</b>
60 and 61	1. Income from sales	202	1,916,825	1,823,072
62	2. Revenue from use of own products, services and merchandise	203	6,724	13,784
630	3. Increase of inventories	204	-	-
631	4. Decrease of inventories	205	-	-
64 and 65	5. Other operating income	206	5,174	-
	<b>II. OPERATING EXPENSES (208 to 212)</b>	207	<b>1,520,729</b>	<b>1,475,189</b>
50	1. Costs of goods sold	208	1,151,577	1,090,128
51	2. Costs of material	209	13,604	12,257
52	3. Gross salaries, compensations for salaries and other personal expenses	210	129,195	123,147
54	4. Depreciation and provision expenses	211	14,343	12,556
53 and 55	5. Other operating expenses	212	212,010	237,101
	<b>III. NET OPERATING INCOME (201 - 207)</b>	213	407,994	361,667
	<b>IV. NET OPERATING LOSS (207 - 201)</b>	214	-	-
66	<b>V. FINANCIAL INCOME</b>	215	25,312	21,954
56	<b>VI. FINANCIAL EXPENSES</b>	216	19,727	17,087
67, 68	<b>VII. OTHER INCOME</b>	217	889	10,400
57, 58	<b>VIII. OTHER EXPENSES</b>	218	121,607	151,899
	<b>IX. NET PROFIT FROM OPERATING ACTIVITIES BEFORE TAX (213 - 214 + 215 - 216 + 217 - 218)</b>	219	<b>292,861</b>	<b>225,035</b>
	<b>X. NET LOSS FROM OPERATING ACTIVITIES BEFORE TAX (214 - 213 - 215 + 216 - 217 + 218)</b>	220	-	-
69-59	<b>XI. NET PROFIT FROM DISCONTINUED OPERATIONS</b>	221	-	-
59-69	<b>XII. NET LOSS FROM DISCONTINUED OPERATIONS</b>	222	-	-
	<b>B. PROFIT BEFORE TAX (219-220+221-222)</b>	223	<b>292,861</b>	<b>225,035</b>
	<b>C. LOSS (220-219+222-221)</b>	224	-	-
	<b>D. INCOME TAX</b>		<b>45,230</b>	<b>25,247</b>
721	1. Tax expenses of period	225	44,879	25,227
722	2. Deferred tax expense of the period	226	351	20
722	3. Deferred tax income of the period	227	-	-
723	<b>E. Paid personal income to the owner</b>	228	-	-
	<b>F. NET INCOME (223-224-225-226+227-228)</b>	229	<b>247,631</b>	<b>199,788</b>
	<b>G. NET LOSS (224-223+225+226-227+228)</b>	230	-	-
	<b>H. NET INCOME BELONGING TO MINORITY STAKEHOLDERS</b>	231	-	-
	<b>I. NET INCOME BELONGING TO OWNERS</b>	232	-	-
	<b>J. EARNINGS PER SHARE</b>		-	-
	1. Basic earnings per share	233	-	-
	2. Diluted earnings per share	234	-	-



**STATEMENT OF CHANGES IN EQUITY**  
**for the period from 01.01. to 31.12.2013**

- in thousand RSD -

	Share capital	Other capital	Subscribed capital unpaid	Share premium	Statutory reserves	Revaluation reserves	Unrealized security gains	Unrealized security losses	Profit	Loss	Treasury shares	Total	Loss above equity
<b>Balance as of 01.01.2012</b>	<b>76,709</b>				<b>6,334</b>				<b>1,091,082</b>			<b>1,174,125</b>	
Adjustments for errors and changes in accounting policies													
<b>Adjusted opening balance</b>													
Increase in rev. reserves	76,709				6,334				1,091,082			1,174,125	
Adjustment to market value of securities									199,788			199,788	
Deferred tax liabilities from valuation of securities													
Net loss for the period													
<b>Balance as of 31.12.2012</b>	<b>76,709</b>				<b>6,334</b>				<b>1,290,870</b>			<b>1,373,913</b>	
Adjustments for errors and changes in accounting policies													
<b>Adjusted opening balance</b>	<b>76,709</b>				<b>6,334</b>				<b>1,290,870</b>			<b>1,373,913</b>	
Total increase in the current year					6,046				247,631			253,677	
Total decrease in the current year	6,046											6,046	
<b>Balance as of 31.12.2013</b>	<b>70,663</b>				<b>12,380</b>				<b>1,538,501</b>			<b>1,621,544</b>	

## CASH FLOW STATEMENT for the period 01.01. - 31.12.2013

- in thousand RSD -

Item	AOP	Amount	
		Current year	Previous year
1	2	3	4
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
I. Cash inflows from operating activities (1 to 3)	<b>301</b>	<b>2,340,697</b>	<b>2,062,239</b>
1. Inflows from sales and prepayments	302	2,334,740	2,051,945
2. Interest from operating activities	303	57	373
3. Other inflows from operating activities	304	5,900	9,921
II. Cash outflows from operating activities (1 to 5)	<b>305</b>	<b>1,880,366</b>	<b>2,013,587</b>
1. Trade payables and prepayments	306	1,530,723	1,555,361
2. Salaries, wages and other personnel expenses	307	129,703	125,625
3. Interests paid	308	5	223
4. Profit tax	309	38,937	23,754
5. Outflows from other public revenues	310	180,998	308,624
III. Net cash inflow from operating activities (I-II)	<b>311</b>	<b>460,331</b>	<b>48,652</b>
IV. Net cash outflow from operating activities (II-I)	<b>312</b>		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
I. Cash inflows from investing activities (1 to 5)	<b>313</b>	<b>6,942</b>	<b>11,369</b>
1. Sale of shares and stakes (net inflows)	314		
2. Sale of intangible assets, property, plant, equipment and biological agents	315	573	8,150
3. Other financial investments (net inflows)	316		
4. Interest from investing activities	317	6,369	3,219
5. Inflows from dividends	318		
II. Cash outflows from investing activities (1 to 3)	<b>319</b>	<b>482,877</b>	<b>72,803</b>
1. Purchase of shares and stakes (net outflows)	320	275,195	0
2. Purchase of intangible assets, property, plant, equipment and biological agents	321	10,480	39,735
3. Other financial investments (net outflows)	322	197,202	33,068
III. Net cash inflows from investing activities (I-II)	<b>323</b>		
IV. Net cash outflow from investing activities (II-I)	<b>324</b>	<b>475,935</b>	<b>61,434</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
I. Cash inflows from financing activities (1 to 3)	<b>325</b>		
1. Share capital increase	326		
2. Long-term and short-term loans (net inflows)	327		
3. Other long-term and short-term liabilities	328		
II. Cash outflows from financing activities (1 to 4)	<b>329</b>		
1. Treasury shares and stakes	330		
2. Long- and short-term loans and other liabilities (net outflows)	331		
3. Financial leasing	332		
4. Dividends paid	333		
III. Net cash inflows from financing activities (I-II)	<b>334</b>		
IV. Net cash outflows from financing activities (II-I)	<b>335</b>		
<b>D. TOTAL CASH INFLOWS (301+313+325)</b>	<b>336</b>	<b>2,347,636</b>	<b>2,073,608</b>
<b>E. TOTAL CASH OUTFLOWS (305+319+329)</b>	<b>337</b>	<b>2,363,243</b>	<b>2,086,390</b>

**Sarantis ltd Belgrade, Serbis**  
Audit of Financial statements for 2013

Item	AOP	Amount	
		Current year	Previous year
1	2	3	4
<b>F. NET CASH INFLOWS (336-337)</b>	<b>338</b>		
<b>G. NET CASH OUTFLOWS ( 337-336 )</b>	<b>339</b>	<b>15,604</b>	<b>12,782</b>
<b>H. CASH AT THE BEGINNING OF THE PERIOD</b>	<b>340</b>	<b>55,088</b>	<b>66,243</b>
<b>I. POSITIVE EFFECTS ON EXCHANGE RATE CHANGES FROM CASH CALCULATION</b>	<b>341</b>	<b>1,997</b>	<b>1,627</b>
<b>J. NEGATIVE EFFECTS ON EXCHANGE RATE CHANGES FROM CASH CALCULATION</b>	<b>342</b>		
<b>K. CASH AT THE END OF THE PERIOD (338-339+340+341-342)</b>	<b>343</b>	<b>41,481</b>	<b>55,088</b>

### III. NOTES TO THE FINANCIAL STATEMENTS

#### 1. BALANCE SHEET

As of 31.12.2013 the company Sarantis ltd Belgrade, Serbia prepared balance sheet as follows (in RSD thousand):

<i>Assets</i>	<i>Amount</i>	<i>% of share</i>	<i>Equity and Liabilities</i>	<i>Amount</i>	<i>% of share</i>
Fixed assets	772,519	39.70	Equity	1,621,544	83.34
Current assets	1,172,527	60.26			
Deferred tax assets	720	0.04	Long-term provision and liabilities	324,222	16.66
<b><i>Total Assets:</i></b>	<b>1,945,766</b>	<b>100.00</b>	<b><i>Total Equity and Liabilities:</i></b>	<b>1,945,766</b>	<b>100.00</b>

#### 1.1. ASSETS

Total assets of the company 'Sarantis' ltd Belgrade, Serbia amount to 1,945,766 RSD thousand and include (in RSD thousand):

Fixed assets	772,519
Current assets	1,172,527
Deferred tax assets	720
<b>Total assets</b>	<b>1,945,766</b>

#### 1.1.1. FIXED ASSETS

Fixed assets of the company 'Sarantis' ltd Belgrade, Serbia disclosed as of 31 December 2013 in the amount of 772,519 RSD thousand include (in RSD thousand):

<i>Fixed Assets</i>	<i>Current year</i>	<i>Previous year</i>
Intangible assets	32,909	25,299
Property, plant and equipment	32,329	39,791
Long-term financial placements	707,281	43,086
<b>Total Fixed Assets:</b>	<b>772,519</b>	<b>497,176</b>



#### ***1.1.1.1. INTANGIBLE ASSETS***

Intangible assets amount to 32,909 RSD thousand and relate to the investment in the introduction of the SAP information system:

<i>Intangible Assets</i>	<i>Current year</i>	<i>Previous year</i>
Other intangible assets	32,254	797
Intangible assets in preparation	655	24,502
<b><i>Total Intangible Assets:</i></b>	<b>32,909</b>	<b>25,299</b>

Depreciation of intangible assets is disclosed in the amount of 51,404 RSD thousand. Although the level of the Group's defined rate of depreciation for SAP System on an annual level of 4.5%, we consider that the percentage of calculating depreciation should be at least 10.00% and that stated percentage should be incorporated into the Company's accounting policies.

#### ***1.1.1.2. PROPERTY, PLANT AND EQUIPEMENT***

Property, plant and equipment amount to 39.329 RSD thousand and include (in RSD thousand):

<i>Property, Plant and Equipment</i>	<i>Current year</i>	<i>Previous year</i>
Plant and equipment	32,329	35,687
Property, plant and equipment in progress	0	4,104
<b><i>Total Property, Plant and Equipment:</i></b>	<b>32,329</b>	<b>39,791</b>

In accordance with adopted accounting manual property, plant and equipment are measured at cost less accumulated depreciation.

Count of property, plant and equipment was performed as of 31.12.2013 by the commission organised and based on decision of Managing Board. The Commission performed count as of 31.12.2013 and performed reconciliation with accounting records.

Following table shows property, plant and equipment, including all changes disclosed in accounting records for reporting period, which had influence to their value (in RSD thousand):

<i>Property, Plant and Equipment</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>
<u>Plant and equipment</u>			
Opening balance 01.01.2013	<u>58,359</u>	<u>22,672</u>	<u>35,687</u>
Increase during the year	9,838	12,939	3,101

<i>Property, Plant and Equipment</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>
Decrease during the year	1,716	1,459	257
<u>Total plant and equipment :</u>	<u>66,481</u>	<u>34,152</u>	<u>32,329</u>
<u>Plant and equipment in progress</u>			
Opening balance 01.01.2013	<u>4,103</u>	0	<u>4,103</u>
Increase during the year	5,734	0	5,734
Decrease during the year	(9,838)	0	(9,838)
<u>Total plant and equipment in progress</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Property, Plant and Equipment:</i>	<u>66,481</u>	<u>34,152</u>	<u>32,329</u>

Plant and equipment as of 31.12.2013 are disclosed in the amount of 32,329 RSD thousand. There were new acquisitions of plant and equipment during 2013, passenger cars (Hyundai). Total depreciation for plant and equipment is calculated and recorded in the amount of 12,939 RSD thousand.

### ***1.1.1.3. LONG-TERM FINANCIAL INVESTMENTS***

Long-term financial investments are disclosed as of 31.12.2013 in the amount of 707,281 RSD thousand and relate to (in RSD thousand):

<i>Long-term Financial Investments</i>	<i>Current year</i>	<i>Previous year</i>
Investment in third party assets	706,221	431,026
Other long-term financial investments	1,060	1,060
<i>Total Long-term Financial Investments:</i>	<i>707,281</i>	<i>432,086</i>

Investment in third party assets amount to 706,221 RSD thousand and related to investments at (in RSD thousand):

Sarantis Skopje ltd	669,977
Sarantis Banja Luka ltd	36,243
<i>Total investment in third party assets</i>	<i>706,221</i>

During the current year there was change on this position, i.e. Sarantis Ltd Belgrade became the owner of an additional 20.00% interest in the ownership Sarantis Skopje.

Other long-term financial investments in the amount of 1,060 RSD thousand relate to the deposit in the amount of three months rent for office space.

### ***1.1.2. CURRENT ASSETS***

Current assets disclosed in balance sheet as of 31.12.2013 amount to 1,172,527 RSD thousand and include following items (in RSD thousand):

<i>Current Assets</i>	<i>Current year</i>	<i>Previous year</i>
Inventories	245,719	304,195
Short-term receivables, investments and cash and cash equivalents	926,808	832,293
<i>Total Current Assets:</i>	<i>1,172,527</i>	<i>1,136,488</i>

#### ***1.1.2.1. INVENTORIES***

Inventories are disclosed in the amount of 245,719 RSD thousand and include (in RSD thousand):

<i>Inventories</i>	<i>Current year</i>	<i>Previous year</i>
Inventories of materials	6,589	9,995
Marchandise	154,860	138,275
Prepayments in afvance for inventories and services	84,270	155,925
<i>Total Inventories:</i>	<i>245,719</i>	<i>304,195</i>

Goods are disclosed in the amount of 154,860,449 RSD thousand and relate to merchandise in wholesale in the amount of 152,703 RSD thousand, merchandise at 3<sup>rd</sup> party warehoese in the amount of 2,019 RSD thousand and the calculation of merchandise acquisition in the amount of 137 RSD thousand.

Prepayments amount to 84.270 RSD thousand and relate to (in RSD thousand):

- given domestic prepayments in the amount of 2,360 RSD thousand
- given abroad prepayments in the amount of 81,910 RSD thousand. Majority of them relates to the company ‘Sarantis’ SA Greece for goods in the amount of 71,146 RSD thousand or 620,592.26 EUR.

#### ***1.1.2.2. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH AND CASH EQUIVALENTS***

Short-term receivables, investments and cash and cash equivalents amount to 926.808 RSD thousand and include (in RSD thousand):

<i>Short-term receivables, Investments and Cash and Cash Equivalents</i>	<i>Current year</i>	<i>Previous year</i>
Receivables	590,916	691,437
Short term financial investments	288,470	85,289
Cash and cash equivalents	41,481	55,088
VAT	5,941	479
<i>Total Short-term receivables, Investments and Cash and Cash Equivalents:</i>	<i>926,808</i>	<i>832,293</i>

### **1.1.2.3. RECEIVABLES**

Receivables disclosed as of 31.12.2013 in the amount of 590,916 RSD thousand and include (in RSD thousand):

<i>Receivables</i>	<i>Current year</i>	<i>Previous year</i>
Receivables from sales	588,650	687,142
Other receivables	2,266	4,295
<i>Total Receivables:</i>	<i>590,916</i>	<i>691,437</i>

*Receivables from sales* disclosed as of 31.12.2013 in the amount of 588,650 RSD thousand and include (in RSD thousand):

<i>Receivables</i>	<i>Current year</i>	<i>Previous year</i>
Customers-Affiliates	47,581	27,070
Customers-Associates	17,922	22,366
Customers on domestic market	495,447	602,335
Foreign Customers	29,267	35,371
Bad debts provision	(1,567)	0
<i>Total Receivables:</i>	<i>588,650</i>	<i>687,142</i>

*Affiliated customers* disclosed as of 31.12.2013 in the amount of 47,581 RSD thousand and related to Sarantis Skopje in the amount of 8,565 RSD thousand, Sarantis Banja Luka in the amount of 34,933 RSD thousand and GR Sarantis SA Greece in the amount of 4,083 RSD thousand.

*Associates customers* disclosed as of 31.12.2013 in the amount of 17,922 RSD thousand and related to Sarantis Poljskae in the amount of 6.256 RSD thousand, Sarantis Romania in the amount of 10,640 RSD thousand and Sarantis Bulgaria, Czech Republic and Sarantis Hungary in the amount of 1,026 RSD thousand. All of this receivables are are reconciled.

*Domestic trade receivables* are disclosed in the amount of 495,447 RSD thousand. The following table shows domestic trade receivables exceeding



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1,000 RSD thousand as of 31.12.2013. Domestic trade receivables with amounts less than 1,000 RSD thousand are presented within item “other receivables” (in RSD thousand).

<i>Debtors</i>	<i>Amount as of 31.12.2013</i>
Lilly Drogerie doo	88,382
Delhaise Serbia a d.	85,656
Mercator S doo	81,351
Idea doo	43,628
Metro Cash & Carry	21,899
DIS PTP doo, Krnjevo	19,232
DM-Drogerie Market	16,173
Univerexport doo	12,420
Veropulos doo	11,510
Bučeks doo	8,713
Gomex doo	4,234
CDE S doo Beograd	4,188
Z.U. Apoteka Lilly	3,641
Grupa Univerexport	3,348
C market	2,786
Trnava Promet doo	2,509
Only Original str	2,500
Moya Drogreria doo	2,069
Primanova doo	2,015
Europrom doo	1,715
Qvattro Company doo	1,491
Medius doo	1,438
BB Trade ad	1,380
Senta-Promet ad tp	1,278
Jasmin tp doo	1,272
Orion doo	1,187
Fortuna Market doo	1,182
Harizma Pro Team D	1,118
Lurdy doo Subotica	1,117
Sum:	429,430
Other receivables	66,017
<i>Total Domestic Trade Receivables:</i>	<i>495,447</i>

Audit procedures included independent reconciliation of balances (confirmation) as a regular procedure, which include 86.71% of balance of trade receivables. Receivables are 99.67% reconciled. As an alternative audit procedure we have used the solvency control of creditors, the control of signed contracts with creditors and all relevant documents related to the recognition of operating income.

*Foreign trade receivables* are disclosed in the amount of 29,267 RSD thousand. Following table shows foreign trade receivables as of 31.12.2013. (in RSD thousand and EUR):

<i>Debtors</i>	<i>Amount as of 31.12.2013 (RSD thousand)</i>	<i>Amount as of 31.12.2013 (EUR)</i>
'Nall International'	564	4,922.02
Expo commerce doo	21,728	189,524.65
'Antonio Puig' Spain	5,159	45,000.00
'Falcon' doo	1,815	15,834.19
<i>Total Foreign Trade Receivables:</i>	<i>29,267</i>	<i>255,280.86</i>

Audit procedures included independent reconciliation of balances (confirmation) as a regular procedure, which include 100,00% of balance of foreign trade receivables. This position is 100,00% reconciled from returned confirmations.

*Other receivables* disclosed as of 31.12.2013 in the amount of 2,266 RSD thousand and include (in RSD thousand):

<i>Other receivables</i>	<i>Current year</i>	<i>Previous year</i>
Receivables for interest and dividends	933	0
Receivables for employes for merchandise	14	264
Receivables for overpaid taxes and contributions	942	1,027
Other receivables	377	3,004
<i>Total rther receivables:</i>	<i>2,266</i>	<i>4,295</i>

#### *1.1.2.3.1. SHORT TERM FINANCIAL INVESTMENTS*

Other receivables disclosed as of 31.12.2013 in the amount of 288,470 RSD thousand and relate to term deposits in dinars and foreign currency at Societe General bank, Eurobank EFG, and Alfa Bank ad Beograd.

#### *1.1.2.3.2. CASH AND CASH EQUIVALENTS*

Cash and cash equivalentents are shown in the amount of 41,481 RSD thousand and relate to (in RSD thousand):

<i>Cash and Cash Equivalentents</i>	<i>Current year</i>	<i>Previous year</i>
Current accounts RSD	12,755	12,042
Foreign exchange current accounts	26,657	34,377

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<i>Cash and Cash Equivalents</i>	<i>Current year</i>	<i>Previous year</i>
Foreign currency Letters of Credit	2,069	8,661
<i>Total Cash and Cash Equivalents:</i>	<i>41,481</i>	<i>55,088</i>

***1.1.2.3.3. VALUE ADDED TAX AND DEFERED EXPENSES AND ACCRUED INCOME***

Value added taxed and accrued income are shown in the amount of 5,941 RSD thousand and relate to accrued income (in RSD thousand):

<i>Value Added Tax and defered expenses and accrued income</i>	<i>Current year</i>	<i>Previous year</i>
Deferd expenses	1,808	0
Input VAT	4,133	479
<i>Total Value Added Tax and defered expenses and accrued income:</i>	<i>5,941</i>	<i>479</i>

***1.1.3. DEFERRED TAX ASSETS***

Deferred tax assets is disclosed in the amount of 720 RSD thousand.

## **1.2. EQUITY AND LIABILITIES**

- Equity and liabilities disclosed in the amount of 1,945,766 RSD thousand and include following items (in RSD thousand):

Equity	1,621,544
Long-term provision and liabilities	324,222
<i>Total equity and liabilities</i>	<i>1,945,766</i>

### **1.2.1. EQUITY**

- Total equity as of 31.12.2013 amounts to 1,621,544 RSD thousand. Equity structure is as follow (in RSD thousand):

<i>Equity</i>	<i>Current year</i>	<i>Previous year</i>
Share capital	70,663	76,709
Legal reserves	12,380	6,334
Retained earnings	1,538,501	1.290,870
<i>Total Equity:</i>	<i>1,621,544</i>	<i>1,373,913</i>

#### **1.2.1.1. SHARE CAPITAL**

- Share capital as of balance sheet day amounts to 70,663 RSD thousand. Share capital had not been reconciled with capital registered with Serbian Business Registers Agency. During reporting period it was done, and that is reason because initial capital is reduced and legal reserves are increased for 6,046 RSD thousand.

#### **1.2.1.2. LEGAL RESERVES**

- Position of legal reserves amounts 12,280 RSD thousand and relate to statutory reserves formed in the previous years in the amount of 6,334 RSD thousand and harmonization with capital registered with Serbian Business Registers Agency in the amount of 6,046 RSD thousand.

#### **1.2.1.3. RETAINED EARNINGS**

- Retained earnings as of 31.12.2013 amount 1,538,501 RSD thousand and relate to (in RSD thousand):

<i>Retained Earnings</i>	<i>Current year</i>
Retained earnings from previous year	1,290,870
Retained earnings from current year	247,631
<i>Total Retained Earnings:</i>	<i>1,538,501</i>

### ***1.2.2. LONG TERM PROVISION AND LIABILITIES***

- Long-term provision and liabilities as of 31.12.2013 amounted to 324,222 RSD thousand and totally consist of short-term liabilities.

#### ***1.2.2.1. SHORT TERM LIABILITIES***

- Short-term liabilities in the amount of 324,222 RSD thousand include following liabilities maturing within 12 months (in RSD thousand):

<i>Short-term Liabilities</i>	<i>Current year</i>	<i>Previous year</i>
Trade payables-liabilities from operating activities	268,325	237,510
Other short-term liabilities	2,127	9
Liabilities for value added tax and other public reveanaue and accruals	43,578	19,053
Corporate profit tax liabilities	10,192	4,250
<i>Total Short-term Liabilities:</i>	<i>324,222</i>	<i>260,822</i>

##### ***1.2.2.1.1. TRADE PAYABLES***

- Trade payables as of 31.12.2013 amount to 268,325 RSD thousand. The structure of trade payables is (in RSD thousand):

<i>Trade Payables</i>	<i>Current year</i>	<i>Previous year</i>
Received prepayments	172	100
Trade payables - affiliated companies	10,931	9,041
Trade Payables - associates companies	46,995	49,272
Trade payables - domestic	119,873	82,919
Trade payables - foreign	90,307	96,178
Other Liabilities from operations	47	0
<i>Total Trade Payables:</i>	<i>268,325</i>	<i>237,510</i>

- Trade payables - affiliated companies* are disclosed as of 31.12.2013 in the amount of 10,931 RSD thousand and relate to GR Sarantis SA Greece and Cyprus. Liabilities are reconciled 100.00%.

- *Trade payables - associates companies* are disclosed as of 31.12.2013 in the amount of 46,995 RSD thousand and relate to Sarantis Poland in the amount of 41.079 RSD thousand and Sarantis Romania in the amount of 5,917 RSD thousand. All of these liabilities are reconciled 100.00%.
- *Trade payables - domestic* are disclosed in the amount of 119,873 RSD thousand. The following table shows domestic payables exceeding 100 RSD thousand as of 31.12.2013. Domestic payables with amounts less than 100 RSD thousand are presented within item "other receivables" (in RSD thousand).

<i>Trade Payables- domestic</i>	<i>Amount</i>
Interclean	62,289
Fullhouse Ogvly doo	23,219
Kuehne+Nagel	20,237
Jugoprevoz Agencija	3,517
Metro Cash & Carry	1,643
Čedanit doo	1,540
Savremena poslovnna	1,174
Lilly Drogerie doo	1,103
OMV Srbija doo	403
Hyundai Auto Beograd	122
Others	4,626
<i>Total Trade Payables:</i>	<i>119,873</i>

- Audit procedures included independent reconciliation of balances (confirmation) as a regular procedure, which include 96.61% of balance of trade receivables. Receivables are 99.96% reconciled. As an alternative audit procedure we have used the solvency control of creditors, the control of signed contracts with creditors and all relevant documents related to the recognition of operating income.
- Foreign trade payables as of 31.12.2013 are disclosed in the amount of 90,307 RSD thousand. The following table shows all foreign trade payables (RSD thousand):

<i>Foreign Trade Payables</i>	<i>Amount as of 31.12.2013 (RSD thousand)</i>
Antonio Puig Spain	11,218
Czech Aerosol, AS	75,772
Others	3,317
<i>Total Foreign Trade Payables:</i>	<i>90,307</i>



- Audit procedures included independent reconciliation of balances (confirmation) as a regular procedure, which include 96.33% of balance of foreign trade payables. This position is 100.00% reconciled

#### *1.2.2.1.2. OTHER SHORT-TERM LIABILITIES*

- Other short-term liabilities are disclosed in the amount of 2,127 RSD thousand and relate to :

Liabilities for net salaries	2,119
Liabilities for unrecognized collections	47
<i>Total other short-term liabilities:</i>	<i>2,127</i>

#### *1.2.2.1.3. VAT AND ACCRUALS*

- Liabilities for value added tax and other public revenue and accruals amount to 43,578 RSD thousand and relate to (in RSD thousand):

<i>Vat and Accruals</i>	<i>Current year</i>	<i>Previous year</i>
VAT payable	10,120	326
Accruals	33,457	18,728
<i>Total Vat and Accruals:</i>	<i>43,578</i>	<i>19,053</i>

VAT liabilities in the amount of 10,120 RSD thousand relate to (in RSD thousand):

<i>VAT Liabilities</i>	<i>Current year</i>	<i>Previous year</i>
Liabilities for VAT on the basis of differences of calculated VAT and ingoing VAT	10,067	275
tax for construction land	53	51
<i>Total VAT Liabilities:</i>	<i>10,120</i>	<i>326</i>

Accruals are disclosed in the amount of 33,457 RSD thousand relate to accrued expenses.

#### *1.2.2.1.4. CORPORATE PROFIT TAX LIABILITIES*

- Corporate profit tax liabilities is disclosed in the amount of 10,192 RSD thousand.

## **2. INCOME STATEMENT**

The Company has a profit in 2013 in the amount of 292,861 RSD thousand, as a difference between total income in the amount of 1,954,925 RSD thousand and total expenses in the amount of 1,662,061 RSD thousand.

The Company realized the profit in the segment of operating and financial income and expenses, while within other income and expenses it reported loss, as follows in the table bellow (in RSD thousand):

<i>Income and Expenses</i>	<i>Income</i>	<i>Expenses</i>	<i>Profit/</i>
			<i>Loss</i>
Operating	1,928,723	1,520,729	407,994
Finance	25,312	19,727	5,585
Other	889	121,607	(120,718)
<i>Total:</i>	<i>1,954,924</i>	<i>1,662,063</i>	<i>292,861</i>

### **1.1. INCOME**

Total income in the amount of 1,954,924 RSD thousand relates to (in RSD thousand):

<i>Income</i>	<i>Current year</i>	<i>Previous year</i>
Operating income	1,928,723	1,836,856
Financial income	25,312	21,954
Other income	889	10,400
<i>Total Income:</i>	<i>1,954,924</i>	<i>1,869,210</i>

#### **1.1.1. OPERATING INCOME**

Operating income in the year 2013 disclosed in the amount of 1,928,723 RSD thousand relates to (in RSD thousand):

<i>Operating Income</i>	<i>Current year</i>	<i>Previous year</i>
Operating income	1,916,825	1,823,072
Income from own consumption (free of charge)	6,724	13,784
Other operating income	5,174	0
<i>Total Operating Income:</i>	<i>1,928,723</i>	<i>1,836,856</i>

Sale revenues disclosed in the amount of 1,916,825 RSD thousand contains sales of product and services.

Sales of product and services disclosed in the amount of 1,916,825 RSD thousand, relates to (in RSD thousand):

<i>Sales of Product and Services</i>	<i>Amount</i>
<i>Sales of product and services to parent company</i>	165,882
<i>Sales of product and services other related parties</i>	90,846
<i>Sales of product and services on domestic market</i>	1,605,010
<i>Sales of product and services on foreign markets</i>	55,087
<b><i>Total Sales of Product and Services:</i></b>	<b>1,916,825</b>

### ***1.1.2. FINANCIAL INCOME***

Financial income in the amount of 25,312RSD thousand relate to (in RSD thousand):

<i>Financial Income</i>	<i>Current year</i>	<i>Previous year</i>
Financial revenues from affiliates companies	4,162	0
Financial revenues from associates companies	1,821	0
Interest income	7,359	3,462
Foreign exchange gains	11,029	18,419
Positive effects of currency clause	941	72
<b><i>Total financial income:</i></b>	<b>25,312</b>	<b>21,954</b>

Interest income in the amount of 7,359 RSD thousand relate to interest due to foreign credentials. Foreign exchange gains in the amount of 11,029 RSD thousand and incomes due to effects of currency clause in the amount of 941 RSD thousand relates to positive effect based on translation of items denominated in foreign currencies.

### ***1.1.3. OTHER INCOME***

Other income in the amount of 890 RSD thousand and relate to (in RSD thousand):

<i>Other income</i>	<i>Current year</i>	<i>Previous year</i>
Gains from sales of fixed assets	315	514
Surpluses	185	227
Amounts recovered	0	38
Other nonmentioned extraordinary Income	332	9,512
Revenues from valuation of receivables	58	109
<i>Svega ostali prihodi:</i>	<i>890</i>	<i>10,400</i>

## **1.2. EXPENSIS**

Total expenses in the amount of 1,662,061 relate to (in RSD thousand):

<i>Expenses</i>	<i>Current year</i>	<i>Previous year</i>
Operating expenses	1,520,729	1,475,189
Financial expenses	19,727	17,087
Other expenses	121,607	151,899
<i>Total Expenses:</i>	<i>1,662,063</i>	<i>1,644,175</i>

### **1.2.1. OPERATING EXPENSES**

Operating expenses in the amount of 1,520,729 RSD thousand relate to (in RSD thousand):

<i>Operating Expenses</i>	<i>Current year</i>	<i>Previous year</i>
Cost of good sold	1,151,576	1,090,128
Material cost	13,604	12,256
Net salaries	129,195	123,147
Depreciation	14,344	12,556
Other operating expenses	212,009	237,102
<i>Total Operating Expenses:</i>	<i>1,520,729</i>	<i>1,475,189</i>

Material cost in the amount of 13,604 RSD thousand, relates to (in RSD thousand):

<i>Material Cost</i>	<i>Amount</i>
Cost of other material (general and administrative materials)	3,503
Cost of fuel and energy	10,101
<i>Total Material Cost:</i>	<i>13,604</i>

Net salaries in the amount of 129,195 RSD thousand relate to (in RSD thousand):

<i>Net Salaries</i>	<i>Current year</i>	<i>Previous year</i>
Gross salaries	108,253	104,640
Taxes and contributions on salaries	16,693	16,258
Other personnel costs	3,367	2,249
<i>Total Net Salaries:</i>	<i>129,195</i>	<i>123,147</i>

Depreciation and provision expenses in the amount of 14,343 RSD thousand, relates to (in RSD thousand):

Amortization of intangible assets	1,404
Depreciation of plants and equipment	12,939
<i>Total depreciation:</i>	<i>14,344</i>

- Other operating expenses in the amount of 212,009 RSD thousand consist of production expenses and non material expenses.

- Production expenses in the amount of 169,924 RSD thousand, relate to (in RSD thousand):

<i>Production Expenses</i>	<i>Current year</i>	<i>Previous year</i>
Transportation services	51,506	52,214
Maintenance services	2,451	1,899
Rent	26,432	22,734
Marketing and advertising	73,177	93,930
Other services	16,358	16,248
<i>Total Production Expenses:</i>	<i>169,924</i>	<i>187,025</i>

- Non-material expenses in the amount of 42,085 RSD thousand relate to (in RSD thousand):

<i>Non-material Expenses</i>	<i>Current year</i>	<i>Previous year</i>
Non-production services	29,816	39,241
Representation expenses	4,444	2,129
Insurance premium	3,093	3,343
Bank charges	1,648	1,294
Membership fees	732	1,042
Indirect taxes	2,352	3,029
<i>Total Non-material Expenses:</i>	<i>42,085</i>	<i>50,077</i>

### ***1.2.2. FINANCIAL EXPENSES***

Financial expenses disclosed in the amount of 19,727 RSD thousand and include following expenses (in RSD thousand):

<i>Financial Expenses</i>	<i>Current year</i>	<i>Previous year</i>
Financial expenses from affiliated relations	2,840	0
Other financial expenses	2,485	223
Negative effects of currency clause	10,214	16,864
Losses on foreign currency clause	4,188	0
<i>Total Financial Expenses:</i>	<i>19,727</i>	<i>17,087</i>

Negative effects of currency clause in the amount of 10,214 RSD thousand relate to negative effects based on recalculation of items denominated in foreign currencies.

### ***1.2.3. OTHER EXPENSES***

Other expenses amount to 121.607 RSD thousand and consist of (in RSD thousand):

<i>Other Expenses</i>	<i>Current year</i>	<i>Previous year</i>
Loss on disposal and sale of intangible assets, property, plant and equipment	3,578	24,034
Other expenses	118,028	127,865
<i>Total Other Expenses:</i>	<i>121,607</i>	<i>151,899</i>

Other expenses in the amount of 121,607 RSD thousand mostly relate to subsequently granted discount on different bases.



### 3. CASH-FLOW STATEMENT

Inflows and outflows from operating, investing and financing activities are disclosed in the cash-flow statements.

Cash-flows summary is presented in the following table (in RSD thousand):

<i>Cash-flow Statement</i>	<i>Inflow</i>	<i>Outflow</i>	<i>Net inflow/(outflow)</i>
Cash - flow from operating activities	2,340,697	1,880,366	460,331
Cash - flow from investing activities	6,942	482,877	(475,935)
Cash - flow from financing activities	0	0	0
<u>Total</u>	<u>2,347,639</u>	<u>2,363,243</u>	<u>(15,604)</u>
Balance at the beginning of the year	55,088	0	0
Currency differences	1,997	0	0
<i>Balance at the end of the year:</i>	<i>2,404,724</i>	<i>2,363,243</i>	<i>41,481</i>

Cash inflow from operating activities amounts to 2,340,697 RSD thousand, while outflow from this segment amounts to 1,880,366 RSD thousand. Net cash inflow from the operating activity is 460,331 in RSD thousand.

Cash inflow from investing activities is disclosed in the amount of 475,935 RSD thousand, and mostly relates to new investments.

Net cash inflow for the year 2013 amounted to 15,604 RSD thousand.

Cash balance at the beginning of the year was 55,088 RSD thousand and decreased for net cash inflow in the amount of 1,997 RSD. Cash balance at the end of period amount to 41,481 RSD thousand.

#### **4. STATEMENT OF CHANGES IN EQUITY**

Changes in equity for reporting period are presented in statement of changes in equity as of 31.12.2013 (in RSD thousand):

<i>Statement of Changes in Equity</i>	<i>Balance 01.01.2013</i>	<i>Increase during 2013</i>	<i>Decrease during 2013</i>	<i>Balance 31.12.201x3</i>
Share capital	76,709		6,046	70,663
Reserves	6,334	6,046	0	12,380
Retained earnings	1,290,870	247,631	0	1,538,501
<i>Total Equity:</i>	<i>1,373,913</i>	<i>253,677</i>	<i>6,046</i>	<i>1,621,544</i>

Share capital in the amount of 70,663 RSD thousand relates to shares of limited liability Company which is 100% owned by GR Sarantis Cyprus Limited. Share capital was not reconciled with capital registered with Serbian Business Registers Agency. During reporting period it was done, and that is reason because initial capital is reduced and legal reserves are greater for 6,046 RSD thousand. This change is registered at the Serbian Business Register Agency.

Retained earnings at the beginning of the year were 1,290,870 RSD thousand and increased in the amount of 247,631 RSD thousand, which represent profit for the year. Retained earnings as of 31.12.2013 amounted to 1,538,501 RSD thousand.

Total equity at the end of 2013 year amounted 1,621,544 RSD thousand.

## **5. SUBSEQUENT EVENTS**

No identified subsequent events that could cause a change of financial statements prepared as of 31.12.2013.